



Management Discussion and Analysis

For the 1st quarter and 3-month period ended 31 March 2019

(Reviewed financial statements)

TMB Bank Public Company Limited

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Management Discussion and Analysis

Executive summary: Economic review & outlook

Thai economy in 1Q19: Overall Thai economy was weighed down by merchandise export contraction. In the first 2 months, exports shrank by 5% due to sluggish global economy and prolonged tension from US-China trade war. Thai economic engine remains tourism, which was already back to normal reflected from 3% expansion of number of foreign tourist arrivals. Moreover, domestic activities, including consumption and investment, showed signs of positive outlook. Private consumption, which was boosted partly by campaign activities before the election, continually expanded in all categories including durable consumption in cars as well as consumer products. Private investment also expanded especially in machinery and equipment investment. Nevertheless, the uplifting domestic demand is still overwhelmed by gloomy export outlook. As a result, Thai economy is forecasted to decelerate to 3.4%, compared to 3.7% in the fourth quarter in 2018.

Financial market & banking industry: The Monetary Policy Committee (MPC) maintained the policy rate at 1.75% to accommodate economic expansion amid high external uncertainties, resulting in stable commercial banks' interest rates. Thai baht was averaged at 31.63 THB/USD in the first quarter of 2019, appreciated by 3.6% from 32.82 THB/USD in the fourth quarter of 2018. Continual current account surplus, more dovish US monetary policy stance, and optimistic sign from US-China trade deal strengthened Thai Baht, despite mounting domestic political uncertainties. At the end of February 2019, total loan growth from commercial banks accelerated to 5.7% compared to the same period last year (YoY) and decreased by 0.2% from the end of year 2018 (YTD). Loan growth was contributed by auto loans and mortgage loans, which reflected continual recovery of private consumption. Deposits expanded at 4.5% YoY or 1.4% YTD from both saving and time deposits.

Economic outlook for 2Q19: TMB Analytics expects the second quarter economic growth to be close to the first quarter, supported by domestic economic activities. Deceleration in private consumption growth is expected, in tandem with slowing demand for cars after the continuous surge since 2017 due to the unlock of first-car buying scheme. Private investment outlook remains neutral as investors wait for clarity of a new government's investment policies. Meanwhile, there are downside risks from external factors including global economic slowdown and US-China trade war. International Monetary Fund (IMF) has recently downgraded global economic growth to 3.3%, the lowest since the Subprime crisis, while uncertainties from the prolonged US-China trade friction continues. Consequently, Thai exports will be impacted. TMB Analytics expects Thai export value in 2019 to grow only 1.5%, the lowest in 3 years. Tourism will continue to support economic expansion. Concerning financial market, Thai policy rate is expected to be held at 1.75% throughout 2019. Thai baht tends to be stronger than the first quarter, backed by influx of foreign tourist, a clear easing monetary policy stance of major central banks, and the optimism over the prolonged US-China trade deal. However, Thai baht will be volatile from fluctuation in short-term capital flows due to geopolitical risks.

Research by **TMB Analytics**
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Summary of TMB's operating performance

TMB continues to expand its customer base with "Get MORE with TMB" concept and could expand deposit base by 1.8%. Meanwhile the Bank continued to grow loan selectively together with closely monitoring on asset quality. In the first quarter of 2019, total loan posted 0.2% growth. The retail secured loan continued to be the key leading. NIM improvement and stable NII were boosted by better yield on asset and moderate loan growth. Non-interest expense slightly increased by 0.5% due to one-time set up employee retirement benefit. Therefore, PPOP for 3 months was reported at THB3,790 million which decreased by 9.3% QoQ. The Bank remained prudent in NPL management. Therefore, coverage ratio was maintained at 145% with stable NPL ratio of 2.81%.

Deposit expanded 1.8%, supported by retail flagship products: TMB continued to deliver better customer experience and offer more benefits to customers through "Get MORE with TMB" concept. Overall, deposit rose by 1.8% YTD to THB661 billion as of March 2019. Key growth was led by transactional deposit and non-transactional deposit. No-Fixed and ME Save, non-transactional deposit, grew by 3.1% and 6.7% YTD respectively. TMB All Free, retail transactional deposit, registered its growth of 1.5% YTD while TMB One Bank, saving deposit for commercial customer, showed a good momentum with 3.3% YTD growth.

Loan grew 0.2%, led by retail mortgage: The Bank has selectively expanded loan to ensure quality of lending. As of March 2019, total loan amounted to THB687 billion, which marginally increased by 0.2% from last year. Retail segment remained a key loan growth driver with 4.2% YTD growth, largely attributed to 5.7% growth in mortgage loans. On the other hand, commercial loans declined 2.2% YTD, mainly from trade finance. For SME segment, medium SME also dropped as TMB continued to de-risk SME portfolio while small SME was relatively flat. Additionally, new limit set up of small SME with high quality customers continued to show a healthy trend.

NIM and NII maintained in 1Q19: NIM slightly improved 3 bps, largely from stable cost of deposit, despite higher deposit volume from quality deposit in No-Fixed and ME Save and higher yield on earning assets from shift in excess liquidity to better yield on earning assets. Likewise, NII maintained stable at THB6,236 million in 1Q19 from moderate loan growth and NIM improvement. Contraction in Non-NII was pressured by lower net fee income, especially retail fee from Bancassurance sale and a slowdown in commercial fee due mainly to change in recognition of LG fee.

