



บริษัท แอล เอช ไฟแนนซ์เชียล กรุ๊ป จำกัด (มหาชน)
LH FINANCIAL GROUP PUBLIC COMPANY LIMITED

Annual Report
Form 56-1
One Report
2022

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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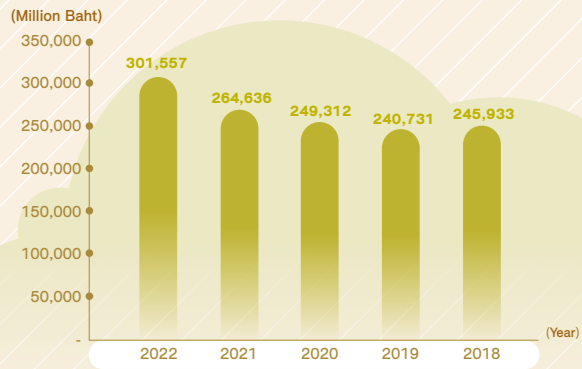
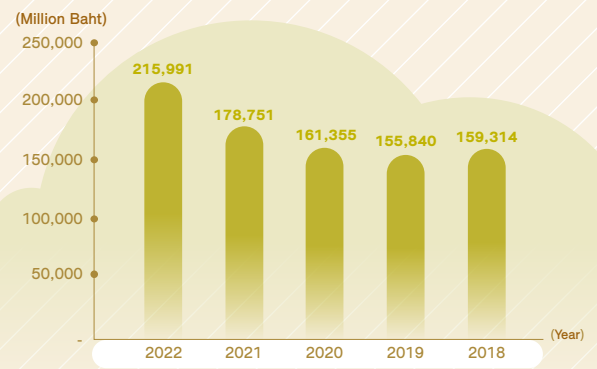
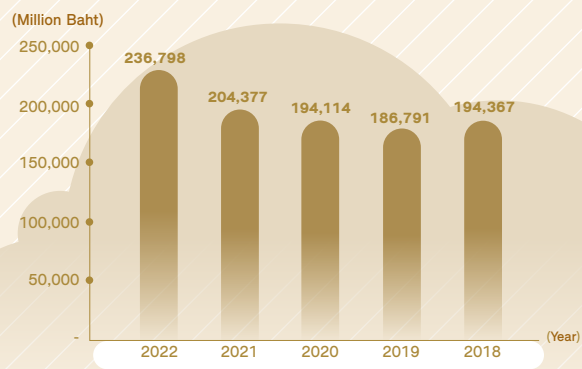
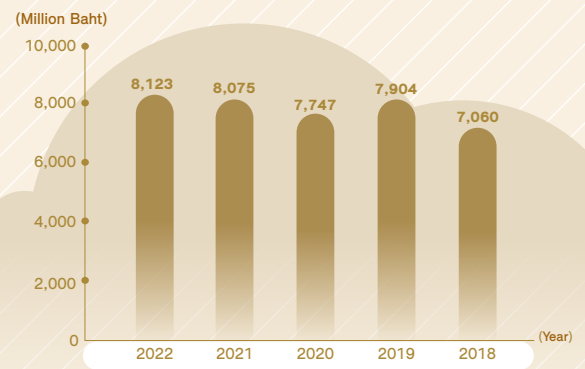
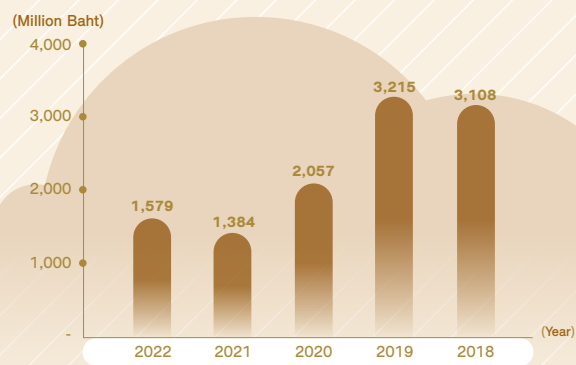
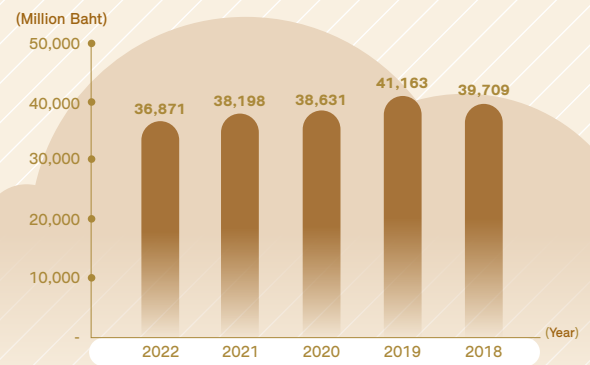
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Sustainable Growth



Financial Highlights

Items	Consolidated Financial Statements				
	2022	2021	2020	2019	2018
Statements of financial position : Million Baht					
Total assets	301,557	264,636	249,312	240,731	245,933
Loans to customers	215,991	178,751	161,355	155,840	159,314
Allowance for expected credit losses (Allowance for doubtful accounts)	11,663	8,941	6,014	4,017	3,801
Non-performing loans (Gross NPLs)	5,248	5,133	5,392	2,778	3,520
Deposits	231,408	192,499	182,720	164,985	168,164
Debts issued and borrowings	5,390	11,878	11,394	21,806	26,203
Total liabilities	264,686	226,438	210,681	199,568	206,224
Owners' equity	36,871	38,198	38,631	41,163	39,709
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	8,724	7,770	7,855	8,643	8,500
Interest expenses	(2,529)	(2,331)	(3,129)	(4,157)	(3,695)
Net interest income	6,195	5,439	4,726	4,486	4,805
Non-interest income	1,928	2,636	3,021	3,418	2,255
Total operating income	8,123	8,075	7,747	7,904	7,060
Non-interest expenses	(3,590)	(3,223)	(2,997)	(3,005)	(2,768)
Expected credit losses (Bad debts and doubtful accounts)	(2,703)	(3,275)	(2,304)	(1,093)	(570)
Profits before income tax	1,830	1,577	2,446	3,806	3,722
Net profits	1,579	1,384	2,057	3,215	3,108
Ratio per share : Baht					
Basic earnings per share	0.075	0.066	0.098	0.152	0.147
Dividend payout ratio per share	0.0100	0.0400	0.0400	0.0800	0.0800
Book value per share	1.7405	1.8032	1.8467	1.9431	1.8745
Financial ratio (%)					
Return on assets (ROA)	0.58	0.54	0.84	1.32	1.30
Return on owners' equity (ROE)	4.24	3.60	5.16	7.95	7.94
Non-interest income to total income	23.74	32.65	39.00	43.24	31.94
Non-interest expenses to total income	44.20	39.91	38.69	38.02	39.21
Dividend payout ratio	58.66	62.02	85.25	69.58	78.18

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 have been certified as members of Thailand's Private Sector Collective Action Coalition Against Corruption.



โดย สมาคมส่งเสริมธุรกิจไทย

Investors' Choice Award

The company was awarded the Investors' Choice Award 2022 from the quality assessment of annual general meeting of shareholders assessed by the Thai Investor Association with full score of 100 for the 10th consecutive year.



Corporate Governance Assessment

The company has received the "excellent" score with 5 Stars for the 8th consecutive year from the Corporate Governance Report of Thai Listed Companies 2022 from the Thai Institute of Directors.



Thailand Sustainability Investment

The company was selected to be listed in Thailand Sustainability Investment (THSI) 2022 by The Stock Exchange of Thailand.



Quality Assessment of Annual General Meeting of Shareholders

The company received a full score of 100 for the 10th consecutive year from the quality assessment of the Annual General Meeting of Shareholders in 2022 by Thai Investors Association.





Sustainability Disclosure Recognition

The company received the Sustainability Disclosure Recognition for the year 2022 by Thaipat Institute.



Carbon Neutral Certificate

The company received the Carbon Neutral Certificate after it had succeeded in offsetting corporate carbon footprint of 2,155 tons of carbon dioxide equivalent (tCO₂e) by Thailand Greenhouse Gas Management Organization (Public Organization).



Carbon Footprint for Organization

The company was granted the certificate of Carbon Footprint for Organization, leading to explicit guidelines to effectively reduce the organization's greenhouse gas emissions by Thailand Greenhouse Gas Management Organization (Public Organization).



Message from Chairman



In 2022, the Thai economy showed the signs of improvement with a myriad of supporting factors, especially a recovery in private consumption and tourism sector as the COVID-19 pandemic eased and the international travel restrictions were relaxed, resulting in a rising number of foreign tourist arrivals.

