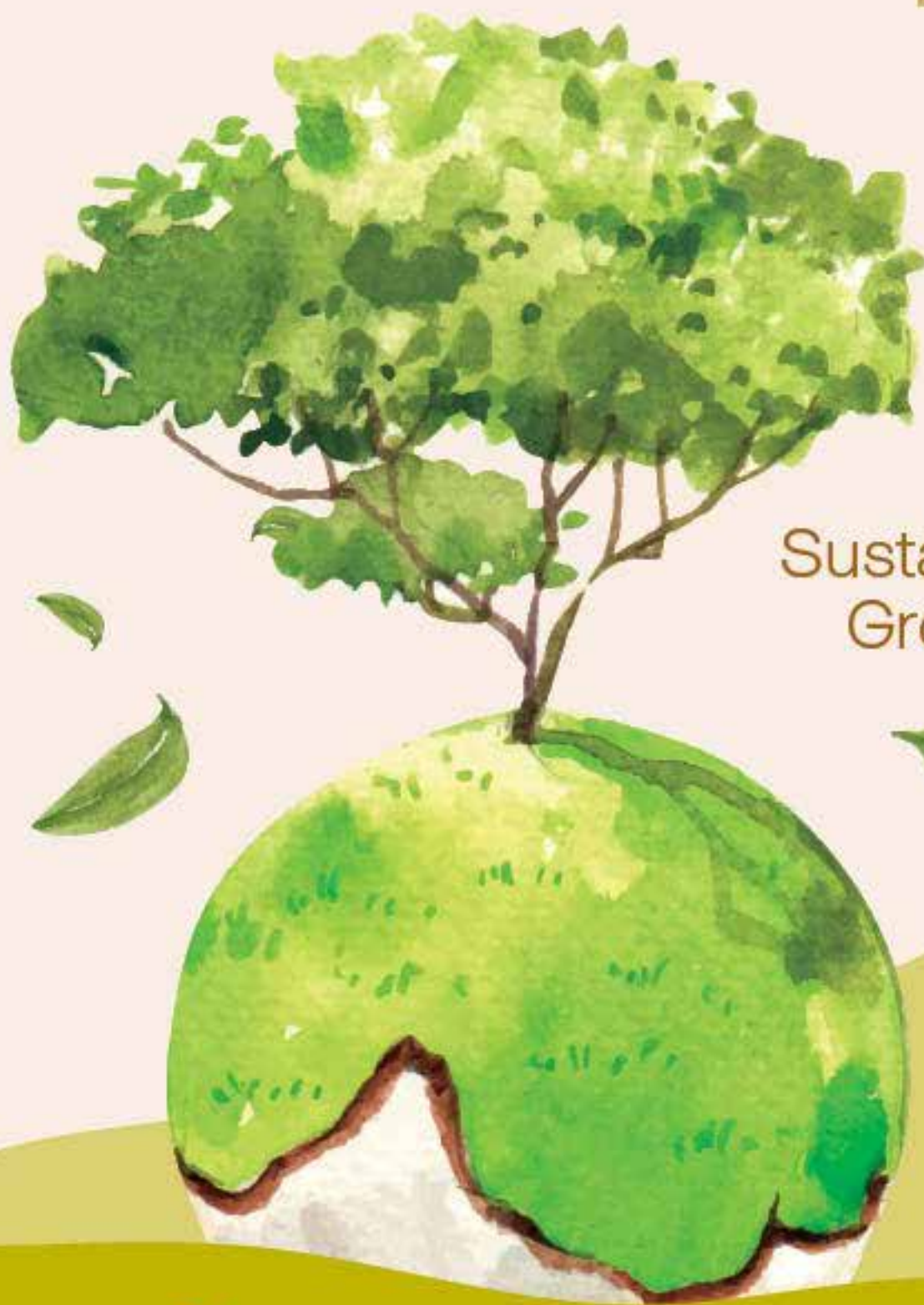




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LH FINANCIAL GROUP PUBLIC COMPANY LIMITED

Annual Report
Form 56-1
One Report
2021



Sustainable
Growth

A member of



CTBC BANK
中國信託銀行

LH BANK

LH Fund

LH Securities

LH Advisory

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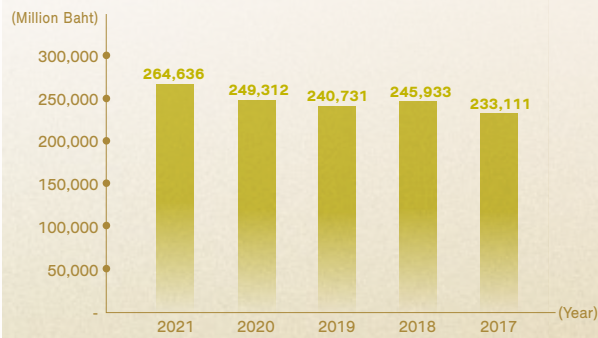
SUSTAINABLE GROWTH



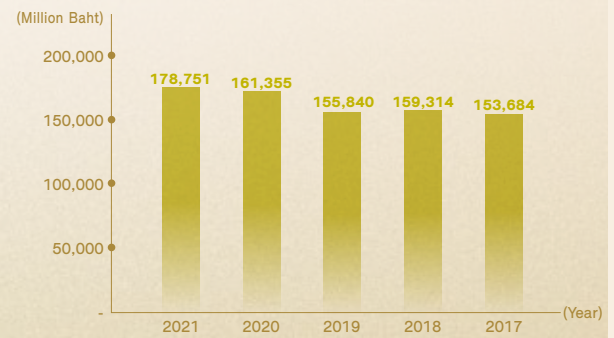
Financial Highlights

Item	Consolidated Financial Statements				
	2021	2020	2019	2018	2017
Statements of financial position : Million Baht					
Total assets	264,636	249,312	240,731	245,933	233,111
Loans to customers	178,751	161,355	155,840	159,314	153,684
Allowance for expected credit losses (Allowance for doubtful accounts)	8,941	6,014	4,017	3,801	3,422
Non-performing loans (Gross NPLs)	5,133	5,392	2,778	3,520	3,264
Deposits	192,499	182,720	164,985	168,164	143,731
Debts issued and borrowings	11,878	11,394	21,806	26,203	32,896
Total liabilities	226,438	210,681	199,568	206,224	194,556
Owners' equity	38,198	38,631	41,163	39,709	38,555
Registered share capital	21,184	21,184	21,184	21,184	21,184
Issued and paid-up share capital	21,184	21,184	21,184	21,184	21,184
Statements of comprehensive income : Million Baht					
Interest income	7,770	7,855	8,643	8,500	8,646
Interest expenses	(2,331)	(3,129)	(4,157)	(3,695)	(3,667)
Net interest income	5,439	4,726	4,486	4,805	4,979
Non-interest income	2,636	3,021	3,418	2,255	1,514
Total operating income	8,075	7,747	7,904	7,060	6,493
Non-interest expenses	(3,223)	(2,997)	(3,005)	(2,768)	(2,721)
Expected credit losses (Bad debts and doubtful accounts)	(3,275)	(2,304)	(1,093)	(570)	(617)
Profits before income tax	1,577	2,446	3,806	3,722	3,155
Net profits	1,384	2,057	3,215	3,108	2,603
Ratio per share : Baht					
Basic earnings per share	0.066	0.098	0.152	0.147	0.154
Dividend payout ratio per share	0.0400	0.0400	0.0800	0.0800	0.0580
Book value per share	1.8032	1.8467	1.9431	1.8745	1.8200
Financial ratio (%)					
Return on assets (ROA)	0.54	0.84	1.32	1.30	1.17
Return on owners' equity (ROE)	3.60	5.16	7.95	7.94	8.84
Non-interest income to total income	32.65	39.00	43.24	31.94	23.32
Non-interest expenses to total income	39.91	38.69	38.02	39.21	41.90
Dividend payout ratio	62.02	85.25	69.58	78.18	60.73

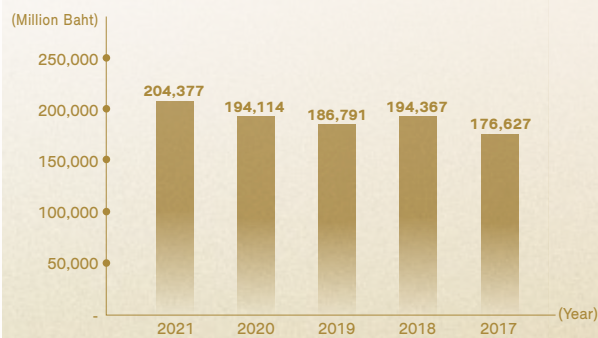
Total Assets



Loans to Customers



Deposits & Debts Issued and Borrowings



Total Operating Income



Net Profit



Owners' Equity





Sustainable Organization



Certificate of Collective Action Coalition Against Corruption

LH Financial Group Public Company Limited, Land and Houses Bank Public Company Limited and Land and Houses Fund Management Company Limited were certified as members of Thailand's Private Sector Collective Action Coalition Against Corruption.



Good Corporate Governance of Listed Companies

The company received the score from the Corporate Governance Report of Thai Listed Companies 2021 in the level of "Excellence: 5 Stars" for the 7th consecutive year.



ESG 100 Certificate

The company was selected as one of the top 100 listed companies with outstanding sustainable business practices in terms of environmental, social and governance performance (ESG 100) for 2021 as the 7th consecutive year.



ASEAN CG Scorecard

The company won the 2019 ASEAN CG Scorecard Awards as the Thai listed company that obtained the ASEAN CG Scorecard with the score of 97.50 points and above under the ASEAN Asset Class PLCs category.



Quality Assessment of Annual General Meeting of Shareholders

The company received a full score of 100 for the 9th consecutive year from the quality assessment of the Annual General Meeting of Shareholders in 2021.



Thailand Sustainability Investment

The company was selected to be listed in Thailand Sustainability Investment (THSI) 2021.





Sustainability Disclosure Recognition

The company received the Sustainability Disclosure Recognition for the year 2021.



Carbon Footprint for Organization

The company was granted a certificate of Carbon Footprint for Organization, leading to explicit guidelines to effectively reduce the organization's greenhouse gas emissions.



Carbon Offset Certificate

The company received the Carbon Offset Certificate after it had succeeded in offsetting corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO₂e).



Business Resilience Program

The company participated in the Business Resilience Program hosted by Thaipat Institute to foster the Culture of Health Business Practices (COHBP) aligning with GRI Standards raised by the Global Reporting Initiative for corporate sustainability in the long run.



Message from Chairman



In 2021, Thai economy was profoundly affected by COVID-19 pandemic and its new variants which spread faster. As a result, Thai economy, which heavily relied on tourism sector, recovered at a slower pace.

In 2022, Thai economy is expected to recover with supporting factors from the recovery of domestic demand and manufacturing sector, the recovery of tourism sector under the policy of opening the country, substantial expansion of export sector including government budget disbursement. However, there may still be risk factors such as unpredictability of COVID-19 outbreak situation, high household debt, impact from the constraints in the production and international logistics chains, and labor shortages including global economic and financial volatility.

In 2021, LH Financial Group Public Company Limited's financial business group grew stronger due to the additional acquisition of its shares by CTBC Bank on September 8, 2021, making CTBC Bank the major shareholder of the company, holding a total of 46.61% of the total issued shares. CTBC Bank realizes the opportunities to enhance competitiveness and growth of the financial business group.

In 2022, Land and Houses Bank Public Company Limited's main strategy is to utilize digital banking capabilities and expertise in providing services with CTBC Bank's comprehensive financial solution platform, which will jointly develop digital infrastructure and platform to enhance the bank's competitiveness and accelerate its profitable business expansion. Having a good business partner and focusing on becoming a professional financial advisor as well as

rapidly expanding the customer base by delivering comprehensive products and services such as credit products, deposits, foreign transactions, life insurance and non-life insurance and investment that meets the needs of customers in order to provide customers with the best services. These services include the provision of continued assistance to corporate and retail debtors affected by COVID-19 pandemic so that customers can continue their business, which will result in better economy in the country.

Land and Houses Fund Management Co., Ltd. has introduced new funds that are suitable for the market conditions such as new economy equity funds and developed mobile applications.

Land and Houses Securities Public Company Limited has been deploying technologies that provide services such as payment via QR Payment system, online subscription for capital increase or electronic rights offering (E-RO) and sending a request for ATS service via LH Bank M Choice application, etc.

The Board of Directors places the great importance on good corporate governance and management with honesty, and encourages the company to adhere to the compliance guidelines on market conduct and Personal Data Protection

The company would like to thank our valued customers, shareholders and all stakeholders, employees, public and private financial institutions and government agencies for their trust and continued support that they have placed in the Land and Houses financial business group.



Dr. Vorapol Socratyanurak
Chairman



Message from President



Land and Houses Financial Business Group operates our businesses in all dimensions of financial services and is committed to conducting the business in accordance with corporate governance principles, coupled with accountability to shareholders, societies and all stakeholders while fostering the corporate social responsibility, engaging in charitable activities to promote, improving the quality of life in various occasions and encouraging our employees to volunteer in a number of activities with the aim to bring about maximum benefits towards the community, society and environment.

In September 2021, CTBC Bank, Taiwan's largest bank, became the largest shareholder of LHFG and LHFG became a subsidiary of CTBC Bank. CTBC Bank will complement the companies of LHFG with its extensive international network that connects 14 countries through over 340 branches, its technology capabilities, and its strong financial position to continue providing value-added services to LHFG customers. Yet, the commitment to being a good corporate citizen in Thailand and taking care the interests of all stakeholders will remain unchanged.

Throughout the years, we recognize that potential enhancement of Land and Houses financial business group is our priority in creating synergies among them in order to grow with quality and sustainability. With such determination to succeed, LHFG has been selected to be included in the universe of the "Thailand Sustainability Investment" (THSI) for the year 2021 by the Stock Exchange of Thailand. This reflects our business operations with accountability to both internal and external stakeholders and care for general public, environment and corporate governance. Apart from that, the company won many awards and recognitions as follows:

- Being selected by the Thaipat Institute as one of the top 100 listed companies with outstanding sustainable business practices in terms of environmental, social and governance performance (ESG 100) in 2021 for the 7th consecutive year
- Sustainability Disclosure Recognition for the year 2021 from the Thaipat Institute
- A full score of 100 for the 9th consecutive year from the quality assessment of the Annual General Meeting of Shareholders in 2021


- Being rated at the level of 'Excellence: 5 Stars' by the Corporate Governance Report of Thai Listed Companies 2021 for the 7th consecutive year.
- Carbon Offset Certificate as the company has offset corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO₂e).
- Certificate of Carbon Footprint for Organization, which led to explicit guidelines to effectively reduce the organization's greenhouse gas emissions.

We realize that the company's mission is not limited to be a financial service provider but also to support economic, social and environmental development. It is an unwavering commitment we always honor. However, 2021 was one of the most difficult years filled with many challenging factors, especially the COVID-19 pandemic that impeded the pace of the economic recovery and impacted the company's overall performance.

Nevertheless, the company places the importance on customers, partners and all groups of stakeholders. Land and Houses financial business group have launched various relief measures to help all credit debtors and retail loan borrowers affected by the economic conditions and COVID-19

pandemic, made faster payment of goods and services from business partners in order to alleviate their sufferings and provide them with liquidity in business continuity. Land and Houses financial business group also made sound business continuity plan to service our customers without disruption, while taking care of the health and safety of our employees. In addition, the "Fight COVID-19 Together" project was initiated by inviting executives, employees and customers to donate money to purchase medical equipment and supplies, paper field beds for patients, food and drinking water for medical personnel, etc.

We would like to express our sincere thanks to shareholders, business partners, customers, all groups of stakeholders, management and employees for their trust and support to Land and Houses financial business group throughout 2021. We expect the impact from COVID-19 pandemic to diminish with the rising vaccination rate and recovery of economy under the government various efforts to revitalize the economy. I wish 2022 and onwards a better future for everyone. Finally, the company still adheres to conducting its business in accordance with good corporate governance principles in order to join forces in driving Thai economy and society to be sustainable.



Mr. Shih, Jiing-Fuh
President

Business Operation and Performance

- ◆ Business Structure and Operation of the group
- ◆ Risk Management
- ◆ Driving Business for Sustainability
- ◆ Management Discussion and Analysis
- ◆ General Information and Other Significant Information



1. Structure and Operation of the Group

1.1 Policy and Business Overview

Company Profile

LH Financial Group Public Company Limited is a holding company, established under the Bank of Thailand's notification requiring that financial institutions have to restructure the shareholding structure of the group to be in line with the consolidated supervision guideline. The company was incorporated on 22 April 2009 with the initial registered capital of Baht 100,000. The core objective is to act as the holding company of the financial business group. Land and Houses Bank Public Company Limited is the subsidiary under the solo consolidation basis and Land and Houses Fund Management Company Limited is the subsidiary of the non-solo consolidation basis.

On 27 November 2009, the Securities and Exchange Commission approved the company to offer the new securities and warrants according to the shareholding restructuring plan. On 1 December 2009, the company increased its capital by issuing the new ordinary shares to the existing shareholders of Land and Houses Bank Public Company Limited by exchanging with the existing ordinary shares of Land and Houses Bank Public Company Limited at the ratio of 1:1. Later, on 9 December 2009, the company registered the capital increase to exchange with the issued ordinary shares of the bank as paid-up shares with the Ministry of Commerce. After restructuring, the existing shareholders of Land and Houses Bank Public Company became the shareholders of the company and the company held 99.99% of the paid-up share capital in Land and Houses Bank Public Company Limited.

On 10 May 2011, the Stock Exchange of Thailand received the company's ordinary shares as the listed securities and started its first trading day under the LHBANK symbol. And on 24 April 2018, the company changed the securities symbol to LHFG.

On 22 January 2014, the company purchased 99.80% of the paid-up share capital of CIMB Securities International (Thailand) Public Company Limited and also purchased 99.99% of the paid-up share capital of CIMB Advisory (Thailand) Company Limited via CIMB Securities International (Thailand) Public Company Limited. Furthermore, on 15 January 2014, the Bank of Thailand allowed both companies to be included in the financial business group. The objective of the acquisition of stocks of the two entities was to expand the financial business of the financial business group into the area of securities business and financial advisory. Afterwards, the two companies have been renamed as Land and Houses Securities Public Company Limited and Land and Houses Advisory Company Limited, respectively.

On 1 March 2016, the company restructured the financial business group and acquired 2,999,995 ordinary shares, accounting for 99.99% of the paid-up share capital of Land and Houses Fund Management Company Limited from Land and Houses Bank Public Company Limited.

On 27 July 2017, CTBC Bank partnered with the company by holding 35.617% of its the paid-up share capital which is equal to the combined portion of the shares held by Land and Houses Public Company Limited and Quality Houses Public Company Limited, 21.879% and 13.738% of the paid-up share capital, respectively.

On 8 September 2021, CTBC Bank acquired LHFG shares from minority shareholders in aggregate of 10.99% of the paid-up share capital. As a result, CTBC holds 46.61% of the paid-up share capital.



1.2 Nature of Business Operation

LH Financial Group Public Company Limited

is a non-operating holding company and a parent company of the financial business group. Therefore, business operations of the company can be categorized by the business of its subsidiaries which provide various forms of financial services to satisfy financial needs of customers comprehensively as follows:

- **Investments** : LH Financial Group Public Company Limited
- **Commercial Banking** : Land and Houses Bank Public Company Limited
- **Fund Management** : Land and Houses Fund Management Company Limited
- **Securities** : Land and Houses Securities Public Company Limited
- **Financial Advisory** : Land and Houses Advisory Company Limited

(1) Investments

LH Financial Group Public Company Limited

LH Financial Group Public Company Limited is a non-operating holding company and a parent company of the financial business group. At present, the company holds the shares in subsidiaries in the financial business group as follows:

- Land and Houses Bank Public Company Limited 99.99% of total paid-up share capital
- Land and Houses Fund Management Company Limited 99.99% of total paid-up share capital
- Land and Houses Securities Public Company Limited 99.90% of total paid-up share capital

The business conduct's objectives are as follows:

1. To invest in financial instruments, both debt and equity instruments
2. To engage in transactions with subsidiaries in the financial business group
3. To manage funds for itself or for the financial business group
4. To provide funds through any means for business operation of the company and the companies in the financial business group including issuing debentures
5. To conduct any other business as allowed by the Bank of Thailand

The company places the great emphasis on operating the business according to good corporate governance principles, prevention of corrupt payment, reinforcement of comprehensive risk management as well as social responsibility.

Credit Rating

LH Financial Group Public Company Limited is rated “BBB+” with “stable” outlook by TRIS Rating Company Limited.

Vision, Missions, Corporate Values and Target of the Financial Business Group

The Board of Directors has determined the vision and mission to be the guidelines for business operations and strategic plan with the aim to achieve the business goals. The vision and missions are reviewed on an annual basis.

Vision

To be a financial group with quality growth

Missions

- Aim to be a financial group with stable and sustainable growth
- To be professional in providing financial services through innovations, innovative products and services which keep pace with the change and address all customer needs
- To support human resources management for both knowledge and benefits of employees
- Conduct business with good governance principles, taking into account the best interests of societies, all stakeholders and shareholders

Core Values

LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited realizes that the core values has played a key role in driving the business to sustainable growth. Therefore, the core values have been defined to catch up with the dynamic trends and adhere to good corporate principles as foundation. CDA is the core values including C: Customer Centric, D: Dynamic and A: Accountability.

C: Customer Centric

Customers are the center, we have to understand their needs, develop products and services to truly address them.



D: Dynamic

Always be resilient to developments and changes, dare to think differently, do not strict to old practices, make questions for better changes.

**A: Accountability**

Have a sense of ownership and responsibilities for all dimensions not only in your own department, and cooperate in achieving the goal.

**Targets of Financial Business Group**

The company has mapped out the strategies to become the integrated financial solutions provider. Currently, it has provided various financial products and services to respond to customers' needs, including deposits, loans, funds, securities, financial advisory and other services such as bancassurance, bill payment, revenue tax payment, mobile banking application or M Choice, trade finance and cash management, etc. Enhancements to service quality and information technology systems have also been made continuously to increase the efficiency of services to be faster and address all customers' needs. In addition to business targets, the financial business group places a great emphasis on good corporate governance principles in business operations, prevention of corrupt payment, comprehensive risk management system and social responsibility.

(2) Commercial Banking Business**Land and Houses Bank Public Company Limited**

The bank has developed strategic plan and business plan in accordance with the vision and mission, by considering business ecosystem including economic conditions both domestic and foreign and other factors such as strengths, weaknesses, opportunities, risks, key success factors and other significant issues. The bank considers all these factors to determine the organization's strategies on an annual basis and review the operation plans to keep pace with the changing situations and environment. The bank also emphasizes on good corporate governance in business operations, prevention of corrupt payment, reinforcement of comprehensive risk management and social responsibility.

Credit Rating

Land and Houses Bank Public Company Limited is rated by TRIS Rating at "A-" with "Stable" outlook. The rating of Basel III Tier 2 capital securities is affirmed at "BBB".

Vision

To be a bank that delivers great experiences to customers beyond their expectations through innovations, products, services and advisory with quality

Mission

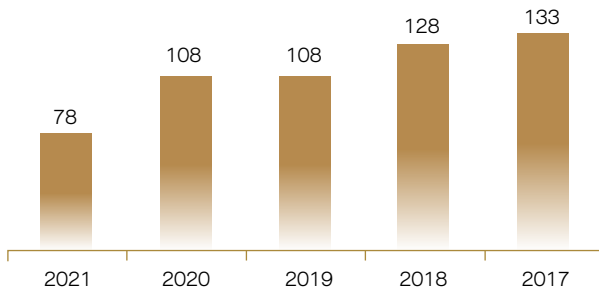
- Innovate and develop financial products and services through deep understanding of all customers' needs in order to address them comprehensively
- To be a bank with quality and sustainable growth, customer centricity and ability to promptly deal with changes
- Create a good work environment with happiness, engagement, empowerment and advancement of employees
- Conduct business with good governance principles, taking into account the best interests of societies, all stakeholders and shareholders.



Branches of the Bank

By the end of 2021, Land and Houses Bank Public Company Limited had the total 78 branches, decreased by 30 branches in 2020 as follows:

- Bangkok and its vicinity 37 branches
- Regional branches 41 branches



Products and Services

The bank has been continuously developing its products and services to respond to a variety of customers' needs, which can be divided into 4 main categories as follows:

1. Deposit

Various types of deposits are as follows:

- **Savings Deposit**

- Savings deposit with high interest rate, which can be deposited or withdrawn at any time. It is flexible and interest will be increased every day.

- Biz Savings for corporate customers with high-yield interest rates plus 0.10% extra bonus for the average balance per month is not less than Baht 1,000,000. The interest is paid on a monthly basis.

- Savings Super Shield is for individual customers aged 15 to 70 years old. The bank offers the maximum coverage up to 25 times of the remaining balance in case of accidental death 24 hours worldwide. The minimum opening balance is only Baht 1,000. The more deposit, the more coverage where health check-ups or premium is not required.

- **Non-Fixed Deposit** is a high-yield savings account. The minimum balance of Baht 5,000 must be maintained at all time. Deposits and withdrawals can be made anytime.

- **Current Deposit** increases business agility with daily interest earnings and is easy to make a deposit and withdrawal via cheques or ATM cards.

- **Fixed Deposit and Fixed Deposit Receipt (FDR)** help secure future financial stability through desired options of terms.

- **Tax Free Deposit** requires monthly equal deposits with the period according to the bank's criteria such as 24 months or 36 months and the total amount of deposit must not more than Baht 600,000 throughout the deposit period.

- **Foreign Currency Deposit** helps support more convenience for businesses with high interest while reducing the risks from currency fluctuations and it is convenient for foreign transactions. The deposit can be made through savings accounts and fixed deposit accounts.

- **Digital Pro-Fit** is designed to add more convenience for customers who want to save their money with no passbooks. Customers can open an account and transact via LH Bank M Choice at a glance, for example, deposit, withdrawal and bill payment, at any time without going to the bank's branch. They only do KYC for account opening with facial recognition at a counter of 7-11 shops nationwide.

Competition Strategy for Deposit

The bank continues developing and designing new financial products and services by focusing on varieties suitable for customers' occupations and financial positions as the saving alternatives which can address their various demands with attractive returns and various benefits which will increase the competitive advantages. In addition, the bank also arranges various campaign to attract customers and maintain its customer base.

LH Bank M Choice and the bank's branches are the channel for expanding the deposit customer base, providing customers with transactional services and giving them advice to ensure their convenience and satisfaction. The bank has launched new promotions and campaigns with the aim of building relations with customers, while satisfying customers' demands, and increasing the number of customers who use services with the bank. This is the opportunity to increase the cross-selling volume of products and services leading to the expansion of fee income base.

The bank determines its interest rates by considering internal and external factors that may have an impact, including costs of fund, trend of interest rate, economic direction and competitive condition of deposit growth. However, the bank does not focus mainly on competitive interest rate, rather on offering satisfactory products and services in order to fulfill the needs of customers.

2. Loan Service

The bank categorizes its loan services into 3 segments consisting of conglomerate & corporate, commercial & SME and retail loans with details as follows:

1. Loans for Conglomerate & Corporate

It is a lending service for conglomerate & corporate for working capital, expansion of production capacity, liquidity support or investments in buildings, plants, machines and equipment. Both short-term and long-term loans are available to suit business types and customers' needs.

2. Loans for Commercial & SME

It is a lending service for commercial & SME for working capital, expansion of production capacity, liquidity support or investments in buildings, plants, machines and equipment. Short-term and long-term loans are available to suit business types and customers' needs.

Types of loans classified by their purposes are as follows:

- **Short-Term Loan**

It is a lending service to support liquidity and manage cash flow. It can be drawn down and repaid throughout the tenor of not more than 1 year, such as overdraft (O/D) or promissory note (P/N).

- **Long-Term Loan**

It is a lending service to develop medium-term and long-term businesses with clear purposes. Its repayment schedule will be determined in line with the progress of project or the project's cash flow or business. The loan aims to support entrepreneur's investments in various projects including business expansion, factory/office construction, purchase of fixed assets such as machineries, vehicles and investments in real estate such as land acquisition for factory construction.

- **Factoring Loan**

It is a financial service for working capital of entrepreneurs to increase liquidity by transferring their account receivables to the bank after the entrepreneurs have delivered products and services to his/her customers

(debtors). Once the debtors submitted their commercial documents such as an invoice, purchase order, packing slip, billing notes and receipt to the bank, they will receive loans according to the agreed ratio without any collateral, for example, 70-80% of the value specified in the invoice, purchase order, packing order, billing note, payment receipt, etc. After receiving payment from the account receivables, the bank will pay the remaining amount to customers.

- **Trade Finance**

It is a service to support import and export companies to increase their business opportunities and strengthen their negotiation power with trading partners through the bank's global network with international standards. Trade finance covers various and comprehensive services as follows:

- Letter of Credit - Bills for Collection
- Remittance - Trust Receipt
- Packing Credit - Bank Guarantee,
Standby L/C

- **Commercial Hire Purchase**

It is lending service to purchase vehicles for commercial purposes in logistic business, car rental business, etc.

- **L/G, Aval and Acceptance**

It is a service to issue L/G, Aval and Acceptance for customers requiring the bank's letter of guarantee to be placed with employer when signing a contract, submitting a bid or for other guarantee purposes, for example:

1. Bid Bond or Tender Guarantee
2. Performance Bond
3. Advance Payment Guarantee / Security and Retention Bond
4. Other banks' guarantees

- **Loan Advisory and Other Loan-Related Services**

It is a comprehensive loan advisory and loan-related services such as financial structure, lenders of syndicated loan, facility agent and security agent.



3. Retail Lending

It is a lending service for individuals or small business owners. It can be divided by types of lending purposes as follows:

- **Housing Loan** is a loan for customers who want to buy houses from any housing project, plus a 10% top-up credit limit for renovation, decoration or furniture.
- **Refinance** is a loan for customers who want to pay their existing housing loans with the existing financial institutions. Customers can request for a 10% top-up credit limit for renovation, decoration or furniture.
- **Home for Cash** is a multi-purpose loan with monthly installments, secured by freehold houses, to fulfill convenient life style and property acquisition.
- **Personal Loan** is an unsecured loan for the purpose of personal consumption, enabling customers' liquidity.

Competition Strategy for Lending Service

The bank categorizes customers into different segments to appropriately respond to their unique needs with the aim to continuously foster a robust relationship and to offer the right comprehensive financial products and services to the right customers. The bank will consider the loan type, interest rate, credit limit and repayment period suitable for each customer with quick underwriting process.

Besides, the bank also puts the emphasis on the strategy for loan extension to existing customers with good track record. This helps the bank create business opportunities and retain the long-term customer base. For new customers, the bank targets to offer loans to those with good financial status by using its branches to offer loans and to have existing customers refer or recommend the bank's loans to their friends or business partners.

Housing loan strategy primarily focuses and places the emphasis on customers' satisfaction in its services. The bank creates a well-designed customer journey map to deliver a good experience to its customers. The journey maps out the customers' path since the day they need the loans, perceive the bank's products, compare the products, make a decision and receive after-sales services. The bank, therefore, develops various components to achieve its targets such as enhancing products which can deliver the optimal benefits to customers with a special interest rate and fast approval. Moreover, the bank increases its potential to better reach out to customers by adding online services in order to keep abreast of the digital trend.

3. Electronic Service

The bank puts the great importance on electronic services as Thailand is entering into the digital age. The transactions or services from now on will primarily focus on digitalization. The bank's electronic services have been developing and enhanced continuously as to support the financial transactions in the digital era as follows:

- **Mobile Banking (LH Bank M Choice)** is a service allowing customers to do their financial transactions quickly and easily every day, anywhere and anytime via mobile phones. They can withdraw cash from SCB ATMs. In addition, they can also buy and sell funds, and open a new deposit account online.



- **Fund Trading via Profita an online application** that support buying, selling and switching funds 24 hours. It offers various features for fast and up-to-date investment, filled with precise fund factsheets from global funds recommended by experts. Profita can be downloaded from AppleStore and PlayStore. Interesting features include:

- Fund hunting function to match with various requirements, for instance, selecting recent funds with top yields, dividends, Morningstar Rating or funds recommended by LH Bank advisor.
- DCA helps investors create disciplines for investments on both weekly or monthly basis.
- Robo Advisor, a genius assistant, helps with investment plan and automatic adjustment of portfolio.
- Profit-loss alert function alerts you once the desired goal is achieved.

- **Internet Banking Services (LH Bank Speedy)** is a service to facilitate corporate customers' financial transactions, make them possible every day, anywhere and anytime. The service is equipped with double security system to ensure customers' confidence in any transactions.



- **LH Bank Debit Chip Card** is a card used via ATMs of all banks nationwide, secured by recording information in chip cards which cannot be copied. The cards can be also used for cash withdrawal in abroad at any ATMs with the UnionPay International (UPI) logo and for online shopping at a glance. Customers can enjoy many special promotions from UPI at participating stores.



- **LH Bank Premium Card** is a card with personal accident protection with the maximum coverage of Baht 300,000 insured by Chubb Samaggi Insurance PLC with no health check requirement, customers just fill in their health profiles in the application form and the protection will be effective immediately. It covers medical expenses for any accidents, just present the LH Bank Debit Premium Card together with ID card to partnering hospitals.

- **Automatic Teller Machine (ATM)** is available for cash withdrawal, money transfer, payments for goods and services and PromptPay fund transfer. The bank's ATMs accept ATM and Debit cards of all banks including the UnionPay International (UPI) chip card to provide Thai-Baht cash withdrawal service for businessmen, tourists and individuals.

As of December 31, 2021, the bank has 2 ATMs in total.

- **LH Bank PromptPay** is a simple and easy service to transfer and receive funds. Just register the bank account with the ID card number or mobile phone number, such transactions can be made without the bank account number.



- **LH Bank Business PromptPay** is a new choice of fund transfer service for corporate customers by linking their bank accounts with their 13-digit tax corporate ID number.

4. Other Services

- **Revenue Tax Payment** provides services for customers to pay tax via various channels such as the bank's branch or LH Bank's ATM.

- **Cash Management Service** is a convenient and fast financial service for businesses which helps reduce paperwork and administrative costs and greatly increase business management efficiency as follows:

1. Salary payroll service by transferring a considerable number of transactions with a single command
2. Bulk payment by transferring a considerable number of transactions with a single command
3. Bill payment
4. Direct debit and direct credit

- **Insurance Service** There are various insurance products both life insurance and non-life insurance from various insurance firms available for customers as follows:

1. Life Insurance Brokerage Service for Muang Thai Assurance Public Company Limited

1. Life insurance plus investment (Unit-Linked) : A financial planning helper that has been completely tailored to meet different needs in every stage of life including investment in mutual funds, life and health coverage in one policy

- Flexi Invest Link One+ : One-time payment, increase investment opportunities and earn more returns plus future security for you and your family

- Flexi Invest Link Design : Stability and wellness that can be designed, add peace of mind with additional contract for health and critical illnesses with fixed premiums throughout the contract period (Additional Contract UDR) UDR health premiums are fixed premiums throughout the contract. It does not increase with ages, like general health insurance does.

- Unit-Linked 15/6 : Build a life portfolio to grow wealthy and build confidence to customers in every investment situation with life protection of 15 years.

2. Life Time Insurance builds "Big Security with "Small Money", pass on the wealth from generation to generation effectively with lifetime insurance package.

- Happy Life 9920 : provides security throughout the contract with easy installment of 20 years.

- Happy Life 997 : creates security for latter generation, pay premium in a short period of time with cash back throughout the contract.

- Happy Life 9090 : protects the elders up to 80 years of age, happy life protection for 100% of the sum insured. Other additional packages can be purchased.

- Lifetime Insurance 995 : is the assistant planner for inheritance, pass on the wealth from generation to generation, pay premium for only 5 years with protection up to the age of 99 years old.



3. Health insurance, high coverage, addressing health needs

- D-Health Coverage : Easy to understand, uncomplicated with one-time payment of maximum Baht 5 million.

- Elite Health Coverage : Choose more exclusive package, high coverage, meet your health needs with a coverage limit of Baht 20-100 million per year at an easily accessible premium price covering serious diseases, epidemics and common diseases

4. Pension Insurance “HAPPY RETIRE 855”, happy after retirement, receive a pension of 20% per year, and guarantee pension payment for 15 years with tax benefit of up to Baht 300,000 per year.

5. Savings Insurance “Sup Perm Poon 888”, the financial future you can determine, receive annual cash back 8% of the sum insured, death protection up to 800% and accidental death up to 6,400% of the sum insured.

2. Non-life Insurance Brokerage Services for:

Chubb Samaggi Insurance Public Company Limited
Charan Insurance Public Company Limited
Syn Mun Kong Insurance Public Company Limited
Krungthai Panich Insurance Public Company Limited
Dhipaya Insurance Public Company Limited
Viriyah Insurance Public Company Limited
Alternative insurance products for customers

include;

- Home Insurance
- Condominium Insurance
- Bike Insurance
- Skate Surf Insurance
- Cyber Insurance
- Pet Insurance
- Dengue Insurance
- First Class Car Insurance: Best Drive
- Travel Insurance
- First Class Car Insurance
- Second Class Car Insurance
- Third Class Car Insurance
- Compulsory Car Insurance
- Personal Accident Insurance Act

- **Mutual Fund Selling Agent Service** The bank is a selling agent of the unit trusts for many fund management companies which offer various types of mutual funds such as debenture fund, equity fund and tax-benefit fund. The names of fund management companies are as follows:

- Land and Houses Fund Management Company Limited (LHFund)
- Principal Asset Management Company Limited (Principal)
- MFC Asset Management Public Company Limited (MFC)
- SCB Asset Management Company Limited (SCBAM)
- One Asset Management Company Limited (ONEAM)
- Krungthai Asset Management Public Company Limited (KTAM)
- TMB Asset Management Company Limited (TMBAM)
- Krungsri Asset Management Company Limited (KSAM)
- KKP Asset Management Company Limited (KKPAM)
- UOB Asset Management (Thailand) Company Limited (UOBAM)
- Tisco Asset Management Company Limited (TISCOASSET)
- Kasikorn Asset Management Company Limited (KASSET)

- **Payments for Goods and Services** such as utility bills, credit cards, life insurance premiums and other expenses including the automatic transfer system (ATS).

- **Deposit, Withdrawal and Loan Repayment Service through Banking Agent** at over 7-Eleven throughout the country. Customers can do such transactions of the bank 24 hours by merely showing their ID card, bank account number and mobile phone number to verify their identity. Customers will get a receipt/slip confirming the transaction with real time balance.

- **Safe Deposit Box Service**

Factors Influencing Opportunities or Constraints on Business Operations

Real estate customer bases of the companies in the group of Land and Houses Public Company Limited and Quality Houses Public Company Limited which are the leaders in real estate in Thailand, have been beneficial to the bank's loan growth, especially for housing loan. Moreover, it is an opportunity to offer other financial products and services to such customers as well as SMEs and SSME loans to trading partners of the companies in the group of Land and Houses Public Company Limited, Quality Houses Public Company Limited, and Home Products Center Public Company Limited.

Business Targets

The main targets for business operations include the expansion of loan services to new customers, expansion of deposit base, increase of service channels for fee incomes, personnel development to be equipped with more acknowledge and skills in financial products, development of products and services that best respond to the customers' needs and enhancement of information technology system as to facilitate the rapid operation and gear up to become digital banking including launching marketing campaigns via social media such as LINE, Facebook and YouTube, to reach out more target groups.

(3) Fund Management Business

Land and Houses Fund Management Company Limited

Land and Houses Fund Management Company Limited manages mutual funds, property funds, REIT/Trusts, provident funds and private funds. The company sets the strategies and business plans to align with its vision and mission. The strategies and plans have constantly been monitored and reviewed to keep pace with dynamic situations and environments. The company emphasizes the operation in accordance with good corporate governance principles, prevention of corrupt payments, reinforcement of comprehensive risk management and social responsibilities.

Vision

Land and Houses Fund Management Company Limited will be the company with the standard of business conduct, taking into account the good corporate governance principles and assuring the operation to protect the best interest of customers under the duty of loyalty and duty of care.

Mission

To be a business that enhances the competitiveness of the financial group in providing financial services which can address the needs of customers in terms of saving and investment. This is to increase the efficiency of the business of the group with various services available and to be an alternative for those interested in making their investment through mutual funds, property funds, REIT/Trust, provident funds and private funds managed by professional fund managers. As a result, the company manage funds that can generate satisfactory returns to both unit holders and shareholders.

Nature of Products and Services

The company focuses on a variety of marketing campaigns to cover all levels of demand of all investor groups and offers investment units through various distribution channels such as branches of Land and Houses Bank Public Company Limited and other selling agents. The company also provides personnel with qualifications required by law and supervises their staff to strictly comply with related laws and regulations. The products and services include:

- **Mutual Fund** It is the mutual fund management service by offering investment units to individual investors and institutional investors based on their needs. The company emphasizes the efficient investment management with regular research and analysis of investment data as well as risk management, and reports the market conditions and risks to the investors on a regular basis.

- **Property Fund** is the management service of property fund that focuses on investing in properties which generate steady incomes such as office buildings and service apartments. The net revenue from property funds shall be paid to investors in the form of dividend. Net asset value of funds will be reported to the unit holders on a regular basis and annual reports are compiled and submitted to them as well.

- **Provident Fund** is the investment management service for provident fund, voluntarily set up by employer for the purpose of savings to be a welfare for employees with mutual contributions. After retirement or resignation, employees or provident fund members will receive tax privileges. The company will take the money to invest appropriately based on investment conditions at a certain period of time in order to generate accumulated returns which are suitable and sufficient for their life after retirement or resignation. Employees are entitled to select the investment policy which they deem suitable for their needs and risk appetite or select the policy selected by the Provident Fund Committee. Investment summary report and return evaluation are provided for employees and employers on a regular basis.

- **Private Fund** is the private fund management service for individuals and juristic persons. Private fund management covers investments in various types of securities such as bonds, debentures, shares and investment units, by considering the risk appetite suitable for customers. Investment summary report and return evaluation are provided for employees and employers on a regular basis.



- **Real Estate Investment Trust (REIT)** The company acts as a manager of real estate investment trust, after becoming a settlor by virtue of the Trust Act. The investments focus on various types of real estates including overseas real estates. The REIT manager will invest and manage the trust to generate returns to investors as specified in the trust deed. Net asset value is reported to unit holders regularly while the Annual General Meetings of trust unit holders is organized on an annual basis.

- **Trustee of Real Estate Investment** The company acts as the trustee of real estate investment trust to supervise the REIT manager to comply with the trust deed and related laws, assign any related tasks, do accounting and asset value, and maintain the trust's assets for the best benefits of unit holders.

Factors Influencing Opportunities or Constraints on Business Operations

International Monetary Fund (IMF) adjusted its forecast for a recovery of global GDP in 2021-2022, slightly down to 0.1% compared to its earlier forecast in July. IMF still views that global economy continues to expand in 2022 at 4.9%, despite the outbreak of Omicron variance from COVID-19. The Bank of Thailand forecasts GDP recovery of 3.4% slightly down from previous estimation due to pressure from tourism and domestic sectors which are expected to take a longer-than-expected recovery. However, last year, equity market showed a relatively remarkable year of returns by equities, with investments in the MSCI World Index in 2021 yielding +17%, while stock exchange in 21 of 48 countries in the MSCI World Index hit the new high record in previous year due to low base, gradual rollout of economic activity and the monetary and government's fiscal measures to stimulate the economy.

However, the company foresees higher risks in 2022, both in terms of overall economy and holistic investment volatility because of the uncertainty of a new wave of COVID-19 pandemic that continues to spread in a wider range. The outlook for inflation continues to rise. Thai economy's recovery is expected in the second half of the year from measures relief and acceleration of stimulus measures from the government. Thai equity market may have some pressures from unique internal factors, such as securities trading tax and outflows from LTFs, which may create volatility for the market throughout the year 2022.

Business Targets

For 2022 target, the company still has a policy to expand institutional customer base and Ultra High Net Worth customers, increase new distribution channels and digitalize its services through the digital platforms in order to facilitate customers while reaching out more target groups. The company aims to provide a wider range of funds in order to satisfy various investment behaviors of customers.

(4) Securities Business

Land and Houses Securities Public Company Limited

Land and Houses Securities Public Company Limited officially operates its securities business under the symbol "LHS". The company becomes a "broker No.5" on the Stock Exchange of Thailand and is also a member of the Thailand Futures Exchange. The company's core businesses include securities brokerage service, derivative brokerage service, securities underwriting service, bond trading service, securities borrowing and lending service and mutual fund selling agent service. Moreover, the company places a great emphasis on good corporate governance principles in business operations, prevention of corrupt payment, reinforcement of comprehensive risk management and social responsibilities.

Vision

"SMART CHOICES FOR YOUR MONEY". We aim at providing one-stop investment services and enhancing competitiveness of the financial business group.

Mission

- Aim for sustainable growth
- Provide one-stop investment services to meet our clients' needs
- Improve quality of service, trading platform, various investment products and good client services
- Develop human resources with learning opportunities and skill development to create incentives and retain valued employees

Business Overview

- **Securities Brokerage Service**

The company provides brokerage service for securities listed in the Stock Exchange of Thailand (SET) and MAI for individuals, juristic persons and institutional customers both local and overseas. The types of accounts are divided into 3 categories as follows:



1. Cash Account
2. Cash Balance Account
3. Credit Balance Account

Customers can make trading transactions via 2 channels, investment consultant or through internet trading platform equipped with investment supporting tools, technical analysis and full investment-related information and news for customers to have adequate information for decision making. Customers can follow news, investments and securities price movements, and place their orders anywhere anytime through personal computers, tablets or smartphones.

The company has a customer selection policy and an underwriting guideline for securities trading limit as detailed below;

1. Individual is considered from his/her financial status, age, occupation, source of income, knowledge, understanding of securities investment and risk tolerance by considering relevant documents such as ID card, statements and other financial reports.

2. Juristic Person is considered from type of business, source of income, performance, financial stability, liability, major shareholders, executives, age, occupation, source of income, investment objectives and risk tolerance (Suitability Test) by considering relevant documents such as historical financial statements, certificate of registration and other financial reports.

However, the company requests the customers to provide their information for KYC and suitability test. The company's staff will evaluate customers' risks and review their trading limits regularly.

- **Derivatives Brokerage Service**

The company has been granted a derivatives agent license by the Office of the Securities and Exchange Commission and has become a member of Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. Presently, the company provides derivative trading services as follows:

- SET50 Index Futures
- SET50 Index Options
- Single Stock Futures
- Gold Futures
- Gold Online Futures
- Gold-D
- Interest Rate Futures
- USD Futures
- Sector Futures
- RSS3 Futures

In addition, the company also provides the single stock futures block trade for traders who want to make bulk investments in single stock futures without liquidity concerns.

- **Derivatives Trading and Underwriting Service**

The company provides derivative trading and underwriting service for securities issuers who offer various types of securities such as debt instruments and equity instruments including public offering (PO) and rights offering to existing shareholders (RO).

- **Mutual Fund Selling Agent Service**

Mutual fund selling agent service is a management service as assigned by the customers. The investment framework will be set according to the objectives of each client and comply with risk appetite through investments in mutual funds. The company has a wide variety of funds from various leading asset management companies for customers to choose and invest. The clients will be advised and consulted by experienced staffs who have expertise in investment and tax planning. The company's services are based on the best interests of customers while paying attention to the prevention of conflicts of interest and insider information control so as to prevent any advantages over the investment of the company and investment of clients.

The company offers 2 types of mutual fund selling agent service as follows:

- 1. Omnibus Account**

Omnibus account without identifying the name of unit holders provides more convenience for customers. The company has a trading system linked with all fund management companies. Customers can open only one account and manage their transactions and trade investment units of all fund management companies. This helps eliminate the complicated processes of preparing documents and handling transactions so that customers could manage their portfolios just a click away.

- 2. Selling Agent Account**

Selling agent account with the name of unit holders is recommended for those who would like to make long-term savings such as SSF, RMF or property fund. These types of funds require customers to disclose their names in order to comply with tax requirements by regulators.



- **Fixed Income Business**

The company is a member of the Thai Bond Market Association (ThaiBMA). Investors can open an account for fixed income trading together with securities trading account. The company has professionals to give advice on the investments in fixed income securities so that customers receive good services with satisfactory returns.

- **Securities Borrowing and Lending Service**

Securities borrowing and lending service (SBL) aims to allow customers to borrow securities for short through cash balance account opened with the company.

The company has a securities borrowing and lending service policy (SBL) as principal by providing the service for retail customers and institutional customers. Securities that company borrow or lend under SBL account have high liquidity, high market capitalization and solid foundation.

Factors Influencing Opportunities or Constraints on Business Operations in 2022

In 2022, the overall Thai stock market is likely to improve in line with the global economy, which is expected to grow at a rate of 4% per year for the next three years (2022-2024). Key driver comes from economic activities of private sector, both the recovery in service sector and ongoing growth in manufacturing sector due to vaccination coverage, relaxation of pandemic control measures, and the effects of accommodative fiscal and monetary policy. However, risks and uncertainty still persist due to COVID-19 variance, efficacy of vaccines, and supply chain bottlenecks. In addition, policy normalization and gradual policy rate hikes to minimize the pressure from inflations may result in higher operating costs for businesses.

Business Targets in 2022

The company has set the goals in 4 aspects as follows:

1. Financial Target : Generate income from core business coupled with effective control of operating cost

2. Customer : Continue focusing on expansion of customer base, especially Mass & Mass Affluent where the company is the strongest and increasing new customer base through digital platforms and building good relationship by:

1. Developing new technologies and services to satisfy customers with good care and service (customer experience)
2. Improving advisory service to create a product mix (generate income from other businesses besides fees income),
3. Enhancing analytical capabilities
4. Focusing more on marketing via digital channels.

3. Information Technology : Enhance the technological capability to enable customers to use services at a glance and introduce technologies to reduce costs with faster transaction process.

4. Personnel : Empower personnel to embed their mindset that leads the company to achieve common goal and enhance personnel capabilities to embrace new ways of working in digital disruption environment.

(5) Financial Advisory Business

Land and Houses Advisory Company Limited

Land and Houses Advisory Company Limited provides comprehensive financial advisory services covering initial public offering, listing on the Stock Exchange of Thailand, merger and acquisition, stock valuation, loan sources, debt restructuring, project feasibility test, security valuation and financial advisory services.

Income Structure

(1) Income structure of the financial business group, categorized by business type

Income structure of LH Financial Group Public Company Limited financial business group for the year 2021, 2020 and 2019 can be categorized into 5 business types including investment, commercial banking, fund management, securities and advisory businesses. Details are as follows:

Table: Income structure of the financial business group, categorized by business type

Income Structure, Categorized by Business Type	Operated by	Shareholding Proportion of the Company (%)	Consolidated Financial Statements					
			31 December 2021		31 December 2020		31 December 2019	
			Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Interest income								
Investment holding business	LHFG ¹		-	-	-	-	-	-
Banking business	LH Bank ²	99.99	7,693.57	95.27	7,820.13	100.94	8,601.78	108.83
Fund management business	LH Fund ³	99.99	-	-	-	-	-	-
Securities business	LH Securities ⁴	99.90	76.11	0.94	35.26	0.46	41.48	0.52
Advisory business	LH Advisory ⁵	99.99	-	-	-	-	-	-
Total interest income			7,769.68	96.21	7,855.39	101.40	8,643.26	109.35
Total interest expenses			(2,330.59)	(28.86)	(3,129.66)	(40.40)	(4,157.14)	(52.59)
Net interest income			5,439.09	67.35	4,725.73	61.00	4,486.12	56.76
Fees and service income								
Banking business	LH Bank	99.99	269.50	3.34	254.57	3.28	310.50	3.93
Fund management business	LH Fund	99.99	696.83	8.63	477.04	6.16	494.64	6.26
Securities business	LH Securities	99.90	236.64	2.93	179.87	2.32	135.26	1.71
Advisory business	LH Advisory	99.99	-	-	-	-	-	-
Total fees and service income			1,202.97	14.90	911.48	11.76	940.40	11.90
Total fees and service expenses			(347.51)	(4.30)	(183.92)	(2.37)	(210.99)	(2.67)
Net fees and service income			855.46	10.60	727.56	9.39	729.41	9.23
Total other income			1,780.78	22.05	2,294.02	29.61	2,688.33	34.01
Total operating income			8,075.33	100.00	7,747.31	100.00	7,903.86	100.00

Remarks: LHFG¹ : LH Financial Group Public Company Limited
LH Bank² : Land and Houses Bank Public Company Limited
LH Fund³ : Land and Houses Fund Management Company Limited
LH Securities⁴ : Land and Houses Securities Public Company Limited
LH Advisory⁵ : Land and Houses Advisory Company Limited with 99.99% shares held by Land and Houses Securities Public Company Limited

(2) Income structure of the financial business group, categorized by income type

Income structure of the LH Financial Group Public Company Limited financial business group for the year 2021, 2020 and 2019 can be categorized into 3 types of main income which are interest income, fees and service income, and other incomes with the following details.

Table: Income structure of the financial business group, categorized by income type

Income Structure, Categorized by Income Type	Consolidated Financial Statements					
	31 December 2021		31 December 2020		31 December 2019	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Interest income						
Loans to customers	6,426.31	79.58	6,214.60	80.22	6,595.26	83.44
Investments in debt securities	908.11	11.24	1,222.86	15.78	1,521.22	19.25
Interbank and money market items	432.05	5.35	411.15	5.31	513.71	6.50
Hire Purchase	2.59	0.03	6.10	0.08	12.29	0.15
Others	0.62	0.01	0.68	0.01	0.78	0.01
Total interest income	7,769.68	96.21	7,855.39	101.40	8,643.26	109.35
Interest expenses						
Deposits	(1,532.16)	(18.97)	(2,118.91)	(27.35)	(2,514.46)	(31.81)
Debts issued	(279.74)	(3.46)	(454.35)	(5.87)	(666.94)	(8.44)
Interbank and money market items	(35.86)	(0.45)	(87.04)	(1.12)	(92.57)	(1.17)
Contributions to the Deposit Protection Agency and the Bank of Thailand	(461.40)	(5.71)	(447.92)	(5.78)	(877.06)	(11.09)
Others	(21.43)	(0.27)	(21.44)	(0.28)	(6.11)	(0.08)
Total interest expenses	(2,330.59)	(28.86)	(3,129.66)	(40.40)	(4,157.14)	(52.59)
Net interest income	5,439.09	67.35	4,725.73	61.00	4,486.12	56.76
Fees and service income						
Acceptances, avals and guarantees	54.20	0.67	40.54	0.52	56.86	0.72
Brokerage fee income	376.06	4.66	291.57	3.76	273.87	3.47
Others	772.71	9.57	579.37	7.48	609.67	7.71
Total fees and service income	1,202.97	14.90	911.48	11.76	940.40	11.90
Fees and service expenses						
Fees and charges	(64.38)	(0.80)	(58.76)	(0.76)	(67.57)	(0.86)
Others	(283.13)	(3.50)	(125.16)	(1.61)	(143.42)	(1.81)
Total fees and service expenses	(347.51)	(4.30)	(183.92)	(2.37)	(210.99)	(2.67)
Net fees and service income	855.46	10.60	727.56	9.39	729.41	9.23
Other income						
Gains on investments	155.65	1.93	833.92	10.77	1,095.33	13.86
Gains (losses) on financial instruments measured at fair value through profit or loss	(6.81)	(0.08)	44.36	0.57	118.91	1.50
Other operating income	1,631.94	20.20	1,415.74	18.27	1,474.09	18.65
Total other income	1,780.78	22.05	2,294.02	29.61	2,688.33	34.01
Total operating income	8,075.33	100.00	7,747.31	100.00	7,903.86	100.00

1. Net Interest Income

Interest income consists of incomes from loans to customers, investments in debt instruments, interbank and money market items income, hire purchase income and other interest incomes. In 2021, the company and its subsidiaries had interest income amounting to Baht 7,769.68 million, decreased by Baht 85.71 million or 1.09% from 2020.

Interest expenses consist of interest expenses from deposits, debts issued, interbank and money market items, contributions to the Deposit Protection Agency and the Bank of Thailand and others interest expense. In 2021, the company and its subsidiaries had interest expenses amounting to Baht 2,330.59 million, decreased by Baht 799.07 million or 25.53% from 2020.

Net interest income is of Baht 5,439.09 million or 67.35% of total operating income. Net interest income increased by Baht 713.36 million or 15.10% from 2020.

2. Net Fees and Service Income

Fees and service income were mainly from fees from loan management such as fees from acceptances, avals and guarantees, and fees from securities business and fund management business consisted of brokerage fee, mutual fund management fee, registrar fee and selling agent fee from sales of financial products and services. In 2021, the company and its subsidiaries had fees and service income amounting to Baht 1,202.97 million, increased by Baht 291.49 million or 31.98% from 2020.

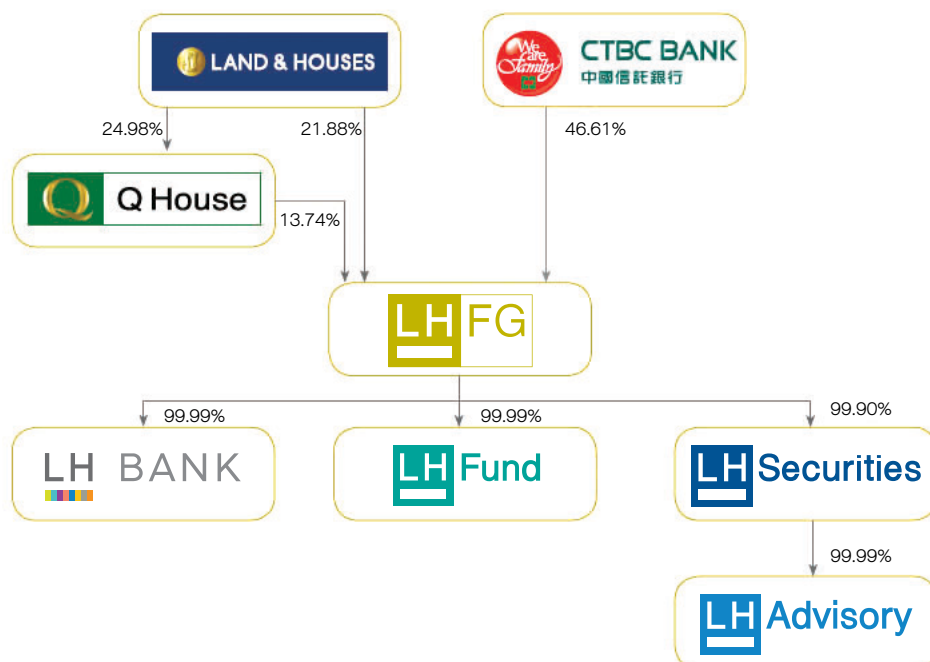
Fees and service expenses were of Baht 347.51 million, increased by Baht 163.59 million or 88.95% from 2020.

Net fees and service income is of Baht 855.46 million or 10.60% of total operating income, increased by Baht 127.90 million or 17.58% from 2020.

3. Other Incomes

Other incomes consist of gains on investments, gains on financial instruments measured at fair value through profit or loss and other operating income. In 2021, the company and its subsidiaries had other incomes amounting to Baht 1,780.78 million, decreased by Baht 513.24 million or 22.37% from 2020 mainly from gains on investments which was decreased by Baht 678.27 million.

1.3 Shareholding Structure of LH Financial Group Public Company Limited's Financial Business Group



: CTBC Bank Company Limited is the leading bank in Taiwan



: Land and Houses Public Company Limited is a listed company on the Stock Exchange of Thailand



: Quality Houses Public Company Limited is a listed company on the Stock Exchange of Thailand



: LH Financial Group Public Company Limited is a listed company on the Stock Exchange of Thailand



: Land and Houses Bank Public Company Limited



: Land and Houses Fund Management Company Limited



: Land and Houses Securities Public Company Limited



: Land and Houses Advisory Company Limited

Changes in Shareholding Structure

On 8 September 2021, CTBC Bank acquired LHFG shares from minority shareholders in aggregate of 10.99% of the paid-up share capital. As a result, CTBC holds 46.61% of the paid-up share capital, while Land and Houses Public Company Limited and Quality Houses Public Company Limited holds 21.88% and 13.74% of the paid-up share capital, respectively.

Number and Type of Issued Shares the Company Held by the Company 10% or More (Direct and Indirect)

Company	:	Land and Houses Bank Public Company Limited
Head Office	:	1 Q. House Lumpini Building, G, 1 st , 5 th , 6 th , 32 nd Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	:	0107548000234
Registered Share Capital	:	Baht 20,000,000,000
Paid-up Share Capital	:	Baht 20,000,000,000
Par Value	:	Baht 10
All Types of Shares and Issued Share Capital	:	Include ordinary share: 2,000,000,000 shares preferred share: - None -
Telephone	:	0 2359 0000 or 1327
Fax	:	0 2677 7223
Website	:	www.lhbank.co.th
Major Shareholders	:	The major shareholder of the bank as at 31 December 2021: LH Financial Group Public Company Limited holds 99.99% of paid-up share capital consisting of 1,999,999,900 ordinary shares with par value of Baht 10

Company	:	Land and Houses Securities Public Company Limited
Head Office	:	11 Q. House Sathon Building, M, 10 th Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	:	0107542000038
Registered Share Capital	:	Baht 1,274,430,060
Paid-up Share Capital	:	Baht 1,274,430,060
Par Value	:	Baht 1
All Types of Shares and Issued Share Capital	:	Include ordinary share: 1,274,430,060 shares preferred share: - None -
Telephone	:	0 2055 5100
Fax	:	0 2286 2681-2
Website	:	www.lhsec.co.th
Major Shareholders	:	The major shareholder of the company as at 31 December 2021: LH Financial Group Public Company Limited holds 99.90% of paid-up share capital consisting of 1,273,121,038 ordinary shares at par value of Baht 1

Company : **Land and Houses Fund Management Company Limited**
Head Office : 11 Q. House Sathon Building, 14th Floor,
South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number : 0105551006645
Registered Share Capital : Baht 300,000,000
Par Value : Baht 100
All Types of Shares and Issued Share Capital : Include ordinary share: 3,000,000 shares
preferred share: - None -
Telephone : 0 2286 3484
Fax : 0 2286 3585
Website : www.lhfund.co.th
Major Shareholders : The major shareholder of the company as at 31 December 2021:
LH Financial Group Public Company Limited
holds 99.99% of the paid-up share capital
consisting of 2,999,995 ordinary shares at par value of Baht 100

Company : **Land and Houses Advisory Company Limited (Inactive)**
Head Office : 11 Q.House Sathon Building, 10th Floor,
South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number : 0105545029400
Registered Share Capital : Baht 20,000,000
Par Value : Baht 10
All Types of Shares and Issued Share Capital : Include ordinary share: 20,000,000 shares
preferred share: - None -
Major Shareholders : The major shareholder of the company as at 31 December 2021:
Land and Houses Securities Public Company Limited
holds 99.99% of the paid-up share capital
consisting of 1,999,998 ordinary shares at par value of Baht 10

Shareholders

The top 10 shareholders of the company as of the record date of 13 September 2021 are as follows:

List of Shareholders

No.	Shareholders	Number of Shares	%
1	CTBC Bank Company Limited	9,873,011,919	46.61
2	Land and Houses Public Company Limited	4,634,761,967	21.88
3	Quality Houses Public Company Limited	2,910,199,375	13.74
4	Mr. Samrerng Manoonphol	386,000,023	1.82
5	Mr. Wiroj Engpaiboon	153,726,134	0.73
6	Mr. Anuphong Assavabhokhin	97,986,233	0.46
7	Thai NVDR Company Limited	91,670,446	0.43
8	Mrs. Pantip Techapaibul	85,193,700	0.40

No.	Shareholders	Number of Shares	%
9	Mr. Nanthawat Dechsakulchaipat	48,000,000	0.23
10	Mr. Achanan Assavabhokhin	47,986,232	0.23
Total Shareholdings of Top 10 Shareholders		18,328,536,029	86.52
Other Minority Shareholders		2,855,124,565	13.48
Grand Total		21,183,660,594	100.00

1.4 Registered and Paid-up Share Capital

Company's Securities

- **Ordinary Shares**

As at 31 December 2021, the company had the registered and paid-up share capital as follows:
Registered share capital : Baht 21,183,660,594
Paid-up share capital : Baht 21,183,660,594
divided into 21,183,660,594 ordinary shares at par value of Baht 1 per share.

- **Shareholders' Agreement**

The agreements with the major shareholders that affect the issuance and offering of securities or the company's management and the essence affecting the operations

-None-

- **Obligations to Newly Issued Shares**

-None-

1.5 Other securities

The company has issued the debentures as detailed below.

Instruments	Type of Instruments	Amount (Million Baht)	Tenor (Year)	Coupon Rate	Maturity Date
LHFG Debenture No.2/2019, Series 2, Mature in 2022	Senior Debenture	500	3	2.54	15/08/2022
LHFG Debenture No.1/2020, Series 3, Mature in 2022	Senior Debenture	900	2	2.05	31/03/2022
LHFG Debenture No.1/2021, Mature in 2022	Senior Debenture	300	1	1.45	29/12/2022
LHFG B/E worth 1,000.00 million Baht, Mature on 20 January 2022	Bill of Exchange	1,000	1.12	2.05	20/01/2022
LHFG B/E worth 800.00 million Baht, Mature on 7 February 2022	Bill of Exchange	800	0.72	1.14	07/02/2022
LHFG B/E worth 500.00 million Baht, Mature on 17 February 2022	Bill of Exchange	500	0.73	1.14	17/02/2022
LHFG B/E worth 1,100.00 million Baht, Mature on 17 March 2022	Bill of Exchange	1,100	0.73	1.14	17/03/2022
LHFG B/E worth 850.00 million Baht, Mature on 21 April 2022	Bill of Exchange	850	0.73	1.14	21/04/2022
LHFG B/E worth 750.00 million Baht, Mature on 19 May 2022	Bill of Exchange	750	0.73	1.14	19/05/2022

1.6 Dividend Payment Policy

1.6.1 Company's Dividend Payment Policy

To consider a dividend payment, the company will take into account the operating results and shareholders' return in the long term as well as consolidated financial statements.

Dividend payments will be in line with the Articles of Association of the company. The essence is that dividends are equally allocated to each share and dividend payment must be approved by the shareholders meeting. The Board of Directors may occasionally pay interim dividends when the company has enough profit to do so. The payment of interim dividends shall be reported to the shareholders in the next shareholders meeting. Furthermore, dividend payment must be in compliance with the Bank of Thailand's notifications and governing laws.

1.6.2 Requirements Related to Dividend Payment

According to the Bank of Thailand's notification regarding the Requirements on Accounting for Financial Institutions, financial institutions should not pay dividends from unrealized gains or when there is no real cash inflow such as profits from mark-to-market valuations or from reclassification of financial assets. Neither should they pay dividends from the profits arising from unrealized liquidation of assets which results in a higher profit or lower loss than actual, such as proceeds from the sale of non-performing assets (NPAs) under the condition that the financial institutions can repurchase them or exercise the rights of first refusal in the future.

In addition, since the core revenue of the company is the dividends it receives from its subsidiaries consisting of Land and Houses Bank Public Company Limited, Land and Houses Securities Public Company Limited and Land and Houses Fund Management Company Limited, the bank must comply with the Bank of Thailand's notification on loan classification and provisioning guidelines for financial institutions. Under the notification, any financial institution which has not yet derecognized loss assets from its balance sheets or has not yet set aside the provisions in full for potentially impaired and unimpaired assets and obligations, is not allowed to pay dividends or other forms of returns to its shareholders.

1.6.3 Subsidiaries' Dividend Payment Policy

(1) Land and Houses Bank Public Company Limited

To consider a dividend payment, the company will take into account the operating results and shareholders' return in the long term.

Dividend payments will be in line with the Articles of Association of the bank, the essence being that dividends are equally allocated for each share and its payment must be approved by the shareholders meeting. The Board of Directors may occasionally pay interim dividends when the bank has enough profit to do so. The payment of interim dividends shall be reported to the shareholders in the next shareholders meeting. Furthermore, dividend payment must be in compliance with the Bank of Thailand's notifications and governing laws.

(2) Land and Houses Securities Public Company Limited

To consider a dividend payment, the company will take into account the operating results and shareholders' return in the long term as well as consolidated financial statements.

Dividend payments will be in line with the Articles of Association of the company, the essence being that dividends are equally allocated for each share and its payment must be approved by the shareholders meeting. The Board of Directors may occasionally pay interim dividends when the company has enough profit to do so. The payment of interim dividends shall be reported to the shareholders in the next shareholders meeting. Furthermore, dividend payments must be in compliance with the governing laws.

(3) Land and Houses Fund Management Company Limited

To consider a dividend payment, the company will take into account the operating results and shareholders' return in the long term.

Dividend payments will be in line with the Articles of Association of the company. The essence is that, for all dividend payments, the company has to earmark a reserve at least one-twentieths of the net profit from the business operations, until the reserve fund reaches one-tenths of the capital of the company or higher.

2. Risk Management

2.1 Risk Management Policy and Plan Overview of Risk Management

The company realizes the importance of systematic and efficient risk management and risk control. It has established an organizational structure with the division of duties and responsibilities to be independent among marketing units, supporting units and audit units (Three Lines of Defense) and has defined the risk management policy in writing with the main objectives to prevent and mitigate

risks to be under risk appetite. Moreover, the company has determined the operation guidelines to conform to the Bank of Thailand's regulations, risk governance framework and risk culture.

Risk Management Structure

The company has designed the risk management structure to align with the risk appetite, supervised by the following committees:

Board of Directors	<ul style="list-style-type: none"> To formulate strategic plan for operations of the financial business group To approve and determine risk management policy and scope of risk appetite To ensure adequate and appropriate internal control and compliance with the Bank of Thailand's regulations
Audit Committee	<ul style="list-style-type: none"> To review and ensure the financial business group has correct, complete, adequate financial reporting, and information disclosure in line with the financial reporting standards To review and evaluate the effective and appropriate internal control and internal audit To ensure the compliance with laws relating to the company's businesses
Corporate Governance Committee	<ul style="list-style-type: none"> To define the good corporate governance policy and anti-corruption policy and oversee the compliance with such policies To be a representative to communicate and deploy activities involved in corporate governance and prevention of corrupt payment
Risk Oversight Committee	<ul style="list-style-type: none"> To control, monitor and ensure that the financial business group has established the risk management policy governing different aspects, and ensure compliance with such policies To evaluate the efficiency of risk management of financial business group

Risk Management Policy

The objective of risk management policy is to oversee financial transactions both inside and outside the financial business group to be under risk appetite with proper, adequate and efficient internal control in conformity with the best practices for risk management according to the regulations of the Bank of Thailand and other related regulators. The policy is a standard guideline to strengthen the risk management process by identifying, assessing, controlling, monitoring and reporting.

Having a systematic risk management process with clear roles, duties and responsibilities with its owner, helps foster risk management culture and allows executives and employees of each company in the group to realize and understand the importance of risk management guideline so that they can properly and efficiently control, monitor and mitigate risks in accordance with transactional volumes and complexities of the natures of businesses of each company in the financial business group.



2.2 Risk Factors of LH Financial Group Public Company Limited

The company was established to be a non-operating holding company with the major objective to hold shares in other companies. Therefore, potential risks faced by the company can be classified into 2 areas as follows:

1. Risks from business operations
2. Risks from the business operations of its subsidiaries,

namely;

- 2.1 Land and Houses Bank Public Company Limited
- 2.2 Land and Houses Securities Public Company Limited
- 2.3 Land and Houses Fund Management Company Limited

1. Risks from Business Operations

The company recognizes the importance of the selection of good companies to invest. It focuses on investing in the businesses that can potentially help increase competitiveness of the financial business group by factoring in the industry's growth outlook, competition and long-term profitability.

1.1 Market Risk

The market risk is probably resulted from changes in interest rates and stock prices which will cause income fluctuation and changes in present values of the company's financial assets and liabilities. At present, the risk of price changes is reported at low level because the company has no policies to invest in high beta securities.