Lower PPOP was largely pressured by set up expense for employee retirement benefit: Total operating income declined by 3.8% QoQ while operating expense marginally rose by 0.5% QoQ, largely from one-off set up related to employee retirement benefits due to new Labour Protection Act. As a result, PPOP for the first 3 month decreased by 9.3% QoQ to THB3,790 million.

Asset quality remained in line with target: With additional provisioning in 3Q18 for IFRS9 preparation and prudent NPL management, the Bank set aside THB1,839 million of provision in 1Q19 and further wrote off NPLs by THB2.5 billion to limit future downside risks and keep balance sheet clean. As a result, coverage ratio was 145% while NPL ratio slightly increased to 2.81%.

After provision, TMB reported THB1,579 million of net profit. The figure decreased by 7.2% QoQ and represented a return on equity (ROE) of 6.4%.

Discussion of operating performance

Figure 1: Selected Statement of Comprehensive Income

(THB million)	1Q19	4Q18	% QoQ	1Q18	% YoY
Interest income	9,051	9,006	0.5%	8,545	5.9%
Interest expenses	2,814	2,772	1.5%	2,515	11.9%
Net interest income	6,236	6,234	0.0%	6,030	3.4%
Fees and service income	2,480	2,828	-12.3%	3,614	-31.4%
Fees and service expenses	758	805	-5.9%	874	-13.3%
Net fees and service income	1,722	2,023	-14.9%	2,741	-37.2%
Other operating income	558	594	-6.0%	612	-8.9%
Non-interest income	2,280	2,617	-12.9%	3,353	-32.0%
Total operating income	8,517	8,851	-3.8%	9,383	-9.2%
Total other operating expenses	4,738	4,716	0.5%	4,265	11.1%
Impairment loss on loans and debt securities	1,839	2,030	-9.4%	2,305	-20.2%
Profit before income tax expense	1,940	2,105	-7.8%	2,813	-31.1%
Income tax expense	361	404	-10.6%	534	-32.4%
Profit for the period	1,579	1,701	-7.2%	2,280	-30.7%
Profit to non-controlling interest of subsidiaries	0	0	N/A	0	N/A
Profit to equity holders of the Bank	1,579	1,701	-7.2%	2,280	-30.7%
Other comprehensive income	36	64	-44.0%	-11	N/A
Total comprehensive income	1,615	1,765	-8.5%	2,269	-28.8%
Basic earnings per share (THB/share)	0.0360	0.0388	-7.2%	0.0520	-30.8%

Note: Consolidated financial statement

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

For the 1st quarter of 2019: TMB recorded THB6,236 million of net interest income (NII) in 1Q19, relatively stable when compared to previous quarter (QoQ) and 3.4% increase from the same period last year (YoY). Details are as follows:

- Interest income slightly grew by 0.5% QoQ to THB9,051 million resulting from moderate loan growth and higher yield on earning asset.
- Interest expenses rose by 1.5% QoQ to THB2,814 million. The increase was essentially because of higher funding cost together with higher deposit volume, in line with Bank's direction to increase quality deposit volume.

On a **year-on-year** basis, net interest income also increased by 3.4% from THB6,030 million. Details are as follows:

- Interest income rose by 5.9% YoY from THB8,545 million in 1Q18, backed by growth in performing loan and investments and trading transactions and debt portfolio.
- Interest expenses increased by 11.9% YoY from THB2,515 million, mainly owing to substantial volume of non-transactional deposit. The increase in deposit volume last year reflected TMB's value proposition of "Get MORE with TMB".

NIM hold up at 2.89% in 1Q19, from 2.86% in 4Q18, still in line with target

NIM slightly improved to 2.89% in 1Q19. Key driver was due mainly from stable cost of deposit, despite higher deposit volume from quality deposit in No-Fixed and ME Save, and higher yield on earning asset from shift in excess liquidity to a better asset

yielding. Comparing YoY, NIM dropped 13 bps YoY from 3.02% in 1Q18. However, the Bank maintains NIM target at 2.86%-2.93% this year.

Figure 2: Net interest income (NII)

(THB million)	1Q19	4Q18	% QoQ	1Q18	% YoY
Interest income	9,051	9,006	0.5%	8,545	5.9%
Interest on interbank and money market items	461	444	3.7%	443	3.9%
Investments and trading transactions	15	23	-34.8%	4	267.1%
Investments in debt securities	388	346	12.2%	288	35.0%
Interest on loans	8,180	8,190	-0.1%	7,806	4.8%
Others	6	3	122.6%	3	81.9%
Interest expenses	2,814	2,772	1.5%	2,515	11.9%
Interest on deposits	1,481	1,484	-0.2%	1,306	13.4%
Interest on interbank and money market items	204	182	12.0%	181	12.8%
Contributions to the Deposit Protection Agency	760	754	0.8%	721	5.4%
Interest on debt issued and borrowings	365	342	6.6%	297	22.9%
Borrowing fee	4	4	3.5%	5	-16.1%
Others	0	6	-95.7%	6	-95.3%
Net interest income (NII)	6,236	6,234	0.0%	6,030	3.4%

Note: Consolidated financial statements

Non-interest income (Non-NII)

For the 1st quarter of 2019: The Bank posted THB2,280 million of non-interest income in 1Q19, a decrease of 12.9% from last quarter (QoQ) and 32.0% from the 1st quarter last year (YoY). Details were as follows;

- Net fees and service income was reported at THB1,722 million which contracted by 14.9% QoQ from THB2,023 million in 4Q18. The reduction was mostly due to slowing Bancassurance fee due to the implementation of new model to provide sustainable growth while mutual fund fee was stable QoQ. However, credit-related fee income also dropped due to change in recognition of LG fee.
- Gain on trading and FX transaction was THB363 million, increased by 3.6% QoQ but dropped by 20.2% YoY.
- Share of profit from investment using equity method was recorded at THB60 million.

