



ทีเอ็มบีธนชาต
TMBThanachart

Investor Presentation 4Q23 & 2023 Financial Performance

19 January 2024

4Q23 and 2023 Performance

2024 Strategy Update

2024 Guidance

Executive summary



With aspiration to enhance financial strengths and increase shareholders' value, Y2023 could be considered as one of successful years. Amid challenging economic environment, TTB has set a clear direction to avoid unnecessary risks and keep business focus on the Bank's core strengths. We continued to optimize asset utilization and maintain prudent risk approach to keep balance sheet clean and generate profitability in a sustainable way.

Financial highlights: TTB reported THB18,462 million of net profit for 2023, +30.1% YoY or an ROE of 8.2%. Key drivers were from core operating performance and asset quality management, while B/S preparation in 4Q23 has firmly set TTB's capital and liquidity in a solid position against uncertainties in 2024.

- ❑ **Strong core operating performance.** PPOP grew +10.4% YoY to THB 39,981 million, a result of B/S strategy to enhance asset yields and lower pressure on funding cost, coupled with our consistency in cost discipline and OPEX control.
- ❑ **Stable asset quality.** With quality loan growth policy and prudent risk approach, asset quality situation was under control. NPL outstanding was relatively stable YTD at around THB 41 billion level and NPL ratio was at 2.62%. A normal credit cost was at 128 bps, lower than 2022 and achieved target.
- ❑ **B/S preparation - Building cushion on capital and liquidity for future economic uncertainties**
 - **Uplift risk absorption capability:** With financial capability, TTB solidly raised LLR to 155% by setting aside special provision of THB 4.9 billion in 4Q23. Including such a special amount, total credit cost was reported at 164 bps.

At this LLR level, it would help safeguard P&L and dividend stream from unexpected events or economic downturn while during the upturn, there could be potential upsides to shareholders or to the Bank's activities such as investment activities.
 - **Liquidity preservation strategy:** To build liquidity readiness against 2024 uncertain outlook on deposit competition, TTB resumed deposit growth in 4Q23, lowering LDR down to 96% despite pressure on funding cost.

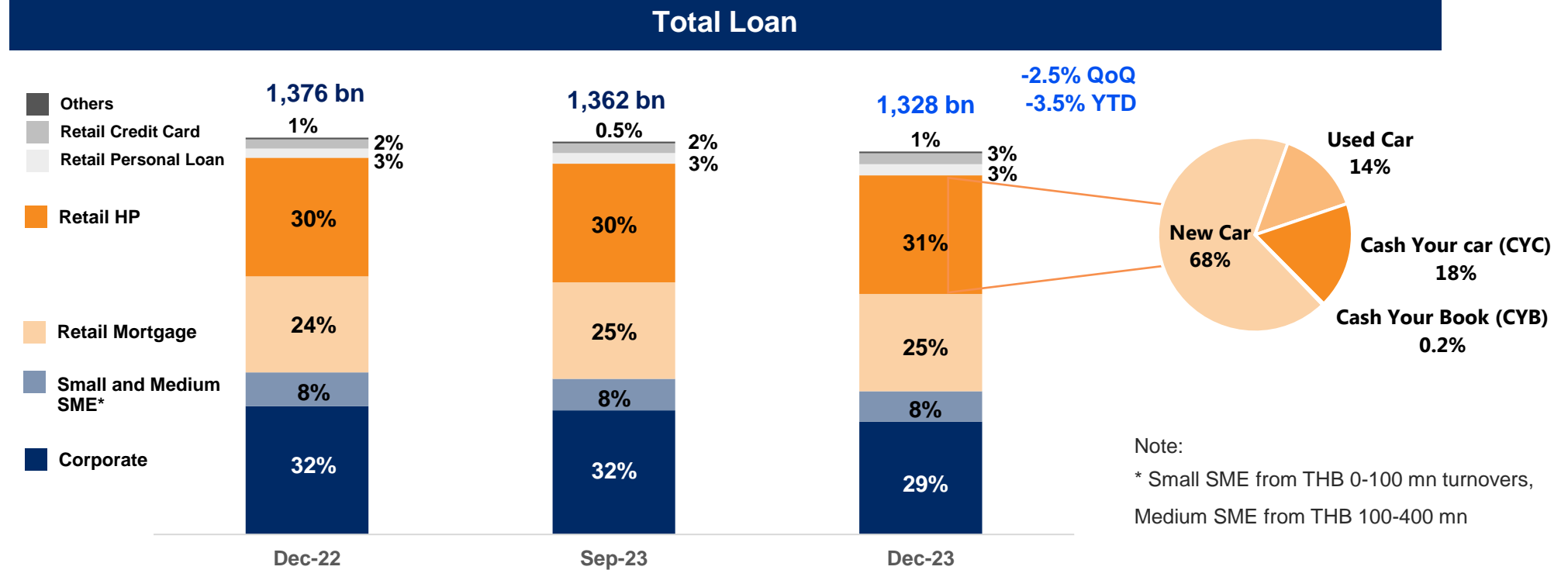
With B/S readiness and less concern on asset quality issues, TTB is in a good shape to kick start 2024. We will continue to pursue our strategic milestones to unlock post-merger potentials and drive for better shareholder returns.

2023 Financial deliverables



		FY2022 Actual	2023 Targets	2023FY Actual
INCOME	Loan growth (YoY)	+0.4%	Approx. 3%	-3.5% YTD
	Deposit growth (YoY)	+4.5%	In line with loan growth	-0.9% YTD
	Net Interest Margin	2.95%	3.0% - 3.1%	3.24%
	Non-NII growth	-	Low single digit growth	-3.4%
EFFICIENCY	C/I Ratio	45%	Mid-40s	44%
ASSET QUALITY	% Stage 3	2.7%	≤ 2.9%	2.62%
	Credit cost (bps)	133	125 - 135	Normal provision 128 Total provision 164
	Net profit (YoY)	THB 14.2 bn +35.5%	-	THB 18.5 bn +30.0%

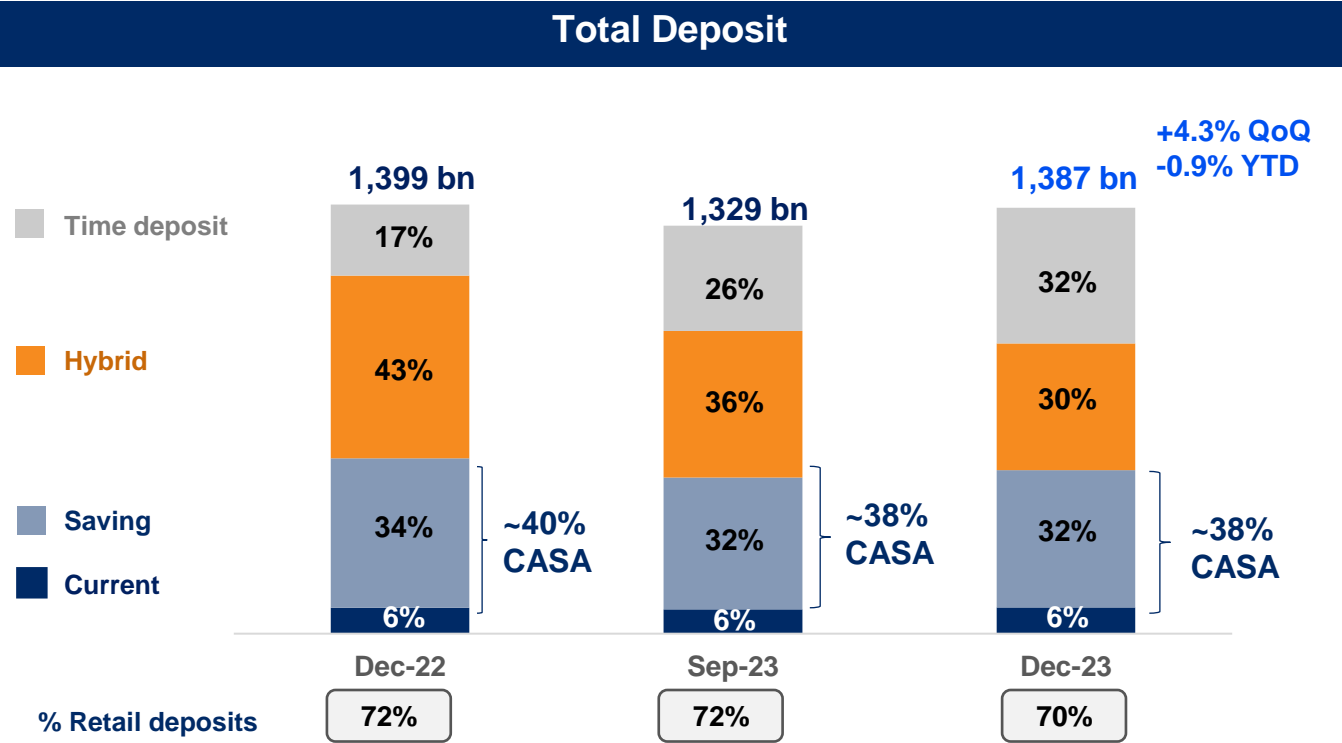
Conservative loan growth with targeted retail lending growing on track



- With our priority to preserve B/S healthiness amid challenging environment, TTB has focused on **efficient asset-liability utilization** and **liquidity-recycling strategy** to enhance NII and NIM performance. We aim to shift portfolio mix towards better-risk adjusted return areas to improve yields, rather than pursuing for aggressive growth.
- Therefore, we **remained selective** by **focusing on quality customers and leveraging existing customer base** to ensure quality of the portfolio. While retail segment – mortgage, HP and consumer loans were our target, we tightened used car acquisition criteria since the beginning of the year to mitigate economic risk and impact from changes in auto industry, especially the EV trend that put huge pressure on used car prices.
- The loan growth momentum in 2023 was aligned with such a direction. **Total loans outstanding of THB1,328 billion, -3.5% YTD was a result of;**
 - **Targeted retail lending growing on track**, backed by CYC +24% YTD, CYH +20% YTD, personal loan +21% YTD and credit card +18% YTD.
 - **Rundown of low-yield commercial lending** as reflected by a decline in corporate loan mix from 32% to 29%. The excess liquidity was tactically parked in interbank and money market, ready to be redeployed in 2024.

Note: There was the reclassification of retail-other to mortgage loan in Dec-22 after internal annual review loan portfolio

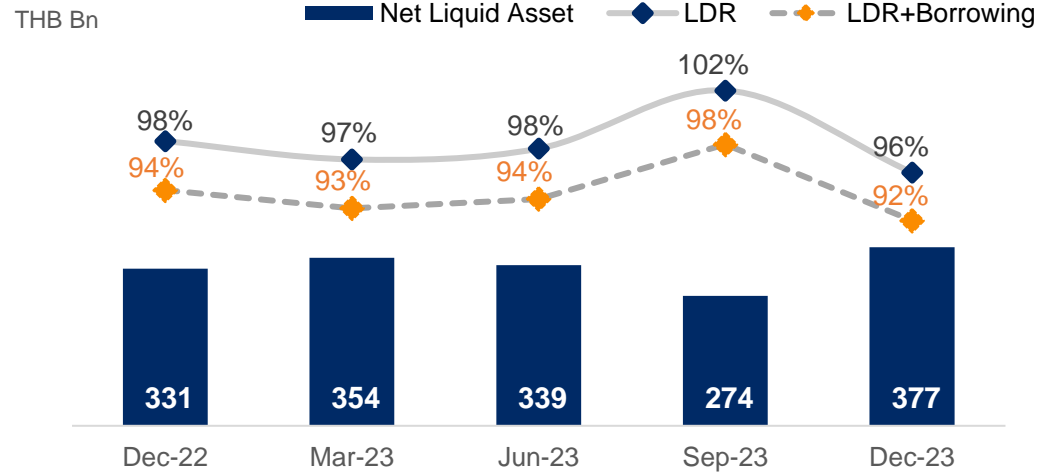
Selective deposit growth for funding cost management



- TTB started to build time deposit base since 4Q22 ahead of interest rate hikes, so called a pre-fund strategy which gave TTB a flexibility to adjust deposit acquisition. Most importantly, it helped lessen pressure on deposit cost amid rising interest environment in 2023.
- As the pre-funded liquidity was utilized and run down, **TTB resumed deposit growth in 4Q23 as part of B/S and liquidity preparation for 2024 uncertainties and deposit competition**. As a result, total deposit rose +4.3% QoQ to THB1,387 billion in 4Q23 but slightly declined by -0.9% YTD, still in line with the Bank's target.
- **The increase in %TD mix reflected TTB's strategy to secure term-funding base for our fixed-loan book**. In response to customers' demand for higher returns, TTB used **TD Up and Up as a tactical product to attract new customers as well as to safeguard existing customers** such as churning No-Fixed customers to Up and up. As a result, TD grew +91% YTD while ttb all free, one of our retail flagship products, also maintained positive momentum (+4% YTD).
- Going forwards, we remain vigilant in managing deposit as we expected to see higher deposit competition from government policy. We will still be selective in deposit growth and leverage our well-positioned deposit products and digital platform to efficiently manage interest spread and maintain margin.

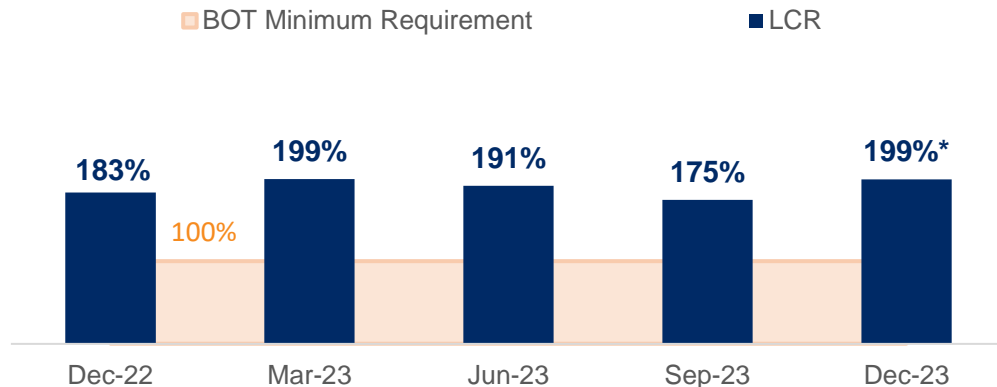
Optimizing balance sheet with healthy liquidity position

Continue Optimized B/S and Funding Management



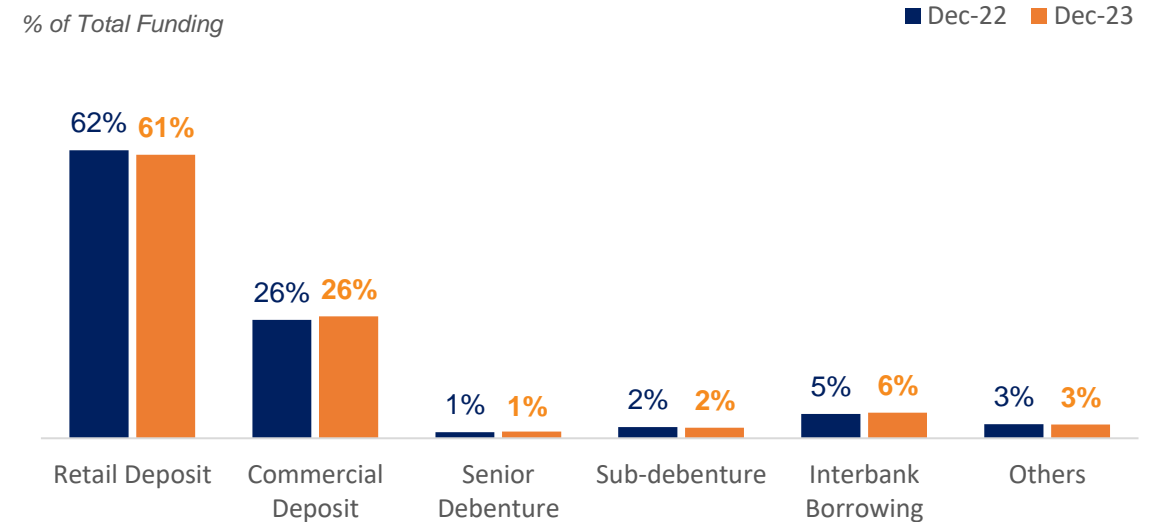
Net Liquid Asset Definition: Cash + Interbank Asset + Investment - Interbank liab.

LCR Well Above Regulatory Requirement



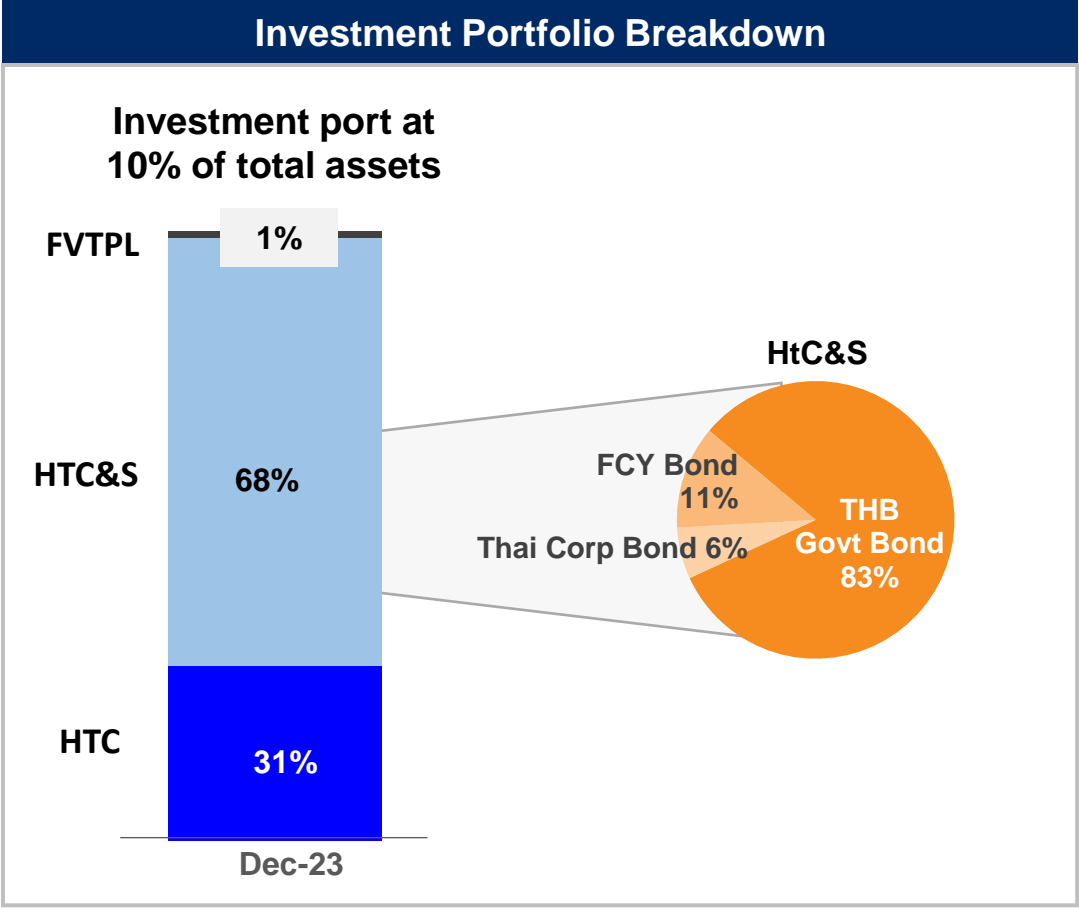
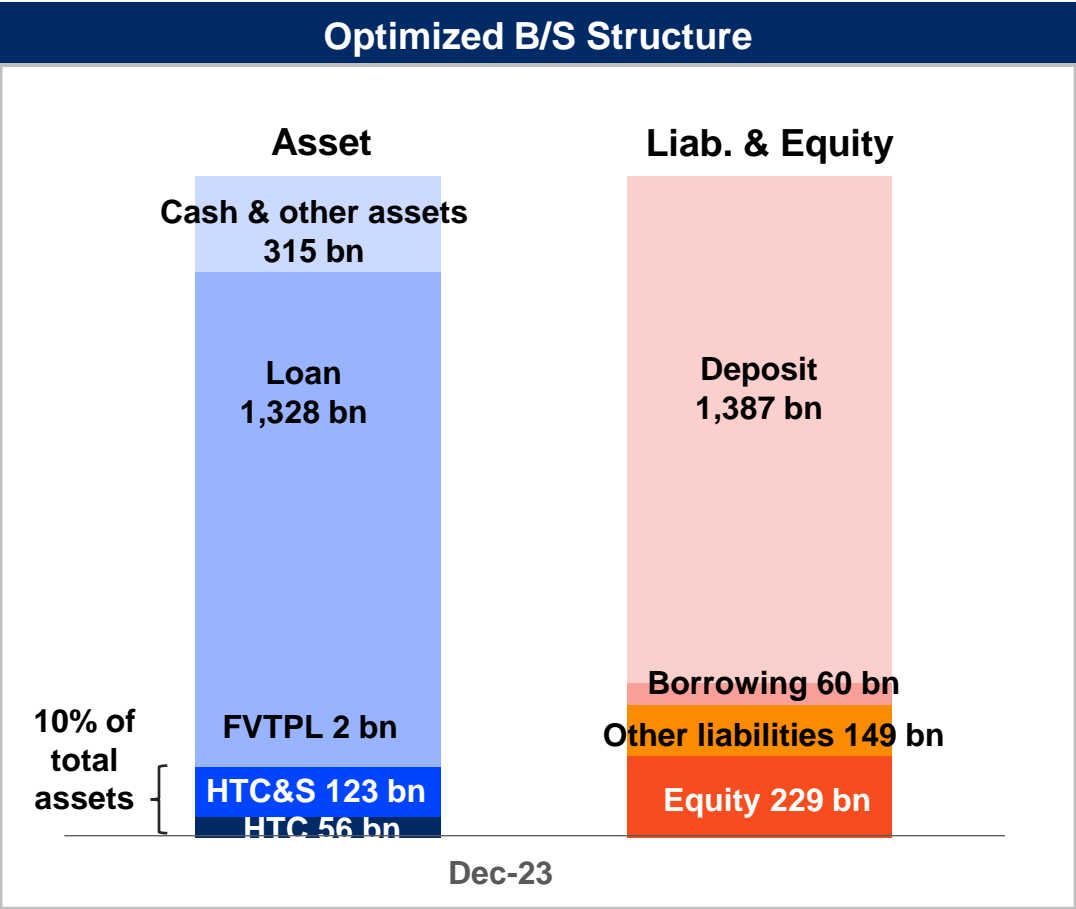
* Preliminary data. Official LCR as of Dec-23 will be reported to BOT end of Jan-24

Retail Deposit is a Major Source of Funds



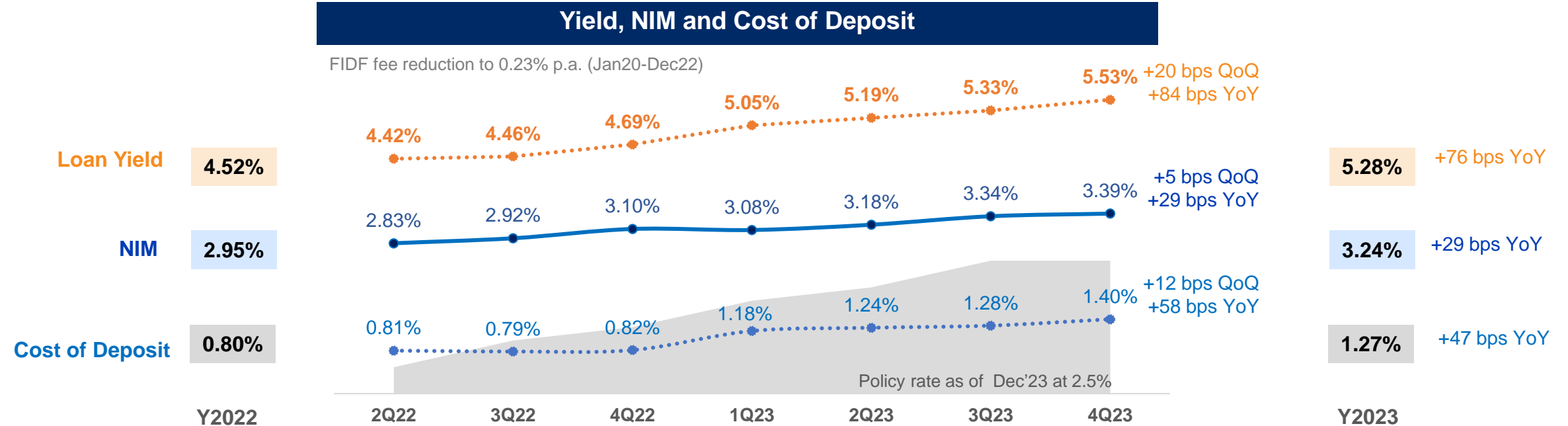
- As of 4Q23, the Bank strategically built liquidity readiness in response to the uncertain outlook for deposit competition in 2024. TTB could resume deposit growth in 4Q23 as planned, effectively reducing the LDR from 102% to 96%, despite pressure on funding costs.
- Overall, the funding ratio and liquidity position remained in check, with LDR+Borrowing at 92% and LCR at 199% Vs. BoT min. requirement at 100%.
- The Bank's Top priority has always ensured strong funding and healthy liquidity position. The Bank efficiently manage balance sheet and deposit cost in the rising rate cycle as well as to have a stable funding source and maintain high liquidity position.

