



Management Discussion and Analysis

For the 1st quarter and 3-month period ended 31 March 2022

(Reviewed financial statements)

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Management Discussion and Analysis

Executive summary: Economic review & outlook

Thai economy in 1Q22: Global economies have been in a recovery path despite Omicron outbreak, intensified inflation pressure and the Russia-Ukraine tension starting in late February 2022. For the first two months of 2022, merchandise exports expanded 12.2% in line with the rebounds in global economies and production activities. Meantime, tourism sector gained support from reimplementing the Test & GO procedure for the kingdom's border entry in February, causing a rebound in foreign tourists. However, this tailwind came with some limitation due to Russians, being the majority group of Thailand's inbound tourist, got adverse impact from international economic and financial sanctions and faced a significant drop in March's inbound figure. Regarding domestic economy, both private consumption and investment expressed a sign of slowdown. This is particularly consumption, which got negative impact from rising energy costs and food prices. However, government spending remained a supportive factor for consumption in the sense of preventing a sharp drop in households' spending by accelerating budget disbursement, currently accumulated to 340 billion baht from total 500-billion-baht budget plan. Industrial production improved in line with merchandise exports. With respect to the continuous recovery of economic components with some limited adverse impacts of Russia-Ukraine conflict on exports, ttb analytics has viewed that Thai economy in the first quarter will steadily improve by expanding 3.2% from the same period last year.

Financial market & banking industry: The Monetary Policy Committee (MPC) decided to maintain the policy rate at 0.50%. The committee foresees Thai economy to expand in 2022 and 2023. The Ukraine-Russia conflict may affect Thai economy through rising energy and commodity prices, which will cost averaged inflation in 2022 to be above MPC's target. However, the committee sees the rise of inflation to stem from supply side and decided to maintain the policy rate to accommodate Thai economic recovery. The decision to keep policy rate unchanged in the first quarter led to the deposit and lending rate stood at the same rate as in the fourth quarter of 2021. Overall, financial condition would remain accommodative from Bank of Thailand financial measures. Regarding Thai baht in the first quarter, it was on average at 33.07 baht per U.S. dollar, appreciating by 0.9% compared to the average of 33.37 baht per US dollar in the previous quarter. Thai Baht has appreciated due to the influx of foreign investments during the Ukraine-Russia crisis. In the meantime, Thai baht's volatility rose due to FED's monetary policy. Regarding commercial banking, total loans at the end of February 2022 grew by 6.3% compared to the same period last year (YoY) and increased by 0.2% from the end of year 2020 (YTD). On the other hand, deposits expanded by 4.9% YoY or 0.8% (YTD) mainly from saving deposits.

Economic outlook for 2Q22: Against the backdrop of sustained inflation pressure at high level and potentially prolonged conflict between Russian and Ukraine, Thai economy's growth in the second quarter is thus projected to decelerate from the first quarter. Merchandise exports will be impacted by decelerating global demands, particularly in Europe, and heightened costs of production and transportation. However, an increase in global export prices, especially petroleum-related products, agricultural products and commodities, will support the value of merchandise exports of 2022 to expand 5.8%. Meanwhile, tourism sector will gain positive factor from a lift of quarantine-required border entry, leading to a higher number of inbound tourists particularly in the second half of the year and thus the total inbound tourist figure for 2022 being 4.5 million persons. On the other hand, Thai tourists will increase in Songkran festive and is expected to continue gradually recover for the rest of the year. Private consumption is projected to rebound along with improved domestic outbreak situation, together with the supports from stimulus measures and the continuously recovering labor market. Private investment is also expected to expand in line with export recovery as well as an increase in the amount of investment budget spent on targeted industries within EEC area, which got approved before Covid-19 outbreak. For financial market, the policy rate is expected to remain at 0.5% to support the economy under uncertainties regarding accelerating inflation and Covid-19. Inflation is expected to be around 5.0% in the second quarter. Thai baht is forecasted to depreciate in the second quarter due to the US dollar's appreciation before it will appreciate again in the second half of 2022 according to Thailand's tourism recovery. Thai baht is estimated to move within the range of 32.5-34.5 baht per US dollar.

Research by  ttb analytics

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

TMBThanachart Bank (TTB) has been proactively assisting affected customers in a variety of way with the key focus to provide the sustainable relief program on ensuring customer's long-term survival. As of Mar-2022, loans under debt relief program represented approximately 7% of total loan portfolio, decreased from 12% as of Dec-21 and 40% during a full lockdown in Jun-20. Commercial customer under forbearance dropped from 10% to 8% of total commercial loans as both corporate and SME customers continued to exit the program while retail customers declined from 13% to 7% of total retail loans mainly from mortgage and HP segment. TTB continues to be vigilant and keeps monitoring customers to ensure the Bank's asset quality as well as support affected customers through the various relief measures and pre-emptive debt restructuring to ensure that customers can recover in the long run.

TTB's relief program "Tang Lak"

Retail: TTB provides sustainable relief program for retail customers as following details	
Auto loan	<ul style="list-style-type: none"> Reduce installment by extending tenure, skip payment or other appropriate measures (for new car, used car and cash your car) Reduce 30% of installment for 6 months and cut interest rate not over 22% (for cash your book)
Mortgage loan	<ul style="list-style-type: none"> 6-12 months grace period of principle payment (Pay only interest) or Reduce installment based on customer's ability to pay for 6-12 months <ul style="list-style-type: none"> Reduce installment up to 70% of installment /or Pay Full Interest and Partial Principal (minimum reduce principal 15% of new installment /or 20% of principal original installment) Reduce installment at least 20% of installment with payment hierarchy will be deducted from principal first. 3-month skip payment for the principal and interest payment Debt Consolidation program
Unsecured loan	<ul style="list-style-type: none"> Reduce installment based on customer's ability to pay for 12 months (cut interest rate not over 22% on case by case basis) Debt Consolidation program Lower interest rate for unsecured loan to 25% from 28% per year, effective from 1 Aug 2020 (for new application)
Credit card	<ul style="list-style-type: none"> Convert current outstanding balance to term loan or convert to Installment pay plan (IPP) with lowest interest rate 12% and maximum 96 tenor and age not over 70 year Debt Consolidation program Lower interest rate for credit card to 16% from 18% per year, effective from 1 Aug 2020
Flash card	<ul style="list-style-type: none"> Convert current outstanding balance to term loan or convert to Installment pay plan (IPP) with interest rate 22% and maximum 96 tenor and age not over 70 year Debt Consolidation program Lower interest rate for cash card to 25% from 28% per year, effective from 1 Aug 2020
Commercial: TTB provides the sustainable relief program for customers with effective on Nov 2021 onwards	
SMEs (Juristic and Non-Juristic) / Large corporate	<ul style="list-style-type: none"> Long-term lending: Suspension for the principal up to 12 months from the approval date or reduce installment for 12 months or extend installment for 12 months or 12-month grace period of principle payment (Pay only interest) from the approval date Overdraft/Working Capital Lending: Convert Overdraft or Working Capital lending to Long Term Lending not over 10 years from the approval date Floor Plan lending: 6-month grace period of principle payment from the approval date Additional assistance for all SME and large corporate loans: Cut interest rate not over 0.5% for 12 months, D/A swap

For further details, please visit www.ttbank.com.