On a **year-on-year** basis, non-interest income declined by 32.0% YoY from THB3,353 million in the same period last year, largely due to lower net fees and service income from Bancassurance and mutual fund sales. Key items were as follows;

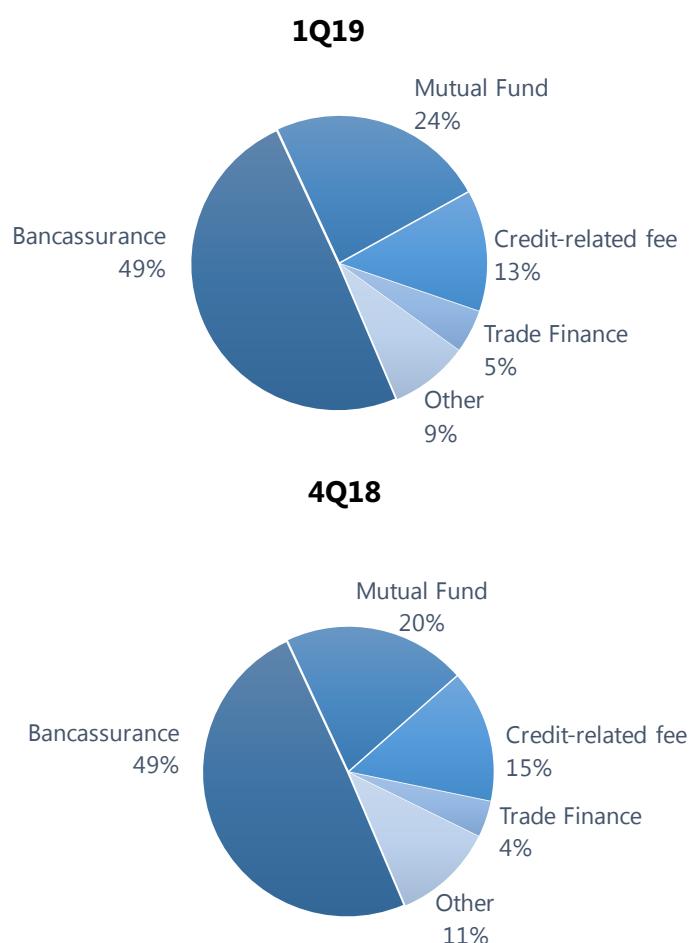
- Net fees and service income decreased by 37.2% YoY from THB2,741 million, due primarily to a drop in mutual fund and Bancassurance fees. Loan-related fee, however, showed a recovery trend when compared to the same period last year.
- Gain on trading and foreign exchange transactions dropped by 20.2% YoY from THB455 million.
- Share of profit from investment using equity method was recorded at THB60 million.

Figure 3: Non-interest income (Non-NII)

(THB million)	1Q19	4Q18	% QoQ	1Q18	% YoY
Fees and service income	2,480	2,828	-12.3%	3,614	-31.4%
Fee receive credit	54	111	-51.7%	114	-52.8%
Other fee and service income	2,426	2,717	-10.7%	3,501	-30.7%
Fees and service expenses	758	805	-5.9%	874	-13.3%
Net fees and service income	1,722	2,023	-14.9%	2,741	-37.2%
Gains (losses) on tradings and foreign exchange transactions	363	350	3.6%	455	-20.2%
Gains (losses) on financial instrument designated at fair value	-6	-7	N/A	-3	N/A
Gains (losses) on investments	4	23	-84.0%	9	-60.6%
Share of profit from investment using equity method	60	64	-6.1%	0	N/A
Gains on sale of assets	5	19	-76.4%	7	-36.8%
Dividend income	0	0	N/A	1	-98.3%
Others	132	145	-8.3%	142	-7.0%
Non-interest income	2,280	2,617	-12.9%	3,353	-32.0%

Note: Consolidated financial statements

Figure 4: Net fees and service income breakdown



Note: Bank-only financial statements

Non-interest expenses

For the 1st quarter of 2019: The Bank recorded THB4,738 million of total non-interest expenses, an increase of 0.5% QoQ and 11.1% YoY. Key items are as follows;

- Personnel expenses rose by 17.6% QoQ to THB2,543 million, due primarily to one-off set up related to employee retirement benefit due to the new Labor Protection Act and annual salary incremental.
- Premises and equipment expenses decreased by 1.7% QoQ to THB862 million.
- Other expenses dropped by 24.3% QoQ to THB973 million. QoQ decline was mainly owing to lower marketing expense and outsource expense, offsetting higher computer software expense.

On a **year-on-year** basis, non-interest expenses rose by 11.1% YoY from THB4,265 million in 1Q18. Key factors are as follows;

- Personnel expenses grew by 22.9% YoY from THB2,069 million due largely to one-off set up related to employee retirement benefit due to the new Labor Protection Act and annual salary incremental.
- Premises and equipment expenses increased by 3.6% YoY from THB832 million, mainly from rental and maintenance expense.
- Other expenses decreased by 7.9% YoY from THB1,057 million, resulting from decrease in marketing expense.