The trends for 2023, Thai economy will continue its recovery path, buoyed by a continued recovery in the tourism sector, sound expansion in private consumption and increasing private investment, mainly in machinery and construction. Meanwhile, the export sector is expected to grow at a slower pace in accordance with a slowdown in demand from the major partner countries. However, there are other downside risks to Thailand's economic recovery that must be monitored, such as concerns about the recovery of household income and vulnerable business sectors; tightening monetary policy in major countries, particularly the United States and the European Union; and geopolitical risks stemming primarily from the ongoing conflict between Russia and Ukraine that may cause food and energy insecurity and global supply chain shortages.

In 2022, the financial business group, LH Financial Group Public Company Limited had an outstanding performance with profit growth of 14 Percent YoY, while asset also grew at the same rate mainly from 21 Percent loan growth, reflecting financial stability and continued expansion. The company received multiple awards reflecting its well-balanced business operations and continuous commitment to a better society. Awards and recognitions are as follows:

● **Quality Assessment of the Annual General Meeting of Shareholders**

Having been graded a full score of 100 points in the quality assessment for the 2022 Annual General Meeting of Shareholders for the 10th consecutive year by the Thai Investors Association, the company won the **Investors' Choice Awards**.

● **Good Corporate Governance of Listed Companies 2022**

The company received the "excellent" score of 95 with 5 Stars for the 8th consecutive year from the Corporate Governance Survey Report of Thai Listed Companies 2022 by Thai Institute of Directors.

● **Sustainability Disclosure Recognition 2022**

Hosted by Thaipat Institute.

● **Carbon Neutral Certificate**

The company received the Carbon Neutral Certificate after offsetting corporate carbon footprint of 2,155 tons of carbon dioxide equivalent.

● **Certificate of Carbon Footprint for Organization**

Land and Houses Bank Public Company Limited has a vision to be a bank that delivers great experiences to customers beyond their expectations through innovations, products, services and advisory with quality. In 2023, key strategies of the bank are to grow high yield portfolio with balanced risk management, expand customer bases, cross sell products of the financial business group, enhance digital capabilities, digital transformation and effective work processes by applying technologies and data analytics. The bank places the importance on sustainable banking by focusing on sustainable growth by conducting business with the accountabilities on environmental, society and governance together with good corporate governance principles. Moreover, the bank also provides continued assistance to customers affected by COVID-19 pandemic so that they can continue their businesses, which will result in better economy for the country.

Land and Houses Fund Management Company Limited has developed investment system for provident fund members according to their life path, online account opening to facilitate private fund's clients. In 2023, the world economic cycle may experience recession in some periods, especially in developed market while the emerging market may have a positive impact. It would be a good year to expand the fund services to institutional clients.

Land and Houses Securities Public Company Limited is moving forwards according to its strategic plan by focusing on digital capability enhancement, adding more service channel via digital platform to facilitate and secure client's investments, product varieties and customer base, and exploring new business opportunities among corporate customers based on financial expertise combined with the strengths LH Financial Group Public Company Limited financial business group.

The Board of Directors gives the top priority to good corporate governance and transparent management, and encourages the company to adhere to the compliance guidelines on market conduct and Personal Data Protection Act (PDPA). 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 LH Financial Group Public Company Limited financial business group.



(Dr. Vorapol Socratyanurak)
Chairman

Message from President



Land and Houses Financial Business Group is committed to driving sustainable business growth in accordance with good corporate governance principles, coupled with accountability to shareholders, societies and all stakeholders while supporting diverse customers to achieve continuous business growth, successful investments and better living.

2022 was another challenging year caused by the lingering COVID-19, inflation, rising interest rate and the resulting economic uncertainties. Despite tough circumstances, we have pressed ahead at full steam to pursue new business opportunities. With continuing support from CTBC Bank, Taiwan's largest private bank,

which is the parent company of Land and Houses Financial Business Group, our business growth, customer diversification as well as new product development have been pushed further. We continue to enhance quality trade finance and foreign exchange services, and develop digital platforms to extend our financial and investment services to our customers more efficiently and intelligently. We have been expanding our footprints in retail banking to support home buyers and satisfy financing and investment needs of growing mid-income class. In addition, we also place more focus on SMEs that need some funds and increase their investment opportunities, and will launch new digital channels for their easy access to all of our services.

In 2022, the company received multiple awards reflecting its well-balanced business operations and continuous commitment to a better society. Among them is the inclusion into the 2022 Thailand Sustainability Investment (THSI) list of the Stock Exchange of Thailand for the 2nd consecutive year, underscoring the company's achievements in the pursuance of sustainable business development and its commitments to the Environmental, Social and Governance (ESG) principles and its engagement in greenhouse gas emission reduction. Other awards and recognitions are as follows:

● **Quality Assessment of the Annual General Meeting of Shareholders**

Having been graded a full score of 100 points in the quality assessment for the 2022 Annual General Meeting of Shareholders for the 10th consecutive year by the Thai Investors Association, the company won the **Investors' Choice Awards**.

● **Good Corporate Governance of Listed Companies 2022**

The company received the "excellent" score of 95 with 5 Stars for the 8th consecutive year from the Corporate Governance Survey Report of Thai Listed Companies 2022 by Thai Institute of Directors (IOD).

● **Sustainability Disclosure Recognition**

Hosted by Thaipat Institute, the Sustainability Disclosure Recognition 2022 award is based on the information disclosure on environmental, social and governance (ESG) to public and stakeholders.

● **Carbon Neutral Certificate**

The company received the Carbon Neutral Certificate after offsetting corporate carbon footprint of 2,155 tons of carbon dioxide equivalent.

● **Certificate of Carbon Footprint for Organization**

The company received the Certificate of Carbon Footprint for Organization which led to explicit guidelines to effectively reduce the organization's greenhouse gas emissions.

Business developments of Land and Houses Financial Business Group address not only the economic and financial dimensions but also the social and environmental aspects in which we are always aware of the effects of climate change. A wide variety of green financial products and services is then introduced. We have been actively promoting educational initiatives by offering the 'LH Bank Scholarship' project for five years in a row, allowing disadvantaged children to continue their study until high school and launching the 'Library Renovation' project to nurture reading habits of young students and help cultivate a learning environment.

Land and Houses Financial Business Group will continue developing its businesses profitably in accordance with the corporate governance principles and for the best interest of shareholders, partners, customers and all stakeholders in order to become a leading and reputable financial business group.



(Mr. Shih, Jiing-Fuh)
President

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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. Business 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 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 “Negative” 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

Mission

- 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 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 realize that the core values have 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. CDAA is the core values including C: Customer Centric, D: Dynamic and A: Accountability A: Adaptability.

C : Customer Centric

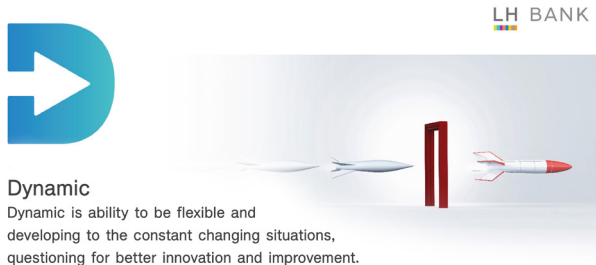
Customers are the center, we have to understand their needs, develop products and services to truly address them.



LH BANK

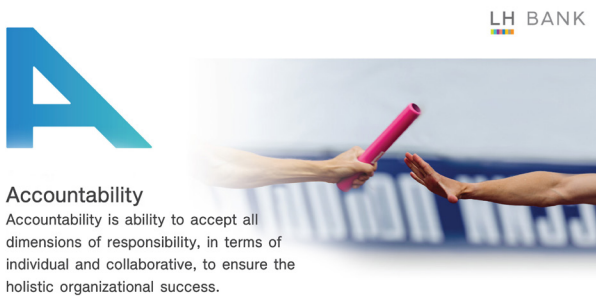
D : Dynamic

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



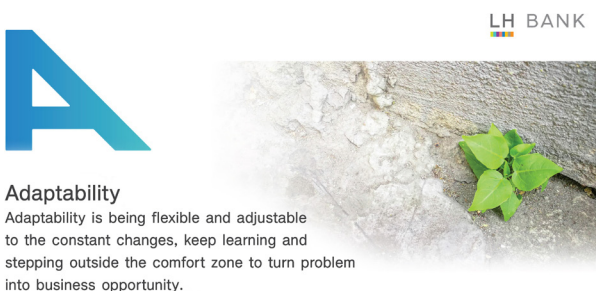
A : Accountability

Have a sense of ownership and responsibilities for all dimensions not only in your own department but collaboration with others to achieve the goal.