Summary of TMBThanachart's operating performance

Despite the COVID-19 overhang to 2022, the business activities gradually resume, and the country is reopened. Amid such economic recovering stage, TMBThanachart (TTB) remains vigilant and keeps seeking for opportunity to grow prudently. TTB 1Q22 performance continuously improved from the previous period, supported by the manageable asset quality under the Bank's prudent risk management and the cost discipline which helped lower OPEX efficiently. Therefore, 1Q22 net profit increased by 14% QoQ. Although topline growth was still challenged from unstable economic recovery, NII started to show stabilizing trend as our selected loan growth resumed. In addition, TTB's balance sheet optimization initiatives would create the optimal financial structure, yielding sustainable growth in long run. Thus, we selectively grew loans and deposits in selected products to ensure portfolio healthiness and be ready to resume high-yield retail loan growth once the economic situation improved.

Balancing deposit structure to strengthen liquidity position and efficiently manage cost of deposits: The continuous effort of balance sheet optimization by balancing CASA & hybrid products and Time Deposit resulted in well-managed deposit mix. As of March 2022, total deposit increased by 1.6% YTD to THB1,360 billion mainly from retail-TD product acquisition namely Up and Up following the deposit strategy to build long-term deposit for liquidity management. In terms of our retail flagship products, All Free continued its growth pace by 1.5% YTD and No-fixed deposit also grew by 0.4% YTD. In regard to TTB's deposit direction, retail-TD Up and Up would be another key strategic product for retaining existing wealth customers by offering competitive interest rate with high flexibility and, together with well-balanced with our flagship products deposit, ensuring efficiently-managed deposit cost going forward.

Pursuing quality loan growth strategy with resumption growth in selected retail products: TTB has been selectively growing loans and focusing on quality loan growth strategy during the pandemic. Total loan, as of March 2022, therefore, slightly declined by 0.4% YTD to THB1,366 billion mainly from commercial loans. Corporate lending on consolidated basis contracted by 5.8% YTD, due mainly to the repayment of large corporate loans and lower demand from working capital while SME loans* slightly increased from re-segmentation. However, retail loans especially in selected products like HP and mortgage loans have resumed their growth by increasing 1.2% and 0.8% YTD respectively as the Bank saw a recovery sign of new booking in both areas. The Bank continues to pursue our loan growth strategy especially in high-yield retail segment and will boost unsecured loans and credit card thru ttb consumer subsidiary to enhance asset yields.

NII started to stabilize as we resume growth in selected retail loan: Against challenging economic environment, TTB's NII showed stabilizing trend as the selected loans resumed their growth momentum. Although 1Q22 net interest income decreased by 2.8% QoQ to THB12,409 million due primarily to the loan contraction following the Bank's selective growth strategy, interest on HP increased by 4.5% QoQ aligning with the growth in the auto loan segment. Moreover, ttb consumer would be another engine to enhance asset yields and NII further. Alleviated by funding cost improvement, NIM dropped by 7 bps QoQ to 2.91% from lower yield on earning asset. Non-NII declined by 10.0% QoQ to THB3,365 million mostly from lower net fees and service income as mutual fund and bancassurance fees softened from unfavorable market sentiment in 1Q22 while commercial fee registered its growth pace, supported by loan-related fee. Total operating income, therefore, dropped by 4.4% QoQ to THB15,774 million in 1Q22.

PPOP improvement was driven by cost discipline: With the effort in accelerating cost saving synergies realization after the merger and cost discipline, operating expenses were well-managed which significantly dropped by 12.7% QoQ to THB6,987 million. As a result, cost-to-income ratio excluded purchase price allocation (PPA) impact reported at 43% due to such cost discipline lessening pressures on income side. As a result, Pre-provision operating profit (PPOP) increased by 4.2% QoQ and relatively flat YoY which recorded at THB8,818 million in 1Q22.

Asset quality was manageable under prudent risk management against uncertain 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 1Q22, the Bank set aside expected credit loss (ECL) and management overlay of THB4,808 million, decreased by 4.2% QoQ. This ECL level reflected the Bank's strict principle-based relief scheme model and customers' repayment capability in the current loan portfolio. Moreover, stage 3 loan totaled to THB42,144 due owing to better NPL formation and the positive trend on customers' abilities to service their debts. Thus, NPL ratio stood at 2.73% in 1Q22, dropped from 2.81% in 4Q21. However, the provisioning would remain at the elevated level as per guidance as the Bank proactively prepares sufficient cushion against unforeseeable future and the end of debt relief policy this year.

After provision and tax, TTB reported THB3,195 million of net profit in 1Q22 which increased by 14.1% QoQ and 14.8% YoY and represented the ROE of 6.1%.

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)	1Q22	4Q21	% QoQ	1Q21	% YoY
Interest income	15,677	15,990	-2.0%	16,350	-4.1%
Interest expenses	3,268	3,221	1.5%	3,478	-6.0%
Net interest income	12,409	12,769	-2.8%	12,872	-3.6%
Fees and service income	3,327	3,657	-9.0%	4,369	-23.8%
Fees and service expenses	865	665	30.2%	1,009	-14.3%
Net fees and service income	2,462	2,993	-17.7%	3,360	-26.7%
Other operating income	903	746	21.0%	891	1.3%
Non-interest income	3,365	3,739	-10.0%	4,251	-20.8%
Total operating income	15,774	16,508	-4.4%	17,123	-7.9%
Total other operating expenses	6,987	7,999	-12.7%	8,208	-14.9%
Expected credit loss	4,808	5,017	-4.2%	5,480	-12.3%
Profit before income tax expense	3,979	3,492	13.9%	3,436	15.8%
Income tax expense	784	693	13.2%	653	20.1%
Profit for the period	3,195	2,799	14.1%	2,783	14.8%
Profit (loss) to non-controlling interest of subsidiaries	-0.003	0.015	-120.0%	0.72	-100.4%
Profit to equity holders of the Bank	3,195	2,799	14.1%	2,782	14.8%
Other comprehensive income	-841	128	-755.6%	29	-3044.5%
Total comprehensive income	2,354	2,928	-19.6%	2,811	-16.3%
Basic earnings per share (THB/share)	0.0331	0.0290	14.2%	0.0289	14.5%

Note: 1. Consolidated financial statement

2. In 4Q21, the Bank reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in 2021 period are reclassified for comparative purposes

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

For the 1st quarter of 2022: TTB recorded THB12,409 million of net interest income (NII) in 1Q22, 2.8% decrease compared to previous quarter (QoQ). Details are as follows:

- Interest income decreased by 2.0% QoQ to THB15,677 million. The QoQ decrease was a result of loan contraction following the Bank's prudent loan growth amid the gradual economic recovery, offset with an increase in interest on HP as the auto loan resume its growth momentum.
- Interest expenses increased by 1.5% QoQ to THB3,268 million mainly from an increase in deposit volume and interest on interbank as a part of liquidity management.