Figure 5: Non-interest expenses

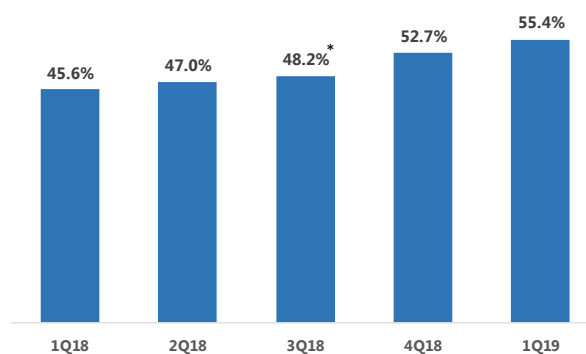
(THB million)	1Q19	4Q18	% QoQ	1Q18	% YoY
Employee expenses	2,543	2,163	17.6%	2,069	22.9%
Directors' remuneration	8	8	3.0%	8	9.2%
Premises and equipment expenses	862	877	-1.7%	832	3.6%
Taxes and duties	317	325	-2.6%	305	3.9%
Loss on sale of assets	0	0	N/A	0	N/A
Loss on impairment of properties foreclosed	6	13	-58.5%	5	20.2%
Loss on diminution in value of other assets	17	17	-0.3%	25	-33.6%
Provisions of obligation on transfers of non-performing assets (reversal)	0	0	N/A	0	N/A
Provisions for other liabilities (reversal)	12	26	-54.0%	(36)	N/A
Other expenses	973	1,287	-24.3%	1,057	-7.9%
Non-interest expenses	4,738	4,716	0.5%	4,265	11.1%

Note: Consolidated financial statements

Cost to income ratio was at 55.4% in 1Q19

Cost to income ratio stood at 55.4% in 1Q19, compared to 52.7% in 4Q18 and 45.6% in 1Q18. Looking forward, TMB will continue to enhance operational efficiency and improve income generation capabilities to reduce cost to income ratio further.

Figure 6: Cost to income ratio



*If include gain on sale of TMBAM stake, cost to income ratio was at 20.5% in 3Q18
Note: Consolidated financial statements

Operating profit and provision

Pre-provision operating profit (PPOP): PPOP amounted to THB3,790 million in 1Q19, which decreased by 9.3% QoQ and 25.8% YoY respectively.

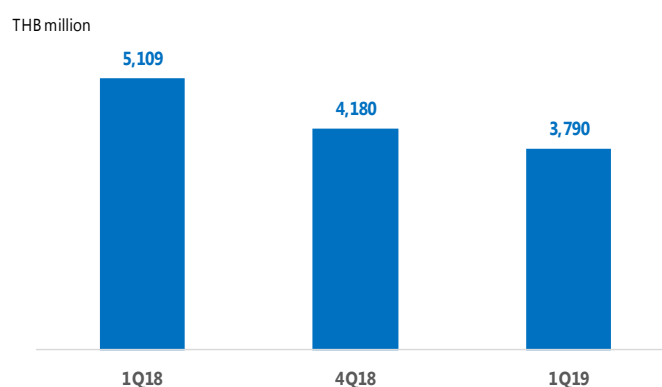
Impairment loss on loans and debt securities: Provisions for bad debt and doubtful accounts and impairment loss of debt securities for 1Q19 was THB1,839 million, compared with THB2,030 million in 4Q18 and THB2,305 million in 1Q18.

The Bank targets to maintain its coverage ratio above 140%. Coverage ratio, therefore, stood at 145% as of March 2019, compared with 152% as of December 2018 and 142% as of March 2018.

Net profit: After provision and tax, net profit in 1Q19 was THB1,579 million which decreased by 7.2% QoQ and 30.7% YoY compare with the same period last year and represented an ROE of 6.4%.

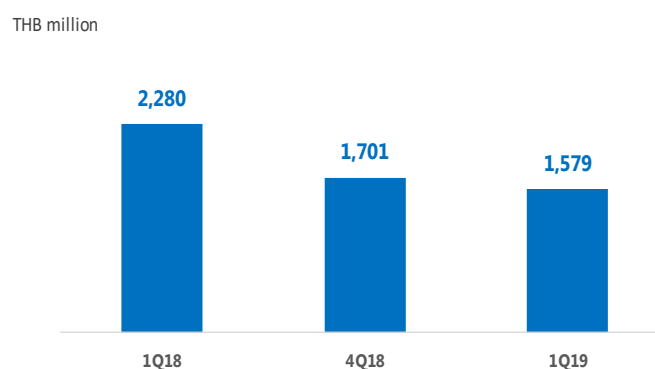
Set 1Q19 provision of THB1,839 million

Figure 7: Pre-provision operating profit (PPOP)



Note: Consolidated financial statements

Figure 8: Net Profit (to equity holder of the Bank)



Note: Consolidated financial statements

Discussion of financial position

Figure 9: Selected financial position

Unit: THB million	Mar-19	Dec-18	%YTD
Cash	11,678	15,234	-23.3%
Interbank and money market items, net	104,248	113,522	-8.2%
Derivative assets	7,980	7,916	0.8%
Investments	88,861	78,054	13.8%
Loans to customers (Less deferred revenue)	687,274	685,707	0.2%
Accrued interest receivables	1,313	1,308	0.4%
Less allowance for doubtful accounts & revaluation allowance for debt restructuring	31,741	32,975	-3.7%
Loans and Allowance - net	656,846	654,040	0.4%
Properties for sale, net	2,688	2,614	2.9%
Premises and equipment, net	11,741	11,876	-1.1%
Goodwill and other intangible assets, net	2,608	2,592	0.6%
Deferred tax assets	567	401	41.4%
Other receivables, net	1,325	1,251	5.9%
Other assets, net	3,683	4,212	-12.6%
Total Assets	892,224	891,713	0.1%
Deposits	661,287	649,568	1.8%
Interbank and money market items	51,266	64,267	-20.2%
Debts issued and borrowings, net	34,852	35,124	-0.8%
Deferred revenue	17,334	17,594	-1.5%
Other liabilities	27,091	26,382	2.7%
Total Liabilities	791,830	792,934	-0.1%
Equity attributable to equity holders of the Bank	100,394	98,779	1.6%
Non-controlling interest	-	-	N/A
Total equity	100,394	98,779	1.6%
Total liabilities and equity	892,224	891,713	0.1%
Book value per share (Baht)	2.29	2.25	1.6%