A : Adaptability

To have the ability to efficiently and flexibly adapt to the changing environment, dare to try and learn new things, see the problems and create business opportunity from them.



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 via LH Bank M Choice and investment application via Profita, 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 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 "Negative" 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

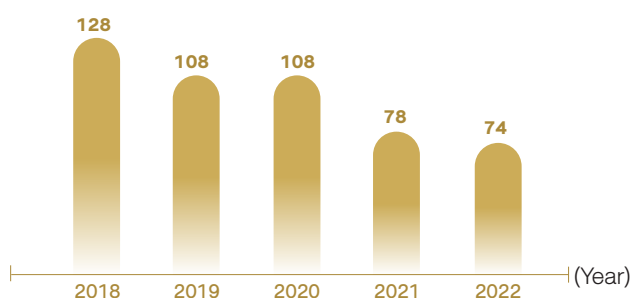
- Innovate and develop financial products and services through deep understanding of all customers' needs in order to address them comprehensively
- To be a bank with quality and sustainable growth, customer centricity and ability to promptly deal with changes
- Create a good work environment with happiness, 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 2022, Land and Houses Bank Public Company Limited had the total 74 branches, decreased by 4 branches in 2021 as follows:

- Bangkok and its vicinity 35 branches
- Regional branches 39 branches

Number of the Bank's 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 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 the end of the day. 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.

● **Pro-Fit Digital Savings** is a savings account 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. To open accounts, customers just need to perform 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 for customers 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 campaigns to give them a pay back 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, etc. 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 or liquidity support, expansion of production capacity, 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 or liquidity support, expansion of production capacity, 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 customers. Once the customers 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 guaranteed 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.
- **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 customers' liquidity support.

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:

- **Financial services and investments through application** is one of the services that enable quick and convenient business transaction at any day, anywhere anytime.

1. Profita investment application - Investment at the palm of your hand

- Open an account to trade mutual funds online anywhere anytime by doing e-KYC at any counter service of 7-Eleven stores nationwide or verifying identity via NDID through the bank's or other banks' applications

- Support buy-sell orders/switch funds with other leading fund management companies 24 hours

- One-stop-shop for information, fund news update and Morningstar rating. Investors can compare up to 15 funds at the same time

- Able to set stop loss alert when investment reaches limit

- Robo Advisor supports investments such as:
 - To assist in achieving various life goals through investment such as retirement

- To assist in achieving the desirable investment growth. Besides, the automatic management of investment portfolio helps investors who have not much knowledge on investment or investors who do not have any advisor to be able to professionally plan and manage their portfolio.



2. Mobile Banking (LH Bank M Choice)

- Money transfer and bill payment services
- Cardless ATM through SCB and BAAC ATM machine nationwide
- Easy payment of premium installments on MTL application through M Choice



- **Internet Banking Services for Juristic Person (LH Bank Speedy)** is a service to facilitate corporate customers' financial transactions, make them possible every day, anywhere 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 also be 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 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, 2022, the bank had 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 ATMs.

- **Cash Management Service** is a convenient and fast financial service for businesses which helps reduce paperwork and administrative costs and 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

- 1.1 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 builds a life portfolio to grow wealthy and build confidence to customers in every investment situation with life protection of 15 years.

- 1.2 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.

1.3 Extra 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

1.4 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.

1.5 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 include:

Chubb Samaggi Insurance Public Company Limited

Syn Mun Kong Insurance Public Company Limited

Dhipaya Insurance Public Company Limited
Allianz Ayudhya General Insurance Public Company Limited

The Deves Insurance Public Company Limited

Thaisri Insurance Public Company Limited
Charan Insurance Public Company Limited
Krungthai Panich 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
- Travel Insurance
- First Class Car Insurance: Best Drive
- First Class Car Insurance
- Second Class Car Insurance
- Third Class Car Insurance
- Compulsory Car Insurance, Personal

Accident Insurance Act

- **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 fixed income fund, equity fund and tax-benefit fund. The names of fund management companies are as follows:

- Land and Houses Fund Management Company Limited (LH Fund)

- 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 all 7-Eleven shops. 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 base 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 Product 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

On October 2022, International Monetary Fund (IMF) reported that Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow down from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023.

However, the company sees the risk in 2023 decreasing from the previous year, both in terms of economic outlook and investment volatility. The rise in global inflation in 2022 was starting to slow down since various control measures have been relaxed together with gradual reopening which led to an increase in tourism activities in various countries and economic activities began to return to a more balanced level. It is expected to visualize the recovery of Thai economy in the second half of 2023. Thailand's equity market may be under pressure from internal factors such as disappointed economic expansion, political uncertainty, securities taxation, and money outflows from LTF funds, which may create volatility in the market throughout the year 2023.

Business Targets

For 2023 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 to facilitate customers while reaching out more target groups. The company aims to provide a wider range of mutual fund products, especially fixed income mutual funds 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 operated 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 places the emphasis on operating business according to good corporate principles, prevention of corruption payment, enhancing sound risk management including CSR activities. The company's core businesses include:

- 1) Securities Brokerage Business
- 2) Derivatives Brokerage Business
- 3) Underwriting Business
- 4) Securities Dealing (Fixed Income Business)
- 5) Securities Borrowing and Lending Service and,
- 6) Fund Selling Agent Service

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
- Encourage our teams with new learning opportunities and develop the skills to create incentives and retain valued employees

Business Overview

● Securities Brokerage Service

The company provides brokerage services for securities registered on SET and MAI for individuals and institutional customers both domestic and overseas. There are 3 types of accounts as follows:

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

Customers can make trading transactions via 2 channels, including through an investment consultant or through an internet trading platform with supporting tools such as technical analysis tools and various investment information services, so that they have sufficient information to make a decision. Customers can find news, investment information, stock price movements, and send trading orders from anywhere anytime using a PC, tablet, or smart phone.

The company has a policy on customer selection and a guideline for securities trading limit by considering the following factors.

1. Individual is considered from his/her financial status, occupation, age, source of income, knowledge, understanding of securities investment and ability to take risk (Suitability Test) by considering relevant documents such as copy of ID card, statements and other financial reports.

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

Customers must complete a Know Your Client (KYC) and suitability test to identify themselves, and the company will then evaluate the risk and regularly review the trading limit.

● 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 as follows:

- SET50 Index Futures
- Gold Futures
- Gold Online Futures
- Interest Rate Futures
- USD Futures
- Japanese Rubber Futures
- SET50 Index Options
- Gold D Futures
- Single Stock Futures
- Sector Index Futures
- Silver Online 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.

● Underwriting Business

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

● Fund Selling Agent Business

Fund selling agent service is a property management service as assigned by the customer. The investment framework will be set according to the objectives of each client and comply with acceptable risks through investing 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 staff who have expertise in investment and tax planning. The company's services are based on the best interests of the customers by paying attention to prevent the conflicts of interest and insider information control so as to prevent any advantages over the investment of the company and investment of clients.

At present, 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 that are selling agents. Just only opening an account with the company, customers can manage their transactions and investment units with available fund management companies. This helps eliminate the complicated processes of preparing documents and handling transactions so that customers can better manage their portfolios.

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, property fund. These types of funds require customers to disclose their names in order to comply with tax requirements by regulators.

• Debt Instrument Business

Debt Instrument Business, the company is a member of Thai Bond Market Association (ThaiBMA), Investors can open an account for fixed income trading together with securities trading account. The company has professionals to advise and support services of fixed income securities so that customers receive satisfactory returns.

• Securities Borrowing and Lending Business

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

The company has a policy for securities borrowing as principal by providing the service for retail customers and institutional customers as well as securities companies that borrow or lend under SBL account. These securities have high liquidity, high market capitalization and solid infrastructure.

Factors Influencing Opportunities or Constraints on Business Operations in 2023

The stock market is expected to remain highly volatile in 2023 as a result of the high uncertainty in the global economy, slowing economic growth, the direction of inflation, and the direction of monetary policy of various central banks to deal with the persistent problem of inflation and geopolitical risks, combined with a slowdown in listed company performance due to rising financial costs and slowing demand from trading partner countries. It is likely to be a risk factor in the operations of financial institutions.

However, if we look at the Thai stock index target for the end of 2023, it should be at 1,800 points, thanks to the main supporting factor of the Thai economy's recovery from the country's opening to tourists and the gradual resumption of economic activities, including the gradual opening of China's countries, which helps boost Thai GDP and mitigate the impact of the slowdown in exports. Moreover, the inflation situation has passed the critical point, eliminating the need to accelerate interest rates as quickly and strongly as other countries. And continuous government measures to stimulate the economy in 2023, which will help stimulate the Thai economy to be more active than before, and if the dollar starts to weaken, it will encourage foreigners to invest in the Thai stock market even more.