Prudently managing B/S composition to ensure B/S healthiness



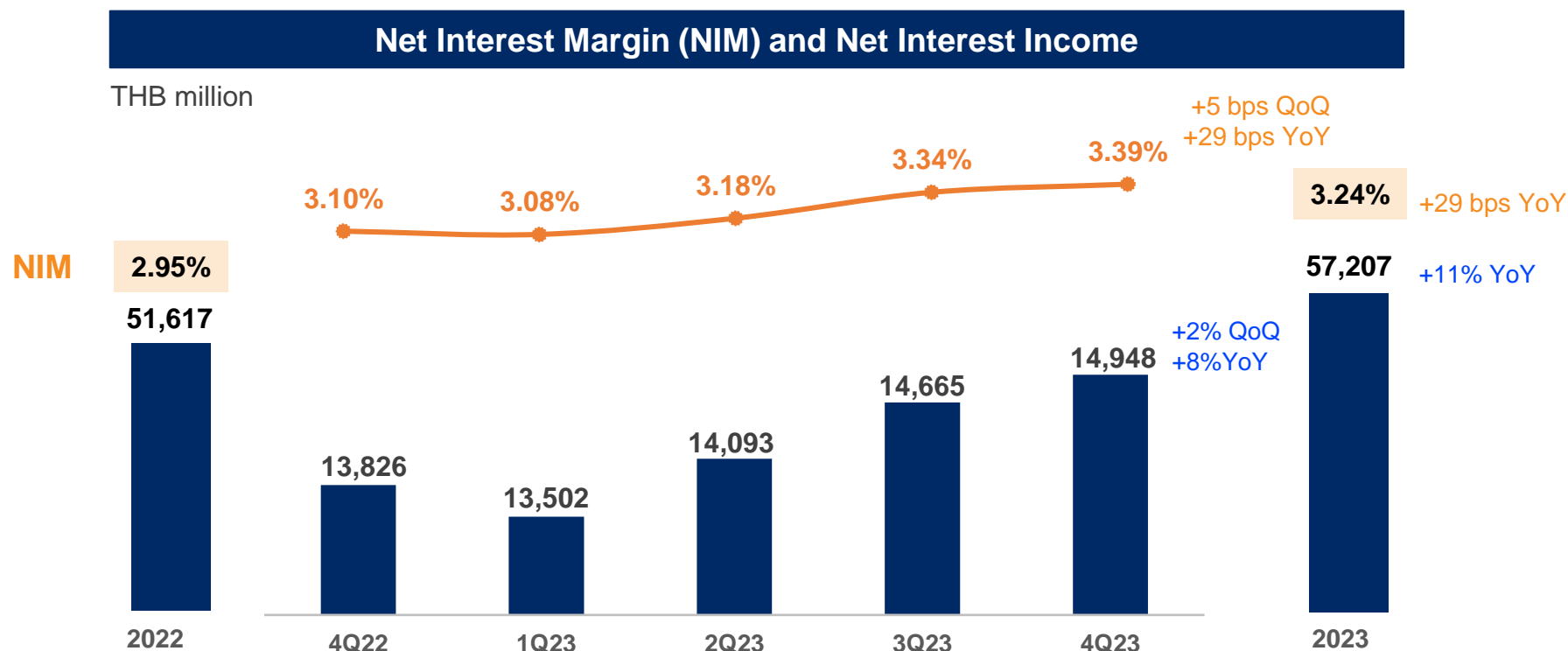
- Our B/S structure has been well constructed to ensure B/S healthiness. It also reflects our clear direction to focus on lending business while a key purpose for investment is mainly to accommodate liquidity management.
- Hence, the investment portfolio accounted for 10% of total assets which is at the average level compared to peers. The component of investment portfolios was mainly high-liquid and low-risk financial instruments with HTC&S 68% and HTC 31%.
- For HtC&S portfolio, it comprised of 83% THB government bonds, 11% foreign government bonds (credit rating \geq A) and 6% of investment grade-Thai corporate bonds (credit rating \geq A-, currently more than 80% are bonds with rating \geq AA rating) . For HTC portfolio, it was 100% THB government bond. Therefore, we believe **our investment portfolio is less risky and resilient**, despite growing market concern on corporate bond defaults.

NIM expansion, driven by better loan yield and well-managed deposit cost



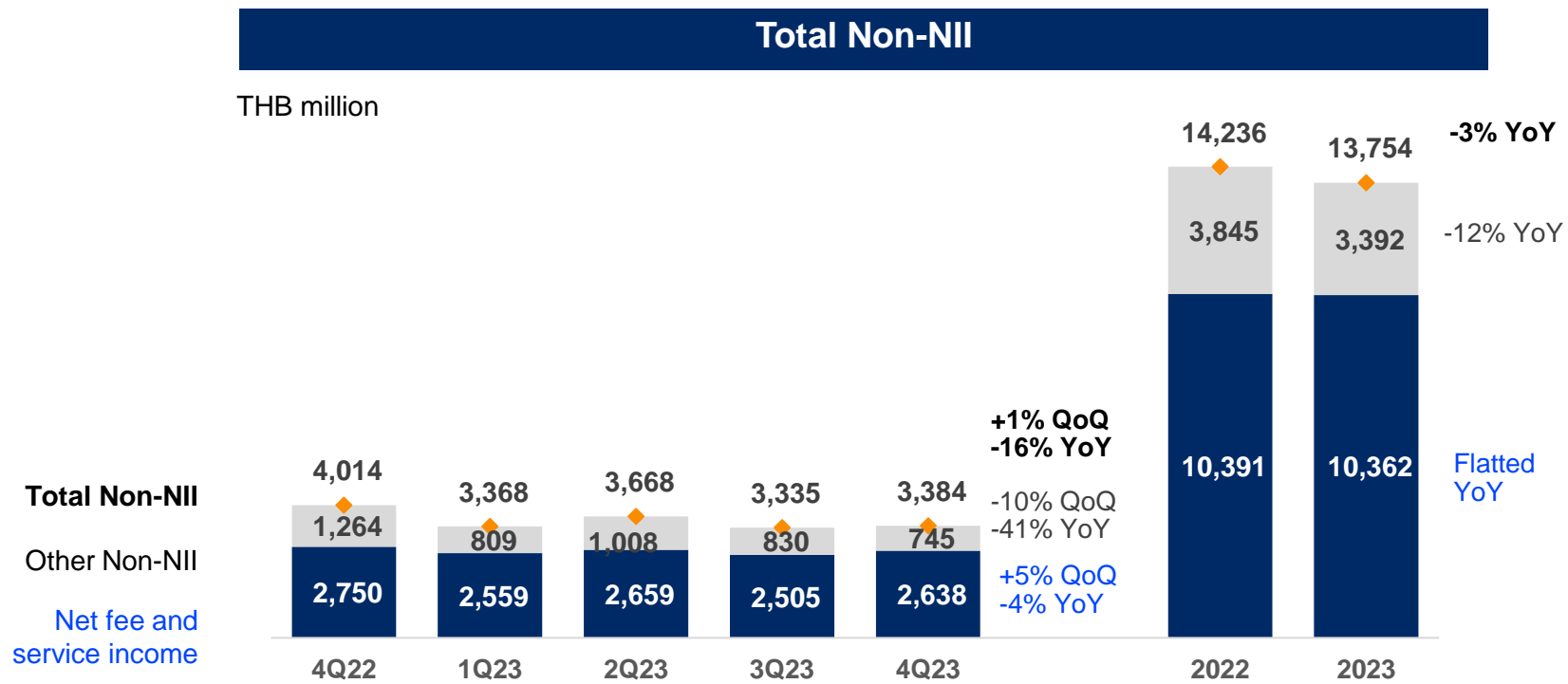
- NIM has maintained its momentum since 2Q22, driven mainly by better loan yields and effective deposit cost management as a result of our strategic initiatives;
 - **The pre-fund strategy** : TTB started to acquired long-term funding to build term funding base and lock in funding rate since 4Q21.
 - **Our unique deposit products** : With a value proposition of TTB transactional deposits that offer transactional and insurance benefits to customers rather than interest rate, we can selectively adjust rates under rate hike cycle by focusing mainly on rate-sensitive segments.
 - **Efficient funding utilization** : While keeping balance between risk and return, loan yields benefits from interest rate hike, thanks to well-positioned asset-liability portfolio together with our strategic intention to recycle liquidity to grow new loans in key focus areas of consumer lending especially in HP-new car, Cash Your Car (CYC), Cash Your Home (CYH), credit card and personal loans.
- 4Q23 NIM slightly increased QoQ, reflecting the last rate hike in 2023 despite a pressure from higher deposit costs (+12 bps QoQ). The increase in deposit cost was due to the expansion of high-cost deposits to secure deposit volume, as we anticipate heightened competition in the deposit market potentially driven by government policies.

Positive momentum in NIM and NII, driven by strategic B/S initiatives



- Apart from deposit and loan strategy, we shortened investment portfolio to minimize the negative impact of mark-to-market loss during rate hike cycle. We also increased floating-rate bond investment portion and that allowed the Bank to have flexible repricing opportunity. This reflected our flexible and effective B/S management.
- As a result of B/S initiatives, 4Q23 NIM continued to improve by +5 bps QoQ and +29 bps YoY. Key QoQ drivers were yield on interbank and money market (+27 bps QoQ), followed by yield on loans (+20 bps QoQ) and yield on investment (+14 bps QoQ).
- 4Q23 NIM also reflected the impact of an uptick in deposit costs (+12 bps QoQ) from deposit resumption in 4Q23. As result a liquidity preserving strategy for 2024, LDR lowered to 96% from 102% in the previous quarter.

Excluding one-time AT1 gain in 2022, Non-NII demonstrating a stable trend



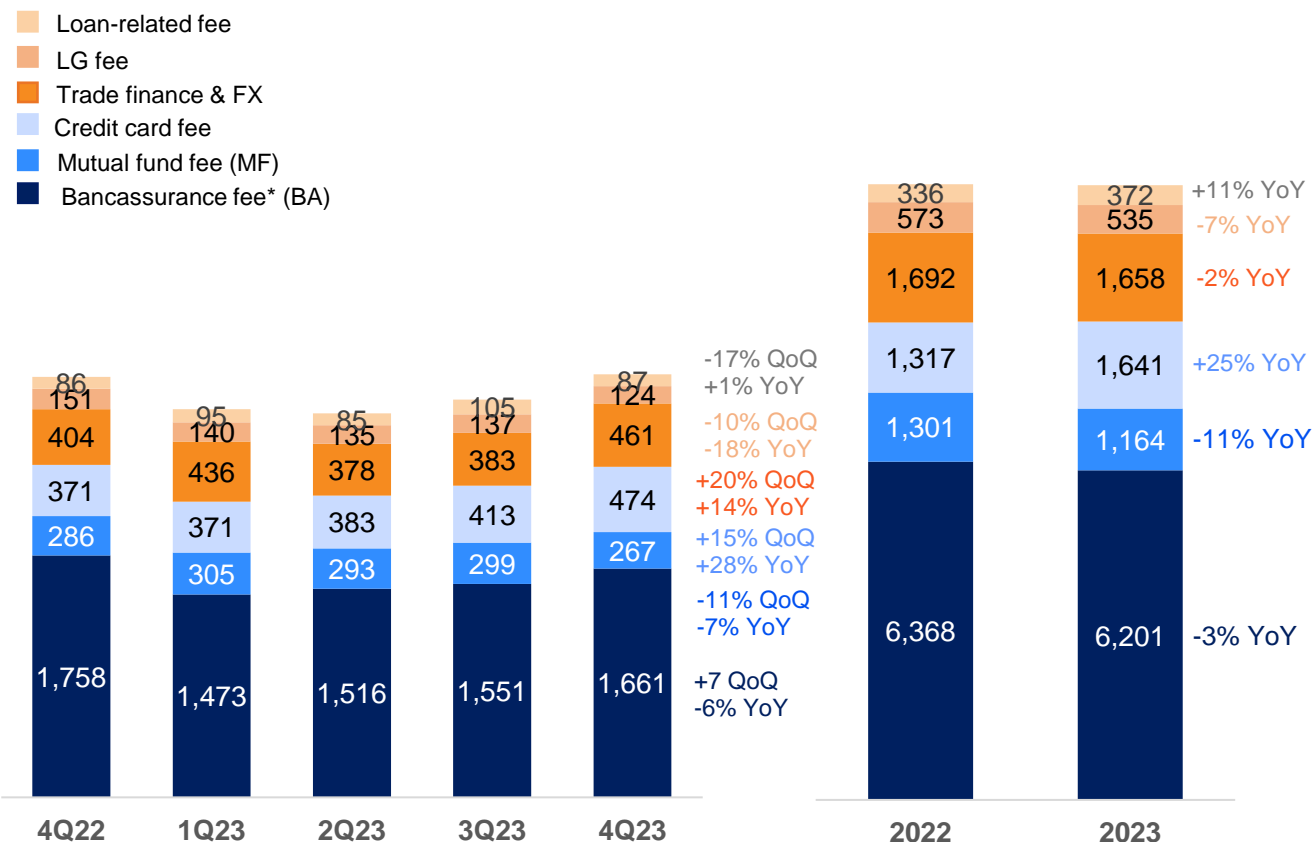
- In the second half of 2022, the Bank undertook an AT1 repurchase transaction with the primary goal of enhancing shareholder value. The issuance of AT1 back in 2019 was initially intended to bridge a potential fundraising gap. Following the successful completion of the merger transaction and with the Bank now boasting robust capital levels, the necessity for Hybrid Tier 1 has diminished. As a result of this strategic move, the Bank realized gains amounting to THB 528 mn in 2022.
- Excluding the gain from the AT1 transaction, Non-Interest Income (Non-NII) remained relatively stable compared to the previous year.
- For further insights into our strategic Non-NII initiatives, please refer to the details provided on the following page.

Challenging environment for fee recovery

Breakdown Strategic Non-NII Products

THB million

Prelim-Numbers



*BA fee include ttb broker

TMBThanachart Broker (ttb broker), our fully owned subsidiary - operating non-life brokerage business, has become increasingly important to auto insurance business. The plan is to move auto insurance renewal to service at ttb broker and improve sale efficiency in branch staffs.

- In the face of the challenging 2023 environment, the recovery of strategic Non-NII products has been slower than initially anticipated.

- **Bancassurance:** BA saw a marginal YoY decline, primarily attributed to Auto-BA and credit life insurance (including SME credit life, MRTA, and Smile car) linked to new loan bookings.

Note on BA partnership: To reflect change in accounting estimation in relation to the exclusive partnership between TTB and Prudential Life Insurance, the amortization of deferred revenue shall be spread out for additional 5 years, starting from January 1, 2024.

- **MF:** Against unfavorable market conditions, the Bank strategically has offered term funds and structured notes products to customers seeking risk-averse options for mutual fund investment.

These products address concerns related to customers' principal protection, contributing to the safeguarding of the Bank's AUM. This approach aids in customer retention, as the Bank patiently awaits the opportune moment for cross-selling.

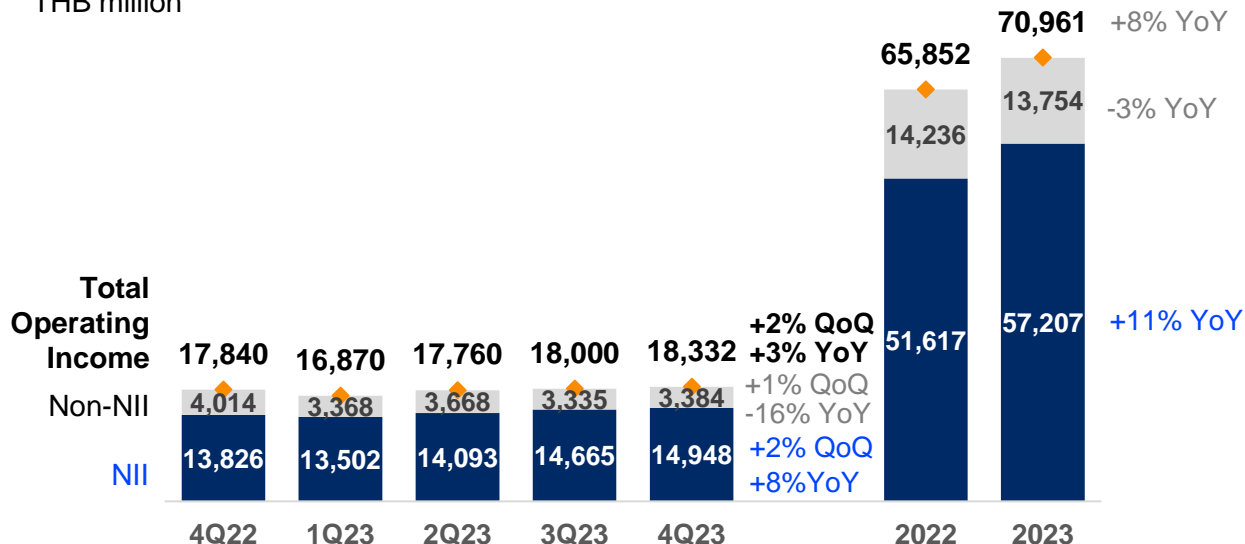
- **Credit card:** On a positive side, 4Q23 credit card fees showed robust growth at +20% QoQ and +14% YoY during the peak spending season.
- **Trade finance & FX:** In 4Q23, Thailand's economy improved, showing positive export figures for the first time. This led to an increase in FX hedging flows, especially from clients in high seasonality sectors such as agriculture, EV automotives, and energy. The Bank recommended customers shift from USD to Asian Currencies, reducing risks amid historically high USD volatility and significantly boosting 4Q23 FX fee.

Improving core operating profit and achieving C/I as target



Total Operating Income

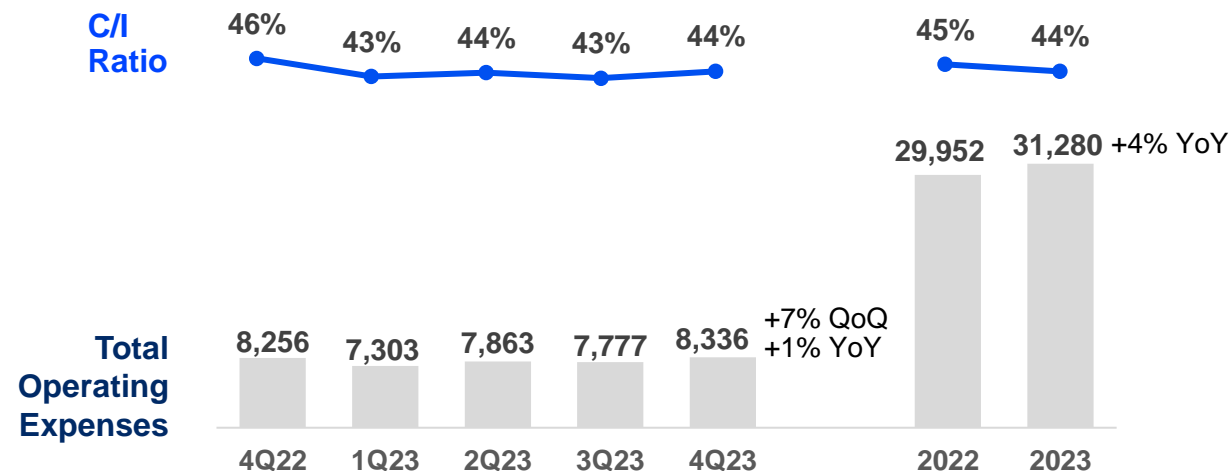
THB million



- In 4Q23, absolute NII growth outpaced a decline in Non-NII, resulting in a +2% QoQ and +3% YoY increase in total operating income.
- Overall, total operating income has showed positive momentum, thanks to our strategic B/S initiatives to enhance margin and B/S preparation to tackle with interest rate hike cycle.
- Despite the current unfavorable environment, the execution of revenue synergy realization and digital capability enhancement remains on track. This would be essential fundamental to improve cross-selling and sustain fee income generation in longer term.