On a year-on-year basis, net interest income decreased 3.6% YoY from THB12,872 million in 1Q21. Details are as follows:

- Interest income decreased by 4.1% YoY from THB16,350 million, primarily due to the lower loan outstanding balance as we focused on quality amidst challenging environment, offset with an increase in interest on HP.

- Interest expenses decreased by 6.0% YoY from THB3,478 million, mainly owing to efficient funding optimization management resulting in lower cost of deposits and lower funding costs.

NIM stood at 2.91% in 1Q22 from 2.98% in 4Q21

NIM stayed at 2.91% in 1Q22 which decreased by 7 bps from 2.98% in 4Q21 and 9 bps from 3.00% in 1Q21. The QoQ drop was due mainly to lower yield on earning asset even loan yield was relatively flat in this quarter while funding cost slightly uptick due to the Bank's deposit strategy to manage funding and liquidity in long term. For YoY reduction, it was mostly due to loan yield compression, alleviated by efficient balance sheet optimization and funding cost improvement. However, NIM excluded PPA impact was recorded at 2.98% in 1Q22.

Figure 2: Net interest income (NII)

(THB million)	1Q22	4Q21	% QoQ	1Q21	% YoY
Interest income	15,677	15,990	-2.0%	16,350	-4.1%
Interest on interbank and money market items	253	228	11.0%	325	-22.0%
Investments and trading transactions	7	12	-40.3%	15	-51.9%
Investments in debt securities	340	336	1.0%	277	22.7%
Interest on loans	9,367	9,946	-5.8%	10,269	-8.8%
Interest on hire purchase and financial lease	5,709	5,466	4.5%	5,463	4.5%
Others	0.7	1.5	-52.9%	1.0	-28.1%
Interest expenses	3,268	3,221	1.5%	3,478	-6.0%
Interest on deposits	1,799	1,741	3.3%	1,916	-6.1%
Interest on interbank and money market items	80	69	15.7%	73	8.8%
Contributions to the Deposit Protection Agency	796	795	0.1%	824	-3.4%
Interest on debt issued and borrowings	580	603	-3.9%	651	-11.0%
Borrowing fee	7	6	4.8%	9	-25.2%
Others	7	7	6.6%	4	79.3%
Net interest income (NII)	12,409	12,769	-2.8%	12,872	-3.6%

Note: Consolidated financial statements

Figure 3: Yields and cost

(Annualized percentage)	1Q22	4Q21	3Q21	2Q21	1Q21
Yield on loans	4.47%	4.48%	4.46%	4.52%	4.60%
Yield on earning assets	3.68%	3.73%	3.71%	3.75%	3.81%
Cost of deposit	0.78%	0.75%	0.76%	0.76%	0.80%
Cost of funds	0.88%	0.86%	0.87%	0.88%	0.92%
Net interest margin (NIM)	2.91%	2.98%	2.95%	2.98%	3.00%

Note: Consolidated financial statements

Non-interest income (Non-NII)

For the 1st quarter of 2022: The Bank posted THB3,365 million of non-interest income in 1Q22, which fell by 10.0% from the previous quarter (QoQ) due mainly to lower net fee and service income. Details were as follows;

- Net fees and service income was reported at THB2,462 million which contracted by 17.7% QoQ. The QoQ reduction was mainly from lower net fees and service income from mutual fund and bancassurance sales from unfavorable market sentiment in the first quarter of this year. Mutual fund fee was slow down from a reduction in front-end fee in high-fee products. Non-auto BA fee also softened from seasonality effect while auto BA fees marginally declined from the previous quarter. Given the slow economic recovery, commercial fees still rose further from the previous quarter, supported by loan-related fee.
- Share of profit from investment using equity method increased to 106.0% QoQ and recorded at THB92 million.

On a year-on-year basis, Non-NII declined by 20.8% YoY from THB4,251 million in 1Q21, due mainly to a decrease in net fees and service income. Key items were as follows;

- Net fees and service income decreased by 26.7% YoY from THB3,360 million, mainly attributed to lower bancassurance and mutual fund, offsetting an increase in commercial related fees.
- Share of profit from investment using equity method slightly decreased by 0.6% YoY from THB93 million.

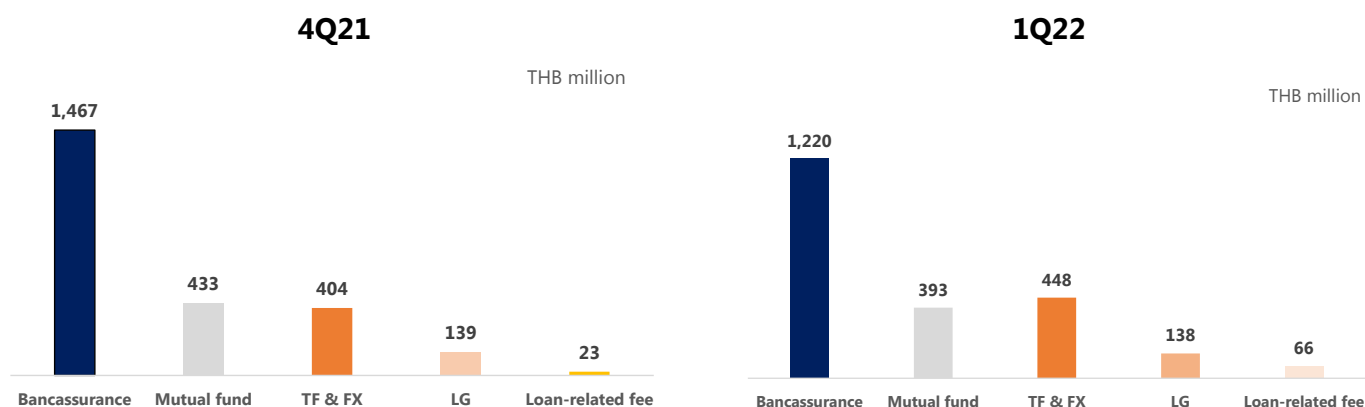
Figure 4: Non-interest income (Non-NII)