As of December 31, 2021, the company had total financial assets measured at fair value through profit or loss of Baht 117.91 million and net value of Baht 53,537.36 million, classified as investment in debt securities at fair value through other comprehensive income of Baht 34,881.96 million and investment in equity securities at fair value through other comprehensive income items of Baht 18,655.40 million.

1.2 Risks from Shareholding of Investors in the Company

The shareholders of the company must comply with the shareholding criteria under the Financial Institutions Business Act 2551 B.E. as follows:

- **Shareholding Report to the Bank of Thailand**

Any person who directly or indirectly holds or possesses shares of a financial institution in an amount of 5% or more of the total shares sold shall report the holding or possession of the shares to the Bank of Thailand in accordance with the rules prescribed in the notification of the Bank of Thailand. (Section 17)

- **Prohibition or Restriction of Shareholding**

No persons shall directly or indirectly hold or possess shares of a financial institution in an amount exceeding 10% of the total shares sold, except with permission from the Bank of Thailand. (Section 18)

- **Offering of Surplus Stock and Auction**

Any person who acquires shares of a financial institution such that the number of shares held or possessed by such person is in contravention of Section 18 shall dispose of the excess shares to other persons within ninety days from the date of acquisition of the shares, unless relaxation is granted by the Bank of Thailand. The Bank of Thailand may file an application with the court for an order to sell the excess shares, the court shall have the power to order a sale thereof by auction or by any other methods. (Section 19)

1.3 Risk from Capital Inadequacy

The capital requirements under the Basel framework in accordance with the Basel Committee on Banking Supervision (BCBS) cover capital maintenance and liquidity risk management for the financial business group to monitor in terms of both quantity and quality. The financial business group is required to maintain sufficient capital to cover more potential losses in both normal and critical circumstances, and also to strengthen its capital position.

As of December 31, 2021, the financial business group had the total capital requirement under the Basel framework of Baht 40,495.59 million consisting of the Common Equity Tier 1 in the amount of Baht 35,896.54 million or 88.64% of total capital and Tier 2 capital in the amount of Baht 4,599.05 million or 11.36% of total capital, which is sufficient to operate business and support growth under normal and critical circumstances.

The capital adequacy ratio was at 17.95%. The Tier 1 capital ratio was at 15.91%, and common equity Tier 1 ratio was at 15.91%, which was higher than the minimum capital requirement specified by the Bank of Thailand.

1.4 Risk from Changes in Policies, Laws and Regulations

The companies in the financial business group have the duties to comply with the policies, rules and regulations determined by regulators, namely, the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, the Anti-Money Laundering Office, the Office of Insurance Commission, the Office of the Consumer Protection Board and relevant agencies. The changes in policies, rules and regulations prescribed by such regulators may cause any non-compliance of the companies under the financial business group. It has set up the compliance unit in charge of monitoring the notifications, rules and regulations of regulators and updating all relevant business units.

1.5 Reputational Risk

Reputational risk means the risk that may derive from the awareness of customers, partners, investors, and regulators or public to the negative image or reputation of the company and the companies in the financial business group resulted from non-compliance with code of ethics, agreement, social's expectation or standard and non-customers friendly service, complaint, lawsuit that may impact the customer base, income and/or capital fund of the company and in the financial business group

The company has determined a reputational risk management framework by assigning the companies in the financial business group to report their risk profiles or any changes that may jeopardize the group's reputations so that the risks can be monitored and mitigated in a timely manner as to limit such impact.

1.6 Risks from Good Corporate Governance

1.6.1 Corruption Risk

The financial business group is committed to conducting its business with honesty, fairness, transparency, social responsibility and all stakeholders in accordance with the Code of Conduct, ethics and good corporate governance principles and places the importance on anti-corruption in all forms. Therefore, the anti-corruption policy that specifies the roles responsibility, guidelines for directors, executives and employees of all levels to follow including an assessment of the risks of internal units that may have corrupt acts from work processes or transactions, has been established. Therefore, guidelines for contacting government agencies and government officials have also

been established to control risks and help prevent any hints that lead to corruption. The company also communicates the anti-corruption policy and guidelines for contacting government agencies and government officials to its employees to realize the importance of anti-corruption. The company has expressed the intention to become a member of the Thai Private Sector Collective Action Coalition against Corruption (CAC). And on September 30, 2021, the membership was renewed for the 3rd time.

1.6.2 Risk from Public Disputes

The company considers applying the principles and guidelines for good corporate governance, social responsibility, creating benefits and good relationship with community. The strengths of the bank in finance, financial products and services are deployed to meet the needs of the community by promoting the skills and financial knowledge necessary for sustainable development of the quality of life of community.

1.6.3 Risks from Hygiene and Health Safety

The company put the focus on the risks management of occupational health and safety including proper arrangement of office space in order to prevent any problems for the health and safety of customers, visitors and staff of the company. Annual health checks, vaccinations such as COVID-19 vaccine and influenza vaccine, COVID-19 test kits, fire prevention plan and fire drills, supervised by the Safety, Health and Environment Committee, are arranged for employees as to prevent any possible risks to customers and visitors.

1.7 Risk Mitigation Plan for Personal Data Protection Act

In preparation for measures to support the enforcement of Personal Data Protection Act, the companies in the financial group have fulfilled all requirements required by laws and are ready to comply as soon as the law comes into force (June 1, 2022). Such preparation includes the Personal Data Protection Policy, Privacy Notice, operation manuals as well as IT enhancements to facilitate personal data used by the bank and the exercise of personal data subject's legal rights, etc. In addition, the company has provided trainings and communications to employees at all levels for understanding and acknowledgement of the importance of the Personal Data Protection Act and regularly reporting progress to management.

2. Risks from Business Operations of Subsidiaries

2.1 Risks from Land and Houses Bank Public Company Limited

Risk Management Overview

The bank sets the framework and strategies of its business operation to promote growth based on the efficient risk management along with creating the sustainable profits. The bank controls and supervises the risk management systematically. The risk management structure and policies have been defined clearly in writing in order to manage risks effectively. The bank also pays attention to the disclosure of risks and capital adequacy to the public in accordance with the principles and regulations of the Bank of Thailand.

Moreover, the bank has continuously developed its personnel to increase work efficiency through the self-learning system (e-Learning) aimed to educate its executives and employees about risk management and help them understand and realize such risks. It also encourages employees to attend both external and internal trainings and seminars. Many specialists from the bank's internal departments and external agencies are also invited to share knowledge in order to enhance employees' abilities and skills on a regular basis.

Risk Management Structure

The bank has established the risk management structure in accordance with risk appetite, supervised by the Risk Oversight Committee including:

Board of Directors	<ul style="list-style-type: none"> To formulate strategic plans for operations of the bank To approve and determine the risk management policy and scope of risk appetite To ensure adequate and appropriate internal control and compliance with the regulations of the Bank of Thailand
Audit Committee	<ul style="list-style-type: none"> To ensure the bank has accurate, complete, adequate financial reporting and information disclosure in line with the financial reporting standards To review and evaluate the effectiveness and suitability of internal control and internal audit To ensure the compliance with laws relating to the bank
Executive Committee	<ul style="list-style-type: none"> To define the lending and investment policy To screen loans and/or investments' limits which are under the Board of Directors' authority To approve loans and/or investments' limits under its approval authority prescribed by the bank
Risk Oversight Committee	<ul style="list-style-type: none"> To control, monitor and oversee that the bank has formulated risk management policies governing various aspects, and complied with such policies To evaluate the efficiency of the bank's risk management
Risk Management Committee	<ul style="list-style-type: none"> To screen and propose policies and risk management strategy governing different aspects as prescribed by the Bank of Thailand To evaluate, monitor and implement the approved policies to maintain risks under risk appetite as prescribed in the risk management framework

In addition, the bank has also set up various sub-committees to supervise and control specific risks such as the Information Technology Steering Committee, the Credit Committee, the Credit Monitoring Committee and the Operational Risk Management Working Group. Risk Management and Corporate Strategy Group is responsible for the overall risk management of the bank while Internal Audit Group is in charge of assessing the sufficiency of internal control, reviewing the accuracy and reliability of financial reports, and the Compliance Group is responsible for overseeing the bank's compliance with regulatory requirements.

Risk Management Policy

The bank has set up the risk management policy to oversee the bank's transactions to be under risk appetite with proper, adequate and efficient internal control in conformity with the best practices for risk management according to the regulations of the Bank of Thailand and other regulators.

Risk Factor

The commercial banking business is directly related to capital market and domestic and international economic situations which are rapidly dynamic. Likewise, other business environments such as regulatory changes, competitors' adaptations and political gatherings can affect the commercial banking industry.

During 2020-2021, the bank encountered the COVID-19 pandemic, seen as a new emerging risk affecting domestic and international economies. The operating results of the bank had also been affected as well. Nonetheless, the commercial banking sector had committed to helping customers withstand this difficult situation and played part in easing economic impacts. The bank has introduced relief measures to assist its retail and business customers and offered more assistance in line with the Bank of Thailand's relief measures such as interest rate cut, extension of debt repayment period, debt moratorium, modification of payment conditions and soft loans to help them continue their businesses.

1. Strategic Risk

Strategic risk refers to any risk originated from inappropriate formulation of strategic plan and inability to execute the laid-down strategies, as well as the disharmony of strategies, policies, goals, organization structure, competition and corporate human resources as a result of internal and external factors which may affect the competitiveness, revenue and capital of the bank.

1.1 Risk from Economic Uncertainties and Competitions

Economic uncertainties may affect business growth and credit quality. The bank hence prepares business plans, annual budget and fund projections by having executives of each unit participate and share their opinions in such preparation. The business plan and budget have been proposed to the Board of Directors for approval and they will be reviewed on a semi-annual basis to ensure it is compatible with changing economic conditions. The Board of Directors will benchmark the bank's performance against the business plan on a regular basis.

1.2 Risk from Capital Inadequacy

Under the Basel framework, the bank is required to maintain the total capital adequacy ratio of not less than 11% consisting of the Tier 1 capital ratio of not less than 8.5% and Common Equity Tier 1 of not less than 7%.

Besides, the Bank of Thailand has regulated all commercial banks to maintain the capital buffer in order to support their loss in a crisis (Conservation Buffer) for which commercial banks shall maintain the additional Common Equity Tier 1 from the minimum capital requirement by 0.625% per year, starting from January 1, 2016 until reaching 2.5% on January 1, 2019.

As of December 31, 2021, the bank maintained the total capital adequacy ratio at 18.36%, Tier 1 capital ratio at 16.17%, and Common Equity Tier 1 ratio at 16.17%, which was higher than the minimum requirement stipulated by the Bank of Thailand.

The bank had the total capital under the Basel framework of Baht 38,513.90 million consisting of the Common Equity Tier 1 of Baht 33,914.85 million or 88.06% of total capital and Tier 2 capital of Baht 4,599.05 million or 11.94% of total capital, which was sufficient to operate business and support growth under normal and critical circumstances that might arise from economic uncertainties.



Furthermore, the bank assessed the risk and the capital adequacy (ICAAP) to mitigate different risks in accordance with the Bank of Thailand's regulations on supervision of capital. This is to ensure that the bank can manage the capital efficiently and has strong capital status to handle various risks in both normal and critical circumstances, and has sufficient capital for business expansion.

2. Credit Risk

The credit risk refers to the risk arising from debtors or counterparties who cannot fulfill loan agreements or the risks arising from the possibility that debtors or counterparties may not repay their loans which results in the credit rating downgrade, affecting the bank's capital position and revenue. The cause was from external risk factors such as economic changes, laws, rules and regulations, and from internal risk factors such as lack of proper control, lack of monitoring to ensure customer's compliance and ineffective credit approval and underwriting, etc. Credit risk-related transactions are those involved with credit approval or that similar to credit approval, those with counterparties with obligations to deliver assets or to repay debts to the bank and those related to the investment in debt instruments.

Tools for Credit Risk Management

The bank has developed the following tools to screen and classify the risk levels of debtors, both individuals and juristic persons, to facilitate efficient credit approval as follows:

- **Credit Scoring Model** is used to classify and assign the risk levels of individual borrower to facilitate loan approval process. This tool was developed by using the basic statistics of the bank's debtors and was based on experts' discretion (Expert Base).
- **Credit Rating Model** is used to screen and classify the risk levels of juristic persons. The bank realizes the importance of the accuracy and efficiency of the tool as it is used in credit underwriting process; therefore, it always follows up the results from model implementations, analyzes the efficiency, and regularly improves credit risk management tools so that they can support the business operation efficiently.

Credit Risk Management Process

The bank has put in place a credit risk management process where checks and balances are incorporated through a clear separation of duties among marketing staff, credit analysts, collateral appraisal officers and operation officers. Furthermore, to consider approving credit, the bank has set up independent units; namely, Corporate Credit Underwriting Office and Retail Credit Underwriting Office to supervise and give opinions on risk elements that may arise from granting loans to each customer. This is to ensure that the credits to be approved have been considered and screened prudently. The Credit Review Office is another independent unit responsible for reviewing the accuracy of approved credits, monitoring customers' compliance with the loan covenants, deepening understanding and providing credit trainings for staff to enhance the efficiency of credit marketing to acquire high quality loans.

Credit Portfolio Management

The bank puts the importance on the quality of debtors classified by their business types and credit concentration. Therefore, the bank tracks all changes in its loan portfolio in various dimensions such as the quality of loan portfolio classified by loan types and business types, the proportion of top 20 corporate customers to the bank's total capital which indicates the quality of loan portfolio and potential risks.

Credit Risk consists of:

2.1 Risk from Credit Impairment

In 2021, COVID-19 pandemic, economic impacts and droughts were considered significant credit risks as they comprehensively impacted overall economy across all sectors of the country. This resulted in the lowered debt serviceability of customers both in retail and corporate. Consequently, the bank was likely to have more risk exposure on credit impairment. However, the bank had provided assistance for customers impacted by COVID-19 pandemic according to the relief measures of the Bank of Thailand and additional supports from the bank.

The increase in non-performing loans represented a significant risk to the bank, causing the bank to put more provisions for higher expected credit losses. This affected its profitability and capital adequacy. However, the bank had established the process to control non-performing loans by focusing on increasing the efficiency of credit management covering from the strict credit approval process, such as the determination of target business segments, formulation of

criteria for retail credit underwriting to be used as a standard for credit underwriting and to avoid the discretion of operation staff, determination of minimum down payment on housing loans for high-risk customers and minimum requirements for borrowers. In addition, the bank set up a specialized unit for debt collection.

2.2 Risk from Credit Concentration

The bank is aware of credit concentration risk in different dimensions such as corporate customer concentration and sector concentration. The bank stipulates the risk limit and trigger in order to control and avoid any significant credit concentration.

2.3 Risk from Devaluation of Asset Collateral Value

The bank's secured loans were 44.38% of total loans. Real estate collateral was 85.97% of total collateral. When real estate market is sluggish, the bank may encounter the risks from collateral devaluation. Thus, the bank formulates collateral appraisal policy requiring regular reviews on collateral's appraisal value and appraisal value of real estate acquired from debt settlement or public auction. The review period of appraisal value will be in accordance with the notification of the Bank of Thailand to reflect the actual value of collateral based on current conditions.

3. Market Risk

Market risk refers to the risk arising from the movement of interest rates, foreign exchange rates and the prices of instruments in the money and capital markets which can affect the revenue and capital of the bank. Market risks can be classified into 3 types: price risk, interest rate risk and foreign exchange rate risk. The bank has a policy to control and manage all types of risks to be at appropriate levels and align with its risk management policy.

3.1 Price Risk

Price risk refers to the risks arising from the change in securities price which can create income fluctuations to the bank. At present, the bank is exposed to minimal price risk since it has no policies to invest in high-beta securities.

To manage the price risk in compliance with the Bank of Thailand's notification, the bank applies the Value-at-Risk (VaR) model to measure the maximum loss at a certain level of confidence and within certain

period of time. The bank uses the calculated risk values as a guideline to determine the risk appetite. In addition, the bank has conducted various stress-test scenarios which might cause a rapid plunge in securities price to assess potential damages from the risks during a crisis.

3.2 Interest Rate Risk

Interest rate risk refers to the risks arising from the movements of interest rate in market that may lead to a change in the value of financial instruments, income fluctuation or shareholders' equity value. These risks may be caused by factors from both on and statements of financial position. Interest rate risk is a result of structuring and characteristics of items in assets, liabilities, and shareholders' equity underlying the bank's interest rates and the mismatch of the remaining time in determining new interest rates for assets, liabilities and statements of financial position items. The bank has appointed the Asset and Liabilities Committee to take charge of interest rate risk management arising from the differences in the interest rate structure by setting up an appropriate interest rate structure for each period, ensuring the interest rate structure is effective as planned, controlling the proportions of assets and liabilities bearing interest with different maturity dates to be under the risk appetite.

The bank closely monitors the market conditions and interest rate situations, prepares analytical reports on the periodical movements of the interest rates for assets and liabilities, and simulates different scenarios concerning net interest income to ensure the impact on bank's earnings is under the defined risk threshold.

3.3 Foreign Exchange Rate Risk

Foreign exchange rate risk arises from the bank engaging in foreign currency transactions or having assets or liabilities in foreign currency. When exchange rate changes, it may affect the value of foreign exchange position both on and statements of financial position and the bank's earnings.

To manage such risk, the bank has set up the maximum stop loss limit for the foreign exchange rate by utilizing the value from statistical calculation such as the value-at-risk, credit limit such as Net Open Position, Intraday Limit and Management Action Trigger Loss.



4. Liquidity Risk

Liquidity risk means the risks resulted from the bank's failure to pay its debts and obligations when due because of its inability to liquidate assets, or its failure to procure enough funds by specified schedule and at appropriate costs. Such situation can create negative impacts on income and capital of the bank. Sources of liquidity risk include internal and external factors. Internal factors hinge on the structures of assets and liabilities and the reserve of liquid assets to support demands. External factors lie greatly on market liquidity and depositors' confidence. The bank has tools for measuring and monitoring liquidity risks, and has specified the appropriate warning levels. The bank also reviews the policy and continuously develops tools and methods to measure risks and ensure consistency with the guidelines of the Bank of Thailand and the principles of international risk management.

The bank plans and manages its liquidity risk to be under an appropriate and adequate level so that it can repay current and contingent obligations and launches new products to raise funds both for the short and long terms in line with market conditions.

5. Operational Risk

Operational risk refers to the risks of losses arising from the shortages or dysfunctions of internal working processes, human resources, systems or external factors including legal risk. The operational risk is inevitable as it is part of banking business. The bank hence has clearly defined the framework of its operational risk management policy. It also has good internal control and has published an operating manual so that every employee understands the workflow and can perform their duties efficiently. Procedures have been laid down for business analysis, risk monitoring and assessment, etc.

Moreover, the bank has developed its processes and tools to manage operational risk such as operational loss data which are the collection of financial and non-financial losses, near-misses and other incidents. These data have been analyzed and used to improve the operation procedures and draw up controlling guidelines to reduce the likelihood of risks

The bank assigns all departments to undertake risk and control self-assessment (RCSA). Each department has to identify its risky points in its operation processes and assess the efficiency and appropriateness of existing internal control. These data have been evaluated to determine key risk indicators (KRI) for tracking risks occurred. It also estimates risks arising from internal business units with high plausibility of frauds so that preventive measure and risk management can be defined.

Moreover, the bank has established outsourcing policy and new product policy guiding all units that need to outsource or launch new products to study and run the data analysis and risk assessment, and new product evaluation. The Operational Risk, Market Risk and IT Risk Management Department needs to give consent before outsourcing or launching new products.

The bank has the Business Continuity Plan (BCP) that responds to any emergencies such as contingent losses and disasters for the sake of maintaining the continuity of the bank's operations or reducing any disruptions to the operation to be under risk appetite. All departments have involved in the plan preparation and have revised the plan annually. They also take BCP test, rehearse computer system restoration and check the operations of significant transactions annually to ensure the bank is able to efficiently undergo its business even during the crises.

6. IT Risk

IT Risk refers to the risks arising from the use of information technology in business operations including cyber threats that will affect the bank's operations and systems.

The bank pays attention to the supervision of information technology risk by determining the information technology governance, IT security, risk management, compliance with laws and other related regulations, audit, trainings for directors, executives and employees about cyber threats, effective and prudent information technology project management under 3 key principles:

1. Confidentiality of system and information
2. Integrity of system and information
3. Availability of information technology

The bank immediately reports to the Bank of Thailand when any problems or significant incidents regarding the use of information technology happen and affect the services, systems or reputation of the bank. This includes when significant information technologies are under attacks or under cyber threats.

7. Emerging Risk

Emerging risk is the risk that may lead to the impacts in both short-term and long-term on economy, society, population, environment and technology. Risk management will focus on a resilience plan to support emerging risk as follows:

7.1 Cyber Security and Personal Data Protection

Financial service industry relies greatly on complicated information technology system which is considered a fundamental structure. Cyber security risk is a factor affecting the bank's business to the high extent and the rising trend of cyber threats and cyber attacks as well as the development of more complex forms of attacks. As a result, the bank has to revamp the measure to prevent, detect, respond to these attacks and retrieve data. The bank has passed the international standard ISO 27001 with proper review. In addition, the breach of data privacy is another issue affecting the bank's reputation and creditability. The bank has implemented the project to elevate the management of personal data to align with the Cyber Security Act and Personal Data Protection Act and related guidelines. The bank has established the personal data protection policy and special unit to be in charge with personal data protection.

7.2 Climate Change Risk

Climate change comes in the form of natural disasters that are likely to increase in the future, such as storms, floods and droughts. The bank is aware of the impacts of climate change that may affect the business of the customers that the bank supports. At the same time, it may affect the performance and financial position of the bank's customers as well. The bank has upgraded the risk management accordingly. If customers do not have appropriate and prompt adjustments, it will affect the competitiveness of the business and the ability to pay debts as well as having a consequent impact on the bank's asset quality. As a result, the bank has formulated credit policies and assessed environmental and social risks of customers' businesses to reduce the potential impact of bank lending.

In addition, this impact poses a risk to the bank's reputation and credibility and can cause financial damage to the bank. Therefore, the bank has adopted sustainable banking practices in terms of responsible lending by lowering the credit portfolio of customers who are operating the businesses that affect the environment according to the bank's criteria.

7.3 Pandemic Risk

The epidemic of the virus is considered emerging infectious diseases that have been unremitting around the world with the spread of several strains such as SARS, Avian Influenza, Influenza, Middle East Respiratory Syndrome or MERS Outbreaks of Zika virus infection in the America, Latin American countries and Caribbean. Most recently, there has been an epidemic of coronavirus disease since 2020, in which many epidemics have spread into Thailand. Particularly, the epidemic of COVID-19 still spread in a wide range last year.

The bank is aware of the threat posed by the epidemic of emerging infectious diseases that may affect the bank in many aspects, including the bank's services, employee's work life. There are also limitations arising from compliance with government guidelines. Therefore, resilient plan have been set up in the Business Continuity Plan (BCP) to reduce risks and potential impact of such epidemic and to enable staff to work and provide continuous services.

During the COVID-19 pandemic, the bank has followed the established Business Continuity Plan (BCP) ready for virus infection in the office as follows:

Management of Office Space and Branches

The measures prescribed by the Department of Disease Control, the Ministry of Public Health, has been implemented such as screening people who come to use the service, and employees before entering the building. Service area arrangement to keep distancing, wearing a mask, screening visitors who come in contact or customers, etc.



Mitigating Risks and Impact of COVID-19 Pandemic Situation

The bank grouped employees who process key transactions and various systems are needed, into two groups. Group 1 stations at the main office and Group 2 works at an alternate site. If any group is infected with COVID-19, the rest of the staff will be able to continue to work and provide services. In addition, the bank also requires staff in supporting units, including employees who can work without the need for a system work from home to reduce the risk of traveling to work including ensuring that all employees are vaccinated against the corona virus.

8. Good Corporate Governance Risk

8.1 Corruption Risk

The bank is committed to conducting its business with honesty, fairness, transparency, social responsibility and all stakeholders in accordance with the Code of Conduct, ethics and good corporate governance principles and places the importance on anti-corruption in all forms. Therefore, the anti-corruption policy that specifies the roles responsibility, guidelines for directors, executives and employees of all levels to follow including an assessment of the risks of internal units that may have corrupt acts from work processes or transactions, has been established. Therefore, guidelines for contacting government agencies and government officials have also been established to control risks and help prevent any hints that lead to corruption. The company also communicates the anti-corruption policy and guidelines for contacting government agencies and government officials to its employees to realize the importance of anti-corruption. The bank has expressed the intention to become a member of the Thai Private Sector Collective Action Coalition against Corruption (CAC). And on September 30, 2021, the membership was renewed for the 3rd time.

8.2 Risk from Public Disputes

The bank considers applying the principles and guidelines for good corporate governance, social responsibility, creating benefits and good relationship with community. The strengths of the bank in finance, financial products and services are deployed to meet the needs of the community by promoting the skills and financial knowledge necessary for sustainable development of the quality of life of community.

8.3 Risks from Hygiene and Health Safety

The bank puts the focus on the risks management of occupational health and safety including proper arrangement of office space in order not to cause any problems for the health and safety of customers, visitors and staff of the bank. Annual health checks, vaccinations such as COVID-19 vaccine and influenza vaccine, COVID-19 test kits, fire prevention plan and fire drills, supervised by the Safety, Health and Environment Committee, are arranged for employees as to prevent any possible risks to customers and visitors.

2.2 Risk from Land and Houses Fund Management Company Limited (Subsidiary)

Risk Management Overview

The company operates the fund management business which involves wealth management of clients. Therefore, the company is exposed to different risks such as market risk, credit risk, liquidity risk, operational risk, strategic risk and legal risk. Correspondingly, the company is aware of such risks and lays down proper risk management and measures for the whole organization to achieve its business goal, enhance reliability, increase value and sustainability for all stakeholders including unit holders, employees and related persons. As a result, the company also sets a policy and practice on risk management, organization structure and risk management framework to align with international standards and related regulations so the risk management is systematic and significant risks can be appropriately and sufficiently controlled in accordance with the nature of business operations.

Risk Management Policy

The objective of the risk management policy is to build up a strong and clear risk management culture with systematic processes, clear roles and responsibilities. Proper risk management consists of risk identification, selection of models for risk measurement and assessment, risk limit, risk monitoring and reporting to prevent any recurrence.

Risk Management Structure

The company has the structure with risk management capability in accordance with corporate governance policy as follows:

1. Board of Directors has the duties to set policies, principles and organization structure for effective risk management suitable for the company's operations and monitor the company's risk management.

2. Audit Committee has the duties to control and monitor the risks then refer them to internal control as instructed by regulations of regulators and the company.

3. Risk Management Committee has the duties to set up strategic framework and guidelines, and monitor the risk management to comply with strategies and risk management policy.

Moreover, the company has appointed different sub-committees to supervise and control different, specific risks such as the Management Committee and Business Development Committee, etc. The company has set up the Risk Management Department in charge of risk management to develop models to be used for monitoring, evaluating and preparing reports for various risks so that risks can be controlled under risk appetite. The report is then submitted to the Risk Management Committee and the Board of Directors of the company. The Compliance Department is responsible for controlling, auditing the operation of investment and other related tasks to be in accordance with principles, announcements or laws, and reporting directly to the Audit Committee.

Risk Factors

The company runs the fund management business which is directly related to the capital market which has the risks from its fluctuations and economic conditions in both local and overseas, regulatory changes and political gatherings. There are 5 aspects of risk management as follows:

1. Market Risk

Market risk refers to the uncertainty of investment value of funds, which is resulted from the volatility of interest rate, currency exchange rates, securities prices and commodity prices.

The company has managed the risks by diversifying its investment portfolios and determined the investment ratio of each asset category. The securities in the portfolio are not perfectly correlated, that is, they respond differently to market situations. Various market risk assessments have been made (VaR, Beta, Duration, Tracking Error) and the risk limit of each fund has been specified. The Risk Management Department will monitor, report risks, test the accuracy of the model, and do market stress test regularly.

2. Credit Risk

Credit risk refers to risks of potential loss arising from the failure of counterparties or issuers to comply with covenants when funds are used to invest in certain financial instruments of which issuers cannot repay upon maturity date including breach of contracts by counterparties due to their financial issues.

The company has established the control over credit risk such as the careful selection criteria for security investment with top-down approach and bottom-up approach, the criteria of counterparty selection by considering their qualitative and quantitative criteria and minimum acceptable credit for debt instrument, equity instrument, and credit risk limit by referencing the guidelines set out by regulators and modified by the company. The criteria are divided into 2 levels:

1. Net asset value of all funds under management
2. Limit of each fund

3. Liquidity Risk

Liquidity risk refers to risks arising when funds are not able to maintain adequate liquidity for share redemption or when funds are not able to liquidate securities or terminate futures contracts at market price due to the lack of liquidity or any crisis.

To ensure funds under management can adequately sustain the liquidity, the company regularly tracks redemption behaviors. The Risk Management Department always follows up and reports the liquidity of debt funds daily as specified by the regulations of the Securities and Exchange Commission. Stress test scenario is conducted when unit holders redeem their funds relatively higher than usual amount in order to estimate the liquidity sufficiency of funds compared to the available annual liquidity.



4. Operational Risk

Operational risk refers to risks of potential loss arising from errors relating to internal processes, human resource, working system, or external situations.

The company has developed tools used for operational risk management, for example, developing tools for incident report specifying details and guidelines for solution and prevention of recurrence, setting up the risk and control self-assessment (RCSA), establishing risk management plan reporting, key risk indicators (KRI) to track risks, human resources development plan, and investing in information technology to minimize risk likelihood.

In addition, the company provided the business continuity management (BCM) policy as a framework to create business continuity plan (BCP) to support the business operations under emergency circumstances such as contingent losses and disasters so that the company can deliver continued services or reduce operational disruption to be under risk appetite. Annual testing is conducted to ensure effective business continuity of the company.

In the midst of COVID-19 Pandemic, the company has imposed a policy to mitigate the risks and impacts of the COVID-19 Pandemic by separating the employees into 2 groups; Group 1 stations at the main office and Group 2 works from home. If any group is infected with COVID-19, the rest of the staff will be able to continue to work and provide services. In case the spread is getting worse, the company requires all staff to work from home as to reduce the risk during commuting to work or at the workplace. This will help reduce the chance of spread.

Legal risk refers to risks the company may suffer loss from when dealing with laws that are not prudent, for instance, entering into contracts without verification of signing authority or identification of counterparty, etc. The risk may arise when the company or its officers do not comply with the laws and regulations of regulators. The company emphasizes and provides the specific risk management guidelines such as drafting and preparing different standard contracts, memos or agreements which, before implementation, have already been reviewed by lawyers or legal advisors and by the Audit Department. The process of trading account opening has been defined to require customers to prepare all necessary documents and ensure staff strictly follows guidelines, laws, regulations and code of ethics for fund management business.

5. Strategic Risk

Strategic risk refers to risks arising from determining strategic plan, operational plan and implementation of the plan are inappropriate and inconsistent with internal factors and external environments which may affect earnings, capital fund or viability of business.

The company's strategic risk management guidelines consist of directors and top executives with relevant experiences and independency, clear and efficient policies and strategies, quality employees, sufficient training courses, risk management system and adequate information. Business plan and budget plan are submitted to the Board of Directors for approval with regular review on semi-annual basis to ensure the suitability for changing economic situations.

2.3 Risk of Land and Houses Securities Public Company Limited

Risk Management Overview

The company has established the scope and strategy of business operation to grow under the concept of having efficient risk management while pursuing sustainable returns. The company systematically monitors and controls risk management by clearly setting out the structure and risk management policy in writing for effective risk management and compliance with good corporate governance principles.

Risk Management Policy

The primary objectives of risk management policy are to set out fundamental policy, process of controls over various activities and other operations to ensure an appropriate and effective risk management as to reduce the cause of damages or plausibility of damages.

Risk Management Structure

The company has the risk management structure which conforms to good corporate governance policy as follows:

1. Board of Directors has duties to ensure management, set policies, process, establish proper control over risk management, approve policies and review strategies and policies regularly.

2. Audit Committee has duties to supervise, monitor the risks and link them to internal control to align with regulations of regulators and the company.

3. Risk Management Committee has duties to define risk management policy which falls in line with the company's business plans and strategies.

Risk Factor

The company operates the securities business which is directly related to the volatility of capital market and economic conditions both domestic and overseas, regulatory changes and political gatherings. The company's risk factors can be divided into 10 aspects as follows:

1. Risk from Volatility of Economy, Money Market, Capital Market both Domestic and Overseas

The performance of securities business is directly related to economic conditions, money market, capital market, volume of the Stock Exchange of Thailand and confidence of investors, individual, institutional and foreign investors, all of which is over the control of the company. Volatility of economy, money market and capital market may arise from many factors such as disease pandemic, oil price fluctuation, economic and political problems both domestic and overseas. These factors affect the confidence of investors both domestic and overseas, securities trading volume as well as new IPOs in the Stock Exchange of Thailand since it will impact their performance.

2. Risk from Securities Business Competition and Derivatives

Securities business and derivatives are under high competitions from many brokers. The company is aware of this risk and gets prepared for competition, particularly in information technology so that customers can do trade transactions with ease and security. Different technologies are deployed across all dimensions of operations and services as to accommodate customers.

3. Risk from Customers Concentration

The concentration is considered a significant risk of securities business because the concentration of large corporate or institutional customers. If losses occur, there will be an impact on the performance of the company.

Brokerage fee income base of the company is derived from an even distribution of customers with sound relationship. Being aware of this particular risk, the company has a policy to keep expanding a new customer base both retail and institutional customers and has developed order management system on internet to enlarge the proportion of customers who submit orders by themselves, which are growing.

4. Risk from Personnel Dependency

Securities and derivatives business operations rely on experienced personnel with capacities, knowledge and expertise. Therefore, personnel are a significant factor for the business operation, especially those specializing in investment portfolio management, marketing, information technology and securities analysis. In such intense competition, the number of experienced professionals specializing in investment products is limited. Thus, many securities firms are competing for such professionals. Having officers move to other companies impacts the operation continuity and performance. To reduce the risk, the company has provided the remuneration and benefits guidelines to always stay competitive in the industry and has offered training courses for staff to sharpen their skills. In addition, the company has encouraged its employees to get trained in various fields and join the company's activities to promote harmony and robust ties among employees.

5. Underwriting Risk

This risk is arising from the inability to distribute or offer securities for sales at the committed portion. This may be caused by offering unreasonable price or volatility of market, interest rate and exchange rates. As a result, the company has to book the remaining securities to the investment portfolio. To tackle the problem, the company has drawn up guidelines to prevent such risk by analyzing and scrutinizing nature of business, basic information, business performance, trends of business operation of issuers, investors' interests and demands. The analysis from such information helps make a decision whether or not the company will act as an underwriter.



6. Risk from Doubtful Accounts and Bad Debts of Securities Business Receivables

To order to buy and sell by customers in the securities business, in general, they are required to make payment or deliver securities within the agreed period of time. The company may be exposed to the risk if they fail to do so, or they fail to repay their credit balance. The company may also bear risks from customers' collateral insufficient for settlement with accounting house and offset of losses.

The company has the process to consider the quality of customers, collateral requirements according to the Stock Exchange of Thailand and derivative market to reduce the losses of customers and the company, profile check and market conditions as well as criteria to screen and regularly monitor the licensed securities to trade under the credit balance.

7. Risk from Changes in Policies, Laws and Regulations

Securities business is strictly controlled by laws and regulations of government and regulators: the Securities and Exchange Commission and derivative market. The company is also under the Land and Houses financial group which is required to comply with the Bank of Thailand's regulation on consolidation supervision. Thus, if there are any changes in policies or new regulations by government and regulators, the company will receive the impact on its operation capability and competitiveness.

The company has the Compliance Department and Internal Audit Department to give advice, provide trainings about rules and regulations for staff and audit the performance of business units to ensure the compliance.

8. Risk from System Failure

In securities business, computer systems are very crucial for trading transactions. If they dysfunction or have some errors, it will impact the trading volume and the company's creditability. Therefore, the company has the backup systems to switch on immediately once the system failure is detected, and alternate site in the case the systems at the head quarter dysfunction or there is any incident blocking the access to the head quarter.

9. Emerging Risk

9.1 Climate Change Risk

Climate change has the potential to have far-reaching consequences that will last much longer. As a result, the company is aware of building a low-carbon environment on our operations and customer services such as submitting trading confirmation documents in the form of e-services and offering online account opening services (e-account opening).

9.2 Pandemic Risk

Pandemics can disrupt business operations by undermining our ability to provide products and services to our customers. In order to support the epidemic of COVID-19, the company has switched to a hybrid work model, focusing on bringing technology to help employees work from home (anywhere).

10. Risk from Business Disruptions

Incidents during crises beyond the company's control, namely natural disasters, disease pandemic, political gatherings and chaos may disrupt the business continuity of the company. Hence, to cope with such incidents, the company has set up a business continuity plan (BCP) which has been rehearsed and tested at least once a year to ensure effective implementation.

3. Driving Business for Sustainability

3.1 Policies and goals of sustainability management

The companies believes that sustainable growth results from conducting the business with accountability on economic, social and environmental dimensions based on the good corporate governance principles for the best interests of all stakeholders.

The company aims to run the business in conformity with good corporate governance principles along with social responsibility endeavors by adhering to the code of conduct and business ethics to satisfy stakeholders in all dimensions. The company realizes that the sustainable and stable growth requires the business operation with vision and competence in managing business to achieve the mission with morality and ethics which will add great value to the organization and shareholders and bolster confidence among shareholders.

Guidelines for Corporate Social Responsibility for Sustainable Business Development

The Board of Directors pays attention to social responsibility activities to ensure concrete implementation in all operation processes for sustainable growth by encouraging all employees to participate in social activities. The company also instills the awareness of social responsibility operations. The Chairman and President perform their duties as the representatives for driving the organization to sustainable development. The Corporate Governance Committee is responsible for supervising social responsibilities' operations, and reporting the results to the Board of Directors.

The Board of Directors has determined the social responsibility policy for sustainable development following the guidelines of the Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand in order for all directors, executives and employees to adhere to the guidelines with annual review. Such policy covers all dimensions on economy, society and environment in order to meet the Sustainable Development Goals (SDGs) of the United Nations and to drive sustainable growth by taking into account the well-being of all stakeholders.

Corporate social responsibility means operating

the business with the focus on the stakeholders, economy, society and environment with morals, ethics and corporate governance in order to make the activities feasible with honesty, transparency and fairness. There is the awareness of negative impacts on economy, society and environment with the readiness to solve the problems to mitigate such impacts. The philosophy of sufficiency economy is integrated and implemented as to push the operations to achievements and benefits, and enhance the competitiveness in all trade forums which will be really advantageous for the sustainability of the business, stakeholders, economy, society and environment.

CSR Logo



Business Operation Sustainability Strategy

The companies in Land and Houses financial business group operate the business in compliance with the corporate governance principles, accountability on economy, society and environment and risk management in all dimensions. In addition, the company pays close attention to operating the business according to the market conduct with the aim to give customers confidence in the following aspects:

1. Receiving sincere and fair services
2. Receiving clear and appropriate suggestions
3. Receiving fair pricing and conditions
4. Receiving convenient services and proper trouble handling
5. Receiving understanding of their own rights and duties



Corporate Social Responsibility Operations

The social responsibility is one of the principles considered to be very important. The company perceives the importance of “dependence”. As all businesses have people in the society as the target group in offering products and services, no matter what direction the development of organization is, people in the society will give some support one way or another. The determination of such policy and practical guideline will guide the personnel in the organization to follow.

The company has been running the corporate social responsibility specified in the CSR-in-Process and CSR-after-Process by encouraging the executives and all levels of employees to participate and volunteer for implanting a conscious mind for corporate social responsibility. In addition, it also creates a strong base for sustainable development for society and country as whole.

CSR-in-Process

CSR-in-Process means conducting a business with social responsibility by adopting the business practices from the policy of social responsibility that aligns with both national and international standards for creating the business innovations which will become various activities in working process, product developments and various service standards with the main objective to reduce the potential negative impacts on stakeholders during the work process. It also creates the awareness in social responsibility for all directors, executives, and employees to have the same attitude and commitment in the organization as to become the strong financial institution with corporate social responsibility.

CSR-after-Process

CSR-after-Process means the activities operated apart from normal business operations by playing the role in promoting the social activities in certain time and occasion. This is for the benefits to the societies and communities, both in public and private sectors leading to the solid foundation for sustainable development of society and country as well.

Sustainable Development Framework

The company places the importance on the Sustainable Development Goals (SDGs) of the United Nations as a framework to operate and drive the business. In order to achieve such goals, the company focusses on the development on 3 key dimensions, namely economy, society and environment based on the good corporate governance principles, ensuring sustainable business growth by conducting business responsibly and delivering value to all stakeholders.



Towards Sustainable Business

Economic Dimension

Fair and responsible
lending

Environmental Dimension

Conduct Eco-minded
business

Social Dimension

Continued promotion and
improvement of quality of
life in various aspects

Governance Dimension

Enhance corporate
culture for compliance
and risk management

Operational Structure for Sustainability

The company has concretely integrated the concept of sustainable development with the formulation of its operational structure based on the corporate governance principles covering the economic, social and environmental aspects that is in line with the UN's goals.

Results of Corporate Social Responsibility

The company intends to operate the business with the good corporate governance principles together with the corporate social responsibility which is part of the company's operations, especially, good corporate governance in all processes of operations which require standards, integrity, transparency and accountability. As a result, the company has been selected as one of the top 100 listed companies with outstanding sustainable business practices (environmental, social and governance: ESG 100) from Thaipat Institute for the 7th consecutive year.



LHFG Awarded Sustainability Disclosure Recognition

The company received the Sustainability Disclosure Recognition Award for the year 2021 held by Thaipat Institute, this prestigious award is presented to the companies that publicly disclose their sustainability information covering Environmental, Social and Governance (ESG) for the benefits of stakeholders through business sustainability report. The recognition reflects LHFG's determination to enhance its sustainability information reporting in accordance with the Sustainable Development Goal, SDG 12.6.



Certificate of Collective Action Coalition Against Corruption

The company has participated in the activities in Thailand's Private Sector Collective Action Coalition Against Corruption project. In addition, the company has determined the anti-corruption policy and practical guidelines for the Board of Directors, executives and employees. On October 16, 2014, the company was awarded the certificate of membership for the first time from Thailand's Private Sector Collective Action Coalition Against Corruption by Institute of Directors. The company's membership was renewed for the second and third time on June 7, 2018 and September 30, 2021, respectively.



Business Resilience Program

The company realized the importance of integrating the Culture of Health Business Practices (COHBP) raised by the Global Reporting Initiative (GRI) into its corporate strategies in order to keep pace with the changing lifestyles and working conditions. It aims at managing impacts on employees and stakeholders' health as well as determining corporate strategies that could help its businesses keep operating and growing in the new normal era.

Thus, the company has participated in the Business Resilience Program hosted by Thaipat Institute and integrated the guideline on the Culture of Health according to the Resilient Enterprise Guidebook: Integrated Culture of Health into Organization into its business operations. This guidebook elaborates details on the principles, practical business guidelines on the Culture of Health, the materiality analysis process and adjustment guideline on corporate strategies, the monitoring and reporting its outcomes, the assessment on resilient organizations. All of them play a crucial role in helping the company apply sustainable issues on the Corporate Health to its operations and foster the concrete Culture of Health within the organization.





Performance of Social Responsibility for Sustainable Development in Various Dimensions

Economic Dimension	Social Dimension	Environmental Dimension
Level of satisfaction of customers who received services from branches in 2021 was 95.80%, increasing by 1.34% when compared to 94.46% in 2020.	Number of complaints from employees regarding labor operations in 2021 was 0.00% which remained the same as in 2020.	Amount of credit outstanding granted to the energy companies in 2021 was about Baht 44,384 million.
	<p>In the year 2021, the rate of employees who got injured while working was 0.00% which remained the same as in 2020.</p> <p>Support for the development of society, community and environment in 2021 valued at about Baht 2.5 million.</p>	<p>Carbon Credits</p> <p>According to the assessment result of GHG emissions arising from various activities in 2020, the company has succeeded in offsetting corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO₂e), accounting for 30 percent of carbon dioxide levels emitted from scope 1 and 2 sources and equivalent to planting 78,445 perennial trees. In addition, the company was granted the Carbon Offset Certificate and was authorized the use of Carbon Offset logo by TGO.</p> <p>In the year 2022, the company announced to become carbon neutral.</p> <p>Reduction in greenhouse gas emissions with paper management</p> <p>In 2021, the company managed to reduce paper consumption, equivalent to the cutting of 234 trees and decreasing from 464 trees in 2020. It indicated the company's improved paper management.</p> <p>Energy Management</p> <p>To enhance energy management, the company replaced fluorescent tubes with 2,775 LED tubes since 2016, helping save energy consumption by 618,360 kWh. or approximately 45 percent when compared with the use of fluorescent tubes. As LED tubes produces less heat than fluorescent lamps, they could reduce the carbon dioxide emissions by 359,947.36 Kg.CO₂e based on the calculation over its lifetime. That was equivalent to planting 39,995 large trees to absorb the amount of carbon dioxide.</p>

Corporate Social Responsibility for Sustainable Business Development Policy

The company is aware of operating business under the social responsibility leading the business sustainability by paying close attention to taking care of the stakeholders, economy, society and environment with morality, ethics, and conducting business operations with honesty, transparency and fairness. The negative impact on the economy, society and environment must be well aware. Consequently, the company regulates the policy on corporate social responsibility for sustainable business development so that directors, executives and employees can adhere to in 9 areas below:

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect for Human Rights
5. Fair Treatment of Labors
6. Responsibilities towards Consumers
7. Cooperation in Development of Community and Society
8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

The company publishes the details of Corporate Social Responsibility for Business Sustainability Policy on company's website (www.lhfg.co.th)

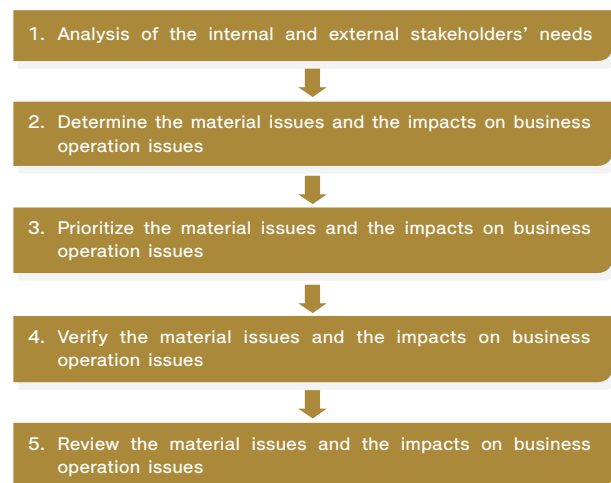
Objectives of Corporate Social Responsibility for Sustainable Business Development Policy

- To raise awareness and inculcate a sense of responsibility on sustainable development guidelines
- To build up confidence that the company's efforts on the economic development is consistent with the best benefits of society, environment and all stakeholders
- To ensure the company's business goals is in line with the Sustainable Development Goals (SDGs) of the United Nations to drive sustainable growth by conducting responsible business that can create value for all stakeholders

3.2 Value Chain Management

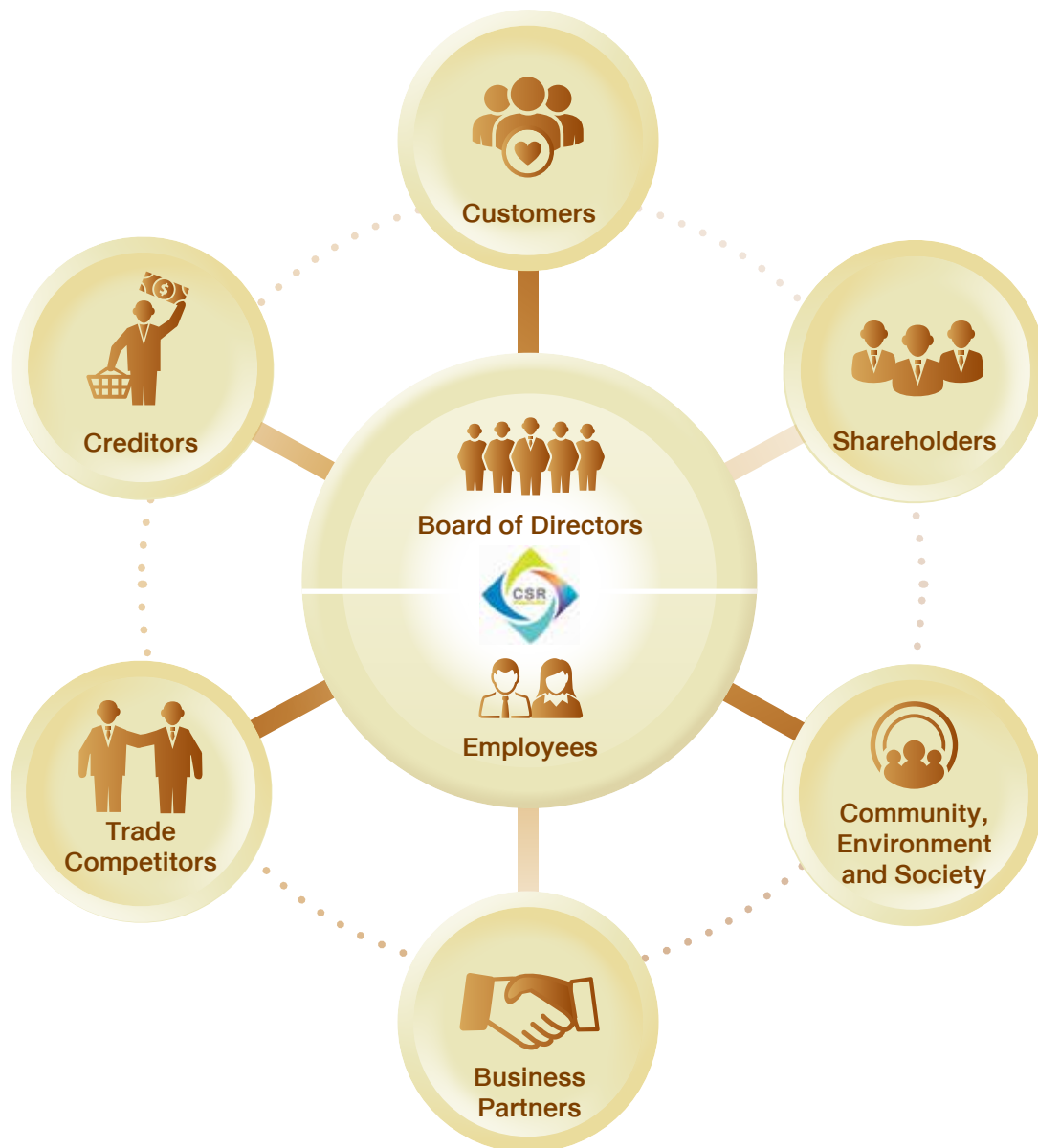
The company pays close attention to the sustainable business development report as part of the annual report for thorough communication with all groups of stakeholders to acknowledge the policy, management guidelines and the outcome of social and environmental responsibilities clearly under the report framework of Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand. The content of the report covers the whole business by collecting data from the directly responsible departments from 1 January to 31 December 2021.

The company has proposed the content of the sustainable business development report that has passed the analysis for the needs of both internal and external stakeholders and applied to determine important issues and effects to business operations under the social responsibility for sustainable business development policy as follows:



1. Analysis of Stakeholders' Needs

The company pays attention to the rights of all stakeholders by providing the process and procedure to analyze the requirements of both internal and external stakeholders. This process operates through various activities and many communication channels. The company also clearly determines the frequency of operations such as survey of employees' engagement toward the company so that the company will make use of the information to determine the practical guidelines consistent with the corporate governance policy and social responsibilities for sustainable business development policy. In addition, the company identifies and selects all stakeholders by considering the importance of all stakeholders and effects of business operations to stakeholders with appropriateness.



Practical Guideline for Stakeholders



The company has determined the practical guideline for stakeholders in writing in the Code of Conduct and the Code of Ethics for employees. The company pays attention to the rights of all groups of stakeholders of which they can be divided into 2 groups so that their needs can be identified and addressed properly. Moreover, their participation is also encouraged.

Stakeholders group consists of:

1. Internal stakeholders, namely directors, executives and employees
2. External stakeholders, namely shareholders, customers, community, society and environment, business partners, trade competitors and creditors



Analysis of Stakeholders' Needs

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
1. Shareholders 	<ul style="list-style-type: none"> • Appropriate compensation and sustainable growth • Good business performance, stable growth under appropriate risk • Work with transparency, fairness and accountability • Prudent risk management 	<ul style="list-style-type: none"> • Business operations under good corporate governance principles 	<ul style="list-style-type: none"> • Generate good performance under proper risk management • Organize the Annual General Meeting of Shareholders once a year • Organize the press conference and analyst meeting (In 2021, no press conference and analyst meeting was held due to COVID-19 pandemic) • Disclose information through all channels with correctness, equality and transparency • Provide channels for inquiries via the company's website • Receive suggestions and complaints through channels provided • Facilitate minority shareholder to propose material and useful issues for business management via the company's website and publish them via the Stock Exchange of Thailand for consideration to determine the agenda of the Annual General Meeting of Shareholders with the following rights: <ol style="list-style-type: none"> 1. To propose the agenda for AGM 2. To nominate qualified candidates for directorship 3. To propose questions in advance • Invite shareholders to attend AGM and share their opinions
2. Board of Directors 	<ul style="list-style-type: none"> • Working with transparency following the corporate governance principles for sustainable growth of the organization • Treat all stakeholders on the basis of fairness • Evaluate the performance for work improvement 	<ul style="list-style-type: none"> • Business operations under good corporate governance principles 	<ul style="list-style-type: none"> • Organize the company's Board of Directors meeting every month • Establish sub-committees to consider and screen proposals before submitting to the board • Provide sufficient, complete and timely information • Engage in good governance activities • Encourage, support and develop knowledge related to the duties of directors and business • Provide orientation program for new directors • Provide self-assessment for directors to improve more efficient work as follows: <ol style="list-style-type: none"> 1. Self-assessment of the Board of Directors and sub-committees on a collective basis 2. Self-assessment of the Board of Directors and sub-committees on an individual basis 3. Cross-assessment of directors 4. Good corporate governance self-assessment



Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
3. Employees 	<ul style="list-style-type: none"> • Arrange trainings and seminars for knowledge and potential development • Improve knowledge and skills in daily life • Always keep a workplace hygienic, clean and safe • Provide appropriate tools and equipment at work • Provide appropriate remunerations, proper positions and benefits • Allow enough time for work-life balance of employees 	<ul style="list-style-type: none"> • No discriminations on employments regardless of ethnic, race, gender, status, religion, political views, or age • Promote employment for vulnerable labors, such as provide opportunities to employ people with disabilities • Develop human resources by providing skill trainings and capacity building for employees by creating opportunities for learning and promotions for career progress • Do not lay off or terminate any employee which is solely based on the management's decision or discrimination • Promote and respect human right protection by not supporting labor coercion • Respect for the rights to freely express opinions of employees and comments without interventions and provide channels for the voice of employees • Provide fair employment conditions which allow employees to receive proper compensations based on their competency or agreement made between the employer and each employee in accordance with proper industrial standards or standards of living • Properly arrange working environment for work safety and dignity • Protect and do not treat or punish any disciplinary proceedings against an employee who reports with integrity to the executives or public agencies, in relation to any wrongdoings done within the company • Prepare policy on safety and occupational health, as well as analyze and determine the measures for risk control on safety and occupational health at work 	<ul style="list-style-type: none"> • Arrange welcome activity for new employees • Provide orientation for new employees • Encourage employees to instill CDA value • Develop employees' potential by arranging capacity building learning for all levels of employees including increasing the learning channels via the company's intranet, enabling them to learn anywhere, anytime without limits on potential enhancement. • Prepare succession plans to replace executives and key positions. • Introduce activities to build stronger teamwork. • Survey market rate of compensation on a regular basis as to improve to align with proper industrial standards or standards of living • Provide channels to receive complaints, opinions and suggestions • Protect and do not treat or punish any disciplinary proceedings against an employee who reports with integrity to executives or public agencies, in relation to any wrongdoings done within the company • Establish the Environment, Health and Safety Committee for driving the policy and the plan for Occupational Safety, Health and Environment in a workplace • Improve working environment to align with occupational safety guidelines • Support and promote career opportunity for people with disabilities to live in the society with pride • Provide learning and communication channels to support two-way communication



Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
4. Customers 	<ul style="list-style-type: none"> Relationship management with customers Market Conduct Satisfaction for a wide variety of quality products and excellent services. Promptness in hearing and responding to customers' requirements Customer confidentiality. Equality of each segment of customers 	<ul style="list-style-type: none"> Conduct the customers' satisfaction survey for branch services Offer products that can satisfy customers' requirements, improve employees' competency in making an offer to customers with well-integrated products and services as to meet all of their requirements, as well as determine measures to protect customer confidentiality 	<ul style="list-style-type: none"> Apply the survey results of customers' satisfaction to improve its services and products Study customers behaviors as to improve services and strengthen relationship Give product information accurately, clearly and easily-to understand Collect suggestions or feedbacks for improvements Innovate and create products and services that meet consumers' requirements Publicize products and services' full information through various channels easily accessible by consumers to support their decisions Provide assistance and answer customers' enquiries to promote good understanding on our products and services Collect complaints and cope with them promptly Arrange activities to create good relationship between customers and bank Have customers' data privacy process in place
5. Community, Environment and Society 	<ul style="list-style-type: none"> Support communities' activities Enhance and develop learning and knowledge Promote and support government's policies Preserve environments Collect the voice of neighboring communities 	<ul style="list-style-type: none"> Perform business with ethics in parallel with environmental and social responsibilities Support social activities and promote employees' engagement Support and promote education to improve educational quality and accessibility Promote traditional and religious and cultural activities Promote effective use of resources Prepare emergency plan suitable for reducing losses Open a chance and facilitate all related parties to express their creative ideas which is the foundation for creating innovations leading to continuous creation of innovations Promote and cooperate with the stakeholders, such as business partners, to develop innovations Regularly review business procedure whether it causes any risk or adverse effects to society and environment or not. If any, it must be resolved promptly 	<ul style="list-style-type: none"> Listen to the opinions of nearby communities as to improve or support social activities Provide support for cultural activities suitable for local culture, traditions, and religions Provide appropriate emergency plan to prevent loss and damages against environment Organize the Green Office project to reduce electricity and paper use, as well as shift to use environmentally-friendly office automations Support and promote the development of youth learning via the financial literacy project where the bank sends out trainers to train youths about financial knowledge through various learning activities leading to financial behavioral shift in order to create quality society Project "LH Bank Support Scholarship" by providing scholarships for students with good records and commitment to further their study until high school level Donate the used computers project to promote learning among youths in needs "Old Calendar We Need" for the school of the blind to be used for producing instructional media, braille book and notebook for the blind students "Give Books and Learning Materials to the Department of Corrections" to promote knowledge of prisoners Voluntary blood donation project, 1 Giver 3 Receivers to help patients in hospitals from their illnesses nationwide



Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
<p>5. Community, Environment and Society (continued)</p> 			<ul style="list-style-type: none"> • Provide assistance, financial and non-financial donations, debt restructuring by reducing installment, giving more loan for customers impacted by natural disasters • Grant relief measure for customers impacted by COVID-19 pandemic by relaxing payment conditions, extending loan tenor, providing loans for working capital. Additionally, the company donated paper field hospital beds to disadvantaged agencies as well as making a contribution raised by its executives, employees and customers under the “Fight COVID-19 Together” project to purchase medical equipment and supplies for treating and saving COVID-19 patients. It also handed out food and water to express appreciation and gratitude towards doctors, nurses and other related workers for their hard work during the COVID-19 pandemic.
<p>6. Business Partners</p> 	<ul style="list-style-type: none"> • Perform business with transparency • Facility and process sharing: refer customers in Land and Houses financial business group to partners • Information sharing: Exchange information for business • Network extension: extend networks together with partners 	<ul style="list-style-type: none"> • Comply with trade terms and conditions and agreements • Create partnerships with potential business partners • Fair business practices • No barriers for trade partners 	<ul style="list-style-type: none"> • Meet with trade partners. • Conduct marketing together with business partners of Land and Houses financial business group • Create partnerships with customers to refer other customers to use the bank's services • Receive suggestions or complaints • Appoint the Purchasing Committee in order to manage procurement process appropriate and fair for business partners • Prompt payments for products and services • Transparent selection of service providers
<p>7. Competitors</p> 	<ul style="list-style-type: none"> • Perform business with transparency and fairness 	<ul style="list-style-type: none"> • Comply with the rules of fair competition and never use any dishonest method 	<ul style="list-style-type: none"> • Determine mutually fair competition conditions
<p>8. Creditors</p> 	<ul style="list-style-type: none"> • Pay interest and payback when due 	<ul style="list-style-type: none"> • Comply with the agreements or terms and conditions in the agreements and duties 	<ul style="list-style-type: none"> • Comply with the contract or any conditions agreements and duties • Collect suggestions or complaints

2. Determining Material Issues Affecting Business Operations

The company takes into account all issues, opinions, suggestions and expectations in operations for sustainability which is critical and affects business operations, derived from the analysis of internal and external stakeholders' demand which complies with a policy on corporate social responsibilities for sustainable business development in order to determine the important issues and impacts on business operations as follows:

- **Internal stakeholders** consist of directors, executives and employees. The company has brainstorming forums such as small group discussions and meetings. Such activities were held to identify the sustainable issues that the stakeholders deem necessary.

- **External stakeholders** consist of shareholders, customers, community, society and environment, business partners, trade competitors and creditors. The company has assembled issues and suggestions via discussions and meetings in order to identify the sustainable issue that the stakeholders deem necessary.

3. Prioritizing Material Issues Affecting Business Operations

The company analyzes and considers data obtained from the interviews of both internal and external stakeholders in order to prioritize the material issues that can affect business operations. These issues can be divided into 3 levels; low; medium; high, 8 issues in total. The issues were then prioritized in materiality matrix chart. The vertical axis shows the key issues critical for stakeholders and the horizontal axis shows the issues critical for the company.

Materiality Matrix

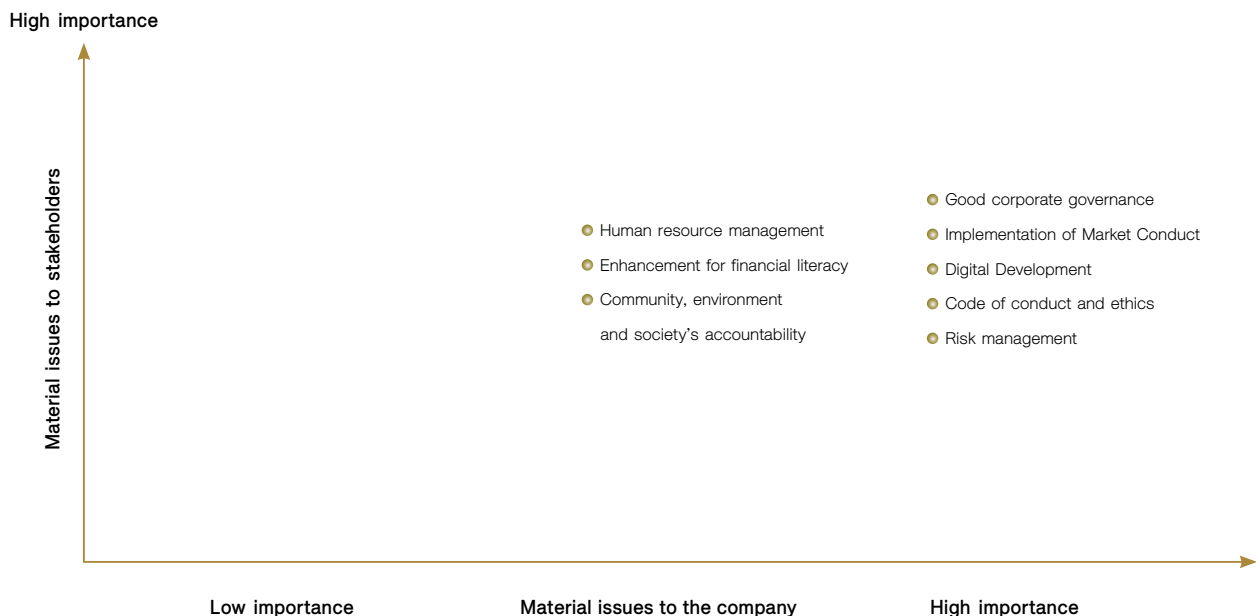














Table : Analysis of Material Issues Affecting Business Operations

Material Issues Affecting Business Operations	Sustainable Issues according to GRI (Global Reporting Initiative)	Internal stakeholders	External Stakeholders	Topics to Include in Annual Report	Sustainable Development Goals (SDGs)
Good corporate governance	GRI 102-18 GRI 102-19	<ul style="list-style-type: none"> Companies in the financial business group Directors, executives and employees 	<ul style="list-style-type: none"> Shareholders Customers Business Partners 	Good corporate governance	
Market conduct	GRI 102-43 GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1	<ul style="list-style-type: none"> Companies in the financial business group Directors, executives and employees 	<ul style="list-style-type: none"> Customers 	<ul style="list-style-type: none"> Sustainable business operations Responsibilities towards customers 	   
Digital development	GRI 203-2	<ul style="list-style-type: none"> Companies in the financial business group 	<ul style="list-style-type: none"> Customers 	<ul style="list-style-type: none"> Innovations and Dissemination of innovative social responsibilities 	   
Code of conduct and business ethics	GRI 102-16 GRI 102-17 GRI 102-25 GRI 103-1 GRI 103-2 GRI 103-3 GRI 205 GRI 205-2 GRI 205-3 GRI 206-1	<ul style="list-style-type: none"> Companies in the financial business group Directors, executives and employees 	<ul style="list-style-type: none"> Shareholders Customers Business Partners 	<ul style="list-style-type: none"> Code of conduct and business ethics Anti-Corruption 	
Risk management	GRI 102-11 GRI 102-15 GRI 102-30 GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-2	<ul style="list-style-type: none"> Companies in the financial business group Directors, executives and employees 	<ul style="list-style-type: none"> Shareholders Customers Business Partners 	<ul style="list-style-type: none"> Risk factors Internal control and risk management Good corporate governance 	 
Human resource management	GRI 102-8 GRI 102-41 GRI 103-1 GRI 103-2 GRI 103-3 GRI 401-1 GRI 401-2 GRI 401-3 GRI 403 GRI 404 GRI 412	<ul style="list-style-type: none"> Companies in the financial business group Directors and executives 	<ul style="list-style-type: none"> Business Partners 	<ul style="list-style-type: none"> Fair treatment of labors Respect for human rights 	     

Material Issues Affecting Business Operations	Sustainable Issues according to GRI (Global Reporting Initiative)	Internal stakeholders	External Stakeholders	Topics to Include in Annual Report	Sustainable Development Goals (SDGs)
Financial literacy	GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	<ul style="list-style-type: none"> Companies in the financial business group 	<ul style="list-style-type: none"> Customers Communities, Societies and Environment 	<ul style="list-style-type: none"> Development of Communities and Societies 	    
Communities, Societies and Environment	GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	<ul style="list-style-type: none"> Companies in the financial business group 	<ul style="list-style-type: none"> Customers Communities, Societies and Environment 	<ul style="list-style-type: none"> Development of Communities and Societies 	     

4. Verifying Material Issues Affecting Business Operations

The company will compile material issues and propose them to management and the Corporate Governance Committee; therefore, they can acknowledge and give the operational guidelines which have been disclosed in the business sustainability report and the company's website.

5. Reviewing Material Issues Affecting Business Operations

The company provides the information review process after this report has been published in order to collect opinions and suggestions for further improvement of the contents in the next report.

Auditing Quality of Report

The contents disclosed in the business sustainability report and the company's website have been audited and reviewed by responsible unit to assure accuracy, completeness and compliance with the practical guidelines for corporate social responsibilities for sustainable business development policy.

Inviting Business Partners to Join the Anti-Corruption Association

The company encourages customers and sponsors to be aware of the importance of building corruption-free community. The company invited them to join the anti-corruption alliance for the sake of preventing fraud, bribery and corruption by asking customers and sponsors for cooperation to refrain from giving gifts, rewards, other benefits or receptions to employees.

Credit Underwriting Following Environmental, Social and Corporate Governance Risks

For credit underwriting, we are aware of the importance of environment, society and good governance. However, credit approval has strict and discrete approval processes. The topics to be considered are the environmental, social and good governance risks. If the businesses of customers bring about negative side effects on economy, society and environment, the bank will not support any loan to them.

Customer Relationship Management

Land and Houses Financial Group is committed to raising the level of service quality by conducting a research on the satisfaction of customers in order to deeply understand their requirements and can define the KPI for effective services. Thus, we can improve the service quality based on their requirements and can also determine the indicators of service quality. Besides, we have communicated with staff, ensuring them to be aware of the importance of providing high-standard services and have constantly checked on service quality.



Supply Chain Management

The company is aware of the importance of growing business without effects on society and environment throughout the supply chain. The company also puts the emphasis on the collaboration with all business partners to develop the business operation process together with elevating the standard on environmental and social operations according to the code of conduct.

The company has determined the practical guidelines for procurements and services so that quality supplies and services can be obtained with appropriate price. The process for procurements and services consists of 6 methods as follows:

1. Pricing method
2. Pricing examination method
3. Bidding method
4. Continuous method
5. Special method
6. Emergency method

The selection of the methods depends on the budget of operation for each time and it must be considered and approved by the Purchasing Committee. For fairness and equality, the selection for suppliers or facilitators, the company has determined the selection criteria by choosing from business stability, product qualification, service and price.

Selection of suppliers or vendors has the steps as follows:

1. Acquire the lists of suppliers and vendors to meet the needs of users.
2. Select the suppliers and the vendors according to the selection criteria of business stability, product qualification, service and pricing which conform to the procurement guideline of the company. The bank also procures good quality products at appropriate price with sellers who have no records of corruptions, or operate illegal business, no illegal labor policy, treats the business partners with transparency, fairness, takes care of occupational safety in the workplace, and saves environment in order to create a supply chain for mutual business operations which will benefit employees, community, society and environment.
3. When received a list of suppliers or vendors which passed the selection process, the next step is evaluation process to find suppliers or vendors who provide supplies with good quality, reasonable cost and price.

In the year 2021, the bank had 939 business partners, increasing by 17.5% when compared to 799 business partners in the year 2020. The business partners acknowledged to follow the bank's code of conduct and ethics. And the bank informed them of procurement rules for their understanding, compliance, accuracy and transparency.

Monitoring, Auditing and Evaluating Process of Business Partners

The company has monitored and assessed the performance of partners in various ways, such as evaluating their satisfaction for services, having a channel to collect their suggestions and complaints. However, to ensure that the company has received the products and good services as required, the company has the procurement management team to check the products and services and provide suggestions to the partners to improve the quality of products. In case the partners cannot follow the required standard, the company will consider not using their service.

Tax Management

The company is listed on the Stock Exchange of Thailand and the financial business group that operates the business with transparency and stability according to the good governance principles. The company is committed to operating its business in conformity with the rules and regulations of revenue code.

Tax Management Strategy

The company has planned in revenue tax for the maximum benefits of the company and the stakeholders as well as complied with the regulations of revenue code.

Tax Risk Management

The company has the revenue tax risk management system and provides seminars and trainings for related employees to improve their knowledge by taking into consideration the risk, responsibilities and fair treatment of stakeholders and related parties.

Tax Incentives

The company exercises effective tax incentives according to laws and makes use of tax structure in the right manner. As a result, tax avoidance has not occurred. Tax incentives cover periodic tax exemption measures or other privileges all of which are dependent on the tax policy of the country or local tax policy imposed on businesses with the natures under relevant requirements.



3.3 Sustainability Management in Environmental Dimensions



The company realizes and expresses its intention to be part of the solution to global warming. In 2021, the company was chosen as a pilot organization in “Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8]” hosted by VRGREEN, Faculty of Environment, Kasetsart University, to conduct an organizational carbon footprint assessment and execute carbon offset plans in accordance with the project’s objectives. As the company has determined to play a part in saving the world by becoming a carbon-neutral organization, it was invited to be a member of Thailand Carbon Neutral Network : (TCNN). They aim at promoting collaboration among government agencies, private businesses and local communities to enhance further reductions in greenhouse gas (GHG) emissions as well as building sustainable growth for a climate-friendly society and achieving net-zero carbon emissions in line with global communities’ intention reflected in the Paris Agreement on regulating climate change and UNFCCC’s Race To Zero campaign. In addition, Thailand is moving toward a low carbon economy with a goal of achieving carbon neutrality by 2050 and net zero GHG emission in 2065.