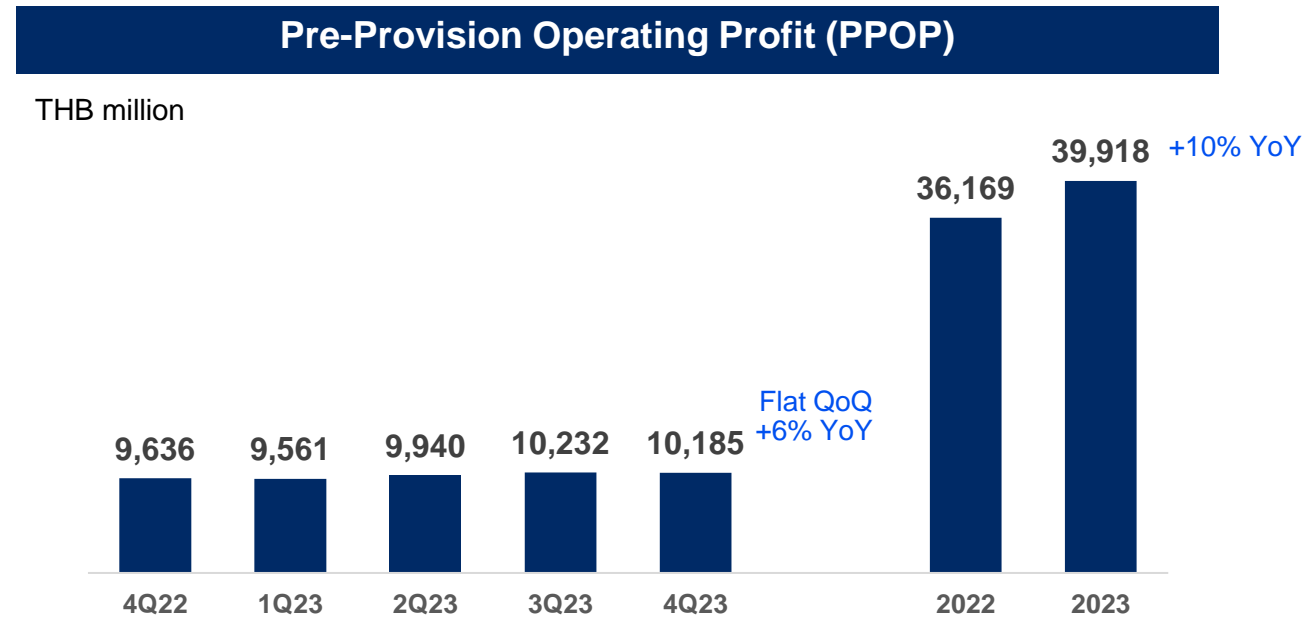
Total Operating Expense & C/I Ratio

THB million



- As part of our strategic focus, we maintain stringent cost discipline, achieving effective cost management where expenses grew at a more restrained pace than revenue.
- The incremental change OPEX QoQ was primarily driven by increased software expenses, advisory fees, donation expenses, and selling & marketing expenses. These costs typically higher in Q4, aligning with the high season for marketing campaigns in accordance with the business plan.
- The current cost-to-income ratio stands at 44% from efficiency improvements. Looking ahead, we aim to further enhance our efficiency, targeting a cost-to-income ratio at low 40s within the next three years. This aspiration reflects our ongoing commitment to optimizing operational efficiency and sustaining financial health.

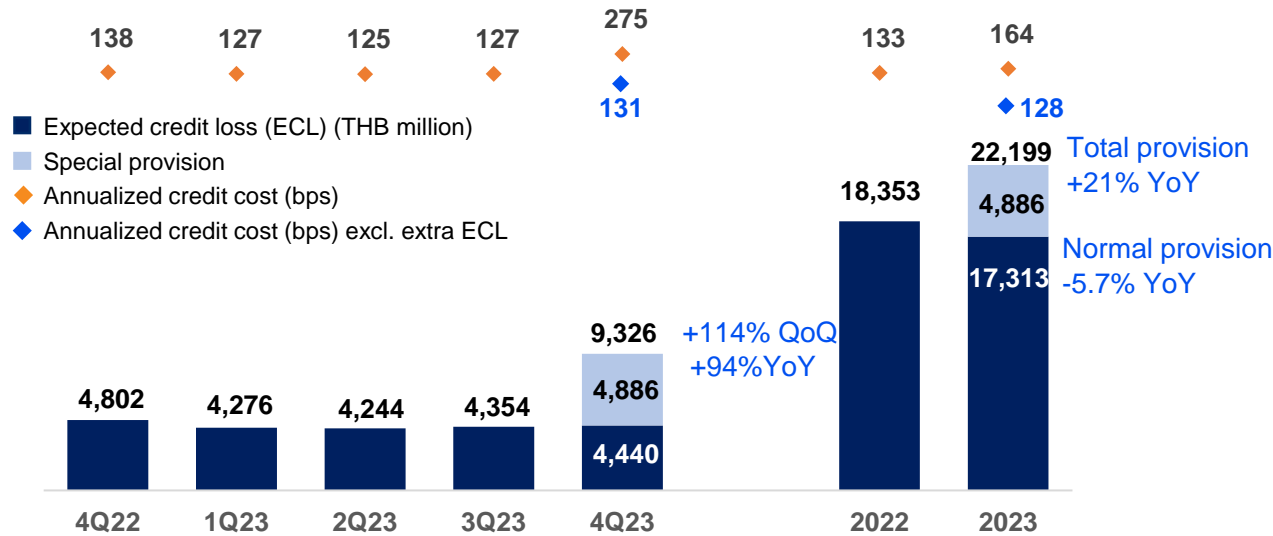
PPOP growth boosted by core operating performance and cost efficiency



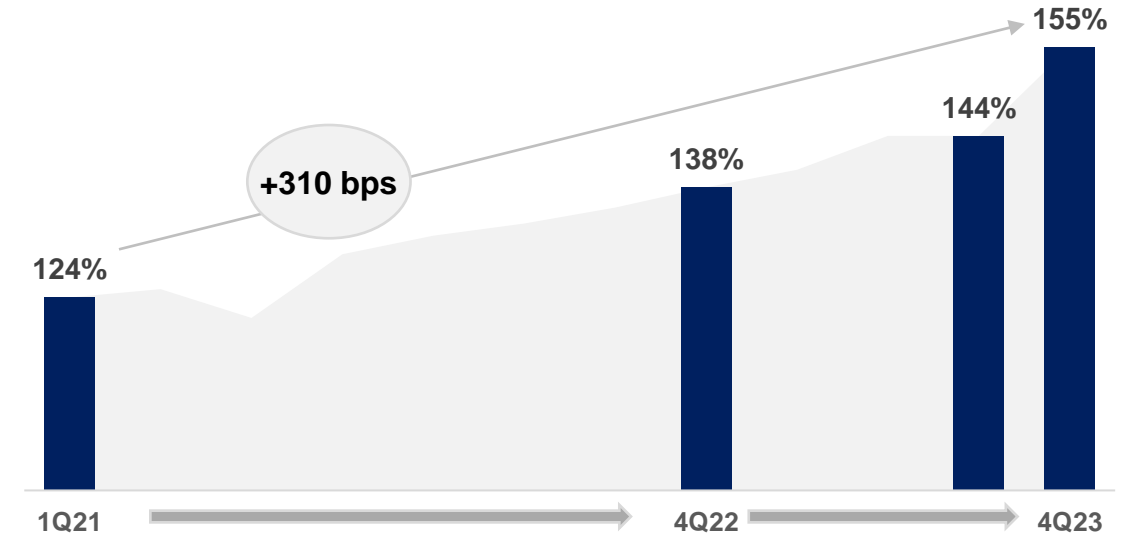
- YoY growth of 2023 PPOP was driven by better topline from positive trend of NII and NIM as well as cost discipline.

Strengthening LLR to 155% on the back of in-control asset quality trend

ECL & Credit Cost



LLR

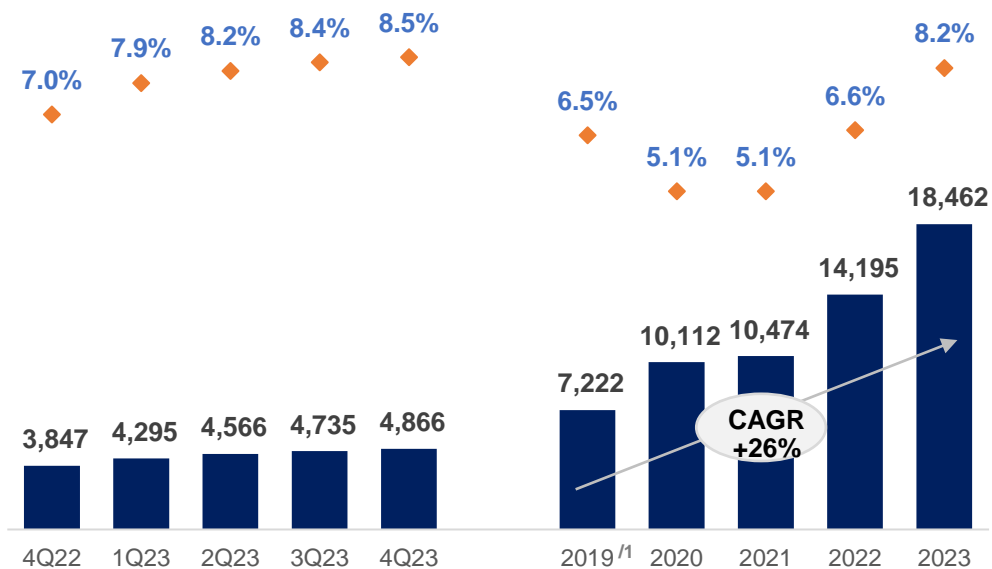


- Apart from the preparation on liquidity position, TTB continued to build financial resilience with aim to safeguard capitals and shareholders' value from uncertainties.
- Given the operating results in 2023, there's a room for TTB to uplift LLR to a solid level of 155% by setting aside a total provision for 2023 of THB 22,199 mn, consisting of;
 - Normal provision of THB 17,313 mn (-5.7% YoY), equivalent to a normal credit cost of 128 bps. This normal level was achieved as target and lower than 133 bps in 2022, reflecting the Bank's improving asset quality trend post-Covid19.
 - Special provision of THB 4,886 mn set in 4Q23 as ECL for economic uncertainties.
- At this LLR level, we believe it will help diminish P&L impact and preserve dividend stream from unexpected events or during economic downturn. During the upturn, on the other hand, there could be potential upsides to shareholders or to the Bank's activities such as investment activities.

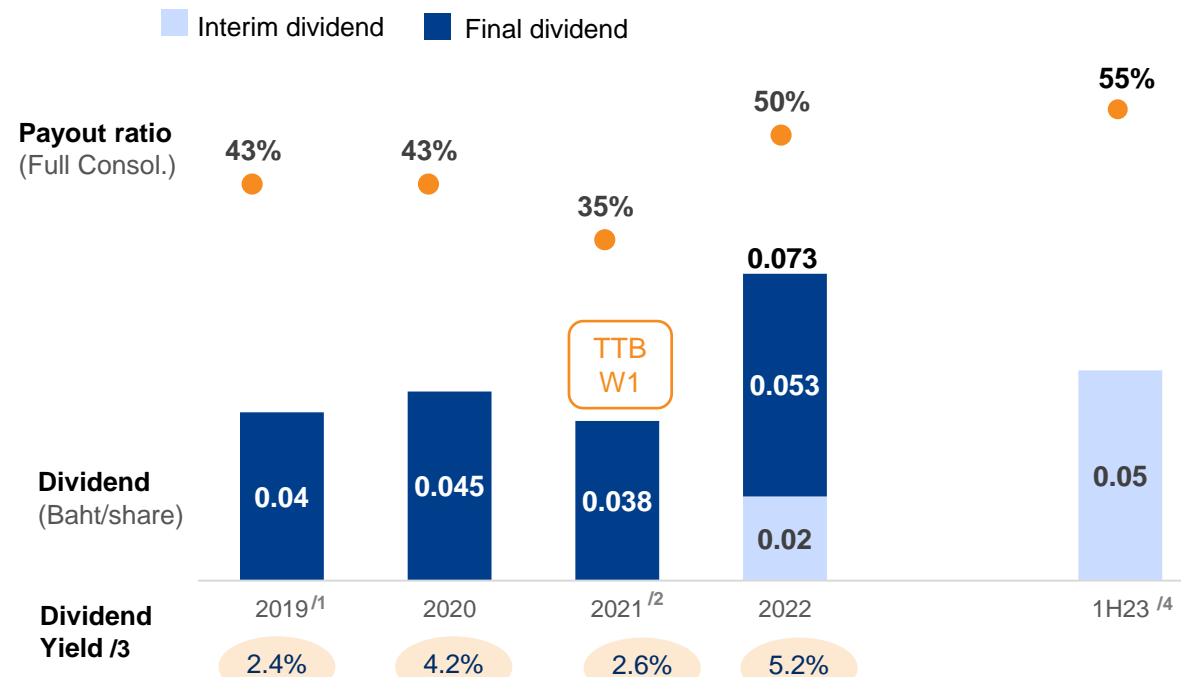
Net profit +30% YoY, reflected successful strategy and execution



Net Profit



Dividend



- Despite a special provision, TTB reported 2023 net profit of THB 18,462 million (+30.1% YoY) or an ROE of 8.2% (+161 bps YoY). Key drivers were from core operation and also from the benefit of tax shield recognized in 4Q23.

Note on tax shield : In relation to merger transaction, TTB had tax losses which incurred from the investment in TBANK. The tax losses can be utilized as taxable expenses after the completion of TBANK's liquidation process. As such a process was completed in Nov-23, TTB started to recognized the tax benefit in 4Q23 for the first time. The remaining tax benefit is THB 15.5 bn, to be subsequently recognized within 2028. The recognition will not be on a straight-line basis but will be subject to the estimation of future net profit stream.

- The Bank will continue to enhance earning capability with aims to consistently deliver sustainable returns, reflecting our unwavering commitment to creating shareholder value.

^{/1} Consolidated P&L included TBANK's performance for 28 days (4-31 Dec 2019)/ TMB paid extra dividend to exiting shareholder pre-merger for 0.03 satang per share

^{/2} In 2021, banks' dividend payment was capped by the BoT's guidance, TTB issued warrants (TTB-W1), allocated to existing shareholders at no cost on top of dividend payment

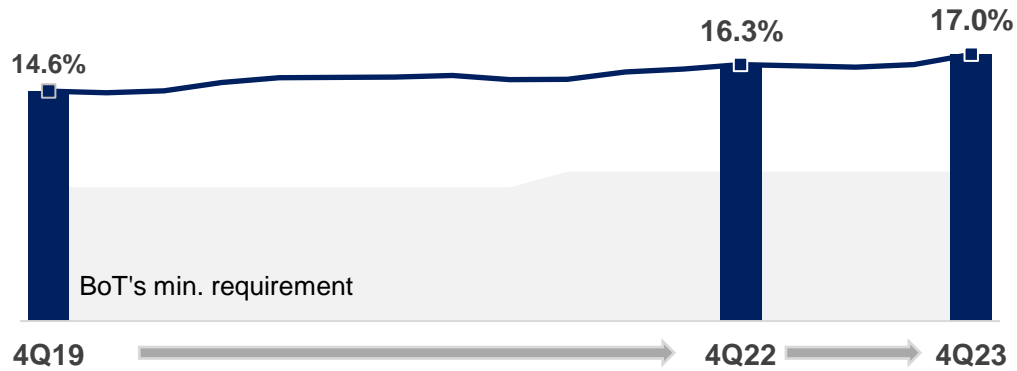
^{/3} Dividend yield based on stock price at year end/ 2022 was at 1.41 Baht per share

^{/4} For 1H23, payout ratio was calculated based on 1H23 net profit

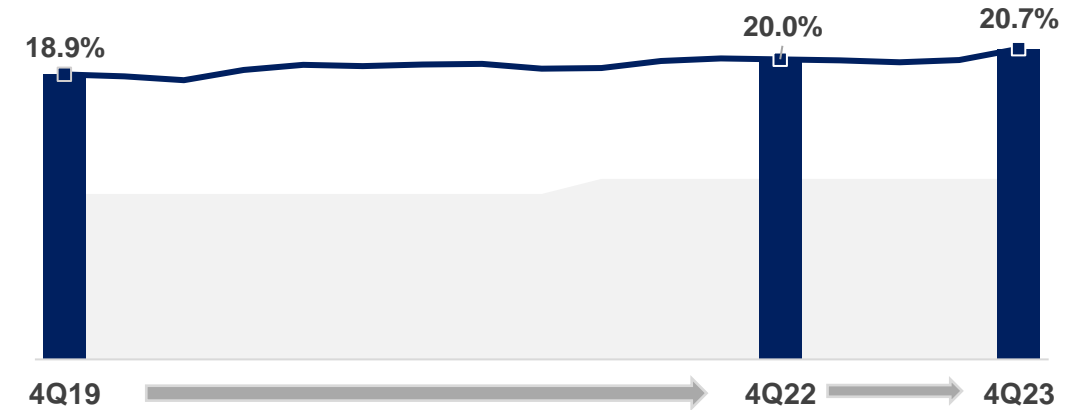
Maintaining healthy and strong capital position since merger



Tier I Ratio



Capital Adequacy Ratio (CAR)

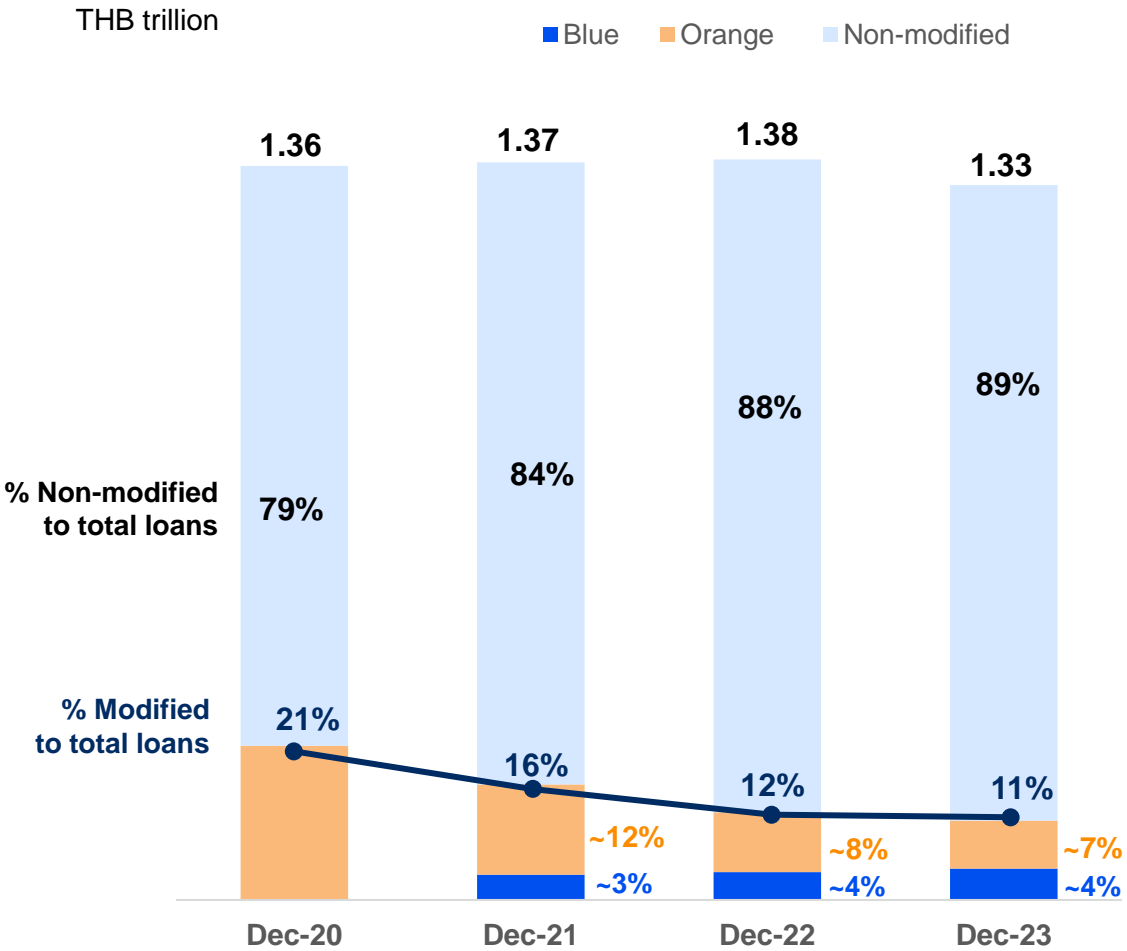


- Since merger, TTB has continued to optimize capital usage and enhance shareholders' return.
- On the backdrop of improving performance post-merger, TTB raised payout ratio to 50% in 2022. Moreover, with business direction on recycling B/S & growing quality assets, we expect less pressure for capital requirements, providing room to increase shareholders' return. This strategic move demonstrates our ongoing commitment to prioritize the interests of our equity holders and our continuous efforts to enhance shareholder value.
- Despite higher payout, the Bank remains well-capitalized, reflected by robust capital ratios. As of Dec-23, prelim. Tier I ratio strongly stood at 17.0% and CAR was at 20.7%, among the Top tier in banking industry and well-above minimum requirement from the BoT.
- Despite economic uncertainties, TTB's financial position remains strong. Our robust capital base and together with benefit from tax shield would help safeguard and sustain shareholder return going forward.

Limited portion of deep restructuring in our modified portfolio



Total modified portfolio (Pre-Covid and during Covid)



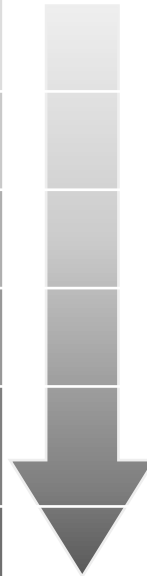
- Customers’ financial support has been migrated to a comprehensive debt restructuring as the BoT’s debt relief program and Covid-19 measures have normalized and expired.
- To be transparent, TTB’s modified portfolio covers all types of modified loans, including legacy restructured loans (modified before Covid-19) and modified loans under debt relief program.
- Overall, the portfolio is stable and under control. As of Dec-23, the % modified loans to total portfolio was at approx. 11%, compared to 12% as of Dec-22.
- Zooming in modified loan quality, currently approx. 7% of total loans was in light modified terms, comparable to the BoT’s Orange scheme (term extension, grace period). Only approx. 4% was in deep modification or comparable to the BoT’s Blue scheme.
- Under the prolonged economic recovery, TTB has been prudent and taken pre-cautious approaches in managing loan modification to ensure the quality of our balance sheet and to mitigate downside risks.
- In addition to a stringent loan modification policy, we also ensure that our staging classification can capture and truly reflect customers’ debt payment behaviors (DPD profile) in order to provide sufficient and rational level of provision.