Note: Consolidated financial statements

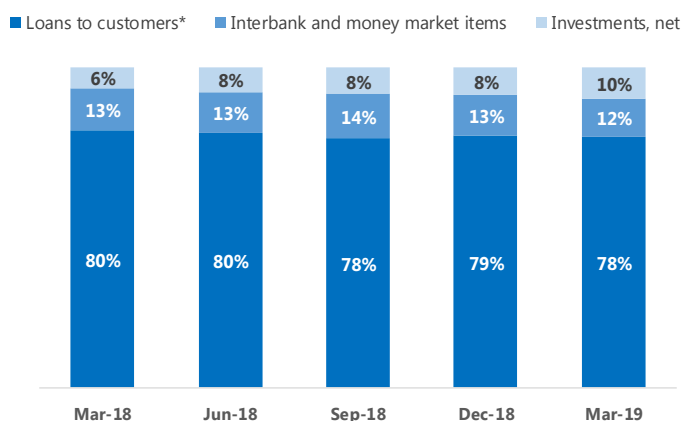
Assets

As of 31 March 2019, total assets on consolidated basis amounted to THB892,224 million. The figure was relatively flat, compared with THB891,713 million as of December 2018 (YTD). Key items are as follows;

- Total loan to customers (less deferred revenue) slightly grew by 0.2% YTD to THB687,274 million. (Details in the following section)
- Net interbank and money market items dropped by 8.2% YTD to THB104,248 million. The drop in QoQ was in accordance to liquidity management.
- Net investments were THB88,861 million, rose by 13.8% YTD. It was mostly from an increase in HTM portfolio, AFS & Trading portfolio in line with balance sheet optimization plan.
- Net properties for sale was THB2,688 million which increased by 2.9% YTD.

Loans to customers was the largest portion of earning assets. As of March 2019, loans to customers represented 78% of earning assets. This followed by interbank and money market of 12% and investment of 10%.

Figure 10: Earning assets



Note: Consolidated financial statements

*Loans to customers: less deferred revenue

Total loans

On consolidated basis: As of 31 March 2019, TMB recorded total loans to customers (less deferred revenue) on consolidated basis of THB687,274 million which represented a 0.2% YTD growth.

On bank-only basis: Total loans amounted to THB687,232 million which also rose by 0.2% YTD.

Details of total loan (bank-only) composition are as followed;

- Performing loans was recorded at THB665,442 million which slightly grew by 0.2% YTD, supported by retail segment.
- Non-performing loans (NPLs) increased by 0.5% YTD to THB21,790 million.

Figure 11: Total loan breakdown by loan type

(THB million)	Mar-19	Dec-18	Sep-18	%YTD
Performing loans	665,442	663,987	646,429	0.2%
Non-performing loans	21,790	21,674	20,904	0.5%
Total loans to customers	687,232	685,661	667,333	0.2%

Note: Exclude interbank, Bank-only financial statements

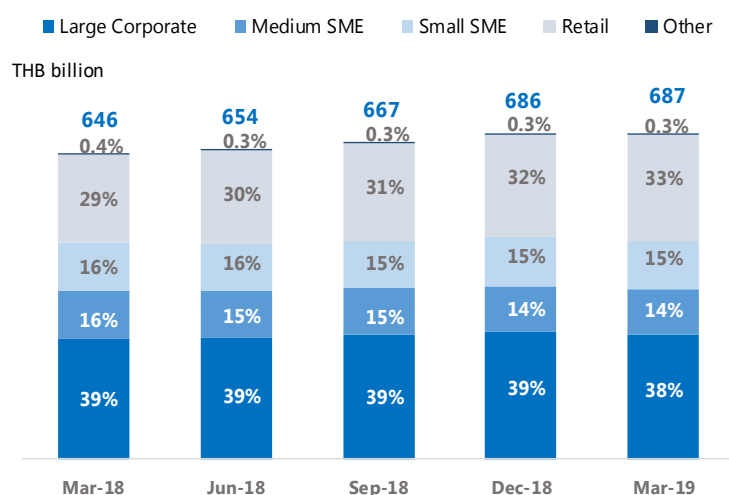
A marginal 0.2% total loan growth was driven mainly by retail segment especially mortgage loans. Details are as follows;

- Retail lending continued to grow further by 4.2% YTD, driven mainly by 5.7% YTD growth in mortgage loans.
- In terms of commercial lending, Large corporate segment (MB and CB loans) contracted by 2.2% YTD. SMEs, Medium size SME (BB) and Small SME (SE), declined by 1.3% and 0.3% YTD.

In terms of loan breakdown by customer segment, the mix marginally changed from December 2018. As of 31 March 2019, MB and CB loan accounted for 38% of total loan. This followed by Medium size SME (BB) and Small SME (SE) of 29% and retail lending 33%.