Carbon Footprint for Organization : CFO

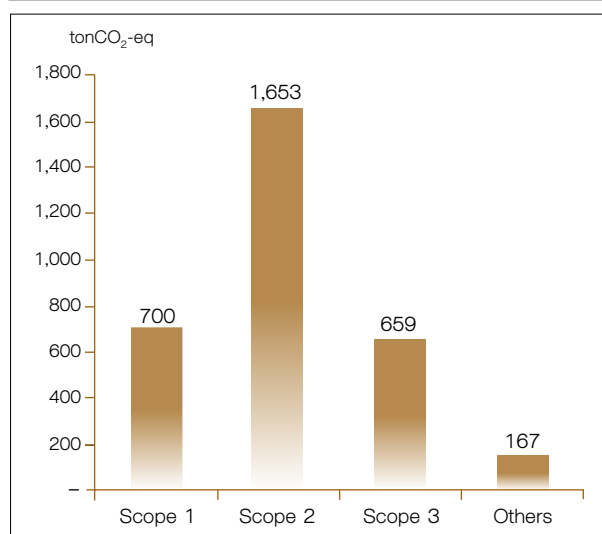
The impacts of global warming have prompted international communities, including Thailand, to become more alert and take urgent action to curb GHG emissions with the concept of Carbon Footprint for Organization (CFO). It is recognized as an important tool in quantifying and reporting GHG emissions from an organization’s activities demonstrated in terms of carbon dioxide equivalent, which can lead to explicit guidelines to effectively reduce the organization’s GHG emissions.

With the intentions of tackling the global warming, the company has set targets of CFO and has done much preparation by sending its personnel to join various related activities, training courses and seminars. On March 8, 2021, LH Financial Group PLC signed the memorandum of understanding with Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8], hosted by VRGREEN, Faculty of Environment, Kasetsart University, for being a pilot organization volunteering to quantify its GHG emissions and consider effective ways to control it for the sustainable development of organization and staff.

The company made reports on direct and indirect GHG emissions arising from its business activities throughout the supply chain in compliance with Thailand Greenhouse Gas Management Organization (Public Organization) or TGO’s requirements of calculating and reporting carbon footprint for organization. Such report included the company’s scope of work and financial control while considering scope 1, 2 and 3 emissions of greenhouse gases generated by the company’s activities in 2020. Based on the TGO’s verification guideline on the organizational carbon footprint, these reports were reviewed and certified for the data’s accuracy and reliability by the independent verifier, Lloyd’s Register International (Thailand) Ltd. The certification level submitted was a limited assurance with a materiality threshold at 5 percent. Consequently, the company was granted a certificate of Carbon Footprint for Organization from TGO on August 26, 2021.

Table: Assessment results on GHG emissions arising from various activities in the company in 2020

Scope	Corporate GHG emissions (tCO ₂ e/yr)	%
Scope 1	700	23.25
Scope 2	1,653	54.88
Scope 3	659	21.88
Total	3,013	



At present, the company is preparing the 2021 report on the assessment of GHG emissions arising from various business activities, which still contains its scope of work and financial control, by considering the scope 1, 2 and 3 emissions of greenhouse gases and employing the same verification criteria on the organizational carbon footprint provided by TGO as the year 2020. The company filed a request for data verification and certification of carbon footprint for organization with an external agency. The assessment result will then be proposed to the TGO meeting No.4/2022 for carbon footprint registration, which will be taken place on May 11, 2022.

Carbon Credits

TGO has initiated the Carbon Offsetting Program with an aim of encouraging all sectors to participate in carbon offsetting activities as an expression of social responsibility. It is also to generate demand for carbon credits in the Clean Development Mechanism (CDM) and the Thailand Voluntary Emission Reduction Program (T-VER) in order to support and enhance the local voluntary carbon market, leading to a greater drive to reduce GHG emissions in the overall sectors.

As a consequence of participating in Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8] hosted VRGREEN, Faculty of Environment, Kasetsart University, this leads to many important initiatives to generate carbon offset credits. According to the assessment result of GHG emissions arising from various activities in 2020, the company has succeeded in offsetting corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO₂e), accounting for 30 percent of carbon dioxide levels emitted from scope 1 and 2 sources and equivalent to planting 78,445 perennial trees. Consequently, on August 26, 2021, the company was granted the Carbon Offset Certificate and was authorized the use of Carbon Offset logo by TGO. In the year 2021, the company announced to become carbon neutral and will file a request for carbon footprint registration to the TGO meeting No.4/2022, which will be taken place on May 11, 2022.

Energy Management

The company continues to manage electricity and tap water in order to achieve efficient and effective use, for example:

- The company has renovated the office building and maintained office equipment in an environmental-oriented manner to reduce pollution, save energy and costs.
- The company has reduced the number of single function office automations and replaced them with new energy-saving technologies with less pollution. The ongoing project helps reduce energy-related costs and other expenses such as paper cost, maintenance and procurement costs for office equipment. Moreover, it also helps save the office space.
- The company has replaced the single-function printers with the multi-function printers and set them as a pool for which one printer is shared among different departments. This results in the lower consumption of electricity and space saving.
- The company has selected energy saving fluorescent tubes and LED tubes, with the wattage suitable for space, and proper size of cables. The office decoration also employed soft colors and natural light as much as possible and water-saving taps were installed.
- The company has measured wind velocity of air conditioners, adjusted the wind speed to meet the standard and to be suitable for working environment, increased air conditioners' efficiency, and reduced the cost from energy loss.

Energy Management Goal for 2021

The company's energy management goal for 2021 was to reduce electricity consumption by 5 percent from 2020.

GHG Emissions Reduction

The company prepared the assessment report by using both information on direct and indirect GHG emissions from various activities throughout its supply chain in 2020 as a base year. It has been taken into consideration with all relevant business units to map out improved guidelines on how to reduce GHG emissions more concretely.

Consequently, the company had replaced fluorescent tubes with LED tubes since 2016, totaling 2,775. It consisted of 2,378 long LED tubes and 397 short LED tubes, helping save energy consumption by 618,360 kWh. or approximately 45 percent when compared with the use of fluorescent

tubes. As LED tubes produces less heat than traditional fluorescent lamps, they could reduce the carbon dioxide emissions by 359,947.36 Kg.CO₂e based on the calculation over its lifetime. That was equivalent to planting 39,995 large trees to absorb the amount of carbon dioxide.

Replacing Fluorescent Tubes with LED Tubes Project	
Number of fluorescent tubes replaced by LED tubes	2,775 tubes
Number of hours used	15,000 hours/tube
Amount of carbon dioxide emission reduced	359,947.36 Kg.CO ₂ e
Number of large trees equivalent (absorbing carbon dioxide gas)	39,995 trees

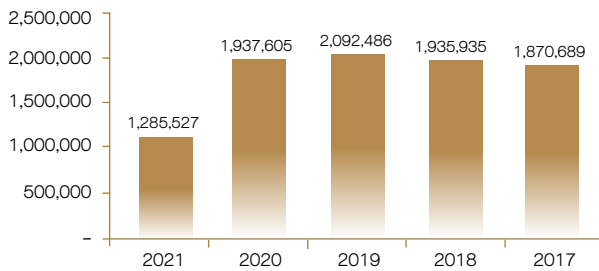
The company has also sent staff to attend the following trainings from various institutions, both public and private, so they gained knowledge and understanding on the above issues.

Training Courses	Organizer	Number of Participants
Carbon Offset : the leading CSR for Global Warming Reduction	Thailand Greenhouse Gas Management Organization	2
Carbon Footprint for Organization towards Eco-Efficiency Assessment	Assoc. Prof. Dr. Thumrongrut Mungcharoen	2
Carbon Offset Approach to Carbon Neutrality	Thailand Greenhouse Gas Management Organization	2
Carbon Neutral Event	VRGREEN	2
Strategy to Reduce GHG Emissions with Consideration on Scope 3 GHG Emissions	VRGREEN	2
Sustainability, ESG and a company's reporting	EY Office Company Limited	2
The 1 st – 4 th ESG-IN-PROCESS FORUM	Thaipat Institute	2
Stepping from One Report to Global Report	Thaipat Institute	2

Electricity Management

The company has focused on environment, economy and society, management of cost reduction, especially energy cost. LH Financial Group PLC, as a group of financial service providers, requires great amount of electrical energy including lighting system, air-conditioning system and computer system. The company, therefore, monitors environmental impacts and measures energy efficiency constantly with continuous improvement.

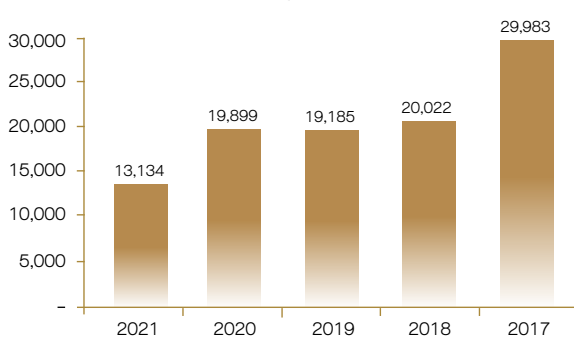
The company campaigned to save energy by turning the lights off during breaks, switching to use LED tubes, adjusting the on and off period of air conditioners and allowing employees to work from home. As a result, in 2021, the company had the total electricity usage of 1,285,527 kWh, a decrease of 33 percent from 2020. That surpassed the previously estimated target as in 2020 the company had increasingly adopted the work-from-home policy, including merging many working spaces and closing some unused areas, due to the COVID-19 pandemic.

**Electricity Usage (Unit)**

Water Management

The company has used water from the Waterworks Authority of Thailand for business operation of which the most consumption is in an office, washing and tree watering. The company has been trying to reduce water consumption so it regularly checks pipes, water meters and equipment and uses water saving sanitary wares, taps and bidet showers. It also focuses on raising employees' awareness of the need to conserve water.

In 2021, the tap water usage totaled 13,134 cubic meters, decreasing by 34 percent when compared with 2020. This was partly due to the work-from-home policy triggered by the COVID-19 pandemic.

Tap Water Usage (Cubic Meter)

Paper Management

The company is well aware that paper is a main office consumable which is needed in different stages of operations such as printing reports, documents for customers, receipts, and contracts. Producing the paper needs natural resources which are trees while there are massive rubbishes from used papers. Therefore, campaigns and activities are conducted to raise awareness among employees to use paper economically and effectively as follows:

Transforming Paper form of Invitation Letters to Committee Meetings into Electronic-based Platform

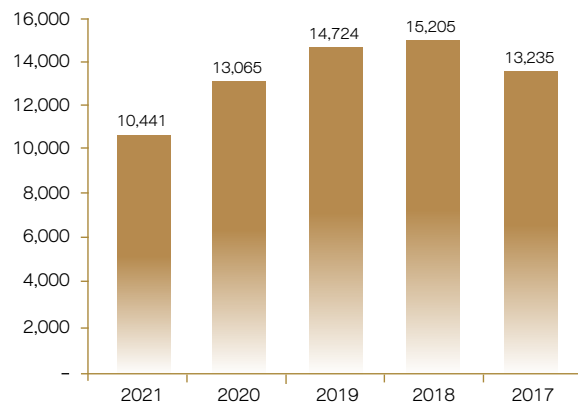
The company has changed the process of preparing the meeting materials for different committees from papers to e-documents. As a result, this process can help reduce paper consumption by approximately 20,000 pieces a month.

Developing Financial Services to Be More Digital

This enables financial transactions to be performed every day, anytime and anywhere. Not only can it reduce the cost and the amount of paper used, it also helps reduce the use of ink, reduce the amount of waste caused by paper usage and enhance work efficiency due to time saving in preparing documents, putting them into envelopes and posting them via postal service.

Paper Usage

The amount of papers used in operations for the year 2021 was 10,441 reams, decreasing by 20 percent when compared to 13,065 reams in 2020. That was because in 2021, the company urges the staff to reduce and avoid using papers for meeting materials and document printing by sharing files for meetings via electronic platform.

Paper Usage (Ream)

Paperless Guidelines

The company provides the paperless guidelines with the aim to ensure that saving the papers and reducing the paper usage are systematic and concrete by adhering to the following practical guidelines:

1. Survey and planning
2. Application of technologies by increasing electronic channels
3. Efficient use of paper
4. Monitoring and evaluation
5. Behavioral change among employees

1. Survey and Planning

The company has surveyed the data of paper usage in each year by taking into account the number of employees, departments and work supports as well as developing a clear plan for paper usage by reducing paper usage 5-10% of the total number of papers used each year.

2. Application of Technology by Increasing Electronic Channels

The company has supported and encouraged employees to adopt more information technologies in the operations such as:

- Meeting material folders for each committee have been changed from the paper pack of invitation letter to an electronic platform.
- The trainings with a lot of training materials are suggested to send them by email.
- Correspondence is made via email such as circulars.
- Keep the copies of documents from external agencies and internal documents as scanned files instead of photocopies.

3. Efficient Use of Papers

To save the papers more effectively, it can be started from having one-side used papers separated before proceeding with the following steps:

- Set up common areas for everyone to use one-side used papers and advocate employees to reuse them.
- Inform all employees of where the one-side used papers common areas are.
- Reuse them to be the notes.
- Use the reused papers to note the informal messages or record internal messages or memos within the department.

In addition, the company has recycled unused paper to save trees. It has imposed the operation manual on document storage and disposal by recycling expired documents as detailed in the table below:

	2021	2020	2019	2018
Number of documents due to be destroyed (Box)	1,217	1,868	2,115	721
Weight of documents (Kilogram)	15,620	27,280	30,250	8,712
Number of trees that can substitute the cut down trees to produce papers per 1 ton ^{/1} of used papers (Tree)	234	409	454	131

Note: ^{/1} 1 ton of used papers can substitute up to 15 cut trees to produce papers.

Source: "Green Science project," Paperless Manual, Faculty of Science, Srinakharinwirot University.

Calculation formula: Tree cutting replacement = 15 trees / 1 ton X weight of used papers.

Measurement of Intensity of Light in Workplace

The company pays attention to the dangers of light that may impact employees. In case of insufficient illumination, it can cause negative effects to eyes and may cause simple accidents such as failure to manipulate tools or equipment which may pose some dangers including mental health, decreased performance and low motivation to work. The company has regularly measured the light intensity in all areas of the office to ensure the working area has a proper lighting level.

4. Monitoring and Evaluation

To make paperless process more effective and concrete, the paper usage data of each department is tracked and sent to them to find ways to reduce paper usage. The information is also be analyzed for planning efficient paperless operations.

5. Behavioral Change

The most important thing for the most effective paperless operations begins with behavioral change among employees in all departments to have responsible attitudes and collaborative practice as follows:

- Separate used papers and sort them into the 3 R principles as follows:
 1. Reduce (amount / size)
 2. Reuse
 3. Recycle / disposal
- Use one-side used papers for rough drafts instead of using new papers and print them in economy mode.
- Monitor and notify each department of their paper consumption to ensure that the paper usage is consistent with real operations.

Lighting Measurement and Data Collection Process

1. Measure in the specific working area: focusing on the light intensity of particular areas where operators need to perform sight-specific work.
2. Measure the average intensity of light in general areas: such as walkways and working spaces.



The results of measurement of light intensity in the workplace: After conducting the actual measurement of the light intensity in Lux unit, it was found that illumination in the office was sufficient and compliant with the standard of not less than 400-500 Lux.

5S Activity

The company has applied the 5S activity which consists of Sort (Seiri), Set in order (Seiton), Shine (Seiso), Standardize (Seiketsu) and Sustain (Shitsuke). The activity helps keep a workplace and environment neat and clean. Staff are mentally healthier and more disciplined. This, in turn, results in saving resources and costs. In addition, it contributes to high quality and efficient work performance. The 5S activity gains good cooperation from employees and the company has a continued implementing this activity.

5S Results

1. Results of **Sort**
 - Cutting down the consumption of resources
 - Having more spaces for other purposes
 - Having a more spacious, splendid and clean workplace resulting in a better mood of employees
2. Results of **Set in order**
 - Settling the common and troublesome searches
 - Increasing work efficiency
 - Creating good image for organization
3. Results of **Shine**
 - Having a pleasant working environment
 - Cutting down the consumption of resources
 - Increasing efficiency of tools and equipment while decreasing frequent breakdown of office automations
4. Results **Standardize**
 - Having neat and tidy workplace
 - Employees are both physically and mentally healthy
5. Results of **Sustain**
 - All employees have a good habit and attitude towards work
 - Customers receive quality and fast services

LH BANK ATM Stops Global Warming

The bank has played part in helping slow down global warming constantly by providing customers with an option of no printing transaction slips from the ATM.

Environmental Awareness Campaign

The company focuses on creating environmental awareness among employees and encouraging them to protect the environment in their daily life by saving energy, using resources economically, preserving the ecosystem, reusing, recycling, and reducing. The company has shared the knowledge about environmental preservation to staff and reinforced the importance of their participation.

Implementation of Green Office Project

1. Use energy saving devices
2. Make the most of natural light energy
3. Design an office layout
4. Promote 5S activity
5. Check lighting standard values of office building
6. Check air conditioners and ventilators
7. Increase green spaces in office
8. Increase co-working spaces

Encouraging Employees to Engage in Efficient Use of Resources

1. Provide information and training on environment and promote energy saving via internal media such as Intranet.
2. Support the reuse of materials such as reused papers.
3. Promote a reduction in paper use and the number of printers, provide photocopier pool, and change employees' behaviors to always think twice before printing.
4. Reduce/refrain from using paper materials for meetings by sharing the information through electronic channels.
5. Ask for partners' cooperation to reduce the use of printed documents, switching to use electronic files
6. Turn off the building light when no one is in the room or meeting room for a long time and turn off the light in some areas during a lunch break.
7. Turn off computer screens during a lunch break.
8. Constantly promote 5S activity.

Such practices are to raise awareness and inculcate a sense of environmental ethics among employees, prompting a behavioral change in their daily life.

Vehicle Service Management

The company has the policy to reduce carbon dioxide emission from the company's vehicles by employing the e-Car service system to support the effective vehicle management. The company has also chosen alternative energy, energy efficiency and effective transportation as follows:

1. Plan routes with appropriate schedule for carpooling service for all employees.
2. Take good care of car engines.
3. Switch to other alternative engines such as hybrid cars, electric vehicles, etc.
4. Use the Grab Car for Business service to increase operational agility and reduce energy consumption from backhaul.

Promotion of Green Loan

LH Financial Group PLC's financial business group has supported the adoption of sustainable banking practices by conducting its business with social and environmental responsibilities based on the good corporate governance principle. Land and Houses Bank's credit approval process has taken into consideration potential environmental impacts of businesses that may arise from its lending and possible effects on the bank's reputation. The bank values lending to environmentally-friendly projects that does not have any adverse effects on communities such as loans for renewable energy, loans for clean energy, etc.

The company is confident that fair business will bring about confidence which will, in turn, be positive for the business in the long term. The company operates its activities in accordance with market conduct for sustainable business development. In this regard, the company conducts activities in consistent with laws and fair competition and encourages its employees to realize the importance of compliance with laws, keeping trade secrets, refraining from obtaining information of trade partners and competitors with dishonesty and fostering competition under laws.

The company promotes fair treatments of stakeholders both in terms of costs and returns, for instance, procurement, appropriate delivery schedule, fair trade agreements and refrains from any activity which infringes property and intellectual property including prompt payments for products and services in a timely manner.

The company has determined the procurement method and receiving service procedure as to obtain quality products and services at an appropriate price by specifying various methods including; price method, quotation method, bidding method, continued method, special method and urgent method. The selected method depends on financial amounts of the each transaction. In addition, the company has determined the criteria for the selection of suppliers and service providers in order to ensure fairness and equality by choosing from the stability of their businesses, specifications of products and services and prices considered by the Procurement Committee.

3.4 Social Sustainability Management

Fair Business Operation



The company operates its business with good corporate governance principles which have been specified in writing in order for directors, executives and all employees to be as guidelines. Consequently, it will result in fair business without seeking other interests, avoiding any operations which may cause conflicts of interest and taking into consideration the utmost interest of the company, customers and stakeholders.

Respect for Human Rights



The company emphasizes the fair and equal treatments of all stakeholders such as employees, surrounding communities and societies with justice and equality; respect for human rights and dignity of all people, no forced labors and no child labor exploitation, building good relationship, no violations of basic rights, being cautious in any action that will affect public feelings, all of which are the foundation for human resource management and development.



The company pays attention to fair treatments of all levels of employees to ensure they obtain appropriate returns and benefits; improves their potential for professional advancements; and encourages their engagement. The company also provides several channels for whistleblowing and lodging complaints and reports misconducts. As a result, employees can voice, report and whistleblow any matter regarding unfair acts through supervisors or other channels. In this regard, the company has determined the independent process for inspection and decision-making by taking into account the outcomes and remedies to be in accordance with the human right principles. The company also opens opportunities for employees to voice their opinions in the case where entity or employees commit any acts that may violate human rights and expedites the solution.

Respect for human rights is a basic practical guideline the company strictly adheres to and determines the practical guideline as follows:

- Arrange the number of leaves and holidays as required by law or beyond that required by law for some holidays so that employees can plan for their work-life balance
- Support the knowledge empowerment for improving employees' abilities
- Clearly determine the criteria for investigations and disciplinary actions for fair punishments under the same standard
- Support each department in the company to arrange team building activities as to promote good relationship, engagement and harmony, and to take part in creating good activities for communities
- Hire staff regardless of gender, race and religion

Fair Treatment of Labors



The company places the priority on human resource management by setting as its mission in developing and supporting the human resource management in terms of knowledge and benefits of employees. The company has established the Human Resources Development Committee (HRD) to manage and develop the human resources effectively, efficiently and in consistent with the company's strategies.

Key Principles for Human Resource Management and Development

The company strives to improve human resource management as well as supporting proactive operation of all departments in order to achieve business goals. Moreover, the company always strives to provide employees with further trainings and promote quality of work life, by taking into account the fair treatment of employees and human rights.

The company focuses on taking care of employees in various fields with the strong belief that the development of skills, abilities, motivations, positive work environments, good occupational health and good welfare will enable them to perform their duties with full potential which, in the end, results in positive impacts on customers, stakeholders and sustainable growth.

Candidate Hunting

The company creates the processes and approaches to get access to candidates through a variety of channels and methods to keep pace with rapidly changing lifestyles of the digital world, for example, social channels such as Facebook or LINE, various activities such as Toward Success Together Day and Chance for Friends to provide opportunities for employees to participate in peer referrals.



Recruitment

For recruitment, apart from knowledge, abilities and qualifications, the company realizes the importance of selecting candidates who have faith and align with the organization's values in order to obtain right persons suitable for the company.

Equality and Diversity

The company adheres to the practice that treats all employees with fairness, for instance, compliance with the labor law and human rights without discriminations of any kind, regardless of race, skin color, sex, religion, political views, revocation of citizenship, social background and any other form of discriminations related to both internal and external stakeholders. The company does not engage in illegal labor practice and child labor exploitation. These guidelines are applied to all employees from executives to operational staff. The company also offers work opportunities for persons with disabilities.

Employment of a Person with Disabilities

Promotion and Development of the Disabled's Wellbeing

The company has offered job opportunities and generated income for persons with disabilities by joining the project arranged by the Thai Bankers' Association that hired people with disabilities to work for the Thai Red Cross Society in many provinces. Similarly, the company has also hired persons with disabilities to work for the bank.

Hiring Retired Employees

The company always realizes the importance of age-friendly business and has a management approach to support the elderly society by setting the criteria for hiring retired employees who have potential. Not only does it help the elderly earn income, it is also beneficial to the organization as it helps tackle labor shortage.

**Table : Number of Retired Employees Getting Hired**

	2021	2020	2019
Accumulative number of retired employees getting hired (Person)	0	1	10
Number of retired employees per year (Person)	7	6	7

Sustainable Growth with Human Resources Development

The company has encouraged and instilled its employees with the same core values by implementing the master plan which includes creating perception and attitude through communication channels, practice, belief and individual mindset activities to build group habit norm and corporate values. The company has continuously instilled the value in both newcomers and existing employees.

Welcome Newcomers

“Welcome Newcomers” on their very first day aims to create favorable impression on the newcomers, to introduce the company’s core values, and to give them some tips or advice on the work life with the organization such as introducing a newcomer to colleagues, nearby canteens so they are comfortable with new environments, aware and eventually adaptable to their work.

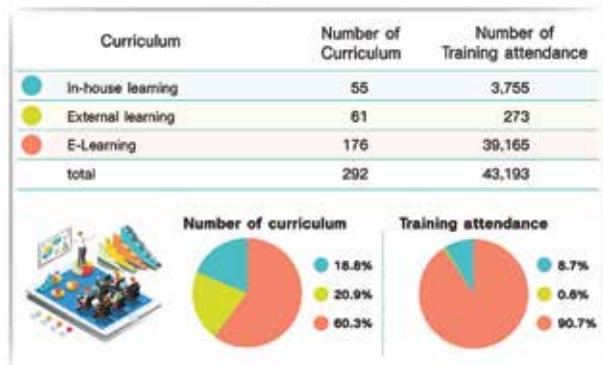
Employees’ Development

Employees are a significant factor driving the company to a success. Consequently, the company has employed potential development plan to enhance the employees’ knowledge, abilities and skills so they can professionally fulfill their job junctions. The company also offers opportunities for them to maximize their full potential, to enhance their self-development and to attend training courses. The requirements of human resource development play a significant role in the career path of employees.

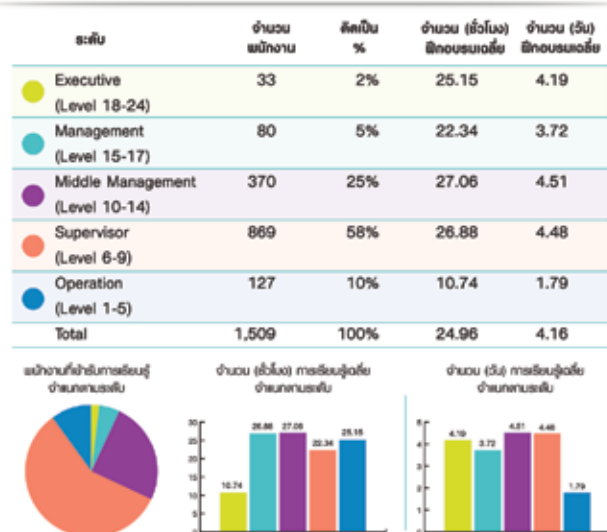
In 2021, the company determined a strategy and guideline for human resources development in order to improve the agility and flexibility. For that reason, the company has developed a platform that will increase learning channels as well as created a mechanism to put knowledge into practice. Moreover, supportive activities were created to help staff learn from anywhere anytime without limitation under the name “LHFG People Connect”. This is to enhance their potential to catch up with knowledge and rapid changes. These connected learning channels could be accessed with ease with 1 User 1 Password.

During the COVID-19 Pandemic, the company has been developing a mechanism to improve our employees through online channels as to help them allocate their time to learn anytime anywhere through application containing several courses such as Customers Insights and Presentation Technique that helps them understand various presentation techniques and apply to financial advisor. The courses in accordance with the regulatory requirements such as AML/CTPF (Anti-Money Laundering & Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing) and other courses such as the “Pay to be Wealthy”, a collaboration with Money Buffalo that will help staff manage their capitals. As a result, they can also take the knowledge in financial management to give financial advisory for customers.

Training data in 2021

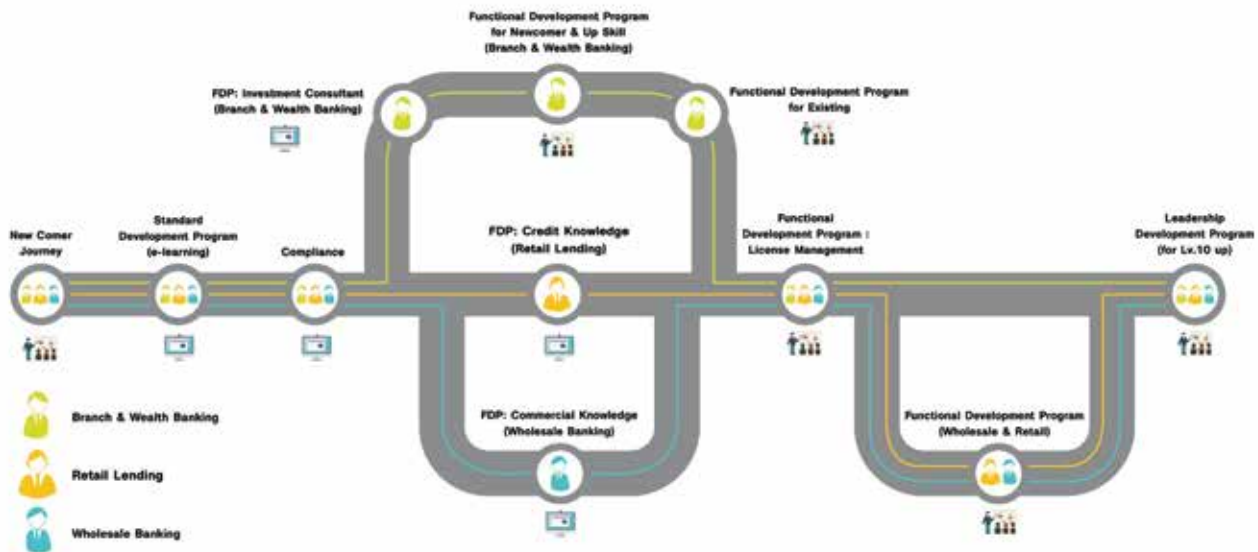


จำนวนพนักงานที่เข้ารับการเรียนรู้จำแนกตามระดับ





In addition, the company has set a development journey as a guideline with the objective of creating knowledge, understanding and increasing skills for employees in both soft skills and hard skills.



Human Resources Development - Executives and Key Successors

The company highlights the importance of top executive development by assigning the Nomination and Remuneration Committee to develop policies, guidelines and succession plans as well as to support leadership development systematically and continuously. The company has laid down the guidelines on leader development with the focus on the principle of efficiency: Lead Self, Lead Team & Lead Change/Culture which covers ideas and drills to ensure efficient results. The learning processes comprise classroom learning, goal setting for self and team improvements and knowledge sharing among learners, supervisors and mentors.

The program to improve knowledge of executives and enhance their leadership: Leadership Development Program (Facilitator Certify Workshop): The Power to Effectiveness aims to create internal trainers to be part of driving force for leadership development at the levels of AVP of departments/office and section managers. It is the continuous program for top executives who pass The 7 Habits of Highly Effective People. Virtual classroom learning programs have also been designed and target group has been assigned to set their 30-day plan with development goals for self, team and work in order to accommodate the 70:20:10 learning process.

GOOD LEADER TEACHER

เพื่อเป็นกลไกในการพัฒนาผู้นำร่วมกับการขับเคลื่อนให้เกิดการพัฒนาและปรับปรุง
ทั้งต่อตนเอง ต่องาน รวมถึงการสร้างบรรยากาศให้เกิดการแลกเปลี่ยนเรียนรู้
กระตุ้นให้เกิดมุมมองต่างๆที่นำไปสู่การสร้างความนิยมร่วมกัน

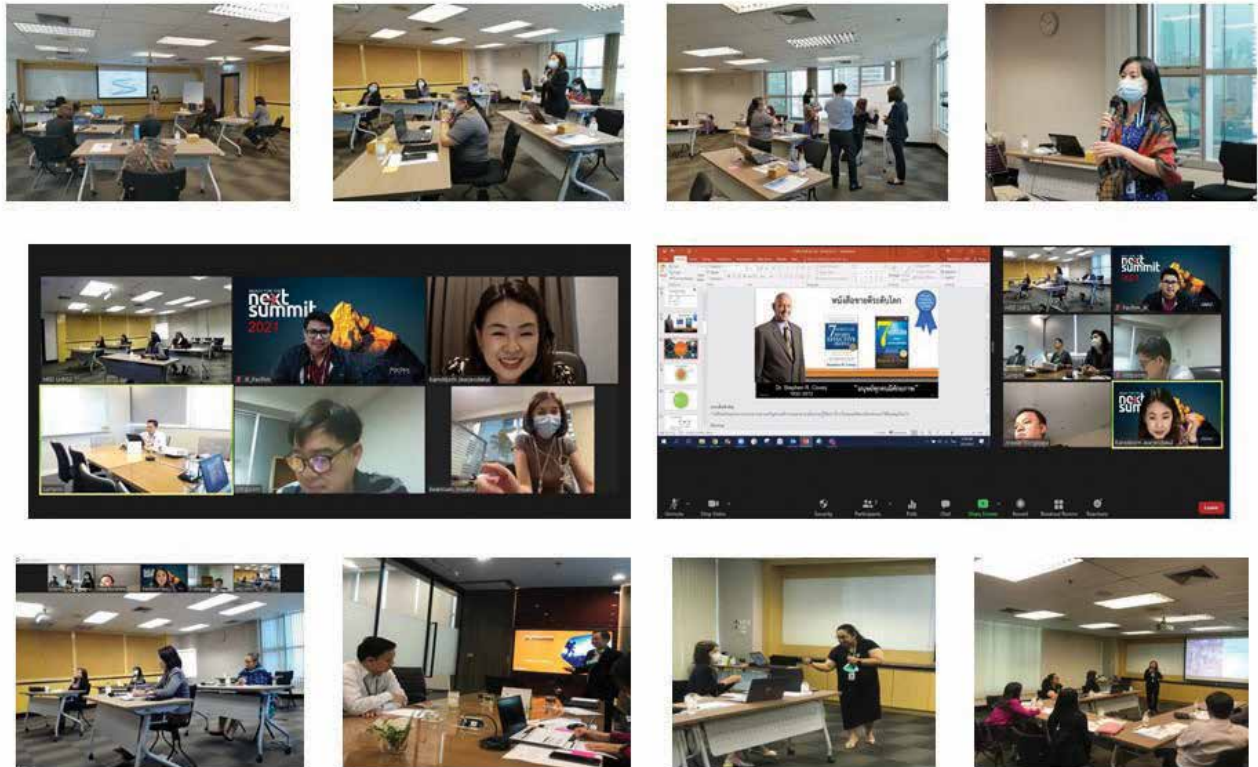
โดยมีกรอบหลักการที่สะท้อนความเป็นคนรุ่นใหม่ นำมาในตนเอง ตลอดจน
รวมถึงสามารถบริหารเวลาและงานโดยไร้ข้อจำกัด

**ด่วน!
ภายในวันที่
25 กันยายน
เท่านั้น**

เปิดรับสมัคร internal trainer
พิเศษเฉพาะผู้อำนวยการฝ่าย/สำนัก (N-3) เท่านั้น
ผู้ผ่านคัดเลือก เริ่มจากการเป็นผู้ถ่ายทอดที่ดี ควบคู่กับการฝึกฝนการเป็นผู้นำอย่างอยู่

เพราะคุณคือ Future Leader ของเรา
สนใจติดต่อคุณ Kwanruan #2216, Jiraporn #2264
email: Kwanruan@LHBank.co.th, Jiraporn@LHBank.co.th

Leadership Development (Facilitator Certify Workshop) : The Power To Effectiveness



Leadership Development Program in Classroom and Virtual Classroom

In addition, a training program to develop leadership competencies, that stresses team management through group coaching and 1 on 1 coaching for executives to use their skills as coaches, has been developed. The program focuses on the roles necessary for leaders, covering 6 sources influencing behavioral changes and coaching principles/skills. It offers a four-month learning and development journey to enable leaders to implement what they have learned to manage their team effectively.

One of the most important and essential skills for leaders leading them to success is communication skill (Communication with Impact). Effective communication brings about success at work and team management with storytelling courses. The 70:20:10 learning process consists of self-learning. (Self-Learning) through movies that is an interactive system, group coaching with executive coach and making videos to tell their own stories. This ensures that leaders practice storytelling skills while being mentored by a coach.



Annual Performance Appraisal

The company sees the annual performance appraisal as an essential part to enhance work efficiency and employee's participation by getting them equipped with KPI setting process and knowledge about performance appraisal, and allowing them to set their key performance indicators (KPI) to align with the goals of organization. This is to ensure efficiency.

The factors used in the annual performance assessment consist of two main components, the expected behavior of the organization (Potential) and the performance (KPI). The two factors have been determined in equal proportion for each level of employees and have been considered by the Human Resources Development Committee for appropriateness and optimal efficiency.

Determining and Managing Remunerations

The company places the importance on determining and managing remunerations to be fair and competitive. Therefore, the company has the policy on salary increase and bonus based on annual performance. Special salary adjustments are also made by referring to compensation surveys in the same or similar industry in order to retain qualified employees who can meet expectations with the company.

Compensation Ratio by Gender

The compensation ratio of man to woman is 1:1.

Building Pride in the Organization

The value of employees is a critical factor in business operations. The company has a policy to give honorary pins to employees who have been working with the company for 10 years, with the aims at praising, creating good atmosphere and morale of employees for their dedication to the organization. In 2021, the company presented an honorary pin to 59 staff.

Table: Number of employees who have been working for 10 years.

2021	2020	2019	2018
59	44	16	43



Raising Awareness through Communication Channels

Communication is a crucial factor to drive the organization, unify employees and increase their engagement in establishing the sustainable organization and; therefore, sets up various internal communication channels to facilitate easy access and ensure comprehensive communication. The company employs efficient management of contents and channels as to achieve its goal of building awareness and common attitude towards the company's shared values. The internal communication channels consists of 2 types of media as follows:

1. Online Media consists of Website, LINE, Facebook, YouTube, LHFG People Connect Intranet and LHFG People Connect Application (PacD).

2. Offline Media including printing materials, media at the branch, direct mail, activities to promote a sense of pride in the organization, engagement via on site development activities, and to strengthen the relationship among employees who station at different branches nationwide.

Welfare and Creation of Employees' Engagement

The company wishes all employees good health both physically and mentally and therefore provides comprehensive welfare with the review and update. Health promotion activities, annual health check, influenza vaccination, giving special discounts to families of employees who wish to have vaccinations or health checks including COVID-19 vaccination free of charge.



Welfare Arrangements

Good benefits are significant factors for boosting the employees' morale and spirit. The company has set an appropriate and fair system of remunerations and benefits so that they can have the good quality of life by providing various benefits as follows:

- Staff uniform
- Provident fund
- Medical service, dental care and medical check-up
- Group life insurance and health insurance
- Housing loan and hire purchase with low interest rates

Good Environment and Workplace Safety

Creating good working environment and safety for the employees, the company, therefore, establishes the Safety Healthy Environment Committee (SHE) to be a mechanism to implement its policies and plans for occupational safety as detailed below:

- Educate and create understanding about occupational safety in the workplace through various communication channels
- Annual fire drill



- Establish the SHE hotline to receive reports on unsafe incidents and coordinate with related agencies in order to provide immediate assistance. In 2021, no employees were injured while working.

Table : Number of employees injured while working

	2021	2020	2019	2018
Number of employees injured while working	0	0	0	0

- CARE project, the activity to promote health and safety

The company has provided health and safety communication, including warnings of any health hazards and risk incidents. COVID-19 pandemic still exists. Consequently, the company needed to change their working styles by allowing some employees to work from home and assigning some employees to work at an alternative site. Health and safety measures are taken to facilitate employees' operations, including providing shuttle buses for employees who work at the alternative site. Face masks and hand sanitizers are also provided. Communication of such preventive measures with health promotion information against COVID-19 that is beneficial to employees is made available through LHFG People Connect Application.

Welcome Back Box Represents our Love and Care for all Employees



Health Promotional Activities via Virtual Activity : Yoga

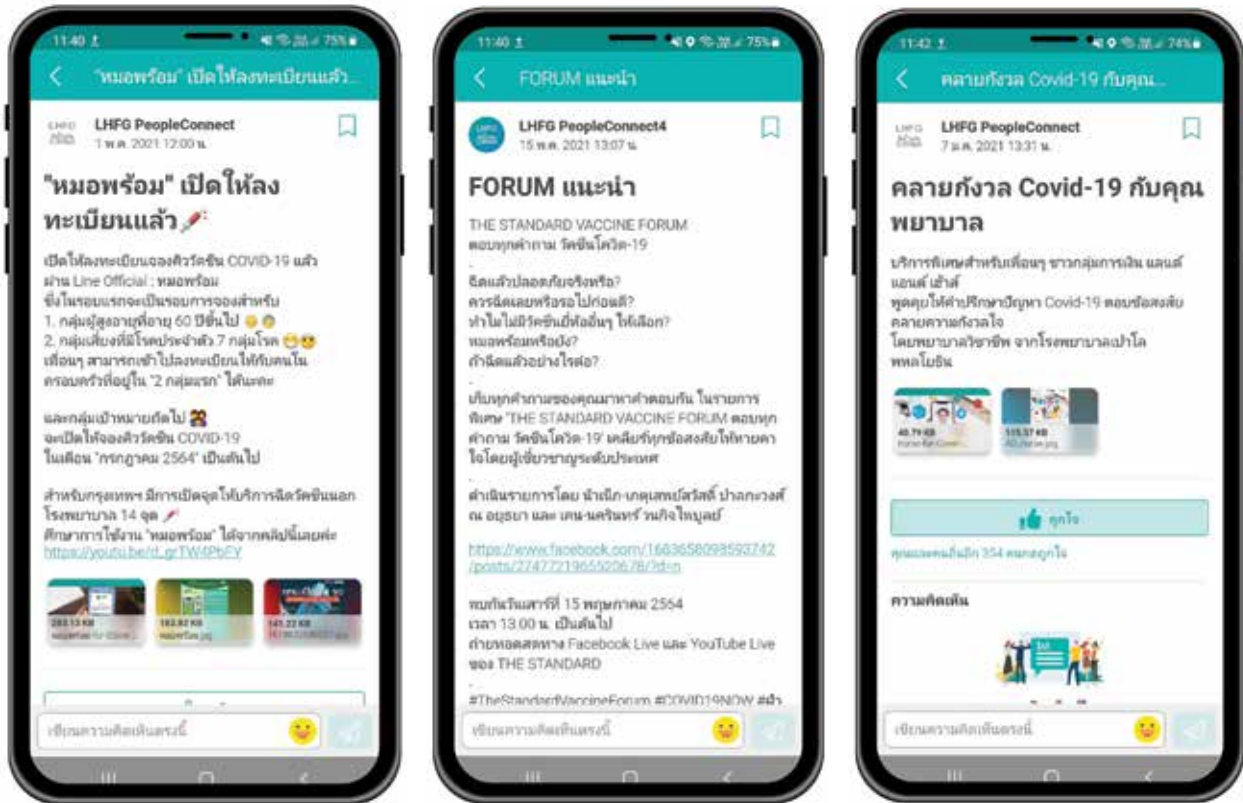


Educating Staff on Effective Money Tips via Virtual Classroom : LH Bank Fin Design

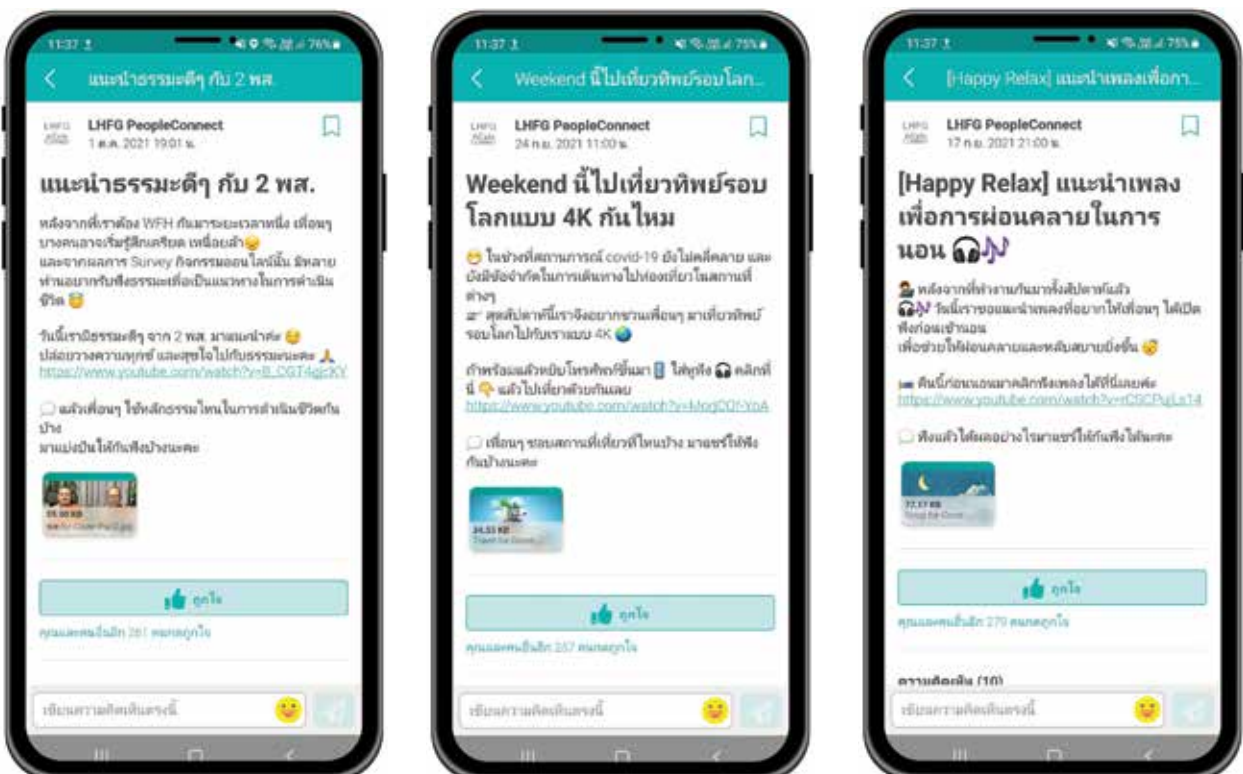




COVID-19 News and Health Care



Entertainment News for Staff's Recreation



Responsibilities towards Consumers



Financial business is related to the economic and financial conditions of the country, the business operation can likewise impact the national economic drive and investments in a wider range than any other business. Land and Houses Financial Group, therefore, has been operating effectively coupled with social responsibility, especially towards consumers on which the bank puts the first priority.

Land and Houses Financial Group prioritizes the benefits and satisfaction of customers by offering the products and services with quality, responding to the demands of all customer segments. There are many areas of development to accommodate more convenience. The details of products and services are clearly and accurately presented to customers through various channels which can be easily accessed so that they have enough information regarding our products and services including sales promotions for making decisions. Moreover, the company emphasizes and operates its business under the market conduct.

Fundamental Rights of Consumers

The bank announces the fundamental rights of consumers in order to make them aware of their rights eligible from using services via the bank's website as follows:

Rights of Consumers	Products	Personnel or Processes
1. Right to receive correct information	<ul style="list-style-type: none"> Consumers shall receive clear explanation about the differences between the main products of bank and the securities and insurance products Consumers shall receive the information of product details, risks, conditions, benefits such as in the form of APR (Annual Percentage Rate) or IRR (Internal Rate of Return) and related assumptions. Consumers shall receive the information of an advertisement or other marketing media in sales promotions correctly and appropriately. 	<ul style="list-style-type: none"> Consumers shall receive the fact sheet summarizing the main information when they are offered securities and insurance products. The fact sheet must indicate the unique features and risks of the products with concise and straightforward wording, and is in line with the form required by the Office of The Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC), for making the decision to buy the products.
2. Right to choose the products and financial services freely		<ul style="list-style-type: none"> Consumers have the right to freely invest and can deny buying any securities and insurance products. Consumers have the right to deny buying any securities and insurance products which are bundled with the products of the bank. The bank shall give the right to the consumers in choosing to buy or not to buy such products. Consumers have right to give the consent or deny giving the consent to reveal the information as mentioned in the letter of consent given separately from the purchase agreement.
3. Right to claim for fairness		<ul style="list-style-type: none"> Consumers have the right to claim to all branches of the bank selling the products of securities and insurance (Point of Sale) with the evidence to prove that the bank has acknowledged the claims. Consumers shall be able to ask for more information for better understanding of the products from the call center of the bank.
4. Right to claim for compensation		<ul style="list-style-type: none"> Consumers have the right to receive appropriate compensation if it is proven that the bank fails to conform to the good product offer policy with intention or negligence causing any damage to the consumers.



Fair Treatment of Consumers

The bank has been conducting the social responsibility in CSR-in-Process by implementing the practical guideline in the corporate social responsibility for business sustainability policy and to create the business innovation until it is part of working processes, product development as well as service standards. The main objectives are to reduce the potential negative impacts on the stakeholders in all aspects and to create awareness and good attitude among directors, executives and employees.

The bank has developed a working process by imposing regulation, establishing standard operational guideline, creating organizational structure and segregating duties to each department properly (Three Lines of Defense) with clear operation process, quick and accurate system and effective control. The bank also designs the systems to create correct and mutual understanding among employees and related parties. The system is intended to reduce errors, and can be audited, monitored and evaluated efficiently for the highest benefits to customers including:

- For savings and current accounts without transaction movements for more than 1 year, the bank will notify the balance and condition of account maintenance fee deduction to customers 30 days in advance.
- For debt collection and debt management, collectors must introduce themselves to customers by telling their names and objective correctly and appropriately. In case of face-to-face communication, evidence on debt collecting permission certified by the bank must be shown to customers. The bank also specifies the time and frequency of debt collection which is proper and conforms to the law and practice of the Bank of Thailand and related official entities.
- The disclosure of full details of products and services is factual without distortion or misleading information, detailing the simplified terms and conditions of products and operating procedures which allow customers to accept the terms and conditions before making their decisions.
- The announcement of the interest rates and fees is made in advance before the effective date of any changes in order to keep customers informed before making decisions. The announcement will be done at the bank's branches and on the website at www.lhbank.co.th. It clearly specifies the rate against the credit line and type of customers, details and conditions of such product so that they can consider before making decisions.

The bank provides its employees with sound knowledge of products and services' information so that they can give the information correctly and quickly. This is to ensure customers' experience in using smooth services. The bank also has a Call Center to provide advisory service available 24 hours daily at 1327.

The bank provides channels to receive complaints, suggestions and critiques by having the independent unit to handle those issues as well as resolve customers' complaints. The information was collected as to improve the standard of operation and service. The bank provides various channels to receive the complaints as follows:

- Head Office or branches
- Call Center : 1327
- Website : www.lhbank.co.th
- Official Facebook Fanpage

The bank pays attention to the confidentiality of customers' data by not revealing them unless the written consent is obtained.

Research and Customers' Satisfaction Measurement

The bank measures the customers' satisfaction in the services provided by staff at branches via random call and feedbacks from customers using services at branches. The collected information will then be used to develop and improve products and services at branches in order to increase their satisfaction.

Providing Savings Account for Basic Financial Service Access

The bank provides many financial products under the concept of promoting inclusive financial access to stimulate economic growth sustainably and thoroughly by supporting public including the elderly and the disabled to gain easy access to financial products and services with lower cost. This important mechanism serves as an initiative on supporting all individuals to learn basic financial planning, gain access to financial services, cultivate savings attitude and expand to other products.



Criteria for Opening Basic Banking Account

- Savings account
- 1 person / 1 account
- Receive savings account's interest rate
- No minimum balance when opening an account (can start with zero balance)
- No account maintenance fees
- No fees for ATM / debit card used with the basic banking account

In case a customer applies for ATM / debit card with the aim to support individuals holding valid state welfare cards and having rights to receive benefits from state welfare cards or to foster Thai citizens with the age over 65 years old to get easy access to financial services, the bank always recommends such customers to open a basic deposit account to support the government's policies.

Customer Qualifications

- Individuals holding valid state welfare cards or those with the age over 65 years old
- Individuals with child care subsidy having children from birth to 3 years of age
- Individuals with allowance for the elderly
- Individuals with disability living allowance
- Individuals with compensation for being village health volunteers
- Individuals with other social welfare benefits

The above savings account can be coupled with other services of the bank such as

- LH Bank PromptPay
- Debit card
- Mobile Application LH Bank M Choice
- Utility bill payment or ATS for utility bill payments

Resolution Process and Result Reporting to Complainants According to Service Level Agreement : SLA

The bank has determined the Service Level Agreement (SLA) to set the duration of processing financial services for retail customers. The agreement, covering services in the field of credits, deposits, electronic cards and general services, is intended to upgrade the financial service standards and to set the standards for receiving and handling customer's complaints, and to eventually reduce the number of complaints. It is the bank's commitment to deliver more efficient, faster and more convenient services, to respond to the customers' needs well so that they can

realize the bank's operations. Moreover, the Service Level Agreement ensures the correctness and completeness of facts and / or information, the cooperation of customers and force majeure, uncontrollable situations and / or situations where the bank shall comply with the business continuity plan.

The bank has disclosed the Service Level Agreement (SLA) on the bank's website at www.lhbank.co.th covering 5 areas of financial services as follows:

1. Receiving and Handling Complaints consist of

- Verification of complaints through various channels
- Notification of solutions or progress on actions to cope with complaints in all channels

2. Loans for Retail Customers consist of

- Release of collateral
- Ownership transfer of cars / motorcycles to borrowers once the loan has been paid off
- Credit underwriting - the bank will keep customers informed of the result
- Issuing a confirmation letter for debt settlement
- Request for credit account statement

3. Deposits consist of

- Cash deposit / withdrawal through ATM / CDM of the same bank or different banks with some errors occurred: no money received or incorrect balance (excluding suspected fraud cases).
- Fund transfer or e-Wallet top up via ATM, CDM, internet, mobile banking but the system malfunctioned causing no money received, the bank will check the error, notify a customer, and adjust that transaction.
- Request to check the transfers to wrong account, internal transfers or interbank transfers or e-Wallet top up to wrong account (excluding suspected fraud cases), the bank will check the error and keep a customer informed.

4. Electronic Cards consist of

- Freezing electronic cards such as ATM cards and debit cards
- Advising against the debit card holder's suspicious payment
- Checking the debit card's transactions at the point of sale locally and returning money to card holders

5. General Services consist of

- Customers can request for various information such as the calculation of interests for credit / hire-purchase of no longer than 12 months and 6-month statements which will be given to them in writing.

Market Conduct

All companies in the LH financial business group have been emphasizing and supporting operations according to the market conduct for sustainable operations. We expect our customers to gain confidence on:

1. Receiving sincere and fair services
2. Receiving appropriate and clear advice
3. Receiving fair prices and conditions
4. Receiving convenient services and proper solutions
5. Receiving understanding of their rights and duties

Cooperation in Development of Community and Society



Land and Houses Financial Business Group is engaged in being part of sustainable development in accordance with good governance principles coupled with social responsibility. Land and Houses Financial Group has taken part in social activities with the emphasis on sustainability.

Land and Houses Financial Group has been operating its corporate social responsibility and supporting activities to promote and improve the quality of life in various fields as well as encouraging its employees to volunteer in various activities both government and private agencies with the aim of maximizing benefits to society and communities in accordance with the sustainable development goals.

Land and Houses Bank has been supporting and promoting the development of society and communities through supportive activities covering 3 areas as follows:

1. Youth Empowerment and Education
2. Society and Quality of Life Improvement
3. Arts and Culture Conservation

1. Youth Empowerment and Education

Education is the foundation for all success stories, thus, the bank always realizes the significance of educational support, knowledge development and quality of Thai juveniles. For example, the bank provides the nationwide scholarship project with the purpose to support the youths who are good at study but unable to afford to pursue higher education, the project, **“Give Books and Learning Materials to the Department of Corrections”** encouraging employees and customers to donate books to promote knowledge of prisoners and the donation of old calendars to the Bangkok School for the Blind, allowing them to turn them into instructional materials such as Braille books and notebooks for students with visual impairments.



“Give Books and Learning Materials to the Department of Corrections” to promote self-development of prisoners

“Give Books and Learning Materials to the Department of Corrections” project

2021	2020	2019
1,030 books	1,340 books	1,625 books

• Scholarship Project

The bank realizes the importance of education and the development of youths who, in the future, will be the main strength and powerful driver of the nation in the long run and sets up a scholarship project to support the youths who have high academic performance, talent and determination to pursue higher education. This project can also instill juveniles to realize the values and importance of education. Moreover, it is also a sustainable way to increase the quality human resources.

Main Objectives

- To bring the educational stability to the 7th grade needy students with high academic records to pursue their education until 12th grade level
- To instill youths to realize the values and importance of education
- To increase the number of potential and quality human resource to society
- To carry out activities that benefit and help society and country as a whole (Corporate Social Responsibilities)

Nature of Scholarship

- It is a scholarship for junior high school to high school students who have excellent academic records with the average GPA above 2.60 and good behaviors.
- It is offered for youths in a wider area across 6 regions where the bank's branch networks are located.
- It is offered for the underprivileged due to poor family or lack of parents or being in the custody of another person who are poor or are under the care of welfare institutions or foundations.

List of schools joining the 2021 scholarship project includes:

- Anurajaprasit School, Bangkok
- Thanyarat School, Pathumthani
- Chuen Chom Pittayakarn School, Maha Sarakham
- Hua Hin Wittayakom School, Prachuap Khiri Khan
- Phuket Wittayalai School, Phuket
- Sankamphaeng School, Chiang Mai

Youth Empowerment and Education Outcome

- 72 continuing scholarships in 2021 for 6 schools, with the total amount of 576,000 Baht
- Two follow-up surveys and assessments for the year 2021. Most of the students under the survey were relatively poor. Parents were divorced and they live with relatives who were general labors with low incomes and education level were average to good.

Scholarship's Activity Snapshots



Thanyarat School, Pathumthani



Phuket Wittayalai School, Phuket



Sankamphaeng School, Chiang Mai



Chuen Chom Pittayakarn School, Maha Sarakham



Expenses for CSR Activities

Activities	2021	2020	2019
Continuing Scholarship	606,000	462,000	318,000
Environmental, Social and Governance	1,200,000	1,168,000	1,112,000

• Used Computers Donation Project

The bank endeavors to fulfill educational gap for urban or up-country to have the same standard. The bank, therefore, arranges the used computers donation project, offering second-hand, ready-to-use computers and notebooks with good condition to disadvantaged schools as an educational resource, so that their students could fully search for knowledge and information in order to get ready for knowledge-based society.

Used Computers Donation Outcome

2021	2020	2019
40 computers	40 computers	30 computers



Donate used computers to the Special Learning Center in Pathumthani



Donate used computers to the Special Learning Center in Nakhonpathom



Donate used computers to the Special Learning Center in Samutprakarn

• Old Calendar Donation Project

The bank has collected the unused desk calendars to donate to the Bangkok School for the Blind for the production of instructional materials, Braille books and notebooks for students with visual impairments.

Old Calendar Donation Outcome

2021	2020
1,250 pieces	1,450 pieces

2. Society and Quality of Life Improvement

Social activities of the company focuses on supporting various projects which support social and environmental development and drive positive changes in communities through a wide range of supports such as providing budgets, donating materials, providing aids in an emergency, voluntary activities of employees, internal activities for employees to donate money and materials to different public charities, and sharing knowledge and skills. The company joins forces with its alliances, network associates, customer groups and all the stakeholders nearby the bank. The group believes that delivering public activities cannot be achieved by one organization alone. It also needs concrete collaborations from related parties to help tackle problems and bring about constructive changes to society for sustainable growth, for instance, inviting employees and customers to donate money for disaster victims and participating in the anti-corruption activities to encourage Thai society to work together against all forms of corruption while promoting market conduct.

• Voluntary Activity for Social Development

Amid the COVID-19 pandemic, the bank has given priority to prevent and monitor the risks of transmission, particularly for the health and safety of employees. In order to manage this, a working group has been set up to monitor the outbreak to collect information to define the

appropriate measures including allowing employees to work from home, flexible work hours and lunch breaks to ease the congestion in the workplace and social distancing in the office. In addition, workplace and health measures are in place, for example, cleaning air conditioners, installing air purifiers or ventilators for better ventilation and safe zone. Screening points have been set up consisting of alcohol-based hand sanitizers and face masks before entering into the bank's facilities.

Helping credit customers affected by the economic downturn, drought and COVID-19 outbreak, the company has issued several measures to help customers in all business groups and retail customers who have been affected by the aforementioned situation in order to alleviate their suffering as well as to help alleviate anxiety and get them ready to continue their business, including:

- Relief measures for corporate loan customers (for non-NPL debtors) affected by the COVID-19 pandemic according to the measures of sustainable rehabilitation assistance are as follows:
 - Reduce installments by extending repayment periods
 - Grace period for principal repayment
 - Adjust the payment terms and conditions
 - Others as deemed appropriate



- Relief measures for housing loan and personal loan customers affected by the COVID-19 outbreak (For non-NPL debtors) are as follows:
 - Relief measures for personal loan debtors: Reduce installments by extending repayment periods and charge interest rate of not more than 22% per annum
 - Relief measure for housing loans and mortgage loans with homes as collateral



From the situation of the COVID-19 outbreak that is widely spreading in many areas across the country causing government and private agencies, including hospitals to face with the shortage of beds to accommodate a large number of patients, the bank is concerned and sees that urgent need and shortage. Therefore, the paper field beds have been given to support the patients to various departments. The number of missing places in the number of 10 including:

1. Special Warfare Command, Lopburi
2. Somdet Ratchathewi Hospital at Sriracha, Chonburi
3. Sanam Phalang Paen Din 3 Hospital
4. Nakhon Pathom Aunjai Waiting Center, Nakhon Pathom
5. Sanam Hospital Samut Songkhram Province, Samut Songkhram
6. Khun Han Hospital, Sisaket
7. Phayao Provincial Administrative Organization, Phayao
8. Somdej Phrayuparaj Det Udom Hospital, Det Udom District, Ubon Ratchathani
9. Phasuk Manichak Mittraphap 116 School Waiting Center, Nonthaburi
10. Phramongkutklo Hospital Foundation



Delivery of paper field beds to the Special Warfare Center, Lopburi



Delivery of paper field beds to Sanam Phalang Paen Din 3 Hospital



Delivery of paper field beds to Nakhon Pathom Aunjai Waiting Center, Nakhon Pathom



Delivery of paper field beds to Phramongkutklo Hospital Foundation



Delivery of paper field beds to Khun Han Hospital, Sisaket



Delivery of paper field beds to Phayao Provincial Administrative Organization, Phayao



Delivery of paper field beds to Somdej Phrayuparaj Det Udom Hospital, Det Udom District Ubon Ratchathani

Land and Houses financial business group cares customers partners and social including stakeholders suffered by COVID-19 pandemic and donate money donated from customers partners public and stakeholders from “ Ruamjai soopai Covid-19” in the amount of Baht 1,000,000 to 3 hospitals

- Siriraj Foundation
- Thammasat Chaleram Prakiet Hospital
- King Mongkut Hospital Foundation



Donation to Siriraj Foundation



Donation to Thammasat Chaleram Prakiet Hospital



Donation to King Mongkut Hospital Foundation

The bank also delivers 2,000 lunch boxes and 20,000 bottles of drinking water to express sincere appreciation and gratitude towards medical staff and other related workers who are at the frontlines in the fight against of COVID-19 at the following places.

- Thammasat University Hospital
- Bangsue Central Vaccination Center
- Klongtoei Community



Delivery of lunch boxes and bottles of drinking water to medical personnel to Thammasat University Hospital



Delivery of lunch boxes and bottles of drinking water to medical personnel to Bangsue Central Vaccination Center

Currently, blood reserves at the Thai Red Cross are inadequate for patients' urgent needs. The company comprehends the problem and is eager to be part of supports for social activities. Thus, the company initiates a voluntary social activity by persuading all employees to donate blood annually. In 2021, the company urged its employees to join the "Blood Donor Volunteer: 1 Giver and 3 Receivers". The blood will be distributed to help patients in hospitals nationwide.



LH Bank joined the "Blood Donor Volunteer: 1 Giver and 3 Receivers" of The Thai Red Cross Society.

• Youth Empowerment and Education

The bank sees Thai youths as the future of the nation. It strives to enhance their moral sense and sharpen their academic skills. Therefore, the bank joins the Thai Bankers Association to create the financial literacy project "New Gen Cares about Monies" which is the prototype of financial literacy plan. The pilot target of the project is university students. Staff of the bank will be a trainer to share some monetary knowledge with them via activities to activate recognition and understanding leading to positive changes in their desirable financial behaviors. The bank has been conducting this project for 3 consecutive years.

Objectives of Financial Literacy Project

1. To drive financial literacy project for public as stipulated by 5-year strategic plan of the Thai Bankers Association.
2. To develop the expertise and personal financial management skills to the member banks' personnel to be voluntary trainers and to conduct site visit sharing financial knowledge to students from selected or assigned universities under the idea of "1 bank, 1 university." Activities conducted to promote financial literacy are based on contents, curriculum and practices standardized by the Thai Bankers Association.



3. To raise awareness of effective personal financial management and planning among university students.

The bank, as one of the members of the Thai Bankers' Association, has been cooperating in the implementation of the “New Gen Cares about Monies” project with the awareness of the importance of cultivating financial planning knowledge financial discipline and the morality of anti-corruption in an integrated manner for society since youth in order to build an economic foundation that is stable and sustainable for the society in the future and to create financial discipline for youths who are the leaders from various universities to develop the capacity of the leaders to play a key role in the dissemination of financial discipline campaign. This is the sharing of knowledge, expertise and skills from banking sector to create benefits for communities

and society in response to the bank's commitment to the importance of creating intellectual capital for society in order to be a sustainable quality society.

2021 Financial Literacy Project Outcome

1. Have improved financial literacy and created financial discipline for 721 trainers from 11 member banks
2. Have shared knowledge to over 20,374 students from 45 universities
3. Have created positive attitudes towards banks among target students



Activities of the “New Gen Cares about Monies” project for knowledge sharing and financial literacy for public

3. Arts and Culture Conservation

The bank joins many arts and culture activities with local people living nearby the bank's service centers, for example, supporting the Chinese New Year, Children's Day to strengthen and promote the traditions, arts and culture

with communities around the bank's branches. Besides, the bank is engaged in caring for environment and building awareness for employees to participate in environmental conservation and energy saving.



Innovation and Dissemination of Innovative Corporate Social Responsibilities



The bank is committed to creating innovations for the benefits of business and society at the same time. Financial products and services have been being tailored as to facilitate and meet customers' needs and move to the new era of digital transformation and the government's policy to foster a digital economy. The bank is well aware of these significant trends and, therefore, enhances the innovations for financial products and services in the form of digital banking, helping customers save their time, reduce costs and receive more convenient services. Moreover, the bank has communicated with customers for their understanding and optimal benefits.

Mobile Banking (LH Bank M Choice) is a service to facilitate financial transactions via mobile phones such as money transfer, balance checking and bill payment, available every day, anywhere and anytime via mobile phones. Cardless cash withdrawal via ATMs of Siam Commercial Bank, fund trading and deposit account opening are also available here.

Online Savings Account Opening is an online service to keep pace with the digital era, enabling customers to conveniently do financial transactions every day, anywhere any time. It is now easy to open a new savings account online by just downloading the bank's mobile application before visiting any 7-Eleven's counter service nationwide to verify their identities with e-KYC system that meets the IAL 2.3 security standard. Apart from using a national ID card in an online self-verification process with the Department of Provincial Administration, facial recognition technology for standardized digital verification is also adopted.

Internet Banking for Juristic Persons (LH Bank Speedy) is a service available for more convenience in conducting financial transactions every day, anywhere and anytime. With double security system, customers can rest assured of financial transactions with the bank.



LH Bank Debit Chip Card is a card for processing financial transactions at ATMs of all banks. With securities by recording information into a chip card, safe from ATM skimming, customers can trust their financial transactions and use it to check the account balance and withdraw money at any UnionPay International (UPI) ATM and also pay for products and services at stores or online shopping with many privileges and special promotions from participating stores.



LH Bank Debit Premium Card is a card with personal accident protection of up to Baht 300,000 insured by CHUBB Samaggi Insurance PLC. No medical assessment required, customers just fill in their health profiles in the application form and the coverage will be effective immediately. The service covers for medical expenses for any accidents, just present LH Bank Premium card together with ID card to a contract infirmary.

LH Bank PromptPay Service is a service to transfer and receive funds without carrying cash, just register an ID card or mobile phone number with LH Bank's account. Such transactions can be made at a glance with only ID card number or mobile phone number without account number. LH Bank PromptPay is available via 3 channels as follows:

1. Mobile Banking (LH Bank M Choice)
2. LH Bank's ATMs
3. Bank's branches



LH Bank Business PromptPay is a new choice of fund transfer service for companies or corporates by linking their accounts with their tax ID number.



My Portfolio Service is an online service to check your personal data via LH Bank M Choice, including safe box, deposit, loan, securities, mutual fund, debenture, private fund and insurance.

The bank is open and encourages inventions, creativities and innovations, which will bring about continuity of crafting innovations from within the bank with social accountability.

Certification of IT Security Management System Standards (ISO/IEC 27001 : 2013)

Land and Houses Bank Public Company Limited received the certificate for the IT security management system standards (ISO/IEC 27001 : 2013) to enhance the management of IT security of payment infrastructure to international standard, consisting of BAHTNET and ICAS system to prevent the cyber threats that may cause financial loss and reputational damage which may affect the people and economy in a wider scale.

Raising Awareness on IT Security

The bank has organized a training course on IT security awareness for directors and executives of the Land and Houses financial business group to keep up with the changes occurred to data protection system and information system (Cyber Security) locally and internationally. This is to raise the level of cautions in preventing the threats caused by the changing trends in the digital world so that the bank will be able to cope with and prevent risks immediately and efficiently as well as provide knowledge on the Cyber Security Act B.E. 2562, Personal Data Protection Act 2562 B.E., IT risks and updates of new IT threats for employees so they can apply knowledge to work effectively and are aware of the safer use of computers which enhances the IT safety awareness within the organization.

4. Management Discussion and Analysis

2021 Economic Overview and Outlook 2022

2021 Economic Overview

In 2021, Thai economy expanded slightly from the previous year as a result of the COVID-19 pandemic that exists, especially during the third quarter of 2021. Consequently, economic activities and domestic demand slowly recovered. Both private consumption and investment as well as tourism sector continued to be sluggish. However, it had supportive factors from public expenditure and investment that expanded well and merchandise exports returned to expand as high as 17.1 percent, which was a key driver of Thai economy in the past year.

Economic Outlook 2022

In 2022, the Thai economy is likely to recover continuously from the previous year according to the relaxation of measures to control the spread of COVID-19 and the policy of opening the country. This boost up economic activities and consumer confidence to gradually recover. The Office of the National Economic and Social Development Council forecasts that Thai economy in 2022 is expected to grow at 4.0 percent (expanding in the range of 3.5 - 4.5 percent) with the supporting factors from;

(1) Improved domestic demand both private spending and investment in line with the pandemic situation tend to be easing, increased proportion of vaccinated persons and government economic stimulus measures

(2) Slow recovery of international tourism under the government's policy of opening the country through the Test & Go, effective from February 1, 2022 onwards

(3) The manufacturing and export sectors tend to recover continuously, followed the global economic expansion and the trade volume as well as the easing of supply disruption issue.

(4) Driving force from government disbursement of the remaining Baht 156 billion according to the acceleration of disbursement of the annual budget expenditure 2022 in the amount of Baht 3.1 trillion and the royal decree to borrow Baht 500 billion

However, the recovery of Thai economy in the next stage is still very limited and considerably uncertain depending on the severity of coronavirus outbreak, strictness of control measures and efficacy of vaccines that may affect the ability to accept foreign tourists and recovery of tourism sector. Meanwhile, private demand is still limited from domestic purchasing power which deteriorates in line with the weak labor market and household and business incomes are fragile. In addition, the burden of household debt and overall cost of living is high.

Source: Office of the National Economic and Social Development Council and Bank of Thailand

Operating Results Classified by Business

1. Investment

LH Financial Group Public Company Limited and its subsidiaries have the performance as follows:

Credit Rating

The company is rated “BBB+” with “Stable” outlook by Tris Rating.