Internal data for managerial view : Loan principals excluded interbank
Note : Modified loans = Legacy restructured loans (before Covid-19) + Loan under debt relief program

Ensuring provision adequacy in response to Covid-19 crisis

Guiding Principle of Post Relief Risk Schemes

Scheme	Repayment Schedule		Staging Criteria		Minimum PD Level
	Interest	Principal	2022 → 2023		
SC 1	Full	Full	Mostly 1	Mostly 1&2	
SC 2	Full	Partial	Mostly 1	Mostly 1&2	
SC 3	Full	Postponed	Mostly 2	Mostly 2&3	
SC 4	Partial	Postponed	Mostly 2&3	Mostly 2&3	
SC 5	Additional skip payment ≤ 6 months		Mostly 2&3	Mostly 3	
SC 6	Additional skip payment ≥ 6-12 months		Mostly 2&3	Mostly 3	
SC 7	Additional skip payment ≥ 12 months		Mostly 3	Mostly 3	



100%

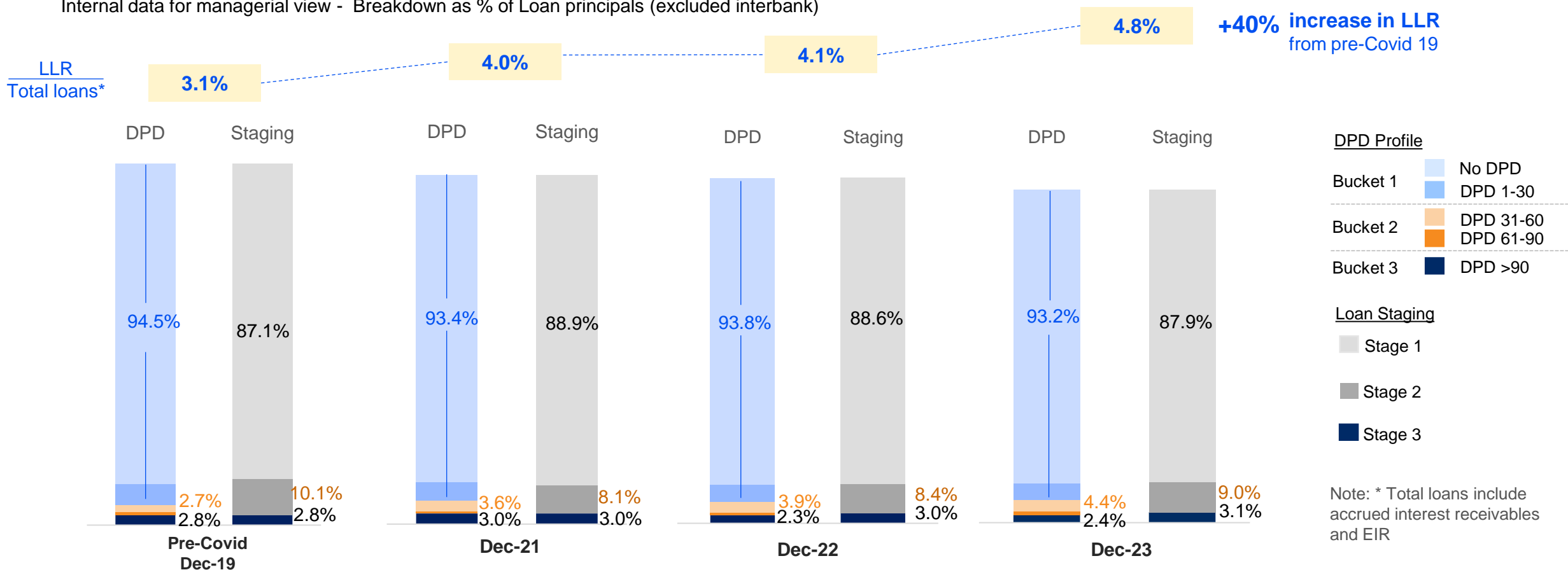
- To have effective management of the portfolio quality, our **7-post relief schemes** have been used for both Covid-19 debt reliefs and legacy portfolio – collectively “Modified Portfolio”.
- The framework is proved to be efficient in tracking and trace their quality, so that corresponding PDs could be applied and to separate them from customers who never ask for relief support.
- The elevated PDs are applied to both principal and accrued interest of these customers group, hence higher ECL to reflect higher risk.
- On top of that, we have tightened policy in staging and provisioning in 2023.
 - SC3-SC7: Provisioning is set aside by using lifetime PD, same approach as stage 2 provisioning.
 - Management Overlay is set aside to reach full provision for accrued interest of loan under modified portfolio.
- ECL model calibration was completed in 1Q23 by updating PD and LGD parameters in all portfolios, including forward looking economic scenarios and applied stress test method in setting up management overlay to address economic uncertainties.
- Continuation of prudence and persistency in supporting customer, proactive portfolio recovery, written off and sales, and with report from independent model validator on our ECL model, we believe asset quality is in-control and the provision level as at Dec-23 considered sufficient.

Conservative loan staging with strong LLR buffer



DPD Profile VS Loan Staging

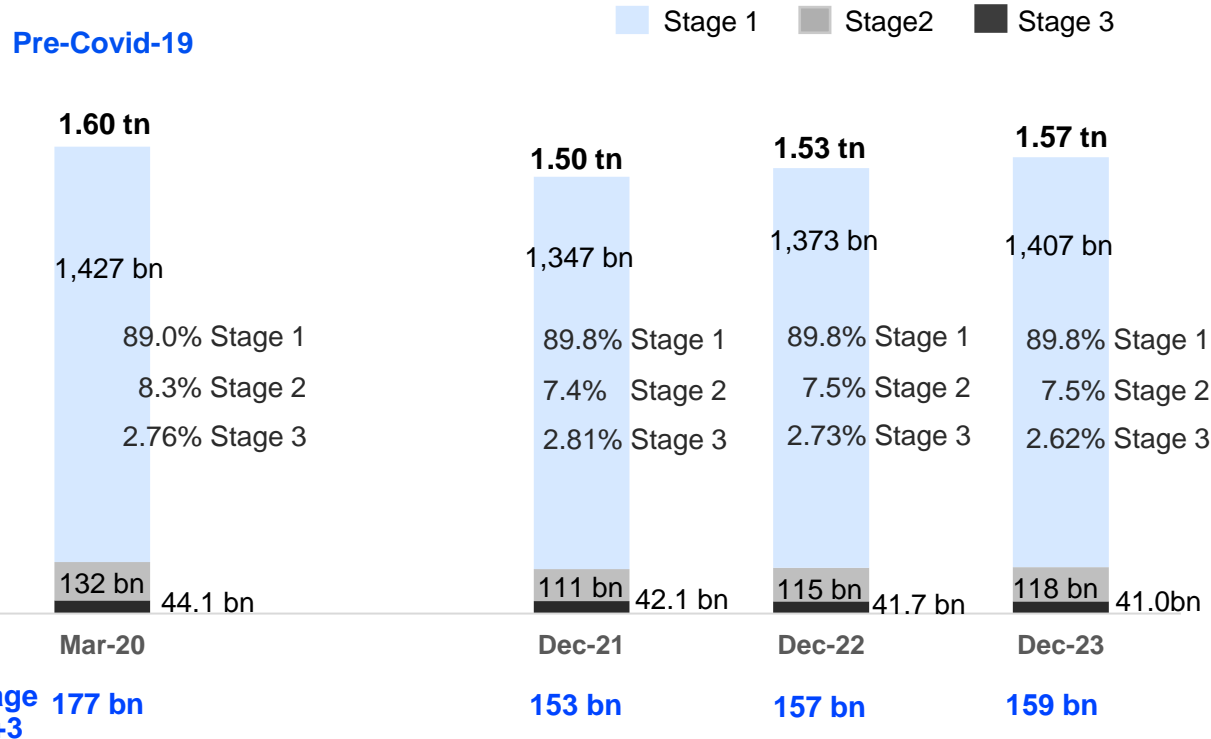
Internal data for managerial view - Breakdown as % of Loan principals (excluded interbank)



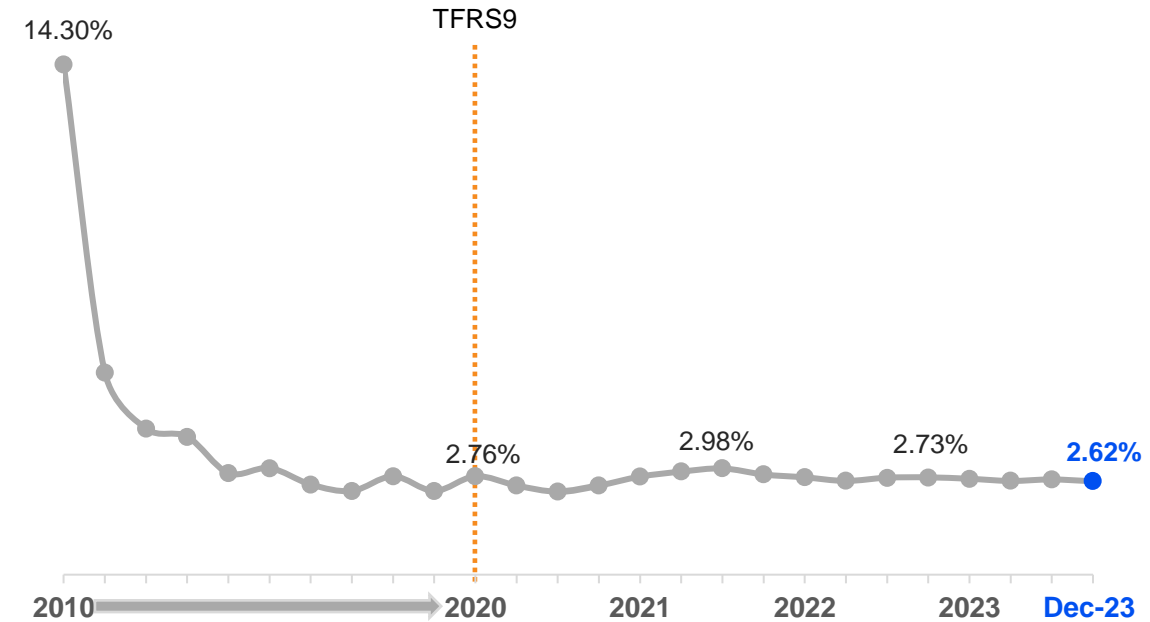
- The Bank's 7 scheme picks up days past due (DPD) within stages and imposes bucket and PD shifts. Stage 2 loans, therefore, sufficiently cover early indicators of customers' behavior in debt service ability.
- To ensure portfolio quality, TTB continues to de-risk loan portfolio and maintains conservative staging policy. This can be reflected by % loan classified by stage which is more conservative than % loans classified by DPD.
- Moreover, TTB has continued to build LLR buffer. In 4Q23, TTB has set aside extra LLR and hence LLR level rose by +40% to THB 63.5 bn which represented LLR/total loans of 4.8%, compared to 3.1% as of Dec-19, a pre-Covid level.

Proactively resolved weak loans to ensure portfolio quality

Loan Classification (%)

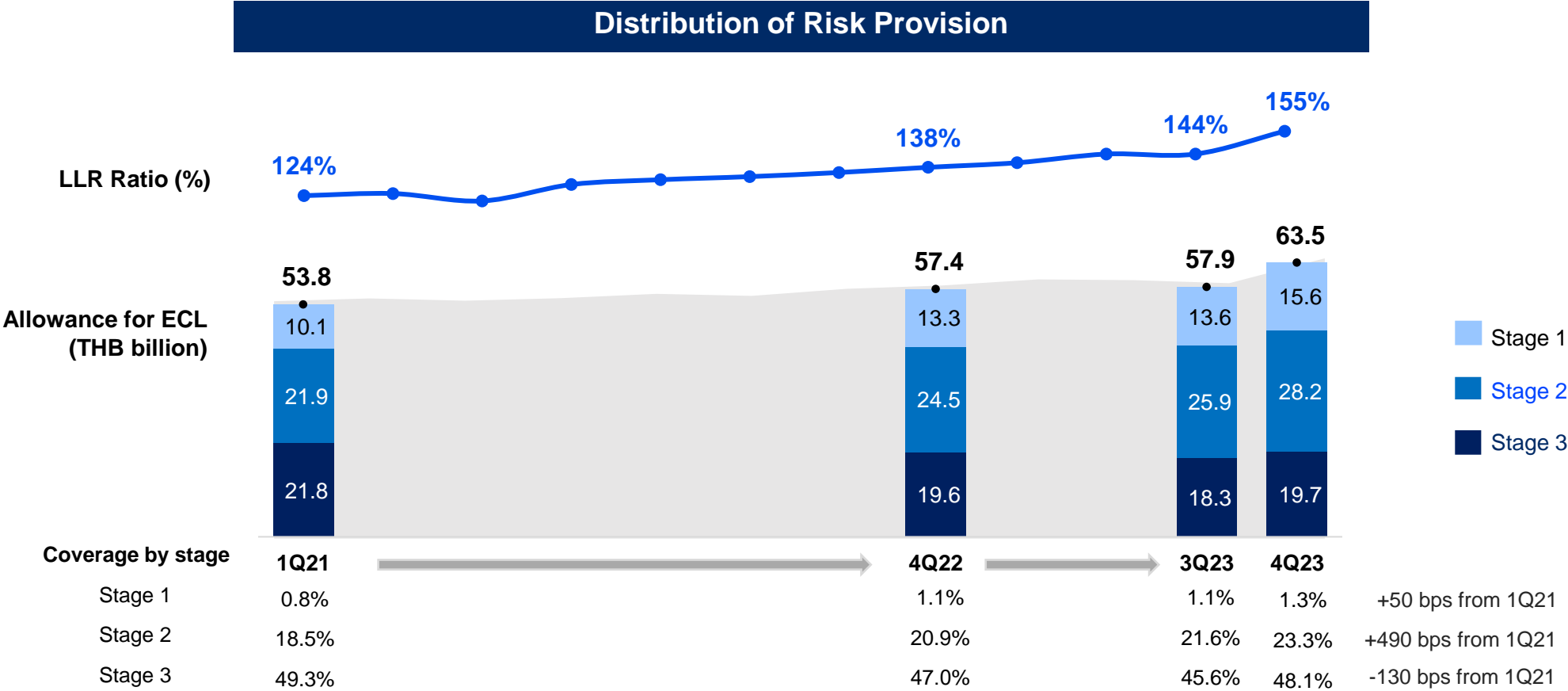


Stage 3 Ratio (NPL Ratio)



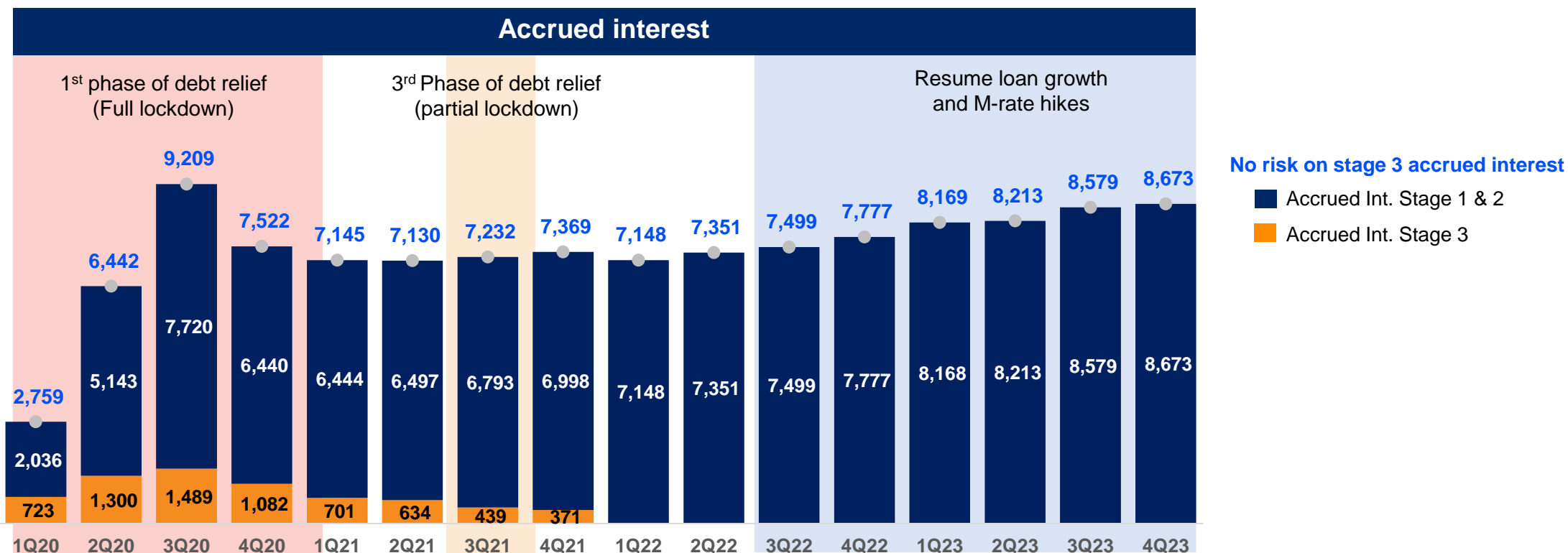
- To ensure portfolio quality and B/S healthiness, TTB has proactively resolved weak loans through effective sales and write-off activities.
- As a result, the level of weak loans as represented by loans in Stage 2+3 have been under control and the outstanding was lower than pre-Covid level.
- At the end of 2023, Stage 3 loans was at THB 41.0 million which dropped slightly by -1.7% YTD. The NPL ratio was at 2.67%, lower than 2.73% as of Dec-22 and 2.98% as of 3Q21 which was a peak level during Covid-19.
- Overall, the Bank's asset quality was stable and under control.

Building up LLR, strengthening resilience for future uncertainties



- At TTB, we consistently review our ECL model and closely monitor customers' behavior to ensure sufficient levels of LLR and the distribution of risk provision.
- Despite maintaining a stable trend in asset quality, TTB remains prudent and continues to strengthen our loan loss cushion through special provisions. The possibility to release LLR is a positive upside under healthy economic conditions.
- As of 4Q23, LLR rose solidly to 155% while other key asset quality ratios also remained in check.

Accrued interest reflecting our conservative approach



- Since Jan-21, TTB has taken conservative approach in revenue recognition for accrued interest treatment during the pandemic and under the current economic condition.
- Accrued interest of Stage 2 and Stage 3 loans has been fully provisioning. We believe this would preemptively limit future downside risks and help improve balance sheets quality as well as mitigate the risk of overstated net interest income.
- As a result, accrued interest trend continuously declined from the peak in 3Q20 and stabilized during muted loan growth period.
- A gradual increase in accrued interest in recent quarters was as expected after the Bank started to resume loan growth in 3Q22. There was also an impact from M-Rate hikes especially on mortgage portfolio. Also, we still provide financial supports to customers during this prolonged economic recovery.

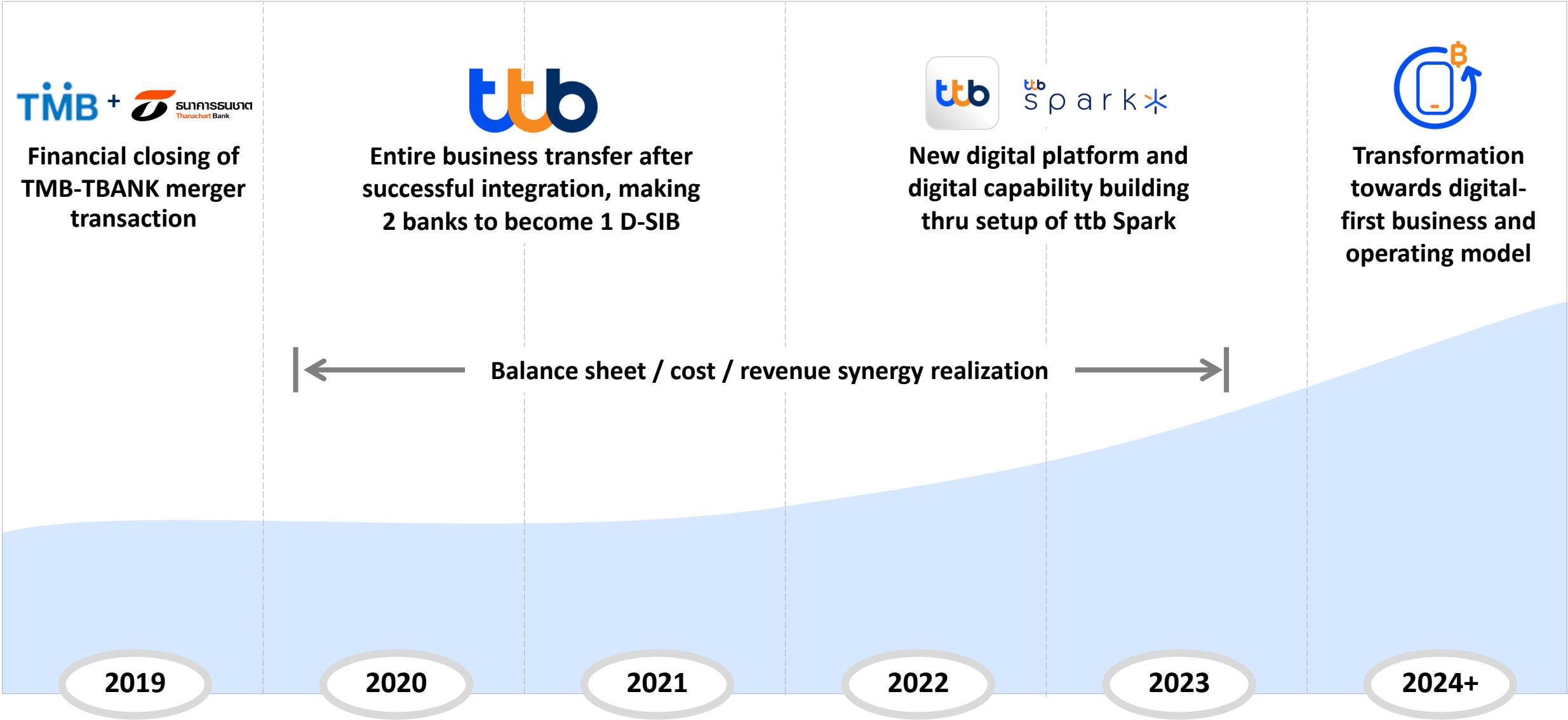
Note : *4Q20 accrued interest was restated and presented net from allowances for expected credit loss to be comparable with 2021