In terms of key products, 30% of total loan was working capital (OD); followed by term loan 25%, mortgage of 25%, Trade Finance of 12%, unsecured & credit card of 6% and others 1%.

Figure 12: Total loan breakdown by customer segment



Note: Consolidated financial statements

Definition of lending customer segments are as follows:

1) Commercial customers

Multi-Corporate Banking (MB): customer with annual sales volume more than THB5 billion

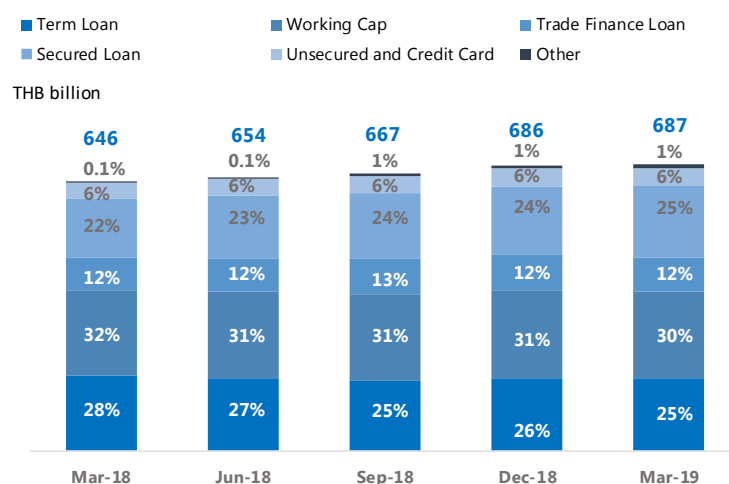
Corporate Banking (CB): customer with annual sales volume more than THB1 billion to THB5 billion

Business Banking (BB): customer with total annual sales volume more than THB100 million to 1 billion

Small Enterprise (SE): customer with annual sales volume up to THB100 million, including owner operators

2) Retail: Individuals

Figure 13: Total loan breakdown by product



Note: Consolidated financial statements

Asset Quality

Figure 14: Loan classification and Allowance for Doubtful Accounts

(THB million)	31 Mar 2019		31 Dec 2018	
	Loans and accrued interest receivables	Allowance for doubtful accounts	Loans and accrued interest receivables	Allowance for doubtful accounts
Pass	639,995	6,178	637,138	6,142
Special mention	26,760	389	28,157	419
Substandard	2,514	1,443	2,073	1,235
Doubtful	954	352	1,927	1,065
Doubtful of loss	18,364	10,040	17,720	9,715
Total	688,587	18,402	687,015	18,576
Excess allowance		12,314		13,400
Total	688,587	30,716	687,015	31,976

Note: Consolidated financial statements

Non-performing loan and NPL ratio

Under current economic conditions, the Bank has put priority on asset quality monitoring and continued to manage NPLs with prudence.

As of 31 March 2019, non-performing loans (NPLs) on consolidated basis was reported at THB21,832 million which increased from THB21,720 million as of end December 2018. NPLs on bank-only basis amounted to THB21,790 million also rose when compared with THB21,674 million at the end of 2018.

The Bank continued to proactively resolve NPLs through write-off to reduce future downside risks and keep balance sheet clean. In the 1st quarter, the Bank further wrote off amounting to THB2.5 billion.

As of 31 March 2019, NPL ratio on consolidated basis was recorded at 2.81%, compared with 2.76% at the end of 2018. Meanwhile, NPL ratio on bank-only basis stayed at 2.80%, compared with 2.76% as of 31 December 2018.

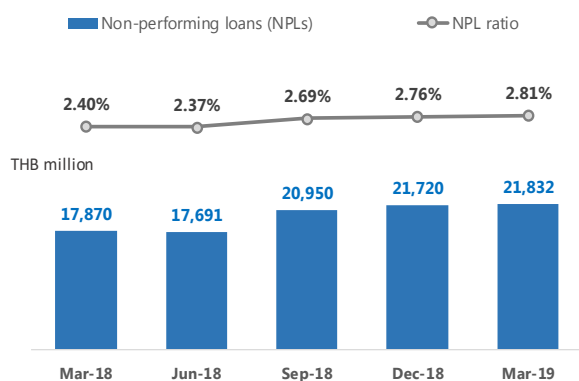
Allowance for loan losses

As of 31 March 2019, the Bank and its subsidiaries reported the allowance for doubtful accounts and revaluation allowance for debt restructuring of THB31,741 million, which reduced by 3.7% YTD as the Bank continued to proactively resolve NPLs through write-offs to limit future downside risks.

The ratio of allowance for loan loss to NPLs or coverage ratio remained high at 145% on consolidated basis. TMB consistently maintained coverage ratio at prudent level.