Business Targets in 2023

In 2023, the company has goals in 4 aspects as follows:

1. Financial : Generate income from core business according to the target coupled with effective management of operating cost

2. Customer and Product : To continuously expand the customer base with a focus on new generation customers, using digital channels and statistical data analytics to increase competitiveness and use for investment product development to be diverse and suitable for the volatile investment market conditions.

1. Technology development and new services to provide customers with a good journal and service (Customer Experience)

2. Develop investment product and enhance the quality of investment advisory by using and analyzing in-depth data to generate revenue from non-brokerage fee income

3. Expand the potential of research papers and,

4. Continue to focus on digital marketing.

3. Technology : Focusing on information technology development in order to transform into a full-service digital company in order to serve customers quickly, comfortably, and safely. Furthermore, the organization's operating paradigm has been adjusted, with a focus on the use of technology to help reduce the cost and speed up the process of making customer transactions.

4. Personnel : Encourage relationship manager to have a mindset in line with the business target to achieve the goal together, and improve the skill of relationship manager and equip new method of working in this new normal in office amid digital age as well as equip our personnel with knowledge and understanding of investment products and services to provide proper advice.

(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 2022, 2021 and 2020 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 2022		31 December 2021		31 December 2020	
			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	8,612.15	106.01	7,693.57	95.27	7,820.13	100.94
Fund management business	LH Fund ³	99.99	-	-	-	-	-	-
Securities business	LH Securities ⁴	99.90	111.79	1.38	76.11	0.94	35.26	0.46
Advisory business	LH Advisory ⁵	99.99	-	-	-	-	-	-
Total interest income			8,723.94	107.39	7,769.68	96.21	7,855.39	101.40
Total interest expenses			(2,529.12)	(31.13)	(2,330.59)	(28.86)	(3,129.66)	(40.40)
Net interest income			6,194.82	76.26	5,439.09	67.35	4,725.73	61.00
Fees and service income								
Banking business	LH Bank	99.99	322.21	3.97	269.50	3.34	254.57	3.28
Fund management business	LH Fund	99.99	439.57	5.41	696.83	8.63	477.04	6.16
Securities business	LH Securities	99.90	196.08	2.41	236.64	2.93	179.87	2.32
Advisory business	LH Advisory	99.99	-	-	-	-	-	-
Total fees and service income			957.86	11.79	1,202.97	14.90	911.48	11.76
Total fees and service expenses			(205.00)	(2.52)	(347.51)	(4.30)	(183.92)	(2.37)
Net fees and service income			752.86	9.27	855.46	10.60	727.56	9.39
Total other income			1,175.64	14.47	1,780.78	22.05	2,294.02	29.61
Total operating income			8,123.32	100.00	8,075.33	100.00	7,747.31	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 2022, 2021 and 2020 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 2022		31 December 2021		31 December 2020	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Interest income						
Loans to customers	7,528.33	92.67	6,426.31	79.58	6,214.60	80.22
Investments in debt securities	777.85	9.58	908.11	11.24	1,222.86	15.78
Interbank and money market items	407.27	5.01	432.05	5.35	411.15	5.31
Hire Purchase	5.38	0.07	2.59	0.03	6.10	0.08
Others	5.11	0.06	0.62	0.01	0.68	0.01
Total interest income	8,723.94	107.39	7,769.68	96.21	7,855.39	101.40
Interest expenses						
Deposits	(1,696.33)	(20.88)	(1,532.16)	(18.97)	(2,118.91)	(27.35)
Debts issued	(159.55)	(1.96)	(279.74)	(3.46)	(454.35)	(5.87)
Interbank and money market items	(167.67)	(2.06)	(35.86)	(0.45)	(87.04)	(1.12)
Contributions to the Deposit Protection Agency and the Bank of Thailand	(486.19)	(5.99)	(461.40)	(5.71)	(447.92)	(5.78)
Others	(19.38)	(0.24)	(21.43)	(0.27)	(21.44)	(0.28)
Total interest expenses	(2,529.12)	(31.13)	(2,330.59)	(28.86)	(3,129.66)	(40.40)
Net interest income	6,194.82	76.26	5,439.09	67.35	4,725.73	61.00
Fees and service income						
Acceptances, avals and guarantees	62.67	0.77	54.20	0.67	40.54	0.52
Brokerage fee income	364.23	4.48	376.06	4.66	291.57	3.76
Others	530.96	6.54	772.71	9.57	579.37	7.48
Total fees and service income	957.86	11.79	1,202.97	14.90	911.48	11.76
Fees and service expenses						
Fees and charges	(78.28)	(0.96)	(64.38)	(0.80)	(58.76)	(0.76)
Others	(126.72)	(1.56)	(283.13)	(3.50)	(125.16)	(1.61)
Total fees and service expenses	(205.00)	(2.52)	(347.51)	(4.30)	(183.92)	(2.37)
Net fees and service income	752.86	9.27	855.46	10.60	727.56	9.39
Other income						
Gains on investments	-	-	155.65	1.93	833.92	10.77
Gains (losses) on financial instruments measured at fair value through profit or loss	(9.38)	(0.12)	(6.81)	(0.08)	44.36	0.57
Other operating income	1,185.02	14.59	1,631.94	20.20	1,415.74	18.27
Total other income	1,175.64	14.47	1,780.78	22.05	2,294.02	29.61
Total operating income	8,123.32	100.00	8,075.33	100.00	7,747.31	100.00

1. Net Interest Income

Interest income consists of incomes from loans to customers, investments in debt instruments, interbank and money market items hire purchase and other interest incomes. In 2022, the company and its subsidiaries had interest income amounting to Baht 8,723.94 million, increased by Baht 954.26 million or 12.28% from 2021.

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 2022, the company and its subsidiaries had interest expenses amounting to Baht 2,529.12 million, increased by Baht 198.53 million or 8.52% from 2021.

Net interest income is of Baht 6,194.82 million or 76.26% of total operating income. Net interest income increased by Baht 755.73 million or 13.89% from 2021.

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 2022, the company and its subsidiaries had fees and service income amounting to Baht 957.86 million, decreased by Baht 245.11 million or 20.38% from 2021.

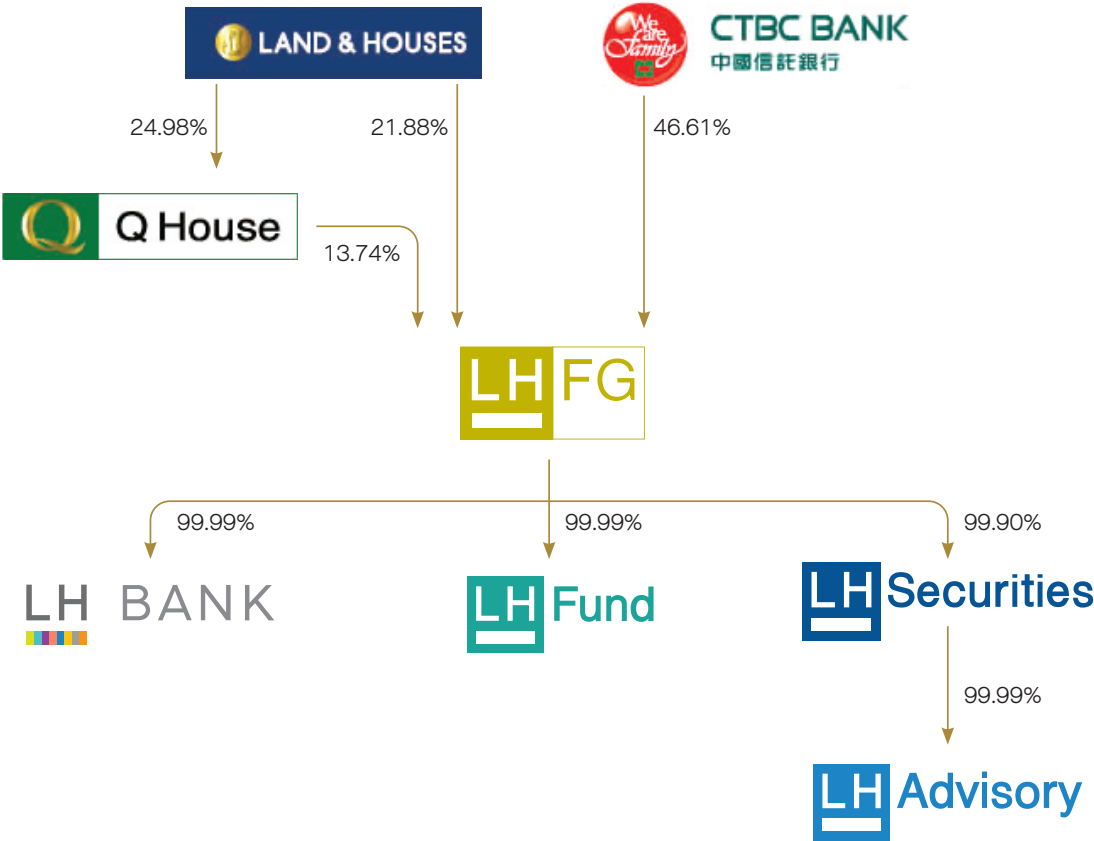
Fees and service expenses were of Baht 205.00 million, decreased by Baht 142.51 million or 41.01% from 2021.