Overall Performance

The analysis of operating results of the company and its subsidiaries were comparative performance of the year 2021 and 2020.

In 2021, the profits were Baht 1,383.72 million, decreased by Baht 673.17 million or 32.73% when compared to the year 2020 with the net profit of Baht 2,056.89 million mainly due to the increase in expected credit losses. In September 2021, CTBC bank became a major shareholder and LH Financial Group Public Company Limited turned a subsidiary of CTBC bank. As CTBC bank viewed that the COVID-19 outbreak still exists, therefore, it deemed necessary that the bank should increase expected credit losses from Baht 1,737.98 million in the 9-month period of 2021 to Baht 3,283.84 million at the end of 2021 to build confidence in the implementation of the strategy in 2022. Moreover, the bank will accelerate business expansion and expand more retail loans. It is evident that the allowance for doubtful accounts to non-performing loans (Coverage Ratio) increased from 148.40% in the third quarter of 2021 to 179.12% at the end of 2021. And the NPLs stood at 2.44% of total loans, which was low.

Other operating expenses were Baht 3,223.24 million, increased by Baht 226.10 million or 7.54% from 2020, mainly due to the increase in employees' expenses, advertising and promotional expenses.

The company and its subsidiaries increased the expected credit losses of Baht 971.67 million or 42.18% from 2020.

The operating profit before expected credit losses to total revenue was 60.09% in 2021, decreased from 61.31% in 2020.

Basic earnings per share (EPS) for the year 2021 was Baht 0.066 per share, decreased from Baht 0.098 per share in the year 2020. Return on equity ratio (ROE) was 3.60% in 2021 decreased from 5.16% in 2020.

Table : Operating Results

Operating Results	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	5,439.09	4,725.73	4,486.12	713.36	15.10
Net fees and service income	855.46	727.56	729.41	127.90	17.58
Total other incomes	1,780.78	2,294.02	2,688.33	(513.24)	(22.37)
Total operating income	8,075.33	7,747.31	7,903.86	328.02	4.23
Other operating expenses	(3,223.24)	(2,997.14)	(3,005.24)	226.10	7.54
Operating profits	4,852.09	4,750.17	4,898.62	101.92	2.15
Expected credit losses (Bad debts, doubtful accounts and impairment loss)	(3,275.44)	(2,303.78)	(1,092.85)	971.66	42.18
Profits before income tax expenses	1,576.65	2,446.39	3,805.77	(869.74)	(35.55)
Income tax	(192.93)	(389.50)	(591.17)	(196.57)	(50.47)
Annual profits	1,383.72	2,056.89	3,214.60	(673.17)	(32.73)
Earnings per share (EPS) (Baht)	0.066	0.098	0.152		
Return on equity ratio (ROE) (%)	3.60	5.16	7.95		
Return on assets ratio (ROA) (%)	0.54	0.84	1.32		

1.1 Structure of Operating Income

Structure of operating income of the company and its subsidiaries is as follows:

Operating Income

In 2021, operating income was Baht 8,075.33 million, increased by Baht 328.02 million or 4.23% from 2020. Details are as follows:

Table : Operating Income

Operating Income	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Interest income	7,769.68	7,855.39	8,643.26	(85.71)	(1.09)
Interest expenses	(2,330.59)	(3,129.66)	(4,157.14)	(799.07)	(25.53)
Net interest income	5,439.09	4,725.73	4,486.12	713.36	15.10
Fees and service income	1,202.97	911.48	940.40	291.49	31.98
Fees and service expenses	(347.51)	(183.92)	(210.99)	163.59	88.95
Net fees and service income	855.46	727.56	729.41	127.90	17.58
Gains (losses) on financial instruments measured at fair value through profit or loss	(6.81)	44.36	118.91	(51.17)	(115.35)
Gains on investments	155.65	833.92	1,095.33	(678.27)	(81.34)
Dividend income	1,592.57	1,388.59	1,442.67	203.98	14.69
Other operating incomes	39.37	27.15	31.42	12.22	45.01
Total other incomes	1,780.78	2,294.02	2,688.33	(513.24)	(22.37)
Total operating income	8,075.33	7,747.31	7,903.86	328.02	4.23

Net Interest Income

Net interest income was Baht 5,439.09 million, increased by Baht 713.36 million or 15.10% from 2020, mainly due to the decrease in both interest income and interest expenses of the subsidiary which operates banking business.

Interest expenses were Baht 2,330.59 million, decreased by Baht 799.07 million or 25.53% from 2020, mainly due to the reduced contributions to the Financial Institutions Development Fund (FIDF) from 0.46% to 0.23% per year according to the governmental measures during 2020 - 2022.

Net Non-Interest Income

Net non-interest income consisted of net fees and service income and other incomes (comprised gains (losses) on financial instruments measured at fair value through profit or loss, gains on investments, dividend income and other operating incomes). Net non-interest income was Baht 2,636.24 million, decreased by Baht 385.34 million or 12.75% from 2020. Details are as follows:

• Net Fees and Service Income

Net fees and service income were Baht 855.46 million, increased by Baht 127.90 million or 17.58% from 2020 as a result from the increase in commission income of Land and Houses Bank PLC, a subsidiary, and the increase in fees and service income from fund management/commission and redemption of investment units of Land and Houses Fund Management Co., Ltd., a subsidiary, and the increase in brokerage fees from Land and Houses Securities PLC, a subsidiary.

• Other Incomes

Other incomes were Baht 1,780.78 million, decreased by Baht 513.24 million or 22.37% from 2020, mainly due to the decrease in gains on investments and gains (losses) on financial instruments measured at fair value through profit or loss.

Other Operating Expenses

Other operating expenses were Baht 3,223.24 million, increased by Baht 226.10 million or 7.54% from 2020, mainly due to the increase in employees' expenses e.g. cost for employees' care and preventive measures related to COVID-19 pandemic, advertising and promotional expenses.

Table : Other Operating Expenses

Other Operating Expenses	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employee's expenses	1,796.42	1,614.71	1,607.19	181.71	11.25
Directors' remuneration	42.59	47.09	46.85	(4.50)	(9.56)
Premises and equipment expenses	674.45	726.00	731.30	(51.55)	(7.10)
Taxes and duties	220.11	215.47	227.78	4.64	2.15
Advertising and promotional expenses	129.65	76.41	107.18	53.24	69.68
Amortisation on intangible assets	123.84	126.46	118.31	(2.62)	(2.07)
Other expenses	236.18	191.00	166.63	45.18	23.65
Total other operating expenses	3,223.24	2,997.14	3,005.24	226.10	7.54
Other operating expenses to total operating incomes ratio	39.91%	38.69%	38.02%		

• Employee's Expenses

Employee's expenses were Baht 1,796.42 million, increased by Baht 181.71 million or 11.25% from 2020, resulted from employees' benefits during the year and preventive measures for COVID-19 pandemic.

As of 31 December 2021, LH Financial Group Public Company Limited's financial business group, had a total of 1,741 employees, decreased by 25 or 1.42% from 2020. Details are as follows:

- LH Financial Group Public Company Limited had 285 employees, increased by 3 from 2020.
- Land and Houses Bank Public Company Limited had 1,224 employees, decreased by 42 from 2020.
- Land and Houses Securities Public Company Limited had 140 employees, increased by 10 from 2020.
- Land and Houses Fund Management Company Limited had 92 employees, increased by 4 from 2020.

Table : Number of Employees

LH Financial Group Public Company Limited's Financial Business Group	Number of Employees (Person)		
	31 December 2021	31 December 2020	31 December 2019
LH Financial Group Public Company Limited	285	282	263
Land and Houses Bank Public Company Limited	1,224	1,266	1,229
Land and Houses Securities Public Company Limited	140	130	143
Land and Houses Fund Management Company Limited	92	88	89
Land and Houses Advisory Company Limited	-	-	-
Total	1,741	1,766	1,724

Note : During the year 2019, the structure of LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited, was revised.

- **Premises and equipment expenses**

Premises and equipment expenses were Baht 674.45 million, decreased by Baht 51.55 million or 7.10% from 2020, mainly from the decrease in the number of branches of Land and Houses Bank PCL, a subsidiary, which operates banking business and do operating with Work from Home style, so utilities expenses decreased.

- **Advertising and Promotional Expenses**

Advertising and promotional expenses were Baht 129.65 million, increased by Baht 53.24 million or 69.68% from 2020.

1.2 Asset Management Efficiency

Analysis of Financial Positions

The analysis of financial positions of the company and its subsidiaries was the comparative financial positions as of 31 December 2021 and 31 December 2020.

Table : Total Assets

Total Assets	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Assets					
Cash	717.88	801.52	1,635.59	(83.64)	(10.44)
Interbank and money market items - net	34,055.97	32,367.36	18,569.12	1,688.61	5.22
Financial assets measured at fair value through profit or loss	117.91	26.78	-	91.13	340.29
Investments - net	53,537.36	55,656.49	66,288.64	(2,119.13)	(3.81)
Loans to customers and accrued interest receivables					
Loans to customers	178,788.43	161,376.40	155,866.42	17,412.03	10.79
Accrued interest receivables and undue interest receivables	2,007.39	876.22	217.06	1,131.17	129.10
Total loans to customers and accrued interest receivables	180,795.82	162,252.62	156,083.48	18,543.20	11.43

**Table : Total Assets (Continued)**

Total Assets	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Less: Deferred revenue	(37.11)	(21.62)	(26.03)	15.49	71.65
Allowance for expected credit losses (Allowance for doubtful accounts and revaluation of allowance for debt restructuring)	(8,941.36)	(6,014.30)	(4,016.76)	2,927.06	48.67
Loans to customers and accrued interest receivables - net	171,817.35	156,216.70	152,040.69	15,600.65	9.99
Properties foreclosed - net	773.35	652.53	73.73	120.82	18.52
Premises and equipment - net	347.08	309.92	280.19	37.16	11.99
Right-of-use assets - net	613.44	800.36	-	(186.92)	(23.35)
Intangible assets - net	366.83	439.10	499.88	(72.27)	(16.46)
Deferred tax assets	1,033.40	630.89	306.24	402.51	63.80
Accrued interest receivables on investments	144.70	187.22	285.69	(42.52)	(22.71)
Other assets - net	1,110.93	1,222.79	751.52	(111.86)	(9.15)
Total assets	264,636.20	249,311.66	240,731.29	15,324.54	6.15

Total Assets

As of 31 December 2021, total assets were Baht 264,636.20 million, increased by Baht 15,324.54 million or 6.15% from 2020. Core assets consisted of loans to customer and accrued interest receivables - net 64.91% of total assets, followed by investments - net 20.23% of total assets.

Net Investments

As of 31 December 2021, net investments had a book value of Baht 53,537.36 million, decreased by Baht 2,119.13 million or 3.81% from 2020, mainly due to the decrease in investments in debt instruments measured at fair value through other comprehensive income.

Table : Investments Classified by Type of Investments

Type of Investments	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Investment in debt instruments measured at fair value through other comprehensive income					
Government and state enterprise securities	22,202.13	18,471.27	-	3,730.86	20.20
Private sector debt securities	9,761.20	14,908.30	-	(5,147.10)	(34.53)
Other debt securities	3,120.97	3,710.50	-	(589.53)	(15.89)
Less: Allowance for expected credit losses	(202.34)	(202.28)	-	0.06	0.03

Table : Investments Classified by Type of Investments (Continued)

Type of Investments	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Total investment in debt instruments measured at fair value through other comprehensive income	34,881.96	36,887.79	-	(2,005.83)	(5.44)
Investment in equity instruments measured at fair value through other comprehensive income					
Domestic marketable equity securities	18,639.03	18,752.34	-	(113.31)	(0.60)
Domestic non-marketable equity securities	16.37	16.36	-	0.01	0.06
Total investment in equity instruments measured at fair value through other comprehensive income	18,655.40	18,768.70	-	(113.30)	(0.60)
Trading investments					
Domestic marketable equity securities	-	-	22,549.68		
Total trading investments	-	-	22,549.68		
Available-for-sale investments					
Private sector debt securities	-	-	1,055.56		
Domestic marketable equity securities	-	-	592.24		
Total available-for-sale investments	-	-	1,647.80		
Held-to-maturity investments					
Government and state enterprise securities	-	-	18,336.81		
Private sector debt securities	-	-	18,347.05		
Other debt securities	-	-	5,390.94		
Total held-to-maturity investments	-	-	42,074.80		
General investments					
Domestic non-marketable equity securities	-	-	16.39		
Less: Allowance for impairment	-	-	(0.03)		
General investments - net	-	-	16.36		
Investments - net	53,537.36	55,656.49	66,288.64	(2,119.13)	(3.81)

**Total Liabilities**

As of 31 December 2021, total liabilities were Baht 226,437.68 million, increased by Baht 15,756.98 million or 7.48% from 2020, mainly due to deposits,

interbank and money market items and debts issued and borrowings 85.01%, 8.47% and 5.25% of total liabilities, respectively.

Table : Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Deposits	192,499.34	182,719.84	164,984.78	9,779.50	5.35
Interbank and money market items	19,170.71	12,336.78	10,466.99	6,833.93	55.39
Liabilities payable on demand	189.54	949.59	52.09	(760.05)	(80.04)
Debts issued and borrowings	11,877.89	11,393.94	21,805.59	483.95	4.25
Others	2,700.20	3,280.55	2,259.06	(580.35)	(17.69)
Total liabilities	226,437.68	210,680.70	199,568.51	15,756.98	7.48

Owners' Equity

As of 31 December 2021, owners' equity was Baht 38,198.52 million, decreased by Baht 432.44 million or 1.12% from 2020.

Table : Owners' Equity

Owners' Equity	Consolidated Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Paid-up share capital	21,183.66	21,183.66	21,183.66	-	-
Share premium	9,627.91	9,627.91	9,627.91	-	-
Premium on treasury shares - common shares	0.89	-	-	0.89	100.00
Other components of owners' equity	(4,103.78)	(3,692.70)	(309.28)	411.08	11.13
Retained earnings - statutory reserve	1,670.68	1,553.87	1,422.72	116.81	7.52
Retained earnings - treasury shares reserve	-	335.42	-	(335.42)	(100.00)
Retained earnings - unappropriated	9,819.16	9,958.22	9,237.77	(139.06)	(1.40)
Less: Treasury shares - common shares	-	(335.42)	-	335.42	100.00
Total owners' equity	38,198.52	38,630.96	41,162.78	(432.44)	(1.12)

1.3 Capital Adequacy

Sources and Uses of Fund

As of 31 December 2021, capital structure according to the consolidated financial statements consisted of liabilities totalling Baht 226,437.68 million and owners' equity in the amount of Baht 38,198.52 million, or D/E ratio of 5.93 times. The composition of sources of fund in terms of liabilities was deposits at 72.74%, interbank and money market items at 7.24%, debts issued and borrowings at 4.49% and others at 1.09%, while owners' equity was at 14.44%.

Relations Between Sources and Uses of Fund

As of 31 December 2021, loans to customers (before deferred revenue) were Baht 178,788.43 million. Loans to deposit ratio of LH Bank was 93.90%. For the excess liquidity, the company invested in liquid assets such as investments in securities.

Significant sources and uses of fund could be classified by contract maturity date. Deposits less than 1 year were Baht 185,810.89 million, or 96.53% of total deposits. Loan to customers less than 1 year were Baht 75,132.25 million, or 42.02% of total loans. Deposits more than 1 year were Baht 6,688.45 million, or 3.47% of total deposits. Loans more than 1 year were Baht 101,870.24 million, or 56.98% of total loans and perpetual loans were Baht 1,785.94 million, or 1.00% of total loans.

Table : Sources and Uses of Fund

Periods	Deposits				Loans			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	185,810.89	96.53	173,875.76	95.16	75,132.25	42.02	57,917.13	35.89
More than 1 year	6,688.45	3.47	8,844.08	4.84	101,870.24	56.98	102,329.75	63.41
Perpetual	-	-	-	-	1,785.94	1.00	1,129.52	0.70
Total	192,499.34	100.00	182,719.84	100.00	178,788.43	100.00	161,376.40	100.00

1.4 Change of Cash Flow

As of 31 December 2021, the cash was Baht 717.88 million, decreased by Baht 83.64 million from 2020. Net cash provided and used by various activities was as follows:

- Net cash provided by operating activities was Baht 1,632.03 million, which was from the operating profits before the changes in operating assets and liabilities were Baht 880.94 million and significant changes in assets and liabilities were loans to customers increased by Baht 17,793.20 million, interbank and money market items (assets) increased by Baht 1,692.78 million, deposits increased by Baht 9,779.50 million, interbank and money market items (liabilities) increased by 6,833.93 million and short-term debts issued and borrowings increased by Baht 4,604.17 million.

- Net cash provided by investing activities were Baht 3,811.32 million, mainly due to cash received on sale of investments in debt instruments measured at fair value through other comprehensive income - net in the amount of Baht 1,182.36 million and cash received on sale/capital return on investments in equity instruments measured at fair value through other comprehensive income - net in the amount of Baht 168.90 million, cash received on dividend income on investments in the amount of Baht 1,592.57 million and cash received on interest income on investments in the amount of Baht 1,039.17 million.

- Net cash used in financing activities was Baht 5,526.98 million, which was from the redemption of long-term debts issued and borrowings - net of Baht 4,120.22 million, dividend payment of Baht 1,476.85 million, cash received on resale of treasury shares of Baht 336.31 million and payment for lease agreements of Baht 266.22 million.

1.5 Liquidity Adequacy

Liquid assets consisting of cash, interbank and money market items - net (assets) and net investments, were Baht 74,813.11 million, decreased by Baht 2,934.40 million or 3.77%, from 2020.

Table : Liquid Assets

Items	31 December 2021	31 December 2020
	Amount (Million Baht)	Amount (Million Baht)
Total assets	264,636.20	249,311.66
Deposits	192,499.34	182,719.84
Loans to customers (net deferred revenue)	178,751.32	161,354.78
Liquid assets	74,813.11	77,747.51
Loans/deposits (%)	93.90	88.79
Liquid assets/total assets (%)	28.27	31.18
Liquid assets/deposits (%)	38.86	42.55

1.6 Factors Affecting Future Operations

The main factors that might affect the operation in the future include uncertainties surrounding the new wave of COVID-19 outbreak, containment measures, efficacy of vaccine and vaccination coverage as well as monetary policies in major advanced economies.

Commercial banks' profitability improved from the previous year from higher interest income in line with loan growth and economic activities including non-interest income which was a continuous contribution. In addition, it was also derived from efficient cost management both interest costs and administrative costs as well as a lower provisioning compared to last year.

2. Commercial Banks

Overview of Commercial Banks and Competition in 2021 and Outlook in 2022

Overview of Commercial Banks and Competition in 2021

Overall loans grew from the previous year, particularly, corporate loans, while SMEs loans were stable as a result of various relief measures to enhance liquidity. Meanwhile, retail loans grew at a rate similar to the previous year. Although the demand for credit in the household sector has increased in all categories such as housing loans, hire purchase, personal loans and credit cards, the financial position of both households and corporates was fragile due to high debt burden and deteriorating debt serviceability. Commercial banks, therefore, focus on conservative lending and careful credit growth.

Overall deposit growth slowed down from the previous year in line with gradual economic recovery. As a result, part of the deposits was diversified to invest in other types of assets with higher returns and drawdowns to enhance liquidity.

Business trends and competition of commercial banks in 2022

Credit in the commercial banking system is likely to expand in line with gradual economic recovery. Similarly, loan quality is expected to improve due to the measures to help debtors and the relaxation of the Bank of Thailand's loan classification criteria. As a result, both non-performing loan (NPLs) and debt with a significant credit risk (Stage 2) slowed down. The commercial banks continued to focus on financial product development competition in order to expand more customer base. Accelerating the development of technology to increase the potential of digital banking to meet changing behaviors of customers as well as seeking new business opportunities to support stability and profitability.

Comparative Performance of Land and Houses Bank Public Company Limited and Commercial Banks As of December 31, 2021

(Unit : Million Baht)

Items	31 December 2021	31 December 2020	31 December 2019	Growth (YoY)		Growth (YoY)
				2021	2020	2-year Average
Commercial Banks						
Asset	20,596,888	19,800,655	18,169,025	4.0%	9.0%	6.5%
Loan ¹	13,353,600	12,645,401	11,929,433	5.6%	6.0%	5.8%
Deposit	15,121,224	14,536,863	13,104,263	4.0%	10.9%	7.4%
Land and Houses Bank Public Company Limited						
Asset	251,531	240,085	230,548	4.8%	4.1%	4.5%
Loan ¹	170,144	155,838	151,783	9.2%	2.7%	5.9%
Deposit	192,513	182,735	165,018	5.4%	10.7%	8.0%
Market Share of Land and Houses Bank Public Company Limited						
Asset (%)	1.22	1.21	1.27			
Loan ¹ (%)	1.27	1.23	1.27			
Deposit (%)	1.27	1.26	1.26			

Note : ¹ Loans to customers and accrued interest receivables - net

Source : BOT- 14 commercial banks registered in Thailand (separate financial statement)

Credit Rating

Land and Houses Bank Public Company Limited is rated “A-” from TRIS Rating Company Limited with “stable” outlook and is assigned the rating of its Basel III Tier 2 capital securities at “BBB”.

Performance Overview

The analysis of operating results of the bank was the comparative performances of the year 2021 and 2020.

In 2021, the profits were Baht 690.84 million, decreased by Baht 716.75 million or 50.92% from 2020, mainly due to the increase in expected credit losses of 42.88%. In September 2021, CTBC Bank became a major shareholder and LH Financial Group Public Company Limited was a subsidiary. CTBC Bank viewed that COVID-19 pandemic still exists, and deems that that LH Bank, a subsidiary, has to increase an expected credit loss from Baht 1,737.98 million in the 9-month period of 2021 to Baht

3,283.84 million at the end of 2021 to create confidence in implementing the strategy in 2022, when the bank will accelerate business expansion and expand more retail loans.

Other operating expenses increased by Baht 167.92 million or 6.48% from 2020, mainly due to the increase in employees’ expenses, advertising and promotional expenses.

The bank’s expected credit losses were estimated to rise by Baht 985.59 million or 42.88% from 2020.

The operating profit before expected credit losses to total revenue in 2021 was 59.77%, decreased from 60.88% in 2020.

Basic earnings per share in 2021 was Baht 0.35 per share, decreased from Baht 0.70 per share in the previous year. Return on equity (ROE) for the year 2021 was at 1.93% and return on assets (ROA) for the year 2021 was at 0.28%.

**Table: Operating Results**

Operating Results	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	5,564.61	4,951.97	4,741.18	612.64	12.37
Net fees and service income	317.47	282.44	311.57	35.03	12.40
Total other incomes	976.18	1,388.98	1,114.84	(412.80)	(29.72)
Total operating income	6,858.26	6,623.39	6,167.59	234.87	3.55
Other operating expenses	(2,758.99)	(2,591.07)	(2,596.76)	167.92	6.48
Operating profits	4,099.27	4,032.32	3,570.83	66.95	1.66
Expected credit losses (Bad debts, doubtful accounts and impairment loss)	(3,283.83)	(2,298.24)	(1,090.00)	985.59	42.88
Profits before income tax expenses	815.44	1,734.08	2,480.83	(918.64)	(52.98)
Income tax	(124.60)	(326.49)	(442.45)	(201.89)	(61.84)
Annual profits	690.84	1,407.59	2,038.38	(716.75)	(50.92)
Earnings per share (EPS) (Baht)	0.35	0.70	1.02		
Return on equity ratio (ROE) (%)	1.93	3.88	5.67		
Return on assets ratio (ROA) (%)	0.28	0.60	0.87		

2.1 Structure of Operating Income

The structure of the bank's operating income was as follows:

Operating Income

In 2021, the bank had operating income at Baht 6,858.26 million, increased by Baht 234.87 million or 3.55% from 2020.

Table: Operating Income

Operating Income	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Interest income					
Loans to customers	6,358.12	6,207.92	6,623.25	150.20	2.42
Investments in debt securities	907.81	1,222.49	1,519.64	(314.68)	(25.74)
Interbank and money market items	482.36	490.55	632.50	(8.19)	(1.67)

Table: Operating Income (Continued)

Operating Income	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Hire purchase	2.59	6.10	12.30	(3.51)	(57.54)
Others	0.26	0.13	0.03	0.13	100.00
Total interest income	7,751.14	7,927.19	8,787.72	(176.05)	(2.22)
Interest expenses	(2,186.53)	(2,975.22)	(4,046.54)	(788.69)	(26.51)
Net interest income	5,564.61	4,951.97	4,741.18	612.64	12.37
Fees and service income	389.58	352.16	391.69	37.42	10.63
Fees and service expenses	(72.11)	(69.72)	(80.12)	2.39	3.43
Net fees and service income	317.47	282.44	311.57	35.03	12.40
Gains on investments	155.65	833.92	503.85	(678.27)	(81.34)
Dividend income	801.30	494.14	582.17	307.16	62.16
Other operating incomes	19.23	60.92	28.82	(41.69)	(68.43)
Total other incomes	976.18	1,388.98	1,114.84	(412.80)	(29.72)
Total operating income	6,858.26	6,623.39	6,167.59	234.87	3.55

Net Interest Income

In 2021, the bank had net interest income at Baht 5,564.61 million, increased by Baht 612.64 million or 12.37% from 2020, mainly due to the decrease in interest income and interest expenses.

Interest income were Baht 7,751.14 million, decreased by Baht 176.05 million or 2.22% from 2020 as a result of the bank's more cautious approach in lending by reducing loan interest rates for both retail and corporate customers, the offering of loans with special interest rates and decreasing penalty charges for directly and indirectly impacted by the COVID-19 pandemic and various relief schemes to assist customers affected by other situations such as economic slowdown and severe drought under the relief measures of the Bank of Thailand.

Interest expenses were Baht 2,186.53 million, decreased by Baht 788.69 million or 26.51% from 2020, mainly due to the reduced contributions to the Financial Institutions Development Fund (FIDF) from 0.46% to 0.23% per year according to the government measures during the year 2020-2022.

Net Non-Interest Income

Net non-interest income consisted of net fees and service income and other incomes (comprised gains on investments, dividend income and other operating incomes). In 2021, the bank had net non-interest income at Baht 1,293.65 million, decreased by Baht 377.77 million or 22.60 from 2020. Details are as follows:

- Net Fees and Service Income**

Net fees and service income was Baht 317.47 million, increased by Baht 35.03 million or 12.40% from 2020, as a result of the increase in the brokerage fee income from financial products and services.

- Other Incomes**

Other incomes were Baht 976.18 million, decreased by Baht 412.80 million or 29.72% from 2020, mainly due to the decrease in gains on investments.



Net Interest Income after expected credit losses (bad debts, doubtful accounts and impairment loss)

The bank had set aside provisions for the expected credit losses according to the Thai Financial Reporting Standard No. 9: Financial Instruments (TFRS 9) and notifications of the Bank of Thailand.

In 2021, net interest income after expected credit losses was Baht 2,280.78 million, decreased by Baht 372.95 million or 14.05% from 2020.

Expected credit losses (bad debts, doubtful accounts and impairment loss)

In 2021, the bank had the expected credit losses at Baht 3,283.83 million, increased by Baht 985.59 million or 42.88% from 2020.

Table: Net Interest Income after Expected Credit Losses (Bad Debts, Doubtful Accounts and Impairment Loss)

Net Interest Income after Expected Credit Losses (Bad Debts, Doubtful Accounts and Impairment Loss)	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	5,564.61	4,951.97	4,741.18	612.64	12.37
Expected credit losses (Bad debts, doubtful accounts and impairment loss)	(3,283.83)	(2,298.24)	(1,090.00)	985.59	42.88
Net Interest Income after expected credit losses	2,280.78	2,653.73	3,651.18	(372.95)	(14.05)

Other Operating Expenses

Other operating expenses consisted of employee's expenses, directors' remuneration, premises and equipment expenses, taxes and duties, advertising and promotional expenses, amortization for intangible assets, supporting service expenses and other expenses.

In 2021, the bank had other operating expenses at Baht 2,758.99 million, increased by Baht 167.92 million or 6.48% from 2020, mainly due to the increase in employees' expenses and advertising and promotional expenses. The total operating expenses to total operating income ratio in 2021 was 40.23%, increased from 39.12% in 2020.

Table: Other Operating Expenses

Other Operating Expenses	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employees' expenses	1,220.13	1,110.33	1,191.98	109.80	9.89
Directors' remuneration	18.93	20.44	20.37	(1.51)	(7.39)
Premises and equipment expenses	600.84	653.95	659.17	(53.11)	(8.12)
Taxes and duties	216.88	213.58	225.65	3.30	1.55
Advertising and promotional expenses	107.29	65.63	86.77	41.66	63.48
Amortisation and intangible assets	113.27	115.19	104.35	(1.92)	(1.67)

**Table: Other Operating Expenses (Continued)**

Other Operating Expenses	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Supporting service expenses	316.42	288.45	194.22	27.97	9.70
Other expenses	165.23	123.50	114.25	41.73	33.79
Total other operating expenses	2,758.99	2,591.07	2,596.76	167.92	6.48
Total operating expenses to total operating income ratio (%)	40.23	39.12	42.10		

2.2 Asset Management Efficiency

Analysis of Financial Positions

The analysis of the financial positions was the comparative financial positions as of 31 December 2021 and 31 December 2020.

Table: Total Assets

Total Assets	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Assets					
Cash	717.75	801.38	1,635.45	(83.63)	(10.44)
Interbank and money market items - net	35,267.73	35,925.75	23,731.79	(658.02)	(1.83)
Investments - net	41,733.75	43,982.97	51,646.77	(2,249.22)	(5.11)
Loans to customers and accrued interest receivables					
Loans to customers	177,120.49	160,991.88	155,556.42	16,128.61	10.02
Accrued interest receivables and undue interest receivables	2,000.93	872.13	214.15	1,128.80	129.43
Total loans to customers and accrued interest receivables	179,121.42	161,864.01	155,770.57	17,257.41	10.66
Less: Deferred revenue	(37.11)	(21.62)	(26.03)	15.49	71.65
Allowance for expected credit losses (allowance for doubtful accounts and revaluation allowance for debt restructuring)	(8,940.30)	(6,003.97)	(3,961.51)	2,936.33	48.91
Loans to customers and accrued interest receivables - net	170,144.01	155,838.42	151,783.03	14,305.59	9.18
Properties foreclosed - net	773.35	652.53	73.73	120.82	18.52
Premises and equipment - net	282.75	250.23	216.80	32.52	13.00
Right-of-use assets - net	554.03	732.07	-	(178.04)	(24.32)
Intangible assets - net	274.93	338.74	391.64	(63.81)	(18.84)

**Table: Total Assets (Continued)**

Total Assets	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Deferred tax assets	1,013.32	607.91	223.82	405.41	66.69
Accrued interest receivables on investments	144.69	187.22	285.69	(42.53)	(22.72)
Other assets - net	572.35	767.62	559.59	(195.27)	(25.44)
Total assets	251,478.66	240,084.84	230,548.31	11,393.82	4.75

Total Assets

The core assets consisted of loans to customer and net accrued interest receivables, accounting for 67.66% of total assets, followed by net investments of 16.60% of total assets. As of 31 December 2021, total assets were Baht 251,478.66 million, increased by Baht 11,393.82 million or 4.75% from the year 2020, mainly due to the increase in net loans to customers and accrued interest receivables.

Loans to Customers

Loans to customers are classified by business sectors comprised conglomerate & corporate loans, commercial & SME loans and retail loans.

As of 31 December 2021, net loans to customers of deferred revenue (included interbank and money market items) were Baht 209,598.38 million, increased by Baht 15,498.12 million or 7.98% when compared to the year 2020. Most of them came from conglomerate & corporate loans accounting for 49.62%, followed by commercial & SME loans accounting for 36.36% of total loans. When classified by type of loans, it was found that most of them were financial intermediation loans and public utilities and services, accounting for 24.67% and 24.61% of total loans, respectively.

Table: Loans Classified by Business Sector (Interbank and Money Market Items included)

Loans Classified by Business Sector	Separate Financial Statements						Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021		31 December 2020		31 December 2019			
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Conglomerate & Corporate loans	103,997.36	49.62	-	-	-	-		
Big Corporate & Corporate loans	-	-	149,042.03	76.79	137,503.55	76.86		
Commercial & SME loans	76,218.44	36.36	-	-	-	-		
SMEs & SSME loans	-	-	20,734.55	10.68	19,121.20	10.69		
Retail loans	29,382.58	14.02	24,323.68	12.53	22,273.61	12.45	5,058.90	20.80
Loans net of deferred revenue	209,598.38	100.00	194,100.26	100.00	178,898.36	100.00	15,498.12	7.98
Add : Accrued interest receivables and undue interest receivables	2,006.49		880.11		227.36		1,126.38	127.98
Total loans and accrued interest receivables net of deferred revenue	211,604.87		194,980.37		179,125.72		16,624.50	8.53

Note: In 2021, the bank has reclassified loans to customers by segment.


Table: Loans Classified by Type of Loans (Interbank and Money Market Items Included)

Loans Classified by Type of Loans	Separate Financial Statements						Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021		31 December 2020		31 December 2019			
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Housing loans	27,765.46	13.25	22,839.65	11.77	20,827.97	11.64	4,925.81	21.57
Manufacturing and commerce	51,699.46	24.67	40,181.01	20.70	38,315.53	21.42	11,518.45	28.67
Public utilities and services	41,544.22	19.82	40,535.70	20.89	39,946.76	22.33	1,008.52	2.49
Real estate and construction	20,408.12	9.74	23,064.68	11.88	23,225.79	12.98	(2,656.56)	(11.52)
Agricultural and mining	1,335.47	0.64	36.83	0.02	12.91	0.01	1,298.64	3,526.04
Financial intermediation	51,586.56	24.61	54,858.43	28.26	43,623.28	24.39	(3,271.87)	(5.96)
Saving cooperative	13,615.00	6.49	11,100.00	5.72	11,509.98	6.43	2,515.00	22.66
Others	1,644.09	0.78	1,483.96	0.76	1,436.14	0.80	160.13	10.79
Total loans net of deferred revenue	209,598.38	100.00	194,100.26	100.00	178,898.36	100.00	15,498.12	7.98

Asset Quality

As of 31 December 2021, the classified assets consisted of interbank and money market items and accrued interest receivables, investments, loans to customers and accrued interest receivables and other assets. Assets are categorized in compliance with the regulations of the Bank of Thailand as follows:

Table: Assets Classified by Type of Assets

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2021				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets where there has not been a significant increase in credit risk (Performing)	35,272.86	31,963.33	168,856.00	3.22	236,095.41
- Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,120.97	4,867.11	0.52	7,988.60
- Financial assets that are credit-impaired (Non-performing)	-	-	5,361.20	41.79	5,402.99
Total	35,272.86	35,084.30	179,084.31	45.53	249,487.00

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2020				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets where there has not been a significant increase in credit risk (Performing)	35,931.32	33,379.57	151,561.76	2.14	220,874.79
- Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,710.50	4,781.68	0.36	8,492.54
- Financial assets that are credit-impaired (Non-performing)	-	-	5,498.95	36.07	5,535.02
Total	35,931.32	37,090.07	161,842.39	38.57	234,902.35



Allowance for Expected Credit Losses (Allowance for Doubtful Accounts)

To set a provision in accordance with Thai Financial Reporting Standard No. 9: Financial Instruments (TFRS 9), the bank had considered the expected credit losses according to TFRS 9 and notification of the Bank of Thailand.

As of 31 December 2021, allowance for expected credit losses was Baht 8,940.30 million, compared to the Baht 6,003.97 million in the year 2020, increased by Baht 2,936.33 million or 48.91% to support uncertainties of domestic economy and to cope with customers whose credit quality may deteriorate in the future. As a result, the bank had the coverage ratio in 2021 at 179.12% and 119.78% in 2020.

Table: Allowance for Expected Credit Losses (Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring) Classified by Debtor (excluded Interbank and Money Market Items)

Classified by Debtor Classification	Separate Financial Statement			
	31 December 2021			
	Loans to customers and accrued interest receivables		Allowance for expected credit losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets where there has not been a significant increase in credit risk (Performing)	168,856.00	94.29	2,831.82	31.67
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,867.11	2.72	1,096.66	12.27
Financial assets that are credit-impaired (Non-performing)	5,361.20	2.99	2,812.77	31.46
Total	179,084.31	100.00	6,741.25	75.40
General provision			2,199.05	24.60
Total	179,084.31	100.00	8,940.30	100.00

Classified by Debtor Classification	Separate Financial Statement			
	31 December 2020			
	Loans to customers and accrued interest receivables		Allowance for expected credit losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets where there has not been a significant increase in credit risk (Performing)	151,561.76	93.65	944.58	15.73
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,781.68	2.95	869.40	14.48
Financial assets that are credit-impaired (Non-performing)	5,498.95	3.40	2,762.04	46.01
Total	161,842.39	100.00	4,576.02	76.22
General provision			1,427.95	23.78
Total	161,842.39	100.00	6,003.97	100.00



As of 31 December 2021, loans classified by maturity were as follows:

Table: Loans to Customers Classified by Maturity

Loans to Customers	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
At call ¹	9,140.28	9,908.76	8,067.41	(768.48)	(7.76)
Less than 1 years	66,109.97	48,753.37	58,801.71	17,356.60	35.60
1 - 5 years	54,931.20	50,827.97	45,244.48	4,103.23	8.07
Over 5 years	46,939.04	51,501.78	43,442.82	(4,562.74)	(8.86)
Total	177,120.49	160,991.88	155,556.42	16,128.61	10.02

Note: ¹ Loans to customers maturing at call included defaulted loans and non-performing loans.

Non-Performing Loans

As of 31 December 2021, non-performing loans (gross) were Baht 5,109.75 million, decreased by Baht 258.27 million or 4.81% from 2020 and non-performing loans to total loans ratio were 2.44%, decreased from 2.77% in the year 2020.

Total Liabilities

As of 31 December 2021, total liabilities were Baht 216,379.62 million, increased by Baht 12,661.18 million or 6.22% from 2020, mainly from increased in deposits, Interbank and money market items and decreased in debts issued and borrowings.

Table: Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Deposits	192,513.10	182,734.96	165,018.41	9,778.14	5.35
Interbank and money market items	19,046.32	12,203.11	10,503.65	6,843.21	56.08
Liabilities payable on demand	189.54	949.59	52.08	(760.05)	(80.04)
Debts issued and borrowings	2,397.30	5,002.52	16,721.23	(2,605.22)	(52.08)
Others	2,233.36	2,828.26	1,973.35	(594.90)	(21.03)
Total liabilities	216,379.62	203,718.44	194,268.72	12,661.18	6.22



Deposits

As of 31 December 2021, the bank recorded the deposits of Baht 192,513.10 million, increased by Baht 9,778.14 million or 5.35% from 2020, mainly due to the increase in savings and fixed deposits.

Table: Deposits Classified by Type of Deposits

Deposits Classified by Type of Deposits	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Demand deposits	5,628.43	3,938.09	4,253.65	1,690.34	42.92
Savings deposits	91,933.34	87,765.53	62,044.95	4,167.81	4.75
Time deposits	59,552.55	60,726.26	65,147.69	(1,173.71)	(1.93)
Fixed deposit receipt	35,398.78	30,305.08	33,572.12	5,093.70	16.81
Total deposits	192,513.10	182,734.96	165,018.41	9,778.14	5.35

Owners' Equity

As of 31 December 2021, owners' equity was Baht 35,099.04 million, decreased by Baht 1,267.36 million or 3.48% from 2020.

Table: Owners' Equity

Owners' Equity	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Issued and paid-up share capital	20,000.00	20,000.00	20,000.00	-	-
Share premium	10,598.92	10,598.92	10,598.92	-	-
Other components of owners' equity	(1,457.41)	(844.29)	(43.59)	613.12	72.62
Retained earnings - statutory reserve	924.30	889.70	819.30	34.60	3.89
Retained earnings - unappropriated	5,033.23	5,722.07	4,904.96	(688.84)	(12.04)
Total owners' equity	35,099.04	36,366.40	36,279.59	(1,267.36)	(3.48)



2.3 Capital Adequacy

Sources and Uses of Fund

As of 31 December 2021, capital structure consisted of liabilities totalling Baht 216,379.62 million and owners' equity of Baht 35,099.04 million, or D/E ratio of 6.17 times. The composition of sources of fund in terms of liabilities include deposits at 76.55%, interbank and money market items at 7.58%, debts issued and borrowings at 0.95%, liabilities payable on demand and others at 0.96% and owners' equity at 13.96%.

Relations Between Sources and Uses of Fund

As of 31 December 2021, loans to customers (before deferred revenue) were Baht 177,120.49 million. Loans to deposit ratio was 93.02%. For the excess liquidity, the bank invested in liquid assets such as interbank and money market items.

Significant sources and uses of fund as of 31 December 2021 could be classified by contract maturity. Deposits less than 1 year were Baht 185,824.65 million or 96.53% of total deposits while loan less than 1 year were Baht 75,250.25 million or 42.49%. Deposits more than 1 year were Baht 6,688.45 million or 3.47% while loans more than 1 year were Baht 101,870.24 million or 57.51%.

Table: Sources and Uses of Fund

Periods	Deposits				Loans to Customers			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	185,824.65	96.53	173,890.88	95.16	75,250.25	42.49	58,662.13	36.44
More than 1 year	6,688.45	3.47	8,844.08	4.84	101,870.24	57.51	102,329.75	63.56
Total	192,513.10	100.00	182,734.96	100.00	177,120.49	100.00	160,991.88	100.00

2.4 Cash Flow Movements

As of 31 December 2021, the cash was at Baht 717.75 million, decreased by Baht 83.63 million from the year 2020. Net cash provided and used by various activities was detailed as follows:

- Net cash provided by operating activities was Baht 837.78 million, which came from the operating profits before the changes in operating assets and liabilities of Baht 826.48 million and significant changes in operating assets and liabilities such as loans to customers increased by Baht 16,509.78 million, deposits increased by Baht 9,778.14 million and interbank and money market items (liabilities) increased by Baht 6,843.21 million.

- Net cash provided by investing activities was Baht 2,965.70 million, mainly due to cash received from the sale of investments in debt instruments measured at fair value through other comprehensive income - net of Baht 1,182.36 million and cash received from interest income on investments of Baht 1,039.17 million.

- Net cash used in financing activities was Baht 3,887.11 million, mainly due to repayment of long-term debts issued and borrowings - net of Baht 2,604.32 million and dividends payout of Baht 1,040.00 million.

2.5 Liquidity Adequacy

Liquid assets consisted of cash, interbank and money market-net items (assets) and net investments in liquid assets, were Baht 64,103.21 million, decreased by Baht 5,502.26 million or 7.90%, from 2020.

**Table : Liquid Assets**

Items	31 December 2021	31 December 2020
	Amount (Million Baht)	Amount (Million Baht)
Total assets	251,478.66	240,084.84
Deposits	192,513.10	182,734.96
Loans to customers (net deferred revenue)	177,083.38	160,970.26
Liquid assets	64,103.21	69,605.47
Loans/deposits (%)	93.02	88.57
Liquid assets/total assets (%)	25.49	28.99
Liquid assets/deposits (%)	33.30	38.09

2.6 Maintenance of Deposits

The bank was required to maintain the average deposits of not less than 1.00% of average deposits and borrowings according to the regulations of the Bank of Thailand. In case the bank maintained cash at the cash center, the bank may include it as part of the reserve balance maintenance by no more than, on average, 0.2% of the average sum of deposits and borrowings.

As of 31 December 2021, the bank had cash at the cash center and cash deposited at the Bank of Thailand totalling Baht 1,746.56 million.

2.7 Capital Adequacy and Capital Adequacy Ratio

As of 31 December 2021, the bank had the capital adequacy ratio at 18.357%, which was higher than the minimum rate of 11.000% required by the Bank of Thailand. It also decreased from the capital adequacy ratio of 19.802% as of 31 December 2020.

The Tier 1 capital ratio to risk assets was 16.165%, which was higher than the minimum rate of 8.500% required by the Bank of Thailand.

Table: Capital Adequacy Ratio

Capital Adequacy Ratio	31 December 2021		31 December 2020		31 December 2019	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Common Equity Tier 1 Capital						
Bank	33,914.86	16.165	33,959.46	17.068	34,578.32	16.481
Minimum Rates Required by law**		7.000		7.000		7.000
Difference		9.165		10.068		9.481
Tier 1 Capital						
Bank	33,914.86	16.165	33,959.46	17.068	34,578.32	16.481
Minimum Rates Required by law**		8.500		8.500		8.500
Difference		7.665		8.568		7.981
Total Capital						
Bank	38,513.90	18.357	39,398.17	19.802	40,421.08	19.265
Minimum Rates Required by law**		11.000		11.000		11.000
Difference		7.357		8.802		8.265

Note: * Capital Adequacy Ratio has been revised according to the credit risk asset.

** Refers to extra capital to support losses during crises (Conservation Buffer). Commercial banks are required to maintain additional common equity tier 1 capital from minimum requirement of 0.625% per annum from January 1, 2016 until achieving 2.50% in 2019.

2.8 Factors Affecting Future Operating Results

The key factors which may influence the future operations are the new wave of COVID-19 pandemic, effects of containment measures, efficacy of vaccine and vaccination coverage, policy implementation of key economic giants, end of relaxation of debtors' classification according to the relief measures for customers affected from COVID-19 pandemic.

3. Securities Business

Overview of Securities Business and Competition in 2021 and Outlook in 2022

Overview of Securities Business and Competition in 2021

In 2021, SET index surged 189.38 points to reach 1,657.62 points or 12.89% increase from the end of 2020. In 2022, average daily turnover stood at Baht 93,845 million, increased by 36.8% from average volume of Baht 68,606.90 million in 2020. Overall net volume by type of investors, it was found that retail investors was net accumulative buyer at Baht 112,241.04 million from the beginning of the year, followed by proprietary accounts at Baht 13,672.42 million while institutional investors and foreign investors accumulated sales at 77,335.91 million baht and 48,577.55 million baht, respectively.

Business Trends and Securities Business Competition in 2022

In 2022, SET index has the potential to continue to grow even high volatility arising from COVID-19, policy rate hike, trade negotiations and politics both inside and outside the country have been foreseen. Tailwinds will stem from more vigorous activities in the private-sector, recovery in services and ongoing growth in manufacturing, fiscal and monetary policy and the movements of SET index which is estimated to move in the range of 1,581 – 1,767 points.

Overall Performance

The analysis of operating results of the company and its subsidiary were the comparative performance of the year 2021 and 2020.

In 2021, the company had net profits of Baht 274.19 million, increased by Baht 53.73 million, or 24.37% from 2020, as a result of the increase in brokerage fees income and interest incomes.

Total expenses in 2021 were Baht 313.67 million, increased by Baht 3.61 million, or 1.16% from 2020, as a result of the increase in employee benefit expenses.

Net operating profits ratio in 2021 was at 43.66%, increasing from 38.70% in 2020 due to higher net profits and total incomes.

Basic earnings per share in 2021 was Baht 0.22 per share, increased from 0.20 per share in 2020.

Total Revenue Structure

Total revenue structure of the company and its subsidiary is as follows:

• Total Income

Total income consisted of brokerage fees income, fees and service income, interest incomes, gains and return on financial instruments and other incomes. The company's main source of income was derived from securities and derivatives' brokerage service and investment portfolios.

In 2021, total brokerage fees income was Baht 234.17 million. Retail customers was accounting for 99% of the company's securities trading volume, while institutional investors accounting for 1%.

Total income was Baht 627.99 million, increased by Baht 58.28 million, or 10.23% from 2020, mainly from the increase in brokerage fees income and interest incomes.

• Brokerage Fees Income

Brokerage fees income in 2021 was Baht 234.17 million, increased by Baht 47.17 million, or 25.22% from 2020.

• Other Incomes apart from Brokerage Fees

Other core incomes apart from brokerage fees were fees and service income, interest incomes, gains and return on financial instruments and other incomes totalling Baht 6.19, 79.49, 300.11 and 8.02 million, respectively.

Structure of Expenses

Structure of expenses of the company and its subsidiary is as follows:

• Total Expenses

Total expenses were Baht 313.67 million (Baht 8.39 million of reversal expected credit losses included), increased by Baht 3.61 million, or 1.16% from 2020, resulting from the increase in employees' expenses and other compensations for employees.

- **Expected Credit Losses**

The company applies the criteria for expected credit losses according to the Thai Financial Reporting Standard No. 9: Financial Instruments (TFRS 9) together with the judgment on an estimated loss when the default occurs by considering the profile of individual debtor, probability of default and value of securities used as collateral. As of 31 December 2021, Baht 8.39 million of expected credit losses was reversed.

Analysis of Financial Positions

The analysis of the financial positions of the company and its subsidiary was the comparative financial positions as of 31 December 2021 and 31 December 2020.

- **Total Assets**

As of 31 December 2021, total assets were Baht 6,648.00 million, increased by Baht 968.18 million, or 17.05% from 2020. Most of them were non-collateralised investments, accounting for 64.47% of total assets.

- **Securities Receivables and Derivatives**

Securities receivables and derivatives including accrued interest receivables were Baht 2,035.11 million, increased by Baht 752.33 million, or 58.65% from 2020. Net securities receivables and derivatives consist of:

Securities receivables of cash accounts were Baht 242.71 million, or 11.93% of securities receivables and derivatives.

Securities receivables of credit balance account including accrued interest receivables were Baht 1,792.40 million, or 88.07% of securities receivables and derivatives.

- **Non-collateralised Investments**

Net investments were Baht 4,285.83 million, increased by Baht 233.32 million, or 5.76% from 2020. Non-collateralized investments consist of investment measured at fair value through profit or loss of Baht 117.91 million, investment measured at fair value through other comprehensive income of Baht 4,164.42 million and investment at amortised cost of Baht 3.50 million.

- **Receivables from Clearing House and Brokers-Dealers**

Receivables from Clearing House and brokers-dealers were Baht 106.13 million.

- **Net Leasehold Adjustments and equipment and Intangible Assets** Net leasehold adjustments and equipment and intangible assets were Baht 8.72 million.

- **Right-of-use Assets** Right-of-use assets were Baht 9.46 million.

- **Other Assets** Other assets were Baht 120.92 million.

- **Total Liabilities**

As of 31 December 2021, total liabilities were Baht 4,662.81 million, increased by Baht 493.60 million, or 11.84% from 2020. Most of them were debt issued and borrowings for 59.93% of total liabilities and borrowings from financial institutions for 33.24% of total liabilities.

- **Borrowings from Financial Institutions** were Baht 1,550.00 million.

- **Payables to Clearing House and brokers-dealers** Payables to clearing house and brokers-dealers were Baht 60.31 million.

- **Securities Payables and Derivatives** Securities payables and derivatives were Baht 206.71 million.

- **Debt issued and borrowings** Debt issued and borrowings were Baht 2,794.54 million.

- **Owners' Equity**

As of 31 December 2021, the company's had the owners' equity of Baht 1,985.19 million, increased by Baht 474.57 million, or 31.42% from 2020.

Capital Adequacy

- **Liquidity**

In 2021, the company and its subsidiary had net cash flow used in operating activities of Baht 464.06 million, due to the larger number of securities receivables and derivatives.

Net cash flow provided by investment activities was Baht 17.50 million, mainly due to cash received from the capital return of investment in equity instruments measured at fair value through other comprehensive income - net of Baht 18.23 million.

Net cash flow provided by financing activities was Baht 478.22 million, coming from loan repayment to financial institutions of Baht 2,240.00 million, cash received from debt issued and borrowings of Baht 2,727.71 million and cash paid for lease liabilities of Baht 9.48 million.

NCR level was in the range of 47.72% – 65.38% which was higher than the requirement of 7% prescribed by SEC. This reflects sufficient liquidity for business operation.

- **Sources of Funds**

As of 31 December 2021, the company and its subsidiary had fund from owners' equity of Baht 1,985.19 million. Debt to equity ratio as of 31 December 2021 and as of 31 December 2020 equaled to 2.35 times and 2.76 times, respectively. Most of the debts were borrowings from financial institutions, securities payables and derivatives that changed in accordance with securities trading volume during the last 2 working days of each accounting period.



Factors Affecting Future Performance

Commission fees continued to decline as a result of price competition in the securities business and government's collection of transaction taxes that will lessen the sentiment of the Thai stock market and have an impact on the overall securities industry's incomes.

4. Fund Management Business

Overview of Fund Management Business and Competition in 2021 and Outlook in 2022

Overview of Fund Management Business and Competition in 2021

In 2021, total assets under management (AUM) of mutual funds were worth Baht 5.37 trillion (source: AIMC as of December 30, 2021). When divided by types of funds, it was found that fixed income fund, property funds and real estate investment trusts declined while equity fund, mixed fund and other funds improved.

Fund Management Business Trend and Competition in 2022

In 2022, fund management companies still focuses on the launch of new products that are in the form of asset allocation rather than single assets, the expansion of customer base for institutional investors and ultra-high networth customers and the addition of distribution channel such as e-service via digital platform to facilitate customers' investments and penetrate more target groups.

Overall Performance

The analysis of operating results of the company was the comparative performance of the year 2021 and 2020.

In 2021, the company had net profits of Baht 110.31 million, increased by Baht 4.14 million or 3.90% from 2020 due to fees and service income.

Basic earnings per share in 2021 was Baht 36.77 per share, increased from Baht 35.39 per share in 2020.

Structure of Income

• Total Income

Total income was Baht 711.39 million, increased by Baht 215.23 million or 43.38% from 2020. The total income consists of fees and service income, which are the company's main incomes, interest incomes, gains and return on financial instruments and other incomes.

• Fees and Service Income

Fees and service income were Baht 696.88 million, increased by Baht 219.82 million or 46.08% from 2020.

Structure of Total Expenses

• Expenses

Total expenses were Baht 574.77 million, increased by 209.51 million or 57.36% from 2020.

• Expected Credit Losses

The company had no expected credit losses.

Analysis of Financial Positions

The analysis of the financial positions of the company was the comparative financial positions as of 31 December 2021 and 31 December 2020.

Net Assets Under Management

As of 31 December 2021, the company had 146 funds under management, increased by 35 funds from 2020. The company had net asset value at Baht 63,952.8 million, increased by 10.4% from 2020.

The company held 1.2% of the market share, and was ranked No.14 out of 23 companies. It had mutual funds under management as follows:

- Property fund and real estate investment trust	31,373.3 million Baht
- Fixed Income fund	7,234.4 million Baht
- Equity fund	16,616.8 million Baht
- Mixed fund	2,180.3 million Baht
- Fund of property fund	6,548.0 million Baht

However, when included private funds and provident funds, the company had net asset value as of 31 December 2021 of Baht 79,189.7 million, coming from private funds worth Baht 9,428.5 million and provident funds worth Baht 5,808.4 million.

- **Total Assets**

As of 31 December 2021, total assets were Baht 487.97 million, Most of them were non-collateralised Investments for 46.69% of total assets, increased by Baht 95.44 million or 24.31% from 2020.

- **Cash and Cash Equivalents**

Cash and cash equivalents were Baht 133.02 million, increased by Baht 86.66 million or 186.93% from 2020.

- **Non-collateralised Investments**

Non-collateralised investments were investments in equity instruments measured at fair value through other comprehensive income totalling Baht 227.82 million, increased by Baht 0.85 million or 0.37% from 2020.

- **Leasehold Improvements and Equipment** Leasehold improvements and equipment were Baht 15.85 million.

- **Right-of-Use Assets** Right-of-use assets were Baht 34.43 million.

- **Intangible Assets** Intangible assets were Baht 7.85 million.

- **Other Assets** Other assets were Baht 12.63 million.

- **Total Liabilities**

As of 31 December 2021, total liabilities were Baht 85.72 million, decreased by Baht 1.01 million or 1.16% from 2020.

- **Owners' Equity**

As of 31 December 2021, owners' equity was Baht 402.25 million, increased by Baht 96.45 million or 31.54% from 2020.

Capital Adequacy

- **Liquidity**

The company had net cash flow provided by operating activities totalling Baht 106.71 million which mainly came from the operating profit.

Net cash flow provided by investment activities totaled Baht 5.02 million. The sources of cash flow from investment activities were cash received from the sale/ capital return of non-collateralised investments measured at fair value through other comprehensive income of Baht 1.88 million, cash payment for the purchase of leasehold adjustments and equipment - net of Baht 7.96 million, cash payment for the purchase of intangible assets for Baht 1.50 million and dividends received of Baht 12.60 million.

Net cash flow used by financing activities was Baht 25.06 million, which was derived from dividend payout of of Baht 16.05 million and cash payment for lease agreements of Baht 9.01 million.

The company had owners' equity of Baht 402.25 million which can maintain its capital adequacy higher than the criteria of the Securities and Exchange Commission on "Maintenance of Capital Funds of Fund Management Business Operators, Private Fund Management, Limited Broker, Dealer and Underwriter and futures fund manager.

- **Sources of Fund**

The company had the sources of fund from owners' equity of Baht 402.25 million which comprised the issued share capital and paid-up share capital in the amount of Baht 300.00 million, retained earnings in the amount of Baht 156.87 million and other components of shareholders' equity in the amount of Baht (54.62) million.

Factors Affecting Future Operation

In 2022, high risks still exist in terms of overall economy and volatility in overall investments from The uncertainty of COVID-19 outbreak, rising inflation and monetary and fiscal policies of different countries which are close to the limit. Concrete recovery of Thai economy is expected in the second half of 2022 as a result of the relaxation of control measures and accelerating economic stimulus measures from the government. Thai equity market may encounter a pressure from securities transaction tax and money outflows from LTF.



5. General Information and Other Significant Information

5.1 General Information

Company	LH Financial Group Public Company Limited
Symbol	LHFG
Registration Number	0107552000081
Type of Business	Holding Company Investments in 3 subsidiaries include; 1. Land and Houses Bank Public Company Limited 2. Land and Houses Securities Public Company Limited 3. Land and Houses Fund Management Company Limited
Website	www.lhfg.co.th
Established	2009
First Trading Day in SET	10 May 2011
Head Office	1 Q.House Lumpini Building, 5 th Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registered Share Capital	Baht 21,183,660,594 Consists of 21,183,660,594 ordinary shares
Paid-up Share Capital	Baht 21,183,660,594 Consists of 21,183,660,594 ordinary shares
Par Value	Baht 1 per share
Preferred Shares	None
Accounting Period	1 January - 31 December
Contact	Head Office Telephone: 0 2359 0000 Fax: 0 2677 7223 Company Secretary Telephone: 0 2359 0000 Ext. 2019, 2020, 2024 E-mail: presidentoffice@lhbank.co.th

Investors can study further information of the company from the annual report 2021 Form 56-1 One Report disclosed on the websites: www.sec.or.th and www.lhfg.co.th

Audit Committee	<ul style="list-style-type: none"> ● Mr. Adul Vinaiphat Chairman of Audit Committee Telephone: 08 1834 0104 E-mail : adulv@lhbank.co.th ● Mr. Pradit Sawattananond Member of Audit Committee Telephone: 08 1868 1487 E-mail : pradits@lhbank.co.th ● Dr. Supriya Kuandachakupt Member of Audit Committee Telephone: 08 5901 5888 E-mail : supriyak@lhbank.co.th ● Mr. Pichai Dusdeekulchai Member of Audit Committee Telephone: 09 8992 8295 E-mail : pichaid@lhbank.co.th
Auditors	<ul style="list-style-type: none"> ● Ms. Ratana Jala Certified Public Accountant (Thailand), No.3734 and/or ● Ms. Somjai Khunapasut Certified Public Accountant (Thailand), No. 4499 and/or ● Ms. Rachada Yongsawadvanich Certified Public Accountant (Thailand), No. 4951 and/or ● Ms. Wanwilai Phetsang Certified Public Accountant (Thailand), No. 5315 ● EY Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website : www.ey.com/th



Companies under the LH Financial Group Public Company Limited Financial Business Group:

Land and Houses Bank Public Company Limited

Head Office	1 Q.House Lumpini Building, G, 1 st , 5 th , 6 th , 32 nd Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	0107548000234
Registered Share Capital	Baht 20,000,000,000
Paid-up Share Capital	Baht 20,000,000,000
Telephone	0 2359 0000 or 1327
Fax	0 2677 7223
Website	www.lhbank.co.th
Auditors	EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website : www.ey.com/th

Land and Houses Securities Public Company Limited

Head Office	11 Q.House Sathon Building, M, 10 th Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	0107542000038
Registered Share Capital	Baht 1,274,430,060
Paid-up Share Capital	Baht 1,274,430,060
Telephone	0 2055 5100
Fax	0 2286 2681-2
Website	www.lhsec.co.th
Auditors	EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website : www.ey.com/th

Land and Houses Fund Management Company Limited

Head Office	11 Q.House Sathon Building, 14 th Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	0105551006645
Registered Share Capital	Baht 300,000,000
Telephone	0 2286 3484, 0 2679 2155
Fax	0 2286 3585, 0 2679 2150
Website	www.lhfund.co.th
Auditors	EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website : www.ey.com/th

Land and Houses Advisory Company Limited

Head Office	11 Q. House Sathon Building, 10 th Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Registration Number	0105545029400
Registered Share Capital	Baht 20,000,000
Telephone	0 2055 5100
Fax	0 2286 2681-2
Auditors	EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website : www.ey.com/th

5.2 References

Registrar	Thailand Securities Depository Company Limited (TSD)
Office	93 Ratchadipisek Rd., Dindaeng, Bangkok 10400
Telephone	0 2009 9000
Fax	0 2009 9991
SET Contact Center	0 2009 9999
Website	www.set.or.th/tsd
Auditors	EY Office Limited
List of Auditors	<ul style="list-style-type: none"> ● Ms. Ratana Jala C.P.A. Registration No.3734 and/or ● Ms. Somjai Khunapasut C.P.A. Registration No.4499 and/or ● Ms. Rachada Yongsawadvanich C.P.A. Registration No.4951 and/or ● Ms. Wanwilai Phetsang C.P.A. Registration No.5315
Office	193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	0 2264 0777
Fax	0 2264 0789-90
Website	www.ey.com/th

5.3 Legal Disputes

LH Financial Group Public Company Limited financial business group has legal disputes as follows:

- **LH Financial Group Public Company Limited**

As of December 31, 2021 and 2020, subsidiaries had several lawsuits being claimed for damages in the total amount of 349 million Baht and 1,300 million Baht, respectively. These cases have not yet been final and provision amounting to 20 million Baht has already been booked. After the discretion of management of subsidiaries to assess the results of the litigation, it is confident that such provision is sufficient to cover the potential loss arising from those lawsuits.

- **Land and Houses Bank Public Company Limited**

As of December 31, 2021 and 2020, the bank had several lawsuits being claimed for damages in the total amount of 349 million Baht and 1,161 million Baht, respectively. These cases have not yet been final and provision amounting to 20 million Baht has already been booked. After the discretion of management to assess the results of the litigation, it is confident that such provision is sufficient to cover the potential loss arising from those lawsuits.

- **Land and Houses Fund Management Company Limited**

As of December 31, 2020, the company had a lawsuit being claimed for damages in the total amount of 1 million Baht. As of December 31, 2021, the case was final and there was no damage since the lawsuit has been dismissed.

- **Land and Houses Securities Public Company Limited**

The Bangkok Labor Protection and Welfare Office Area 1 has ordered the company to pay compensation in the amount of 1 million Baht with interest at the rate of 15% per annum until the payment is complete. The company filed the petition on December 18, 2020. On September 3, 2021, the Central Labor Court dismissed the company's petition and the case was final. The court ordering the payment of compensation of 1 million Baht in full on September 28, 2021.

In addition, as of December 31, 2021, the company had a lawsuit being claimed for damages in the amount of 136 million Baht. The case was final and there was no damage since the lawsuit has been dismissed.

An illustration of a woman with long blue hair, wearing a green t-shirt and blue pants, running on a path made of white dashed lines. The path curves around a large, light brown number '2'. The background is a solid light brown color. Several green leaves are scattered around the scene, some floating in the air and others on the ground. The overall style is simple and modern.

Corporate Governance

- Corporate governance policy
- Corporate governance structure, key information of directors, sub-committees, executives, employees
- Report on compliance with corporate governance
- Internal control and related party transactions

6. Corporate Governance Policy

The company adheres to good corporate governance principles as guidelines for business operation along with the social and environmental development. The company also focuses on creating the culture of corporate governance in the organization by establishing the Corporate Governance Committee to determine, review the corporate governance policy, and act as a representative of the company in communicating and operating corporate governance activities to ensure the same standard throughout the organization. Having business ethics creates competitiveness and trust among shareholders, investors, stakeholders and all relevant parties; and is fundamental to business operations with efficiency, transparency and credibility. The Corporate Governance Committee also supports the enhancement of management with integrity, value addition in business and stability and sustainable growth; places the importance on internal control, internal audit and equitable treatment among shareholders and stakeholders; supervises and ensures that any transactions with conflicts of interest are handled in an appropriate level and in line with regulatory requirements, and adequate information disclosure in a timely fashion. Moreover, the company has won the CG awards as follows:

ASEAN CG Scorecard

The company won the 2019 ASEAN CG Scorecard Awards as the Thai listed company that obtained the ASEAN CG Scorecard with the score of 97.50 points and above under the ASEAN Asset Class PLCs category. LHFG is one of the Thai listed companies among 135 firms in ASEAN countries winning this award. It is sponsored by the ASEAN Capital Market Forum (ACMF), which is a high-level grouping of capital market regulators in ASEAN jurisdictions with the aim to elevate the quality of business supervision of the listed companies in ASEAN to meet international standards.



Good Corporate Governance of Listed Companies in 2021

The company is committed to continuously embodying good corporate governance principles in its operations. As a result, the company has received the score from the Corporate Governance Report of Thai Listed Companies 2021 in the level of "Excellence: 5 Stars" for the 7th consecutive year from Thai Institute of Directors Association.



Quality Assessment of Annual General Meeting of Shareholders 2021

The company is aware of the rights and equality of all groups of shareholders, and is intended to encourage the shareholders to rigorously participate in corporate management, and ensures check and balance mechanism. As a result, the company received the "Excellent and Exemplary" quality assessment of the Annual General Meeting of Shareholders in 2021 presented by the Thai Investors Association, the Thai Listed Companies Association and the Securities and Exchange Commission, with a full score of 100 for the 9th consecutive year.



The Board of Directors has appointed the sub-committees to supervise a wide range of efficient operations as follows:

- Audit Committee
- Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Oversight Committee

Each of the sub-committees supervises the business operations following the vision, mission, operation plan and good corporate governance principles. The roles and responsibilities have been defined clearly in writing. The good corporate governance of the company consists of 4 main principles to which the Board of Directors, executives and employees shall adhere as follows:



1. Transparency : Transparency in operations and information disclosure to related parties
2. Integrity : Honesty
3. Accountability : Responsibility for the performance
4. Competitiveness : Ability to compete with rivals

6.1 Overall Corporate Governance Policy and Guideline

The company has defined the good corporate governance policy in writing by referring to the Corporate Governance Code (CG Code) of the Securities and Exchange Commission. It consists of the principles and practices on good corporate governance for the Board of Directors, executives and employees to adhere to as the guidelines for business operations. This is to ensure that the company runs the business operations with accountability, transparency and equitable treatment of stakeholders; while promoting its management with integrity, efficiency and effectiveness.

The company reviews its good corporate governance policy annually. The latest review was approved by the Board of Directors meeting on November 11, 2021.

The good corporate governance policy is classified into 8 principles as follows:

- | | |
|-------------|--------------------------------------------------------------------|
| Principle 1 | Establish clear leadership roles and responsibilities of the board |
| Principle 2 | Define objectives that promote sustainable value creation |
| Principle 3 | Strengthen board effectiveness |
| Principle 4 | Ensure effective CEO and people management |
| Principle 5 | Nurture innovation and responsible business |
| Principle 6 | Strengthen effective risk management and internal control |
| Principle 7 | Ensure disclosure and financial integrity |
| Principle 8 | Ensure engagement and communication with shareholders |

The details of the Good Corporate Governance Policy are published on the company's website (www.lhfg.co.th) and annex 5.

Compliance with the Good Corporate Governance Principles

The Board of Directors is well aware of its roles and responsibilities to enhance good corporate governance for sustainable business growth, effective management with transparency and fairness as follows:

Principle 1 : Establish clear leadership roles and responsibilities of the board

1. The Board of Directors has defined the company's objectives and goals through the approvals of annual plans and budgets, business strategies and resource allocation to achieve goals. In addition, the Board of Directors is responsible for supervising the management to assure the alignment with prescribed strategies and plans by taking into account the maximum benefit of the company. It also monitors the management on a monthly basis to ensure the strategies are effectively implemented and consistent with their goals and plans.

2. The Board of Directors ensures the company achieve the governance outcomes in the following aspects:

- To be competitive with good performance by considering long-term impacts
- To conduct business operations with ethics, respect for rights and accountability for shareholders and stakeholders
- To be beneficial to society and improving or reducing environmental impacts
- To be adaptable under risk factors

3. The Board of Directors supervises executives to perform their duties with responsibilities, carefulness, integrity and compliance with laws, regulations and resolutions of shareholders meeting; clearly determines the scope of duties and responsibilities and assignments for the President; and monitors the performance as assigned, not for personal gains over the responsibilities towards the company.

4. Board of Directors Meeting

- The company has determined the meeting schedule for the Board of Directors and the sub-committees in advance for the period of 1 year. In case of necessity and urgency, an extraordinary meeting may be called on as deemed appropriate and necessary. The company has informed all directors in advance so that they can allocate time and attend the meeting, and has disclosed the meeting schedule on the company intranet. For each meeting, the company secretary will notify all departments of the meeting date at least 14 days in advance, allowing them to propose important matters to be included in the meeting agenda.



- The directors shall attend the meetings at least 75% of the total meetings held each year except having appropriate reasons and necessities. In the meeting, the directors will discuss significant matters and, for some critical agenda items, the directors may invite high-level executives to attend the meeting in order to provide additional details as directly related parties.

- The agenda of the Board of Directors meeting shall be jointly determined by the chairman and President. The agenda shall be clearly specified as matters for acknowledgement, matters for consent or matters for approval depending on the nature of each agenda.

- The Board of Directors has assigned the company secretary to submit invitation letter to the meeting to all directors not less than 7 days before the meeting date, together with accurate, complete and sufficient supporting documents at least 5 business days before the meeting date so that directors have adequate time to study the meeting materials.

- The Board of Directors meeting requires no less than half of all directors to constitute a quorum in accordance with the Articles of Association, and a resolution of the meeting shall be passed by majority vote. In case of a tie vote, the chairman shall have a casting vote. In case of agenda requiring the Board's decisions, a quorum of at least two-thirds is required at the time of voting. Any directors having conflicts of interest in any agenda item cannot join the voting and consideration on that particular item or shall leave the meeting.

Each meeting shall take about 1.5 - 2 hours. The chairman allocates sufficient time for each agenda. After the meeting ends, the company secretary has duties to provide the written minutes featuring complete details, opinions and significant information within the appropriate time. Once the minutes is certified by the Board of Directors, the company secretary shall keep it and relevant documents systematically for audit and reference purposes.

5. The Board of Directors can ask for opinions from independent consultants or external professionals if necessary; it deems to be the company's expense.

6. The chairman encourages non-executive directors to organize meetings among themselves to discuss management-related issues or problems of their interests and to find ways to improve or provide useful suggestions to the management. A summary of their opinions and resolutions shall be reported to executive directors for acknowledgement. In the year 2021, none of such meetings was held due to COVID-19 pandemic.

7. Annual performance evaluation of the President

The Board of Directors assigns the Nomination and Remuneration Committee to consider the performance evaluation method of the President, and to consider the remuneration and bonus for his annual performance based on the following responsibilities towards the company:

- Guided by the Nomination and Remuneration Committee, the chairman conducts the performance evaluation of the President on an annual basis against indicators that aligns with the company's vision, mission and long-term goals, duties and responsibilities, achievement of goals as well as current situations and business conditions. The evaluation comprises 2 major parts: financial key performance indicators (Financial KPI) and non-financial key performance indicators (Non-Financial KPI). The evaluation results shall be proposed to the Nomination and Remuneration Committee for determining remuneration and the Board of Directors for approval of remuneration and bonus, respectively.