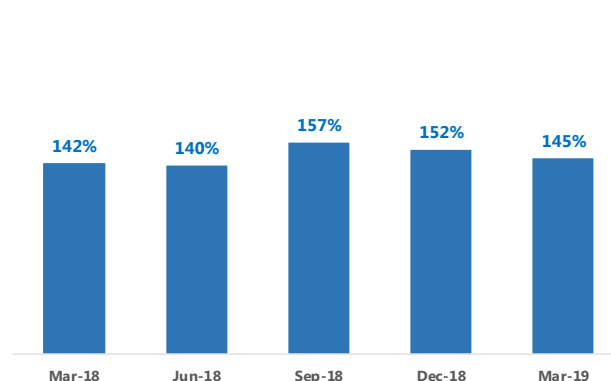
Coverage ratio remained prudent at 145%

Figure 15: NPLs and NPL ratio



NPLs - classified as substandard, doubtful, and doubtful of loss
 Note: Consolidated financial statement

Figure 16: Coverage ratio



Note: Consolidated financial statement

Liabilities and Equity

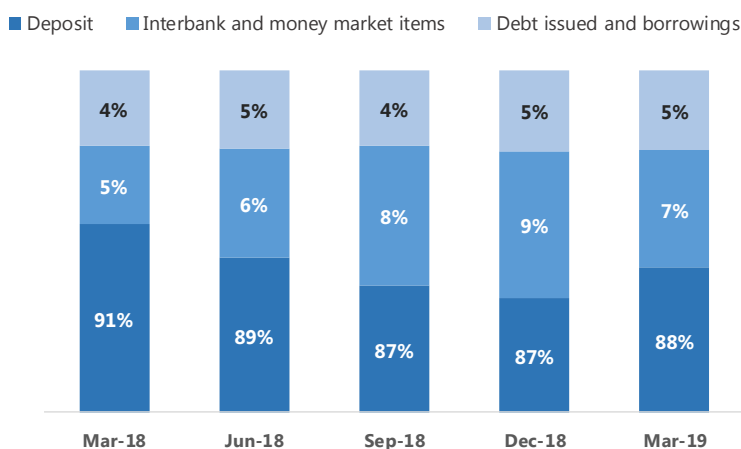
As of 31 March 2019, total liabilities and equity on consolidated basis was reported at THB892,224 million, relatively stable YTD which total liabilities amounted to THB791,830 million, also flat compared to end of 2018. Details of key figures are as follows.

- Total deposits were THB661,287 million, indicating 1.8% YTD growth. (see details in following section)
- Net interbank and money market items amounted to THB51,266 million which declined by 20.2% YTD, due to liquidity management.
- Borrowings were THB34,852 million, decreased by 0.8% YTD. (see details in following section)

The consolidated equity was THB100,394 million which rose by 1.6% YTD from profit generated during the period.

Deposit was the largest composition of interest-bearing liabilities. As of 31 March 2019, deposits represented 88% of interest-bearing liabilities. This followed by interbank and money market items of 7% and debt issued and borrowings of 5%.

Figure 17: Interest-bearing liabilities breakdown



Note: Consolidated financial statement

Deposits

As of 31 March 2019, the Bank and its subsidiaries reported total deposits on consolidated basis of THB661,287 million, increased by 1.8% YTD, mainly attributable to higher deposit volume in retail deposit product. The increase was in line with Bank's strategy to acquire new customers.

Deposit breakdown by products

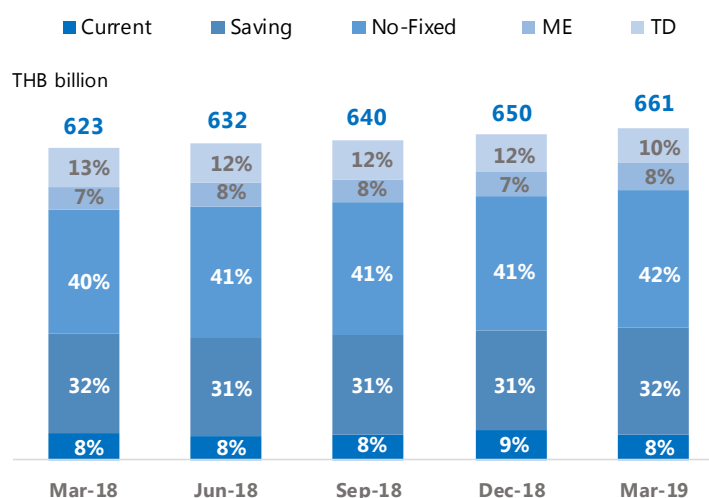
The Bank has continued to expand transactional deposit and non-transactional deposits. Overall, it grew on track. No-fixed and ME Save continued its growth momentum and rose further by 3.1% YTD and 6.7% YTD respectively. TMB All Free, retail transactional deposit registered a 1.5% YTD growth while TMB One Bank, saving deposit for commercial also grew by 3.3% YTD. Time Deposit (TD) dropped further by 8.0% YTD, in line with Bank's direction.

Overall, the ratio of transactional deposit (CASA-excluded No-Fixed and ME) to total deposit was reported at 40%, stable compared to end of December 2018.

Deposit breakdown by segment

Retail deposits remained the largest portion of total deposits as the Bank continues to diversify away from concentration in large depositors. As of March 2019, retail deposit accounted for 69% of total deposit and commercial deposit accounted for 31%.

Figure 18: Deposit structure by products



Note: Consolidated financial statement

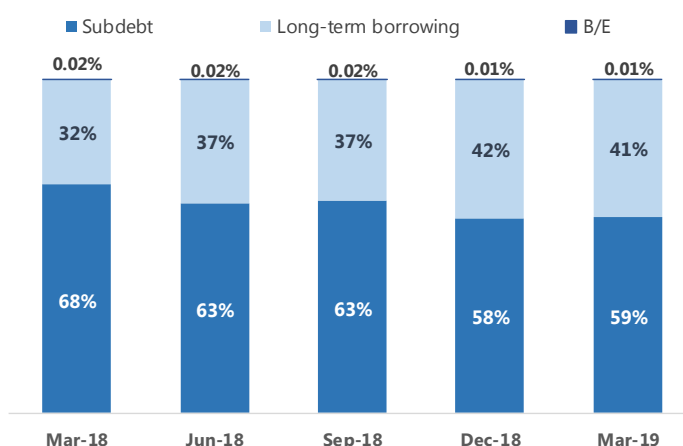
Remark: "TMB No Fixed" and "ME" are classified as savings account as they are not required to maintain minimum balance and have no restriction to term of deposit

Borrowings

Borrowing was stable

As of 31 March 2019, total borrowings of the Bank and subsidiaries decreased by 0.8% YTD to THB34,852 million. In terms of borrowing structure, 59% was sub-debt. This followed by long-term borrowing of 41% and BE of 0.01%.