Net fees and service income is of Baht 752.86 million or 9.27% of total operating income, decreased by Baht 102.60 million or 11.99% from 2021.

3. Other Incomes

Other incomes consist of gains on investments, gains (losses) on financial instruments measured at fair value through profit or loss and other operating income. In 2022, the company and its subsidiaries had other incomes amounting to Baht 1,175.64 million, decreased by Baht 605.14 million or 33.98% from 2021 mainly from other operating income which was decreased by Baht 446.92 million.

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



 CTBC BANK 中國信託銀行	: CTBC Bank Company Limited is the leading bank in Taiwan.
 LAND & HOUSES	: Land and Houses Public Company Limited is a listed company on the Stock Exchange of Thailand.
 Q House	: Quality Houses Public Company Limited is a listed company on the Stock Exchange of Thailand.
 LH FG	: LH Financial Group Public Company Limited is a listed company on the Stock Exchange of Thailand.
 LH BANK	: Land and Houses Bank Public Company Limited
 LH Fund	: Land and Houses Fund Management Company Limited
 LH Securities	: Land and Houses Securities Public Company Limited
 LH Advisory	: Land and Houses Advisory Company Limited

Company	:	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
Par Value	:	Baht 100
All Type of Shares and	:	Include ordinary share: 3,000,000 shares
Issued Share Capital		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 2022: 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 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 Type of Shares and	:	Include ordinary share: 1,274,430,060 shares
Issued Share Capital	:	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 2022: 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 Advisory Company Limited (Inactive)
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
Par Value	:	Baht 10
All Type of Shares and	:	Include ordinary share: 20,000,000 shares
Issued Share Capital	:	preferred share: - None -
Major Shareholders	:	The major shareholder of the company as at 31 December 2022: 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 April 28, 2022 are as follows:

Table : Top 10 Shareholders of the Company

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	342,133,800	1.62
5	Mr. Wiroj Engpaiboon	153,726,134	0.73
6	Mr. Anuphong Assavabhokhin	97,986,233	0.46
7	Mrs. Pantip Techapaibul	85,193,700	0.40
8	Thai NVDR Company Limited	81,890,329	0.39
9	Thai Aviation Services Limited	61,800,000	0.29
10	Mr. Polawat Intrawityanunt	49,000,000	0.23
Total Shareholdings of Top 10 Shareholders		18,289,703,457	86.34
Other Minority Shareholders		2,893,957,137	13.66
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 2022, 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
B/E worth Baht 500.00 million, mature on March 9, 2023	Bill of Exchange	500	0.25	-	09/03/2023
B/E worth Baht 1,000.00 million, mature on January 20, 2023	Bill of Exchange	1,000	1.00	-	20/01/2023

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 dividend receivables 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 independent duties and responsibilities among marketing, support and audit units (Three Lines of Defense) and has defined the risk management policy in writing with the main objectives to prevent and manage 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

- To formulate the strategic plan for the financial business group
- To approve and determine the 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

- To review and ensure the financial business group has accurate, 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

- 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

- To control, monitor and ensure that the financial business group has established the risk management policy governing different aspects, and complied with such policies
- To evaluate the efficiency of risk management of financial business group

Top Executive in Charge of Risk Management

Ms. Apinya Pawangkanan, head of Risk Management 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 regulators as well as standard operating procedures by identifying, assessing, controlling, monitoring and reporting risks.

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 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 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, exchange 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, 2022, the company had total financial assets measured at fair value through profit or loss of Baht 379.07 million and net investment value of Baht 54,043.76 million, consisting of investments in debt securities measured at fair value through amortized cost of Baht 669.19 million, debt securities measured at fair value through other comprehensive income of Baht 37,641.77 million and investment in equity securities measured at fair value through other comprehensive incomes of Baht 15,732.80 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 B.E. 2551 with the following essences.

● 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 percent or more of the total shares sold shall report the holding or possession of the shares to 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 percent of the total shares sold, except the permission from the Bank of Thailand. (Section 18)

● Offering of Surplus Stock and Auction

Any person who holds or possesses shares in excess of the number prescribed under Section 18 shall dispose of the excess shares to other persons within 90 days from the date of acquisition of the shares. If shareholders fail to dispose excess shares within the required time or the period of relaxation, the Bank of Thailand may file an application with the court for an order to sell the excess shares 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, 2022, the financial business group had the total capital requirement under the Basel framework of Baht 38,832.53 million consisting of the Common Equity Tier-1 in the amount of Baht 33,985.80 million or 87.52 percent of total capital and Tier-2 capital in the amount of Baht 4,846.73 million or 12.48 percent of total capital, which is sufficient to operate business and support growth under normal and critical circumstances.

The capital adequacy ratio stood at 15.36 percent while Tier-1 capital ratio was at 13.44 percent, and common equity Tier-1 ratio was at 13.44 percent, which was higher than the minimum capital requirement specified by the Bank of Thailand.

1.4 Risk from Changes in Policies and Regulatory Requirements

The companies in the financial business group have the duties to comply with the policies, rules and regulations determined by regulators such as 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 expectation or service standard and non-customers friendly service, complaint, lawsuit that may impact the customer base, income and/or capital fund of the company and the companies 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 Risk from Corruption

The company is committed to conducting its business with honesty, fairness, transparency, social responsibility and 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, duties and responsibilities and 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 Thailand's Private Sector Collective Action Coalition against Corruption (CAC). On September 30, 2021, its membership was renewed for the 3rd time. And on September 6, 2022, the executives and employees expressed their intention to combat any form of corruption along with the Anti-Corruption Organization of Thailand on the anti-corruption day celebration to promote transparent business operations under the good corporate governance principles.

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 community's quality of life.

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 employees of the company. Annual health checks, vaccinations such as COVID-19 vaccine for employees and their family, and influenza vaccine, COVID-19 test kits to prevent any possible risks to customers and visitors, health and preventive trainings provided by medical specialists as well as fire prevention plan and fire drills were arranged for employees under the supervision of the Safety, Health and Environment Committee.

1.7 Personal Data Protection Pursuant to Personal Data Protection Act

The company emphasizes the compliance with the Personal Data Protection Act. The companies in the financial business group have established the personal data protection policy, work process and operation manual as a guideline for compliance with the requirements of the personal data protection law. Privacy notice has been disclosed on the company's website to ensure that data subjects (customers/partners) understand objectives and legitimate basis for data collection, usage, disclosure and legal rights. The company also developed the IT system to support requests for internal data usage and requests from data subjects to exercise the rights.

In addition, the company regularly provides relevant trainings to educate its employees about the personal data protection act and communicates the essence of related law to them through its various channels as well as reporting the progress to management.

2. Risks from Business Operations of Subsidiaries

2.1 Risks from Land and Houses Bank Public Company Limited (Subsidiary)

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), aiming 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 as follows:

Board of Directors

- To formulate strategic plan for 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 Bank of Thailand's regulations

Audit Committee

- To review and 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

- To define the lending and investment policy
- To screen loans and/or investments' limits which are under the Board of Directors' approval authority
- To approve loans and/or investments' limits under its approval authority prescribed by the bank

Risk Oversight Committee

- To control, monitor and ensure that the bank has established the risk management policies governing different aspects, and complied with such policies
- To evaluate the efficiency of the bank's risk management

Risk Management Committee

- 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 Group is responsible for the overall risk management 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 Division 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, digital trend and climate change can affect the commercial banking industry.

During 2020-2022, the bank encountered the COVID-19 pandemic, seen as an 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 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 percent consisting of the Tier-1 capital ratio of not less than 8.5 percent and Common Equity Tier-1 of not less than 7 percent.

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 percent per year, starting from January 1, 2016 until reaching 2.50 percent on January 1, 2019.