4Q23 and 2023 Performance

2024 Strategy Update

2024 Guidance

ttb's transformation journey

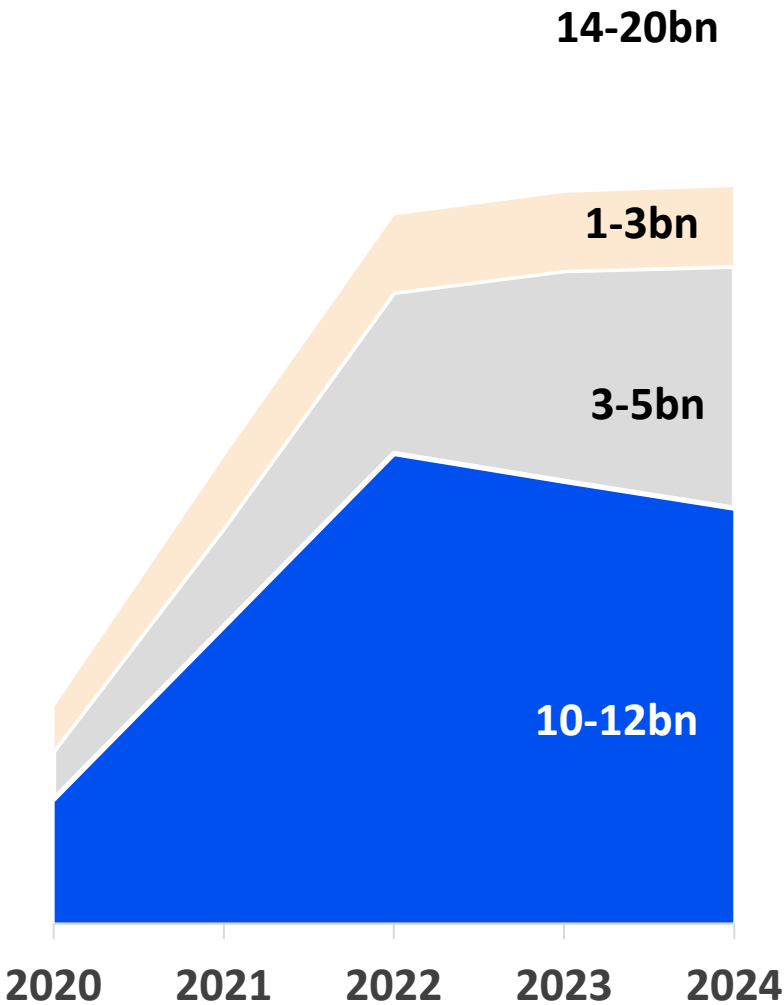


Synergy realized to-date already surpassed 5-yr original target



Target: 5-year synergy value

(shared to investors on 24 Jan 2020)



Actual: synergy realized 4 years since merger closing

20.7bn

5.3bn

- Exiting low-yield loan and increase CASA mix
 - -53bps COD from 1.06% to 0.53% in 1Q20 – 2Q21 (vs. -38bps of the industry)

3.1bn

- Cross-selling merged bank's flagship to larger customer base
 - 1.2x and 2.8x growth in CYC and CYH new booking volume respectively, from 2020 to 2023
 - 2.1x growth in new credit card issuing and 1.7x growth in credit card spending, from 2020 to 2023

12.3bn

- Reducing duplication of resources and systems
 - 319 branches closed
 - 4.5k staff reduced and redeployed by 2Q22.
 - >50% reduction of IT applications to ~300 applications

2024 outlook and recap of the bank's strategic intent

2024 external outlook

- **Slow-growth environment**
- **High household debt**
- **Tightening regulatory landscape**
- **Intensifying competition**
- **EV becoming more mainstream**, disrupting Thai auto industry, creating both risks and opportunities
- **Continued momentum in digital adoption**. AI/data analytics unlocks new potential at scale.

2024 internal outlook

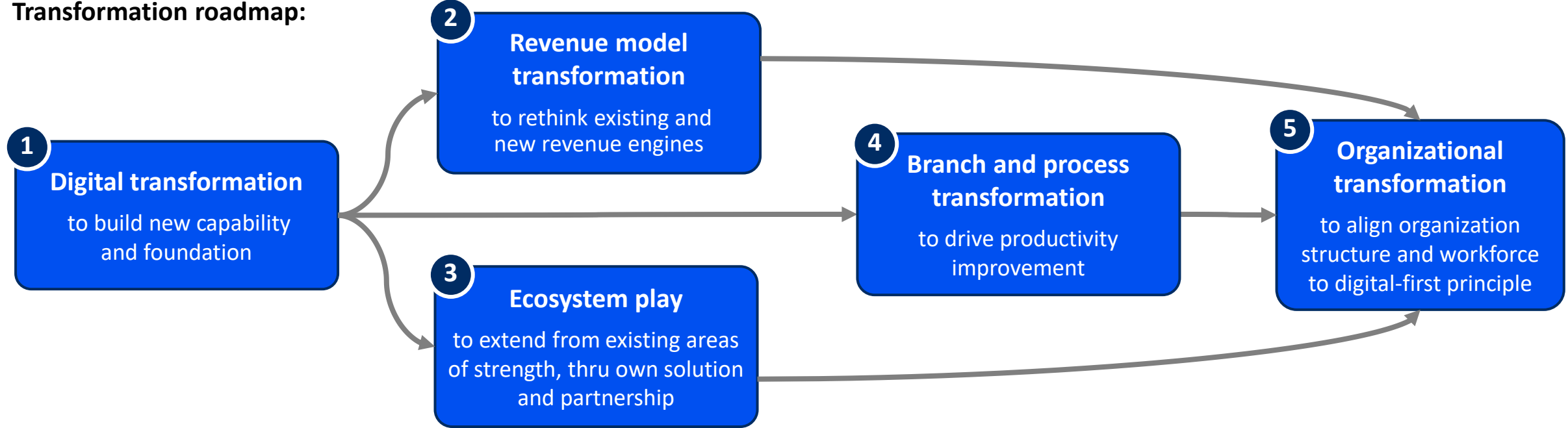
- **Still untapped opportunities in existing customers**
- **Already lean cost structure**. Fewer room for major rationalization unless **thru change in business model**.
- **Digital readiness much stronger** than pre-merger but **continued investment in digital/IT expected**
- **Resilient asset quality**, thanks to prudent loan booking in the past 2-3 years

Recap: the bank's strategic intent

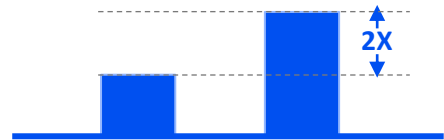
- **Optimize for return** while maintaining economy of scale gained thru the merger.
- **Increasingly shift loan mix towards retail** while focus on value chain/ecosystem play in commercial.
- Transition from mono-product to **multi-product relationship with customers and ultimately win main bank relationship**.
- Double down on **humanized digital banking** (vs. a pure virtual bank) while optimizing for a **leaner physical network with enhanced productivity**.
- Build in **sufficient buffer to absorb volatility and ensure steady return to shareholders**.

3Y transformation roadmap and key deliverables

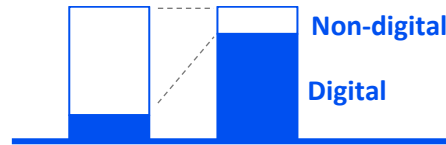
Transformation roadmap:



Expected key results:



2x product holding on targeted ecosystem customers



>80% of non-financial services fulfilled via digital and >3x growth in digital sales contribution



Sustainable C/I at low 40%



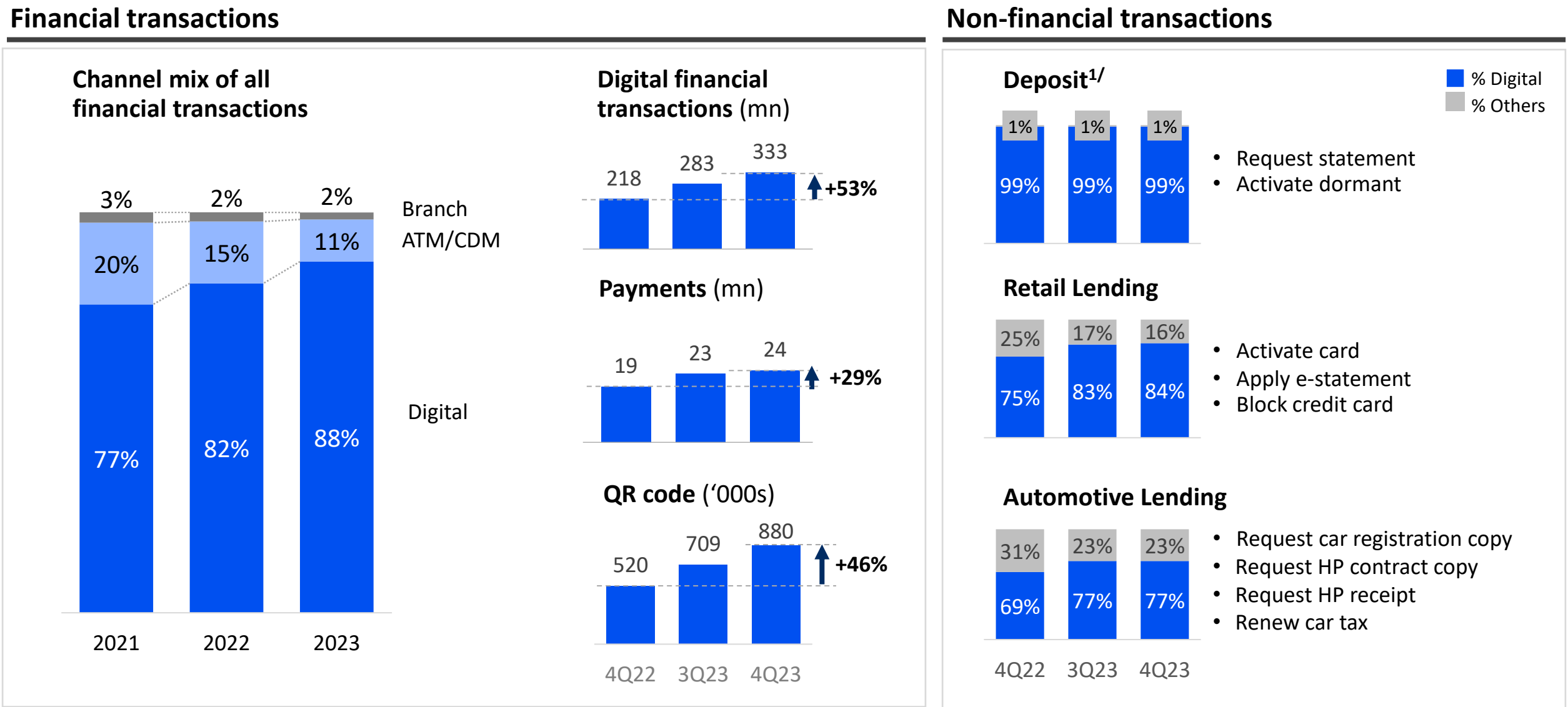
Top quartile ROE
Prudent capital base

Improved risk adjusted return and return on capital

1

Solid momentum of digital txns in 2023, showing >40% growth yoy, +6% growth in channel contribution and +0.5% PromptPay market shares



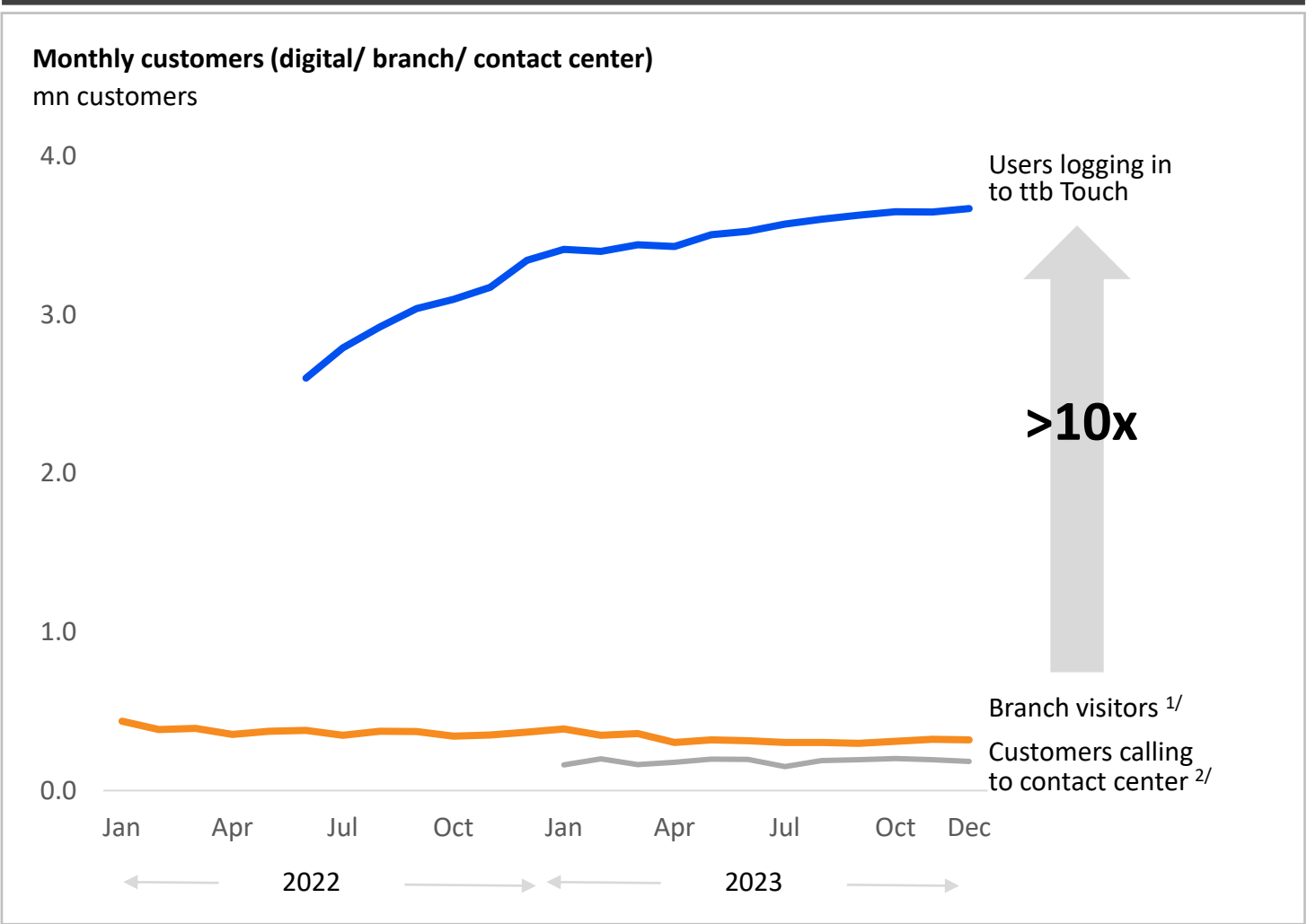


1/ number of offline transactions are estimated from Sep'22 – Feb'23 data

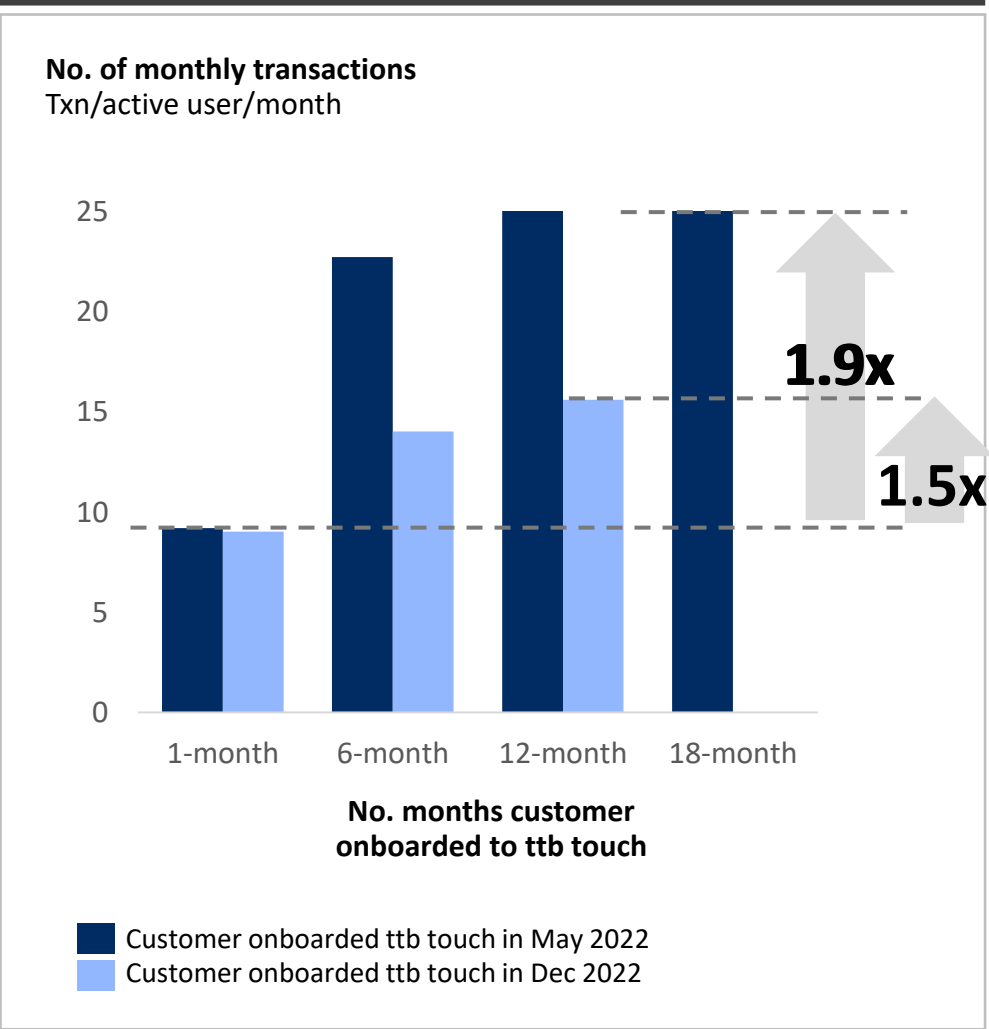
2/ Retail lending's branch & contact center data are prorated from 10m data | AL Q4'22 data is averaged from 2022 data

① Higher engagement via digital channel, thanks to >10x reach vs. physical channel as well as deepening of the relationship over time

Higher reach of digital channel vs. others



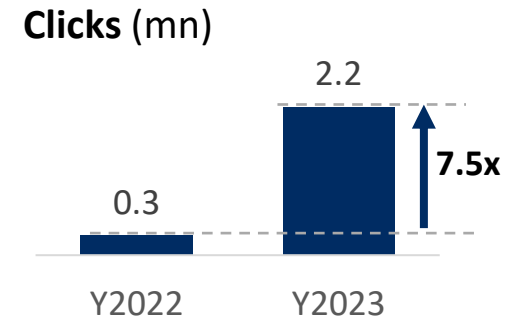
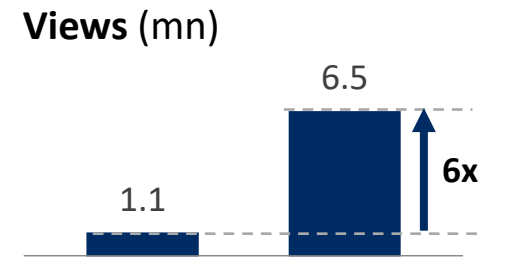
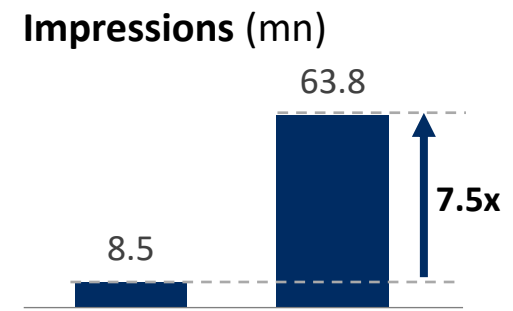
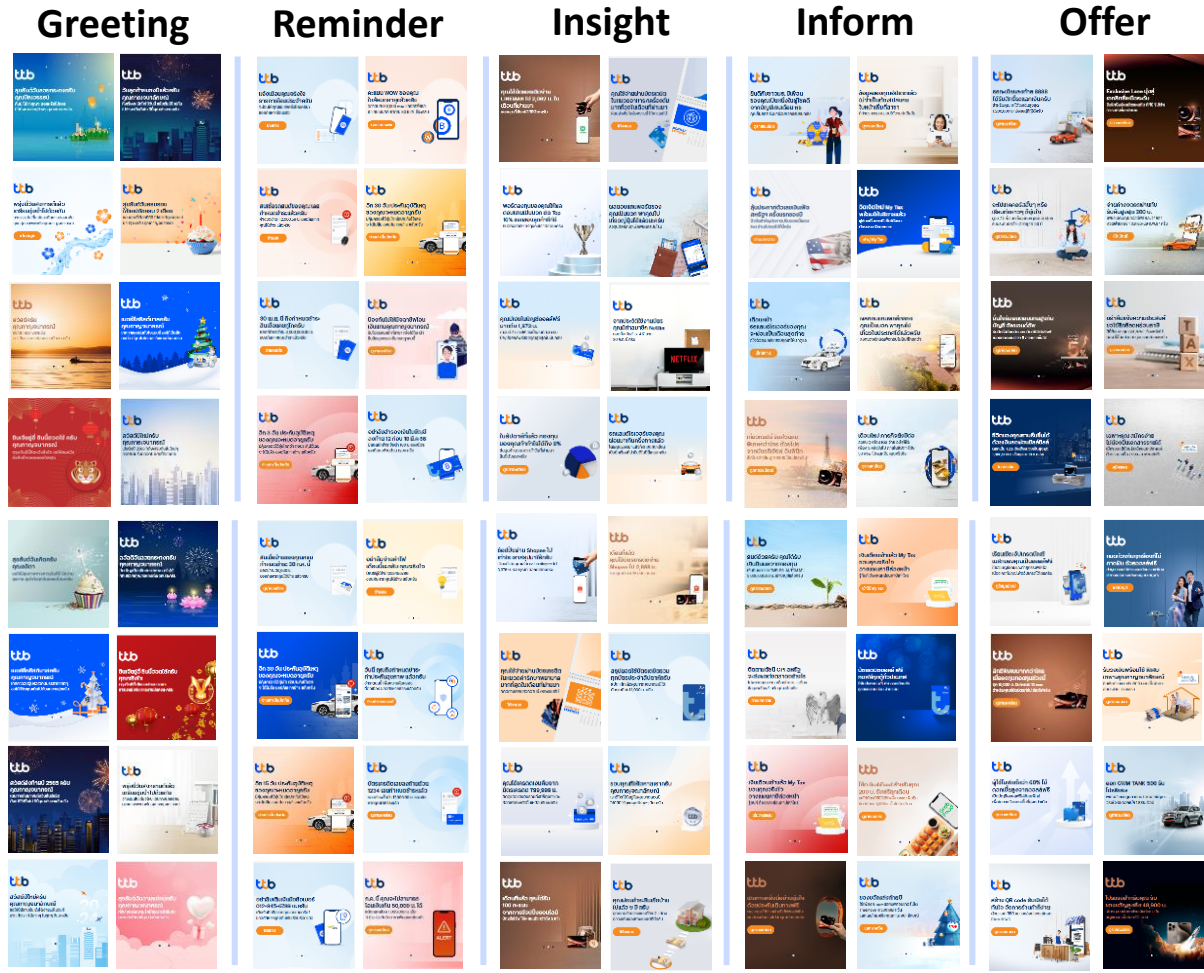
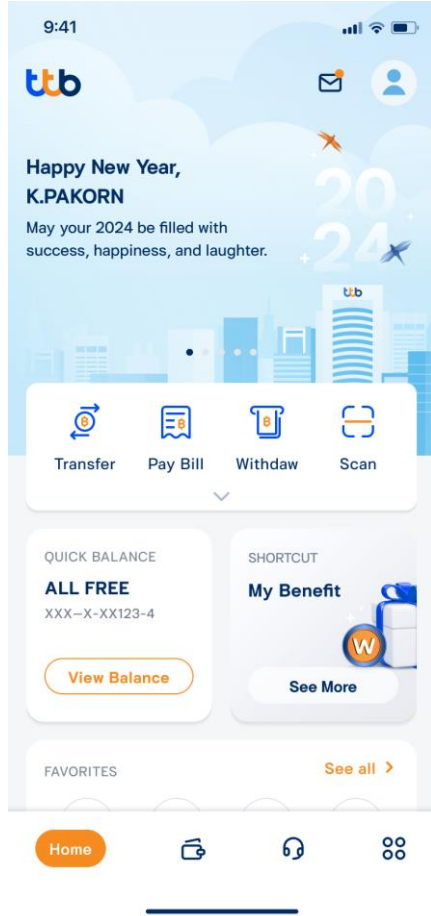
Deepening of relationship over time



1/ Number of branch visitors are from financial transactions, excludes cheque & bill payment.