(THB million)	1Q22	4Q21	% QoQ	1Q21	% YoY
Fees and service income	3,327	3,657	-9.0%	4,369	-23.8%
Acceptance, Aval & Guarantee	151	150	0.5%	145	4.2%
Other fee and service income	3,176	3,507	-9.4%	4,224	-24.8%
Fees and service expenses	865	665	30.2%	1,009	-14.3%
Net fees and service income	2,462	2,993	-17.7%	3,360	-26.7%
Gains on financial instrument designated at fair value through profit or loss	515	411	25.3%	422	22.0%
Gains on investments, net	11	-5	-326.9%	27	-58.8%
Share of profit from investment using equity method	92	45	106.0%	93	-0.6%
Gains on sale of properties foreclosed, assets & other assets	49	46	6.6%	126	-61.4%
Dividend income	0	5	-100%	16	-100.0%
Others	237	245	-3.4%	208	13.9%
Non-interest income	3,365	3,739	-10.0%	4,251	-20.8%

Note. 1. Consolidated financial statements

2. In 4Q21, the Bank has reclassified fee service income, service expenses and OPEX to reflect nature of business, therefore figures in 2021 period are reclassified for comparative purposes

Figure 5: Strategic non-interest income



Note: Consolidated financial statements

Non-interest expenses

For the 1st quarter of 2022: The Bank recorded THB6,987 million of total non-interest expenses which declined by 12.7% QoQ. Key items are as follows;

- Employee expenses decreased by 9.7% QoQ to THB3,711 million, largely came from headcount reduction in 1Q22.
- Premises and equipment expenses dropped by 13.5% QoQ to THB1,291 million mainly owing to branch rationalization after the merger.
- Other expenses decreased by 19.5% QoQ to THB1,622 million. The QoQ decrease was a result of lower marketing expense.

On a year-on-year basis, Non-interest expenses declined by 14.9% YoY from THB8,208 million. Key factors are as follows;

- Employee expenses contracted by 21.8% YoY from THB4,744 million because of lower employee expense from voluntary ER program in 1Q21.
- Premises and equipment expenses decreased by 6.6% YoY from THB1,382 million, mainly resulted in lower utilities expense and rental expense.
- Other expenses fell by 2.5% YoY from THB1,664 million, mainly owing to lower professional fee and software expense, offsetting with higher marketing expenses and collection expenses.

Figure 6: Non-interest expenses

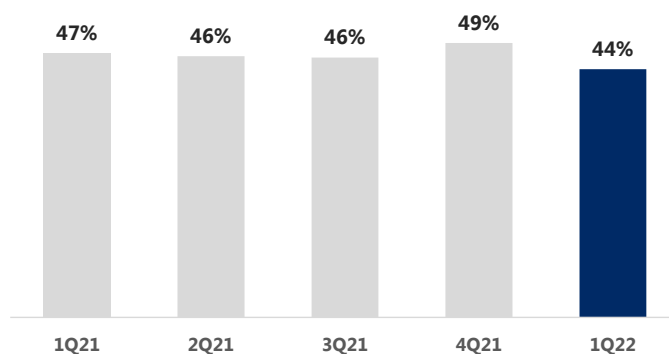
(THB million)	1Q22	4Q21	% QoQ	1Q21	% YoY
Employee expenses	3,711	4,111	-9.7%	4,744	-21.8%
Directors' remuneration	9	11	-18.0%	13	-32.2%
Premises and equipment expenses	1,291	1,492	-13.5%	1,382	-6.6%
Taxes and duties	355	371	-4.4%	405	-12.4%
Other expenses	1,622	2,013	-19.5%	1,664	-2.5%
Non-interest expenses	6,987	7,999	-12.7%	8,208	-14.9%

Note: Consolidated financial statements

1Q22 Cost to income ratio was maintained at 44%, remained within target

In 1Q22, cost to income ratio was at 44%, dropped from 49% in 4Q21 and 47% in 1Q21. The reduction in cost to income ratio was due mainly to a decline in recurring expenses in HR expense, premise expense and marketing and software expenses from efficient cost saving initiative. Cost discipline which helps maintain the level operational expenses efficiently despite the pressure of income side. While, C/I ratio excluded PPA impact was 43%. Nonetheless, C/I ratio in 2022 is expected to remain at high 40s due mainly to digital investment in the following quarters and would stay in the level of 2022 financial target.

Figure 7: Cost to income ratio

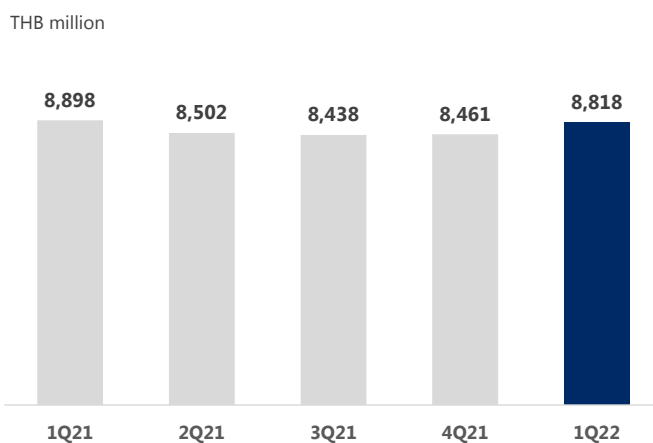


Note: Consolidated financial statements

Operating profit and Expected Credit Loss

Pre-provision operating profit (PPOP): PPOP amounted to THB8,818 million in 1Q22, increased by 4.2% QoQ but decreased by 0.9%YoY.

Figure 8: Pre-provision operating profit (PPOP)



Note: Consolidated financial statements

Setting aside 1Q22 ECL of THB4,808 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 THB4,808 million, equivalent to a credit cost of 142 bps, which dropped by 4.2% QoQ and 12.3% YoY. The Bank has prudently front-loaded provisioning in the past two years to manage sufficient buffer against the unpredictable pandemic situation. Therefore, the ECL in 1Q22 was lower QoQ and YoY. Such ECL level reflected the Bank's prudent risk management model, complied with BoT guideline and our strict principle-based relief schemes. As COVID-19 is moving towards an endemic stage and the country is reopened, we have monitored our loan portfolio closely and seen the positive trend of customer capabilities to service their debts. However, the provisioning is expected to remain at elevated level in 2022 as per guidance, given the Bank's strict and forward-looking ECL model to proactively prepare sufficient cushion for unforeseeable future.