Principle 2 : Define objectives that promote sustainable value creation

1. The Board of Directors shall define the company's objectives and goals for sustainability in compliance with the value creation to the company, customers, stakeholders and society as a whole.

2. The Board of Directors shall supervise and review the business plan, budget and strategies on a semi-annual basis to ensure they correspond with the company's objectives, goals, economic conditions and competitions.

Principle 3 : Strengthen board effectiveness

The Board of Directors is considered as the heart of good corporate governance. Their members consist of experts in various fields with experiences, leadership, vision, independence of decision making and dedication. Moreover, they perform their duties responsibly, prudently and honestly for the maximum benefit of the company and shareholders.

1. Structure, Composition and Qualifications of the Board of Directors

- The Board of Directors is composed of well-qualified persons with expertise, leadership, vision, independence in decisions making and experience that is useful and necessary for business operation. They dedicate and strive to best perform duties as a director with accountability, prudence and integrity for the highest benefits of the company and shareholders and ensure the company's sound management.



- The structure of the Board of Directors is proportionate and fair. For the sake of maintaining the independence of the chairman, clear separation of powers between the duties to determine corporate governance policy and regular management, the chairman of the Board of Directors and the chairman of the Audit Committee shall not be the same person as President. The explicit division of powers does not allow any of them to have unlimited power as to maintain checks and balances, and to review their management.

- The Board of Directors has defined the qualifications of independent directors in line with the good corporate governance guideline, the notifications of the Capital Market Supervisory Board and the Bank of Thailand. The Board of Directors consists of at least 3 independent directors or at least one-thirds of the total number of the directors, whichever is higher. The independent directors must not be employees or staffs who receive salary from the company. They shall also be independent from the majority shareholders of the company and be able to protect the minority shareholders' interests.

The details of the independent directors' qualifications are disclosed under topic 8 : Report on Key Compliance, 8.1 Past Performance of Directors, Sub-topic: Qualifications of Independent Directors.

- Director/Independent director have been nominated by the Nomination and Remuneration Committee that they are qualified according to the applicable laws and regulations and Articles of Association and have intensive knowledge, experience, skill and integrity which are beneficial to the company including independence for expressing their opinion and non-discrimination for gender.

2. Nomination of Directors

The Board of Directors has set the term of directorship in accordance with the Public Companies Limited Act and the Articles of Association with transparency and clarity to nominate any person or to propose existing directors to be reappointed as directors, their profiles and sufficient details including criteria and method of nomination shall be readily available for shareholders' voting.

- The company gives minority shareholders the opportunity to nominate any qualified persons for directorship.

- The Nomination and Remuneration Committee is entitled to scrutinize and nominate qualified persons based on their knowledge and experience in finance and banking, economy, laws and other areas. Organization's necessity, good corporate governance, qualifications required for directorship as specified in related laws and the articles of association have also been considered.

In addition, the Nomination and Remuneration Committee shall nominate qualified persons to the Board of Directors for consent and propose the list to the shareholders meeting and the Bank of Thailand for approval.

3. Number of Directorship in Other Companies

The Board of Directors has established a clear guideline on the number of other companies in which a director can hold positions in accordance with the good corporate governance principles. The Board of Directors shall carefully consider the performance of directors who hold positions in other companies, ensuring that their sufficient time will be devoted to performing the company's duties as follows:

- Director, President and authorized management persons are allowed to hold the position of either chairman or executive director in other companies of not more than 3 business groups and not more than 5 listed companies on the Stock Exchange of Thailand or abroad.

The details of directorship in other companies is disclosed in the annex 1.

4. Independent Directors' Term of Office

The office term of directors conforms to the Public Limited Companies Act and the Articles of Association. Independent directors can hold their position with a maximum of 9 consecutive years according to the Bank of Thailand's regulations.

In addition, as the company has specified that independent directors can consecutively hold their directorships with nine-year maximum tenure in accordance with the regulations of the Bank of Thailand, independent directors who have been in office for more than 9 years can continue their terms until 2022.

5. Number of Directors to Retire by Rotation

General Meeting of Shareholders. In the case that the total number of directors is not divisible by three, the number of directors to retire shall be the number closest to one-thirds of all directors. Directors who have held office for the longest term shall be retire first, and, if there are any disagreements arising, it is suggested to draw lots to decide who will retire. Directors retiring by rotation may be re-elected to continue their office.



6. Sub-committees

The company's management structure consists of the Board of Directors who has delegated their management power for the sake of effectiveness and transparency. The Board of Directors has appointed sub-committees to help study details and screen tasks so as to ease the burden of the Board of Directors. Consequently, the company has different sub-committees for specific matters. Such committees shall report their performances to the Board of Directors. These sub-committees are as follows:

- Audit Committee
- Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Oversight Committee

However, the chairman of the Audit Committee, of the Corporate Governance Committee, the Nomination and Remuneration Committee and the Risk Oversight Committee are independent directors. Chairman of the Audit Committee shall not be Chairman of the Nomination and Remuneration Committee and of Risk Oversight Committee for the sake of transparency and independence in performing duties.

The details of sub-committees and scope of authority and duties of each sub-committee are disclosed in Topic 7.3 : Management Structure.

7. Company Secretary

- The Board of Directors has appointed Mr. Vichian Amornpoonchai, Senior Executive Vice President of Corporate Affairs Group, to be the company secretary since May 15, 2009. His duties involve providing some advice pertaining to laws and regulations that the Board of Directors should acknowledge, and taking responsibilities for matters connected the Board of Directors. In addition, the company secretary shall cooperate with related parties to ensure that the resolutions of the Board of Directors and that of the shareholders meeting have been followed. The scope of company secretary's duties and responsibilities according to the laws require him to act with responsibility, carefulness and honesty.

- The Board of Directors has encouraged and supported the company secretary to continuously receive trainings in order to develop necessary skills, and expand knowledge of law and accounting areas, or corporate secretarial duties.

Profile of the company secretary are disclosed in Topic 7.6 : Other significant information : Company Secretary.

8. Remuneration of Directors and Executives

The remuneration of directors determined by the Annual General Meeting of Shareholders in monetary form consists of salary and meeting allowances. Proposed by the Nomination and Remuneration Committee and later consented by the Board of Directors. The remuneration has been clearly defined, fair, reasonable, transparent and in conformity to the directors' duties. The company's performance and individual performance align with industry and sufficient to retain qualified directors. Moreover, it shall be proposed to the shareholders meeting for approval on an annual basis.

9. Self-assessment of the Board of Directors

The Board of Directors provides the self-assessment for the Board of Directors and sub-committees in the form of collective assessment, individual assessment and cross-assessment at least once a year to review their performance and challenges in the previous year. The self-assessment foster the awareness of their roles and responsibilities, which consequently helps enhance work efficiency. It is also an essential tool to assess the appropriateness of the Board of Directors' composition and its performance. The assessment results and recommendations from directors shall be applied to improve the duties of the committees and individual director. The Stock Exchange of Thailand's self- assessment form has been applied and adjusted in order to cover the committees' duties and the company's business nature and environment. The self- assessment includes:

- Self- Assessment of the Board of Directors and sub-committees on a collective basis
- Self- Assessment of the Board of Directors and sub- committees on an individual basis
- Cross- Assessment of directors
- Good Corporate Governance Self-Assessment

• Self-assessment of the Board of Directors and Sub-committees on a Collective Basis

Self-assessment form is divided into 6 areas as follows:

1. Structure and qualifications
2. Roles, duties and responsibilities
3. Committees meeting
4. Duties of directors
5. Relationship with management
6. Directors' self-improvement and management training



Scoring : The assessment forms contain scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

Evaluation Method at the meetings of the Board of Directors and sub-committees, the directors thereof jointly conducted an evaluation by marking a score for each assessment item.

Assessment Result of self-assessment on a collective basis for the year 2021, most items were marked in 3-4.

• **Self-Assessment of the Board of Directors and Sub-Committees on an Individual Basis**

The assessment form is divided into 3 areas as follows:

1. Structure and qualifications of directors
2. Board of Directors meeting and sub-committees' meeting
3. Roles, duties and responsibilities of directors

Scoring : The assessment form contains scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

Evaluation Method, the company secretary and the secretaries of sub-committees shall send individual directors' self-assessment forms to each committee in which they hold an office. The completed forms will then be returned to the secretary of each committee.

Assessment Result of self-assessment on an individual basis for the year 2021, most items were marked in 3-4.

• **Cross-Assessment of Directors**

Cross-Assessment is to evaluate the responsibilities, roles and duties of the chairman and directors.

Scoring : The assessment form contains scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

Evaluation Method the company secretary shall submit the cross-assessment of directors to the chairman to evaluate directors individually and in turn the individual directors evaluate the chairman. The completed forms will then be returned to the company secretary to report the result to the Board.

Assessment Result of cross-assessment of Directors for the year 2021, most items were marked in 4.

• **Good Corporate Governance Self-Assessment**

The Board of Directors arranges the self-assessment in line with the good corporate governance principles as a tool for the Board of Directors and management to evaluate themselves on issues the company has done or has not, for an adequate disclosure of the company. The Board of Directors analyzes the evaluation results, recommendations and observations and apply the results to suit the business environments as follows:

The assessment form is divided into 4 areas as follows:

1. Rights of Shareholders and Equitable Treatment of Shareholders
2. Roles of Stakeholders
3. Information Disclosures and Transparency
4. Responsibilities of the Board of Directors

Scoring : No scoring system is specified in the assessment form; only check boxes are provided for checking whether a particular practice had been followed or not:

- If the company has fulfilled the principles of good corporate governance, please check (✓) in the "Yes" box.
- If the company has not yet complied or not fully implemented any principles of good corporate governance, please check (✓) in the "No" box.

Evaluation Method the Corporate Governance Committee collectively conducted the evaluation and proposed the results to the Board of Directors for consent.

Assessment Results of good corporate governance, most items were marked in "Yes" box.



Principle 4 : Ensure effective CEO and employee management

The Board of Directors has appointed the Nomination and Remuneration Committee to clearly and transparently nominate directors, President, and define their remunerations which are commensurate with their roles and responsibilities. The remunerations of directors must be approved by the shareholders meeting and disclosed in the annual report Form 56-1 One Report.

1. Knowledge Development for Directors, Executives and Employees

The company values the efficiency improvements of directors, executives, employees, secretariat, compliance, internal audit and corporate governance; therefore, it has the policies to encourage them to attend external trainings and in-house seminars to sharpen their skills, and expand their knowledge and competencies to accommodate both short-term and long-term business growth. These include several training courses run by the Institute of Directors, the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Thai Listed Companies Association. The company secretary acts as the center to communicate news and encourage them to attend the training courses that particularly benefit their duties. The company will notify seminar programs to directors in advance.

Table : Trainings of Directors in 2021

Name of Directors	Training and Seminar Program
1. Dr. Vorapol Socratyanurak Chairman (appointed since 25 October 2021)	-
2. Mr. Wu, Kou-Chin Vice Chairman	- IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
3. Mr. Adul Vinaiphat Independent Director	- IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity Arranged by EY Office Limited Date : October 20, 2021 - The Importance of Audit Committee to Capital Market and Quality of Financial Reporting Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021 - KPMG Asia Pacific Board Leadership & Assurance Summit KPMG Thailand Date : November 16-18, 2021
4. Mr. Pradit Sawattananond Independent Director	- IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity Arranged by EY Office Limited Date : October 20, 2021 - The Importance of Audit Committee to Capital Market and Quality of Financial Reporting Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021 - KPMG Asia Pacific Board Leadership & Assurance Summit KPMG Thailand Date : November 16-18, 2021

Name of Directors	Training and Seminar Program
<p>5. Dr. Supriya Kuandachakup Independent Director</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity Arranged by EY Office Limited Date : October 20, 2021 - The Importance of Audit Committee to Capital Market and Quality of Financial Reporting Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021 - KPMG Asia Pacific Board Leadership & Assurance Summit KPMG Thailand Date : November 16-18, 2021
<p>6. Mr. Pichai Dusdeekulchai Independent Director</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity Arranged by EY Office Limited Date : October 20, 2021 - The Importance of Audit Committee to Capital Market and Quality of Financial Reporting Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021 - KPMG Asia Pacific Board Leadership & Assurance Summit KPMG Thailand Date : November 16-18, 2021
<p>7. Mr. Li, Ming-Shieh Director</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
<p>8. Mr. Naporn Sunthornchitcharoen Director</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
<p>9. Mr. Khunawut Thumpomkul Director</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
<p>10. Mr. Vichian Amornpoonchai Director (Appointed since 25 October 2021)</p>	<ul style="list-style-type: none"> - Personal Data Protection Act 2562 B.E. (PDPA) for Executive Arranged by Land and Houses Bank Public Company Limited Date : March 25, 2021 - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - Data Governance Arranged by Land and Houses Bank Public Company Limited Date : November 25, 2021
<p>11. Mr. Shih, Jiing-Fuh President</p>	<ul style="list-style-type: none"> - IT Securities Awareness Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021



2. Remuneration and Employee Welfare

The company sets the appropriate remuneration and welfare for its employees to align with both short-term and long-term performance to ensure a good standard of living by emphasizing fairness and competitiveness. Therefore, the company has a policy to increase annual salary and bonus payment based on their annual performance. A special round of salary increase is also made by utilizing the survey results of employee remuneration in the same industry for consideration with an aim at retaining skilled employees whose performances met expectations of the company.

3. Provident Fund

The company established a provident fund as a welfare benefit for employees. It is an important factor to encourage and motivate them to perform their tasks and to nourish their good standard of living. They can contribute between 3-15% of their salary to the fund, to which the company contributes 3-7% depending on the number of years of employment. The Provident Fund Committee which comprises of representatives elected by fund members and representatives appointed by the employer, has main duties and responsibilities on supervising the management of the fund and formulating investment policies on behalf of fund members. In addition, a multi-investment fund or the “Master Fund” has been offered to employees as an alternative investment policy option, allowing them to choose what suits their needs.

4. Orientation Program for New Directors

The company arranges an orientation session for newly appointed directors. The President and top executives will give them thorough briefings, from the company’s vision, mission, performance, strategies and business targets to key operations and business nature. Relevant documents including roles and responsibilities of directors, laws and regulations related to the business, annual report Form 56-1 One Report and other information of the company are also provided.

5. Succession Plan for High-Level Executives

The Board of Directors puts an emphasis on the development of their successors to maintain continuous and smooth business operations and to ensure appropriate personnel are put into the key positions crucial to the company. To get personnel in the organization ready to fill key positions in the future, the company has strengthened

potential successors by providing them with opportunities to join exclusive programs for top executives and meetings of the Board of Directors and Management Committee as well as appointing them the company’s representatives in various occasions. This helps secure the stability and continuity of the company’s business operations and ensure the company has staff ready to fill positions critical to the company’s business operations. Furthermore, the company pays attention to new challenges to improve the leadership of key positions in the future and initiates the leadership competency program in order to get executives ready to potential changes as follows:

- The Leadership Development (Facilitator Certify Workshop) : The Power to Effectiveness aims to create internal trainer to be part of driving force for AVP of departments/office and division managers.
- The 7 Habits of Highly Effective People aims to change the leaders’ mindset, positive behaviors to embrace changes, and practices that bring about sustainable outcomes to reinforce the effective work, teamwork and self-management, driving successful outputs for the corporation.

Nomination of Directors and Top Executives

The qualified candidates with sound knowledge, experience in various areas and thorough understanding of banking, finance, economy, laws and related fields, will be carefully screened to ensure the complete composition of the board as required. The board skill matrix was established to ensure such nominations are in line with the company’s business directions. The Nomination and Remuneration Committee will propose the Board of Directors to consider the appointment of directors and/or independent directors in case of vacancies from other causes rather than completing the term, or to propose to the shareholders meeting in order to elect directors and/or independent directors in case of vacancies by rotation and/or election of additional new directors.

The criteria for nomination and appointment of independent directors indicate that each eligible candidate must meet the qualifications of independent directors as required by the company which is also in accordance with the notification of the Capital Market Supervisory Board and in line with the good corporate governance principles.

The details of criteria for the nomination of independent directors and qualifications of independent directors are disclosed in Topic 8 Report on Key Compliance, 8.1 Past Performance of Board of Directors, Sub-topic: Qualifications of Independent Directors.



According to the recruitment criteria for the company's top executives, the Nomination and Remuneration Committee will screen and select talented persons with proper qualifications, ethics, morality and honesty. The basic factors for consideration include qualifications, knowledge and experiences. The Nomination and Remuneration Committee will nominate the qualified person to the Board of Directors for appointment and propose to the Bank of Thailand for approval.

Remuneration of Directors and Executives

- The Nomination and Remuneration Committee chaired by an independent director shall lay down policies, methods and criteria for remuneration of directors and President with fairness, reasonableness and transparency in relation to the company's operating results and his performances. The remuneration must be on a par with industry's standards and competitive enough to retain desired directors and executives.

- Remuneration of directors is determined by the shareholders meeting both in monetary form and other forms considered and proposed by the Nomination and Remuneration Committee. The remuneration will be considered on the basis of industry's general practices by considering work experience, knowledge and competencies, coupled with duties and responsibilities and contributions to the company. The remuneration shall also be on par with those at other SET listed companies in similar industries and the average figures at listed companies according to the survey report on remuneration rates for listed companies' directors by the Thai Institute of Directors. The rates of monetary remuneration and other compensations for the directors approved by the 2021 Annual General Meeting of Shareholders are disclosed in the annual report Form 56-1 One Report.

The details of directors' compensations approved by the shareholders meeting are disclosed in Topic 8 Report on Key Compliance, 8.1 Past Performance of Board of Directors, Sub-topic: Directors' remuneration.

Principle 5 : Nurture innovation and responsible business

1. Taking into account the rights of stakeholders

The company gives priority to and takes into account the rights of stakeholders based on related laws; does not commit any act that violates their rights; and is committed to fulfilling its responsibilities towards all groups of stakeholders.

2. Determining the policy on the treatment of stakeholders

- Instill strong work ethics with strict adherence as guidelines to carry out duties honestly and fairly for the company, stakeholders, public and society

- Disclose the company's information to shareholders, investors and public accurately, comprehensively, in a timely manner and in line with related laws and regulations; and cooperate with regulators in providing accurate and comprehensive reports in a timely manner

- Set up good corporate governance policy to support management with honesty, correctness, transparency and effectiveness as to enhance business' long-term values, stability and sustainable growth

- Establish the company's code of conduct and ethics in writing as guidelines on the treatment of all stakeholders from internal stakeholders, namely, employees and executives, to external stakeholders, namely, shareholders, customers, business partners, competitors, government sectors and other agencies. Ensure transparent operations and encourage active cooperation between the company and stakeholders for mutual benefits; and ensure that stakeholders will receive protection and good treatment

- Establish the code of ethics for directors and employees and promote their participation so that they uphold ethical principles and practices with honesty, morality and carefulness; and prevent any act that violates rules and regulations and tarnishes the company's reputation

The company has published the good corporate governance policy, code of conduct and code of business ethics, and code of ethics for directors and employees through the company's intranet and website; and included them in the training courses for employees.

3. Disclosure of policy compliance and reporting for sustainable business development

The company has established a policy on corporate social responsibility for sustainable business development by integrating CSR into the main process of business operations (CSR-in-Process) and outside the main process of business operations (CSR-after-Process). It also reinforces executives and staff at all levels to engage in and instill a volunteer spirit to build their awareness of social responsibility. Also, it lays a strong foundation for sustainable development which leads to true sustainability of social and national development.



Social Responsibility for Sustainable Business Development Policy

The company is aware of operating business with social responsibility for sustainable growth by focusing on taking care of stakeholders, economy, society and environment with morality and ethics as well as corporate governance. The business operations must be conducted with honesty, transparency and fairness with the awareness of negative impact on the economy, society and environment. Thus, the company develops the policy of social responsibilities for sustainable business development in writing following the guideline of Corporate Social Responsibility Institute, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The company realizes the importance of “dependence” as people in the society are target consumers of every business’ products and services. Therefore, no matter what direction a business organization is developing towards, people in the society inevitably contribute some support. The policy and practical guideline help direct members of the organization to operate CSR-in-process and CSR-after-process by encouraging executives and employees at all levels to instill voluntary spirit and CSR awareness.

The policy on social responsibilities for sustainable business development consists of principles and practical guidelines for directors, executives and employees at all levels to adhere to 9 areas as follows:

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect for Human Rights
5. Fair Treatment of Labor
6. Responsibilities towards Consumers
7. Cooperation in Development of Community and Society
8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

• Disclosure of the Policy Compliance and Reporting for Social Responsibility

The company discloses its compliance of social responsibility policy in the annual report Form 56-1 One Report and company’s website, including employees’ participation in conformity with the policy to instill a sense of social responsibility.

4. No violations of human rights and care for public sentiments

The company recognizes the importance of stakeholders, employees, communities and surrounding societies that should be treated with fairness, equality, respect and dignity. The company aims to build good relationships, not violate basic rights, and operate its business with great care of public sentiments. This endeavor is fundamental to human resource management and development.

The company is aware of fair treatments for employees at all levels, ensuring that they will receive appropriate remunerations and benefits while developing their potential for professional advancement and supporting employees participation as well as providing them with several channels to receive complaints and to report any inappropriate acts. Staff members are able to voice their opinions, report or lodge complaints or concerned issues which are considered unfair, corruptive or misconducted through supervisors or other channels. The company has established independent procedure for receiving complaints with the committee to scrutinize them to ensure fairness and transparency. Verifications and decisions are made by taking into account the results and remedies in accordance with the principles of human rights and with the aim to encourage staff to share their opinions when there are any actions, committed by the company or staff, that might violate human rights. Such practice ultimately helps reflect problems and solutions.

In addition, the company supports and respects any protection of human dignity by not engaging in forced labor and child labor exploitation, which affect the confidence of external stakeholders.

Occupational Health and Safety Policy in Workplace

The company has determined the occupational health and safety policy for the workplace and established the Safety Healthy Environment Committee (SHE) as a mechanism to drive the policy to a success.

5. Reinforcing Fair Treatments of Stakeholders Fair Treatments of Employees

The company has provided appropriate remunerations, benefits and provident funds for good quality of life of employees.

Fair Treatments of Business Partners, Competitors and Creditors

The company has encouraged fair treatment towards business partners, competitors and creditors in terms of costs and returns. For example, the company manages its procurements by determining adequate delivery period, and fair trade agreements; does not involve in any activities that violate property or infringe intellectual property; and arranges payments for services or acquisition of properties in a fairly and timely manner.



Principle 6 : Strengthen effective risk management and internal control

1. Internal Control and Internal Audit

The Board of Directors supports and places an importance on internal control activities in 5 areas to ensure that the company has adequate and appropriate internal control to achieve the established objectives of business operations under the good compliance and internal control as follows:

- Environment
- Internal control
- Risk assessment
- Information technology system control and communication
- Monitoring and evaluation

2. Risk Management

The Board of Directors places an emphasis on risk management across the organization and monitors the financial business group to have risk governance framework and risk culture. The Board of Directors has established the risk management policy and risk management procedures which consist of risk identification, risk assessment, risk monitoring and controls, and risk reporting; and regularly reviewed the adequacy and effectiveness of risk management.

3. Compliance with Regulations

The Board of Directors, executives and employees of the companies in the financial business group have complied with related laws, regulations and rules to ensure that all companies have operated their businesses with responsibilities, transparency, equitable treatment of stakeholders and management with honesty. The company also ensures the companies in the financial business group have complied with supervisory regulations, provides the procedure for related party transactions with performance report, data storage and booking according to financial reporting standards.

4. Prevention of Conflicts of Interest

The Board of Directors takes heed of transactions with potential conflicts of interest, inappropriate connected transactions and connected transactions whose pricing and conditions should be determined similarly to those of external parties. In addition, the disclosure of information shall conform to rules, regulations and laws.

5. Report on Changes in Holding of Securities and Derivatives

Directors and the first 4 executives from the President, those who hold the executive position in the 4th rank; those who hold the position that is higher or equivalent to accounting and finance manager and their connected persons as follows:

- (1) Spouse or person who lives together as husband and wife
- (2) Underage child
- (3) Juristic person in which the individuals in (1) and (2) hold the shares of more than 30 percent of all voting rights of such juristic person and such combined shareholding having the highest proportion in such juristic person, to proceed as follows:

- Notify the Board of Directors or the company secretary of the company's securities trading at least 1 day before trading session.

- Report any changes in holding of securities and derivatives within 3 business days as from the date of buying, selling, transferring or receiving the transfer of securities or derivatives, according to the announcement of the Securities and Exchange Commission.

- Submit stakeholding report according to the Securities and Exchange Act, B.E. 2535 (1992) and the announcement of the Capital Market Supervisory Board, within 1 month as from the date of holding the position or in case of changes from the latest report to the company secretary for filing and submitting the copy of such report to the chairman of the Board of Directors and the chairman of the Audit Committee.

Principle 7: Ensure Disclosure and Financial Integrity

The Board of Directors oversees and assures complete, timely and transparent disclosure of its financial and non-financial information via easily accessible, equal and credible channels.

1. Disclosure of Financial Information and Non-financial Information

The company has disclosed its material information to shareholders, investors and public with transparency, accuracy, completeness, timeliness and accountability in compliance with related laws and regulations in both Thai and English version via various channels which are convenient to access, equal and regularly updated as follows:



1. The company's website (www.lhfg.co.th) where information is available in 2 languages: Thai and English
2. PR news of the company
3. Analyst meeting (In 2021, no meeting was held due to COVID-19 outbreak)
4. Press conferences and PR news distribution (In 2021, no meeting was held due to COVID-19 outbreak)
5. Disclosure channels of the Stock Exchange of Thailand such as the company's financial statements, Management Discussion and Analysis (MD&A), annual report form 56-1 One Report, notifications on the resolution of the Board of Directors meeting, notifications on the resolution of the shareholders meeting and other matters.
6. The Securities and Exchange Commission's website such as report on changes in securities holding of the executives (Form 59), list of directors and executives, financial statements, annual report and annual report form 56-1 One Report, etc.
7. Postal delivery to shareholders
8. Announcement in newspapers

The Board of Directors places an emphasis on the quality of financial statements and adequate disclosure of financial information. Disclosures are in line with the Bank of Thailand, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and Financial Reporting Standards. The financial statements are reviewed / audited by certified public accountants and endorsed by the Audit Committee and the Board of Directors before disclosure.

In addition, the company has disclosed financial statements on a quarterly, half-year and yearly basis, coupled with significant information in notes to financial statements, MD&A and capital requirement disclosure (Pillar III Report) of the financial business group, allowing investors to know the information and understand changes in the company's financial position and operating result which will be beneficial to shareholders, investors and public.

The Board of Directors provides the report on its responsibilities towards the company's financial statements and financial information. The report is submitted together with auditor's report in the annual report form 56-1 One Report. The company's financial statements must be made in accordance with the financial reporting standards by utilizing proper accounting policies with regular practice.

The company published the 2020 annual report: 56-1 One Report within 120 days from the end of the fiscal year through the SET website on March 15, 2021 and the company's website.

The company's communication channels and contact:

Address : No.1 Q.House Lumpini Building, 5th Floor,
South Sathon Rd., Thungmahamek,
Sathon, Bangkok 10120

Telephone : 0 2359 0000 Ext. 2019, 2020, 2024

Fax : 0 2677 7223

Email : presidentoffice@lhbank.co.th

Website : www.lhfg.co.th

The company has disclosed the shareholding structure and shareholding information of directors and executives together with direct and indirect shareholding of their spouses and minor children in the annual report form 56-1 One Report. The company has assigned a department to be responsible for disclosing information, receiving requests and providing information as well as building good relationships with shareholders, investors, analysts and other related organizations. The company prepared several reports to be disclosed to public on a fair and straightforward basis with clear explanations of its performance including significant events occurred throughout the year for shareholders' acknowledgement.

The Board of Directors has assigned the Audit Committee to review the financial reports of the company and its subsidiaries to ensure their compliance with financial reporting standards with adequate information disclosure.

The company has disclosed the reports of sub-committees; Board of Directors' and name lists of directors and their authority; total number of meetings; attendance of individual director; remuneration of directors; profiles of directors and executives; company's information; and reports of certified public accountants in the annual report form 56-1 One Report and the company's website.

The company reports the details and supporting documents of the shareholders meetings in Thai and English to investors in advance through the communication channels of the Stock Exchange of Thailand and the company's website. This way, shareholders can have enough time to study the supporting documents beforehand. Besides, the company advertises the notices of shareholders meetings in the newspaper for 3 consecutive days at least 3 days prior to the meeting date. Each item on the agenda is clearly stated whether it is matters for acknowledgement, matters for approval or matters for consideration, together with the Board of Directors' opinions on each item.



2. Investor Relations Function

The company has assigned the company secretary to be responsible for investor relations to publicize the company's financial and general information to shareholders, securities analysts, investors and related regulators through the following channels: the Stock Exchange of Thailand, the Securities and Exchange Commission and the company's website under the topic of "Investor Relations", enabling interested persons to study the information with ease.

In 2021, the company released a number of news to mass media, investors, analysts. It is another channel to effectively communicate with all stakeholders about the company's information.

3. Appointment of Auditors and Determination of Audit Fee

The Audit Committee considered the qualifications and performance of auditor, proposed to the Board of Directors for consent and the board will propose it to the shareholders meeting for approval. The list of prospects to be appointed as the company's auditor shall be consented by the Bank of Thailand and disclosed in the annual report form 56-1 One Report.

Principle 8 : Ensure engagement and communication with shareholders

1. Rights of Shareholders

Never conduct any acts of infringements or deprivations of shareholders' rights and all shareholders are encouraged to exercise their fundamental rights as stipulated by law.

2. Protection of Shareholders' Rights and Equitable Treatment of Shareholders

In recognition of the significance of shareholders' basic rights, the company is committed to ensuring equitable treatment of all shareholders and urging individual and institutional shareholders to exercise their basic rights as stipulated by law. Such basic rights include the right to buy, sell or transfer securities they own, the right to receive a share of the company's profits, the right to receive dividends, the right to appoint a proxy to attend the meetings and cast their vote, the right to participate in the meetings of shareholders and vote for the appointment or removal of directors, the right to determine directors' remuneration, the right to appoint auditors and determine audit fees, the right to express their opinions and ask questions at the shareholders meetings and the right to obtain adequate and relevant information via easily accessible communication channels.

The Board of Directors places an emphasis on the rights of all stakeholders, whether they are internal stakeholders: directors, executives and employees of the company or external stakeholders: all shareholders, competitors, government sector and other related agencies.

The company has a policy of transparency in conducting its business operations, and encourages active collaboration between the company and its stakeholders for mutual benefits, while ensuring all stakeholders are well protected and treated.

The Board of Directors recognizes the importance of accurate, complete, timely and transparent disclosure through the company's website, www.lhfg.co.th, in both Thai and English to ensure that stakeholders have easy access to the company's information and news.

The company encourages shareholders to fully exercise their rights by providing them with convenient access to participate in shareholders meetings and cast their vote. The company shall refrain from any action that may limit shareholders' opportunities of attending the meeting and voting. The voting is required to be conducted with simple procedures, for instance, providing relevant information via the company's website, assigning the company secretary to directly communicate with shareholders, providing shareholders with opportunities to propose the agenda for the shareholder's meetings and nomination of directors, and facilitating the attendance of shareholders meetings, etc.

The company disclosed the resolution of the Board of Directors meeting No. 2/2021, held on February 25, 2021, which determined the 2021 Annual General Meeting of Shareholders to be held on April 26, 2021. The agenda of the 2021 Annual General Meeting of Shareholders, both in Thai and English, was disclosed via the SET since February 25, 2021 while materials of the Annual General Meeting of Shareholders, both in Thai and English, were disclosed via SET and the company's website since March 15, 2021.

3. Shareholders Meeting

Before the Annual General Meeting of Shareholders, with the aim of encouraging and supporting all groups of shareholders, including institutional shareholders to pay attention to the meeting attendance, the company provides the invitation letter to inform shareholders of the meeting schedule, agenda and supporting documents in both Thai and English, which clearly specifies whether the matters are for acknowledgement, approval or consideration including directors' opinions, facts and reasons of each agenda sufficient for making decisions. Such information and materials are disclosed to public via SET and the company's website at www.lhfg.co.th 30 days prior to the meeting date, enabling the shareholders to have sufficient time to study the information. In addition, the company will disseminate the notice together with supporting documents to the shareholders not less than 7 days before the date of the shareholders meeting as specified by the law. The company will also advertise the notice of shareholders meeting in the newspaper for 3 consecutive days at least 3 days prior to the meeting date. The invitation letter sent to shareholders are as follows:



1. Invitation letter including the explanation and reasons for each agenda items and the Board of Directors' opinions
2. Annual report Form 56-1 One Report in QR code
3. Biographies of proposed directors for shareholders to elect
4. Details of the shareholders' registration and identification documents before the meeting, proxy appointment, voting and method of vote counting
5. Articles of Association of the company, concerning the shareholders meeting
6. Proxy form A, form B and form C
7. Biographies of independent directors for shareholders' proxy appointment to attend the meeting
8. Definition of independent directors
9. Map of the meeting venue
10. Request for printed copy of annual report Form 56-1 One Report

The Annual General Meeting of shareholders is required to be held within 4 months after the end of accounting period, the Board of Directors may summon the Extraordinary General Meeting on the date, time and place determined by the Board of Directors. Besides, a shareholder or many shareholders who hold shares in aggregate not less than 10 percent of the total paid-up share capital may jointly submit a letter to the Board of Directors requesting an Extraordinary General Meeting at any time. Matters and reasons for calling the meeting are required to be specified in the letter. In this case, the Board of Directors must hold an Extraordinary General Meeting within 45 days from the date of receiving the notice.

The company encourages and promotes all groups of shareholders including institutional shareholders to attend the shareholders meeting as the shareholders have the right to own the company by appointing a director to act on their behalf and have the right to make decisions on the significant changes of the company.

As the 2021 Annual General Meeting of Shareholders was held amid deep concern about the COVID-19 outbreak, health and safety measures were in place, including the arrangement of screening points to check the temperature of participants before entering into the meeting, social distancing, providing them with alcohol hand gel and face masks as recommended by the Department of Disease Control, Ministry of Public Health and encouraging shareholders to appoint a proxy to the company's independent directors and asked the shareholders' cooperation to wear masks at all time in the meeting room, Q&A was required in writing and sent it to staff instead of using a microphone. The company also provided live broadcast via FB Live for shareholders.

The company takes into account the rights of shareholders based on the good corporate governance principles by following the Annual General Meeting of Shareholders' checklist prepared by the Thai Investors Association.

At the Meeting Date

- The company has attached the registration form together with the notice of the Annual General Meeting of Shareholders for convenient registration of joining the meeting.
- The company carefully conducts the shareholders meeting in order to make it fast and accurate, starting from the preparation for participants' information, attendance registration, processing of voting results on each agenda and summary report.
- On the shareholders meeting, the company carefully makes all the arrangements for the meeting, shareholders can register 2 hours in advance. The company facilitates the meeting by arranging venue and staff for registration of shareholders and proxies.
- The company has implemented the computer system in order to make the meeting quick, correct and accurate, starting from registration process, printing voting ballots, processing of voting results on each agenda and summary report of the shareholders meeting.
- The company provides a staff to monitor the vote counting throughout the meeting.

Attending the Shareholders Meeting

- The company assigned officers to check shareholders' or proxies' documents according to the requirements stated in the notice. Moreover, the company allowed sufficient time for shareholders to register in advance by utilizing a computer system for registration and printing of voting ballots for each agenda item, ensuring prompt and accurate registration.
- During the meeting, the shareholders can register to attend the meeting to exercise their voting rights on any agenda that have not yet been voted.
- At the 2021 Annual General Meeting of Shareholders, the company nominated 2 independent directors: the chairman of the Audit Committee and a member of the Audit Committee to act as shareholders' proxies. The company has sent the notice of AGM with Proxy Form B and Proxy Form C to the shareholders, enabling them to determine the direction of voting. In addition, the shareholders can download other types of proxy forms from the company's website in both Thai and English.



- At the 2021 Annual General Meeting of Shareholders, there were 8 directors attending the meeting in person and 3 directors attending the meeting via electronic media conference, namely Mr. Li, Ming-Shieh, Mr. Shih, Jiing-Fuh and Mr. Khunawut Thumpomkul. Several top executives of the companies in the financial business group also participated in the meeting.
- The company provides independent parties, namely the auditors and legal consultants to act as intermediaries in observing the shareholders meeting whether it was held in a transparent manner and in compliance with related laws and the Articles of Association.

4. Open Session for Shareholders' Queries and Comments

- Before the meeting date, the company has given the shareholders the opportunity to submit their questions in advance via the company's website at www.lhfg.co.th or the e-mail to the company secretary at presidentoffice@lhbank.co.th which the Board of Directors will clarify on the meeting date.
- At the shareholders meeting, the chairman of the meeting shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and queries.
- The company shall endeavor to encourage all directors and top executives of the company and its subsidiaries including the auditors to attend the shareholders meeting to answer any queries. Directors and management will clearly explain and clarify such matters. And the company will record the minutes of the meeting with complete and relevant information so that the shareholders can review it later.

Conducting the Meeting and Voting

- **Before the meeting starts**, the chairman welcome and open the meeting by presenting the number and proportion of shareholders and proxies attending the meeting as well as clarifying rules, voting rights required for each agenda item, voting procedures and vote counting.
- **Conducting the Meeting**
 - The company accommodates the shareholder's meeting by keeping the process correct following the related law, regulations and the good corporate governance principles.
 - The company allows shareholders sufficient time to consider the meeting agenda in the order specified the invitation letter, unless shareholders holding total number of shares not less than two-thirds of the total number of shareholders attending the meeting resolve to change the order of the agenda. In addition, the shareholders

holding a total number of shares not less than one-thirds of the total number of paid-up shares may request the meeting to consider other matters in addition to those specified in the invitation letter.

- The company encourages shareholders to express their comments, suggestions and questions. Directors and related executives are responsible for explaining and answering their queries.

The 2021 Annual General Meeting of Shareholders was conducted according to the Articles of Association and arranged in the order as identified in the invitation letter. There was no addition or switch of agenda items as well as changes in material information without prior notice to shareholders.

• Voting Process

- The company uses ballots for voting in each agenda item.
- For each agenda, a shareholder who attended the meeting in person or a proxy is entitled to carry one vote per share. Regarding to the agenda of the appointment of directors, the voting shall be done on an individual basis. For the purpose of equitable treatment of shareholders, the company utilizes voting ballots for all agenda items. After the vote counting is completed, voting results on each agenda will be announced to the meeting, by specifying as "Approved", "Disapproved", "Abstained" and "Voided Ballot".

5. Minutes Preparation and Resolution Disclosure

• After the Shareholders Meeting

- The company published the 2021 shareholders meeting resolutions with voting results for each agenda both in Thai and English within the meeting date on April 26, 2021, through the Stock Exchange of Thailand's channel within its specified period. This information was also published on the company's website at www.lhfg.co.th.
- The company carefully prepared the minutes of shareholders meeting both in Thai and English, containing the comprehensive important information such as the list of directors attending and absent from the meeting, executives attending the meeting, resolutions of the meeting, voting results for each agenda item divided into "Approved", "Disapproved", "Abstained" and "Voided Ballot", queries and answers as well as opinions of the meeting.
- The company provided video recordings of the shareholders meeting and published them on the company's website.



- The company submitted the copies of the 2021 minutes of Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the Department of Business Development, Ministry of Commerce within 14 days from the meeting date and also published the minutes on the company's website on May 5, 2021 and posted the news via SET.

6. Equitable Treatment of Shareholders

The company is fully aware of its duty to ensure that every shareholder will be treated and protected equally and fairly based on their fundamental rights, by providing measures to prevent conflicts of interest or the misuse of insider information for benefits of their own or others.

7. Protection of Rights of Minority Shareholders

- The Board of Directors realizes the rights and equality of individual shareholders and treats all of them, whether they are majority or minority, individual or institution, foreign or Thai, fairly and equally. All shareholders shall receive important and accurate information at the same time to protect their basic rights.
- The company pays attention to the shareholders meeting as an important opportunity allowing shareholders to exercise their rights to participate in decision making on the company's crucial matters. The following efforts are taken to facilitate the shareholders meeting:
 - **Open opportunities for shareholders and minority shareholders to propose queries, and agenda for the Annual General Meeting and to nominate candidates for appointment as directors**

The company allows shareholders in both individual and group who hold shares of not less than 0.01% of the total issued and paid-up capital of the company, to propose agendas that they deem worthy of being included on the annual general meeting agenda, and to nominate qualified candidates for appointment as the company's directors. The proposals of such matters are required to be submitted within 3 months before the end of accounting period. The company publishes all related rules and details on the company's website as well as publishing the invitation via the SET. Shareholders can submit their proposals to the company via the following channels:

- Company's website at www.lhfg.co.th
- E-mail to the company secretary at presidentoffice@lhbank.co.th
- Letter to the company secretary
- Fax number at 0 2677 7223

For the proposal of qualified candidates to be elected as directors, the Nomination and Remuneration Committee will consider their qualifications and propose to the Board of Directors for further proposal to the shareholders meeting. For any matters that are not received consent from the Board of Directors and/or the Nomination and Remuneration Committee, the company will notify the shareholders together with the reasons at the Annual General Meeting of Shareholders and will also post them on the company's website and other channels as deemed appropriate.

At the 2021 Annual General Meeting of Shareholders, the company disclosed and announced on September 14, 2020 that minority shareholders could propose various matters and nominate qualified persons to be considered and elected as directors from October 1, 2020 - December 31, 2020. And on January 14, 2021, the company posted the results of minority shareholders' proposals to be included in an agenda of the 2021 Annual General Meeting of Shareholders on the company's website.

- The company will not add an item on the shareholders meeting's agenda which is not notified in advance without necessity, especially a special item which the shareholders need to spend time studying relevant information before making a decision.
- The company has followed the shareholders meeting process in accordance with the criteria for evaluating the quality of the shareholders meeting. The company also conducts corporate governance in accordance with the principles of Corporate Governance Assessment of Listed Companies of the Thai Investors Association and the Thai Institute of Directors Association.

8. Protection of Insider Information

• Insider Trading Policy

The Board of Directors realizes to keep and protect the use of internal information, the company has set up the policy in writing to oversee the use of inside information as a guideline for maintaining confidentiality of the company, to ensure equal information disclosure and to prevent the misuse of internal information for benefits of directors, executives and employees, including their spouses and minor children so that they can perform duties with honesty, fairness, compliance with laws and regulations and do not give priority to their own interests over the responsibilities towards the company. Moreover, employees are not allowed to use internal data for personal gain. In order to enhance good corporate governance.

6.2 Code of Business Ethics

The company has determined the code of conduct and code of business ethics to be guidelines for all groups of shareholders and to ensure its operation with integrity, and encouraged active collaboration between the company and its stakeholders for mutual benefits, while ensuring all stakeholders are well protected and treated equally. The business ethics creates competitiveness and trust among shareholders, investors, stakeholders and all relevant parties; and is fundamental to business operations with efficiency, transparency and credibility. The company also defines the code of ethics for directors and employees and urges for their engagement so that they have principles and practical guidelines and behave with ethics, sincerity, moral and caution as well as prevent any acts to violate rules and regulations which lead to the defamation of the company.

The code of conduct and code of business ethics has been disclosed in the company's website www.lhfg.co.th and annex 5.

6.3 Development of Overall Corporate Governance Policy, Guideline and Compliance in 2021

The Board has reviewed the good corporate governance policy in an annual basis in order to increase efficiency, enhance good corporate governance of the company and listed companies in 2017 (CG Code). In 2021, the company proceeded as follows:

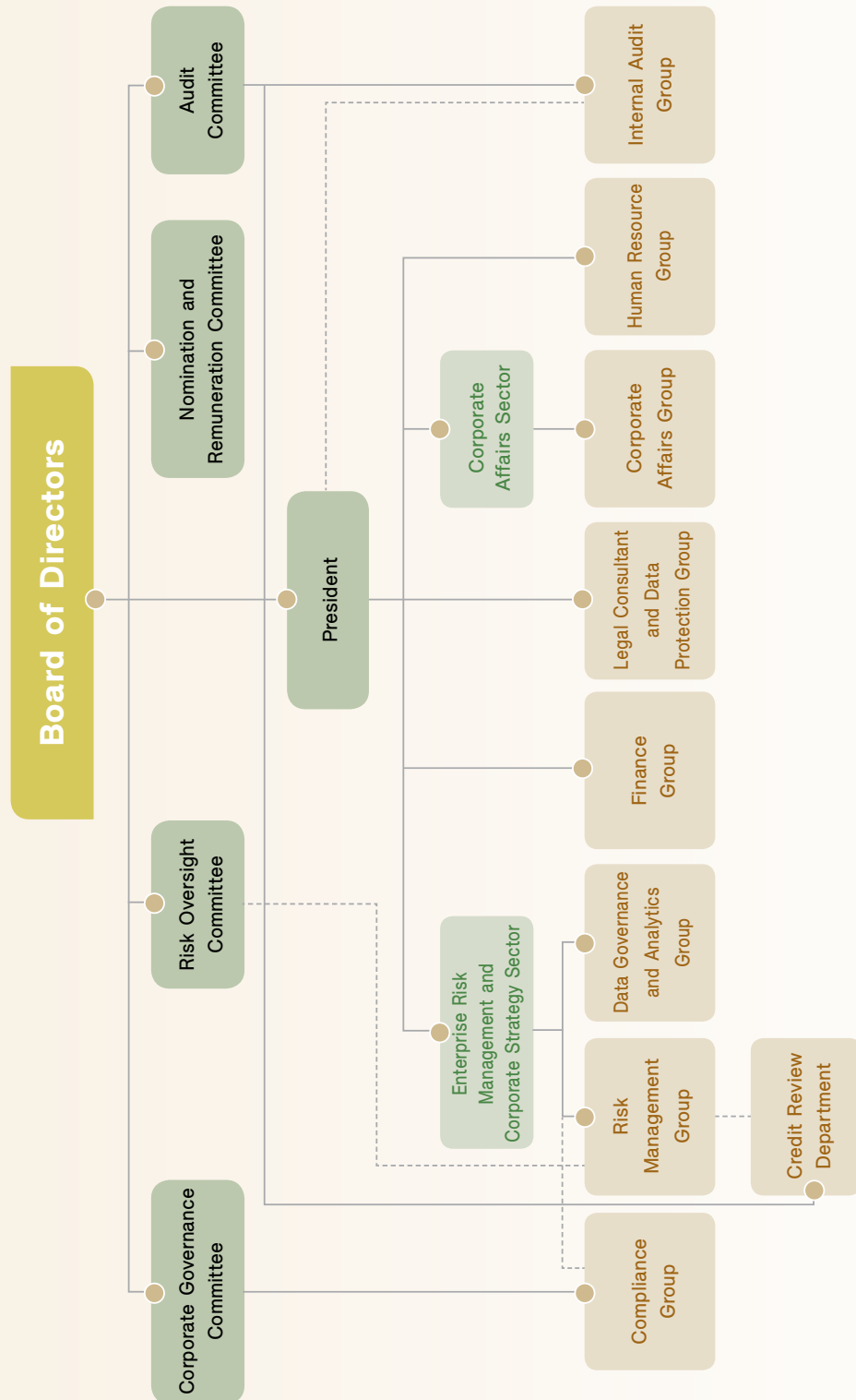
- The chairman and president shall not be the same person and the Board of Directors meeting No.10/2021, held on October 25, 2021 resolved to appoint Dr. Vorapol Socratyanurak to be a chairman and director, effective from October 25, 2021.
- Reviewed the corporate governance policy (Board of Directors meeting No.11/2021, held on November 11, 2021)
- Provided the communication with executives and employees to be aware of the code of ethics for employees via learning management system of the company.

However, the company has some practical guidelines which have not yet been complied as follows:

CG Code Practical Guidelines	Reasons
The chairman should be an independent director.	The chairman is a non-executive director and not an independent director.

7. Corporate Governance Structure and Key Information of Directors, Sub-Committees, Executives and Employees

7.1 Corporate Governance Structure





Board of Directors



Dr. Vorapol Socatayanurak
Chairman



Mr. Wu, Kuo-Chin
Vice Chairman



Mr. Adul Vinaiphath
Independent Director
Chairman of Audit Committee
Chairman of Corporate
Governance Committee



Mr. Pradit Sawattananond
Independent Director
Chairman of Risk
Oversight Committee
Member of Audit Committee
Member of Corporate
Governance Committee
Member of Nomination and
Remuneration Committee



Dr. Supriya Kuandachakupt
Independent Director
Member of Audit Committee
Member of Corporate
Governance Committee
Member of Nomination and
Remuneration Committee



Mr. Pichai Dusdeekulchai
Independent Director
Chairman of Nomination and
Remuneration Committee
Member of Audit Committee
Member of Risk Oversight Committee



Mr. Li, Ming-Shieh
Director



Mr. Naporn Sunthornchitcharoen
Director



Mr. Khunawut Thumpomkul
Director



Mr. Vichian Amornpoonchai
Director



Mr. Shih, Jiing-Fuh
President
Member of Risk Oversight Committee

7.2 Board of Directors

The Board of Directors consists of 11 directors as follows:

Name		Position	Type of Director
Dr. Vorapol	Socatiyanurak	Chairman	Non-Executive Director
Mr. Wu,	Kuo-Chin	Vice Chairman	Executive Director
Mr. Abdul	Vinaiphat	Chairman of Audit Committee Chairman of Corporate Governance Committee	Independent Director
Mr. Pradit	Sawattananond	Chairman of Risk Oversight Committee Member of Audit Committee Member of Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Dr. Supriya	Kuandachakupt	Member of Audit Committee Member of Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Mr. Pichai	Dusdeekulchai	Chairman of Nomination and Remuneration Committee Member of Audit Committee Member of Risk Oversight Committee	Independent Director
Mr. Li,	Ming-Shieh	Director	Non-Executive Director
Mr. Naporn	Sunthornchitcharoen	Director	Executive Director
Mr. Khunawut	Thumpomkul	Director	Non-Executive Director
Mr. Vichian	Amornpoonchai	Director	Executive Director
Mr. Shih,	Jiing-Fuh	President Member of Risk Oversight Committee	Executive Director

Authorized Signatories of the Company

Mr. Wu, Kuo-Chin, Mr. Shih, Jiing-Fuh, Mr. Naporn Sunthornchitcharoen and Mr. Vichian Amornpoonchai, any two of four directors jointly sign with the company's seal affixed.

Duties and Responsibilities of the Board of Directors

The Board of Directors has a duty to supervise the company's operations with integrity and conservatism in order to protect the best interests of the company and prevent conflicts of interest of any shareholder. Their duties and responsibilities are as follows:

1. Perform duties in compliance with those specified by laws and regulations, the objectives and Articles of Association of the company and related external agencies as well as the resolutions of the shareholders' meetings with integrity, and protect the best interests of the company.

2. Determine directions and strategic goals for the company, approve the policies and operating direction proposed by the management and supervise the management to effectively and efficiently implement the approved policies in order to protect the interests of the company and its shareholders.

3. Make provisions of the code of conduct and business ethics as well as the code of ethics for directors, executives and employees as organizational guidelines.

4. Constantly monitor the company's operations to ensure that the executive directors and management will operate business in accordance with the applicable laws and policies.

5. Supervise and ensure that the management is capable of managing the company's operations, including the nomination of top executives.



6. Ensure that the company has the efficient internal control and organizational structure that is conducive to independent control, oversight and audit functions (Three Lines of Defense).

7. Ensure that all important matters of the company are escalated by the management to the Board of Directors and a reporting process is implemented by the management in order to provide the Board of Directors with adequate information so that they can fulfill their duties and responsibilities.

8. Ensure that the financial business group has the risk governance framework, risk culture and market conduct.

9. Approve the roles and responsibilities of the sub-committees and any changes in their compositions, including any significant changes that may affect the operations of sub-committees.

10. Ensure that the company has determined the policy on related party transactions.

11. Ensure that the process of sending management letter from external auditors and gathering management's opinions shall be submitted to the Board of Directors in a timely manner.

12. Provide the check-and-balance mechanism between the management and/or major shareholders at appropriate levels by determining an appropriate composition or number of the independent directors in the Board of Directors.

13. Ensure that each director shall attend the meeting at least 75 percent of the total meetings held each year unless a reasonable ground is provided.

14. To approve any proposal, the quorum shall be at least two-thirds of total directors.

In case of directors or related persons having interests or conflicts of interest in a given matter, he/she will not be authorized to approve any transaction within the company or its subsidiaries as stipulated by the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

Component of the Board

Gender	Number	Proportion
Male	10	91% of total number of directors
Female	1	9% of total number of directors
Type of Directors	Number	Proportion
Independent Director	4	36% of total number of directors
Executive Director	4	36% of total number of directors
Non-Executive Director	3	28% of total number of directors

Directors is qualified with knowledge and experience beneficial to the company's business and qualified to be independent directors according to relevant law and articles of association.

Scope of Authorities of the Board of Directors

The scope of authorities of the Board of Directors is as follows:

- Consider the administration
- Approve the business and strategic plan
- Approve the annual budget
- Approve the vision and mission
- Approve any key matters and make decisions
- Approve any policies
- Approve the requests for permission from official agencies
- Approve any matters under the Public Limited Companies Act.

In addition, the approval of any matters by the Board of Directors shall be made by not less than two-thirds of all directors.

Roles of the Chairman

1. Supervise, monitor and ensure that the performance of the Board of Directors is effective and achieves the objectives and goals of the organization.

2. Oversee and promote the organizational culture based on ethics and good corporate governance.

3. Allocate sufficient time for all matters proposed by the management and for directors to discuss on significant issues by providing independent opinions.

4. Strengthen good relations among the directors and management.

5. Chair the Board of Directors meeting, call for the meeting, and determine agenda items.

6. Chair the shareholders' meeting and ensure the meeting complies with applicable laws, regulations and the Articles of Association, allocate appropriate time for each agenda item as determined in the invitation letter, and give an opportunity for shareholders to freely express their opinions and ask questions relevant to the company.

7.3 Sub-Committees

7.3.1 Audit Committee

The Audit Committee consists of 4 members as follows:

1. Mr. Adul	Vinaiphat	Chairman
2. Mr. Pradit*	Sawattananond	Member
3. Dr. Supriya*	Kuandachakupt	Member
4. Mr. Pichai	Dusdeekulchai	Member
Ms. Thanawan	Teekautamakorn	Secretary

Note: * Member who has knowledge and experience in accounting and finance.

Duties and Responsibilities of the Audit Committee

The Audit Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Review the financial reporting of the company and the companies in the financial business group to ensure that it is accurate and adequate.
2. Review and evaluate whether the company and the companies in the financial business group has set an appropriate and effective internal control and internal audit and consider the independence of Internal Audit and appoint, rotate, terminate Head of Internal Audit or other relevant units.
3. Supervise the Audit Department to conduct the internal audit effectively with appropriate number of staffs and working system, independent from any departments to be audited, and align with the professional standard for internal audit and the Bank of Thailand's guidelines on internal audit of financial institutions.
4. Ensure that LH Financial business group's compliance with Securities and Exchange Act, Stock Exchange of Thailand's rules and law relating to the company's business
5. Consider, select, and propose the appointments and terminations of auditors and their remunerations and have a meeting with them without management at least once a year.
6. Consider the accuracy and completeness of the company's information disclosure, especially the related - party transactions or transactions with conflicts of interest to align with SET's rule to ensure the reasonableness and benefit of the company.

7. Provide the Corporate governance's report of the Audit Committee according to SET rules, signed by the chairman of Audit Committee and disclose it in the annual report.

8. Determine the duty of the Audit Committee, including significant change for performance thereof in written as approved by the Board and disclosed in the Annual Report

9. Ensure the company has adequate internal control and complies with the whistleblower policy.

10. Provide guidelines and internal control to prevent any corruption and monitor potential risks from any form of corruptions for the companies in the financial business group.

11. Obtain regular updates from the Risk Oversight Committee for matters requiring improvements to be in line with the policies and strategies of the company.

12. Share opinions with the Audit Committee and the Risk Oversight Committee in case of a review of the adequacy and efficiency of overall policies, risk management strategies and risk appetite as to evaluate whether they can cover all kinds of risks, including emerging risks, and also the effective and efficient implementation of the policies and strategies.

13. Report to the Board of Directors to correct in the period stipulated by the Audit Committee in case there are cases or suspicious that the following event may cause significant impact to financial position and operation of the company

- Conflict of interest
- Fraud or significant weak in internal control
- Violation of law relating to financial institution,

Securities and Exchange Act, Stock Exchange of Thailand's rules, BOT's rule and laws relating to financial institution, Securities and Exchange Law and other laws

In case Board or management do not remedy by the period prescribed by the Audit Committee, this matter shall be disclosed in the annual report and reported to Bank of Thailand.

14. Perform other tasks assigned by the Board of Directors with the consent from the Audit Committee.

7.3.2 Corporate Governance Committee

The Corporate Governance Committee consists of 3 members as follows:

1. Mr. Adul	Vinaiphat	Chairman
2. Mr. Pradit	Sawattananond	Member
3. Dr. Supriya	Kuandachakupt	Member
Mr. Kukrit	Singhon	Secretary

Duties and Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Consider the good corporate governance policy and propose to the Board of Directors for approval.
2. Consider the anti-corruption policy and propose to the Board of Directors for approval.
3. Ensure the compliance with the policies and provide recommendations and necessary supports to related working teams in order to achieve the operation plans.
4. Evaluate the performance of the company according to the good corporate governance policy and the anti-corruption policy with the corporate governance principles to determine matters that require improvements.
5. Evaluate the compliance with laws, rules, regulations, standards and operation guidelines applicable to the companies in the financial business group.
6. Represent the company in communicating and executing corporate governance activities and preventing any act of corruption and bribery among executives, employees and external agencies.
7. Perform other tasks assigned by the Board of Directors with the consent from the Corporate Governance Committee.

7.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 directors as follows:

1. Mr. Pichai	Dusdeekulchai	Chairman
2. Mr. Pradit	Sawattananond	Member
3. Dr. Supriya	Kuandachakupt	Member
Mr. Thanachai	Thanasart	Secretary

Duties and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Determine policies, regulations, qualifications, and nomination method of directors and top executives that require approval from the regulators as well as executives in the position of First Senior Vice President and higher or other levels in equivalent positions when retired, vacant or added in order to align with the business strategies and adhere to the Bank of Thailand's notification on the criteria for consenting the appointment of directors, managers, persons with power of management or consultants offinancial institutions.

2. Select and nominate qualified candidates as follows:

2.1 Directors

2.2 Persons with power of management consist of Chief Executive Officer, President, Senior Executive Vice President, Executive Vice President and First Senior Vice President

2.3 Consultant or a person who performs any duties in the capacity of a director, Chief Executive Officer, President, Senior Executive Vice President, Executive Vice President and First Senior Vice President, all of which have been titled as consultants only.

3. Supervise and ensure the Board of Directors has the members and the composition that is appropriate with the organization, adjust them according to changing environments, ensure that the mechanism or tool to support the process of selection and nomination of new directors are in place. The Board of Directors shall compose of qualified candidates with appropriate behaviors, knowledge, abilities and experiences in various areas which are beneficial to the long-term operations, and suitable for directions and strategies of the company. The Nomination and Remuneration Committee is also responsible for recommending guidelines on remuneration and other benefits including an annual bonus for the Board of Directors and appointed sub-committees.

4. Determine the remuneration policy, remunerations and other benefits for directors and persons with power of management (reference no. 2) which are consistent with the company's objectives, their duties and responsibilities and relevant risks with clear and transparent criteria and propose it to the Board of Directors for approval and submit such policy to the Bank of Thailand upon request.

5. Ensure that directors and persons with power of management (reference no. 2) receive appropriate remunerations commensurate with their duties and responsibilities.

6. Consider a framework for remuneration structures, annual salary increase and bonus, and other benefits as follows:

6.1 Consider the overall framework of remuneration structures, annual salary increase and bonus, and other benefits of top executives and local staff as well as expatriates of the business partner such as fees or service charges involving their employment conditions as agreed upon the management's recommendations, with the aims of bringing about expected performance. The remuneration is fair and commensurate with employees' dedication to the success of the company.

6.2 Consider the budget for annual salary increase, bonus and any extra benefits for the employees.

7. Consider policy, guideline and succession planning to ensure the continuity of appropriate and systematic administration for persons with power of management (Reference No. 2).

8. Consider policy framework, criteria and fixed-term employment contracts.

9. Review and propose revisions to the duties and responsibilities of the Nomination and Remuneration Committee to be in line with any circumstances.

10. Ensure the disclosure of policy and the details of nomination process for directors and persons with power of management in the annual report.

11. Determine the evaluation guideline for directors and persons with power of management (Reference No. 2) as to consider adjusting annual remuneration by taking into account their duties, responsibilities and related risks and increased value of owners' equity in the long term.

12. Disclose the policy on remuneration determination and types of remunerations, and provide the remuneration report which shall at least contain the details of factors influencing the evaluations of overall performance, goals and operations, opinions of the Nomination and Remuneration Committee, methods and tools for remuneration payment which could reflect potential risks (if any) in the annual report.

13. Perform other tasks assigned by the Board of Directors.

7.3.4 Risk Oversight Committee

The Risk Oversight Committee consists of 3 members as follows:

1. Mr. Pradit	Sawattananond	Chairman
2. Mr. Shih,	Jiing-Fuh	Member
3. Mr. Pichai	Dusdeekulchai	Member
	Enterprise Risk Management and Corporate Strategy Sector	Secretary (or assigned person)

Duties and Responsibilities of the Risk Oversight Committee

1. Supervise the operations of the company and the companies in the financial business group as follows:

1.1 Ensure the formulation of risk management policies on key matters such as credit risk, market risk, liquidity risk, operational risk, and reputation risk as well as determining the comprehensive framework for information technology risk management in accordance with the international standards.

1.2 Provide the assessment and monitoring systems to oversee risk management of the management at appropriate level according to the company's policies and ensure the appropriate risk management of the company to be competitive and supervise the management to provide measures to protect, correct and control risks appropriately, especially for the concentration of any particular risk.

1.3 Provide the system or the procedure for reviewing policies, risk management strategies and overall risk management systems at least once a year or upon significant changes that may affect the company's stability by taking into consideration overall risk profile, risk appetite and risk management strategy.

1.4 Provide capital forecasts under stress test by determining scenarios consistent with nature, volume and complexity of transactions.

1.5 Provide the organization structure that supports the risk governance.

1.6 Provide the IT risk management and the procedures of risk management that cover the continuous assessment and monitoring IT risk, cyber risk while ensuring the cyber resilience and reporting to the Board of Directors about IT risk and cyber risks.

1.7 Ensure IT risk awareness culture throughout the organization by encouraging employees at all levels to be aware of IT risk and cyber risk and to have sufficient knowledge for risk prevention regularly.

1.8 Provide the development of the personnel specialized in IT risk and cyber security risk management adequately.

1.9 Provide the risk management of conduct risk with appropriate procedures to ensure the business operation's compliance with the principles and guidelines of market conduct, as well as procedures to prevent the risk of service mistakes, procedures to handle complaints from customers, and procedures to manage the risk impact in accordance with the criteria of the regulatory agencies.

1.10 Oversee and ensure that the top executives and head of risk management department to comply with the policies and the strategies of risk management and risk appetite.

1.11 Formulate capital and liquidity management strategies to cope with risks and control them to be in line with approved risk appetite.

1.12 Report to the Board of Directors about the risk profile, efficiency of risk management and compliance status with the risk culture, including significant factors, challenges, and issues required improvements to align with risk policies and risk management strategies.

2. Provide the Board of Directors with advice on the risk oversight framework.

3. Discuss and share ideas with the Audit Committee to assess the coverage of the risk management policy and risk management strategies to ensure that they cover all types of risks, as well as emerging risks, and that the execution of such policy and strategies is effective and efficient.

4. Provide comments or participate in the assessment of the effectiveness and efficiency of the head of risk management department.

7.4 Executives

The company has 6 executives as follows:

Name of the Executives	Position in the Company	Position in the Subsidiaries ¹	Position in the Subsidiaries ²	Position in the Subsidiaries ³	Position in the Subsidiaries ⁴
1. Mr. Shih, Jiing-Fuh	President	Director	-	-	-
2. Mr. Vichian Amornpoonchai	Deputy President	Director	-	-	Director
3. Mr. Suwat Chritamara	Senior Executive Vice President, Enterprise Risk Management and Corporate Strategy Sector	-	-	-	-
4. Ms. Thanawan Teekautamakorn	Head of Internal Audit Group	-	-	-	-
5. Mr. Thanachai Thanasart	Head of People Group	-	-	-	-
6. Ms. Siriporn Ngamwiriyaong	First Senior Vice President Person Taking the Highest Responsibility in Finance and Accounting	-	-	-	-

Note: : Company refers to LH Financial Group Public Company Limited.
Subsidiaries¹ refers to Land and Houses Bank Public Company Limited.
Subsidiaries² refers to Land and Houses Securities Public Company Limited.
Subsidiaries³ refers to Land and Houses Fund Management Company Limited.
Subsidiaries⁴ refers to Land and Houses Advisory Company Limited.

Duties and Responsibilities of President

1. Manage the company's operations to be in line with policies, strategies and goals determined by the Board of Directors.

2. Monitor and report the performances of the company and companies in the financial business group while recommending options and strategies in accordance with policies and market conditions.

3. Consider and screen business operations and exercise the authority to take any business action in compliance with the objectives and policies.

4. Oversee the operations of the company against the plan and good internal control.

5. Represent the company and delegate authorities to subordinate units to contact with regulators and government agencies.

6. Oversee the communication with public, shareholders, customers and employees in order to enhance the positive reputation and image of the company.

7. Ensure the company and companies in the financial business group have good corporate governance.

8. Perform other tasks assigned by the Board of Directors and the sub-committees appointed by the Board of Directors.

In case the President or any person may have disputes, interests or conflicts of interest, he/she will not be authorized to approve any transaction related to the company or its subsidiaries as stipulated by the Securities and Exchange Commission and/or the Stock Exchange of Thailand.



Remuneration of Executives

The company paid the remuneration to 6 executives in the amount of Baht 20.2 million consisting of

- Monetary remuneration in the total of Baht 19.0 million or 6.92% of total remuneration
- Non-monetary remuneration in the total of Baht 1.2 million

Remunerations of Employee

consist of salary, wages, OT, bonus, extra pay for cost of living, provident fund in the total of Baht 278.9 million.

7.5 Employees

The total number of employees of LH Financial Group Public Company Limited's financial business group as of 31 December 2021, there were 1,741 employees.

Employee data in 2021

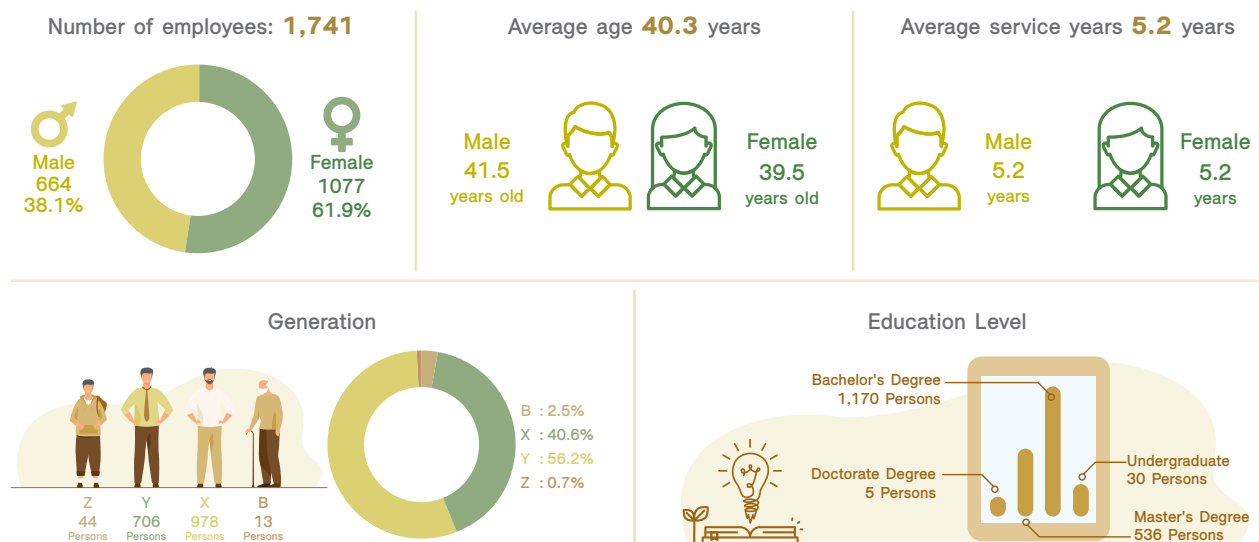


Table for number of employee in 2021 according to business group

		LHFG	LH BANK	LH Fund	LH Securities
Sex	Male	126 (44.2%)	432 (35.3%)	39 (42.4%)	67 (47.9%)
	Female	159 (55.8%)	792 (64.7%)	53 (57.6%)	73 (52.1%)
	Total	285 (100%)	1,224 (100%)	92 (100%)	140 (100%)

Employment Rate and Employment Status

Personnel of LH Financial Group Public Company Limited's financial business group include:

- Permanent employees of 99.0 percent
- Special-contract employees of 1.0 percent

All personnel are subject to the general employment agreement without additional conditions.

7.6 Other Significant Information

Company Secretary

The Board of Directors has appointed Mr. Vichian Amornpoonchai, Senior Executive Vice President, Corporate Affairs Group, as the company secretary since May 15, 2009 as prescribed by the laws. The Board of Directors has supported and encouraged the company secretary to continuously receive trainings and expand knowledge in law, accounting or other areas relevant to the duties of the company secretary. The details of his profile are as follows:



Name : Mr. Vichian Amornpoonchai

Position : Director
Deputy President
Company Secretary

Age : (Years) 60

Education :

- Master of Business Administration, Mahanakorn University of Technology
- Bachelor of Accounting, Dhurakijpundit University

Training :

- Certified Professional Internal Auditor (CPIA) : The Institute of Internal Auditors of Thailand (IIAT)
- Modern Managers Program : Chulalongkorn University
- Company Secretary Program 32/2009 : IOD
- Effective Minutes Taking 17/2010 : IOD
- Company Reporting Program 17/2017 : IOD
- Corporate Secretary Development Program : Thai Listed Companies Association
- Director Accreditation Program (DAP) 153/2018 : IOD
- Information Security Awareness Training 2021 : LH Bank

Relationship with Executives : - None -

Work Experiences in the Past 5 Years :

Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Director	LH Financial Group PLC
Feb. 2021 - Present	Deputy President	
May 2009 - Present	Company Secretary	
May 2021 - Oct. 2021	Acting Chief Executive Officer and President	
May 2020 - Jan. 2021	First Executive Vice President, Corporate Affairs Group	
Aug. 2019 - May 2020	First Executive Vice President, Corporate Affairs and Legal Group	

Current Position in 2 Non-Listed Companies on the Stock Exchange of Thailand

Oct. 2021 - Present	Director	Land and Houses Bank PLC
Mar. 2008 - Oct. 2021	Company Secretary	
Mar. 2019 - Aug. 2019	First Executive Vice President, Corporate Affairs and Legal Group	
Aug. 2017 - Mar. 2019	Executive Vice President, Corporate Affairs and Legal Group	
Apr. 2016 - Aug. 2017	First Senior Vice President, Office of the President	
Nov. 2010 - Mar. 2016	Vice President, Office of the President	
Jan. 2014 - Present	Director	Land and Houses Advisory Co., Ltd.



Duties and Responsibilities of the Company

Secretary

1. Prepare and retain the following documents:
 - 1.1 Director registration
 - 1.2 Invitation letter to the Board of Directors meetings, minutes of the Board of Directors meetings and annual report.
 - 1.3 Invitation letter to the shareholder's meeting and minutes of shareholder's meeting
2. Retain reports on the interests of directors and executives.
 - 2.1 The directors and executives have a duty to report their stakeholding. (Directors and executives are responsible for reporting their interests and those involved to the company.)
 - 2.2 The company secretary shall submit the report copies to the chairman of the company and the chairman of the Audit Committee within 7 business days from the receipt date of the report.