2/ Number of customers calling to contact center are from retail & automotive lending issues only; incl. all customer calls, number of customers are ~300k per month.

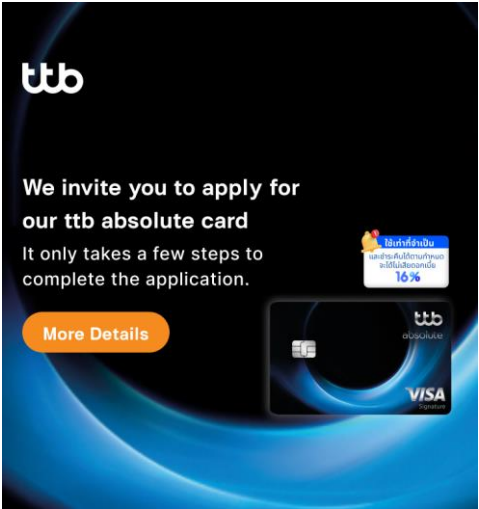
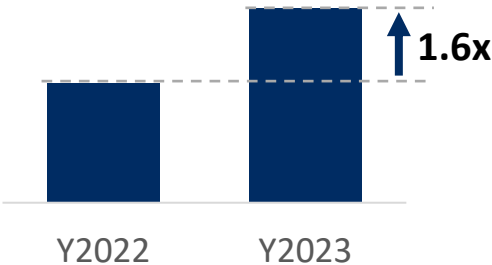
① Meaningful engagement delivered via ~700 personalized cards generated to 3.5mn customers resulting in 63mn impressions, 6.5mn views and 2.2mn clicks in 2023



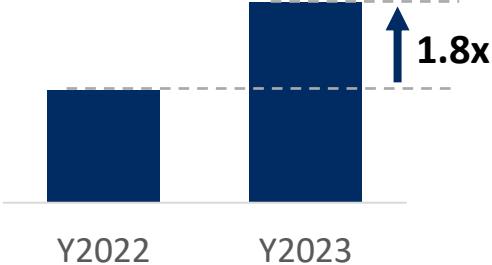
1 Increased engagement allows more cross-selling opportunities which ultimately result in >50% digital sales growth in key products in 2023

Digital sales via ttb Touch

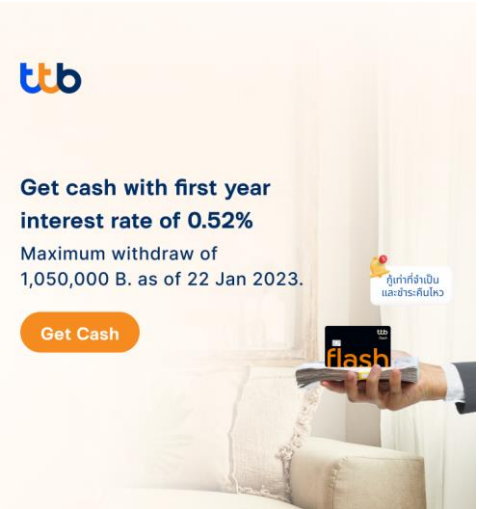
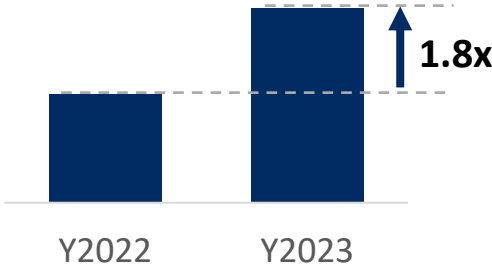
Credit card booking ('000s)



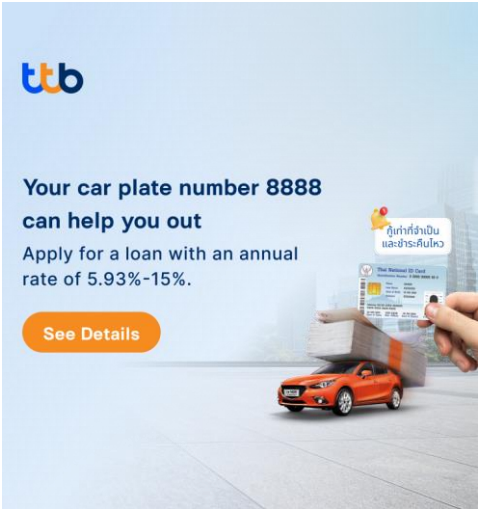
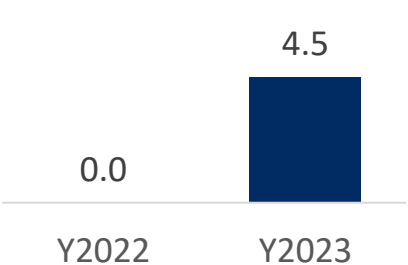
Flash card booking ('000s)



Cash chill chill drawdown (THB Bn)



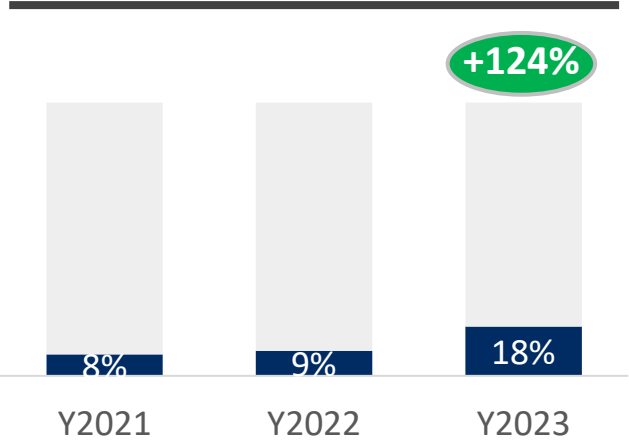
Cash Your Car booking ('000 cars)



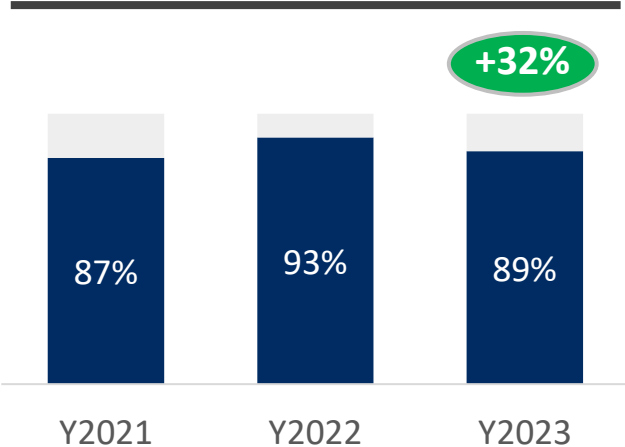
1 As a result, digital has become a major channel for new business generation and serve as a platform for future business model shift

■ % Digital ■ % Other channel ○ 2023 YoY growth in digital channel

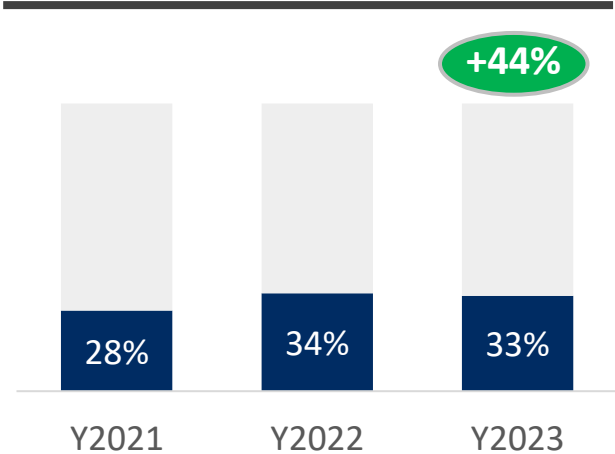
Account Opening



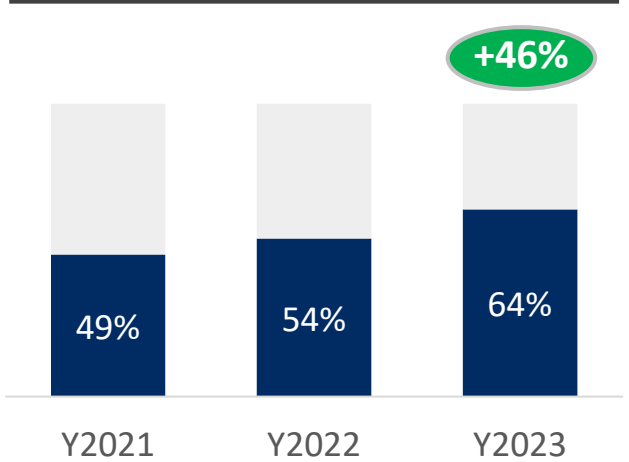
Mutual Fund



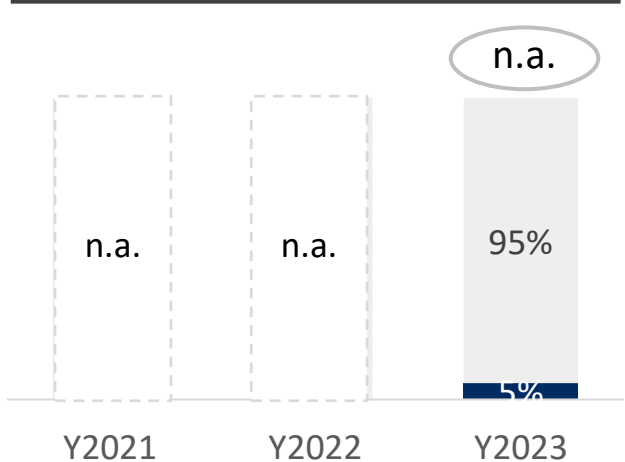
Credit Card & Flash Card



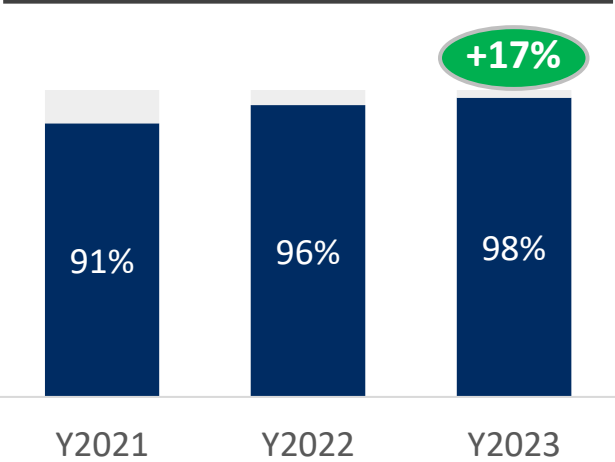
C2G



CYC



So Good



2 Revenue model transformation enabled by digital capabilities

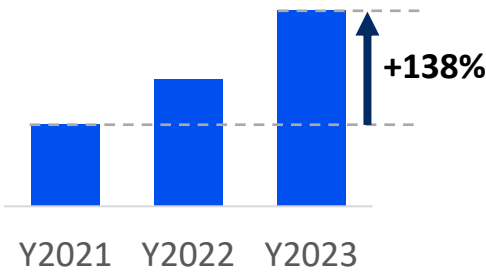


LENDING

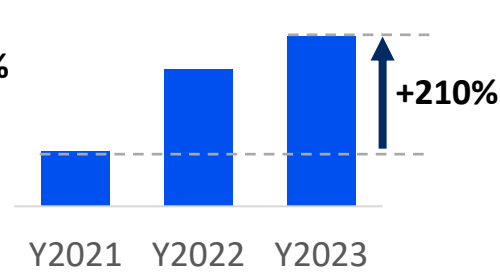
- From**
- **Physical, staff-based** acquisition as **one-off transaction**
 - Product-centric credit engine and system architecture

- To**
- Data-driven digital acquisition for **new-to-bank** as well as **recurring engagement** for **existing-to-bank** customers
 - Scale at speed with customer-centric credit engine for better customer journey

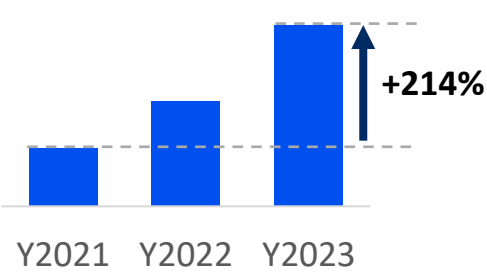
CYC new booking (THB)



CYH new booking (THB)



P-Loan booking (THB)



PROTECTION

- **Big ticket sales** to **wealth customers** via **physical channels** (i.e., branch, RM)

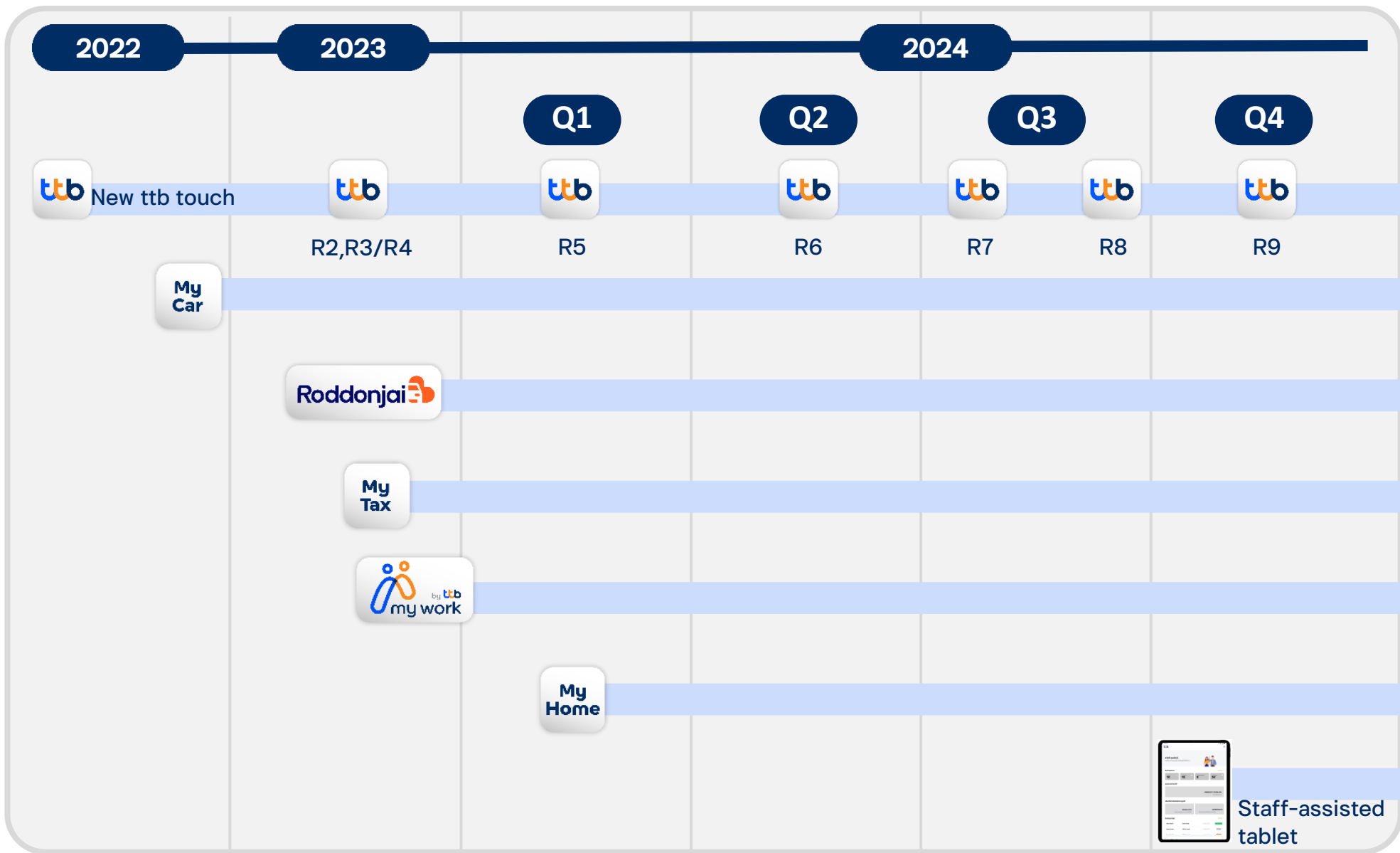
- Increasing contribution from **bite-sized insurance cross-selling via digital**
- **Staff-assisted tool** to smoothened experience for highly complex products

WEALTH

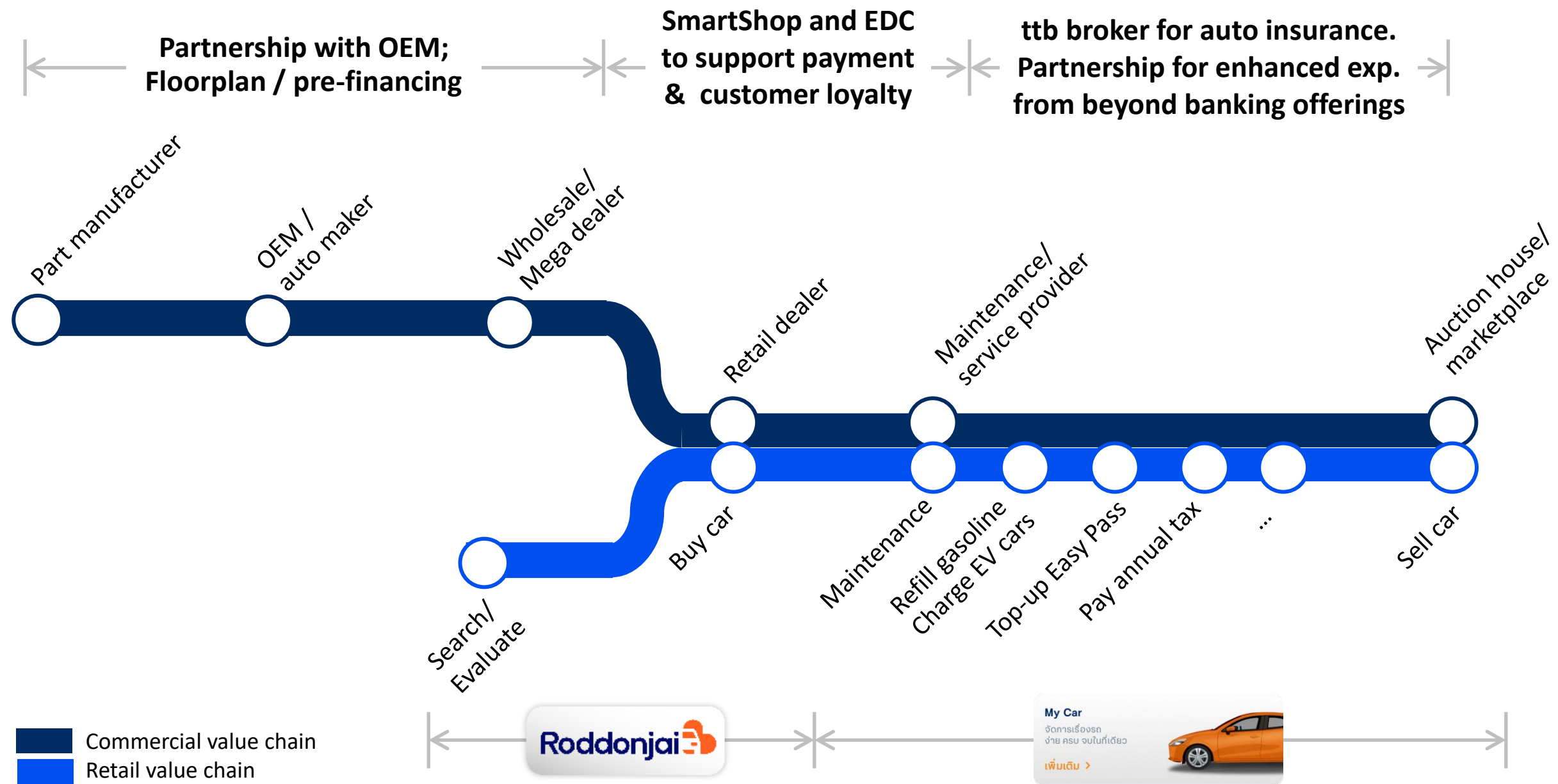
- **Mutual fund focused offering** with varying risk levels