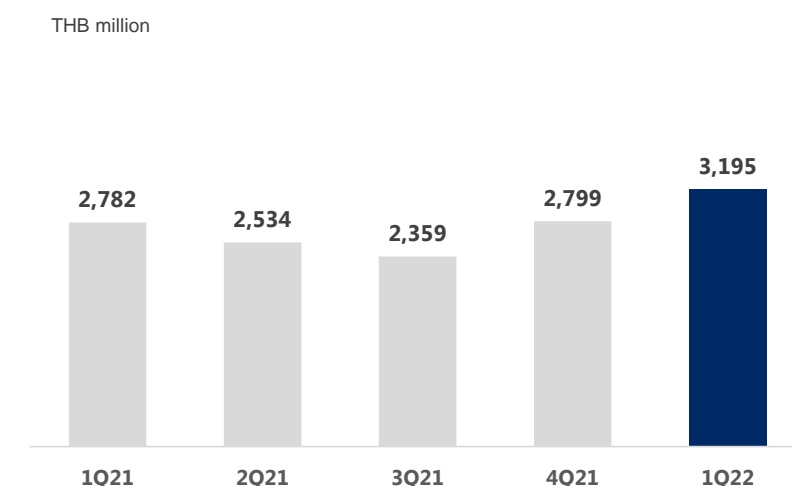
Figure 9: Expected Credit Loss (ECL) and credit cost

(THB million)	1Q22	4Q21	% QoQ	1Q21	% YoY
Expected credit loss	4,808	5,017	-4.2%	5,480	-12.3%
Credit cost (bps) - annualized	142	146		160	

Note: Consolidated financial statements

Net profit: After provision and tax, net profit in 1Q22 was THB3,195 million which increased by 14.1% QoQ and 14.8% from the same period last year while the ROE was recorded at 6.1% improved from 5.3% in 4Q21.

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)	Mar-22	Dec-21	%YTD
Cash	13,609	16,011	-15.0%
Interbank and money market items, net	200,002	158,873	25.9%
Financial assets measured at fair value through profit or loss	4,956	1,420.90	248.8%
Derivative assets	6,444	6,913	-6.8%
Investments, net	174,719	180,229	-3.1%
Investments in subsidiaries and associate, net	8,712	8,620	1.1%
Total loans to customers**	1,365,992	1,371,304	-0.4%
<i>Add</i> accrued interest receivables and undue interest receivables*	7,148	7,369	-3.0%
<i>Less</i> allowance for expected credit loss	55,476	54,472	1.8%
Total loans to customers and accrued interest receivables, net	1,317,664	1,324,201	-0.5%
Properties for sale, net	10,361	8,626	20.1%
Premises and equipment, net	21,031	21,625	-2.7%
Goodwill and other intangible assets, net	22,906	22,819	0.4%
Deferred tax assets	9	9	3.9%
Other assets, net	8,784	8,822	-0.4%
Total Assets	1,789,198	1,758,170	1.8%
Deposits	1,360,213	1,339,195	1.6%
Interbank and money market items	92,968	84,966	9.4%
Financial liabilities designated at fair value through profit or loss	437	437	0.0%
Debts issued and borrowings, net	67,885	68,398	-0.8%
Deferred revenue	18,866	19,165	-1.6%
Other liabilities	35,606	35,173	1.2%
Total Liabilities	1,575,976	1,547,334	1.9%
Equity attributable to equity holders of the Bank	213,221	210,835	1.1%
Non-controlling interest	1	1	-0.4%
Total equity	213,222	210,836	1.1%
Total liabilities and equity	1,789,198	1,758,170	1.8%
Book value per share (Baht)	2.21	2.18	1.1%

Note: Consolidated financial statements

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

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

Assets

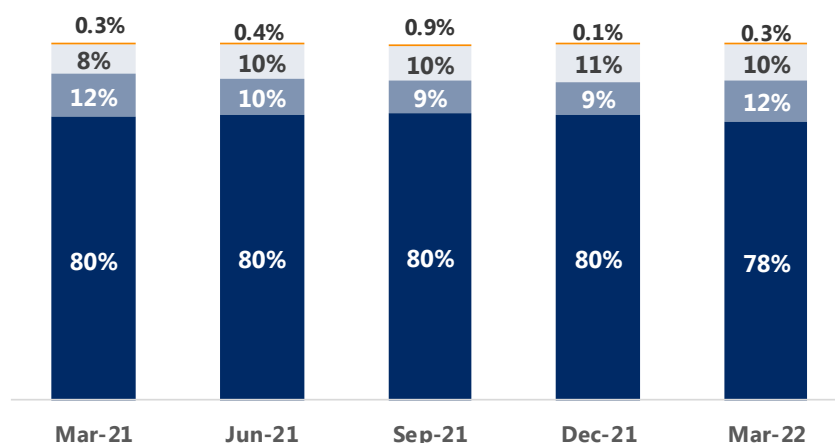
As of 31 March 2022, total assets on consolidated basis was THB1,789,198 million, increased by 1.8% YTD. Key items are as follows;

- Total loans to customers and accrued interest receivables net contracted by 0.5% YTD to THB1,318 billion. (Details in the following section).
- Net interbank and money market items rose by 25.9% YTD to THB200,002 million. The increase was in accordance to liquidity management.
- Net investments and financial asset designated at fair value through profit and loss dropped by 1.1% YTD to THB179,675 million.
- Net properties for sale rose by 20.1% YTD to THB10,361 million, due mainly to asset warehousing initiative.

After the merger, loans to customers was still the largest portion of earning assets. As of 31 March 2022, loans to customers represented 78.2% of earning assets. This followed by interbank and money market of 11.5%, investment of 10.0%, and financial assets designated at fair value through profit or loss 0.3%.

Figure 12: Earning assets

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



Note: Consolidated financial statements

Investment Classification

Under TFRS9, investment items are classified into 3 categories; fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVOCI) and measured at amortized cost. As of 31 March 2022, investments were classified as follows:

(THB million)	31 Mar 2022	31 Dec 2021
Financial assets measured at FVTPL	4,956	1,421
Investments in debt securities measured at FVOCI	171,864	177,339
Investments in equity securities measured at FVOCI	2,855	2,890
Net Investment*	174,719	180,229
Total Investment	179,675	181,650

Note: Consolidated financial statements

* Net investments comprised of investments measured at FVOCI

Total loans to customers and accrued interest receivables

As of 31 March 2022, TTB recorded total loans to customers and accrued interest receivables-net on consolidated basis of THB1,318 billion, a decrease of 0.5% from December 2021.