As of December 31, 2022, the bank maintained the total capital adequacy ratio at 15.48 percent, Tier-1 capital ratio at 13.50 percent, and Common Equity Tier-1 ratio at 13.50 percent, 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 37,807.99 million consisting of the Common Equity Tier-1 of Baht 32,961.26 million or 87.18 percent of total capital and Tier-2 capital of Baht 4,846.73 million or 12.82 percent 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 (Pillar 2). 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 credit-like transactions, 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 employees, credit underwriters, collateral appraisal officers and operation officers. Furthermore, to consider approving credit, the bank has set up independent units; namely, Credit Underwriting Office to 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 employees 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 monitors all changes in its loan portfolio in various dimensions such as the quality of loan portfolio classified by loan and business types, the proportion of top 20 corporate customers to the bank's total capital, customers affected by various circumstances, for instance, economic situations, COVID-19 pandemic, etc. in order to realize the quality of loan portfolio and likelihood of potential risks. This includes relief measures for impacted customers as to protect and maintain the quality loan portfolio.

Credit Risk consists of:

2.1 Risk from Credit Impairment

In 2022, COVID-19 pandemic, economic impacts, climate change and geopolitical conflicts were considered significant credit risks as they comprehensively impacted all sectors of the country. This resulted in the impaired debt serviceability of customers both 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 to enhance customers' liquidity so that they can continue their businesses.

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 employees, 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 by controlling the group exposure of any entity or project not to exceed 25 percent of the bank's capital according to the regulation of the Bank of Thailand, and concentration of debtors in each sector by setting suitable risk limit and warning level to prevent any significant concentration. Then regular reports were submitted to relevant credit units, Risk Management Committee and Risk Oversight Committee to limit the loss to the bank's risk appetite. Risk limit and warning level are subject to annual review.

2.3 Risk from Devaluation of Asset Collateral Value

The bank's secured loans were 46.91 percent of total loans. Real estate collateral was 84.10 percent 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 appraised value and appraised value of real estate acquired from debt settlement or public auction. The review period of appraised 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, such risk of the bank is relatively low 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 if holding securities for a specified period. The bank uses the calculated risk values as a guideline to determine the risk appetite. In addition, the bank has simulated various scenarios that could cause a rapid plunge in securities price or stress testing to assess potential damages from the risks during crises.

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 off-statements of financial position. 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 off-statements of financial position and the bank's revenue.

The bank prevents the foreign exchange rate risk by setting 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 YTD loss, etc.

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 in order to 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 the outsourcing policy and new product policy guiding all units that need to outsource or launch new products to study and run the data analysis, 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 management of information technology risk, IT security, compliance with laws and other related regulations, educating directors, executives and employees on cyber threats. Its information technology projects are managed effectively and prudently under the following 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 both for the short term and long term, as a result of changes in 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 a 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 which could arouse the rising inflation and sluggish economic growth. 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 their competitiveness and debt serviceability 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 minimize 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 unrelenting around the world with the spread of several strains such as SARS, Avian Influenza, Influenza, Middle East Respiratory Syndrome or MERS, Zika virus outbreak in the Americas, Latin American and Caribbean countries. Most recently, there has been an epidemic of coronavirus disease (COVID-19) since 2020. Many epidemics have spread into Thailand, particularly, COVID-19 still spread widely 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 has been set up in the Business Continuity Plan (BCP) to reduce risks and potential impact of such epidemic and to enable employees 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 and screening visitors who come in contact or customers, etc.

Mitigating Risks and Impact of COVID-19 Pandemic Situation

The bank has grouped employees who process key transactions and need to use various systems 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 employees will be able to continue

to work and provide services. In addition, the bank also requires employees in support units, including employees who can work at home without the need for a system work to reduce the risk of traveling to work and ensuring that all employees are vaccinated against the COVID-19.

8. Good Corporate Governance Risk

8.1 Corruption Risk

The bank is committed to conducting its business with honesty, fairness, transparency, social responsibility by considering 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 to follow including an assessment of the risks of internal units that may have corrupt acts from work processes or transactions, has been established. 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 bank also communicates the anti-corruption policy and guidelines for contacting government agencies and government officials to its employees, ensuring they realized the importance of anti-corruption. The bank has expressed the intention to become a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC). And on September 30, 2021, its membership was renewed for the 3rd time. In addition, on September 6, 2022, the executives and employees expressed their intention to combat any form of corruption together with the Anti-Corruption Organization of Thailand on the "Anti-corruption Day" to promote transparent business operations under the good corporate governance principles.

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 skills and financial literacy necessary for sustainable development of community's quality of life.

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 to prevent any problems for the health and safety of customers, visitors and its employees. Annual health checks, vaccinations such as COVID-19 vaccine for employees and their family and influenza vaccine, COVID-19 test kits to prevent any possible risks to customers and visitors, health and preventive trainings provided by medical specialists as well as fire prevention plan and fire drills were arranged for employees under the supervision of the Safety, Health and Environment Committee.

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 various risks such as market risk, credit risk, liquidity risk, operational risk, strategic risk and legal risk. 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 parties. The company also sets a policy and risk management practices, organization structure and risk management framework in line with international standards and related regulations so that its risk management runs systematically and is able to supervise and control significant risks appropriately and sufficiently in accordance with the nature of its business operations.

Risk Management Policy

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

Risk Management Structure

The company has the structure with risk management capability in accordance with the 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 the 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 also set up the Risk Management Department in charge of risk management, developing tools 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. The Compliance Department is responsible for controlling, auditing all operations to be in accordance with principles, announcements or laws, and reporting directly to the Audit Committee.

Risk Factors

As the company runs the fund management business which is directly related to the capital market, it is exposed to market fluctuations caused by domestic and international economic conditions, 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 resulted from the volatility of interest rates, currency exchange rates, securities prices and commodity prices.

The company has managed the risks by diversifying its investment portfolios and determining 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 conduct market stress test regularly.

2. Credit Risk

Credit risk refers to risks of potential loss arising from the defaults of instruments/issuers when funds are used to invest in certain financial instruments of which issuers cannot repay upon maturity date or a breach of contract 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 and 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 redemption of investment units or when funds are not able to liquidate securities or terminate futures contracts at market prices due to the lack of liquidity or any crisis.

To ensure funds under management can adequately sustain their liquidity, the company regularly uses a tracking system to monitor redemption behaviors, providing related parties with key information for managing liquidity appropriately and also supplies liquidity management tools to supervise its key liquidity sources in the event that funds face a shortage of liquidity. 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 the 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 various tools for operational risk management for example, tools for collecting incident reports specifying details and solutions to prevent a recurrence of such incident, 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 the 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 measures to mitigate risks and impacts by separating 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 them will be able to continue to work and provide services. In case the spread is getting worse, the company requires all employees to work from home as to reduce the risk during commuting to work or at the workplace. This will also help reduce the chance of spread.

Legal risk refers to risks the company may suffer loss when conducting matters related the laws without care and prudence, for instance, entering into contracts without verification of signing authority or identification of its counterparty, etc. The risk may arise when the company or its officers do not comply with regulatory requirements. The company emphasizes and provides the specific risk management guidelines such as drafting and preparing different standard contracts, memos or business agreements which, before implementation, shall be reviewed by lawyers or legal advisors and by the Audit Department. And the process of trading account opening has been defined, requiring customers to prepare all necessary documents. It also ensures that the employees shall strictly follow the relevant operational guidelines, laws, regulations and code of ethics for fund management business.

5. Strategic Risk

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

The company's strategic risk management approach includes having knowledgeable directors and top executives with appropriate experience and independence, laying down clear and efficient policies and strategies, recruiting quality employees and providing them with sufficient training courses, determining risk management systems and sufficient information support. Its business plan and budget are submitted to the Board of Directors for approval with the regular review on a semi-annual basis to ensure their suitability for the changing economic situations.

2.3 Risk of Land and Houses Securities Public Company Limited (Subsidiary)

Risk Management Overview

The company has established the scope and strategy for driving its business operation on the basis of effective risk management while generating 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 objective of risk management policy is to set out a fundamental policy, process of controls over various activities and other operations, ensuring that its risk management process is run appropriately and effectively as to reduce possible causes and plausibility that may incur damages to the company.

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 the management set policies, process and control over risk management, approve such 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 the risk management policy in accordance with the company's business plans and strategies.