- Alternative investment product with wide-range of asset class matched different risk appetite and needs of customers. Increasing focus **on wellness investment products**, in line with aging economy and market volatility
- **Self-service via digital** for **high frequency txns** (e.g. FCD, retail FX transfer)

3 3 focused ecosystems for new revenue model & customer engagement

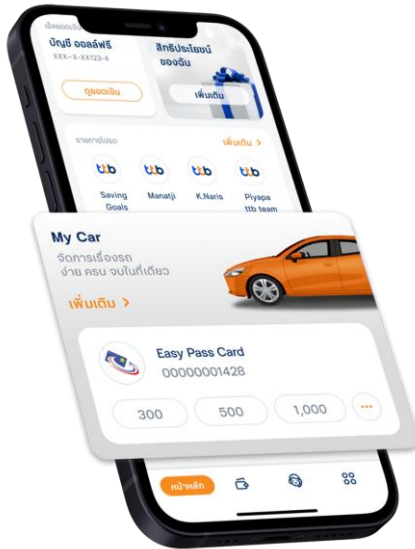


3 Car owner ecosystem: connected value chains



3 Car owner ecosystem – deepen engagement with car owners and new acquisition model via digital channel

My Car

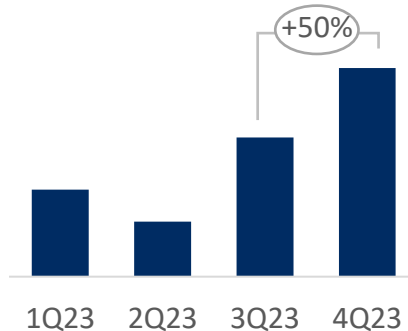


> 680,000
Cars onboarded

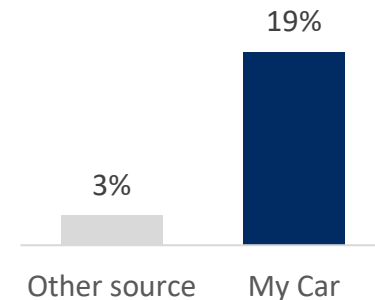
> 59,000
Easy pass registered

~65%
Car tax renewal vs other channels

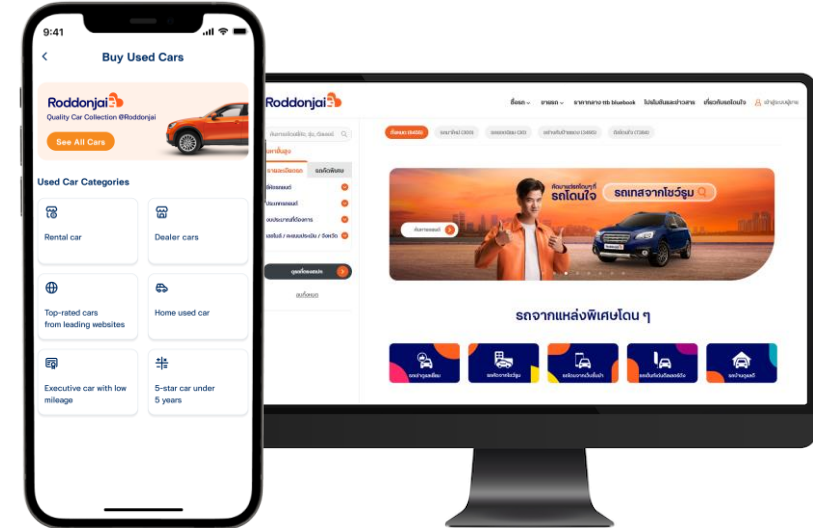
Motor insurance



CYC drop lead conversion



Roddonjai



> 2,200
Dealer Onboarded

> 3.8mn
Unique visitors

> 8,000
Car Sold

> 28,000
Car onboarded

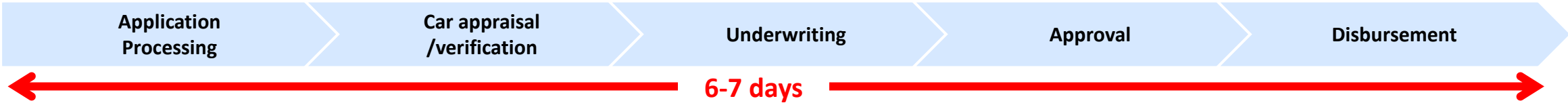
> 1mn
Engaged visitors

> 3,000mn
Financed amount

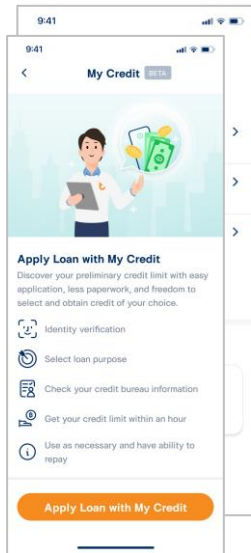
3 Streamlined CYC application journey for higher conversion



From: existing offline journey



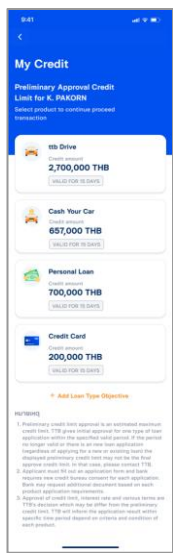
To: to-be digital journey (tentative Q2'24)



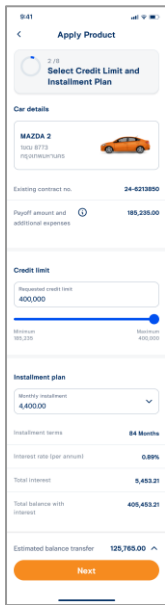
Select loan objective, Fill in form and accept terms



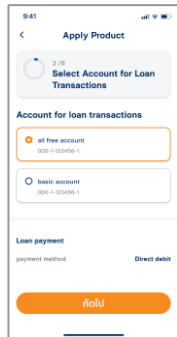
Receives credit health check offer



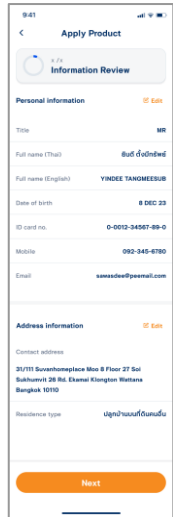
Choose car/ add car and select loan amount



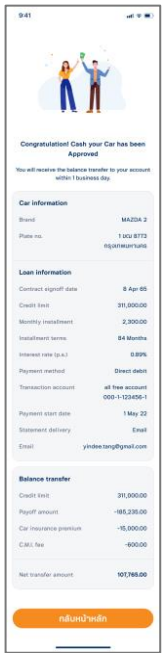
Select account for disbursement



Confirm personal information

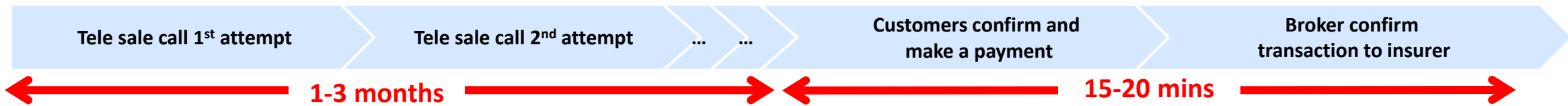


Instant approval with online disbursement for customers w/ good credit

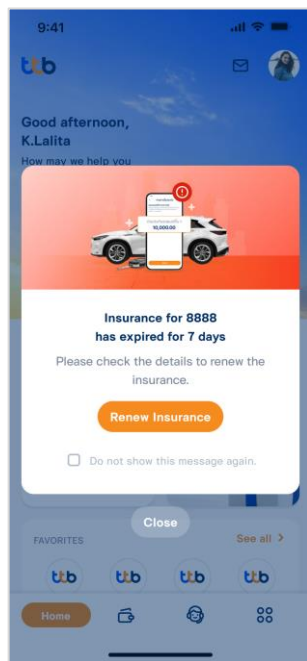
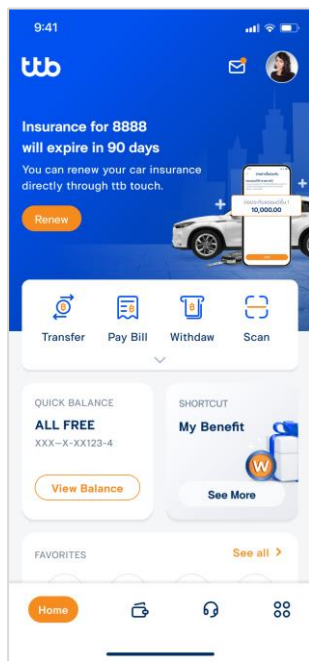
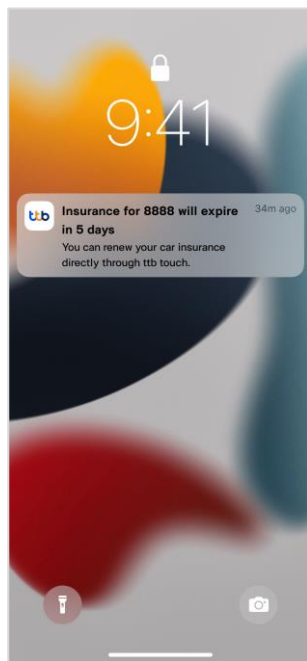


3 Motor insurance renewal experience to be completed in 3 clicks

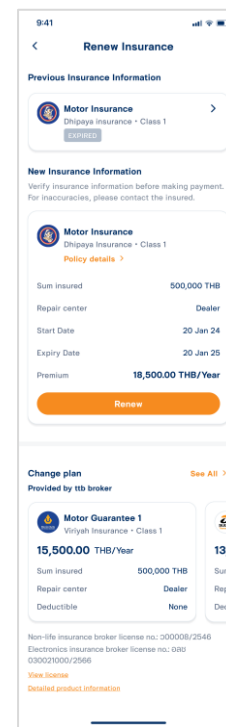
From: existing offline journey



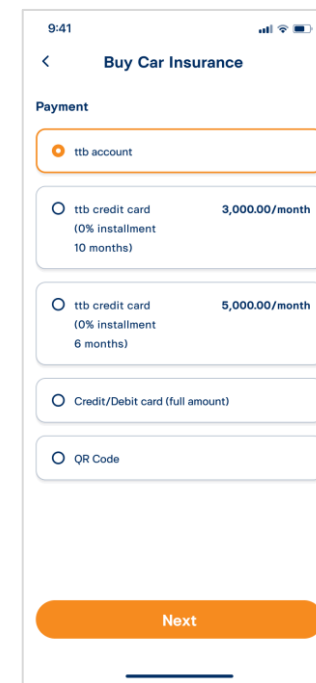
To: to-be digital journey (tentative Q2'24)



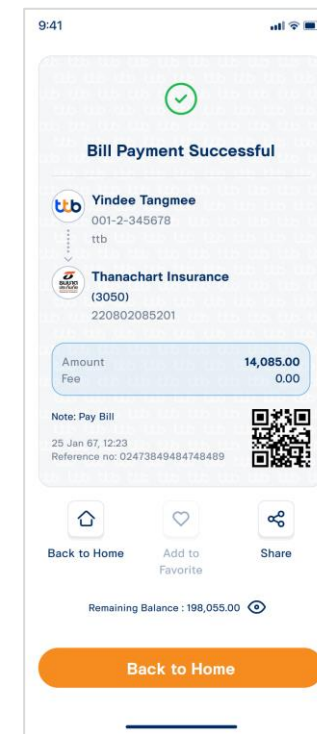
Personalize messages to customers
(Push notification, Personalized card, and Pop up message)



Renew Plan detail



Select Payment method



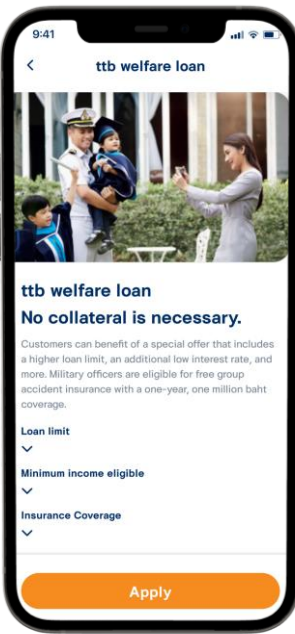
Renew successful



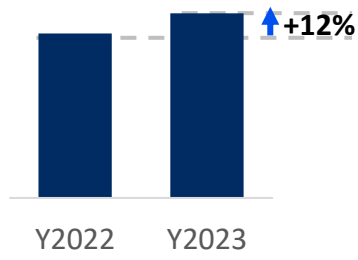
3 Salaryman ecosystem – financial well-being solution for employees and supporting companies to better engage their people

Welfare loan and debt consolidation

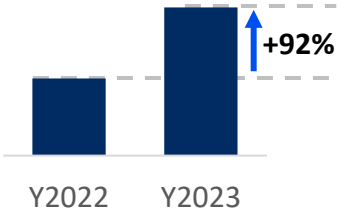
Best-in-class employee well-being solution with financial literacy program for payroll customers



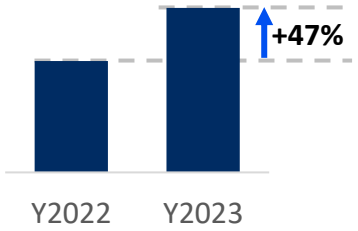
Payroll acquisition



Debt consolidation new booking



Welfare loan new booking

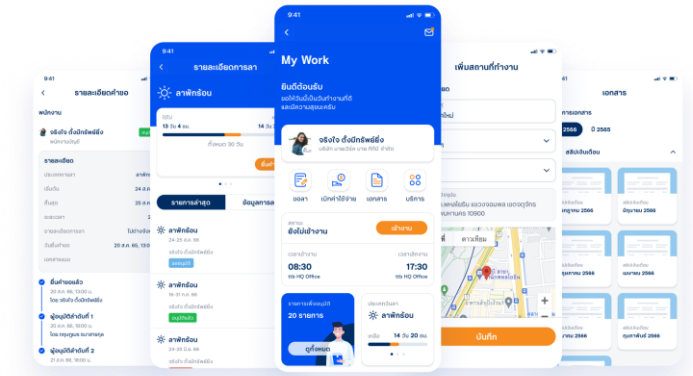


> 1,100
welfare MOU signed

> 350,000
eligible employees

7%
welfare loan bookings via digital (1-month after launched)^{1/}

My Work by ttb (soft launched Nov'23)



For Employer

- Organization management & data
- Time management
- Salary management & planning
- Integration with BusinessOne for seamless payroll processing
- Employee info & management
- Report

> 160 companies registered

> 130 companies onboarded on to the free trial version

For Employee

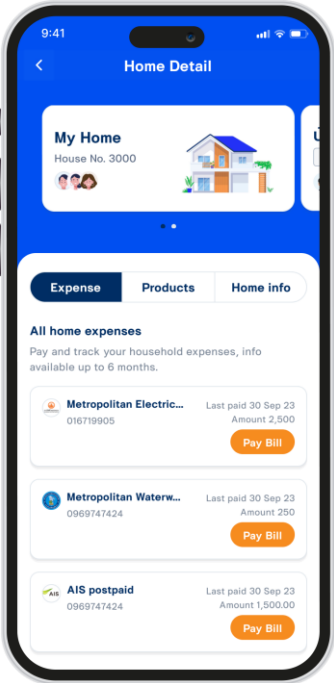
- Clock in, clock out
- Leave management
- Payslip and work-related document management
- Withholding tax management

1/ in December 2023; welfare loan available in ttb touch in November 2023

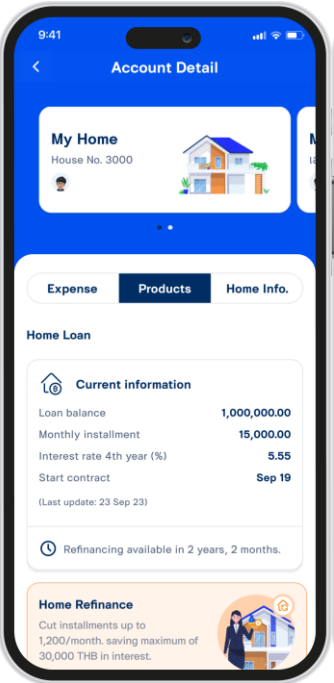
3 Home owner ecosystem – My Home widget to be launched in 1Q24 to capture needs of financial and non-financial of home owners

My Home (to be launched in 1Q24)

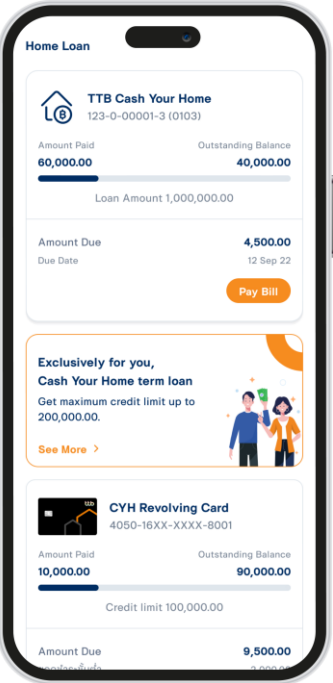
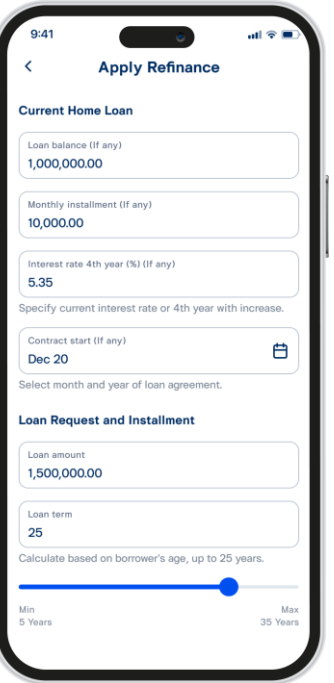
Experience the new level of household management



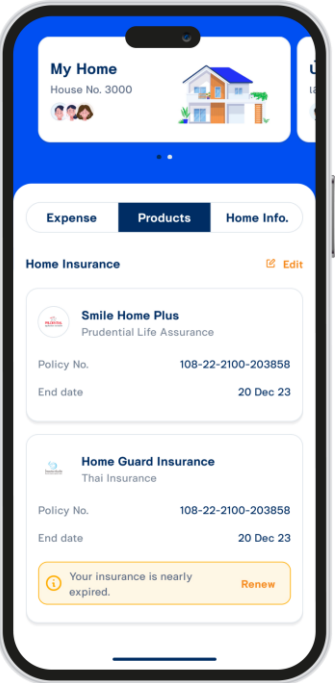
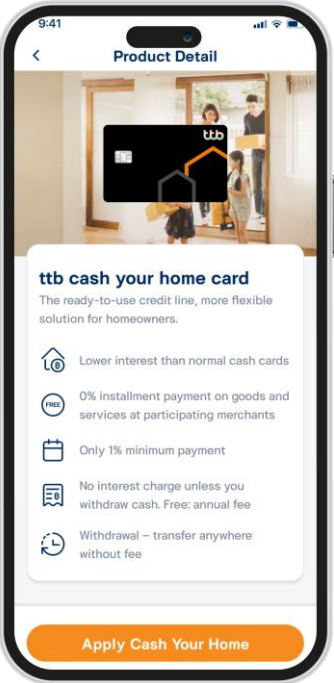
Bill management with home members



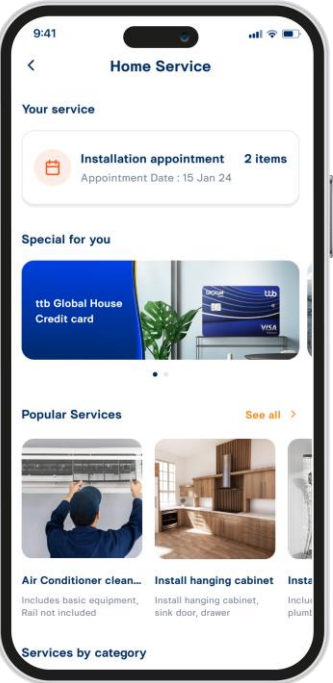
Refinance calculation & apply



CYH top-up offering



Reminder to renew insurance

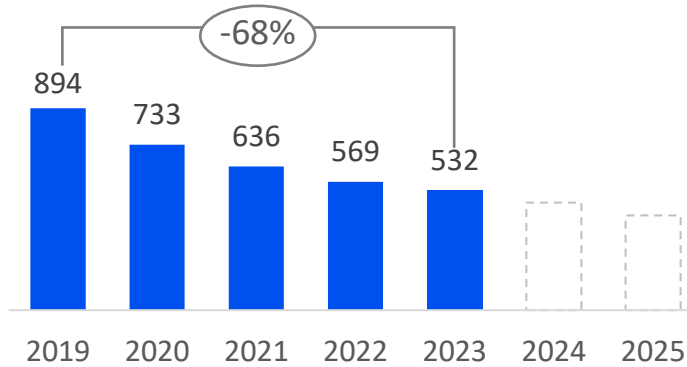


Maintenance service

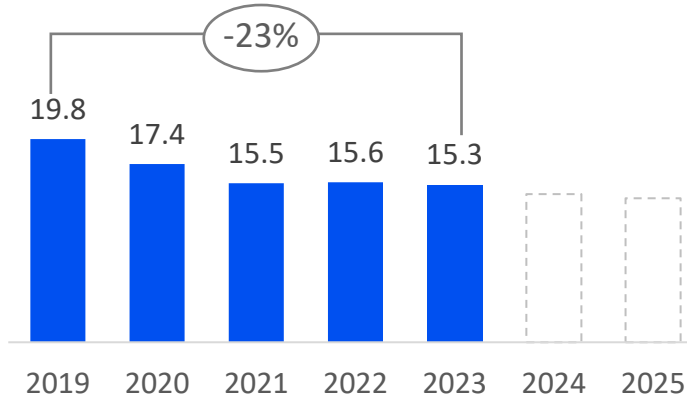
4 Leaner cost base going forward could be achieved by transforming branch/front-end and streamlining back office towards digital-first principle

Lower cost achieved in the past was driven mainly by removing duplication between the two banks

of branch



of staff ('000)



Strategic priorities going forward

A

Digital-first branch operating model

Migrate low value transactions for self-service via digital and machines

B

Staff tool enhancement for seamless omni channel exp.