Figure 19: Borrowings breakdown



Note: Bank-only financial statements

Liquidity and loan to deposit ratio

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

As of 31 March 2019, on consolidated basis, total liquid assets represented 17.0% of the total assets. The liquid assets consisted cash (1.3%), interbank & money market items (11.7%) and short-term investment (4.0%). In terms of loan to deposit ratio (LDR), the ratio, on consolidated basis was at 104%, dropped from 106% as of December 2018 and 104% as of March 2018, respectively.

Figure 20: Liquid asset allocation and loan to deposit ratio

Liquid assets	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18
Cash	1.3%	1.7%	1.4%	1.5%	1.7%
Interbank and money market	11.7%	12.7%	13.5%	12.4%	12.8%
Short-term investment	4.0%	3.1%	4.1%	3.3%	1.5%
Liquid assets / Total assets	17.0%	17.5%	19.0%	17.2%	16.0%
Loan to deposit ratio (LDR)	104%	106%	104%	103%	104%

Note: Consolidated financial statement

Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 31 March 2019, Capital Adequacy Ratio (CAR) of the Bank under Basel III calculation was at 17.5% while CET1 and Tier 1 ratios stayed at 13.7%. Such levels were well above the Bank of Thailand's minimum requirement (including conservation buffer) of 11.0%, 7.0% and 8.5% of CAR, CET 1 and Tier 1 capital ratio, respectively.

Figure 21: Capital adequacy ratio (CAR) and Tier 1 capital under BASEL III

(as % to risk-weight assets)	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18
Capital Adequacy Ratio (CAR)	17.5%	17.5%	17.8%	17.3%	17.5%
Core Tier 1 Ratio (CET 1)	13.7%	13.6%	13.8%	13.3%	13.3%
Tier I Ratio (Tier 1)	13.7%	13.6%	13.8%	13.3%	13.3%

Note: Bank-only financial statement

TMB's Financial Summary

(THB million)	1Q19	% QoQ	% YoY
Net interest income (NII)	6,236	0.0%	3.4%
Non-interest income (Non-NII)	2,280	-12.9%	-32.0%
Non-interest expense	4,738	0.5%	11.1%
Pre-provision operating profit (PPOP)	3,790	-9.3%	-25.8%
Impairment loss on loans and debt securities	1,839	-9.4%	-20.2%
Net profit to equity holders of the Bank	1,579	-7.2%	-30.7%

(THB million)	31-Mar-19	31-Dec-18	% YTD
Loan to customers (less deferred revenue)	687,274	685,707	0.2%
Total assets	892,224	891,713	0.1%
Deposit	661,287	649,568	1.8%
Total liabilities	791,830	792,934	-0.1%
Total equity	100,394	98,779	1.6%

Key ratios	1Q19	4Q18	1Q18
Net interest margin (NIM)	2.89%	2.86%	3.02%
Net fee to earning assets*	0.95%	1.10%	1.58%
Cost to income ratio	55.4%	52.7%	45.6%
Return on equity (ROE)	6.4%	6.9%	10.2%
Return on asset (ROA)	0.7%	0.8%	1.1%
Gross NPLs (THB mn)	21,832	21,720	17,870
NPL ratio	2.81%	2.76%	2.40%
Credit cost (bps)	109	119	145
Total allowance to NPLs (Coverage ratio)	145%	152%	142%
Loan to deposit ratio (LDR)	104%	106%	104%
Capital adequacy ratio (CAR)	17.5%	17.5%	17.5%
Tier 1 capital ratio (Tier 1)	13.7%	13.6%	13.3%
Core tier 1 capital ratio (CET 1)	13.7%	13.6%	13.3%
No. of employees	8,476	8,373	8,621
No. of branches	416	416	433
No. of ATMs	2,056	2,066	2,052

* Including net gains on trading and foreign exchange transactions

Additional Information: Credit rating profile

Moody's		
	International rating	Outlook
Bank Deposits	Baa2/P-2	Positive
Baseline Credit Assessments (BCAs)	ba1	
Senior Unsecured	(P)Baa2	

Latest Changes: June 21, 2018, Moody's has upgraded TMB's Baseline Credit Assessment from ba2 to ba1 and changed its Outlook from Stable to Positive.

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+	

Fitch Ratings		
	International rating	Outlook
Long-Term IDR	BBB-	Stable
Short-Term IDR	F3	
Senior Unsecured	BBB-	
Viability Rating	bbb-	
Support Rating Floor	bb+	
Support Rating	3	
	National Rating	
Long-Term	AA- (tha)	
Short-Term	F1+(tha)	
Subordinated Debt	A+ (tha)	

Latest Changes: September 24, 2018: Fitch Ratings has upgraded TMB's National rating: Long-Term Rating from A+(tha) to AA-(tha) and Subordinated Debt from A to A+.

Disclaimer

TMB 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 TMB Bank Public Company Limited