Risk Factors

The company operates the securities business which is directly related to the volatility of the capital market and domestic and international economic conditions, 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, Domestic and International Capital Market

The performance of securities business is directly related to economic conditions, money market, capital market, trading volume on the Stock Exchange of Thailand and confidence of individual, institutional and foreign investors. All are factors beyond the company's control. The volatilities of economy, money market and capital market may arise from many factors such as a pandemic, oil price fluctuation, domestic and international economic and political issues both domestic and overseas. These factors could 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 Business Competition

Securities and derivatives are highly competitive businesses because there are many brokers in the market. The company is aware of this risk and constantly gets prepared for competition, particularly in information technology so that its customers can make trading transactions conveniently and safely. 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. A high concentration of large corporate or institutional customers could impact the company performance if it lost those customers.

Presently, its brokerage fee income is derived from a relatively well-diversified customer groups with sound relationship. Being aware of this particular risk, the company has a policy to continuously expand its new customer base both retail and institutional customers while developing the online order management system to increase the customer base that submits orders on their own, which has increased in proportion.

4. Risk from Human Capital and Talent Management

Securities and derivatives business operations rely on experienced personnel with capacities, knowledge and expertise. After the COVID-19 pandemic, many business sectors have to deal with rising inflation which has resulted in higher wages, and high-skilled labor shortage, especially in the information technology sector which still has a lot of gaps to overcome on the path to digital transformation. To reduce such risk, the company has set guidelines for managing remuneration and benefits to be competitive with the industry and has encouraged its employees to get trained in various fields to sharpen their skills and join the company's activities to promote harmony and robust ties among employees.

5. Risk from Underwriting Activity

This risk arises from the inability to distribute or offer securities for sales at the committed portion. This may be caused by offering with inappropriate prices or the volatility of market, interest rates 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 minimize such risk by analyzing and scrutinizing the issuers' nature of business, basic information, business performance and future business trends, coupled with investors' interests and demands before making decisions whether or not the company will act as their underwriter.

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

To place a order of buying and selling securities, customers are normally required to make payment or deliver securities within the specified period. The company may be exposed to the risk if they fail to do so, or they fail to repay their credit balance. For derivative business, the company bears a risk that collateral of customers may not be sufficient to pay off debts with the clearing house and offset losses incurred from customers' investments.

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

7. Risk from Changes in Policies, Regulations and Laws

Securities business is strictly controlled by laws and regulations of the government bodies. Its regulators include the Securities and Exchange Commission and the Thailand Futures Exchange. As a subsidiary of Land and Houses financial group, the company is also required to comply with the Bank of Thailand's regulation on consolidation supervision. Thus, if there are new regulations or any changes in policies by the government and regulators, it could impact the company's operation, business capabilities and competitiveness.

The company has the Compliance Department and Internal Audit Department to give advice, provide employees with trainings on relevant rules and regulations and review the performances of business units to ensure their compliance with related regulatory requirements.

8. Risk from System Failure

In securities business, computer systems are very crucial for trading transactions. If such systems dysfunction or have some errors, it will directly impact the trading volume and the company's creditability. The company has the backup systems that will be switched on immediately once the system failure is detected, and the alternate site is also provided in 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 Risk from Climate Change

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 customers. In order to cope with the COVID-19 pandemic, the company has switched to a hybrid work model by bringing technologies to help employees work from home.

9.3 Geopolitical Risk

Even the world becomes more globalized, it is still fragile from the emergence of new risk factors. Tensions from a corner of the world could impact the economies and businesses in the other parts, for example, conflicts between countries can lead to trade and physical wars or human right violation by the government in their foreign investment destination that have negative impact on their asset values. In addition, such risk could affect investment behavior, causing investors to postpone investments in the risky assets. As a result, the company has provided other investment products suitable for stock market volatility, such as bonds and real estate investment trusts, and also encourages our investment consultants to provide advice so that customers can make good investment decisions.

10. Risk from Business Disruptions

Incidents during crises beyond the company's control, such as natural disasters, pandemics, political gatherings and riots may disrupt the business continuity of the company. To cope with such incidents, the company has set up the business continuity plan (BCP) which has been rehearsed and tested at least once a year.

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 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

Social Dimension
Continued promotion and
improvement of quality of
life in various aspects

Environmental Dimension
Conduct eco-friendly
business

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.

LHFG Awarded the Sustainability Disclosure Recognition

The company received the Sustainability Disclosure Recognition Award for the year 2022. 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 certified 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.



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 2022 was 96.10 percent, increased by 0.30 percent when compared to 95.80 percent in 2021.	Number of complaints from employees regarding labor operations in 2022 was 0.00 percent which remained the same as in 2021.	Amount of credit outstanding granted to the energy companies in 2022 was about Baht 13,360 million.
	The rate of employees who got injured while working in 2022 was 0.00 percent which remained the same as in 2022.	Carbon Credits According to the assessment result of GHG emissions arising from various activities in 2021, the company has succeeded in offsetting corporate carbon footprint of 2,155 tons of carbon dioxide equivalent (tCO ₂ e), accounting for 100 percent of carbon dioxide levels emitted from scope 1, 2 and 3 sources and equivalent to planting 143,667 perennial trees.
	Support for the development of society, community and environment in 2022 valued at about Baht 2.5 million.	The proportion of greenhouse gas emissions (Scope 1-2) to operating income in 2021 was equal to 21 percent, decreased by 9 percent compared to 30 percent in 2020. Note: The company is in the process of preparing a report requesting for carbon footprint verification and certification from an external verifier. The result will be submitted for consideration for registration in the 2023 meeting of the Thailand Greenhouse Gas management Organization (Public Organization) which is the evaluation result for 2022.

Economic Dimension	Social Dimension	Environmental Dimension
		<p>Reduction in greenhouse gas emissions with paper management</p> <p>In 2022, the company used 11,556 reams of paper, increasing by 11 percent from 10,441 reams in 2021 since the company added more varieties of financial products with more customers. Nevertheless, the company still set out the plan to reduce paper consumption by 5-10 percent of the total amount of paper consumed each year by applying technologies to provide more electronic service channels.</p> <p>Energy Management</p> <p>In 2022, total electricity of 1,668,272 kWh was consumed, an increase of 30 percent compared to 2021. The situation of COVID-19 pandemic returned to a normal state. The company reduced the number of working-from-home employees and renovation of office space to support the hybrid workplace. Therefore, the company increased the target for a demand on electricity consumption 30 percent from 2022 when the company rented more office space to support business expansion. In 2022, some employees working from home due to COVID-19 outbreak while the situation subsided in 2023. The employees therefore, returned to the office as usual.</p> <p><u>The proportion of electricity consumption to operating income in 2022</u> was 0.020 percent, an increase of 0.004 from 0.016 percent in 2021, but decreased by 0.005 percent compared to 0.025 percent in 2020.</p> <p>Waste Management</p> <p>The company campaigns for engagement in environmental conservation in everyday life, such as Reuse, Recycle and Reduce. As a result, the amount of waste from business operations was reduced from 77,962.80 kg in 2020 to 28,323 kg in 2021 or 64 percent and the amount of recycled waste increased from 5,402.80 kg in 2020 to 8,320 kg in 2021 or 54 percent.</p> <p><u>The proportion of business waste to revenue from operations in 2021</u> was 0.0003 percent, decreased by 0.0007 percent compared to 2020 at 0.0010 percent.</p> <p><u>The proportion of recycled waste to municipal waste in 2021</u> was 41.59 percent, an increase of 34.14 percent compared to 7.45 percent in 2020.</p> <p>Note: Waste management information for the year 2022, the company is in the process of preparing a report requesting for verification and certification from an external verifier.</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

Society

8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

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 accountability 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 reporting as part of the annual report for thorough communication with stakeholders to know the policy, management guidelines and the outcome of social and environmental responsibilities under the reporting framework of the Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand. The content of the report covers the company's performance by collecting data from responsible departments from 1 January to 31 December 2022.