Leverage & extend mobile banking capabilities to enhance staff-tools for paperless process and lift-up advisory capabilities

C

Back-office process digitization

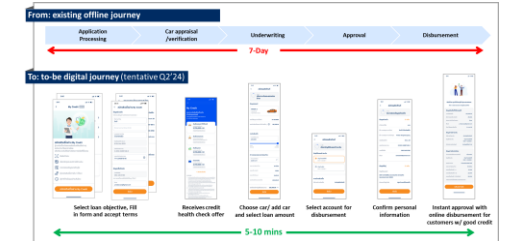
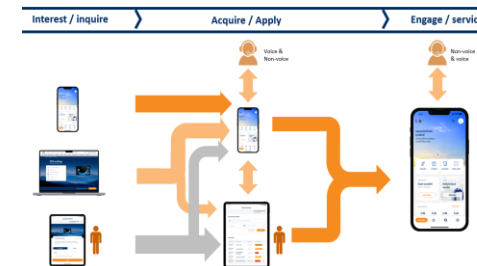
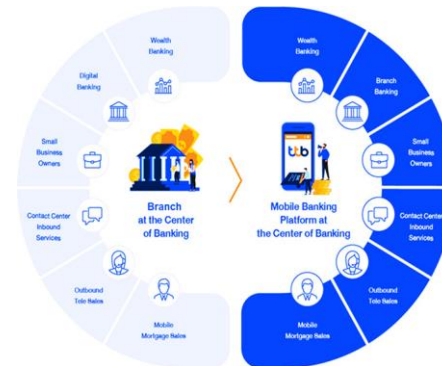
Streamline mid and back-office operations as a result of front-end digital migration

2024 action plan

Roll out digital-first branch nationwide

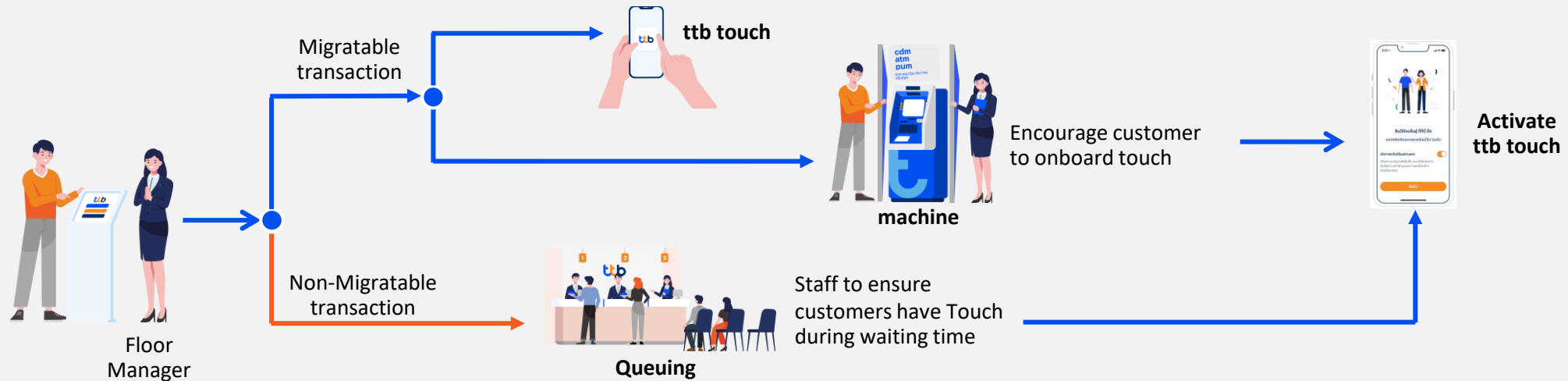
Launch new staff tablet in Q4'24

Accelerate RPA/process automation and centralized long-tail services



4A Digital-first branch in action: improved experiences and potentially release of staff capacity to focus on higher-value transactions

- Approach:**
- 1) **Migratable transaction** (50% of txn at branch) → educate customers to do transactions via **Touch or machine**
 - 2) **Non-migratable transaction** (50%) → develop **paperless process**; **centralize services/requests**



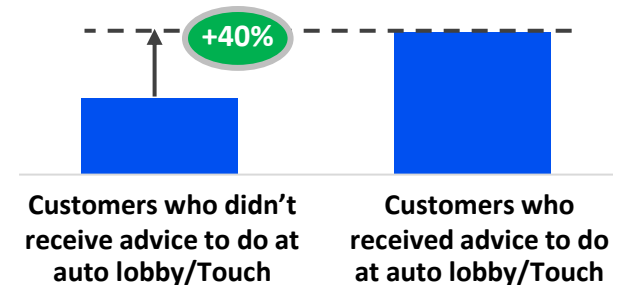
Implementation Roadmap

- Jun/Jul 2023 Pilot : 10 branches
- Sep 2023 Pilot : 33 branches
- Jan 2024 Nationwide rollout : 532 branches

Pilot result

- ✓ Significant **NPS improvement** for customers who received advice to do self-service
- ✓ Avg **>25% migrated transactions** from both low counters and high counters
- ✓ **Higher staff engagement** from fewer paperwork and more time to perform high value transactions

NPS score

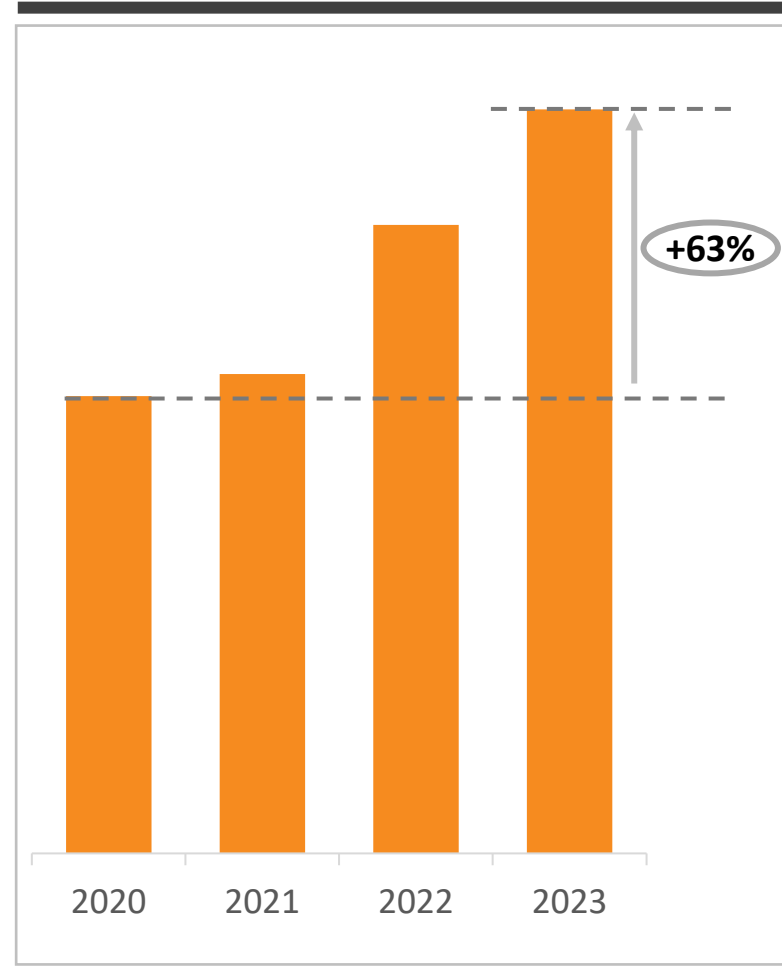


4 Digital's cost-to-operate has been funded from optimizing front/back-office operations, which would improve medium-to-long term cost structure

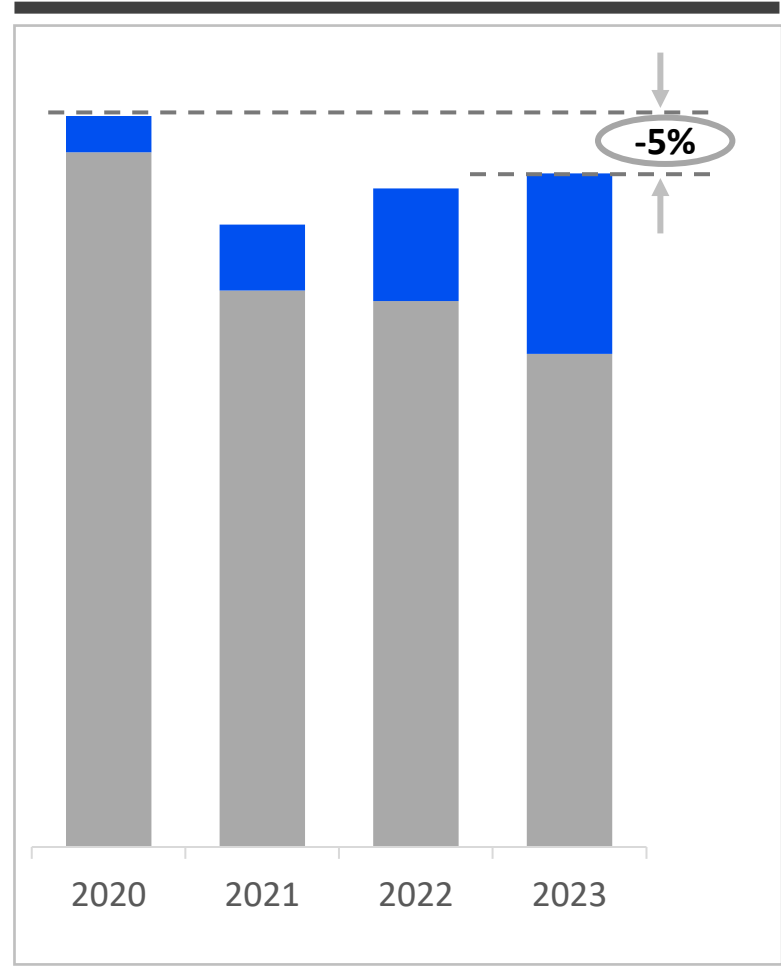


Digital
Branch + ATM

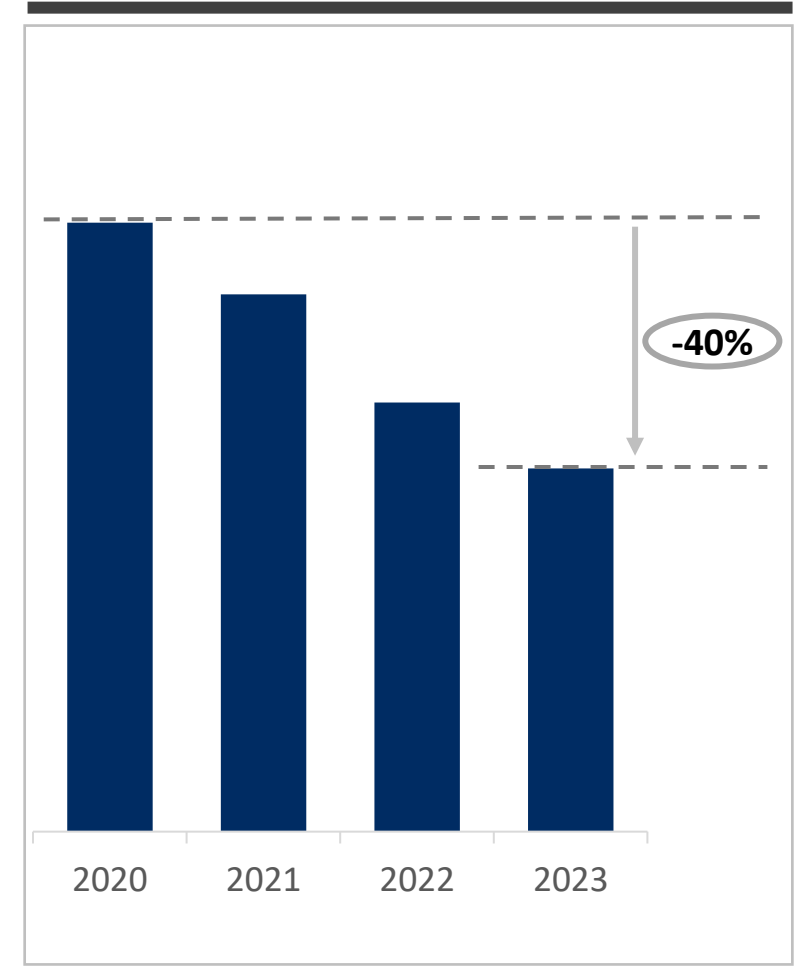
No. of financial transactions (txn)



Total cost to operate digital and branch/ATM (THB billions)



Average cost per transaction (THB/txn)



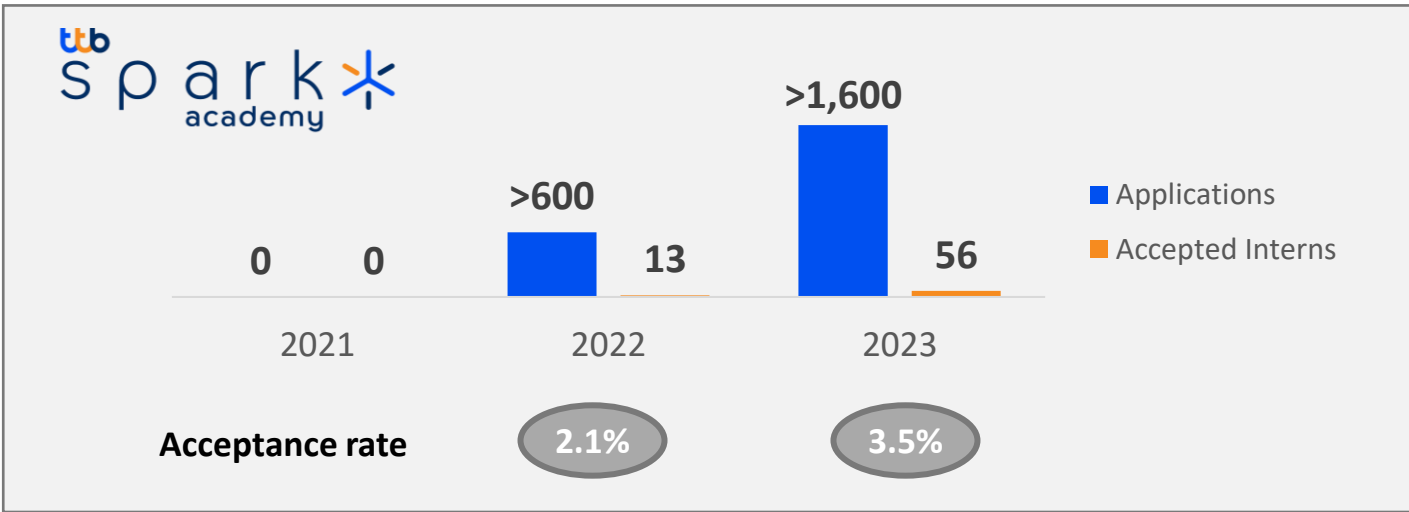
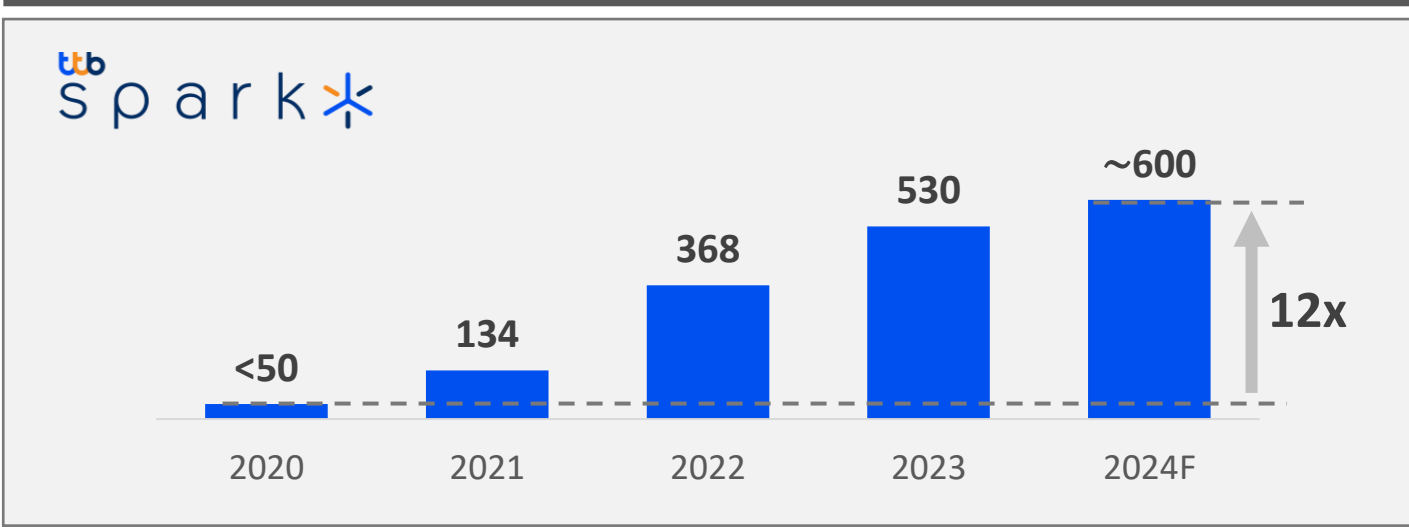
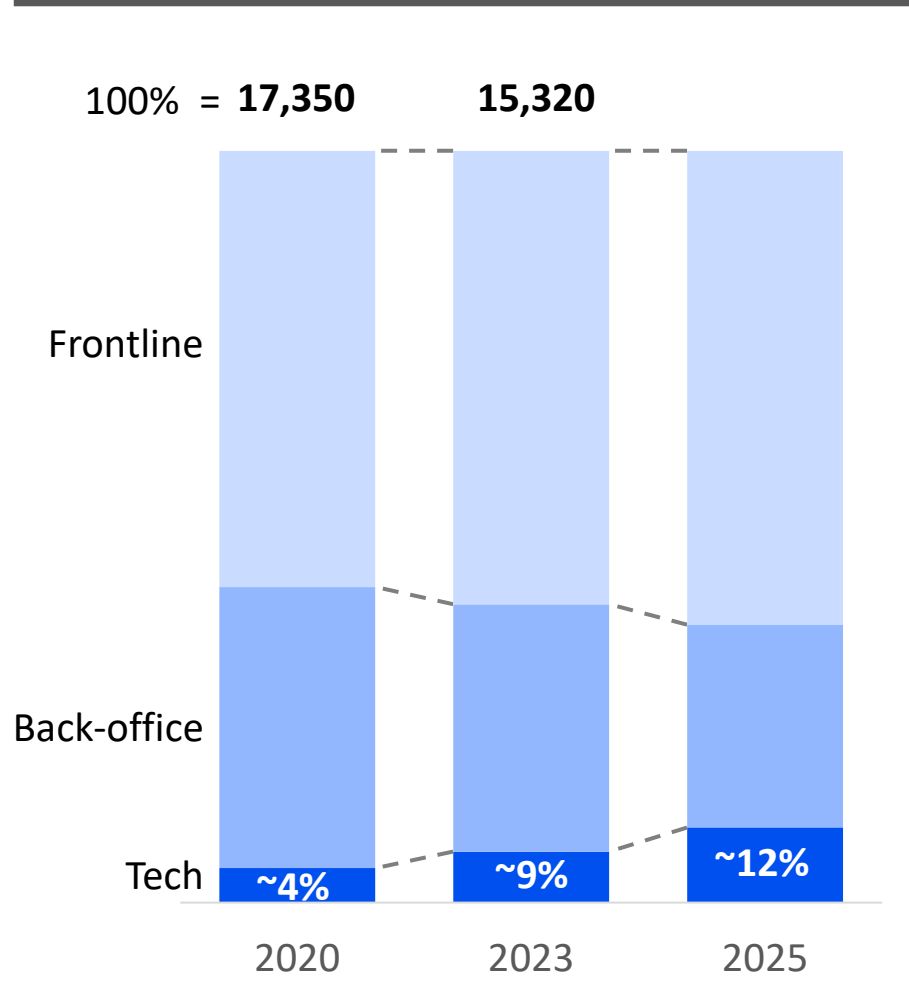
Note: 2021 branch cost was lower than usual year due to cost saving from space rental during Covid-19 lock-down

5 Digital-first & digital-only operating model calls for significant shifts in ttb as an organization



Initial success in talent attraction and employer branding during 2022 to 2023 through the setup of ttb Spark and ttb Spark Academy
















Aspired workforce mix roadmap



2023 Sustainability Performance



Anchored by the B+ESG principle, we strive to integrate sustainability into our business, ensuring that our strategic objectives not only meet short-term goals but also contribute to long-term sustainable growth.

Business Sustainability	Environmental Sustainability	Social Sustainability	Corporate Governance and Business Ethics
<div> 74% Transactional Net Promoter Score</div> <div> > 50 mb of accident protection and life insurance claims for ttb all free customers</div> <div> > 3,000 mb Debt consolidation program</div> <div> > 6,800 mb Welfare loan, a personal loan with special interests for ttb payroll's employees</div>	<div> >17,829 mb green and blue loan new setup</div> <div> 3,000 mb Sustainability-linked loan to support blue finance</div> <div> 48% reduction of coal-fired power plant exposure with commitment to exit by 2028</div> <div> 35% reduction of coal mining exposure with commitment to exit by 2028</div>	<div> 4,813 employees from 61 payroll companies participated in Fin live & learn (financial literacy programs)</div> <div> 384 mb home loan for same-sex couples</div> <div> Nano loan piloting a digital-only small- size loan to promote financial inclusion, scheduled to be launched in Q1 2024</div> <div> 220 mb donation via Punboon from >275,000 donors</div>	<div> #1 in Fair Finance Thailand for 5 consecutive years</div> <div> Excellent rating Corporate Governance Score for 15 consecutive years</div> <div> 0 case of significant data breach</div>

2023 awards and recognitions



4Q23 and 2023 Performance

2024 Strategy Update

2024 Guidance

2024 Financial Guidance



		2023 Targets	2023FY Actual	2024 Target
INCOME	Loan growth (YoY)	Approx. 3%	-3.5% YTD	Flat
	Deposit growth (YoY)	In line with loan growth	-0.9% YTD	In line with loan growth
	Net Interest Margin	3.0% - 3.1%	3.24%	3.1%-3.25%
	Non-NII growth	Low single digit growth	-3.4%	Low single digit growth
EFFICIENCY	C/I Ratio	Mid-40s	44%	Mid-40s
ASSET QUALITY	% Stage 3	≤ 2.9%	2.62%	≤ 2.9%
	Credit cost (bps)	125 - 135	<div> <div>Normal provision</div> <div>Total provision</div> </div> <div> <div>128</div> <div>164</div> </div>	125 - 135
	Net profit (YoY)	-	THB 18.5 bn +30.0%	

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