- 2.3 Provide a system to accurately and completely store relevant documents and evidence that can be traced back within a period of at least five years from the date such documents or information were prepared.

3. Perform any other tasks prescribed by the Capital Market Supervisory Board.

Audit Fee

According to the company's policy, all companies in the LH Financial Group Public Company Limited's financial business group shall have the same auditor which is currently EY Office Limited.

The remuneration of the auditors in the year 2021 compared to the year 2020 of the company and its subsidiaries is as follows:

1. Audit Fee of LH Financial Group Public Company Limited

The company paid the fee to EY Office Limited as follows:

1.1 Audit Fee

Table: Audit Fee of 2021 and 2020

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2021	2020	Amount (Baht)	Rate (%)
1. Review Fee				
- 1 st quarter ended 31 st March	140,000	140,000	-	-
- 3 rd quarter ended 30 th September	140,000	140,000	-	-
2. Audit Fee				
- For the 6-month period ended 30 th June	320,000	320,000	-	-
- Fiscal year ended 31 st December	320,000	320,000	-	-
Total	920,000	920,000	-	-

1.2 Non-Audit Fee

Fee of Baht 400,000 for service supporting Group's Financial Statements for year ended 31 December 2021

2. Audit Fee of Subsidiaries

2.1 Land and Houses Bank Public Company Limited

The bank paid the audit fee and non-audit fee to EY Office Limited as follows:

2.1.1 Audit Fee

Table: Audit Fee of 2021 and 2020

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2021	2020	Amount (Baht)	Rate (%)
1. Review Fee				
- 1 st quarter ended 31 st March	750,000	750,000	-	-
- 3 rd quarter ended 30 th September	750,000	750,000	-	-
2. Audit Fee				
- 6-month period ended 30 th June	1,900,000	1,900,000	-	-
- Fiscal year ended 31 st December	1,900,000	1,900,000	-	-
Total	5,300,000⁽¹⁾	5,300,000⁽¹⁾	-	-

Note: ⁽¹⁾ This audit fee excluding the fee for reviewing employees' benefits by actuarial expert which will be charged to the bank based on actual costs incurred, estimated not to exceed Baht 200,000 per year, and the fees for reviewing and auditing to report to CTBC's auditors.

2.1.2 Non-Audit Fee

-None-

2.2 Land and Houses Securities Public Company Limited

The company paid the audit fee and non-audit fee for EY Office Limited as follows:

2.2.1 Audit Fee

Table : Audit Fee of 2021 and 2020

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2021	2020	Amount (Baht)	Rate (%)
1. Review Fee				
- 1 st quarter ended 31 st March	90,000	90,000	-	-
- 3 rd quarter ended 30 th September	90,000	90,000	-	-
2. Audit Fee				
- For the 6-month periods ended 30 th June	550,000	550,000	-	-
- Fiscal year ended 31 st December	550,000	550,000	-	-
Total	1,280,000	1,280,000	-	-

2.2.2 Non-Audit Fee

-None-

2.3 Land and Houses Fund Management Company Limited

The company paid the audit fee and non-audit fee for EY Office Limited as follows:

2.3.1 Audit Fee

Table : Audit Fee of 2021 and 2020

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2021	2020	Amount (Baht)	Rate (%)
1. Review Fee				
- 1 st quarter ended 31 st March	25,000	25,000	-	-
- 3 rd quarter ended 30 th September	25,000	25,000	-	-
2. Audit Fee				
- For the 6-month period ended 30 th June	235,000	235,000	-	-
- Fiscal year ended 31 st December	235,000	235,000	-	-
Total	520,000	520,000	-	-

2.3.2 Non-Audit Fee

-None-



8. Report on Compliance with Corporate Governance

8.1 Summary of Board of Director's discharge

Nomination of Directors and Independent Directors

The Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences, adequate understanding in banking, finance, economies, laws and other related areas to ensure the appropriate composition of the Board of Directors as required. The board skill matrix was created to assist the selection and nomination process to be in line with business directions and strategies, taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall listen to suggestions of minor shareholders who nominate qualified persons for directors or independent directors. The company has given opportunities for shareholders to nominate candidates for election as directors during the Annual General Meeting of Shareholders according to the rules of the company. Details of this matter are presented in the business sustainability report under the topic of good corporate governance.

The Nomination and Remuneration Committee shall propose the Board of Directors to appoint directors and/or independent directors in the event of a vacancy of directors for any reason other than the retirement by rotation or shall propose the shareholders' meeting to elect directors and/or independent directors as a replacement for those retired by rotation or shall propose the shareholders' meeting to elect new additional directors. Rules for the election and removal of directors are as follows:

Composition of the Board of Directors

The Board of Directors, determined by the shareholders' meeting, shall consist of at least 5 directors. The number of executive directors shall not exceed one-thirds of the total directors and the number of independent directors shall be at least 3 directors or one-thirds of the total directors, whichever is higher.

Election of Directors

1. In casting votes for directors, the shareholders' meeting shall comply with the following rules and procedures:

- (A) Each shareholder is entitled to cast one vote for one share held.
- (B) Each shareholder may exercise all the votes he or she has for any individual director, or a group of directors by the non-cumulative voting. Splitting the number of votes to any person in a group is not allowed.

- (C) The candidates shall be ranked in descending order, from the highest number of votes to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to exceed the required number, the chairman of the meeting shall exercise a casting vote.

2. Retirement of directors

(A) Retirement by rotation

- At every Annual General Meeting of Shareholders, one-thirds of the directors shall retire by rotation.
- For directors who need to retire by rotation in the first and second years after the company registration, a drawing of lots must be held to decide which directors shall be retired. For subsequent years, the directors who have served in office for the longest terms shall retire.
- Any director who retired by rotation can be re-elected.

(B) Death

(C) Resignation

- (D) Being disqualified or prohibited under the laws
- (E) Being removed by a resolution of the shareholders' meeting with votes of not less than three-quarters of the attending shareholders with voting rights and the aggregate number of shares of not less than half of the shares held by all the shareholders attending the meeting and having the rights to vote.

(F) Being removed by an order of the Court

3. In the event of a vacancy of directors for any reason other than the retirement by rotation:

The Board of Directors shall elect a qualified person with no prohibited characteristics under the Public Company Limited Act to be the director in their next meeting unless the remaining term of office of the vacating director is less than two months. The substitute director shall serve only for the remaining term of office of the director whom he or she replaces. Such resolution of the Board of Directors shall require the votes of not less than three-quarters of the remaining directors.

Selection Process of Directors

Nomination of directors shall comply with the guidelines on director appointment as stipulated by the Articles of Association, which can be divided into 2 cases:

Case 1 To appoint a new director due to retirement by rotation, the Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences and adequate understanding in banking, finance, economics and laws, consistent with business strategies by taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall then propose the list of qualified candidates to the Board of Directors for consideration and screening before presenting to the shareholders' meeting for approval.

Case 2 To appoint a new director to replace the resigned director before the end of the term, the Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences and adequate understanding in banking, finance, economics and laws, consistent with business strategies by taking into account the organization's necessity and good corporate governance principles. The list of qualified persons shall then be proposed to the Board of Directors for approval.

Nomination of Executives

The Nomination and Remuneration Committee shall select and screen persons with proper capabilities and qualifications by taking into consideration ethics, moral principle and honesty to take a position as First Senior Vice President and higher. Preliminary factors for consideration include qualifications, capabilities, and experiences in financial field. Nominated persons should have ideas and vision regarding management in line with the Board of Directors in order to ensure the accomplishment of the company's targets. The top executives and the Board of Directors must place great trust in one another and work in close coordination. The Nomination and Remuneration Committee shall propose the list of nominees to the Board of Directors for further consideration and the appointment shall be in accordance with the regulations of the Bank of Thailand.

Regarding the appointment of other executive positions, the Chief Executive Officer and President shall consider their qualifications and approve.

Qualifications of Independent Directors

To nominate and appoint independent directors, candidates must possess the qualifications required by the company and consistent with the good corporate governance policy according to the regulations of the Capital Market Supervisory Board. The qualifications of independent directors are as follows:

1. Holding not more than 0.5 percent of the total number of voting shares of the company, or parent company, subsidiaries, associated companies, major shareholders, or control person, which shall be inclusive of the shares held by any related person of such an independent director.

2. Neither being nor having been a director participating in management roles, or an employee, an officer, an advisor who receives regular salary, or a person having control power of the company or parent company, subsidiaries, associated companies, a subsidiary at the same level, major shareholders, or control person, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

3. Not being a person related by blood relationship or relationship through legal registration as a father, mother, spouse, sibling, and child, including as a spouse of a child of other directors, management, major shareholders, control person, or the person being nominated to be a director, management or a control person of the company or its subsidiaries.

4. Neither holding nor having held any business relationship with the company or parent company, subsidiaries, associated companies, major shareholders, or control person in the manner in which his/her independent discretion might be affected, and is not and has not been a significant shareholder or a control person of the person that has business relationship with the company, or the parent company, subsidiaries, associated companies, major shareholders, or control person, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

A business relationship shall include any trading transaction in the ordinary course of business for any commercial lease or property for rent, any transaction relating to asset or service, or granting or accepting any financial support by way of either borrowing, lending, guaranteeing, or collateral providing, including any other act in similar manner thereto, that could result in a creation of the company's obligation or the obligation of its counterparty, to repay its debt to other parties in an amount equal to three percent or more of the net tangible asset value of the company or Baht twenty million or more, whichever is lower. The method for calculation of the value of the connected transaction pursuant to the notification of the Capital Market Supervisory Board concerning regulations in respect of entering into connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the past one year prior to the date on which such business relationship with such a person exists must also be counted.



5. Neither being nor having been an auditor of the company or parent company, subsidiaries, associated companies, major shareholders, or control person, and is not a significant shareholder, a control person, or a partner of any audit firm or office for which the auditor of the company, or the parent company, subsidiaries, associated companies, major shareholders, or control person is working, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

6. Neither being nor having been any professional service provider, including legal or financial advisor who obtains fee of more than Baht two million per year from the company or parent company, subsidiaries, associated companies, major shareholders, or control person, and not be a significant shareholder, or a control person, or a partner of any of such professional service provider unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

7. Not being a director who has been appointed as a representative of a director, a representative of a major shareholder, or a representative of a shareholder who is a related person of a major shareholder.

8. Not undertaking any business the nature of which is the same as that of company or subsidiaries and which, in any material respect, is competitive with the business of the company or subsidiaries, or not be a significant partner in a partnership, or a director engaging in any management role, an employee, an officer, an advisor with regular salary, or a shareholder holding more than one percent of the

shares with voting rights of other companies engaging in any business the nature of which is the same as that of the company or its subsidiaries.

9. Not having any other characteristics that prevent the exertion of independent opinions concerning business operation. After having been appointed, an independent director may be assigned by the board of directors to take part in the collective decision-making process of the company, parent company, subsidiaries, associated companies, subsidiaries in the same level of the company, or by major shareholders, or a control person.

Board of Directors Meetings

The company regularly organizes the Board of Directors meetings. At each meeting, its agenda are determined clearly in advance. The important agenda items include the consent of quarterly financial statements, monitoring the company's performance and the financial business group's performance. The invitation letter with clear agenda items will be sent to the directors at least 7 days prior to the meeting date while relevant supporting documents will be sent to the directors at least 5 days before the meeting, allowing sufficient time for them to consider and study the information. The written minutes of the meetings are well prepared. The minutes of the meetings which have been approved by the Board of Directors are carefully kept for auditing purposes.

In 2021, the company held a number of meetings of the Board of Directors and sub-committees throughout the year. Details on directors' attendance, number of meetings and percentage of an individual director's attendance for each meeting are summarized as follows:




Table : Meeting Attendance of the Directors in the Year 2021

Name of Directors	Board of Directors		Audit Committee		Corporate Governance Committee		Nomination and Remuneration Committee		Risk Oversight Committee		Shareholder Meeting	
	Number of meetings attended	%	Number of meetings attended	%	Number of meetings attended	%	Number of meetings attended	%	Number of meetings attended	%	Number of meetings attended	%
Total Meetings (Times)	12	100	13	100	12	100	6	100	4	100	1	100
1. Dr. Vorapol Socratyanurak ¹	2 of 2	100										
2. Mr. Wu, Kuo-Chin	12	100									1	100
3. Mr. Adul Vinaiphat	12	100	13	100	12	100					1	100
4. Mr. Pradit Sawattananond ²	12	100	13	100	12	100	2 of 2	100	1 of 1	100	1	100
5. Dr. Supriya Kuandachakupt ³	11	91.67	13	100	12	100	5	83.33	3 of 3	100	1	100
6. Mr. Pichai Dusdeekulchai	12	100	13	100			6	100	4	100	1	100
7. Mr. Li, Ming-Shieh	12	100									1	100
8. Mr. Naporn Sunthornchitcharoen	12	100									1	100
9. Mr. Khunawut Thumpomkul	11	91.67									1	100
10. Mr. Vichian Amornpoonchai ⁴	2 of 2	100										
11. Mr. Shih, Jiing-Fuh ⁵	12	100					4 of 4	100	4	100	1	100

Note:

- ¹ Dr. Vorapol Socratyanurak - Took up office as director and Chairman on October 25, 2021 and started to attend the Board of Directors meeting since No. 11/2021 on November 11, 2021.
- ² Mr. Pradit Sawattananond - Took up office as the member of the Nomination and Remuneration Committee and the Chairman of Risk Oversight Committee on October 25, 2021 and started to attend the Nomination and Remuneration meeting since No. 5/2021 on November 8, 2021 and the Risk Oversight Committee meeting since No. 4/2021 on November 8, 2021.
- ³ Dr. Supriya Kuandachakupt - End her term from the member of the Risk Oversight Committee on October 25, 2021
- ⁴ Dr. Vichian Amornpoonchai - Took up office as director on October 25, 2021 and started to attend the Board of Directors meeting since No. 11/2021 on November 11, 2021.
- ⁵ Mr. Shih, Jiing-Fuh - End his term from the member of the Nomination and Remuneration Committee on October 25, 2021

Remuneration of Directors

The remuneration of directors has been determined by the shareholders' meeting, which had been considered and recommended by the Nomination and Remuneration Committee. Both amounts and components of such remuneration must be attractive to the directors who are talented and critical to the performance of the board. Excessive remuneration payment shall be avoided. Remuneration for directors shall be determined based on the industry practices by considering work experiences, knowledge, abilities, dedication and other benefit that each director has contributed to the bank and comparing with listed companies of the similar size in the same industry as well as the average of registered firms based on the survey report on directors' remuneration by the Thai Institute of Directors (IOD).

Determination of remuneration shall be approved in the order of authority to avoid the conflicts of interest and for transparency, i.e., shareholders will be responsible for approving the remuneration of the Board of Directors, the Audit Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee, and the Risk Oversight Committee while the Nomination and Remuneration Committee shall be responsible for considering the appropriateness.

Monetary Remuneration
Remuneration of Directors

The Remuneration of directors covers monthly salary and allowance and the 2021 Annual General Meeting of Shareholders held on April 26, 2021 approved the monthly remuneration, meeting allowances and gratuity for directors as follows:


Table : Remuneration of the Directors for the Year 2021 and 2020

Position	Directors' Remuneration (per month)		Meeting Allowance (per time)											
			Board of Directors		Audit Committee		Corporate Governance Committee		Nomination and Remuneration Committee		Risk Oversight Committee		Other Sub-committees*	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Chairman	60,000	60,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Non-Executive Directors	40,000	40,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Executive Directors	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-	-

Note: *Other sub-committees refer to the committees that regulators require, or should have or the Board of Directors deems appropriate.

Directors' Gratuity

The Board of Directors plays a key role in supporting the company's policies and making decisions together with the management in order to continuously enhance the company performance and positive image.

The shareholders' meeting has determined the directors' gratuity which had previously been granted consent from the Board of Directors through the proposal of the Nomination and Remuneration Committee. In the year 2020, the gratuity for directors was determined at the maximum amount of Baht 8,000,000 which was commensurate with their duties, responsibilities and workload.

Table : Directors' Gratuity for the Year 2020 and 2019

Directors' Gratuity (Baht)	
2020	2019
8,000,000	12,000,000

Remuneration of Directors

In the year 2021, the company paid for remuneration of directors at Baht 18,067,603 and Baht 22,685,000 for the year 2020.

Table : Remuneration of the Directors for the Year 2021

Name of Directors		Date Appointed as Director	2021		
			Remuneration (Baht)	Bonus (Baht)	Other Benefits ¹ (Baht)
1. Dr. Vorapol	Socatiyanurak	October 25, 2021	194,000	-None-	-None-
2. Mr. Wu,	Kuo-Chin	August 1, 2017	1,475,650	-None-	-None-
3. Mr. Abdul	Vinaiphat ²	April 22, 2009	2,225,650	-None-	-None-
4. Mr. Pradit	Sawattananond	April 23, 2018	1,545,650	-None-	-None-
5. Dr. Supriya	Kuandachakupt	August 1, 2017	2,135,650	-None-	-None-
6. Mr. Pichai	Dusdeekulchai	June 22, 2020	1,664,950	-None-	-None-
7. Mr. Li,	Ming-Shieh	April 24, 2018	1,475,650	-None-	-None-
8. Mr. Naporn	Sunthornchitcharoen ³	May 3, 2011	1,475,650	-None-	-None-
9. Mr. Khunawut	Thumpomkul	August 14, 2013	1,450,650	-None-	-None-
10. Mr. Vichian	Amornpoonchai	October 21, 2021	89,333	-None-	-None-
11. Mr. Shih	Jiing-Fuh	August 1, 2017	1,595,650	-None-	-None-
12. Mr. Rutt	Phanijphand ⁴	April 22, 2009	1,883,470	-None-	-None-
13. Mrs. Sasitorn	Phongsathorn ⁵	April 22, 2009	855,650	-None-	-None-
Total			18,067,603		

Note:

¹ Other benefits refer to shares, debentures including other monetary and non-monetary benefits apart from the benefits that are regularly received consisting of salary and meeting allowances.

² Mr. Abdul Vinaiphat received the director remuneration from LH Fund Management Co., Ltd. In the amount of Baht 412,500.

³ Mr. Naporn Sunthornchitcharoen received the director remuneration from LH Securities PLC. In the amount of Baht 240,000.

⁴ Mr. Rutt Phanijphand resigned from the director of the company on October 16, 2021.

⁵ Mrs. Sasitorn Phongsathorn resigned from the director of the company on May 1, 2021.

Other Benefits of Directors

Other benefits refer to shares, debentures including other monetary and non-monetary benefits apart from the benefits that are regularly received consisting of salary and meeting allowances.

- None -

Table : Proportion of Directors' Shareholding in LH Financial Group Public Company Limited and Subsidiaries

Name of Directors	Position	December 31, 2021				December 31, 2020			
		Number of Shares Held				Number of Shares Held			
		Company	Subsidiaries ¹	Subsidiaries ²	Subsidiaries ³	Company	Subsidiaries ¹	Subsidiaries ²	Subsidiaries ³
1. Dr. Vorapol Socratyanurak	Chairman								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
2. Mr. Wu, Kuo-Chin	Vice Chairman								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
3. Mr. Adul Vinaiphat	Independent Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
4. Mr. Pradit Sawattananond	Independent Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
5. Dr. Supriya Kuandachakupt	Independent Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
6. Mr. Pichai Dusdeekulchai	Independent Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
7. Mr. Li, Ming-Shieh	Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
8. Mr. Naporn Sunthornchitcharoen	Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
9. Mr. Shih, Jiing-Fuh	President								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
10. Mr. Khunawut Thumpomkul	Director								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		2,700,066 shares 0.0127%	-None-	-None-	-None-	2,700,066 shares 0.0127%	-None-	-None-	-None-



Table : Proportion of Directors' Shareholding in LH Financial Group Public Company Limited and Subsidiaries (Continued)

Name of Directors	Position	December 31, 2021				December 31, 2020			
		Number of Shares Held				Number of Shares Held			
		Company	Subsidiaries ¹	Subsidiaries ²	Subsidiaries ³	Company	Subsidiaries ¹	Subsidiaries ²	Subsidiaries ³
11. Mr. Vichian Amornpoonchai	Director Deputy President								
Number of direct shareholding :		82 shares 0.0000%	84 shares 0.0000%	2 shares 0.0000%	-None-	82 shares 0.0000%	84 shares 0.0000%	2 shares 0.0000%	-None-
Number of shares held by spouse and minor child :		120,000 shares 0.0006%	-None-	-None-	-None-	120,000 shares 0.0006%	-None-	-None-	-None-
12. Mr. Suwat Christamara	Senior Executive Vice President								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
13. Ms. Thanawan Teekautamakorn	Executive Vice President								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
14. Mr. Thanachai Thanasart	Executive Vice President								
Number of direct shareholding :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-
15. Ms. Siriporn Ngamwiriyaong	First Senior Vice President Person Taking the Highest Responsibility in Finance and Accounting								
Number of direct shareholding :		359,192 shares 0.0017%	1 share 0.0000%	-None-	-None-	359,192 shares 0.0017%	1 share 0.0000%	-None-	-None-
Number of shares held by spouse and minor child :		-None-	-None-	-None-	-None-	-None-	-None-	-None-	-None-

Note: Company refers to LH Financial Group Public Company Limited
Subsidiaries¹ refers to Land and Houses Bank Public Company Limited
Subsidiaries² refers to Land and Houses Securities Public Company Limited
Subsidiaries³ refers to Land and Houses Fund Management Company Limited

Oversight of Compliance with CG Policy and Guideline

1. Prevention of Conflicts of Interest

The Board of Directors takes heed of transactions with potential conflicts of interest, inappropriate connected transactions and connected transactions whose pricing and conditions should be determined similarly to those of external parties. In addition, the disclosure of information shall conform to rules, regulations and laws

Conflicts of Interest Principle

1. The company's transactions shall be conducted by eliminating conflicts of interest with prudence and rationale within a good ethical framework for the best interests of the company, shareholders and all groups of stakeholders. Therefore, directors or executives who may have benefits related to the company's transactions shall be prohibited from consideration process or approval process.

2. Transactions among companies in the financial business group shall be conducted under the same rules and conditions as those of other individuals who possess a similar risk level, as required by policies, regulations and laws.

3. Any related party transactions, connected transactions and information disclosure shall comply with rules, regulations and related laws.

4. Directors and executives shall strictly follow the insider information policy.

5. Directors and executives shall disclose the information about transactions with companies in the financial business group accurately and adequately for the purpose of making decisions, consideration, and approval of the said transactions.

6. Securities trading shall comply with the rules and regulations on securities trading of regulators.

Practical Guidelines for Conflicts of Interest

The company prioritizes the prevention of conflicts of interest by laying down the following guidelines.

1. To determine the measures to prevent misuse of information

2. To determine the operational regulations to prevent any action that may cause conflicts of interest, connected transactions or improper related party transactions

3. To determine the measures to monitor, control and audit the implementation

The company has disclosed the details of transactions with potential conflicts of interest or connected transactions as regulated by the Securities and Exchange Commission and Capital Market Supervisory Board in the Annual Reporting Form (56-1 Reporting Form) and annual report. The disclosure of related party transactions has also been made to the Stock Exchange of Thailand and connected transactions in the notes to the financial statements has been revealed.

In the year 2021, the company has no related party transactions required to notify the Stock Exchange of Thailand.

Directors shall immediately inform the company when having conflicts of interest both directly and indirectly in any contracts of the company or in case of any doubts over conflicts of interest.

At the Board of Directors' meetings or shareholders meetings, the company's directors, executives, or shareholders who hold stakes in any agenda items shall promptly inform their stake information and related persons' stake information to the meeting for acknowledgment. They shall have no rights to vote in such agenda so that the meeting can consider and make decisions for the utmost benefits of the company.

Any directors or persons who may have stakes or conflicts of interest in any agenda items shall not participate in the consideration and have no authority to approve the operations, or cast votes for such agenda items as required by the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand. The details of stakes and conflicts of interest shall be recorded in the resolutions of the meeting minutes.

Directors are responsible for reporting their securities trading and changes in their securities holding to the Board of Directors and the Securities and Exchange Commission.

The Board of Directors is aware of transactions with potential conflicts of interest, inappropriate related party transactions or connected transactions whose pricing and conditions shall be set in the same way as those of external parties. In addition, the disclosure of information shall conform to laws and regulations.

2. Protection of Internal Information Misuse

The Company has determined the insider trading policy as follows:

1. Directors, executives and employees including their spouses and minor children who are privy to the company's sensitive information and financial statements which have not been disclosed to the public may not propagate or disclose them to other persons, both inside and outside the company, especially the insider information and non-public information prohibited to premature revelation unless it is necessary for any department to acknowledge it in which case it will protect the information in the same manner as the owning department does.

This does not include the disclosure of information to regulators; namely, the Bank of Thailand, and the Securities and Exchange Commission.

2. Directors, executives and employees including their spouses and minor children who are privy to the company's sensitive information and the financial statements shall not be allowed to buy, sell, transfer or accept the transfer of the company's shares during the period of 30 days before the public disclosure of the financial statements.



3. Anti-corruption

The company is determined to operate its business in line with laws, honesty, moral, code of conduct and business ethics, as defined in organizational values. The company also aims to perform business together with social responsibility and good corporate governance. Thus, the company has established the anti-corruption policy and joined the Thai Private Sector Collective Action Coalition Against Corruption (CAC) as guidelines for operations. The principles and guidelines are as follows:

1. The company places an emphasis on anti-corruption as follows:

1.1 Gifts, Presents, Receptions and Benefits

Do not give or receive any gifts or presents including other benefits that motivate employees to perform or neglect their duties unlawfully or may cause any inappropriate relaxation in business agreement. It is required to follow the requirements in the code of conduct and business ethics, the code of ethics for directors and the code of ethics for employees.

1.2 Bribes and Incentives

Do not give or receive all forms of bribes and incentives, and do not delegate others to give or receive any forms of bribes and incentives on your behalf

1.3 Charitable Donations and Financial Support

Charitable donations and financial support must be transparent and not contrary to laws and morals.

1.4 Activities and Political Participation

1. The company shall not take the company's capital or other resources to support any candidates, political parties, or political campaigns or movements, except for legal approval or to promote overall democracy. Such support needs approval from the Board of Directors before proceeding.

2. The Board of Directors shall show honesty, be good role models for the compliance with the anti-corruption policy, create understanding and encourage employees in the financial business group to consistently and seriously adhere to the anti-corruption policy while embedding such policy into organizational culture.

3. The Board of Directors shall not ignore or neglect when seeing any actions that are related to corruption in the company. It must be reported to the responsible persons or units and they must collaborate with the investigation process.

4. The company shall provide proper supervision for the operations of the companies in the financial business group to have standard internal control mechanisms; significant risk assessment; efficient control activities; and delegate duties and responsibilities appropriately. Besides, reliable and sufficient information system is required to regularly monitor and evaluate the internal control.

5. The company requires companies in the financial business group to publicize its anti-corruption policy via both internal and external channels such as intranet, company's website and annual report. Such policy is the practice under Thailand's law regarding anti-corruption.

6. Any actions in accordance with the anti-corruption policy are required to follow the guidelines as given in the "good corporate governance policy", "the code of conduct manual", the related company's policies and regulations, and other guidelines that the company will subsequently set up.

7. In case employees break the rules and regulations by performing corruptive actions, it will be considered as an abuse of disciplines and subject to disciplinary actions as per the regulations specified by the company. If the actions break the laws, he or she must be investigated and face any legal penalty.

The company has expressed its intention to anti all forms of corruptions by participating in various activities, organized by government agencies and other agencies such as Office of the National Anti-Corruption Commission (NACC), Office of Public Sector Anti-Corruption Commission (PACC) and the Anti-Corruption Organization (Thailand), etc.

4. Whistleblowing

The company has determined a whistleblower policy to ensure the effectiveness of whistleblowing. The procedure and channels of receiving and handling complaints or other significant matters are therefore provided. Moreover, the company protects whistleblowers from any threat or damages. The practical guidelines are as follows:

1. Whistleblowing / complaints of fraud and corruption

- Employees shall not ignore or neglect when they have found or acknowledged any activity that is contrary to the regulations and orders of company or any suspicious act of corruption which is related to the company. Employees shall inform such attempt through channels provided by the company.
- Employees shall actively collaborate with any investigation process and provide facts of acts that fall under the category of fraud and corruption they have witnessed.

2. Issues for whistleblowing / complaints about fraud and corruption

- Misuse of authority to seek any alleged benefits for individual, family, friend and acquaintance such as giving or taking bribes or benefits, conflicts of interests, deception, violation of the company's regulations and policies
- Destruction of documents, distortion or concealment of information in order to support corruption
- Suspicious act of corruption or situation/ information that may be within the scope of such act
- Negative impacts from giving corruption clues, providing information, collaborating in investigation process, or refusing to involve in corruption such as being bullied at work, downgraded, penalized, dismissed from work or other impacts that harm whistleblower

However, complaints related to problems and/ or disputes between individuals or anonymous complaints are not counted as whistleblowing / complaints about fraud and corruptions.

3. Channels for whistleblowing / complaints of fraud and corruption

Witnesses of suspected corruptions or victims of threats from refusing to engage in corruptions can raise any concerns/ lodge any complaints either anonymously or otherwise with clear facts or sufficient evidence to believe that fraud and corruption exist through the chairman of the Corporate Governance Committee.

4. Protection for whistleblower and those who refuse to engage in corrupt practices

The company has set a protective mechanism for persons who collaborate with the company for any acts against fraud and corruption which include whistleblowing, providing information and refusing to engage in fraud and corruption, to ensure such acts hold no harm to informants. The mechanism is as follows:

1. The company will protect the persons who collaborate with the company for whistleblowing or refusing to engage in fraud and corruption from any trouble, danger or unfair treatment arising from the collaboration of anti-corruption.

2. The company will not demote, impose penalties, or pose any negative impact on staff or executives who reject fraud and corruption even such acts might cause the loss of business opportunity to the company.

3. In case the whistleblowers/ complainants found to be at risk, they can request for appropriate protective measures from the company.

4. To protect the rights of complainants supplying information in good faith, the company will keep their personal information confidential by limitedly revealing the information only among investigation team. If such information is found to be misused and disclosed improperly, it will be considered as a violation and subject to disciplinary actions.

5. In case, employees or executives are found guilty of unfair treatment or causing damages to others with a motive for being reported / complained or refused to involve in corruption, such acts are subject to disciplinary actions.

Channels for whistleblowing

The company provides channels for shareholders, investors, customers and public who witness any suspected fraud and corruption or receive impacts from refusing to engage in fraud and corruption to whistleblow via independent directors of the company as follows:

1) Mr. Adul Vinaiphat

Chairman of Corporate Governance Committee

Tel. 08 1834 0104

E-mail : adulv@lhbanks.co.th

2) Mr. Kukrit Singhon

Secretary of Corporate Governance Committee

Tel. 08 5152 2566

Email : kukrits@lhbanks.co.th



Receiving general complaints

The company provides various channels for both internal and external stakeholders to lodge their complaints and sets up the work group to verify the fact to ensure fairness, transparent and accountability.

Channels for complaints

The company provides channels for shareholders, investors, customers, employees and public to lodge their complaints via independent directors as follows:

Independent directors

Mr. Adul Vinaiphat
Chairman of Audit committee
Tel. 08 1834 0104
Email: adulv@lhbanks.co.th

Mr. Pradit Sawattananond
Member of Audit committee
Tel. 08 1868 1487
Email: pradits@lhbanks.co.th

Dr. Supriya Kuandechakupt
Member of Audit Committee
Tel. 08 5901 5888
Email: supriyak@lhbanks.co.th

Mr. Pichai Dusdeekulchai
Member of Audit Committee
Tel. 09 8992 8295
Email: pichaid@lhbanks.co.th

Company's website

www.lhfg.co.th

E-mail

presidentoffice@lhbanks.co.th

Call center

1327

The above policies have been posted on the intranet of the company's website to communicate to directors, executives and employees.

8.2 Audit Committee Report for Year 2021

The performance of the Audit Committee are in the annex 6, the meeting and attendance of the Audit Committee are in the topic 8 Oversight of compliance with CG Policy and guideline > sub-topic 8.1 summary of performance in the previous year > Table of meeting attendance for year 2021.

8.3 Summary of Other Sub-Committee Report for Year 2021

Nomination and Remuneration Committee's report is in the annex 6.

Corporate Governance Committee's report is in the annex 6.

Risk Oversight Committee's report is in the annex 6.

9. Internal Control and Related Party Transactions

9.1 Internal Control

The Board of Directors is responsible for managing operations to ensure that the financial business group's internal and external transactions are sufficiently controlled. The companies in the financial business group have reported the internal transactions within the group to the Board of Directors. The company operates its business within the control framework based on written policies, regulations and guidelines. This is to build up confidence that the company is fully capable of managing its business according to the established policies. The Board of Directors also determines the organization structure, duties and responsibilities of committees in order to achieve the objectives.

The operating results of the companies in the financial business group along with business trends, projections and operating results compared to targets are regularly reported to the Board of Directors.

The Audit Committee is responsible for nominating the auditor by considering the auditor's qualifications and performances, and proposing the audit fee to the Board of Directors yearly in order to ask for approval from the shareholders meeting. The Audit Committee also takes charge of auditing the financial statements. The auditors shall be invited to attend the Audit Committee meetings to propose significant issues related to the company's internal control environments and financial statements. The auditor of the company is EY Office Limited who audited the 2021 financial statements and provided the reports with unqualified opinions. Moreover, the duties of Audit Committee also cover the qualifications of the head of internal audit which had been screened by the management. The appointment, dismissal and rotation of the head of internal audit will be consented by the Audit Committee as specified in the Audit Committee Charter.

Internal Audit Group is able to perform audit tasks and monitor the operations independently, and directly reports to the Audit Committee. The auditing and monitoring processes focus on the comprehensive risks and compliance with regulations, policies, guidelines, procedures and code of conduct that the Audit Department, the Branch Audit Department and the Information Technology Audit Office take the roles in internal control functions as follows:

- **Audit Department, Branch Audit Department and Information Technology Audit Office**

These units are responsible for auditing and evaluating the adequacy of internal control as well as monitoring the operations against the policies, regulations, operating procedures and code of conduct including laws and regulations. They will also audit the internal control as to assess its adequacy and suitability of risk management, efficiency of human resource management, validity and reliability of data, customers' data storage, protective measures for data disclosure, suggest the guidelines to improve the operations and report the audit results to the Audit Committee and the Board of Directors on a regular basis.

Significant Penalty Charges under the Governing Laws LH Financial Group Public Company Limited

In 2017	there were no significant penalty charges under the governing laws.
In 2018	there were no significant penalty charges under the governing laws.
In 2019	there were no significant penalty charges under the governing laws.
In 2020	there were no significant penalty charges under the governing laws.
In 2021	there were no significant penalty charges under the governing laws.

Land and Houses Bank Public Company Limited

In 2017, there were significant penalty charges under the governing laws as follows:

Item	Charger	Section	Issue	Charge (Baht)
1	Bank of Thailand	Section 66 Financial Institutions Businesses Act B.E. 2551	Sale of debt instruments in HTM portfolio	187,500.00
		Section 71 Financial Institutions Businesses Act B.E. 2551	Reclassification of debt instruments	412,500.00
		Section 84 Financial Institutions Businesses Act B.E. 2551	Appointment of the Risk Management Committee does not comply with the Bank of Thailand's requirements.	514,687.50

In 2018, there were no significant penalty charges under the governing laws.

In 2019, there were significant penalty charges under the governing laws as follows:

Item	Charger	Section	Issue	Charge (Baht)
1	Bank of Thailand	Section 37 Financial Institutions Businesses Act B.E. 2551	Operations: Offsite service	78,750.00
		Section 41 Financial Institutions Businesses Act B.E. 2551	No KYC checking (Know Your Customer : KYC)	246,250.00

In 2020, there were no significant penalty charges under the governing laws.

In 2021, there were no significant penalty charges under the governing laws.

Land and Houses Fund Management Company Limited

In 2017, there were no significant penalty charges under the governing laws.

In 2018, there were no significant penalty charges under the governing laws.

In 2019, there were no significant penalty charges under the governing laws.

In 2020, there were no significant penalty charges under the governing laws.

In 2021, there were no significant penalty charges under the governing laws.

Land and Houses Securities Public Company Limited

In 2017, there were no significant penalty charges under the governing laws.

In 2018, there were no significant penalty charges under the governing laws.

In 2019, there were no significant penalty charges under the governing laws.

In 2020, there were no significant penalty charges under the governing laws.

In 2021, there were no significant penalty charges under the governing laws.



9.2 Related Party Transactions

Related party transactions are defined as transactions made by a listed company or its subsidiary with the person connected with the listed company that may cause conflicts of interest between the company and a related person. In considering related party transactions with related persons/companies, the company applies policies, general commercial terms and conditions in accordance with predefined processes in an appropriate, transparent, and accurate manner, by taking into consideration the utmost benefits of the company and its shareholders.

Risk Management Policy in Transactions of Financial Business Group

In order to enhance transparency for related party transactions between the companies in the financial business group and to avoid any conflict of interest with related businesses, the company has established the policy on risk management of related party transaction within the financial business group. Such policy has been approved by the Board of Directors and is subject to annual review. This policy covers the risk management of intra-group transactions that controls various types of major transactions. Also, the policy requires that any related party transactions made within the group contain the terms and conditions or requirements that are not materially different from general commercial terms and conditions at the same risk level.

Necessities and Rationales of Transactions

The company and its subsidiaries shall conduct any related party transactions with great care by taking into account the maximum benefits of the company, its subsidiaries and its shareholders. All related party transactions conducted by the company and its subsidiaries with a person who has conflicts of interests constitute either normal business transactions or necessary and reasonable transactions to support the general operations of the company and its subsidiaries. Any terms and conditions of such related party transactions shall be determined in accordance with the common commercial conditions and market prices, and shall follow the same procedures as applied to other general customers similar or close in nature.

Procedures and Approval Process

The company strictly complies with notifications of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board regarding related party transactions and transactions that may cause conflicts of interest. Hence, the directors or executives related to the transactions that may lead to conflicts of interest are excluded from consideration of such transactions. The company secretary records the relationships of directors or executives in the minutes of the meetings.

In the event that related party transactions arise, the company shall take into consideration the interests of the company, its subsidiaries and shareholders. Such transactions are subject to due procedures based on the regulations of the company and its subsidiaries and scrutinized by responsible committees. The company has sought approval in principle for the company and its subsidiaries to conduct transactions with general commercial terms and conditions with directors, executives or related persons as follows: “The company and its subsidiaries may conduct related party transactions in the future, the company thus seeks approval in principle for management to approve such transactions with the similar commercial terms and conditions as what a person with ordinary prudence will apply with his counterparty under the same circumstance and with trade bargaining power void of influence from their status as directors, executives or related persons. The company will prepare a summary report of the transactions to the Board of Directors meeting upon request”.

Furthermore, any related party transactions that may occur in the future with persons with potential conflicts of interest or stakeholders, the Audit Committee shall give opinions on the necessity and rationale of such transactions. In the case where the Audit Committee does not have the expertise in considering such related party transactions, the company will have independent experts or its auditors give comments to support its decision making on a case-by-case basis. Once the Audit Committee commented on the related party transactions, it must be proposed to the Board of Directors for approval with a unanimous vote. Key related party transactions will be disclosed in the notes to audited financial statements.

Policies and Trends for Future Related party Transactions

The company and its subsidiaries have a policy to conduct both present and future related party transactions with persons involving conflicts of interest by treating them as normal as other customers. Such transactions must be made based on the fair pricing policy and consistent with general commercial terms and conditions which are competitive with other financial institutions. They must also undergo the clear, transparent and fair approval process in accordance with the good corporate governance principles, requirements and approval authority for related party transactions.

Regarding any related party transactions which may occur in the future, they must be made in accordance with the laws relating to the Securities and Exchange Commission, related regulations, notifications, orders and guidelines of the Stock Exchange of Thailand and those on disclosure of related party transactions and the acquisitions or disposals of the company's key assets.



Information Disclosure

The company shall disclose its related party transactions/connected transactions in compliance with the regulations of the Stock Exchange of Thailand in the annual report form 56-1 One Report.

In 2021, the company had no related party transactions with significant values that were supposed to be disclosed according to the regulations of the Stock Exchange of Thailand.

Related Party Transactions

In 2021, the company and its subsidiaries had transactions made with related persons. Such transactions were based on the commercial terms and conditions agreed by the company and its subsidiaries related persons and related entities on the other as a normal business practice. The company disclosed in the Note 44 to the financial statements of the company and its subsidiaries as follows:

(Unit : Million Baht)

Connections ^{/1}	Consolidated Financial Statement					
	Interest Income	Fees and Service Income	Dividend Incomes	Other operating income	Interest Expenses	Other Operating Expenses
1. Major shareholders	-	-	-	-	26.71	58.96
2. Related companies	105.73	50.05	67.31	2.56	14.14	98.50
3. Director and executives	0.01	-	-	-	1.32	-
4. Related persons	0.95	-	-	0.89	13.66	-
Total	106.69	50.05	67.31	3.45	55.83	157.46

Notes: ^{/1} The nature of connections is described in the Note 44 to the financial statements "Related party transactions"

(Unit : Million Baht)

Connections ^{/1}	Separate Financial Statements						
	Interest Income	Dividend Income	Supporting Service Income	Other Operating Income	Interest Expenses	Other Operating Expenses	Fees and Service Expenses
1. Company's subsidiaries	1.69	1,056.05	302.89	1.45	7.22	-	0.24
2. Major shareholders	-	-	-	-	-	7.50	-
Total	1.69	1,056.05	302.89	1.45	7.22	7.50	0.24

Notes: ^{/1} The nature of connections is described in the Note 44 to the financial statements "Related party transactions"

Outstanding Balance

As at 31 December 2021, the outstanding balances of significant transactions between the company, its subsidiaries and their related parties can be summarized as follows:

(Unit : Million Baht)

Connections ^{/1}	Consolidated Financial Statements										
	Investments - Cost	Loans to Customers	Accrued Interest Receivables on Loans to Customers	Other Assets	Deposits	Interbank and Money Market Items (Liabilities)	Debts Issued and Borrowings	Accrued Interest Payables	Lease Liabilities	Other Liabilities	Contingent Liabilities - Bank Guarantees
1. Major shareholders	-	-	-	12.19	8,113.60	661.74	-	4.96	93.84	0.72	-
2. Related companies	1,831.05	3,507.71	81.81	32.80	7,389.01	-	-	1.36	331.08	1.23	21.19
3. Directors and executives	-	0.09	-	-	131.74	-	-	0.05	-	-	-
4. Related persons	-	14.39	0.03	-	1,684.45	-	7.00	0.82	-	0.01	-
Total	1,831.05	3,522.19	81.84	44.99	17,318.80	661.74	7.00	7.19	424.92	1.96	21.19

Notes: ^{/1} The nature of connections is described in the Note 44 to the financial statements "Related party transactions"

(Unit : Million Baht)

Connections ^{/1}	Separate Financial Statements						
	Interbank and Money Market Items (Assets)	Investments – Cost	Other Assets	Interbank and Money Market Items (Liabilities)	Accrued Interest Expenses on Interbank and Money Market Items (Liabilities)	Lease Liabilities	Other Liabilities
1. Company's subsidiaries	9.67	-	32.08	118.00	0.01	-	0.30
2. Major shareholders	-	-	1.65	-	-	19.49	0.04
3. Related companies	-	384.54	-	-	-	-	-
Total	9.67	384.54	33.73	118.00	0.01	19.49	0.34

Notes: ^{/1} The nature of connections is described in the Note 44 to the financial statements "Related party transactions"

Financial Statements

3



Independent Auditor's Report

To the Shareholders of LH Financial Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of LH Financial Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of LH Financial Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LH Financial Group Public Company Limited and its subsidiaries and of LH Financial Group Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

Since the Coronavirus 2019 outbreak has had an impact on businesses and the Group as described in Note 1.2 to the financial statements, especially on (a) the value of investments, which is as a result of fluctuation in market prices and has been significantly decreased as described in Note 32 to the financial statements, and (b) the value of loans to customers that the Group has temporarily adopted the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy, as issued by the Federation of Accounting Professions, in measurement of the loans to customers on which the subsidiary, which operates banking business, has provided assistance in accordance with the Bank of Thailand's guidelines as described in Notes 4.27 and 12.1 to the financial statements. The temporary relief measures adopted by the subsidiary mainly relate to the loan staging and credit loss provisioning on such group of customers. My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowance for expected credit losses on loans to customers

As described in Note 12 to the consolidated financial statements, as at 31 December 2021, the Group had total loans to customers of Baht 178,788 million (accounting for 68% of total assets) and allowance for expected credit losses of Baht 8,941 million, which are material to the financial statements.

In determining an allowance for expected credit losses on loans to customers, the Group has developed models to calculate the allowance for expected credit losses in order to be complied with Thai Financial Reporting Standards and the rules set by the Bank of Thailand. The models require complex calculation and involves significant judgements and estimates from the management. The areas of significant management's judgement include the identification of a criteria for significant increase in credit risk since initial recognition, the selection of future economic variables to be incorporated in the models and the management overlay adjustment to be applied on the allowance for expected credit losses due to limitations of the models including an application of the Accounting Guidance under the Relief Measures in classification of the debtors, in assessment of a significant increase in credit risk, in determination of expected credit loss rates and in consideration of applying a weight on forward-looking information, all of which affect the valuation of loans to customers under the circumstances that the Group opts to temporarily adopt this Accounting Guidance.

Because of the materiality and the extent of the judgements and estimates mentioned above, I addressed the adequacy of the allowance for expected credit losses on loans to customers as a key audit matter.

I gained an understanding of, assessed and tested the calculation of allowance for expected credit losses of loans to customers, taking into account the outstanding balances, complexity and credit risk of each portfolio. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulator. I also considered and assessed the governance process over the model development, the model development documentation and the model validation report prepared by a specialist employed by the management of the Group and I tested, on a sampling basis, the accuracy of the data used in the development of the model. I assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, and the recording of allowance for expected credit losses. Moreover, I tested, on a sampling basis, the classification of loans to customers based on changes in credit risk since initial recognition and tested the completeness of the data used in the calculation of the allowance for expected credit losses.

Recognition of interest income on loans to customers

For the year ended 31 December 2021, the Group recognised interest income on loans to customers amounting to Baht 6,429 million (accounting for 80% of total income). The Group recognises interest income using the effective interest method, which involves the use of management judgement and estimates in estimating the future cash inflows throughout the expected life of the financial instrument or, when appropriate, a shorter period, taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. I therefore focused my audit on whether interest income on loans to customers is recognised correctly in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand.

I gained an understanding of, assessed and tested on the Group's internal controls relating to loan origination and interest income recognition, including related computer-based controls. I assessed the methods applied by the management in determining the future cash inflows and the expected life of the financial instrument in the determination of the effective interest rate including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method to select loan agreements to test whether the income recognition is consistent with the conditions stipulated in the agreements and is adjusted to reflect the effective interest rate. I also performed analytical procedures on interest income and tested, on a sampling basis, significant adjustments made through journal vouchers.



Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 25 February 2022



Statements of financial position

LH Financial Group Public Company Limited and its subsidiaries
As at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
Assets					
Cash		717,883	801,515	9	10
Interbank and money market items - net	7	34,055,966	32,367,362	9,666	10,755
Financial assets measured at fair value through profit or loss	8	117,908	26,780	-	-
Derivative assets	9	163,992	412,457	-	-
Investments - net	10	53,537,363	55,656,491	7,411,374	7,510,025
Investments in subsidiaries	11	-	-	32,916,116	32,916,116
Loans to customers and accrued interest receivables - net	12	171,817,345	156,216,695	-	-
Investment properties - net	15	-	-	36,588	36,721
Properties foreclosed - net	16	773,350	652,527	-	-
Premises and equipment - net	17	347,075	309,925	9,110	3,761
Right-of-use assets - net	25.1	613,441	800,365	18,168	24,218
Intangible assets - net	18	366,834	439,097	1,476	1,196
Deferred tax assets	19.1	1,033,403	630,893	-	2,361
Accrued interest receivables on investments		144,696	187,220	-	484
Securities business receivables - cash accounts		242,706	157,526	-	-
Other assets - net	20	704,236	652,804	58,795	47,643
Total assets		264,636,198	249,311,657	40,461,302	40,553,290

The accompanying notes are an integral part of the financial statements.



Statements of financial position (continued)

LH Financial Group Public Company Limited and its subsidiaries
As at 31 December 2021 and 2020

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Deposits	22	192,499,335	182,719,839	-	-
Interbank and money market items	23	19,170,709	12,336,776	118,000	745,000
Liabilities payable on demand		189,544	949,585	-	-
Derivative liabilities	9	33,520	228,458	-	-
Debts issued and borrowings - net	24	11,877,893	11,393,942	6,683,802	6,425,302
Interest payables		343,477	491,851	4,877	11,948
Accrued expenses		483,845	305,558	32,493	1,470
Lease liabilities - net	25.2	620,480	791,187	18,524	24,282
Provisions	26	395,141	331,319	42,876	45,337
Tax payable		164,359	404,934	2,631	6,484
Revenue received in advance		246,131	266,031	-	-
Payables to Clearing House		60,306	-	-	-
Securities business payables		206,706	274,217	-	-
Other liabilities	28	146,235	186,998	5,064	4,958
Total liabilities		226,437,681	210,680,695	6,908,267	7,264,781
Shareholders' equity					
Share capital	29.1				
Registered, issued and paid-up					
21,183,660,594 ordinary shares of Baht 1 each		21,183,661	21,183,661	21,183,661	21,183,661
Share premium	29.1	9,627,913	9,627,913	9,627,913	9,627,913
Premium on treasury shares - common shares		890	-	890	-
Other components of shareholders' equity	32	(4,103,779)	(3,692,704)	(1,295,225)	(1,332,999)
Retained earnings					
Appropriated - statutory reserve	30	1,670,667	1,553,867	663,400	595,000
- treasury shares reserve	29.2	-	335,417	-	335,417
Unappropriated		9,819,163	9,958,223	3,372,396	3,214,934
Less: Treasury shares - common shares	29.2	-	(335,417)	-	(335,417)
Equity attributable to the Company's shareholders		38,198,515	38,630,960	33,553,035	33,288,509
Non-controlling interests of the subsidiaries		2	2	-	-
Total shareholders' equity		38,198,517	38,630,962	33,553,035	33,288,509
Total liabilities and shareholders' equity		264,636,198	249,311,657	40,461,302	40,553,290

The accompanying notes are an integral part of the financial statements.



Statements of comprehensive income

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
Profit or loss:					
Interest income	34	7,769,684	7,855,391	1,686	4,690
Interest expenses	35	(2,330,590)	(3,129,659)	(132,669)	(180,715)
Net interest income (expenses)		5,439,094	4,725,732	(130,983)	(176,025)
Fees and service income	36	1,202,971	911,486	-	-
Fees and service expenses	36	(347,516)	(183,921)	(8,654)	(9,032)
Net fees and service income (expenses)		855,455	727,565	(8,654)	(9,032)
Gains (losses) on financial instruments measured					
at fair value through profit or loss	37	(6,805)	44,356	(1)	-
Gains on investments	38	155,651	833,921	-	-
Dividend income		1,592,568	1,388,591	1,536,642	1,205,151
Supporting services income		-	-	302,888	277,018
Other operating income		39,373	27,151	2,681	2,382
Total operating income		8,075,336	7,747,316	1,702,573	1,299,494
Other operating expenses					
Employee's expenses		1,796,424	1,614,705	288,735	263,881
Directors' remuneration	39	42,591	47,086	18,068	22,685
Premises and equipment expenses		674,449	726,004	8,545	8,999
Taxes and duties		220,111	215,475	341	196
Advertising and promotional expenses		129,645	76,413	1,125	1,452
Amortisation on intangible assets		123,842	126,455	319	-
Other expenses		236,176	191,003	17,366	9,179
Total other operating expenses		3,223,238	2,997,141	334,499	306,392
Expected credit losses (reversal)	40	3,275,446	2,303,779	(63)	63
Profit from operating before income tax		1,576,652	2,446,396	1,368,137	993,039
Income tax	19.2	(192,931)	(389,502)	(1,892)	901
Net profit for the years		1,383,721	2,056,894	1,366,245	993,940

The accompanying notes are an integral part of the financial statements.



Statements of comprehensive income (continued)

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Note	2021	2020	2021	2020
Other comprehensive income (loss):				
Items that will be reclassified subsequently to profit or loss:				
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(998,474)	973,369	(1,169)	776
Income tax relating to components of other comprehensive income (loss) for items that will be reclassified subsequently to profit or loss	199,929	(194,956)	234	(155)
Total items that will be reclassified subsequently to profit or loss	(798,545)	778,413	(935)	621
Items that will not be reclassified subsequently to profit or loss:				
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income	55,603	(4,693,400)	38,709	(1,598,034)
Actuarial gains (losses) on defined benefit plans	(766)	-	1,750	-
Income tax relating to components of other comprehensive income (loss) for items that will not be reclassified subsequently to profit or loss	68,082	446,687	(703)	28,491
Total items that will not be reclassified subsequently to profit or loss	122,919	(4,246,713)	39,756	(1,569,543)
Other comprehensive income (loss) for the years	(675,626)	(3,468,300)	38,821	(1,568,922)
Total comprehensive income (loss) for the years	708,095	(1,411,406)	1,405,066	(574,982)
Net profit for the years attributable to:				
The Company's shareholders	1,383,721	2,056,829	1,366,245	993,940
Non-controlling interests of the subsidiaries	-	65		
	1,383,721	2,056,894		
Total comprehensive income (loss) for the years attributable to:				
The Company's shareholders	708,095	(1,411,471)	1,405,066	(574,982)
Non-controlling interests of the subsidiaries	-	65		
	708,095	(1,411,406)		
Earnings per share of the Company's shareholders:	41			
Basic earnings per share				
Profit for the years (Baht per share)	0.066	0.098	0.065	0.047
Weighted average share capital (Thousand shares)	21,055,130	20,957,917	21,055,130	20,957,917

The accompanying notes are an integral part of the financial statements.

Statements of changes in shareholders' equity

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

Consolidated financial statements												
Equity attributable to the Company's shareholders												
Other components of shareholders' equity -												
Note	Issued and paid-up share capital	Share premium	Premium on treasury shares - common shares	Other comprehensive income	Retained earnings		Unappropriated	Treasury shares	Total equity attributable to the Company's shareholders	Non-controlling interests of the subsidiaries	Total	
					Statutory reserve	Appropriated						
												Treasury shares reserve
Balance as at 1 January 2020												
30	21,183,661	9,627,913	-	(135,174)	1,422,720	-	9,220,100	-	41,319,220	2	41,319,222	
	-	-	-	-	131,147	-	(131,147)	-	-	-	-	
31	-	-	-	-	-	-	(941,372)	-	(941,372)	(65)	(941,437)	
29.2	-	-	-	-	-	-	-	(335,417)	(335,417)	-	(335,417)	
29.2	-	-	-	-	-	335,417	(335,417)	-	-	-	-	
Investments in equity instruments derecognised during the year												
10.1	-	-	-	(89,230)	-	-	89,230	-	-	-	-	
	-	-	-	(3,468,300)	-	-	2,056,829	-	2,056,829	65	2,056,894	
	-	-	-	-	-	-	-	-	(3,468,300)	-	(3,468,300)	
	-	-	-	(3,468,300)	-	-	2,056,829	-	(1,411,471)	65	(1,411,406)	
	21,183,661	9,627,913	-	(3,692,704)	1,553,867	335,417	9,958,223	(335,417)	38,630,960	2	38,630,962	
Balance as at 1 January 2021												
30	21,183,661	9,627,913	-	(3,692,704)	1,553,867	335,417	9,958,223	(335,417)	38,630,960	2	38,630,962	
	-	-	-	-	116,800	-	(116,800)	-	-	-	-	
31	-	-	-	-	-	-	(1,476,845)	-	(1,476,845)	-	(1,476,845)	
29.2	-	-	890	-	-	(335,417)	335,415	335,417	336,305	-	336,305	
Investments in equity instruments derecognised during the year												
10.1	-	-	-	263,585	-	-	(263,585)	-	-	-	-	
	-	-	-	(674,660)	-	-	1,383,721	-	1,383,721	-	1,383,721	
	-	-	-	-	-	-	(966)	-	(675,626)	-	(675,626)	
	-	-	-	(674,660)	-	-	1,382,755	-	708,095	-	708,095	
	21,183,661	9,627,913	890	(4,103,779)	1,670,667	-	9,819,163	-	38,198,515	2	38,198,517	

The accompanying notes are an integral part of the financial statements.





Statements of changes in shareholders' equity (continued)

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

Separate financial statements												(Unit: Thousand Baht)
		Other components of shareholders' equity - Revaluation surplus (deficit) on investments measured at fair value through other comprehensive income										
		Issued and paid-up share capital	Share premium	Premium on treasury shares - common shares	Appropriated			Retained earnings		Unappropriated	Treasury shares	Total
					Statutory reserve	Treasury shares reserve						
		21,183,661	9,627,913	-	114,278	545,300	-	-	3,669,128	-	-	35,140,280
	30	-	-	-	-	49,700	-	-	(49,700)	-	-	-
	31	-	-	-	-	-	-	-	(941,372)	-	-	(941,372)
		-	-	-	-	-	-	-	-	(335,417)	-	(335,417)
	29.2	-	-	-	-	-	-	335,417	(335,417)	-	-	-
		-	-	-	121,645	-	-	-	(121,645)	-	-	-
	10.1	-	-	-	-	-	-	-	993,940	-	-	993,940
		-	-	-	(1,568,922)	-	-	-	-	-	-	(1,568,922)
		-	-	-	(1,568,922)	-	-	-	993,940	-	-	(574,982)
		21,183,661	9,627,913	-	(1,332,999)	595,000	335,417	-	3,214,934	(335,417)	-	33,288,509
		21,183,661	9,627,913	-	(1,332,999)	595,000	335,417	335,417	3,214,934	(335,417)	-	33,288,509
	30	-	-	-	-	68,400	-	-	(68,400)	-	-	-
	31	-	-	-	-	-	-	-	(1,476,845)	-	-	(1,476,845)
	29.2	-	-	890	-	-	(335,417)	335,415	335,417	336,305	-	336,305
		-	-	-	-	-	-	-	1,366,245	-	-	1,366,245
		-	-	-	37,774	-	-	-	1,047	-	-	38,821
		-	-	-	37,774	-	-	-	1,367,292	-	-	1,405,066
		21,183,661	9,627,913	890	(1,295,225)	663,400	-	-	3,372,396	-	-	33,553,035
		21,183,661	9,627,913	890	(1,295,225)	663,400	-	-	3,372,396	-	-	33,553,035

The accompanying notes are an integral part of the financial statements.



Statements of cash flows

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before income tax	1,576,652	2,446,396	1,368,137	993,039
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	483,187	509,902	7,741	7,097
Expected credit losses (reversal)	3,275,446	2,303,779	(63)	63
Provisions for employee benefits	76,274	43,198	14,188	6,377
Provisions for litigation	20,325	-	-	-
Provisions for properties foreclosed	962	-	-	-
(Gains) losses on financial instruments measured at fair value				
through profit or loss	(56,503)	92,986	-	-
(Gains) losses on disposal/write-off of leasehold improvements and equipment	(1,059)	2,256	37	-
Gains on lease modification	(10,516)	-	-	-
Gains on sales of investments	(155,651)	(833,921)	-	-
Net interest (income) expenses	(5,439,094)	(4,725,732)	130,983	176,025
Dividend income	(1,592,568)	(1,388,591)	(1,536,642)	(1,205,151)
Cash received on interest income	5,693,142	5,995,463	33	369
Cash paid on interest expenses	(2,386,392)	(3,377,325)	(67,985)	(168,170)
Cash paid on income tax	(603,266)	(583,279)	22,965	(62,503)
Profit (loss) from operation before changes				
in operating assets and liabilities	880,939	485,132	(60,606)	(252,854)
(Increase) decrease in operating assets				
Interbank and money market items	(1,692,775)	(13,625,502)	1,089	18,222
Financial assets measured at fair value through profit or loss	(85,286)	(21,456)	-	-
Loans to customers	(17,793,199)	(5,935,433)	-	-
Properties foreclosed	(3,056)	(578,793)	-	-
Securities business receivables - cash accounts	(85,180)	(95,156)	-	-
Other assets	(54,378)	(212,405)	(34,115)	(5,577)
Increase (decrease) in operating liabilities				
Deposits	9,779,496	17,735,058	-	-
Interbank and money market items	6,833,933	1,869,784	(627,000)	384,998
Liabilities payable on demand	(760,041)	897,502	-	-
Short-term debts issued and borrowings	4,604,169	(8,409,496)	1,858,500	2,429,037
Accrued expenses	179,587	8,580	31,024	(28)
Provisions	(51,668)	(5,325)	(14,916)	(1,258)
Revenue received in advance	53,364	214,953	-	-
Payables to Clearing House	60,306	(3,107)	-	-
Other liabilities	(234,184)	243,788	(74,750)	(27,110)
Net cash provided by (used in) operating activities	1,632,027	(7,431,876)	1,079,226	2,545,430

The accompanying notes are an integral part of the financial statements.



Statements of cash flows (continued)

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
Cash flows from investing activities					
Proceeds from sale of investments in debt instruments measured at amortised cost		-	9,623,416	-	-
Proceeds from sale of investments in debt instruments measured at fair value through other comprehensive income		13,891,711	13,314,255	84,100	-
Proceeds from sale/capital return of investments in equity instruments designated at fair value through other comprehensive income		567,897	2,069,111	52,155	2,188,021
Cash received on interest on investments		1,039,169	1,362,402	2,137	4,322
Cash received on dividend on investments		1,592,572	1,388,587	480,592	541,355
Cash received on dividend on investments in subsidiaries		-	-	1,056,050	663,796
Invested in investment in debt instruments measured at amortised cost		-	(180,000)	-	-
Invested in investments in debt instruments measured at fair value through other comprehensive income		(12,709,352)	(14,844,995)	-	-
Invested in investments in equity instruments designated at fair value through other comprehensive income		(398,998)	(2,377,593)	-	(2,699,672)
Invested in a subsidiary		-	-	-	(955,793)
Proceeds from disposal of equipment		5,191	1,712	-	6
Cash paid for purchase of leasehold improvements and equipment		(113,873)	(119,092)	(6,627)	(2,985)
Cash paid for purchase of intangible assets		(62,996)	(76,498)	(599)	(1,196)
Net cash provided by (used in) investing activities		3,811,321	10,161,305	1,667,808	(262,146)
Cash flows from financing activities					
Cash paid for lease liabilities		(266,222)	(284,493)	(6,495)	(6,495)
Cash received on long-term debts issued and borrowings		2,400,000	2,000,000	-	2,000,000
Cash paid for long-term debts issued and borrowings		(6,520,218)	(4,002,152)	(1,600,000)	(3,000,000)
Dividend paid	31	(1,476,845)	(941,437)	(1,476,845)	(941,372)
Cash received on resale of treasury shares	29.2	336,305	-	336,305	-
Cash paid for treasury shares		-	(335,417)	-	(335,417)
Net cash used in financing activities		(5,526,980)	(3,563,499)	(2,747,035)	(2,283,284)
Net decrease in cash and cash equivalents		(83,632)	(834,070)	(1)	-
Cash and cash equivalents as at 1 January		801,515	1,635,585	10	10
Cash and cash equivalents as at 31 December		717,883	801,515	9	10

Supplemental cash flows information

Non-cash items:

Right-of-use assets	136,210	344,344	-	-
Purchase of assets on credit	20,143	16,979	-	-
Properties foreclosed	118,730	-	-	-

The accompanying notes are an integral part of the financial statements.



Notes to financial statements

LH Financial Group Public Company Limited and its subsidiaries
For the years ended 31 December 2021 and 2020

1. General information

1.1 Corporate information

LH Financial Group Public Company Limited (“the Company”) was incorporated as a public limited company under Thai laws and has been engaging in investment holding business in Thailand with an intention to be a financial holding company. The Company has been listed on the Stock Exchange of Thailand (“SET”) and its registered office is located at No. 1, on 5th floor of Q-House Lumpini Building, South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok.

On 8 September 2021, CTBC Bank Company Limited acquired a total of 10.99% of all issued and voting shares from the Company’s shareholders, which was approved by the Bank of Thailand and the regulatory authorities of Taiwan.

As at 31 December 2021, the Company had 3 major shareholders, which are CTBC Bank Company Limited, Land and Houses Public Company Limited and Quality Houses Public Company Limited, and their shareholding percentages in the Company were 46.61%, 21.88%, and 13.74%, respectively. (As at 31 December 2020: the Company had 4 major shareholders, which are CTBC Bank Company Limited, Land and Houses Public Company Limited, Quality Houses Public Company Limited and Ms. Piengjai Harnpanich and their shareholding percentages in the Company were 35.62%, 21.88%, 13.74%, and 10.43%, respectively.)

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is directly and indirectly impacting various businesses and industry sectors, which results in an economic slowdown and a fluctuation in the money market and the capital market. This situation has impacted on the Group’s value of loans to customers, value of investments, operating results and cash flows at present, and is expected to do so in the future. However, the Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.



2. Preparation of financial statements

2.1 Basis for preparation of financial information

These financial statements for the year ended 31 December 2021 were prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, Accounting Guidances announced by the Federation of Accounting Professions and accounting practices generally accepted in Thailand including the relevant regulations stipulated by the Bank of Thailand (BOT). The presentation of the financial statements has been made in compliance with the BOT's notification No. Sor Nor Sor. 21/2561 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 31 October 2018.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding the summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language.

2.2 Basis of consolidation

(a) These consolidated financial statements included the financial statements of LH Financial Group Public Company Limited and the following subsidiaries (Collectively called "the Group") as follows:

Company's name	Nature of business	Percentage of holding		Percentage of assets to		Percentage of revenues	
		as at 31 December		the consolidated totals		to the consolidated	
		2021	2020	as at 31 December		totals for years	
						ended 31 December	
		Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries directly held</u>							
<u>by the Company</u>							
Land and Houses Bank Public Company Limited	Banking business	99.99	99.99	94.51	94.55	83.13	85.56
Land and Houses Securities Public Company Limited	Securities business	99.90	99.90	2.59	2.35	5.78	5.05
Land and Houses Fund Management Company Limited	Fund management business	99.99	99.99	0.13	0.14	6.61	4.48
<u>Subsidiary indirectly held</u>							
<u>by the Company</u>							
Land and Houses Advisory Company Limited	Financial advisory business (operation is temporarily ceased)	99.99	99.99	-	-	-	-



- (b) The Company is deemed to have a control over an investee or a subsidiary if it has rights, or is exposed, to variable returns from its involvement with the entity it has invested and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries have been fully consolidated from the date on which the Company has obtained control until the date when such control ceases.
- (d) The financial statements of subsidiaries are prepared for the same reporting period and use the same significant accounting policies as those of the Company.
- (e) The significant outstanding balances and intercompany transactions have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's books of accounts have been eliminated against shareholders' equity of the subsidiaries.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that is not held by the Company and are presented separately in the consolidated statements of comprehensive income and within shareholders' equity in the consolidated statements of financial position.

2.3 The separate financial statements

The Company has prepared the separate financial statements, which presents investments in subsidiaries under the cost method.

3. New and revised financial reporting standards

3.1 New financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on these financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.



3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses.

The accounting guidance is effective for entities that provide assistance to debtors impacted by COVID-19 during the period from 1 January 2022 to 31 December 2023 or until the Bank of Thailand makes changes with which the entities are to comply. The guidance applies to the staging assessment and setting aside of provisions for qualified debtors, and covers all types of debtors, namely large debtors, small- and medium-sized debtors and retail debtors.

- a) In cases of debt restructuring for the purpose of reducing the debt burden of debtors that involve more than just extending the payment timeline, the applicable procedures are as follows:
- Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1) without compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
 - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
 - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
 - Loans are classified as loans that there has been a significant increase in credit risk (Under-performing or Stage 2) when principal or interest payments are more than 30 days past due or 1 month past due.
 - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.



- b) In cases of the debt restructuring involving only a payment timeline extension, the applicable procedures are as follows:
- The staging assessment and setting aside of provisions are performed in accordance with the relevant financial reporting standards.
 - The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is to move to under-performing stage or Stage 2.
- c) Expected credit losses are determined based on the outstanding balance of the drawn down portion only. No expected credit loss is calculated for unused credit lines.
- d) For retail debtors and SME debtors who are in the process of debt restructuring and unable to complete the process by 31 December 2021 in accordance with guidelines specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 594/2564 “Guidelines regarding debt restructuring to assist debtors affected by COVID-19”, classification of the debtors remains at the same stage as before restructuring until 31 March 2022 or until the Bank of Thailand makes changes with which the entities are to comply.

For debtors whose debt is restructured between 1 January 2021 and 31 December 2021, in accordance with the above clauses no. a) and b), the guidelines on staging assessment and provisioning under this accounting guidance apply from 1 January 2022 to 31 December 2023. However, for the year 2021, entities can still apply the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy.

The management of the Group is currently evaluating the financial impact of those debtors whose debt is restructured between 1 January 2021 and 31 December 2021 in case that the Group adopts this Accounting Guidance.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Interest and discount

The Group recognises interest income on an accrual basis, using the effective interest method. The effective interest rate is calculated based on the estimated contractual cash flows or on the expected life, with the cash flows including fees directly related to acquisition of a financial asset. The Group recalculates the effective interest rate whenever there is a loan being drawn down in installments or a change in a floating interest rate.



The Group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets. When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial asset.

The Group records the difference between interest income calculated using the effective interest method and interest income calculated using the contract rate as interest income in the statement of comprehensive income, and records undue interest receivables in the statement of financial position.

When subsequent changes to the terms and conditions of contracts mean loans to customers meet the criteria for derecognition (Modification with derecognition), the Group recognises interest income based on the new effective interest rate over the remaining term of the contract. In addition, the Group reverses undue interest receivables in the statement of financial position, and reverses any interest income remaining in the statement of comprehensive income on the derecognition date.

In cases where a discount is included in promissory notes or loans, the interest or the discount is recognised as deferred revenue and amortised under the effective interest method over the term of the note or loan.

(b) Fees and service income

Fees and service are recognised as revenues on an accrual basis, taking into account the stage of completion. Management and registrar fees are calculated as a percentage of the net asset value of the funds under the subsidiary's management or at rates stipulated in agreements, and are recognised as revenue when services have been rendered.

(c) Brokerage fee income

Brokerage fees on securities and derivatives businesses are recognised as revenues on the transaction dates.

(d) Gains (losses) on financial instruments measured at fair value through profit or loss

Gains (losses) on securities trading and derivatives are recognised as revenues or expenses on the transaction dates. Gains (losses) on changes in fair value are recognised in profit or loss.

(e) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

(f) Dividend income

Dividend is recognised as revenues when the right to receive the dividend is established.



4.2 Expense recognition

(a) Interest expenses

Interest expenses are recognised on an accrual basis, using the effective interest rate. Interest on notes payable included in the face value is recorded as deferred interest expenses, which will be amortised as expenses evenly throughout the term of the notes.

(b) Commission and direct expenses charged on hire purchase

Commission and direct expenses incurred at the inception of a hire purchase contract such as commission expenses, are gradually amortised, using the effective interest method, and presented net of interest income on hire purchase.

(c) Fees and service expenses and other expenses

Fees and service expenses and other expenses are recognised as expenses on an accrual basis.

4.3 Recognition and derecognition of customers' assets

Cash received from customers on their cash balance accounts, credit balance accounts and derivatives trading accounts are recorded as assets and liabilities of the subsidiary for internal control purposes. At the financial position date, the subsidiary excludes these non-collateralised amounts from both assets and liabilities and presents only those belong to the subsidiary.

4.4 Cash and cash equivalents

Cash and cash equivalents are the amounts included in the statements of financial position under the caption of "Cash", which consists of cash on hand and cheques in transit.

4.5 Securities purchased under reverse repurchase agreements/securities sold under repurchase agreements

The subsidiary, which operates banking business, enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to reverse repurchase agreements are presented as assets under the caption of "Interbank and money market items" in the statements of financial position, and the underlying securities are treated as collateral to such receivables, while securities sold subject to repurchase agreements are presented as liabilities under the caption of "Interbank and money market items" in the statements of financial position at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The differences between the purchase price and the sale considerations are recognised as interest income or expenses, as the case maybe, over the transaction periods.