In terms of total loan to customers on consolidated basis (excluded allowance for ECL), the figure amounted to THB1,366 billion, declined by 0.4% YTD. Such decrease was mainly from corporate loans while retail loans continued to grow. Details are as follows;

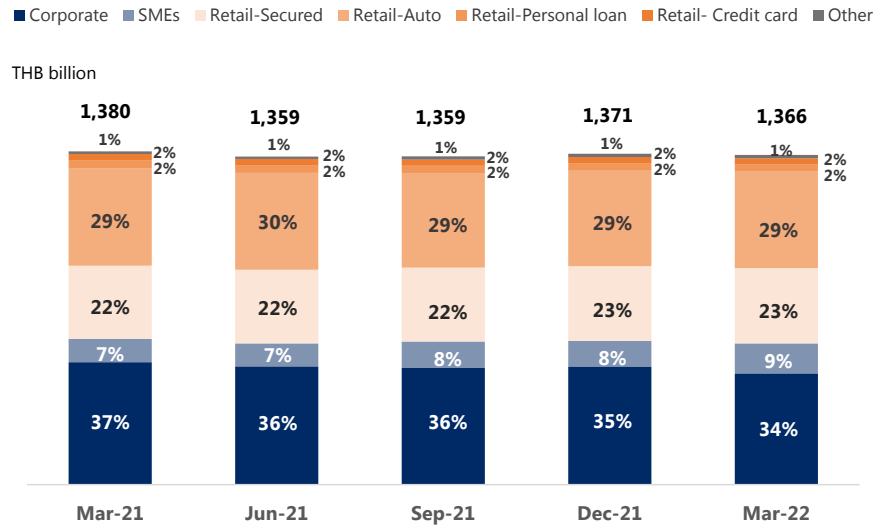
- Retail lending on consolidated basis increased by 0.8% YTD, mainly attributed to growth in hire purchase and mortgage loans. Hire purchase registered its growth of 1.2% YTD. The Bank saw a recovery sign in auto loan booking especially in new car segment while mortgage loans continued its positive momentum with higher new booking in Mar 2022 and rose further by 0.8% YTD amidst challenging economic environment. Nevertheless, unsecured loans and credit card still slow down, given the fragile economic recovery.
- Corporate lending on consolidated basis contracted by 5.8% YTD, due mainly to the repayment of large corporate loans and lower demand for working capital loan.
- SME segment has been redefined with annual sales volume up to THB400 million from THB100 million, SME proportion (Small and Medium SME), therefore, slightly rose from 8% to 9% of total portfolio. If excluded such re-segmentation, SME loan was relatively flat. However, the Bank continued to de-risk weak loan and pursue our loan growth strategy especially in high-yield retail segment and will boost unsecured loans and credit card thru ttb consumer to enhance asset yields.

In terms of loan breakdown by customer segments, the loan portfolio has diversified and shifted to retail segment since the merger. As of 31 March 2022, retail loans accounted for 57% while corporate loans were 34% and SME were 9% of total portfolio.

In terms of key products, 29% of total loan was hire purchase; followed by mortgage of 23%, term loan of 21%, working capital (OD) of 16%, trade finance of 6%, unsecured & credit card of 4% and others 1%.

As of 31 March 2022, HP portfolio consisted of new car 70%, used car 17%, cash your car (CYC) 13%, cash your book (CYB) of 0.1% respectively.

Figure 13: Total loan to customers breakdown by customer segment



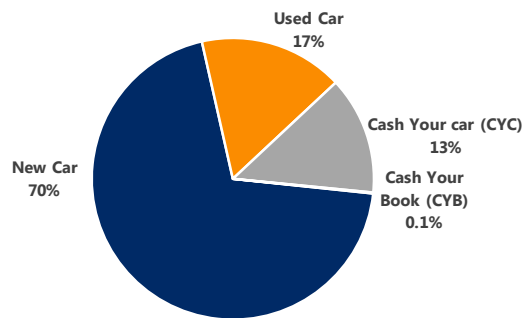
Note: Consolidated financial statements

Segment definition:

Corporate: customers with annual sales volume more than THB400 million

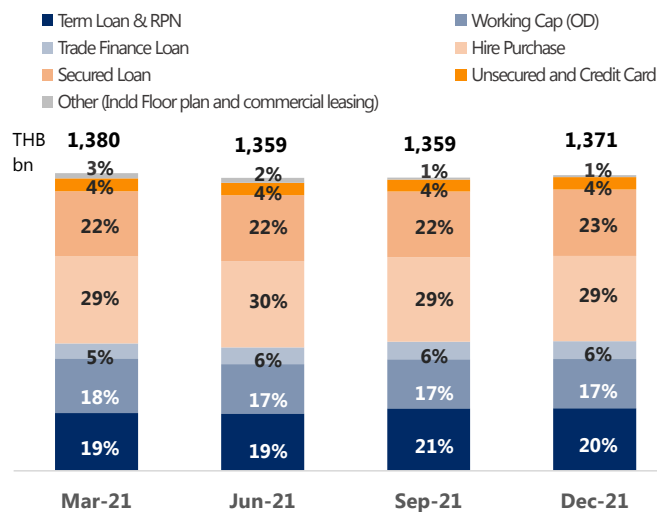
SME: In Mar 2022, new definition of SME represents small and medium SME customers with annual sales volume up to THB400 million, including owner operators changed from small SME customers with annual sales volume up to THB100 million

Figure 14: Hire purchase breakdown



Note: Consolidated financial statements

Figure 15: Total loan to customer breakdown by product



Note: Consolidated financial statements

Asset Quality

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

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

The allowance for ECL of TTB reflected the current loan portfolio nature of the merged Bank which 52% are retail secured loan. The Bank continued to de-risk weak loan, as a result, SME represented only 9% of total portfolio as of March 2022.

As of 31 March 2022, Loans and allowance for expected credit loss were classified as follows:

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

31 Mar 2022		
(THB million)	Loans to customer and accrued interest receivables	Allowance for expected credit Loss
Stage 1 (Performing)	1,217,208	12,574
Stage 2 (Under-performing)	113,788	23,136
Stage 3 (Non-performing)	42,144	19,766
Total	1,373,140	55,476

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 31 March 2022, Stage 3 loans (NPLs), excluded accrued interest receivables on consolidated basis, was reported at THB42,144 million which increased from THB42,120 million as of December 2021 but decreased from THB43,400 million at the end of March 2021. Stage 3 loans (NPLs) on bank-only basis amounted to THB41,397 million, increased from THB41,368 million as of 31 December 2021 and THB24,467 million in March 2021. The decrease in stage 3 loans from the previous year was mainly from better NPL formation and the positive trend on customers' ability to service their debts after debt forbearance ended. In the 1st quarter, the Bank wrote off NPLs amounting to approximately THB2.6 billion and sold THB1.3 billion of NPLs.

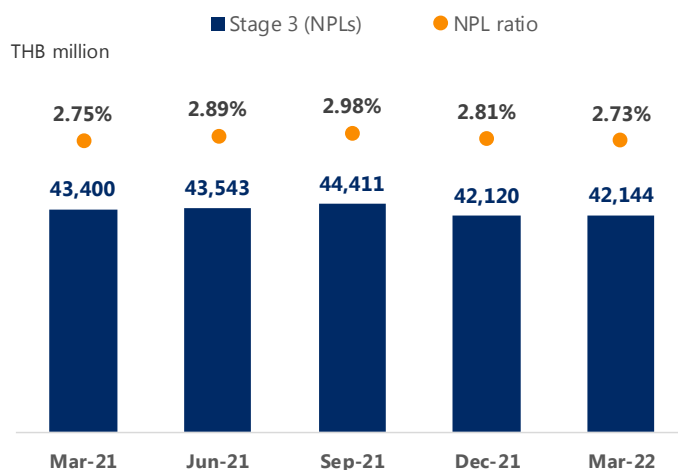
As of 31 March 2022, NPL ratio on consolidated basis was recorded at 2.73%, compared with 2.81% at the end of December 2021 and 2.75% as of 31 March 2021. Meanwhile, NPL ratio on bank-only basis stood at 2.68% when compared with 2.76% at the end of December 2021 and 2.59% as of 31 March 2021. Overall, NPL and asset quality management remained in line with target.

Allowance for expected credit loss

As of 31 March 2022, the Bank and its subsidiaries reported the allowance for expected credit loss at THB55,476 million, which rose by 1.8% YTD due to additional provision buffer set to preemptively limit future downside risk, reflecting the Bank's prudent risk management.

Given the current unfavorable economic conditions and the prolonged COVID-19 pandemic, the Bank remains prudent in setting provision and proactively reviews and set aside management overlay to cover both Probability of default (PD) and Loss given default (LGD) shift. Moreover, the Bank closely monitors customers under debt relief program and offers further assistance to those in need after the resurgence of COVID-19 cases. The allowance for expected credit loss was set at the prudent level, preparing for the future uncertainties.

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



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

Liabilities and Equity

As of 31 March 2022, total liabilities and equity on consolidated basis was reported at THB1,789,198 million, increased by 1.8% from the end of December 2021.

Total consolidated liabilities were THB1,575,976 million, rose by 1.9% from 31 December 2021. Details of key figures are as follows;

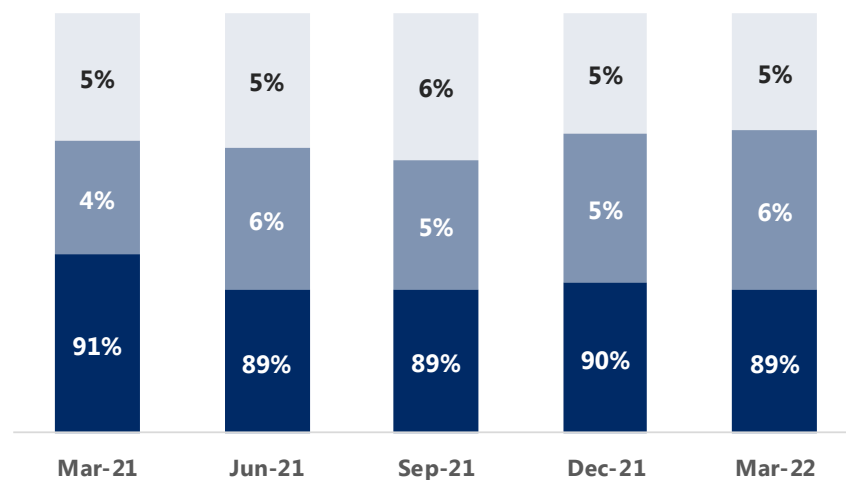
- Total deposits were THB1,360,213 million which grew by 1.6% YTD. (see details in following section)
- Net interbank and money market items amounted to THB92,968 million which increased by 9.4% YTD, mainly due to the Bank's liquidity management.
- Borrowings was recorded at THB67,885 million which dropped by 0.8% YTD. (see details in following section)

The consolidated equity was THB213,222 million, increased by 1.1% YTD mainly due to the accumulation of the net profit.

Deposit was the largest composition of interest-bearing liabilities. As of 31 March 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

■ Debt issued and borrowings ■ Interbank and money market items ■ Deposit



Note: Consolidated financial statement

Deposits

As of 31 March 2022, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,360,213 million which increased by 1.6% from the end of 2021. YTD rise was due mainly to the increase in both commercial and retail deposits.

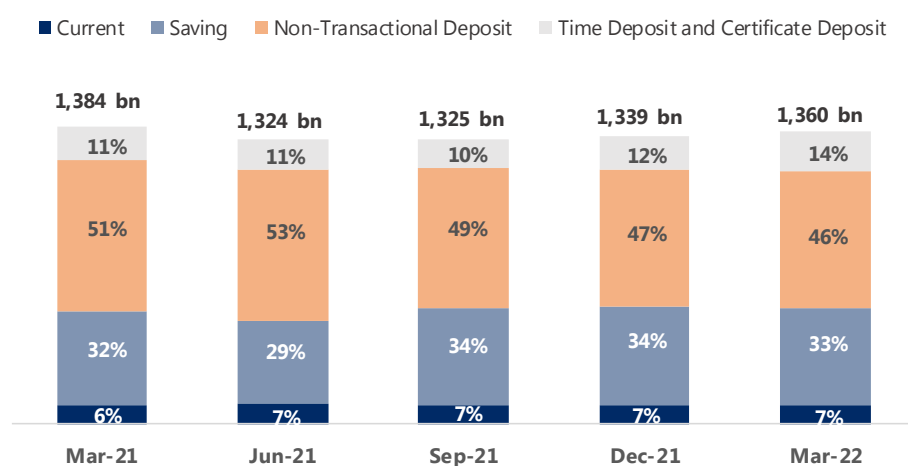
Deposit breakdown by products

TTB continued to optimize high cost deposit and replaced with quality-hybrid deposits and transactional deposits as well as to build long term deposit in strengthening its liquidity position of the Bank. Overall, the Bank's high-yield deposit products and transactional deposit grew on track despite low interest rate environment. In this quarter, retail-TD up and up continued its positive trend. Time Deposit, as a result, further grew by 18.7% YTD. The growth in TD from the previous quarter was mainly attributed to retail-TD up and up product.