4.6 Derivatives

The subsidiaries have entered into derivative financial instruments in order to manage risk of the subsidiaries and in response to customer needs. These consist of financial derivative contracts which were originated for trading purposes and derivative contracts which were originated for risk management purposes (Banking book) and the subsidiaries have not elected to adopt hedge accounting. Derivatives are initially recognised at fair value on trade date and subsequently remeasured at fair value.

After initial recognition, gains or losses on changes in fair value are presented as gains (losses) on financial instruments measured at fair value through profit or loss.

The fair value of the contracts is based on the quoted market prices. The fair value of the futures contracts is based on daily settlement price at the end of the last working day of the year as quoted on Thailand Futures Exchange Public Company Limited. If the fair value of a financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models in which the variables used are derived from observable market factors and adjusted to reflect counterparty credit risk.

4.7 Financial instruments

Recognition of financial instruments

The Group recognises financial assets or financial liabilities, at initial recognition, when the Group becomes a party to the contractual provisions of the financial instruments at fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, accrued service income, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Group classifies its financial assets - debt instruments as to be subsequently measured at amortised cost or fair value in accordance with the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

(a) Financial assets measured at amortised cost

Only if both following conditions are met: the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value on trade date and subsequently measured using the effective interest method at amortised cost net of allowance for expected credit losses (if any).

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



(b) Financial assets measured at fair value through other comprehensive income

Only if both following conditions are met: the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and subsequently measured at fair value. Gains or losses on changes in fair value are presented in shareholders' equity through other comprehensive income. The cumulative change in fair value recognised in other comprehensive income is recycled to profit or loss upon derecognition of these financial assets. Gains or losses on foreign exchange, expected credit losses and interest income which are calculated using the effective interest method are recognised in profit or loss.

(c) Financial assets measured at fair value through profit or loss

The financial assets are held within a business model whose objective is not to hold financial asset in order to collect contractual cash flows, or the contractual terms of the financial assets give rise on specified dates to contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Gains or losses on changes in fair value and gains or losses on disposal are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Financial assets - equity instruments

All investments in equity instruments are measured at fair value in the statement of financial position. The Group classifies its investments in equity instruments as equity instruments measured at fair value through profit or loss, or equity instruments designated at fair value through other comprehensive income. The classification is determined on an instrument-by-instrument basis.

Equity instruments designated at fair value through other comprehensive income are irrevocably reclassified.

After initial recognition, gains or losses on changes in fair value of investments in equity instruments measured at fair value through profit or loss are recognised in profit or loss, and gains or losses on changes in fair value of investments in equity instruments designated at fair value through other comprehensive income are recognised in other comprehensive income. Gains and losses recognised in other comprehensive income are never recycled to profit or loss, instead, they are directly transferred to retained earnings upon disposal of the investments. Dividends on these investments are recognised in profit or loss except when the dividends clearly represent a recovery of part of the cost of the investments, in which case, the gains are recognised in other comprehensive income.

In addition, investments in equity instruments are not subject to impairment assessment.



Financial liabilities

Except for derivative liabilities, at initial recognition, the Group's financial liabilities are recognised at fair value and classified as liabilities to be subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

Modification of financial instruments not measured at fair value

Financial assets

If the terms of a financial asset are modified and the Group assesses that cash flows of the modified financial asset are significantly different from the original financial assets. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the derecognised financial asset and the new financial asset is recognised in profit or loss as a part of the expected credit losses.

If cash flows of the modified financial asset are not substantially different, the Group recalculates the gross carrying amount of the new financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss, which is presented as a part of the expected credit losses.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Group adjusts the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.



Write-off

Debts that are determined to be irrecoverable are written off (either partially or in full) in the year in which the decision is taken. This is generally the case when the Group determines that the counterparties do not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. In case of bad debt recovery, the recovered amount is recognised as revenue in the year it is recovered.

The Group has risk related to these financial instruments and the risk management policies as described in Note 47 to the financial statements.

Changes in classification of investments in debt instruments

When there are changes in the Group's business model for management of financial assets, the Group has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income depending on the classification of the investments.

4.8 Investments in subsidiaries

Investments in subsidiaries, presented in the separate financial statements, are stated at cost net of allowance for impairment (if any).

4.9 Loans to customers

Banking business

Loans to customers are presented at the principal balances, excluding accrued interest receivables and undue interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue, unearned discount and fees related to loans to customers and modification gains or losses are added or deducted from the balances of loans to customers.

Hire purchase receivables are stated at the outstanding balances under the agreements less the balances of deferred revenue, which are presented net of deferred initial direct costs.

Securities business

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, and including related accrued interest receivables after deducting allowance for expected credit losses. In addition, securities business receivables comprise the credit balance receivables for which the securities purchased are used as collateral, securities borrowing and lending receivables and guaranteed deposit receivables (which comprise cash placed as guarantee from borrowers of securities) as well as other receivables such as overdue cash customer accounts and receivables which are subject to legal proceedings,



are undergoing restructuring or are settling in installments, but exclude securities business receivables - cash accounts.

4.10 Allowance for expected credit losses of financial assets

The Group recognises an allowance for expected credit losses on its financial assets that are debt instruments measured at fair value through other comprehensive income and measured at amortised cost, including undrawn credit limit and financial guarantee contracts, without requiring a credit-impaired event to have occurred prior to the recognition. The Group sets allowance for expected credit losses using the General Approach on the loan amount, which consists of the outstanding loan balance, accrued interest receivables, undue interest receivables and other related items or equivalent to the asset in the statement of financial position as the base for calculation.

The Group classifies its financial assets into three stages based on changes in credit risk since initial recognition as follows:

Stage 1 (Performing): Financial assets where there has not been a significant increase in credit risk

For financial assets where there has not been a significant increase in credit risk since initial recognition, the Group determines allowance for expected credit losses at an amount equivalent to the expected credit losses for the next 12 months.

Stage 2 (Under-performing): Financial assets where there has been a significant increase in credit risk

For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, the Group determines allowance for expected credit losses at an amount equivalent to the expected credit losses over the expected lifetime of the financial assets.

Stage 3 (Non-performing): Financial assets that are credit-impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets. The Group determines allowance for expected credit losses at an amount equivalent to the expected credit losses over the expected lifetime of the financial assets.

At the end of the reporting period, the Group assesses whether there has been a significant increase in the credit risk of the financial assets since initial recognition by comparing the risk of default as at the reporting date with that as at the initial recognition date.

In assessing whether there has been a significant increase in credit risk since initial recognition, the Group uses internal criteria and risk ratings derived from external sources to assess the decrease in credit quality of the financial assets. The Group assesses the credit risk of the financial assets on an individual or an asset group basis. In making estimates of expected credit losses on an asset group basis, the basis of the Group's grouping of financial assets is the similarity of credit risk characteristics such as asset type, credit rating, remaining term to maturity, industry, status of the debtor and other relevant factors.



When the terms of a loan are modified because the debtor is having financial problem, it is considered to be a financial asset where there has been a significant increase in credit risk or that is credit-impaired, unless there is an evidence showing that the risk of inability to collect the contractual cash flows is significantly decreased and there are no other impairment indicators.

In making estimates of expected credit losses, the Group considers historical loss experience and adjusts it on the basis of current observable data, as well as forward-looking information that is supportable and reasonable, provided that it is shown to be statistically related, as well as exercising appropriate judgement. Macroeconomic data is used, and both the current situation and economic forecasts are evaluated. The use of forward-looking data increases the degree of judgement required in evaluating how relevant current macroeconomic changes affect expected credit losses. However, the Group has a review procedure, and the methods, assumptions and forecasts of future economic situations are regularly appraised. In addition, the allowance for expected credit losses also includes the Management Overlay for the factors, which are not captured by the ECL model and for the group of customers whose credit quality may be deteriorated.

In the case of investments in debt instruments measured at fair value through other comprehensive income, the Group recognises impairment charge in profit or loss as expected credit losses and the allowance for expected credit losses with the corresponding amount in other comprehensive income, whereas the carrying amount of the investments in debt instruments in the statement of financial position is still presented at fair value.

Expected credit losses on undrawn credit limit is the present value difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive. The measurement of expected credit losses on financial guarantee contracts is based on the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group sets allowance for expected credit losses on securities and derivatives receivables is based on the subsidiary's historical loss experience. In determining whether credit risk has increased significantly since initial recognition, the Group mainly takes into account the status of outstanding receivables and maintenance of required collateral values in the contract.

For accrued service income from securities business, the subsidiary, which operates securities business, applies the Simplified Approach, based on overdue status, to determine expected credit losses over the expected lifetime of the asset.

For accrued fees and service income from asset management business, the subsidiary, which operates fund management business, applies the Simplified Approach to consider the lifetime expected credit losses of the accrued fees. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

An increase or decrease in the allowance for expected credit losses is recognised as expected credit losses in profit or loss for each year.



4.11 Financial assets with modifications of terms/Debt restructuring

Banking business

When a financial assets' terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because the debtor is having financial problem, the subsidiary assesses whether to derecognise the financial asset and measures the expected credit losses, as follows:

- If the modification of terms does not result in derecognition of the financial assets, the subsidiary calculates the gross carrying amount of the new financial assets based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial assets. The difference between the book value and the present value of expected future cash flow is recognised as modification gains or losses of terms in profit or loss and presented as a part of the expected credit losses.
- If the modification of terms results in derecognition of the financial assets, the fair value of the new financial assets is the latest cash flows of the original financial assets on the date of derecognition. The difference between the book value and the fair value of the financial assets is recognised in profit or loss.

In addition, the subsidiary has redefined debt restructuring in cases where the restructuring is due to an increase in the credit risk of the debtor, in compliance with the circular of Bank of Thailand No.BOT.RPD(23)C.276/2563 dated 28 February 2020, and has accordingly modified the classification of debtors as follows:

- Debt restructuring for debtors who are performing loans, which are pre-emptive debt restructurings, made when signs of debt payment problems become evident, with the debtors classified as financial assets where there has been a significant increase in credit risk (Stage 2). If the debtors are able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or 3 installments, whichever is the longer period, this demonstrates that the debtors do not meet the criteria of a significant increase in credit risk and the subsidiary will classify them as financial assets where there has not been a significant increase in credit risk (Stage 1).
- Debt restructuring for debtors who are non-performing loans (NPL) is a troubled debt restructuring (TDR) regardless of whether losses are incurred. If the debt restructuring does not result in derecognition, the debtors are classified as credit-impaired (Stage 3) until they are able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or 3 installments, whichever is the longer period. The subsidiary can then classify them as financial assets where there has been a significant increase in credit risk (Stage 2). Following this, the subsidiary will continue to monitor repayment by these debtors for 9 months, and if they have no overdue balances of either principal or interest at the end of this period, making the subsidiary confident that they do not meet the criteria of a significant increase in credit risk, the subsidiary will reclassify them as financial assets where there has not been a significant increase in credit risk (Stage 1).



In addition, modifications of contract terms in line with changes in expected future cash flows, made in order to maintain good relationships with debtors with no increase in credit risk, such as reductions of interest rates related to market conditions, are not considered to be debt restructuring.

4.12 Receivables from/payables to Clearing Houses and brokers-dealers

Receivables from/payables to Clearing Houses and brokers-dealers comprise the net balances of receivables from/payables to Thailand Clearing House (TCH) for settlement of securities and derivatives trading, including cash collateral pledged with TCH for derivatives trading activities.

4.13 Investment properties

Investment properties are initially recorded at cost, including subsequent transaction costs. Investment properties are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is recognised as expenses in profit or loss.

Upon disposal of investment properties, the difference between the net disposal proceeds of investment properties and the carrying value is recognised in profit or loss when they are sold.

4.14 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. The cost is the carrying value of debt balance of the debtor on the date the subsidiary is entitled to such properties foreclosed to settle debt. Net realisable value is determined with reference to the latest appraisal value less estimated selling expenses.

Gains (losses) on disposal of properties foreclosed is recognised as revenue (expenses) in profit or loss upon disposal. Impairment loss is recognised as expenses in profit or loss.

4.15 Premises and equipment and depreciation

Land is stated at cost less allowance for impairment (if any). Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings	-	20 years
Leasehold improvements	-	3, 4 and 5 years
Furniture and fixtures	-	4 and 5 years
Office equipment	-	4 and 5 years
Vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets in progress.



An item of land, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.16 Leases

At inception of the contract, the Group assesses whether a contract is, or contains, a lease component if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises and measures all leases with a term of more than 12 months, unless the underlying asset is low value. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs on the straight-line basis over the shorter of the lease term and their estimated useful lives as follows:

Buildings	1 - 6 years
Vehicles	1 - 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.



The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and Leases of low-value assets

Payments under a lease that has a lease term less than or equal to 12 months from the commencement date or a lease of low-value assets are recognised as expenses on a straight-line basis over the lease term.

4.17 Intangible assets and amortisation

Intangible assets are measured at cost upon initial recognition and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite useful lives are amortised on a the straight-line basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and method for such intangible assets are reviewed at least at the end of year. The amortisation expenses and impairment losses are charged to expenses in profit or loss.

Intangible assets with finite useful lives are computer softwares and deferred membership and license fee, which have estimated useful lives of 5 and 10 years, respectively. No amortisation is provided on computer softwares under development.

Intangible assets with indefinite useful lives are intangible assets as a result of the business purchase, which are presented in consolidated financial statements. No amortisation has been made but such intangible assets are tested for impairment annually either individually or at the cash-generating unit level.

4.18 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group recognises impairment loss in profit or loss when the recoverable amount of asset, which is the higher of the asset's fair value less costs to sell or its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the calculations are based on the amount that they could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.



4.19 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the subsidiary in respect of its securities and derivatives businesses with third parties, such as the net payable balances of cash accounts.

4.20 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 Employee benefits

(a) Short-term employment benefits

Salary, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

(b) Post-employment benefits

Defined contribution plan

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plan

The Group treats the severance payments they must make to employees upon retirement under labor law as a defined benefit plan.

The Group's obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains or losses arising from the defined benefit plan are recognised in other comprehensive income (loss) and directly charged to retained earnings.

4.22 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

Transactions in foreign currencies, which occurred during the year, are translated into Thai Baht at the reference rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the BOT's reference rates ruling at the end of the reporting periods.

Gains or losses on exchange are recognised as revenues or expenses which are presented as gains (losses) on financial instruments measured at fair value through profit or loss.



4.23 Income tax

Income tax represents the sum of income tax currently payable and deferred income tax.

(a) Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

(b) Deferred income tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax loss carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or a part of deferred tax assets to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.24 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. If the selling price of treasury shares is greater than the purchase price, the Company recognises the difference under the caption of "premium on treasury shares - common shares". If the selling price is lower than the purchase price, the difference is first deducted from premium on treasury shares, with any remaining difference deducted from retained earnings.

4.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when there is no active market of an identical assets or liabilities or when a quoted market price is not available. The Group measures fair value using a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of inputs to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimations of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting periods that are measured at fair value on a recurring basis.

4.26 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group.

They also include individuals which directly or indirectly own a voting interest in the Group that give them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations, together with closed family members of such persons and companies which are controlled or significantly influenced by them, whether directly or indirectly.

4.27 Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy

During the year 2020, The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. The Accounting Guidance is effective for entities providing assistance to debtors impacted by the aforementioned situations during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.



- (a) Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- (b) Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

The subsidiary, which operates banking business, has entered into the scheme to provide assistance to affected debtors in accordance with the BOT's guideline. For the debtors who meet the conditions under the temporary relief measures, the Accounting Guidance can be applied as follows:

- (a) In assisting a debtor that is not yet non-performing (Non-NPL), the subsidiary classifies it in the stage where there has not been a significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the BOT No.BOT.RPD.(01)C.380/2563, classification of the debtor remains at the same stage as before.
- (b) In assisting a debtor that is non-performing (NPL), the subsidiary can classify it as performing loan if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- (c) In providing additional working capital loans to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring, the subsidiary can classify the debtor by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- (d) The guideline specified in the appendix of circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- (e) Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
- (f) If the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan, the subsidiary can apply a newly calculated effective interest rate to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand. In addition, provided that the provision of assistance is in compliance with the circular of the Bank of Thailand No.BOT.RPD.(01)C.380/2563, the subsidiary recognises interest income on the basis of this new effective interest rate during the grace period, or in accordance with the Bank of Thailand's guidelines if there are changes.
- (g) In determining the expected credit losses, the subsidiary can consider placing lighter weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience.



In addition, the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 “Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 2” dated 19 June 2020, and the circular of the BOT No. BOT.DRU.C. 480/2564 “Measures to provide assistance to small-sized debtors during the Coronavirus 2019 (COVID-19) situation - Phase 3” dated 14 May 2021, in order to provide additional assistance to debtors. Because the subsidiary, which operates banking business, has participated in the schemes to provide assistance to affected debtors, it has also adopted the related accounting guidance.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statements of financial position or disclosed in note to financial statements that are not actively traded, and for which quoted market prices are not readily available, the management exercises judgement, using valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these variables could affect the fair value reported in the statements of financial position and disclosed in the disclosure notes of the fair value hierarchy.

5.2 Allowance for expected credit losses

Banking business

The subsidiary has developed a model for estimating expected credit losses of financial assets based on the Bank of Thailand’s guidelines.

Judgement is used in estimating the allowance for expected credit losses of debtors who are having problems making principal and/or interest payments, with management taking into consideration analysis of debtor status performed on an individual and a group basis, the probability of default, estimated losses arising from the default, historical collection experience, collateral value, statistical data, economic factors and risk ratings derived from external sources. These are used in determining assumptions and forward-looking scenarios, as well as probability weighted outcomes. The subsidiary also considers factors that would result in a significant increase in the credit risk of the financial assets compared with the risk as of the initial recognition date.

The management sets aside an additional allowance for expected credit losses to account for the uncertainties around future events that have not yet been reflected in the model (Management Overlay), based on the assessment and judgement of the management.



In addition, management judgement is also used in consideration of opting the Relief Measures in classification of the debtors, in assessment of a significant increase in credit risk, in determination of expected credit loss rates and in consideration of applying a weight on forward-looking information, all of which affect the valuation of loans to customers under the circumstances that the Group temporarily opts to adopt this Accounting Guidance.

Securities business/fund management business

The management is required to exercise judgement in estimating allowance for expected credit losses of financial assets. The calculation of allowance for expected credit losses of the subsidiaries depends on the criteria used for assessment of a significant increase in credit risk, the development of a model, the risk that collateral value cannot be realised, collective and individual analyses of the status of receivables, the probability of debt collection and selection of the forecasted macroeconomic data input used in the model. The use of difference estimates and assumptions could affect the amount of the allowance for expected credit losses and therefore the allowance may need to be adjusted in the future.

5.3 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimate of the useful lives and residual value of buildings and equipment and to review estimated useful lives and residual value when circumstances change.

In addition, the management is required to review impairment for premises and equipment for on a periodical basis and records impairment loss when it is determined that their recoverable amounts are lower than their carrying values. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.



5.5 Intangible assets

The initial recognition and measurement of intangible assets, including subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which those temporary differences and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.7 Provisions for employee benefits

Provisions for employee benefits are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, staff turnover rate and mortality rate, based on their best knowledge of current events and arrangement.

5.8 Litigation

The subsidiaries have contingent liabilities as a result of claim litigation. The management has used judgement to assess the outcome of the litigation cases, and in case where they believe that there will be no loss, no provisions are recognised at the end of reporting periods.

5.9 Recognition and derecognition of assets and liabilities

In considering whether to recognise or derecognise assets and liabilities, the management is required to make judgement on whether risks and rewards of those assets and liabilities have been transferred, based on their best knowledge of current events and arrangements.



6. The classification of financial assets and financial liabilities

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income		Financial instruments measured at amortised cost
			Investments in equity instruments designated at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	
					Total
Financial assets					
Cash	-	-	-	717,883	717,883
Interbank and money market items - net	-	-	-	34,055,966	34,055,966
Financial assets measured at fair value through profit or loss	117,908	-	-	-	117,908
Derivative assets	163,992	-	-	-	163,992
Investments - net	-	34,881,957	18,655,406	-	53,537,363
Loans to customers and accrued interest receivables - net	-	-	-	171,817,345	171,817,345
Securities business receivables - cash accounts	-	-	-	242,706	242,706
Total financial assets	281,900	34,881,957	18,655,406	206,833,900	260,653,163
Financial liabilities					
Deposits	-	-	-	192,499,335	192,499,335
Interbank and money market items	-	-	-	19,170,709	19,170,709
Liabilities payable on demand	-	-	-	189,544	189,544
Derivative liabilities	33,520	-	-	-	33,520
Debts issued and borrowings - net	-	-	-	11,877,893	11,877,893
Lease liabilities - net	-	-	-	620,480	620,480
Payables to Clearing House	-	-	-	60,306	60,306
Securities business payables	-	-	-	206,706	206,706
Total financial liabilities	33,520	-	-	224,624,973	224,658,493



(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	Financial instruments		Investments in equity instruments		Total
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	
Financial assets					
Cash	-	-	-	801,515	801,515
Interbank and money market items - net	-	-	-	32,367,362	32,367,362
Financial assets measured at fair value through profit or loss	26,780	-	-	-	26,780
Derivative assets	412,457	-	-	-	412,457
Investments - net	-	36,887,789	18,768,702	-	55,656,491
Loans to customers and accrued interest receivables - net	-	-	-	156,216,695	156,216,695
Securities business receivables - cash accounts	-	-	-	157,526	157,526
Total financial assets	439,237	36,887,789	18,768,702	189,543,098	245,638,826
Financial liabilities					
Deposits	-	-	-	182,719,839	182,719,839
Interbank and money market items	-	-	-	12,336,776	12,336,776
Liabilities payable on demand	-	-	-	949,585	949,585
Derivative liabilities	228,458	-	-	-	228,458
Debts issued and borrowings - net	-	-	-	11,393,942	11,393,942
Lease liabilities - net	-	-	-	791,187	791,187
Securities business payables	-	-	-	274,217	274,217
Total financial liabilities	228,458	-	-	208,465,546	208,694,004



(Unit: Thousand Baht)

Separate financial statements					
31 December 2021					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets					
Cash	-	-	-	9	9
Interbank and money market items - net	-	-	-	9,666	9,666
Investments - net	-	-	7,411,374	-	7,411,374
Total financial assets	-	-	7,411,374	9,675	7,421,049
Financial liabilities					
Interbank and money market items	-	-	-	118,000	118,000
Debts issued and borrowings - net	-	-	-	6,683,802	6,683,802
Lease liabilities - net	-	-	-	18,524	18,524
Total financial liabilities	-	-	-	6,820,326	6,820,326

(Unit: Thousand Baht)

Separate financial statements					
31 December 2020					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets					
Cash	-	-	-	10	10
Interbank and money market items - net	-	-	-	10,755	10,755
Investments - net	-	85,206	7,424,819	-	7,510,025
Total financial assets	-	85,206	7,424,819	10,765	7,520,790
Financial liabilities					
Interbank and money market items	-	-	-	745,000	745,000
Debts issued and borrowings - net	-	-	-	6,425,302	6,425,302
Lease liabilities - net	-	-	-	24,282	24,282
Total financial liabilities	-	-	-	7,194,584	7,194,584



7. Interbank and money market items (assets)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	1,372,099	-	1,372,099	2,452,043	-	2,452,043
Commercial banks	979,509	2,000,000	2,979,509	152,480	8,800,000	8,952,480
Specialised financial institutions	-	14,300,000	14,300,000	-	7,300,000	7,300,000
Other financial institutions	470,000	14,495,000	14,965,000	2,925,000	10,515,000	13,440,000
Total	2,821,608	30,795,000	33,616,608	5,529,523	26,615,000	32,144,523
Add: Accrued interest receivables and undue interest receivables	1,635	5,561	7,196	2,716	7,847	10,563
Less: Allowance for expected credit losses	(969)	(3,584)	(4,553)	(1,207)	(2,542)	(3,749)
Total domestic items	2,822,274	30,796,977	33,619,251	5,531,032	26,620,305	32,151,337
Foreign:						
US Dollar	403,752	-	403,752	205,371	-	205,371
Yen	9,342	-	9,342	624	-	624
Euro	7,567	-	7,567	490	-	490
Other currencies	16,054	-	16,054	9,540	-	9,540
Total foreign items	436,715	-	436,715	216,025	-	216,025
Interbank and money market items - net	3,258,989	30,796,977	34,055,966	5,747,057	26,620,305	32,367,362

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
Domestic:						
Commercial banks	9,666	-	9,666	10,755	-	10,755
Interbank and money market items - net	9,666	-	9,666	10,755	-	10,755



8. Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
Investments	2021	2020	2021	2020
Financial assets held for trading				
Domestic marketable equity instruments				
- Stocks	117,908	26,780	-	-
Total	117,908	26,780	-	-

9. Derivative assets/liabilities

The fair values of derivative assets and liabilities consist of derivatives held for trading and derivatives held for banking book measured at fair value.

(Unit: Thousand Baht)

Types of derivatives	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	46,236	33,520	135,796	228,458
Derivatives held for banking book *	117,756	-	276,661	-
Total	163,992	33,520	412,457	228,458

* The subsidiary has entered into derivatives contracts for the purpose of risk management (Banking book) without selecting an option to adopt hedge accounting.



Derivatives held for trading

As at 31 December 2021 and 2020, the fair values and the notional amounts of derivatives held for trading, classified by type of risk, were as follows:

(Unit: Thousand Baht)

Types of risk	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Fair value		Notional amounts ⁽¹⁾	Fair value		Notional amounts ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	46,236	33,520	13,188,801	135,796	228,458	21,700,033
Futures ⁽²⁾	-	-	118,340	-	-	26,477
Total	46,236	33,520	13,307,141	135,796	228,458	21,726,510

⁽¹⁾ Disclosed only in case that the subsidiary has an obligation to pay.

⁽²⁾ The futures contracts are paid in net settlement between the costs of the futures contracts and the underlying assets. The fair value of outstanding futures contracts at the end of the reporting period is included in "Receivables from Clearing House" under "Other assets - net". As at 31 December 2021 and 2020, the subsidiary, which operates securities business, had the fair value of derivative assets - futures of Baht 0.9 million and Baht 0.5 million, and derivative liabilities - futures of Baht 5.5 million and Baht 1.0 million, respectively.

Derivatives held for banking book

As at 31 December 2021 and 2020, the fair values and the notional amounts of derivatives held for banking book, classified by type of risk, were as follows:

(Unit: Thousand Baht)

Types of risk	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Fair value		Notional amounts ⁽¹⁾	Fair value		Notional amounts ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate and interest rate	117,756	-	1,149,440	276,661	-	1,149,440
Total	117,756	-	1,149,440	276,661	-	1,149,440

⁽¹⁾ Disclosed only in case that the subsidiary has an obligation to pay.



10. Investments

10.1 Type of investments

Investments as at 31 December 2021 and 2020 consist of:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Investments in debt instruments measured at fair value through other comprehensive income	34,881,957	36,887,789	-	85,206
Investments in equity instruments designated at fair value through other comprehensive income	18,655,406	18,768,702	7,411,374	7,424,819
Total investments - net	<u>53,537,363</u>	<u>55,656,491</u>	<u>7,411,374</u>	<u>7,510,025</u>

10.1.1 Investments in debt instruments measured at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Fair value	Fair value	Fair value	Fair value
Government and state enterprise instruments	22,202,126	18,471,268	-	-
Private sector debt instruments	9,761,201	14,908,300	-	85,269
Other debt instruments	3,120,971	3,710,497	-	-
Total	35,084,298	37,090,065	-	85,269
Less: Allowance for expected credit losses	(202,341)	(202,276)	-	(63)
Total investments in debt instruments measured at fair value through other comprehensive income	<u>34,881,957</u>	<u>36,887,789</u>	<u>-</u>	<u>85,206</u>



10.1.2 Investments in equity instruments designated at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Dividend		Dividend	
	Fair value	received	Fair value	received
Domestic marketable equity instruments				
- Stock	332,360	12,335	306,250	10,100
- Investment units	18,306,676	1,214,144	18,446,093	1,373,129
Domestic non-marketable equity instruments	16,370	541	16,359	629
Total investments in equity instruments designated at fair value through other comprehensive income	18,655,406	1,227,020	18,768,702	1,383,858

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2021		31 December 2020	
	Dividend		Dividend	
	Fair value	received	Fair value	received
Domestic marketable equity instruments				
- Investment units	7,411,374	480,592	7,424,819	538,279
Total investments in equity instruments designated at fair value through other comprehensive income	7,411,374	480,592	7,424,819	538,279



During the years ended 31 December 2021 and 2020, the Group derecognised investments in equity instruments designated at fair value through other comprehensive income as a result of the sale of such investments. Accumulated gains or losses on derecognition were recognised in retained earnings as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2021			
	Fair value on derecognition date	Dividend received	Losses on derecognition net of income tax	Reason of derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				
- Investment units	371,753	364,299	(303,062)	Fund dissolution
Total	371,753	364,299	(303,062)	
Income tax related to derecognised investments in equity instruments in prior year			39,477	
Total			(263,585)	

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2020			
	Fair value on derecognition date	Dividend received	Gains or losses on derecognition net of income tax	Reason of derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				
- Stocks	255,989	-	(87,511)	Sale for liquidity management
- Investment units	755,494	4,642	179,787	Sale for liquidity management
Investment units ⁽¹⁾	796,954	-	(3,046)	Sale for liquidity management
Total	1,808,437	4,642	89,230	

⁽¹⁾ The subsidiary classifies and measures the investment units at fair value through other comprehensive income, which is in accordance with the BOT's notification Sor Nor Sor. 6/2563 regarding the investments in unit trust of fixed income fund to enhance the liquidity of the money market.



(Unit: Thousand Baht)

	Separate financial statements			
	For the year ended 31 December 2020			
	Fair value on derecognition date	Dividend received	Losses on derecognition	Reason of derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				
- Investment units	2,138,460	3,076	(121,645)	Sale for liquidity management
Total	2,138,460	3,076	(121,645)	

During the year ended 31 December 2020, the Company sold investment in equity instruments designated at fair value through other comprehensive income to the subsidiary and recognised losses in retained earnings totalling Baht 206 million (During the year ended 31 December 2021: None).

10.2 Investments in which the subsidiary holds more than 10 percent of the equity of the investees

As at 31 December 2021 and 2020, the investments in which the subsidiary, which operates banking business, holds more than 10 percent of the equity of the investees that were not treated as investments in subsidiaries and associates, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2021	31 December 2020
Infrastructure Fund (presented at fair value)	190,750	211,750
	190,750	211,750

10.3 Investments in companies having problems relating to financial position and operating results

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Number of companies	Cost	Fair value	Number of companies	Cost	Fair value
Companies whose auditors' report indicating going concern issues	1	25	-	1	25	-
	1	25	-	1	25	-



11. Investments in subsidiaries

Investments in subsidiaries, as presented in the separate financial statements, were summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Shareholding Presented at cost		Dividend income for the years ended	
	31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
			(Percent)	(Percent)				
<u>Subsidiaries directly held by the Company</u>								
Land and Houses Bank Public Company Limited	20,000,000	20,000,000	99.99	99.99	30,598,914	30,598,914	1,040,000	500,000
Land and Houses Securities Public Company Limited	1,274,430	1,274,430	99.90	99.90	1,991,785	1,991,785	-	31,796
Land and Houses Fund Management Company Limited	300,000	300,000	99.99	99.99	325,417	325,417	16,050	132,000
					<u>32,916,116</u>	<u>32,916,116</u>	<u>1,056,050</u>	<u>663,796</u>

Subsidiary indirectly held via another subsidiary

Land and Houses Advisory Company Limited	20,000	20,000	99.99	99.99	4,580 ⁽¹⁾	4,833 ⁽¹⁾	-	-
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⁽¹⁾ As this subsidiary is held by the Company's another subsidiary, that amount is a carrying value presented in the separate financial statements of that subsidiary.

12. Loans to customers and accrued interest receivables

12.1 Classified by loan types

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2021	31 December 2020
Overdrafts	3,493,111	3,519,531
Loans	132,192,303	121,969,143
Bills	41,257,087	34,665,576
Hire purchase receivables	59,992	92,631
Securities and derivatives business receivables	1,785,939	1,129,516
Total loans to customers	178,788,432	161,376,397
Less: Deferred revenue	(37,114)	(21,620)
Loans to customers net of deferred revenue	178,751,318	161,354,777
Add: Accrued interest receivables and undue interest receivables	2,007,392	876,219
Total loans to customers and accrued interest receivables	180,758,710	162,230,996
Less: Allowance for expected credit losses	(8,941,365)	(6,014,301)
Loans to customers and accrued interest receivables - net	<u>171,817,345</u>	<u>156,216,695</u>



The BOT announced the relief measures for debtors impacted by situations that affect the Thai economy such as economic conditions, trade wars, drought as well as COVID-19 pandemic. The subsidiary, which operates banking business, referred to such guidelines as well as adopted the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy (“Accounting Guidance on Temporary Relief Measures”) in providing assistance to affected debtors, as follows:

1. During 1 January 2020 to 31 December 2021, the subsidiary considers provision of assistance to large, small and medium-sized debtors and retail debtors that have been directly or indirectly affected but still have the potential to continue operating their business or have the ability to settle debt in the future, at the first signs of issues with debt payment or as a pre-emptive measure. The subsidiary can classify debtors that are not yet non-performing (Non-NPL) as of 1 January 2020 as loans where there has not been a significant increase in credit risk or as Stage 1 immediately if the debtor is able to comply with the restructuring plan, and this is considered a pre-emptive debt restructuring, not a troubled-debt restructuring. In case that debtors are non-performing (NPL), the subsidiary can classify them as performing or Stage 1 immediately if the debtors are able to make debt payments in accordance with the restructuring plan for 3 consecutive months or periods, whichever is longer, and the subsidiary will continuously monitor and review whether these debtors are able to comply with the new terms and conditions. As at 31 December 2021, the subsidiary has eligible debtors under this measure amounting to Baht 43,126 million (31 December 2020: Baht 50,378 million).
2. The subsidiary provides additional soft loans of up to 20 percent of the outstanding loan balance as at 31 December 2019, with concessional interest rates of not more than 2 percent per annum for 2 years, in order to provide liquidity support to SMEs with loan facilities not exceeding Baht 500 million. The BOT will absorb some of the interest losses for the first 6 months. The subsidiary will then modify the interest rate after 2 years based on cost and risk considerations. As at 31 December 2021, the subsidiary has eligible debtors under this measure amounting to Baht 1,963 million (31 December 2020: Baht 1,208 million).
3. The subsidiary provides principal and interest moratorium or principal moratorium, installment reduction, interest rate reduction and payment period extension to retail debtors. As at 31 December 2021, the subsidiary has eligible debtors under this measure amounting to Baht 591 million (31 December 2020: Baht 1,071 million).
4. The subsidiary provides principal and interest moratorium for 3 months or 3 installments to SMEs. As at 31 December 2021, the subsidiary has eligible debtors under this measure amounting to Baht 764 million (31 December 2020: None).



The subsidiary has applied the Accounting Guidance on Temporary Relief Measures for the group of debtors as listed in no. 1 - 4 above whose loan staging and credit loss provisioning have temporarily been relieved until 31 December 2021. Therefore, the subsidiary is currently evaluating whether or not the assistance provided to such group of debtors will continue to correspond to those requirements under the measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 as described in Note 3.3 to the financial statements in order to be able to apply the new Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective from 1 January 2022 to 31 December 2023. However, the subsidiary has set some additional provisions of Baht 1,000 million on those debtors in 2021.

12.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	175,113,842	-	175,113,842	159,226,272	-	159,226,272
US Dollar	3,521,102	-	3,521,102	2,046,487	-	2,046,487
Other currencies	116,374	-	116,374	82,018	-	82,018
Total	<u>178,751,318</u>	<u>-</u>	<u>178,751,318</u>	<u>161,354,777</u>	<u>-</u>	<u>161,354,777</u>

12.3 Classified by loan classification

As at 31 December 2021 and 2020, the Group had loans to customers and relevant allowance for expected credit losses classified by loan classification as follows:

(a) Banking business

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	168,738,000	2,831,715	150,816,723	944,202
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,867,105	1,096,662	4,781,681	869,397
Financial assets that are credit-impaired (Non-performing)	<u>5,361,197</u>	<u>2,812,773</u>	<u>5,498,953</u>	<u>2,762,044</u>
Total	<u>178,966,302</u>	<u>6,741,150</u>	<u>161,097,357</u>	<u>4,575,643</u>
General provision		<u>2,200,215</u>		<u>1,430,268</u>
Total		<u>8,941,365</u>		<u>6,005,911</u>



(b) Securities business

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Securities business receivables and accrued interest receivables	Allowance for expected credit losses	Securities business receivables and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,769,044	-	1,110,072	-
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	-	-	-
Financial assets that are credit-impaired (Non-performing)	23,364	-	23,567	8,390
Total	1,792,408	-	1,133,639	8,390

As at 31 December 2021 and 2020, that subsidiary also had outstanding receivables due from cash account customers totalling Baht 243 million and Baht 158 million, respectively. These receivables were presented as a part of "securities business receivables - cash accounts" in the consolidated financial statements and classified as receivables where there has not been a significant increase in credit risk (Performing) in compliance with TFRS 9.

12.4 Loans to customers that have repayment problems or default payments

As at 31 December 2021 and 2020, the subsidiaries had loans to customers and accrued interest receivables due from companies and individuals, which had repayment problems or default payments, against which allowance for expected credit losses, were made as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2021		
	Number of debtors	Debt balances	Allowance for expected credit losses

Banking business

Companies and individuals that have

repayment problems or default payments	628	10,228,302	3,909,435
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(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2021		
	Number of debtors	Debt balances	Allowance for expected credit losses

Securities business

Companies and individuals that have

repayment problems or default payments	1	23,364	-
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(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2020		
	Number of debtors	Debt balances	Allowance for expected credit losses

Banking business

Companies and individuals that have

repayment problems or default payments	579	10,280,634	3,631,441
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Securities business

Companies and individuals that have

repayment problems or default payments	2	23,567	8,390
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The subsidiaries have inadequate information to disclose transactions in respect of companies whose auditors' reports indicate that there is substantial doubt about their ability to continue their business as a going concern, and unlisted companies whose financial position and results of operations are the same as those of listed companies delisting criteria. However, the subsidiaries have already considered the loan classification and set allowance for expected credit losses of those debtors.

12.5 Troubled debt restructuring

As at 31 December 2021 and 2020, the subsidiary had restructured debtors with outstanding debt balances as follows:

(Unit: Thousand Baht)

	Total debts		Restructured debts	
	Number of debtors	Debt balances (principal and accrued interest)	Number of debtors	Debt balances (principal and accrued interest)
31 December 2021	11,269	180,758,710	271	6,027,360
31 December 2020	10,081	162,230,996	268	4,160,494



As at 31 December 2021 and 2020, the subsidiary had no outstanding commitments to provide additional loan facilities after restructuring.

12.6 Hire purchase receivables

As at 31 December 2021 and 2020, the subsidiary had hire purchase receivables, on which the terms of the agreements were generally between 2 to 7 years and 3 to 8 years, respectively, and they carried interest at fixed rates as stipulated in the agreements.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021			
	Amounts due under the contracts			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	33,363	26,629	-	59,992
Less: Deferred revenue	(1,976)	(1,787)	-	(3,763)
Present value of minimum lease payments	<u>31,387</u>	<u>24,842</u>	<u>-</u>	56,229
Less: Allowance for expected credit losses				(8,169)
Hire purchase receivables - net				<u>48,060</u>

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2020			
	Amounts due under the contracts			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	74,726	17,905	-	92,631
Less: Deferred revenue	(2,898)	(1,811)	-	(4,709)
Present value of minimum lease payments	<u>71,828</u>	<u>16,094</u>	<u>-</u>	87,922
Less: Allowance for expected credit losses				(5,427)
Hire purchase receivables - net				<u>82,495</u>



13. Allowance for expected credit losses

(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non- performing)	General provision	Total
Interbank and money market items (assets)					
Balances - beginning of the year	3,749	-	-	-	3,749
Changes due to revaluation of loss allowance	(11,888)	-	-	-	(11,888)
New financial assets purchased or acquired	27,655	-	-	-	27,655
Financial assets derecognised	(14,963)	-	-	-	(14,963)
Balances - end of the year	4,553	-	-	-	4,553
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	2,276	200,000	-	-	202,276
Changes due to revaluation of loss allowance	(37)	-	-	-	(37)
New financial assets purchased or acquired	177	-	-	-	177
Financial assets derecognised	(75)	-	-	-	(75)
Balances - end of the year	2,341	200,000	-	-	202,341
Loans to customers and accrued interest receivables					
Balances - beginning of the year	944,202	869,397	2,770,434	1,430,268	6,014,301
Changes due to transfers of loan classification	297,422	(372,733)	75,311	-	-
Changes due to revaluation of loss allowance	1,343,297	753,472	337,818	769,947	3,204,534
New financial assets purchased or acquired	1,343,958	352,201	1,018,814	-	2,714,973
Financial assets derecognised	(1,097,164)	(505,675)	(1,389,604)	-	(2,992,443)
Balances - end of the year	2,831,715	1,096,662	2,812,773	2,200,215	8,941,365



(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non- performing)	General provision	Total
Other assets					
Balances - beginning of the year	746	318	36,486	-	37,550
Changes due to transfers of loan classification	162	112	(274)	-	-
Changes due to revaluation of loss allowance	348	(21)	3,699	-	4,026
New financial assets purchased or acquired	917	192	19,504	-	20,613
Financial assets derecognised	(1,096)	(335)	(17,217)	-	(18,648)
Balances - end of the year	1,077	266	42,198	-	43,541

(Unit: Thousand Baht)

	Separate financial statements				
	For the year ended 31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non- performing)	General provision	Total
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	63	-	-	-	63
Financial assets derecognised	(63)	-	-	-	(63)
Balances - end of the year	-	-	-	-	-

As at 31 December 2021, the subsidiary, which operates banking business, had the general provision of Baht 2,199 million consisting of (a) the Management Overlay provision amounting to Baht 1,317 million, arising from the first-time adoption of Thai Financial Reporting Standards No. 9 on 1 January 2020, which was reserved for the factors not captured by the ECL model and for the group of debtors whose credit quality may be further deteriorated as informed in the subsidiary's letter to the BOT dated 15 May 2020, and (b) a general provision amounting to Baht 882 million, which was reserved for the group of debtors that the subsidiary has provided assistance under the relief measures to affected debtors as described in Note 12.1 to the financial statements.



(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2020				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	General provision	Total
Interbank and money market items (assets)					
Balances - beginning of the year	4,274	-	-	-	4,274
Changes due to revaluation of loss allowance	(11,689)	-	-	-	(11,689)
New financial assets purchased or acquired	31,666	-	-	-	31,666
Financial assets derecognised	(20,502)	-	-	-	(20,502)
Balances - end of the year	3,749	-	-	-	3,749
Investments in debt instruments measured at amortised cost					
Balances - beginning of the year	6,060	-	-	-	6,060
Changes due to revaluation of loss allowance	(866)	-	-	-	(866)
New financial assets purchased or acquired	32	-	-	-	32
Financial assets derecognised	(412)	-	-	-	(412)
Reclassification	(4,814)	-	-	-	(4,814)
Balances - end of the year	-	-	-	-	-
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	240	-	-	-	240
Changes due to transfers of loan classification	(2,764)	2,764	-	-	-
Changes due to revaluation of loss allowance	(753)	197,236	-	-	196,483
New financial assets purchased or acquired	928	-	-	-	928
Financial assets derecognised	(189)	-	-	-	(189)
Reclassification	4,814	-	-	-	4,814
Balances - end of the year	2,276	200,000	-	-	202,276



(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2020				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	General provision	Total
Loans to customers and accrued interest receivables					
Balances - beginning of the year	433,768	972,271	1,417,001	1,318,564	4,141,604
Changes due to transfers of loan classification	583,032	(1,105,760)	522,728	-	-
Changes due to revaluation of loss allowance	(187,335)	938,086	1,013,148	111,704	1,875,603
New financial assets purchased or acquired	444,239	364,732	90,265	-	899,236
Financial assets derecognised	(329,502)	(299,932)	(272,708)	-	(902,142)
Balances - end of the year	944,202	869,397	2,770,434	1,430,268	6,014,301
Other assets					
Balances - beginning of the year	791	249	26,515	-	27,555
Changes due to transfers of loan classification	(21)	38	(17)	-	-
Changes due to revaluation of loss allowance	33	26	11,132	-	11,191
New financial assets purchased or acquired	718	776	26,292	-	27,786
Financial assets derecognised	(775)	(771)	(27,436)	-	(28,982)
Balances - end of the year	746	318	36,486	-	37,550

(Unit: Thousand Baht)

	Separate financial statements				
	For the year ended 31 December 2020				
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	General provision	Total
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	-	-	-	-	-
Changes due to revaluation of loss allowance	63	-	-	-	63
Balances - end of the year	63	-	-	-	63



During the years ended 31 December 2021 and 2020, the subsidiary, which operates banking business, had significant changes in the book value of financial assets to the changes in allowance for expected credit losses as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
For the year ended 31 December 2021				
Financial instruments	Description of significant change in book value	Increase (decrease) in allowance for expected credit losses		
		Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit-impaired (Non-performing)
	Corporate loans increased			
Loans to customers	by Baht 12,347 million	1,804,541	238,902	914
	Retail loans increased by			
Loans to customers	Baht 5,522 million	82,972	(11,637)	49,815

(Unit: Thousand Baht)

Consolidated financial statements				
For the year ended 31 December 2020				
Financial instruments	Description of significant change in book value	Increase (decrease) in allowance for expected credit losses		
		Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit-impaired (Non-performing)
	Corporate loans increased			
Loans to customers	by Baht 3,394 million	442,536	(112,404)	1,282,150



14. Disposals of non-performing loans

For the year ended 31 December 2020, the subsidiary, which operates banking business, has entered into the sale and purchase agreements, as a seller, to sell non-performing loans, which were summarised as follows:

(Unit: Million Baht)

Consolidated financial statements			
For the year ended 31 December 2020			
Outstanding balances			
Batch	Month sold	(including other relevant assets)	Selling price
1	May	187	121
		187	121

The subsidiary already received full payments under such non-performing loans sale and purchase agreements. Under the agreements, the buyer can cancel the transfer of any particular asset by no later than May 2021 (for the sale in May 2020). In the event that the rights over the debt and the collateral of the sold assets cannot be transferred to the buyer because the documentation with respect to the debt and collateral is absent or incomplete, the collateral is evicted, or the courts do not permit the buyer to assume the rights of litigant from the subsidiary, the transfer of any assets shall be cancelled. The buyer is to receive the money back equivalent to the purchase price as settled on the settlement date while the subsidiary is to receive any income generated on such assets, after deducting any costs, during the period of cancellation.

During the year ended 31 December 2021, the buyer has yet to cancel any assets sold up to the authorisation date of these financial statements.



15. Investment properties

As at 31 December 2021 and 2020, the carrying values of investment properties were presented below.

(Unit: Thousand Baht)

	Separate financial statements		
	Land	Office building for rent	Total
Cost			
1 January 2020	35,358	2,642	38,000
31 December 2020	35,358	2,642	38,000
31 December 2021	35,358	2,642	38,000
Accumulated depreciation			
1 January 2020	-	1,147	1,147
Depreciation charged for the year	-	132	132
31 December 2020	-	1,279	1,279
Depreciation charged for the year	-	133	133
31 December 2021	-	1,412	1,412
Net book value			
31 December 2020	35,358	1,363	36,721
31 December 2021	35,358	1,230	36,588
Depreciation for the years			
2020			132
2021			133
Fair value			
31 December 2020	36,620	3,173	
31 December 2021	36,620	3,064	

The fair value is appraised by an independent valuer using the market approach for land and office building for rent, and land and office building are let to its subsidiary. They are therefore presented under the caption of "Premises and equipment" in the consolidated financial statements.



16. Properties foreclosed

(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2021				
	31 December 2020	Increase	Disposal/ decrease	Appraiser change	31 December 2021
Properties foreclosed - Immovable assets					
Appraised by external appraisers:					
Cost	607,817	132,142	(10,550)	43,041	772,450
Allowance for impairment	-	-	-	-	-
Net book value	607,817	132,142	(10,550)	43,041	772,450
Appraised by internal appraisers:					
Cost	42,848	193	-	(43,041)	-
Allowance for impairment	-	-	-	-	-
Net book value	42,848	193	-	(43,041)	-
Properties foreclosed - Immovable assets	650,665	132,335	(10,550)	-	772,450
Properties foreclosed - Movable assets					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(1,698)	(962)	-	-	(2,660)
Net book value	1,862	(962)	-	-	900
Properties foreclosed - Movable assets	1,862	(962)	-	-	900
Total properties foreclosed	652,527	131,373	(10,550)	-	773,350



(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2020				
	31 December 2019	Increase	Disposal/ decrease	Appraiser change	31 December 2020
Properties foreclosed - Immovable assets					
Appraised by external appraisers:					
Cost	9,474	580,659	-	17,684	607,817
Allowance for impairment	-	-	-	-	-
Net book value	9,474	580,659	-	17,684	607,817
Appraised by internal appraisers:					
Cost	62,398	364	(2,230)	(17,684)	42,848
Allowance for impairment	-	-	-	-	-
Net book value	62,398	364	(2,230)	(17,684)	42,848
Properties foreclosed - Immovable assets	71,872	581,023	(2,230)	-	650,665
Properties foreclosed - Movable assets					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(1,698)	-	-	-	(1,698)
Net book value	1,862	-	-	-	1,862
Properties foreclosed - Movable assets	1,862	-	-	-	1,862
Total properties foreclosed	73,734	581,023	(2,230)	-	652,527

As at 31 December 2021 and 2020, the subsidiary's properties foreclosed totalling Baht 500 million were obligated under the agreements to sell to the former debtors as the first refusal rights within the specified periods.

17. Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
			Leasehold	Furniture	Office		Assets	
	Land	Buildings	improvements	and fixtures	equipment	Vehicles	in progress	Total
Cost								
1 January 2020	75,947	12,853	436,386	158,389	706,722	21,744	3,037	1,415,078
Addition	-	-	6,698	4,690	94,926	-	11,381	117,695
Write-off/disposal	-	-	(8,010)	(5,604)	(93,470)	(6,053)	-	(113,137)
Transfer in (out)	-	-	6,212	-	8,108	-	(14,320)	-
31 December 2020	75,947	12,853	441,286	157,475	716,286	15,691	98	1,419,636
Addition	-	-	16,370	6,323	77,454	12,958	15,342	128,447
Write-off/disposal	-	-	(79,600)	(19,393)	(70,451)	(10,254)	(98)	(179,796)
Transfer in (out)	-	-	15,342	-	-	-	(15,342)	-
31 December 2021	75,947	12,853	393,398	144,405	723,289	18,395	-	1,368,287
Accumulated depreciation								
1 January 2020	-	4,665	383,521	140,842	592,701	13,157	-	1,134,886
Accumulated depreciation on write-off/disposal	-	-	(7,510)	(5,271)	(91,205)	(6,054)	-	(110,040)
Depreciation charged for the year	-	644	21,517	7,388	52,759	2,557	-	84,865
31 December 2020	-	5,309	397,528	142,959	554,255	9,660	-	1,109,711
Accumulated depreciation on write-off/disposal	-	-	(78,851)	(18,843)	(70,178)	(7,704)	-	(175,576)
Depreciation charged for the year	-	642	18,920	6,621	58,730	2,164	-	87,077
31 December 2021	-	5,951	337,597	130,737	542,807	4,120	-	1,021,212
Net book value								
31 December 2020	75,947	7,544	43,758	14,516	162,031	6,031	98	309,925
31 December 2021	75,947	6,902	55,801	13,668	180,482	14,275	-	347,075
Depreciation for the years								
2020								84,865
2021								87,077



(Unit: Thousand Baht)

	Separate financial statements					
	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Assets in progress	Total
Cost						
1 January 2020	1,453	168	60	-	-	1,681
Addition	1,139	506	490	-	850	2,985
Disposal	-	(6)	-	-	-	(6)
Transfer in (out)	850	-	-	-	(850)	-
31 December 2020	3,442	668	550	-	-	4,660
Addition	20	-	88	6,519	-	6,627
Write-off	-	-	(49)	-	-	(49)
31 December 2021	3,462	668	589	6,519	-	11,238
Accumulated depreciation						
1 January 2020	2	-	-	-	-	2
Depreciation charged for the year	684	120	93	-	-	897
31 December 2020	686	120	93	-	-	899
Accumulated depreciation on write-off	-	-	(14)	-	-	(14)
Depreciation charged for the year	764	142	112	225	-	1,243
31 December 2021	1,450	262	191	225	-	2,128
Net book value						
31 December 2020	2,756	548	457	-	-	3,761
31 December 2021	2,012	406	398	6,294	-	9,110
Depreciation for the years						
2020						897
2021						1,243

As at 31 December 2021 and 2020, the subsidiaries had certain items of leasehold improvements, equipment and vehicles, which were fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets totalled Baht 811 million and Baht 914 million, respectively.



18. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Computer softwares	Deferred membership and license fee	Intangible assets from the business purchase	Computer softwares under development	Total
Cost					
1 January 2020	1,087,087	40,951	80,041	13,837	1,221,916
Addition	41,443	-	-	26,014	67,457
Write-off	(2,253)	-	-	(682)	(2,935)
Adjustment	(1,679)	-	-	-	(1,679)
Transfer in (out)	28,234	-	-	(28,234)	-
31 December 2020	1,152,832	40,951	80,041	10,935	1,284,759
Addition	31,699	-	-	19,886	51,585
Write-off	(1,669)	-	-	-	(1,669)
Transfer in (out)	8,864	-	-	(8,864)	-
31 December 2021	1,191,726	40,951	80,041	21,957	1,334,675
Accumulated amortisation					
1 January 2020	693,089	28,952	-	-	722,041
Accumulated amortisation on write-off	(2,216)	-	-	-	(2,216)
Accumulated amortisation on adjustment	(618)	-	-	-	(618)
Amortisation charged for the year	122,412	4,043	-	-	126,455
31 December 2020	812,667	32,995	-	-	845,662
Accumulated amortisation on write-off	(1,662)	-	-	-	(1,662)
Amortisation charged for the year	121,814	2,027	-	-	123,841
31 December 2021	932,819	35,022	-	-	967,841
Net book value					
31 December 2020	340,165	7,956	80,041	10,935	439,097
31 December 2021	258,907	5,929	80,041	21,957	366,834
Amortisation for the years					
2020					126,455
2021					123,841
Remaining amortisation periods (years)	0 - 5	3, 4, 7, 8	-	-	



(Unit: Thousand Baht)

	Separate financial statements		
	Computer softwares	Computer softwares under development	Total
Cost			
1 January 2020	-	-	-
Addition	-	1,196	1,196
31 December 2020	-	1,196	1,196
Addition	398	201	599
Transfer in (out)	1,196	(1,196)	-
31 December 2021	1,594	201	1,795
Accumulated amortisation			
1 January 2020	-	-	-
Amortisation charged for the year	-	-	-
31 December 2020	-	-	-
Amortisation charged for the year	319	-	319
31 December 2021	319	-	319
Net book value			
31 December 2020	-	1,196	1,196
31 December 2021	1,275	201	1,476
Amortisation for the years			
2020			-
2021			319
Remaining amortisation periods (years)	4	-	

As at 31 December 2021 and 2020, the subsidiaries had certain items of computer softwares, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 603 million and Baht 531 million, respectively.



19. Deferred tax assets/liabilities and income tax

19.1 Deferred tax assets/liabilities

The components of deferred tax assets/liabilities included deferred income tax arose from the following transactions:

(Unit: Thousand Baht)

	Consolidated financial statements			
			Changes in deferred income	
			tax for the years	
	31 December		ended 31 December	
	2021	2020	2021	2020
Deferred tax assets (liabilities) arose from:				
Investments	493,497	266,369	227,128	210,736
Loans to customers and accrued interest receivables	449,348	295,151	154,197	121,392
Properties foreclosed	532	340	192	-
Premises and equipment	20	186	(166)	(133)
Right-of-use assets	8,189	6,331	1,858	6,331
Other assets	9,439	7,428	2,011	1,999
Provisions	59,886	49,821	10,065	12,807
Others	12,492	5,267	7,225	4,323
Deferred tax assets	<u>1,033,403</u>	<u>630,893</u>		
Total			<u>402,510</u>	<u>357,455</u>
Changes in deferred income tax:				
Recognised in retained earnings as at 1 January 2020 ⁽¹⁾			-	(22,010)
Recognised in profit or loss			134,499	127,734
Recognised in other comprehensive income (loss)			268,011	251,731
Total			<u>402,510</u>	<u>357,455</u>

⁽¹⁾ The effect of changes in accounting policies due to the adoption of new financial reporting standards.



(Unit: Thousand Baht)

	Separate financial statements			
	31 December		Changes in deferred income tax for the years ended 31 December	
	2021	2020	2021	2020
Deferred tax assets (liabilities) arose from:				
Investments	-	(221)	221	28,349
Premises and equipment	-	17	(17)	17
Right-of-use assets	-	105	(105)	105
Provisions	-	2,460	(2,460)	1,023
Deferred tax assets	-	2,361		
Total			(2,361)	29,494
Changes in deferred income tax:				
Recognised in profit or loss			(1,892)	1,158
Recognised in other comprehensive income (loss)			(469)	28,336
Total			(2,361)	29,494

As at 31 December 2021 and 2020, the Group has deductible temporary differences and unused tax losses totalling Baht 2,315 million and Baht 2,579 million, respectively (the Company only: as at 31 December 2021 and 2020 totalling Baht 1,651 million and Baht 1,562 million, respectively), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses before they gradually expire from the year 2022 to 2026.



19.2 Income tax

Income tax expenses reported in profit or loss for the years ended 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Current income tax:				
Corporate income tax for the years	(327,430)	(517,236)	-	(257)
Deferred income tax:				
Deferred income tax from temporary differences and reversal of temporary differences	134,499	127,734	(1,892)	1,158
Income tax (expenses) reported in profit or loss	<u>(192,931)</u>	<u>(389,502)</u>	<u>(1,892)</u>	<u>901</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2021 and 2020 multiplied by the applicable tax rate were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Accounting profits before income tax expenses	<u>1,576,652</u>	<u>2,446,396</u>	<u>1,368,137</u>	<u>993,039</u>
Applicable tax rate	20%	20%	20%	20%
Income tax calculated based on accounting profits	(315,330)	(489,279)	(273,627)	(198,608)
Tax effects of:				
Tax-exempted revenues	155,070	145,080	300,524	221,066
Additional expense deductions allowed	3,577	5,035	69	68
Non-deductible expenses	(7,910)	(15,967)	(1,497)	(24)
Unused tax losses on which deferred tax assets have not been recognised	(27,414)	(21,400)	(27,361)	(21,344)
Others	<u>(924)</u>	<u>(12,971)</u>	<u>-</u>	<u>(257)</u>
Income tax (expenses) reported in profit or loss	<u>(192,931)</u>	<u>(389,502)</u>	<u>(1,892)</u>	<u>901</u>



The weighted average income tax rates in the consolidated financial statements for the years ended 31 December 2021 and 2020 was 12.24% and 15.92%, respectively.

The weighted average income tax rates in the separate financial statements for the years ended 31 December 2021 and 2020 was 0.14% and (0.09)%, respectively.

The amounts of income tax recognised in other comprehensive income (loss) for the years ended 31 December 2021 and 2020 were summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Deferred income tax relating to:				
(Gains) losses on revaluation of investment in debt instruments measured at fair value through other comprehensive income	199,929	(194,956)	234	(155)
Losses on revaluation of investment in equity instruments designated at fair value through other comprehensive income	68,282	446,687	-	28,491
Actuarial gains	(200)	-	(703)	-
Income tax reported in other comprehensive income (loss)	268,011	251,731	(469)	28,336



20. Other assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Suspense accounts - debtors	201,582	94,290	87	-
Receivables from Clearing House	106,128	171,448	-	-
Deposits and guarantees	99,126	101,633	1,781	1,651
Receivables on disposals of properties foreclosed through auctions	58,288	74,648	-	-
Prepaid expenses	56,204	57,873	1,889	2,019
Accrued income	54,803	45,348	32,074	32,600
Account Receivable - Revenue Department	45,326	-	11,373	-
Contribution and deposit for Securities Clearing Fund	42,586	39,674	-	-
Withholding income tax awaiting refund	41,513	45,329	11,591	11,373
Token money	30,810	30,810	-	-
Security deposits	5,001	5,007	-	-
Other receivable per Credit Support Annex	1,114	18,306	-	-
Others	5,296	5,988	-	-
Total	747,777	690,354	58,795	47,643
Less: Allowance for expected credit losses	(43,541)	(37,550)	-	-
Other assets - net	704,236	652,804	58,795	47,643



21. Quality of assets

As at 31 December 2021 and 2020, the subsidiary, which operates banking business, had assets categorised in compliance with the BOT's regulations as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
<u>Classification of assets</u>					
Financial assets where there has not been a significant increase in credit risk (Performing)	34,022,857	31,963,327	168,738,000	3,224	234,727,408
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,120,971	4,867,105	521	7,988,597
Financial assets that are credit- impaired (Non-performing)	-	-	5,361,197	41,788	5,402,985
Total	<u>34,022,857</u>	<u>35,084,298</u>	<u>178,966,302</u>	<u>45,533</u>	<u>248,118,990</u>

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
<u>Classification of assets</u>					
Financial assets where there has not been a significant increase in credit risk (Performing)	32,341,320	33,379,568	150,816,723	2,141	216,539,752
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,710,497	4,781,681	360	8,492,538
Financial assets that are credit- impaired (Non-performing)	-	-	5,498,953	36,076	5,535,029
Total	<u>32,341,320</u>	<u>37,090,065</u>	<u>161,097,357</u>	<u>38,577</u>	<u>230,567,319</u>



22. Deposits

22.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2021	31 December 2020
Demand deposits	5,628,435	3,938,090
Savings deposits	91,923,070	87,754,401
Time deposits	59,552,549	60,726,266
Fixed deposit receipts	35,395,281	30,301,082
Total deposits	192,499,335	182,719,839

22.2 Classified by currency and residency of depositors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	191,735,644	52	191,735,696	181,579,253	52	181,579,305
US Dollar	516,064	242,457	758,521	101,658	1,038,194	1,139,852
Other currencies	5,118	-	5,118	682	-	682
Total	192,256,826	242,509	192,499,335	181,681,593	1,038,246	182,719,839

23. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	-	1,975,440	1,975,440	-	1,208,340	1,208,340
Commercial banks	308,062	5,294,846	5,602,908	6,954	1,000	7,954
Specialised financial institutions	-	5,859,992	5,859,992	-	4,132,268	4,132,268
Other financial institutions	957,321	4,113,308	5,070,629	1,950,739	4,354,475	6,305,214
Total domestic items	1,265,383	17,243,586	18,508,969	1,957,693	9,696,083	11,653,776
Foreign:						
US Dollar	10,052	651,688	661,740	7,166	675,834	683,000
Total foreign items	10,052	651,688	661,740	7,166	675,834	683,000
Total interbank and money market items	1,275,435	17,895,274	19,170,709	1,964,859	10,371,917	12,336,776



(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
Domestic:						
Commercial banks	118,000	-	118,000	745,000	-	745,000
Total interbank and money market items	118,000	-	118,000	745,000	-	745,000

24. Debts issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements									
	31 December 2021					31 December 2020				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	1.10% - 2.05%	2022	7,800,537	-	7,800,537	1.10% - 2.49%	2021 - 2022	3,050,000	-	3,050,000
Subordinated debentures ⁽¹⁾	3.75%	2031	2,400,000	-	2,400,000	5.125%	2025	3,915,900	-	3,915,900
Unsubordinated and unsecured debentures	1.45% - 2.54%	2022	1,700,000	-	1,700,000	1.84% - 2.86%	2021 - 2022	4,500,000	-	4,500,000
Borrowings from Department of Alternative Energy Development and Efficiency	0%	2022	1,658	-	1,658	0%	2021 - 2022	5,976	-	5,976
Total			11,902,195	-	11,902,195			11,471,876	-	11,471,876
Less: Deferred expenses			(24,302)	-	(24,302)			(77,934)	-	(77,934)
Debts issued and borrowings - net			11,877,893	-	11,877,893			11,393,942	-	11,393,942

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BOT's notification.

(Unit: Thousand Baht)

	Separate financial statements									
	31 December 2021					31 December 2020				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	1.14% - 2.05%	2022	5,000,000	-	5,000,000	2.05% - 2.49%	2021 - 2022	3,000,000	-	3,000,000
Unsubordinated and unsecured debentures	1.45% - 2.54%	2022	1,700,000	-	1,700,000	1.84% - 2.86%	2021 - 2022	3,500,000	-	3,500,000
Total			6,700,000	-	6,700,000			6,500,000	-	6,500,000
Less: Deferred expenses			(16,198)	-	(16,198)			(74,698)	-	(74,698)
Debts issued and borrowings - net			6,683,802	-	6,683,802			6,425,302	-	6,425,302



24.1 Subordinated debentures

On 21 May 2015, the subsidiary issued 4 million units with a par value of Baht 1,000 each, totalling Baht 4,000 million of the subordinated debentures No.1/2558, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which mature in 2025 and carry interest at a fixed rate of 5.125% per annum, payable quarterly in February, May, August and November of every year. The subsidiary can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions. During the year ended 31 December 2021, the subsidiary early redeemed the subordinated debentures No.1/2558 totalling Baht 4,000 million.

On 21 May 2021, the subsidiary issued 2.4 million units with a par value of Baht 1,000 each, totalling Baht 2,400 million of the subordinated debentures No.1/2564, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which mature in 2031 and carry interest at a fixed rate of 3.75% per annum, payable quarterly in February, May, August and November of every year. The subsidiary can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions.

25. Leases

The Group has entered into the lease agreements for rental of buildings and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 to 6 years (the Company only: The terms of the agreements are generally 5 years).

25.1 Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings	Vehicles	Total
Cost			
1 January 2020	720,200	50,535	770,735
Addition	330,516	13,828	344,344
Contract termination	(38,123)	(3,871)	(41,994)
31 December 2020	1,012,593	60,492	1,073,085
Addition	126,309	9,902	136,211
Contract termination	(178,518)	(13,849)	(192,367)
31 December 2021	960,384	56,545	1,016,929



(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings	Vehicles	Total
Accumulated depreciation			
1 January 2020	-	-	-
Accumulated depreciation on contract termination	(33,138)	(3,027)	(36,165)
Depreciation charged for the year	286,528	22,357	308,885
31 December 2020	253,390	19,330	272,720
Accumulated depreciation on contract termination	(128,389)	(12,981)	(141,370)
Depreciation charged for the year	253,737	18,401	272,138
31 December 2021	378,738	24,750	403,488
Net book value			
31 December 2020	759,203	41,162	800,365
31 December 2021	581,646	31,795	613,441

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings	Vehicles	Total
Cost			
1 January 2021	30,285	-	30,285
Addition	-	-	-
31 December 2020	30,285	-	30,285
Addition	-	-	-
31 December 2021	30,285	-	30,285
Accumulated depreciation			
1 January 2020	-	-	-
Depreciation charged for the year	6,067	-	6,067
31 December 2020	6,067	-	6,067
Depreciation charged for the year	6,050	-	6,050
31 December 2021	12,117	-	12,117
Net book value			
31 December 2020	24,218	-	24,218
31 December 2021	18,168	-	18,168



25.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
Lease Liabilities	648,957	834,082	19,486	25,982
Less: Deferred interest	(28,477)	(42,895)	(962)	(1,700)
Total lease liabilities	620,480	791,187	18,524	24,282

The maturity analysis of lease payments is disclosed in Note 47.3 to the financial statements under the liquidity risk.

25.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Depreciation of right-of-use assets	272,137	298,676	6,050	6,067
Interest expenses on lease liabilities	17,355	16,057	738	937
Expenses relating to leases of low-value assets/short-term leases/variable lease payments that do not depend on an index or a rate	28,942	31,154	302	273
Total	318,434	345,887	7,090	7,277

25.4 Others

The Group had total cash outflows for leases during the years ended 31 December 2021 and 2020 of Baht 295 million and Baht 316 million, respectively (the Company only: For the years ended 31 December 2021 and 2020, the Company had total cash outflows for leases of Baht 7 million). This includes cash outflow related to short-term leases, leases of low-value asset and variable lease payments that do not depend on an index or a rate.



26. Provisions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts	52,749	26,698	-	-
Provisions for employee benefits	280,493	254,197	42,399	44,877
Provisions for decommissioning cost	41,574	48,994	477	460
Other provisions	20,325	1,430	-	-
Total	395,141	331,319	42,876	45,337

26.1 Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts

As at 31 December 2021 and 2020, allowance for expected credit losses of undrawn credit limit and financial guarantee contracts classified by loan classification were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Undrawn credit limit and financial guarantee contracts	Allowance for expected credit losses	Undrawn credit limit and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	31,714,118	49,530	33,279,223	18,445
Financial assets where there has been a significant increase in credit risk (Under-performing)	63,242	1,134	67,495	55
Financial assets that are credit-impaired (Non-performing)	22,510	2,085	34,220	8,198
Total	31,799,870	52,749	33,380,938	26,698



Movements of allowance for expected credit losses of undrawn credit limit and financial guarantee contracts were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit-impaired (Non-performing)	Total
Balances - beginning of the year	18,445	55	8,198	26,698
Changes due to transfers of loan classification	4,536	(348)	(4,188)	-
Changes due to revaluation of loss allowance	7,113	1,428	6,613	15,154
New loan commitments/guarantee contracts issued	32,013	-	-	32,013
Financial assets derecognised	(12,577)	(1)	(8,538)	(21,116)
Balances - ending of the year	49,530	1,134	2,085	52,749

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit-impaired (Non-performing)	Total
Balances - beginning of the year	33,195	4,701	8,141	46,037
Changes due to transfers of loan classification	494	(797)	303	-
Changes due to revaluation of loss allowance	(17,085)	(3,756)	580	(20,261)
New loan commitments/guarantee contracts issued	17,282	240	452	17,974
Financial assets derecognised	(15,441)	(333)	(1,278)	(17,052)
Balances - ending of the year	18,445	55	8,198	26,698



26.2 Provisions for employee benefits

The Group had post-employment benefits and termination benefits as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
Post-employment benefits	272,493	254,197	42,399	44,877
Termination benefits	8,000	-	-	-
Total	280,493	254,197	42,399	44,877

Movements of provisions for employee benefits were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Provisions for employee benefits				
at the beginning of the years	254,197	216,212	44,877	39,758
Current service costs	43,356	39,811	6,474	5,753
Interest costs	3,463	3,387	587	624
Actuarial (gains) losses arose from:				
Financial assumption changes	(5,548)	-	(1,183)	-
Experience adjustments	6,314	-	(567)	-
Benefits paid during the years	(29,289)	(5,213)	(7,789)	(1,258)
Provisions for employee benefits				
at the end of the years	272,493	254,197	42,399	44,877

Employee benefit expenses recognised in profit or loss are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Current service costs	43,356	39,811	6,474	5,753
Interest costs	3,463	3,387	587	624
Total employee benefit expenses	46,819	43,198	7,061	6,377



As at 31 December 2021 and 2020, the Group expected to pay approximately Baht 26.9 million and Baht 15.8 million, respectively on employee benefits payable within the next 1-year period (the Company only: as at 31 December 2021, the Company expected not to have employee benefits payable within the next 1-year period and as at 31 December 2020, the Company expected to pay approximately Baht 5.6 million on employee benefits payable within the next 1-year period).

As at 31 December 2021 and 2020, the Group's weighted average durations of employee benefit payments were estimated to be 7 - 10 years (the Company only: as at 31 December 2021 and 2020, the Company's weighted average durations of employee benefit payments were estimated at 10 years).

The principal assumptions used in actuarial valuation as at the revaluation dates were summarised below.