Retail transactional deposit maintained its growth momentum, supported by All Free which registered 1.5% YTD growth while No-fixed deposit slightly rose by 0.4% YTD. All Free and No-fixed deposits remained a key flagship product of TTB to optimize funding cost and capture cross-selling opportunity while retail-TD up and up would be another key strategic product for existing wealth customer by offering competitive interest rate with high flexibility. Likewise, commercial deposit also expanded, supported by current account which grew by 2.2% YTD. Moreover, the Bank will continue to optimize and balance deposit structure thru CASA & hybrid products and Time Deposit to ensure efficiently-managed deposit cost.

As of March 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 46% while transactional deposit (CASA-excluded No-Fixed) accounted for 40%, Time Deposit and Certificate Deposit accounted for 14% respectively.

Figure 19: Deposit structure by products



Note: Consolidated financial statement

Remark: "TTB No Fixed", "ME" and "TBANK Ultra Saving" are classified as savings account as they are not required to maintain minimum balance and have no restriction to term of deposit, presented in this graph as Non-transactional deposit.

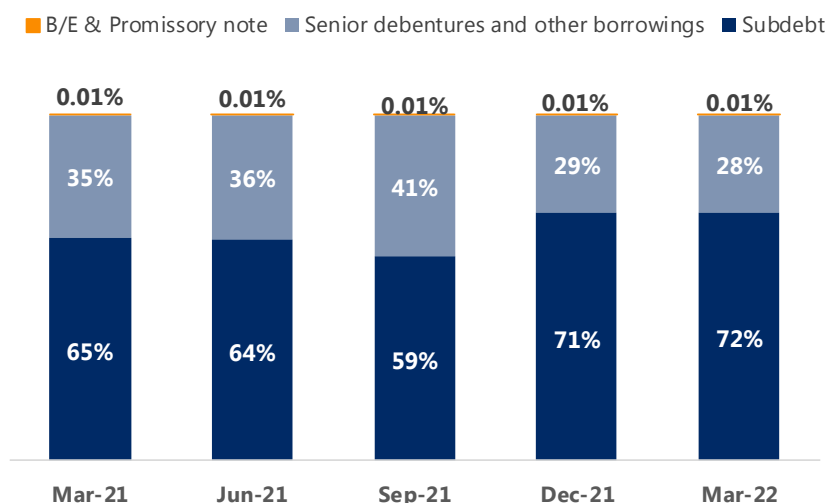
Borrowing dropped YTD due to the redemption of PAMCO's bond, offsetting PAMCO's bond issuance

Borrowings

As of 31 March 2022, total borrowings of the Bank and its subsidiaries recorded at THB67,885 million which declined by 0.8% YTD. The YTD decline was mainly due to the redemption of PAMCO's bond, amounting to THB2.2 billion, offsetting PAMCO's bond issuance, amounting to THB1.9 billion.

In terms of borrowing structure, 72% was sub-debt. This followed by senior debentures of 28% and BE of 0.01%.

Figure 20: Borrowings breakdown



Note: Consolidated financial statements

Liquidity and loan to deposit ratio

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

As of 31 March 2022, on consolidated basis, total liquid assets represented 14.8% of the total assets. The liquid assets consisted cash (0.8%), interbank & money market items (11.2%), short-term investment (2.6%) and short-term financial assets designated at FVTPL (0.3%).

In terms of loan to deposit ratio (LDR), on consolidated basis was at 100%, decreased from 103% as of December 2021 and stable from 100% as of March 2021.

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

Figure 21: Liquid asset allocation and loan to deposit ratio

Liquid assets	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
Cash	0.8%	0.9%	0.8%	0.9%	1.0%
Interbank and money market	11.2%	9.0%	8.8%	9.7%	11.9%
Short-term investment	2.6%	1.6%	1.1%	2.5%	1.5%
Short-term financial assets at FVTPL	0.3%	0.1%	0.9%	0.4%	0.2%
Liquid assets/Total assets	14.8%	11.6%	11.6%	13.5%	14.6%
Loan to deposit ratio (LDR)	100%	103%	103%	103%	100%

Note: Consolidated financial statement

Capital Adequacy

Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 31 March 2022, Capital Adequacy Ratio (CAR) on consolidated basis under Basel III calculation was at 19.4%, while Tier 1 ratio and CET 1 ratio stayed at 15.4% and 14.4% 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)	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
Capital Adequacy Ratio (CAR)	19.4%	19.3%	19.7%	19.6%	19.5%
Tier I Ratio (Tier 1)	15.4%	15.3%	15.6%	15.5%	15.5%
Core Tier 1 Ratio (CET1)	14.4%	14.4%	14.6%	14.5%	14.5%

Note: Consolidated financial statement

TTB's Financial Summary

(THB million)	1Q22	% QoQ	% YoY
Net interest income (NII)	12,409	-2.8%	-3.6%
Non-interest income (Non-NII)	3,365	-10.0%	-20.8%
Non-interest expenses	6,987	-12.7%	-14.9%
Pre-provision operating profit (PPOP)	8,818	4.2%	-0.9%
Expected credit loss (ECL)	4,808	-4.2%	-12.3%
Net profit to equity holders of the Bank	3,195	14.1%	14.8%

(THB million)	31-Mar-22	31-Dec-21	% QoQ
Total loan to customers	1,365,992	1,371,304**	-0.4%
Total assets	1,789,198	1,758,170	1.8%
Deposit	1,360,213	1,339,195	1.6%
Debt issued and borrowings, net	67,885	68,398	-0.8%
Total liabilities	1,575,976	1,547,334	1.9%
Total equity	213,222	210,836	1.1%

Key ratios	1Q22	4Q21	1Q21
Net interest margin (NIM)	2.91%	2.98%	3.00%
Non-interest income to total assets	0.77%	0.85%	0.96%
Cost to income ratio	44.1%	48.8%	46.9%
Return on equity (ROE)	6.1%	5.3%	5.5%
Return on asset (ROA)	0.7%	0.6%	0.6%
NPL / Stage 3 (THB mn)	42,144	42,121	43,400
NPL / Stage 3 ratio	2.73%	2.81%	2.75%
Credit cost (bps) - annualized	142	146	160
Loan to deposit ratio (LDR)	100%	102%	100%
LDR + Debt issued & borrowings to deposit ratio	96%	97%	95%
Capital adequacy ratio (CAR)	19.4%	19.3%	19.5%
Tier 1 capital ratio (Tier 1)	15.4%	15.3%	15.5%
Core tier 1 capital ratio (CET 1)	14.4%	14.4%	14.5%
Bank's employees	15,089	15,102	15,742
Domestic branches	621	636	682
ATMs, ADMs and All-in-One	3,746	3,894	4,171

Note: 1. Consolidated financial statements

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

2. In 4Q21, the Bank has reclassified fee service income, service expenses 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.