	Consolidated financial statements		Separate financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Future salary incremental rates	5.0, 5.5	5.0, 5.5	5.0	5.5
Turnover rates	0 - 40	0 - 40	0 - 40	0 - 40
Discount rates	1.36, 1.41 and 1.56	1.41, 1.56 and 1.57	1.36	1.57

The impacts from changes in significant assumptions on provisions for employee benefits as at 31 December 2021 and 2020 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Increase (decrease) in provisions for employee benefits		Increase (decrease) in provisions for employee benefits	
Significant assumptions	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	15,616	(14,662)	14,749	(13,812)
Discount rates	(13,654)	14,668	(12,335)	13,262



(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2021		31 December 2020	
	Increase (decrease)		Increase (decrease)	
	in provisions for employee benefits		in provisions for employee benefits	
Significant assumptions	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	2,557	(2,396)	2,590	(2,422)
Discount rates	(2,260)	2,433	(2,151)	2,317

27. Advance received from electronic transactions

The BOT's notification No. Sor Nor Chor 2/2562, dated 20 December 2019, regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" requires the subsidiary, which operates banking business, to disclose advances received from electronic fund transfer transactions. These advances are to be presented under other liabilities. As at 31 December 2021 and 2020, the subsidiary had advances received from electronic fund transfer transactions amounting to Baht 0.005 million and Baht 0.02 million, respectively.

In addition, the subsidiary has deposits of Baht 10 million to support electronic transactions, which are presented under interbank and money market items (assets) in the statements of financial position as at 31 December 2021 and 2020.

28. Other liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Suspense accounts - creditors	95,177	134,158	2,729	2,555
Accounts payable on acquisition of equipment and intangible assets	20,754	17,027	-	-
Other payable per Credit Support Annex	6,300	5,800	-	-
Deposits received	6,231	6,279	300	300
Account payable - Revenue Department	6,099	8,350	2,035	2,103
Others	11,674	15,384	-	-
Total other liabilities	146,235	186,998	5,064	4,958



29. Share capital

29.1 Share capital/share premium

Reconciliation of issued and paid-up share capital and share premium during the years ended 31 December 2021 and 2020 as follows:

	Consolidated and separate financial statements		
	For the year ended 31 December 2021		
	Share capital		Share premium
	Number of shares	Thousand Baht	Thousand Baht
<u>Issued and paid-up share capital</u>			
Ordinary share capital at beginning of the year	21,183,660,594	21,183,661	9,627,913
Ordinary share capital at end of the year	21,183,660,594	21,183,661	9,627,913

	Consolidated and separate financial statements		
	For the year ended 31 December 2020		
	Share capital		Share premium
	Number of shares	Thousand Baht	Thousand Baht
<u>Issued and paid-up share capital</u>			
Ordinary share capital at beginning of the year	21,183,660,594	21,183,661	9,627,913
Ordinary share capital at end of the year	21,183,660,594	21,183,661	9,627,913

29.2 Treasury shares - common shares

During the year ended 31 December 2021, reconciliation of treasury shares are as follows.

	Consolidated and separate financial statements		
	Number of shares	Treasury shares	Average price per share
	(shares)	(Baht)	(Baht)
Treasury shares as at 1 January 2021	264,250,300	335,417,238	1.27
Resold treasury shares during the year	(264,250,300)	(335,417,238)	
Treasury shares as at 31 December 2021	-	-	
Differences between resale price and repurchase cost of the treasury shares		887,368	

During the year ended 31 December 2020, the Company has repurchased shares of 264,250,300 shares or a total of Baht 335,417,238 that were recognised at market price on the transaction dates, and appropriated retained earnings as treasury shares reserve amounting to Baht 335,417,238. The Company separately presented the treasury shares as a deduction item in shareholders' equity.



On 17 December 2020, the Board of Directors' Meeting No.12/2563 of the Company passed a resolution approving the resale of 264,250,300 treasury shares, or 1.2474 percent of the total paid-up capital. All treasury shares were resold on the Stock Exchange of Thailand between 4 January 2021 and 30 December 2021 at a price of not less than 85 percent of the average closing price of the last 5 trading days. If the Company is unable to resell all treasury shares, the remaining treasury shares are to be retired and the registered share capital reduced by an amount equal to the unsold treasury shares.

During the year ended 31 December 2021, the Company has resold treasury shares of 264,250,300 shares, or a total of Baht 336,304,606. The difference between resale price and repurchase cost of treasury shares of Baht 887,368 was recognised in "premium on treasury shares - common shares" and "unappropriated retained earnings", and treasury shares reserve of Baht 335,417,238 was reversed to "unappropriated retained earnings".

30. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profits for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. This statutory reserve is not available for dividend distribution.

31. Dividend paid

During the years ended 31 December 2021 and 2020, the Company paid dividend as follows:

Dividend	Approved by	Dividend paid (Thousand Baht)	Dividend paid per share (Baht per share)
From its operating results for the year ended 31 December 2019	The Board of Directors Meeting of the Company's on 21 April 2020	941,372 ⁽¹⁾	0.045 ⁽¹⁾
Total dividend paid during the year 2020		941,372	0.045
From its operating results for the year ended 31 December 2020	The Annual General Meeting of the Company's shareholders held on 26 April 2021	841,351	0.040
From its operating results for the six-month period ended 30 June 2021	The Board of Directors Meeting of the Company's on 30 August 2021	635,494	0.030
Total dividend paid during the year 2021		1,476,845	0.070

⁽¹⁾ Net of interim dividend payment during the year 2019.



32. Other components of shareholders' equity

As at 31 December 2021 and 2020, revaluation surplus (deficit) on investments measured at fair value through other comprehensive income consisted of:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revaluation surplus on the reclassified investments				
Debt instruments	511,708	775,299	-	-
Total	511,708	775,299	-	-
Revaluation deficit on the reclassified investments				
Debt instruments	-	-	-	(928)
Total	-	-	-	(928)
Revaluation surplus on investments				
Debt instruments	127,585	390,352	-	2,097
Equity instruments	226,339	104,312	220,838	102,995
Total	353,924	494,664	220,838	105,092
Revaluation deficit on investments				
Debt instruments	(608,596)	(136,480)	-	-
Equity instruments	(4,738,823)	(5,051,226)	(1,516,063)	(1,436,929)
Total	(5,347,419)	(5,187,706)	(1,516,063)	(1,436,929)
Revaluation deficit on investments				
measured at fair value through other				
comprehensive income	(4,481,787)	(3,917,743)	(1,295,225)	(1,332,765)
Add (less): Income tax	378,008	225,039	-	(234)
Revaluation deficit on investments				
measured at fair value through other				
comprehensive income - net of				
income tax	<u>(4,103,779)</u>	<u>(3,692,704)</u>	<u>(1,295,225)</u>	<u>(1,332,999)</u>



33. Capital fund and liquid assets

The primary objectives of the Group's capital management are to maintain its ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking Business B.E. 2551.

As at 31 December 2021 and 2020, capital fund of the financial business group and Land and Houses Bank consisted of the following:

(Unit: Thousand Baht)

	Financial business group		Land and Houses Bank	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
<u>Common Equity Tier 1 capital fund</u>				
Issued and fully paid-up share capital	21,183,661	20,848,244	20,000,000	20,000,000
Share premium	9,627,913	9,627,913	10,598,915	10,598,915
Statutory reserve	1,670,667	1,553,867	924,300	889,700
Net profit after appropriation	9,116,872	8,359,044	5,333,851	4,473,125
Revaluation deficit on investments measured at fair value through other comprehensive income	(4,300,320)	(3,904,049)	(1,653,952)	(1,055,629)
Deduction items on Common Equity Tier 1 capital fund	(1,402,251)	(1,069,991)	(1,288,255)	(946,648)
Total Common Equity Tier 1 capital fund	35,896,542	35,415,028	33,914,859	33,959,463
Total Tier 1 capital fund	35,896,542	35,415,028	33,914,859	33,959,463
<u>Tier 2 capital fund</u>				
Subordinated debentures	2,400,000	3,088,900	2,400,000	3,173,000
General provision	2,199,045	2,265,711	2,199,045	2,265,711
Total Tier 2 capital fund	4,599,045	5,354,611	4,599,045	5,438,711
Total capital fund	40,495,587	40,769,639	38,513,904	39,398,174



(Unit: Percentage)

	31 December 2021		31 December 2020	
	Financial business group	Minimum and additional rates required by law *	Financial business group	Minimum and additional rates required by law *

(Revised)

The ratio of Common Equity Tier 1

capital fund to risk assets	15.909	7.000	16.663	6.375
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The ratio of Tier 1 capital fund to risk assets	15.909	8.500	16.663	7.875
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The ratio of total capital fund to risk assets	17.947	11.000	19.182	10.375
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* Additional rate for conservation buffer is required on the ratio of Common Equity Tier 1 capital fund to risk asset of 0.625 percent per annum each year with effect from 1 January 2019 onwards until reaching 2.50 percent in 2021.

(Unit: Percentage)

	31 December 2021		31 December 2020	
	Land and Houses Bank	Minimum and additional rates required by law	Land and Houses Bank	Minimum and additional rates required by law

(Revised)

The ratio of Common Equity Tier 1

capital fund to risk assets	16.165	7.000	17.068	7.000
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The ratio of Tier 1 capital fund to risk assets	16.165	8.500	17.068	8.500
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The ratio of total capital fund to risk assets	18.357	11.000	19.802	11.000
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In addition, in compliance with the notification of the Bank of Thailand regarding “Consolidated Supervision”, the Company already disclosed the financial business group’s capital adequacy and capital risk exposure information as of 31 December 2020 through the Company’s website at www.lhfg.co.th on 30 April 2021 and the Company will disclose capital adequacy and capital risk exposure information as of 31 December 2021 by April 2022.

The subsidiary, which operates banking business, disclosed Liquidity Coverage Ratio as of 31 December 2020 through the subsidiary’s website at www.lhbank.co.th on 30 April 2021 and will disclose Liquidity Coverage Ratio as of 31 December 2021 by April 2022.



34. Interest income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Interbank and money market items	432,049	411,145	33	368
Investments in debt instruments	908,113	1,222,864	1,653	4,322
Loans to customers	6,426,314	6,214,598	-	-
Hire purchase	2,592	6,101	-	-
Others	616	683	-	-
Total interest income	<u>7,769,684</u>	<u>7,855,391</u>	<u>1,686</u>	<u>4,690</u>

35. Interest expenses

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Deposits	1,532,156	2,118,914	-	-
Interbank and money market items	35,862	87,039	7,224	27,625
Contributions to the Deposit Protection Agency and the Bank of Thailand	461,404	447,916	-	-
Debts issued				
- Subordinated debentures	135,623	201,835	-	-
- Unsubordinated and unsecured debentures	57,721	179,516	54,990	129,789
- Others	86,398	72,997	69,701	22,348
Others	21,426	21,442	754	953
Total interest expenses	<u>2,330,590</u>	<u>3,129,659</u>	<u>132,669</u>	<u>180,715</u>

Moreover, the Bank of Thailand announced a reduction in the contribution rate to the Financial Institutions Development Fund (FIDF) from 0.46 percent to 0.23 percent per year, which is effective from 1 January 2020 to 31 December 2022.



36. Fees and service income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Fees and service income				
Acceptances, avals and guarantees	54,203	40,539	-	-
Commission income	376,058	291,573	-	-
Others	772,710	579,374	-	-
Total fees and service income	1,202,971	911,486	-	-
Fees and service expenses				
Fees and charges	64,381	58,765	-	-
Others	283,135	125,156	8,654	9,032
Total fees and service expenses	347,516	183,921	8,654	9,032
Net fees and service income (expenses)	855,455	727,565	(8,654)	(9,032)

37. Gains (losses) on financial instruments measured at fair value through profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Gains (losses) on trading and foreign exchange transactions:				
Foreign exchange and derivatives contracts relating to foreign exchange	(12,627)	45,045	(1)	-
Equity instruments	5,822	(689)	-	-
Total gains (losses) on financial instruments measured at fair value through profit or loss	(6,805)	44,356	(1)	-



38. Gains on investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Gains (losses) on derecognition:				
Investments in debt instruments measured				
at amortised cost	-	418,567	-	-
Investments in debt instruments measured				
at fair value through other comprehensive income	155,651	415,354	-	-
Total gains on investments	155,651	833,921	-	-

39. Directors' remuneration

Directors' remuneration represents the benefits, exclusive of salaries and related benefits payable to executive directors, paid to the directors of the Group in accordance with Section 90 of the Public Company Limited Act.

40. Expected credit losses

Expected credit losses and modification gains or losses of financial assets for the years ended 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years		For the years	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
Expected credit losses (reversal)				
Interbank and money market items	804	(525)	-	-
Investments in debt instruments measured				
at amortised cost	-	(6,060)	-	-
Investments in debt instruments measured at fair value				
through other comprehensive income	65	202,036	(63)	63
Loans to customers and accrued interest receivables				
- Expected credit losses	2,927,064	1,939,028	-	-
- Modification losses	318,924	177,434	-	-
Other assets	5,991	9,995	-	-
Undrawn credit limit and financial guarantee contracts	22,598	(18,129)	-	-
Total expected credit losses	3,275,446	2,303,779	(63)	63



41. Earnings per share

Basic earnings per share is calculated by dividing profits for the years attributable to the Company's shareholders (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares in issue during the years, netting of treasury shares held by the Company.

42. Provident fund

The Group and its employees have jointly established provident funds as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees at the rate of 3 - 15 percent of basic salaries, and the Group contributes at rates ranging from 3 - 7 percent, depending on the number of years of service of each employee. The fund will be paid to employees upon termination in accordance with the rules of the funds. During the years ended 31 December 2021 and 2020, the Group contributed Baht 57.5 million and Baht 54.6 million, respectively to the provident fund (the Company only: during the years ended 31 December 2021 and 2020, the Company contributed Baht 9.5 million and Baht 9.3 million, respectively to the provident fund).

43. Commitments and contingent liabilities

43.1 Contingent liabilities

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Foreign		Total	Foreign		Total
	Baht	currency		Baht	currency	
Avals to bills	28,188	-	28,188	106,303	-	106,303
Liabilities under unmatured						
import bills	-	165,339	165,339	-	141,047	141,047
Letters of credit	9,901	404,547	414,448	-	228,952	228,952
Other commitments						
- Undrawn bank overdrafts	4,801,974	-	4,801,974	4,607,470	-	4,607,470
- Other guarantees	6,070,256	18,672	6,088,928	5,215,523	-	5,215,523
- Others	25,428,178	-	25,428,178	28,647,558	-	28,647,558
Total	36,338,497	588,558	36,927,055	38,576,854	369,999	38,946,853



43.2 Commitments under long-term lease agreements

- (a) The Group has entered into various service agreements which the remaining terms of the agreements were between 1 - 5 years. As at 31 December 2021 and 2020, the Group is obligated to pay further Baht 137 million and Baht 176 million, respectively.
- (b) The subsidiary, which operates banking business, has entered into various consultancy service agreements relating to software development and installation services. As at 31 December 2021 and 2020, the subsidiary is obligated to pay further Baht 57 million and Baht 16 million, respectively.
- (c) The subsidiary, which operates fund management business, has entered into consultancy service agreements relating to software development services. As at 31 December 2021, the subsidiary is obligated to pay further Baht 0.5 million. In addition, as at 31 December 2021 and 2020, the subsidiary has committed under the agreement for permission to use computer programs to pay an annual maintenance fee at Baht 6.9 million. The agreement remains in effect until terminated by the subsidiary or either party breaches conditions stipulated in the agreement.
- (d) As at 31 December 2021 and 2020, the subsidiary, which operates securities business, has committed under the agreement for permission to use computer programs, entered into in 2019, to pay an annual maintenance fee at Baht 2.5 million for five years and an annual maintenance fee at Baht 3.5 million. The agreement remains in effect until terminated by the subsidiary or either party breaches conditions stipulated in the agreement.

43.3 Service commitments

43.3.1 As at 31 December 2021 and 2020, the subsidiary, which operates fund management business, is required to pay license fees to the Securities and Exchange Commission with regard to the operation of businesses as follows:

- At the specified rates and calculated based on the average of last working day or month-end net asset value (NAV) of funds under management.
- At the rate of 0.001 percent of the registrar fee income.
- At the rate of 1 percent of investment unit trading agent fee income after deducting by fees paid to agencies.

As at 31 December 2021 and 2020, the minimum of the above fees is limited at Baht 50,000 per annum and the maximum of the above fees is limited up to Baht 10,000,000 per annum.



43.3.2 As at 31 December 2021 and 2020, the subsidiary, which operates securities business, has committed (a) to pay various fees related to its securities business, securities brokerage, securities trading, investment advisory and securities underwriting to the Stock Exchange of Thailand, Thailand Securities Depository Company Limited, Thailand Clearing House Company Limited and the Securities and Exchange Commission, and (b) to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited, Thailand Securities Depository Company Limited and Thailand Clearing House Company Limited, which can be summarised as follows:

	Fee rate	
	31 December 2021	31 December 2020
(a) Fees for securities business		
Securities brokerage fee	0.001% of its trading volume	0.001% of its trading volume
Securities dealing fee	0.001% of the dealing value, excluding debt securities or investment units	0.001% of the dealing value, excluding debt securities or investment units
Securities underwriting fee	0.001% of trading volumes for securities underwriting licenses, excluding units trust	0.001% of trading volumes for securities underwriting licenses, excluding units trust
Floor and ceiling of fees	The minimum total fee is Baht 50,000 per annum and the maximum total fee is Baht 10,000,000 per annum	The minimum total fee is Baht 50,000 per annum and the maximum total fee is Baht 10,000,000 per annum
(b) Fees for derivatives business		
Derivatives agent fee	Baht 0.10 per futures contracts. In case of single stock futures contracts less than Baht 100, Baht 0.01 will be charged for each contract	Baht 0.10 per futures contracts. In case of single stock futures contracts less than Baht 100, Baht 0.01 will be charged for each contract
Floor and ceiling of fees	The minimum total fee is Baht 50,000 per annum and the maximum total fee is Baht 1,000,000 per annum	The minimum total fee is Baht 50,000 per annum and the maximum total fee is Baht 1,000,000 per annum



43.4 Commitments as a result of the acquisition of a subsidiary

In January 2014, the Company entered into an agreement to purchase the shares of CIMB Securities International (Thailand) Public Company Limited (“CIMBI”), which was later registered the change of its name to “Land and Houses Securities Public Company Limited”, from CIMB Securities International Pte. Ltd. and other shareholders in the group of CIMB. The Company has an obligation under the agreement to pay in the future a benefit that is equal to 50 percent of the benefit received by such subsidiary for the return of its membership in the event of demutualisation of the SET. The method of calculating the benefit under different scenarios, including the payment period is stipulated in the agreement.

43.5 Litigation

As at 31 December 2021 and 2020, the subsidiaries had various outstanding litigation cases being claimed for compensations totalling Baht 349 million and Baht 1,300 million, respectively. Final judgements have not yet been reached in respect of these cases.

44. Related party transactions

The Group had significant business transactions with its related parties, including transactions with directors, executives or other persons with equivalent position, including entities that the persons or related persons have management authorities, or entities in which the Group or directors or such executives hold in aggregate of more than 10 percent of the paid-up share capital of those entities.

Relationship with its related parties can be summarised as follows:

1. The Company’s direct and indirect subsidiaries are as follows:
 - 1.1 Land and Houses Bank Public Company Limited
 - 1.2 Land and Houses Securities Public Company Limited
 - 1.3 Land and Houses Fund Management Company Limited
 - 1.4 Land and Houses Advisory Company Limited (the subsidiary of the Company as stated in No. 1.2 above)
2. Any persons or companies who hold more than 10 percent of shares in the Company (“the major shareholders”) are as follows:
 - 2.1 CTBC Bank Company Limited
 - 2.2 Land and Houses Public Company Limited
 - 2.3 Quality Houses Public Company Limited
 - 2.4 Ms. Piengjai Harnpanich ⁽¹⁾

⁽¹⁾ As at 31 December 2021, Ms. Piengjai Hampanich was no longer defined as related person of the Company as a result of the sale of all shares in the third quarter of 2021 as stated in Note 1.1 to the financial statements.



3. Related companies include companies related by way of the following:
 - 3.1 The subsidiaries of the major shareholders of the Company (shareholders as stated in No. 2 above)
 - 3.2 The associates of the major shareholders of the Company (shareholders as stated in No. 2 above)
 - 3.3 The companies that are related to the Group's directors
 - 3.4 The companies that are related to the major shareholders of the Company (shareholders as stated in No. 2 above)
 - 3.5 The companies that are controlled by the Group's related persons
4. Directors and executives who are the Company's directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent
5. Related persons who are the directors and executives of the subsidiaries, the directors of the major shareholders of the Company (shareholders as stated in No. 2 above) and persons with close relationship with related persons and directors and executives

44.1 Transactions during the years

During the years, the Group had significant business transactions with its related parties. Such transactions, which were summarised below, arose in the ordinary course of business or were concluded on commercial terms and bases agreed upon between the Group and its related parties.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Interest income				
The Company's subsidiary	-	-	1,686	4,690
Related company	105,726	106,597	-	-
Directors and executives	9	-	-	-
Related persons	956	1,379	-	-
	<u>106,691</u>	<u>107,976</u>	<u>1,686</u>	<u>4,690</u>
Fees and service income				
Related companies	50,050	56,325	-	-
	<u>50,050</u>	<u>56,325</u>	<u>-</u>	<u>-</u>



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Dividend income				
The Company's subsidiaries	-	-	1,056,050	663,796
Related companies	67,307	99,116	-	10,113
	<u>67,307</u>	<u>99,116</u>	<u>1,056,050</u>	<u>673,909</u>
Supporting service income				
The Company's subsidiaries	-	-	302,888	277,018
	<u>-</u>	<u>-</u>	<u>302,888</u>	<u>277,018</u>
Other operating income				
The Company's subsidiary	-	-	1,452	1,452
Related companies	2,566	-	-	-
Related persons	888	4	-	-
	<u>3,454</u>	<u>4</u>	<u>1,452</u>	<u>1,452</u>
Interest expenses				
The Company's subsidiary	-	-	7,224	27,625
The major shareholders	26,706	29,887	-	-
Related companies	14,144	41,411	-	-
Directors and executives	1,323	1,983	-	-
Related persons	13,656	17,445	-	-
	<u>55,829</u>	<u>90,726</u>	<u>7,224</u>	<u>27,625</u>
Other operating expenses				
The Company's subsidiary	-	-	3	2
The major shareholders	58,962	59,755	7,503	7,995
Related companies	98,499	107,899	-	-
	<u>157,461</u>	<u>167,654</u>	<u>7,506</u>	<u>7,997</u>
Fees and service expenses				
The Company's subsidiary	-	-	239	108
	<u>-</u>	<u>-</u>	<u>239</u>	<u>108</u>



44.2 The outstanding balances

As at 31 December 2021 and 2020, the outstanding balances of significant transactions between the Group and its related parties can be summarised as follows:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		31 December 2021	31 December 2020
Investments - cost			
<u>Related companies/persons</u>			
Related companies		1,831,049	1,831,049
		<u>1,831,049</u>	<u>1,831,049</u>
Loans to customers			
<u>Related companies/persons</u>			
Related companies		3,507,708	3,511,312
Directors and executives		92	-
Related persons		14,385	68,131
		<u>3,522,185</u>	<u>3,579,443</u>
Accrued interest receivables on loans to customers			
<u>Related companies/persons</u>			
Related companies		81,806	2,423
Related persons		30	100
		<u>81,836</u>	<u>2,523</u>
Other assets			
<u>The major shareholder</u>			
Quality Houses Public Company Limited		12,189	12,049
<u>Related companies/persons</u>			
Related companies		32,802	36,004
		<u>44,991</u>	<u>48,053</u>
Deposits			
<u>The major shareholders</u>			
Land and Houses Public Company Limited		7,087,805	4,111,526
Quality Houses Public Company Limited		1,025,797	660,710
Ms. Piengjai Harnpanich		-	16,480
<u>Related companies/persons</u>			
Related companies		7,389,011	6,237,220
Directors and executives		131,736	149,354
Related persons		1,684,450	2,986,680
		<u>17,318,799</u>	<u>14,161,970</u>



(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2021	31 December 2020
Interbank and money market items (liabilities)		
<u>The major shareholder</u>		
CTBC Bank Company Limited	661,740	592,889
	<u>661,740</u>	<u>592,889</u>
Debts issued and borrowings		
<u>Related companies/persons</u>		
Directors and executives	-	20,000
Related persons	7,000	18,400
	<u>7,000</u>	<u>38,400</u>
Accrued interest payables		
<u>The major shareholders</u>		
CTBC Bank Company Limited	456	404
Land and Houses Public Company Limited	4,503	2,313
Ms. Piengjai Harnpanich	-	30
<u>Related companies/persons</u>		
Related companies	1,361	3,071
Directors and executives	49	143
Related persons	821	1,765
	<u>7,190</u>	<u>7,726</u>
Lease liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	93,838	128,007
<u>Related companies/persons</u>		
Related companies	331,078	400,543
	<u>424,916</u>	<u>528,550</u>
Other liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	718	941
<u>Related companies/persons</u>		
Related companies	1,229	852
Related persons	14	10
	<u>1,961</u>	<u>1,803</u>
Contingent liabilities - bank guarantees		
<u>Related companies/persons</u>		
Related company	21,186	21,186
	<u>21,186</u>	<u>21,186</u>



(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2021	31 December 2020
Interbank and money market items (assets)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	9,666	10,755
	<u>9,666</u>	<u>10,755</u>
Investments - cost		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	-	84,100
<u>Related companies/persons</u>		
Related company	384,538	384,538
	<u>384,538</u>	<u>468,638</u>
Accrued interest receivables on investments		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	-	484
	<u>-</u>	<u>484</u>
Other assets		
<u>The Company's subsidiaries</u>		
Land and Houses Bank Public Company Limited	31,474	32,000
Land and Houses Securities Public Company Limited	250	250
Land and Houses Fund Management Company Limited	350	350
<u>The major shareholder</u>		
Quality Houses Public Company Limited	1,651	1,651
	<u>33,725</u>	<u>34,251</u>
Interbank and money market items (liabilities)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	118,000	745,000
	<u>118,000</u>	<u>745,000</u>
Accrued interest expenses on interbank and money market items (liabilities)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	5	35
	<u>5</u>	<u>35</u>
Lease liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	19,486	25,981
	<u>19,486</u>	<u>25,981</u>



(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2021	31 December 2020
Other liabilities		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	300	300
<u>The major shareholder</u>		
Quality Houses Public Company Limited	44	-
	<u>344</u>	<u>300</u>

The significant outstanding balances during the years ended 31 December 2021 and 2020 were presented at the average balance at the end of each month as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2021	2020
<u>The major shareholders</u>		
Deposits	7,892,403	2,895,390
Interbank and money market items (liabilities)	887,166	1,670,110
<u>Related companies/persons</u>		
Loans to customers	3,544,874	3,551,667
Deposits	10,792,042	10,067,738
Debts issued and borrowings	19,000	49,800

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2021	2020
<u>The Company's subsidiary</u>		
Interbank and money market items (assets)	11,001	40,422
Interbank and money market items (liabilities)	414,250	1,251,334



44.3 Directors' and executives' compensation

During the years ended 31 December 2021 and 2020, compensations payable to directors and executives of the Group, which were recognised in profit or loss, were classified as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2021	2020	2021	2020
Short-term employee benefits	279	259	58	73
Post-employment benefits	22	19	3	4
Termination benefits	20	-	3	-
Total	321	278	64	77

Directors and executives of the Group are directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent.

45. Interest in unconsolidated structured entity arising in the normal course of business

The Group has transactions with unconsolidated structured entities, through various activities such as involvement in the establishment process, fund management, acting as the trustee, as well as providing source of funds. These structured entities are normally in the form of mutual funds and some investment funds, which were summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Carrying value	Maximum exposure to loss	Carrying value	Maximum exposure to loss
<u>Assets</u>				
Investments	18,306,676	18,306,676	18,446,092	18,446,092
Loans to customers and accrued interest receivables	7,181,392	7,184,583	6,685,649	6,689,716
<u>Liabilities</u>				
Deposits	121,596	121,596	414,936	414,936
Interest payables	31	31	374	374

Maximum exposure to loss of loans to customers and accrued interest receivables, deposits and interest payables is presented at carrying value, and maximum exposure to loss of investments is presented at fair value.



46. Operating segments

The Group has four principal operating segments: investment holding business, banking business, fund management business and securities business (including securities business and advisory business, which its operation is temporarily ceased) and they operate their businesses in Thailand. For management purposes of the banking business, the Executive Board of Directors of the subsidiary has been identified as the chief operating decision maker, and the operating segment is divided into the lending segment (housing and retail, and commercial loans) and other segments.

The Executive Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Group measures segment performance based on operating profit or loss and total assets, and on a basis consistent with that used to measure operating profit or loss in the financial statements. In addition, recording for inter-segment is reported on a basis consistent with external customers.

Operating segment information of the Group was as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2021								
	Investment holding business	Banking business				Fund management business	Securities business	Eliminations	Total
		Lending		Other segments	Total segments				
		Housing and retail	Commercial loans						
Interest income	1,686	1,204,519	5,638,209	908,410	7,751,138	106	79,494	(62,740)	7,769,684
Total operating income - net	1,702,573				6,858,262	387,556	508,385	(1,381,440)	8,075,336
Other operating expenses	(334,499)				(2,758,987)	(250,935)	(202,727)	323,910	(3,223,238)
Reversal (expected credit losses)	63				(3,283,835)	-	8,389	(63)	(3,275,446)
Income tax	(1,892)				(124,602)	(26,309)	(40,128)	-	(192,931)
Profit for the year	1,366,245				690,838	110,312	273,919	(1,057,593)	1,383,721

(Unit: Thousand Baht)

	For the year ended 31 December 2020								
	Investment holding business	Banking business				Fund management business	Securities business	Eliminations	Total
		Lending		Other segments	Total segments				
		Housing and retail	Commercial loans						
Interest income	4,690	1,107,144	5,596,943	1,223,106	7,927,193	220	40,366	(117,078)	7,855,391
Total operating income - net	1,299,494				6,623,393	335,179	453,486	(964,236)	7,747,316
Other operating expenses	(306,392)				(2,591,074)	(204,277)	(188,585)	293,187	(2,997,141)
Expected credit losses	(63)				(2,298,242)	-	(5,537)	63	(2,303,779)
Income tax	901				(326,484)	(24,728)	(39,191)	-	(389,502)
Profit for the year	993,940				1,407,593	106,174	220,173	(670,986)	2,056,894



(Unit: Thousand Baht)

(Unit: Thousands Baht)

	As at 31 December 2021								
	Investment holding business	Banking business				Fund management business	Securities business	Eliminations	Total
		Lending		Other segments	Total segments				
		Housing and retail	Commercial loans						
Loans to customers/interbank and money market items	-	29,011,365	180,587,014	-	209,598,379	-	1,785,939	(1,368,000)	210,016,318
Total assets	40,461,302				251,478,662	487,967	6,652,585	(34,444,318)	264,636,198
Total liabilities	6,908,267				216,379,623	85,717	4,662,805	(1,598,731)	226,437,681

(Unit: Thousand Baht)

(Unit: Thousand Baht)

	As at 31 December 2020								
		Banking business							
	Investment	Lending				Fund			
	holding	Housing and	Commercial	Other	Total	management	Securities		
	business	retail	loans	segments	segments	business	business	Eliminations	Total
Loans to customers/interbank									
and money market items	-	23,880,244	170,220,017	-	194,100,261	-	1,129,516	(4,335,000)	190,894,777
Total assets	40,553,290				240,084,839	392,530	5,684,662	(37,403,664)	249,311,657
Total liabilities	7,264,781				203,718,435	86,730	4,169,214	(4,558,465)	210,680,695

The Group operates in Thailand only. As a result, all of the revenues, profits and assets as reflected in these financial statements pertain to the aforementioned geographical reportable. Moreover, during the years ended 31 December 2021 and 2020, the Group had no major customer with revenue of 10 percent or more of total revenues, except that the Company had dividend income received from subsidiaries as presented in the separate financial statements.

47. Risk management

Risk management policies of the Group are principally focused on the banking business of its subsidiary whereby the subsidiary maintains various risks to be within acceptable levels. Its policies, which are annually reviewed so that they reflect any changes in the environment in which the subsidiary operates and the risk arising from internal and external factors, are as follows:

47.1 Credit risk

Credit risk is the risk that debtors or counterparties may not be able to meet their obligations, as well as the likelihood of the credit rating of counterparties being downgraded and the risk of investment or credit quality deteriorating while prices cannot be adjusted to compensate for the resulting increase in risk, which may affect the revenues and capital funds of the subsidiary.



Credit risk is recognised as highly significant to financial institutions, especially the risk associated with credit transactions, which are the core transactions of the subsidiary, which operates banking business, both in terms of loans, investments and commitments and in terms of credit-like transactions. Maximum exposure to credit loss of the subsidiary is the carrying value of loans to customers, including commitments related to guarantees, avals or other similar items.

The subsidiary manages credit risk by setting guidelines for granting credit in order to control, prevent and mitigate the risks associated with credit transactions. Decisions on granting credit have to take into account a range of criteria such as the target market, type of business, type of loan and activity, the credit limits set for each debtor in order to mitigate credit concentration risk, the collateral obtained in order to reduce credit risk and persons or corporates that are not supported by the subsidiary. In addition, the subsidiary's key risk management processes are as follows:

(a) Risk identification

The subsidiary considers factors that are relevant to a borrower and the borrower/counterparty's business, and external factors that may adversely impact the revenues and the operations of the borrower/counterparty. It also monitors changes in credit quality and historical payment trends, which help provide a picture of asset quality and credit risk. In addition, the subsidiary conducts reviews of borrower risk levels and their alignment with the identified risk factors.

(b) Risk measurement

The subsidiary has developed tools to measure credit quality. These are Credit Rating Model, which is used to assign credit ratings to corporate banking customers, and Credit Scoring Model which is used for personal banking customers. Both tools were developed by the Credit Risk Management and Capital Department in order to reduce the use of judgement by credit approvers during the credit approval process.

(c) Risk monitoring and reporting

The subsidiary has developed a process of monitoring counterparties' credit risk, so that it is aware of the current size and level of risk associated with its borrowers. Financial reviews and customer visits are required to be carried out at least annually, and the value and liquidity of collateral is appraised. The status of borrowers and their compliance with conditions are also reported to executives on a regular basis.



(d) Risk control and mitigation

The subsidiary sets credit concentration limits at both the industry level and individual client level, in order to ensure the subsidiary's risk exposure to a particular industry or client is not excessive. If a limit is reached, the responsible department is to investigate the reason for the abnormality, in order to maintain risk exposure within acceptable parameters. The subsidiary also has internal controls and audit procedures in place to ensure that its risk management is in accordance with the frameworks and processes laid down by the subsidiary.

Furthermore, the subsidiary, which operates banking business, conducts stress testing that covers credit risk at least annually, in order to forecast potential losses on individual accounts or counterparties and on different types of credit in its portfolio, and consider whether the resulting deterioration in credit quality within its portfolio would affect its capital adequacy and its allowance for expected credit losses, so the subsidiary will be able to take timely action to mitigate the risk.

The management of the subsidiary, which operates securities business, manages the risk by adopting appropriate credit control policies and procedures. The maximum exposure to credit risk is limited to the carrying amount of securities and derivatives business receivables as stated in the statements of financial position of the subsidiary.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at the gross value before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statements of financial position, the maximum exposure to credit risk equals their carrying value.

For financial guarantee contracts, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees are called upon. For undrawn credit limits that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.



As at 31 December 2021 and 2020, the maximum exposure to credit risk are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
Interbank and money market items				
(assets)	34,060,519	32,371,111	9,666	10,755
Investments in debt instruments measured				
at fair value through other				
comprehensive income	35,084,298	37,090,065	-	85,269
Loans to customers and accrued interest				
receivables	180,911,569	162,414,106	-	-
Accrued interest receivables not related				
to loans to customers	144,696	187,220	-	484
Total financial assets	250,201,082	232,062,502	9,666	96,508
Undrawn credit limit	30,230,152	33,255,028	-	-
Financial guarantee contracts	1,569,718	125,910	-	-
Total	31,799,870	33,380,938	-	-
Total maximum exposure to credit risk	282,000,952	265,443,440	9,666	96,508

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting that the return may not be as expected. The Group has adopted a policy to mitigate this risk, whereby credit analysis is performed based on customer information and the status of customers is followed up consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are the gross carrying amount (before netting allowance for expected credit losses). The amounts presented for undrawn credit limits and financial guarantee contracts are the amounts committed or guaranteed, respectively.

Explanations of the 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses - credit impaired are included in Notes 4 and 5 to the financial statements.



(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Interbank and money market items (assets)				
Investment grade*	20,640,351	-	-	20,640,351
No overdue	13,420,168	-	-	13,420,168
Total	34,060,519	-	-	34,060,519
Less: Allowance for expected credit losses	(4,553)	-	-	(4,553)
Net carrying value	34,055,966	-	-	34,055,966
Investments in debt instruments measured fair value through other comprehensive income				
Investment grade*	31,963,327	3,120,971	-	35,084,298
Total	31,963,327	3,120,971	-	35,084,298
Less: Allowance for expected credit losses	(2,341)	(200,000)	-	(202,341)
Net carrying value	31,960,986	2,920,971	-	34,881,957
Loans to customers and accrued interest receivables - net				
<u>Banking business</u>				
0 - 30 days overdue	168,738,000	4,681,749	1,881,353	175,301,102
31 - 90 days overdue	-	185,356	40,879	226,235
Over 90 days overdue	-	-	3,438,965	3,438,965
Total	168,738,000	4,867,105	5,361,197	178,966,302
Less: Allowance for expected credit losses	(2,831,715)	(1,096,662)	(2,812,773)	(6,741,150)
Net carrying value	165,906,285	3,770,443	2,548,424	172,225,152
<u>Securities business</u>				
MM Ratio more than or equal to 35%	1,519,268	-	-	1,519,268
MM Ratio more than or equal to 25% but less than 35%	-	-	-	-
MM Ratio less than 25%	-	-	23,364	23,364
Others	249,776	-	-	249,776
Total	1,769,044	-	23,364	1,792,408
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	1,769,044	-	23,364	1,792,408

* Rating of external credit risk rating agency



(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Other assets				
0 - 30 days overdue	3,224	389	369	3,982
31 - 90 days overdue	-	132	87	219
Over 90 days overdue	-	-	41,742	41,742
Total	3,224	521	42,198	45,943
Less: Allowance for expected credit losses	(1,077)	(266)	(42,198)	(43,541)
Net carrying value	2,147	255	-	2,402
Undrawn credit limit				
0 - 30 days overdue	30,144,759	63,242	3,270	30,211,271
Over 90 days overdue	-	-	18,881	18,881
Total	30,144,759	63,242	22,151	30,230,152
Less: Allowance for expected credit losses	(45,280)	(1,134)	(2,082)	(48,496)
Net carrying value	30,099,479	62,108	20,069	30,181,656
Financial guarantee contracts				
0 - 30 days overdue	1,569,359	-	-	1,569,359
Over 90 days overdue	-	-	359	359
Total	1,569,359	-	359	1,569,718
Less: Allowance for expected credit losses	(4,250)	-	(3)	(4,253)
Net carrying value	1,565,109	-	356	1,565,465



(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Interbank and money market items (assets)				
Investment grade*	18,663,130	-	-	18,663,130
No overdue	13,707,981	-	-	13,707,981
Total	32,371,111	-	-	32,371,111
Less: Allowance for expected credit losses	(3,749)	-	-	(3,749)
Net carrying value	32,367,362	-	-	32,367,362
Investments in debt instruments measured fair value through other comprehensive income				
Investment grade*	33,379,568	3,710,497	-	37,090,065
Total	33,379,568	3,710,497	-	37,090,065
Less: Allowance for expected credit losses	(2,276)	(200,000)	-	(202,276)
Net carrying value	33,377,292	3,510,497	-	36,887,789
Loans to customers and accrued interest receivables - net				
<u>Banking business</u>				
0 - 30 days overdue	150,816,723	4,356,312	380,440	155,553,475
31 - 90 days overdue	-	425,369	54,054	479,423
Over 90 days overdue	-	-	5,064,459	5,064,459
Total	150,816,723	4,781,681	5,498,953	161,097,357
Less: Allowance for expected credit losses	(944,202)	(869,397)	(2,762,044)	(4,575,643)
Net carrying value	149,872,521	3,912,284	2,736,909	156,521,714
<u>Securities business</u>				
MM Ratio more than or equal to 35%	949,255	-	-	949,255
MM Ratio more than or equal to 25% but less than 35%	-	-	-	-
MM Ratio less than 25%	-	-	23,364	23,364
Others	160,817	-	203	161,020
Total	1,110,072	-	23,567	1,133,639
Less: Allowance for expected credit losses	-	-	(8,390)	(8,390)
Net carrying value	1,110,072	-	15,177	1,125,249

* Rating of external credit risk rating agency



(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Other assets				
0 - 30 days overdue	2,141	127	1,640	3,908
31 - 90 days overdue	-	233	18	251
Over 90 days overdue	-	-	34,828	34,828
Total	2,141	360	36,486	38,987
Less: Allowance for expected credit losses	(746)	(318)	(36,486)	(37,550)
Net carrying value	1,395	42	-	1,437
Undrawn credit limit				
0 - 30 days overdue	33,153,672	66,388	16,042	33,236,102
31 - 90 days overdue	-	1,107	-	1,107
Over 90 days overdue	-	-	17,819	17,819
Total	33,153,672	67,495	33,861	33,255,028
Less: Allowance for expected credit losses	(17,673)	(55)	(8,194)	(25,922)
Net carrying value	33,135,999	67,440	25,667	33,229,106
Financial guarantee contracts				
0 - 30 days overdue	125,551	-	-	125,551
Over 90 days overdue	-	-	359	359
Total	125,551	-	359	125,910
Less: Allowance for expected credit losses	(772)	-	(4)	(776)
Net carrying value	124,779	-	355	125,134



(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Interbank and money market items (assets)				
Investment grade*	9,666	-	-	9,666
Total	9,666	-	-	9,666
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	9,666	-	-	9,666

* Rating of external credit risk rating agency

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit- impaired (Non-performing)	Total
Interbank and money market items (assets)				
Investment grade*	10,755	-	-	10,755
Total	10,755	-	-	10,755
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	10,755	-	-	10,755

Investments in debt instruments measured fair value**through other comprehensive income**

Investment grade*	85,269	-	-	85,269
Total	85,269	-	-	85,269
Less: Allowance for expected credit losses	(63)	-	-	(63)
Net carrying value	85,206	-	-	85,206

* Rating of external credit risk rating agency



Collateral and any operations to increase creditability

The subsidiaries hold collateral and any operations to increase creditability of their exposure to credit risk.

Details of the collateral held by the subsidiaries for each type of financial asset are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Type of collateral
	Exposure to risk with collateral		
	31 December 2021	31 December 2020	
Interbank and money market items	15,500,614	8,800,239	Bonds
Loans to customers and accrued interest receivables	98,510,622	84,507,151	Lands and buildings, machinery and equipment, deposits

47.2 Market risk

Market risk is the risk that changes in interest rate, foreign exchange rates and securities prices in money markets/equity markets may negatively affect the revenues and capital funds of the Group. The Group's market risk consists of interest rate risk, foreign exchange risk and equity position risk.

(a) Interest rate risk

Interest rate risk is the risk that volatility in market interest rates will result in changes in the value of financial instruments, or fluctuations in income or the value of financial assets and liabilities. Interest rate risk is a consequence of the structure and the nature of asset, liability, and equity items, and mismatches between the maturities and the repricing terms of assets and liabilities.

Most of the the Group's assets consist of deposits at financial institutions, loans to customers and investments in debt instruments measured at fair value through other comprehensive income, and its liabilities mainly consist of deposits from individuals. These key items may be affected by interest rate fluctuations, and whenever such fluctuations occur the Group is exposed to the risk that its income, expenses and/or economic value (equity value) may be affected. The risk is mainly arising from transactions and outstanding balances of the subsidiary. The subsidiary therefore needs to manage interest rate risk in its banking books in order to mitigate the impact.

Interest rate risk in the banking books is a risk that income or capital of the subsidiary may be negatively affected as fluctuations in interest rates impact rate-sensitive assets, liabilities and commitments. The main causes are maturity mismatches and repricing risks for assets and liabilities presented in the subsidiary's statements of financial position.

The nature of the subsidiary's exposures to interest rate risk in the banking books are as follows:

(1) Repricing Risk

This arises due to mismatches between the maturities or interest rate reset dates of assets and liabilities.



(2) Basis Risk

This arises because of mismatches between changes in the reference interest rates used for assets and liabilities.

(3) Option Risk

The subsidiary is exposed to risk as a result of options embedded in its financial contracts, whether as debtor or creditor, which grant the subsidiary's counterparties a right to change the original payment or redemption plans when market interest rates change. The option holders will often exercise these if the original payment plan puts them in an unfavorable position, whereby interest costs, returns or net interest income, as well as the structure of assets and liabilities in the statement of financial position, would change for the worse.

The subsidiary has developed interest rate risk measurement and assessment tools to evaluate the impact of interest rate risk in the banking books. The subsidiary sets risk ceilings in order to keep risk levels within stipulated parameters and reports risk levels to the Asset and Liability Committee on a monthly basis.

Moreover, the subsidiary performs stress tests by simulating an interest rate crisis, using simulations provided by the BOT and/or appropriate simulations it has established itself.

As at 31 December 2021 and 2020, financial assets and liabilities, classified by types of interest rate, were as follows:

(Unit: Thousand Baht)

Transactions	Consolidated financial statements				
	31 December 2021				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non-performing loan	Total
Financial assets					
Cash	-	-	717,883	-	717,883
Interbank and money market items	610,684	31,115,000	2,327,639	-	34,053,323
Financial assets measured at fair value through profit or loss	-	-	117,908	-	117,908
Derivative assets	-	-	163,992	-	163,992
Investments	1,081,943	34,002,355	18,655,406	-	53,739,704
Loans to customers ⁽¹⁾	118,443,584	55,211,121	-	5,133,727	178,788,432
Securities business receivables - cash accounts	-	-	242,706	-	242,706

⁽¹⁾ In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates.



(Unit: Thousand Baht)

Transactions	Consolidated financial statements				
	31 December 2021				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non-performing loan	Total
Financial liabilities					
Deposits	95,573,185	96,558,339	367,811	-	192,499,335
Interbank and money market items	924,460	18,201,428	50,975	-	19,176,863
Liabilities payable on demand	-	-	189,544	-	189,544
Derivative liabilities	-	-	33,520	-	33,520
Debts issued and borrowings	-	11,900,537	1,658	-	11,902,195
Lease liabilities	-	648,957	-	-	648,957
Payable to clearing house	-	-	60,306	-	60,306
Securities business payables	-	-	206,706	-	206,706

(Unit: Thousand Baht)

Transactions	Consolidated financial statements				
	31 December 2020				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non-performing loan	Total
Financial assets					
Cash	-	-	801,515	-	801,515
Interbank and money market items	217,238	29,340,000	2,803,310	-	32,360,548
Financial assets measured at fair value through profit or loss	-	-	26,780	-	26,780
Derivative assets	-	-	412,457	-	412,457
Investments	1,071,098	36,018,967	18,768,702	-	55,858,767
Loans to customers ⁽¹⁾	109,879,905	46,104,290	-	5,392,202	161,376,397
Securities business receivables - cash accounts	-	-	157,526	-	157,526
Financial liabilities					
Deposits	91,055,083	91,481,161	183,595	-	182,719,839
Interbank and money market items	1,518,930	10,571,917	245,929	-	12,336,776
Liabilities payable on demand	-	-	949,585	-	949,585
Derivative liabilities	-	-	228,458	-	228,458
Debts issued and borrowings	-	11,465,900	5,976	-	11,471,876
Lease liabilities	-	834,082	-	-	834,082
Securities business payables	-	-	274,217	-	274,217

⁽¹⁾ In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates.



(Unit: Thousand Baht)

Transactions	Separate financial statements				
	31 December 2021				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non- performing loan	Total
Financial assets					
Cash	-	-	9	-	9
Interbank and money market items	9,666	-	-	-	9,666
Investments	-	-	7,411,374	-	7,411,374
Financial liabilities					
Interbank and money market items	-	118,000	-	-	118,000
Debts issued and borrowings	-	6,700,000	-	-	6,700,000
Lease liabilities	-	19,486	-	-	19,486

(Unit: Thousand Baht)

Transactions	Separate financial statements				
	31 December 2020				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non- performing loan	Total
Financial assets					
Cash	-	-	10	-	10
Interbank and money market items	10,755	-	-	-	10,755
Investments	-	85,269	7,424,819	-	7,510,088
Financial liabilities					
Interbank and money market items	-	745,000	-	-	745,000
Debts issued and borrowings	-	6,500,000	-	-	6,500,000
Lease liabilities	-	25,982	-	-	25,982



Financial instruments which bear interest rate at fixed rates are classified below by the period from 31 December 2021 and 2020 to the repricing date or maturity date (whichever is sooner).

(Unit: Thousand Baht)

Transactions	Consolidated financial statements						
	31 December 2021						
	Repricing or maturity date					Total	Interest rates (% p.a.)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	470,000	30,345,000	300,000	-	-	31,115,000	0.45 - 3.20
Investments	-	3,007,471	3,486,782	19,408,177	8,099,925	34,002,355	0.51 - 5.00
Loans to customers	609,938	23,081,189	16,097,688	14,195,706	1,226,600	55,211,121	1.00 - 6.00
Financial liabilities							
Deposits	4,138,650	39,699,298	47,054,370	5,666,021	-	96,558,339	0.15 - 1.85
Interbank and money market items	300,000	10,806,329	6,200,691	894,408	-	18,201,428	0.01 ⁽¹⁾ , 0.1 ⁽²⁾ , 0.20 - 0.85
Debts issued and borrowings	-	6,400,537	3,100,000	-	2,400,000	11,900,537	1.10 - 3.75
Lease liabilities	-	60,565	169,192	419,200	-	648,957	1.37 - 4.23

⁽¹⁾ The interest rate of 0.01% is charged on the balance of Baht 3,704 million which the subsidiary obtained for financial assistance to debtors impacted by situations that affect the Thai economy.

⁽²⁾ The interest rate of 0.1% is charged on the balance of Baht 2,131 million which the subsidiary obtained for financial assistance to SMEs that lack of liquidity.

(Unit: Thousand Baht)

Transactions	Consolidated financial statements						
	31 December 2020						
	Repricing or maturity date					Total	Interest rates (% p.a.)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	2,925,000	26,415,000	-	-	-	29,340,000	0.42 - 3.65
Investments	-	1,473,815	7,269,939	15,603,423	11,671,790	36,018,967	1.585 - 5.00
Loans to customers	459,274	15,869,994	12,334,853	15,886,570	1,553,599	46,104,290	1.40 - 5.125
Financial liabilities							
Deposits	2,777,503	38,012,925	42,889,892	7,800,841	-	91,481,161	0.15 - 2.50
Interbank and money market items	200,000	5,857,821	2,799,908	1,714,188	-	10,571,917	0.01 ⁽¹⁾ , 0.1 ⁽²⁾ , 0.22 - 1.35
Debts issued and borrowings	-	1,550,000	3,600,000	6,315,900	-	11,465,900	1.10 - 2.86, 5.125
Lease liabilities	-	73,654	201,659	515,678	43,091	834,082	1.65 - 4.23

⁽¹⁾ The interest rate of 0.01% is charged on the balance of Baht 3,003 million which the subsidiary obtained for financial assistance to debtors impacted by situations that affect the Thai economy.

⁽²⁾ The interest rate of 0.1% is charged on the balance of Baht 2,337 million which the subsidiary obtained for financial assistance to SMEs that lack of liquidity.



(Unit: Thousand Baht)

Transactions	Separate financial statements						
	31 December 2021						
	Repricing or maturity date					Total	Interest rates (% p.a.)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial liabilities							
Interbank and money market items	118,000	-	-	-	-	118,000	1.60
Debts issued and borrowings	-	4,300,000	2,400,000	-	-	6,700,000	1.14 - 2.54
Lease liabilities	-	1,624	4,871	12,991	-	19,486	3.48

(Unit: Thousand Baht)

Transactions	Separate financial statements						
	31 December 2020						
	Repricing or maturity date					Total	Interest rates (% p.a.)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Investments	-	-	-	85,269	-	85,269	5.125
Financial liabilities							
Interbank and money market items	745,000	-	-	-	-	745,000	1.70
Debts issued and borrowings	-	500,000	3,600,000	2,400,000	-	6,500,000	1.84 - 2.86
Lease liabilities	-	1,624	4,872	19,486	-	25,982	3.48

In addition, the average balances of the financial assets and liabilities of the subsidiary, which operates banking business, generating revenues/incurred expenses, calculated based on the average balances outstanding during the years, and the average interest rate for the years ended 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2021			2020		
	Average balances	Interest	Average rate	Average balances	Interest	Average rate
		income/ expenses	(% per annum)		income/ expenses	(% per annum)
Performing financial assets						
Interbank and money market items	30,495,698	482,619	1.58	30,675,753	490,685	1.60
Investments in debt instruments	36,679,226	907,813	2.48	39,372,674	1,222,486	3.10
Loans to customers	168,356,687	6,360,706	3.78	157,941,824	6,214,022	3.93
Performing financial liabilities						
Deposits	188,210,117	1,977,274	1.05	174,758,868	2,536,585	1.45
Interbank and money market items	13,179,766	68,453	0.52	14,612,538	109,049	0.75
Debts issued and borrowings	3,173,016	140,804	4.44	9,314,349	315,526	3.39



Interest rate sensitivity analysis

Analysis of sensitivity to changes in interest rates shows the impact of potential changes in interest rates on profit or loss and shareholders' equity of the Group when other variables are set to constant values.

The sensitivity of profit or loss is the effect of changes in interest rates to profit or loss of the year. For financial assets and financial liabilities at the end of the reporting period, the sensitivity of shareholders' equity is calculated by measuring the fair value as at 31 December 2021 and 2020 of financial assets and financial liabilities measured at fair value through other comprehensive income, including the effect of hedging cash flow risk by assuming a 1 percent change in the interest rate. The methods used in sensitivity analysis are unchanged from the previous year.

The effect of change in interest rates on profit or loss and shareholders' equity as of 31 December 2021 and 2020 can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Effect on		Effect on	
	Shareholders' equity		Shareholders' equity	
	Profit or loss		Profit or loss	
Increased by 1 percent	148,170	148,170	43,278	43,278
Decreased by 1 percent	(251,187)	(251,187)	(189,895)	(189,895)

Note: The estimation of the effect of increase (decrease) in interest rates on profit or loss within the next 1 year.

(b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and gains or losses on foreign exchange result in fluctuations in revenues or the values of financial assets and liabilities.

The subsidiary, which operates banking business, engages in foreign currency trading, provision of trade finance services to support customers engaged in foreign trade, buying and selling foreign currency exchange services including fund transfers. As a result of these transactions, the subsidiary has foreign currency positions and has, therefore, established a risk management framework to mitigate the foreign exchange risk, and also set maximum risk ceilings for foreign exchange risk, using statistical tools, namely the Value-at-Risk (VaR Model), and other tools, such as net open position and year to date loss limits, in order to closely monitor operations in order to maintain foreign exchange risk at acceptable levels.



As at 31 December 2021 and 2020, foreign currency positions equivalent to Thai Baht of the subsidiary, which operates banking business, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	USD	EUR	JPY	HKD	Others
<u>Foreign currency in the statements of financial position</u>					
Interbank and money market items	403,752	7,567	9,342	-	16,054
Investments	1,081,943	-	-	-	-
Loans to customers and accrued interest receivables	3,522,928	22,080	6,273	-	88,074
Other assets	1	3	-	-	-
Total assets	5,008,624	29,650	15,615	-	104,128
Deposits	758,521	-	4,360	-	758
Interbank and money market items	661,740	-	-	-	-
Accrued interest payables	1,005	-	-	-	-
Other liabilities	20,979	-	-	-	-
Total liabilities	1,442,245	-	4,360	-	758
Items recognised in the statements of financial position - net	3,566,379	29,650	11,255	-	103,370
<u>Foreign currency not recognised in the statements of financial position - net</u>					
(Forward contracts, cross currency and interest rate swap contracts)	(3,381,053)	(9,474)	(42,091)	-	(91,300)



(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	USD	EUR	JPY	HKD	Others
<u>Foreign currency in the statements of</u>					
<u>financial position</u>					
Interbank and money market items	205,371	490	624	-	9,540
Investments	1,071,098	-	-	-	-
Loans to customers and accrued					
interest receivables	2,047,228	19,922	-	-	62,366
Other assets	1	1	-	-	-
Total assets	3,323,698	20,413	624	-	71,906
Deposits	1,139,852	-	-	-	682
Interbank and money market items	683,000	-	-	-	-
Accrued interest payables	4,912	-	-	-	-
Other liabilities	7,407	-	-	-	-
Total liabilities	1,835,171	-	-	-	682
Items recognised in the statements of					
financial position - net	1,488,527	20,413	624	-	71,224

Foreign currency not recognised in the
statements of financial position - net

(Forward contracts, cross currency and

interest rate swap contracts)	(1,475,021)	(20,282)	54,253	-	(63,457)
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Foreign exchange rate sensitivity analysis

Analysis of sensitivity to changes in foreign exchange rates shows the impact of potential changes in foreign exchange rates on profit or loss and the shareholders' equity of the subsidiary when other variables are set to constant values. The risks encountered, and methods used for sensitivity analysis are unchanged from the previous period.



The effect of change in exchange rate on profit or loss and shareholders' equity as of 31 December 2021 and 2020 can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 5 percent	156,150	156,150	74,759	74,759
Decreased by 5 percent	(155,469)	(155,469)	(74,759)	(74,759)

Note: The effect of increase (decrease) in exchange rate is the appreciation (depreciation) of foreign currencies compared to US Dollar.

(c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity instruments or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The Group closely manages equity position risk, with a policy to invest in equity instruments with a lower risk than those in equity markets. Moreover, the Group monitors risks related to investments in equity instruments to ensure that the risk is still lower than that of the market.

Equity security price sensitivity analysis

The following table demonstrates the sensitivity of a reasonably possible change in equity security price to profit or loss and shareholders' equity as at 31 December 2021 and 2020, when other variables are set to constant values.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021		31 December 2020	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 10 percent	24 ⁽¹⁾	912,826	41 ⁽¹⁾	911,271
Decreased by 10 percent	(24) ⁽¹⁾	(912,826)	(41) ⁽¹⁾	(911,271)

⁽¹⁾ Excluded the effects from investments in listed equity instruments designated at fair value which the subsidiary held to hedge equity - price risk exposure of the same stocks underlying of derivatives. Both investments and derivatives are measured at fair value through profit or loss.

Note: The estimation of increase (decrease) is a percentage change of SET Index.



(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2021		31 December 2020	
	Effect on		Effect on	
	Profit or loss	Shareholders' equity	Profit or loss	Shareholders' equity
Increased by 10 percent	-	330,359	-	328,117
Decreased by 10 percent	-	(330,359)	-	(328,117)

Note: The estimation of increase (decrease) is a percentage change of SET Index.

(d) Commodity price risk

This is the risk that income or capital may be adversely affected by changes in commodity prices.

The Group has no policy to hold such positions.

47.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Group incurring a financial loss.

The Group manages its liquidity risk by preparing net liquidity status reports or liquidity gap reports. The subsidiary's, which operates banking business, analysis has two components, namely a Contractual Liquidity Gap report and a Behavior Liquidity Gap report, which analyse the net liquidity status at each point in time and consider the cash flow adequacy over the next year. Moreover, the subsidiary assesses liquidity risk based on accumulated outstanding net liquidity by maturity, adjusted to reflect depositor behavior, in order to maintain liquidity risk at the appropriate levels stipulated by the subsidiary.

The subsidiary conducts studies of the effect on liquidity of various factors, such as early deposit withdrawal and deposit rollover, by creating simulations incorporating normal scenarios and stress scenarios and these include the effects on liquidity management of the subsidiary. The Market Risk Management Department is responsible for carrying out the study and reporting the results to the Asset and Liability Committee, for assessment of liquidity requirements under each scenario, and to provide a framework for establishing contingency plans for liquidity crisis.



In addition, the subsidiary monitors its liquidity risk based on regulations relating to the maintenance of liquid assets to handle a severe liquidity crisis situation (Liquidity Coverage Ratio: LCR), which is based on the assumption that total cash inflows and outflows reflect the differing withdrawal behaviors of various counterparties and both on and off-balance sheet items, which are affected by different cash flow indicators. The assumptions also reflect the business group structure, which may require the Group's commercial banks to provide liquidity assistance in the event of a severe and continuous cash outflow crisis. Therefore, the subsidiary sets risk limits in order to monitor liquidity risk levels and maintain them within appropriate levels, and enable the subsidiary to maintain appropriate amounts of liquid assets and efficiently cope with fluctuations in cash inflows and outflows.

The periods to maturity, counting from the financial position dates, of financial instruments outstanding as at 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

Transactions	Consolidated financial statements					
	31 December 2021					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	717,883	-	-	-	-	717,883
Interbank and money market items	3,258,323	30,795,000	-	-	-	34,053,323
Financial assets measured at fair value						
through profit or loss	-	-	-	-	117,908	117,908
Derivative assets	-	46,236	117,756	-	-	163,992
Investments	-	6,494,253	20,490,120	8,099,925	18,655,406	53,739,704
Loans to customers ⁽¹⁾	9,022,280	66,109,975	54,931,202	46,939,036	1,785,939	178,788,432
Securities business receivables						
- cash accounts	-	242,706	-	-	-	242,706
Financial liabilities						
Deposits	97,551,505	88,259,382	6,683,183	5,265	-	192,499,335
Interbank and money market items	1,275,435	17,007,020	894,408	-	-	19,176,863
Liabilities payable on demand	189,544	-	-	-	-	189,544
Derivative liabilities	-	33,520	-	-	-	33,520
Debts issued and borrowings	-	9,502,195	-	2,400,000	-	11,902,195
Lease liabilities	-	229,757	419,200	-	-	648,957
Payables to Clearing House	-	60,306	-	-	-	60,306
Securities business payables	-	206,706	-	-	-	206,706

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.



(Unit: Thousand Baht)

Transactions	Consolidated financial statements					
	31 December 2020					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	801,515	-	-	-	-	801,515
Interbank and money market items	5,745,548	26,615,000	-	-	-	32,360,548
Financial assets measured at fair value through profit or loss	-	-	-	-	26,780	26,780
Derivative assets	-	135,796	276,661	-	-	412,457
Investments	-	8,743,754	16,674,521	11,671,790	18,768,702	55,858,767
Loans to customers ⁽¹⁾	9,163,767	48,753,368	50,827,969	51,501,777	1,129,516	161,376,397
Securities business receivables - cash accounts	-	157,526	-	-	-	157,526
Financial liabilities						
Deposits	91,692,491	82,183,264	8,838,774	5,310	-	182,719,839
Interbank and money market items	1,964,859	8,657,729	1,714,188	-	-	12,336,776
Liabilities payable on demand	949,585	-	-	-	-	949,585
Derivative liabilities	-	228,458	-	-	-	228,458
Debts issued and borrowings	-	5,151,431	6,320,445	-	-	11,471,876
Lease liabilities	-	275,313	515,678	43,091	-	834,082
Securities business payables	-	274,217	-	-	-	274,217

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.

(Unit: Thousand Baht)

Transactions	Separate financial statements					
	31 December 2021					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	9	-	-	-	-	9
Interbank and money market items	9,666	-	-	-	-	9,666
Investments	-	-	-	-	7,411,374	7,411,374
Financial liabilities						
Interbank and money market items	118,000	-	-	-	-	118,000
Debts issued and borrowings	-	6,700,000	-	-	-	6,700,000
Lease liabilities	-	6,495	12,991	-	-	19,486

(Unit: Thousand Baht)

Transactions	Separate financial statements					
	31 December 2020					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	10	-	-	-	-	10
Interbank and money market items	10,755	-	-	-	-	10,755
Investments	-	-	85,269	-	7,424,819	7,510,088
Financial liabilities						
Interbank and money market items	745,000	-	-	-	-	745,000
Debts issued and borrowings	-	4,100,000	2,400,000	-	-	6,500,000
Lease liabilities	-	6,496	19,486	-	-	25,982



In addition, as at 31 December 2021 and 2020, the subsidiary, which operates banking business, had the following commitments as summarised by the periods to maturity, counting from the financial report dates, of the contracts:

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2021			31 December 2020		
	Not over	Over	Total	Not over	Over	Total
	1 year	1 year		1 year	1 year	
Avals to bills	28,188	-	28,188	96,303	10,000	106,303
Liabilities under unmatured						
import bills	165,339	-	165,339	141,047	-	141,047
Letters of credit	414,448	-	414,448	228,952	-	228,952
Undrawn bank overdrafts	4,801,974	-	4,801,974	4,607,470	-	4,607,470
Guarantee - others	4,675,284 ⁽¹⁾	1,413,644	6,088,928	4,721,477 ⁽¹⁾	494,046	5,215,523
Other commitments	-	25,428,178	25,428,178	-	28,647,558	28,647,558

⁽¹⁾ As at 31 December 2021 and 2020, these amounts included contracts with no maturity date amounting to Baht 2,778 million and Baht 2,474 million, respectively.

48. Fair value of financial instruments

48.1 Financial assets and liabilities measured at fair value

As at 31 December 2021 and 2020, the Group had financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at fair value through profit or loss	117,908	117,908	-	-	117,908
Derivative assets	163,992	-	163,992	-	163,992
Investments in debt instruments measured at fair value through other comprehensive income	34,881,957	-	34,881,957	-	34,881,957
Investments in equity instruments designated at fair value through other comprehensive income	18,655,406	18,639,036	-	16,370	18,655,406
<u>Financial liabilities</u>					
Derivative liabilities	33,520	-	33,520	-	33,520



(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets measured at fair value through profit or loss	26,780	26,780	-	-	26,780
Derivative assets	412,457	-	412,457	-	412,457
Investments in debt instruments measured at fair value through other comprehensive income	36,887,789	-	36,887,789	-	36,887,789
Investments in equity instruments designated at fair value through other comprehensive income	18,768,702	18,752,343	-	16,359	18,768,702
<u>Financial liabilities</u>					
Derivative liabilities	228,458	-	228,458	-	228,458

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Investments in equity instruments designated at fair value through other comprehensive income	7,411,374	7,411,374	-	-	7,411,374

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Investments in debt instruments measured at					
fair value through other comprehensive income	85,206	-	85,206	-	85,206
Investments in equity instruments designated at					
fair value through other comprehensive income	7,424,819	7,424,819	-	-	7,424,819

During the current year, the methods and assumptions used by the Group in estimating the fair value of financial instruments have not been changed and no transfers are made between the fair value hierarchy.



48.2 Financial assets and liabilities for which fair values are disclosed

As at 31 December 2021 and 2020, the Group had financial assets and liabilities that were measured at cost, and for which fair values were disclosed using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	717,883	717,883	-	-	717,883
Interbank and money market items - net	34,055,966	2,789,959	-	31,297,290	34,087,249
Loans to customers - net	171,817,345	-	1,673,338	169,841,275	171,514,613
Securities business receivables - cash accounts	242,706	-	242,706	-	242,706
<u>Financial liabilities</u>					
Deposits	192,499,335	95,940,995	96,533,837	-	192,474,832
Interbank and money market items	19,176,863	975,434	18,202,046	-	19,177,480
Liabilities payable on demand	189,544	189,544	-	-	189,544
Debts issued and borrowings	11,902,195	1,658	11,768,858	-	11,770,516
Lease liabilities	648,957	-	620,670	-	620,670
Payables to Clearing House	60,306	-	60,306	-	60,306
Securities business payables	206,706	-	206,706	-	206,706

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	801,515	801,515	-	-	801,515
Interbank and money market items - net	32,367,362	2,822,703	-	29,529,059	32,351,762
Loans to customers - net	156,216,695	-	1,125,249	155,242,169	156,367,418
Securities business receivables - cash accounts	157,526	-	157,526	-	157,526
<u>Financial liabilities</u>					
Deposits	182,719,839	91,238,678	91,510,768	-	182,749,446
Interbank and money market items	12,336,776	1,764,859	10,575,900	-	12,340,759
Liabilities payable on demand	949,585	949,585	-	-	949,585
Debts issued and borrowings	11,471,876	5,976	11,456,059	-	11,462,035
Lease liabilities	834,082	-	796,048	-	796,048
Securities business payables	274,217	-	274,217	-	274,217



(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	9	9	-	-	9
Interbank and money market items - net	9,666	9,666	-	-	9,666
<u>Financial liabilities</u>					
Debts issued and borrowings	6,700,000	-	6,683,839	-	6,683,839
Lease liabilities	19,486	-	18,500	-	18,500

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	10	10	-	-	10
Interbank and money market items - net	10,755	10,755	-	-	10,755
<u>Financial liabilities</u>					
Interbank and money market items	745,000	-	745,035	-	745,035
Debts issued and borrowings	6,500,000	-	6,437,950	-	6,437,950
Lease liabilities	25,982	-	24,009	-	24,009

The Group estimates fair values for financial instruments as follows:

- For financial assets and liabilities which have short-term maturities, including cash, securities business receivables - cash accounts, liabilities payable on demand, payables to Clearing House and securities business payables, the carrying value in the statement of financial position approximates their fair value.
- The fair value of investments in debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association.
- The fair value of investments in non-marketable equity instruments is calculated using discounted future cash flows techniques and/or determined by comparing with information of similar companies.



- (d) The fair value of loans to customers and interbank and money market items (assets) that bear floating interest rates is assumed to approximate their carrying values, net of allowance for expected credit losses. The fair value of loans to customers and interbank and money market items (assets) that bear fixed interest rates is the present value of the expected future cash flows, discounted by the interest rates which the subsidiary offers on similar loans.
- (e) The fair value of deposits and interbank and money market items (liabilities) that are payable on demand or bear floating interest rates is assumed to approximate their carrying values. The fair value of deposits and interbank and money market items (liabilities) that bear fixed interest rates is determined by discounting the expected future cash flows at the subsidiary's announced interest rates for instruments having similar characteristics.
- (f) The fair value of derivatives is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty's credit risk.
- (g) The fair value of debts issued and borrowings that are both subordinated and unsubordinated debentures is determined using yield rates quoted by Thai Bond Market Association. The fair value of debts issued and borrowings that bear fixed interest rates is determined by discounting the expected future cash flows by market interest rates on borrowings with similar conditions.
- (h) The fair value of lease liabilities is determined by discounting the expected future cash flows by the Group's incremental borrowing rate with similar conditions.

49. Events after the reporting period

On 25 February 2022, the Board of Directors' Meeting No.2/2565 of the Company passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval a 2021 dividend payment in cash of Baht 0.04 per share, or a total of not more than Baht 847 million from its operating results for the year ended 31 December 2021. The Company already paid an interim dividend payment from its operating results for six-month period ended 30 June 2021, at a rate of Baht 0.03 per share, or a total of Baht 635 million, on 27 September 2021. The Company will therefore pay the remaining cash dividend of Baht 0.01 per share, or not exceeding Baht 212 million.

50. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2022.



Annexes Disclosed on the Website

- Annex 1** Profiles of Directors, Executives, Controller, Chief Financial Officer, Head of Accountant and Company Secretary
- Annex 2** Positions of Directors and Management of the Company and its Subsidiaries in the Company, its Affiliates, Associated Companies and Connected Companies
- Annex 3** Profile of Head of Internal Audit and Head of Compliance
- Annex 4** Assets Used in Business and Details of Asset Appraisal
- Annex 5** Policy and Guideline for Corporate Governance and Code of Conduct and Ethics (Full Version)
- Annex 6** Board of Directors' Responsibilities for Financial Report and Sub-Committees' Reports



For further information, please visit www.lhfg.co.th /Investor Relations/
Publications/ Annual Report/ Annual Registration Statement (Form 56-1).



Branch Information

Land and Houses Bank Public Company Limited



www.lhfg.co.th



LH Bank

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☎ 0 2359 0000



Branch Information





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