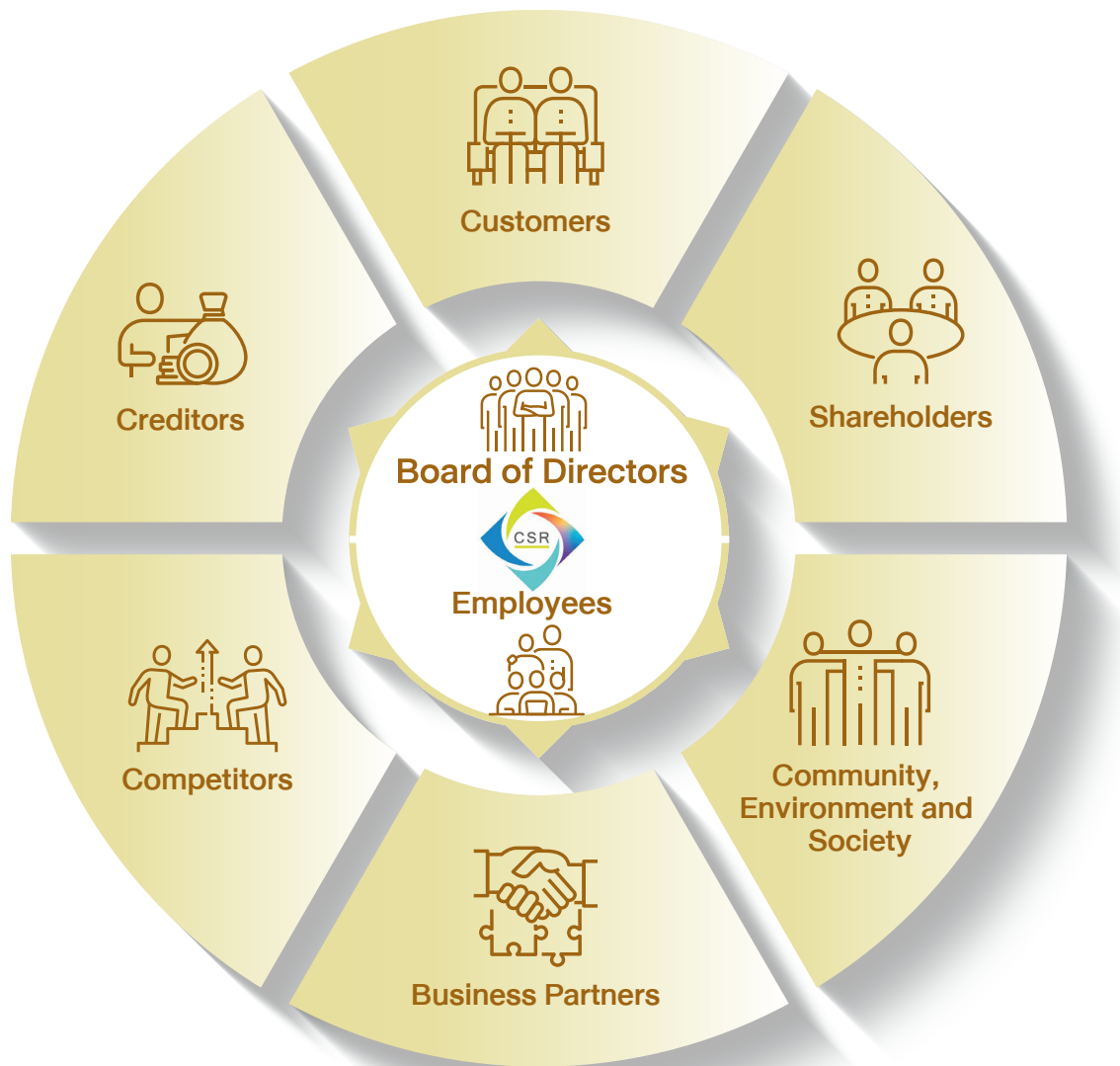
The company presented the content of the sustainable business development report with the analysis for the needs of both internal and external stakeholders. The result was then applied to determine material issues and impacts on business operations under the social responsibility for sustainable business 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 through various activities and many communication channels. The company also clearly determines the frequency of operations such as survey of employees' engagement towards the company so that

the company will make use of the information to determine the practical guidelines consistent with the good 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 for appropriate practices.



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 • Hold press conference and analyst meeting twice • 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 shareholders to propose material issues useful for business management via the company's website, publish them via the Stock Exchange of Thailand for consideration and add them to 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 election 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"> • Perform duties 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 and complete information in a timely manner • 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 as 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 suitable remunerations, right positions with proper 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 standard or reasonable standard of living ● Properly arrange working environment for work safety and dignity ● Protect and do not persecute or impose any disciplinary proceedings against an employee who reports any wrongdoings with integrity to executives or public agencies ● 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 the newcomers ● Provide orientation for new employees ● Encourage employees to instill corporate values ● Develop employees' potential by arranging capacity building learning for all levels of employees and increase the learning channels via the company's intranet and PacD, enabling them to learn anywhere anytime without limitations on potential enhancement ● Prepare succession plans to replace executives and key positions ● Introduce activities to build teamwork ● Survey market rate of compensation on a regular basis as to improve to align with proper industrial standard or reasonable standard of living ● Provide channels to receive complaints, opinions and suggestions ● Protect and do not persecute or impose any disciplinary proceedings against an employee who reports any wrongdoings with integrity to executives or public agencies ● Establish the Safety, Health and Environment 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 ● Hire people with disabilities to pursue their career and 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"> • Customers relationship management • Market Conduct • Satisfaction for a wide variety of quality products and excellent services • Promptness in hearing and responding to customers' requirements • Maintain customer confidentiality • Equal treatment 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 data 	<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 full information of products and services 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 with customers • Have customers' data security measure in place
5. Community, Environment and Society 	<ul style="list-style-type: none"> • Support communities' activities • Promote and enhance 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 cultural, traditional and religious 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, traditional and religious activities • Provide appropriate emergency plan to prevent losses 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 • "LH Bank Support Scholarship" project provides scholarships for students with good records and commitment to further their study until high school level • Donate 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
			<ul style="list-style-type: none"> • Financial and non-financial donations, debt restructuring by reducing installment, giving more loans for victims or customers impacted by natural disasters • Grant relief measure for customers affected by COVID-19 pandemic by relaxing payment conditions, extending loan tenor, providing loans for working capital.
6. Business Partners 	<ul style="list-style-type: none"> • Perform business with transparency and fairness • Facility and process sharing: refer customers in Land and Houses financial business group to partners • Information sharing: exchange business data • 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 trade barriers 	<ul style="list-style-type: none"> • Meet with trade partners. • Conduct marketing campaign with business partners of Land and Houses financial business group • Create partnerships with customers so that they can refer other customers to use the bank's services • Collect suggestions or complaints • Set up 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
7. Competitors 	<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 fair competition conditions
8. Creditors 	<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 critical issues, opinions, suggestions and expectations affecting 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 as 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.

As such, all stakeholders of the financial business group are equally important as all are affecting the company's business operations. The company connects to the stakeholders as to build confidence to all stakeholders and act as a foundation for good corporate governance. As well as a good protection when the company faces obstacles as all stakeholders can be sure that the company can manage any obstacles.

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, 9 issues in total. The issues were then prioritized in materiality matrix chart. The vertical axis represents the key issues critical for stakeholders and the horizontal axis shows the issues critical for the company.

The company conducts its business according to the principle of being a company with sustainable growth and drives the business with strong determination covering 3 dimensions: economy, society and environment. Under good corporate governance along with corporate social responsibility, code of conduct and business ethics.

In 2022, the company targeted the sustainable development operations as follows:
















Main Goal	Commitment	Target	Operating Result
Environment for sustainability	Environmental impact mitigation	In 2022, the company targeted for carbon offset to reach carbon neutral	In 2021, the company offset carbon credits of 2,155 tons of carbon dioxide equivalent from type 1 and 2 emission sources (Scope 1&2) and type 3 emission sources (Scope 3), equivalent to planting of 143,667 trees.

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 	<ul style="list-style-type: none"> 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 203-2 GRI 413-1 GRI 419-1	• Companies in the financial business group	• Customers • Communities, Societies and Environment	• Development of Communities and Societies	    
Environment for sustainability	GRI 305-1 GRI 305-2	• Companies in the group	• Customers • Communities, Societies and Environment	• Environmental Sustainability Management	   
Communities, Societies and Environment	GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	• Companies in the financial business group	• Customers • Communities, Societies and Environment	• 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 for acknowledgement and operational guidelines. These material issues have also 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.

Checking Quality of Report

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

Persuading 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 encouraged 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 include 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 for them.

Customer Relationship Management

Land and Houses financial group is committed to upgrade the level of service quality by conducting a research on customers' satisfaction in order to deeply understand their requirements in order to improve the service quality to address their requirements and define the KPI for effective services. Besides, service standard is regularly revised to ensure effective delivery of services to customers and communication with staff is made, ensuring them to be aware of the importance of providing high-standard services with constant check on service quality.

Supply Chain Management

The company is aware of the importance of growing businesses that do not affect 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 elevation of the standard on environmental and social operations according to the company's code of conduct.

The company has determined the practical guidelines for procurements and receiving services so that quality supplies and services can be obtained with appropriate price. The process for procurements and receiving 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 of suppliers or vendors, the company has determined the selection criteria by choosing from business stability, product specification, service and price.

Selection of suppliers or vendors comprises the steps as follows:

1. Acquire the lists of suppliers and vendors to meet the needs of users
2. Select the suppliers and vendors who do not involve in bribe, fraud and corruption according to the selection criteria of business stability, product qualification, service and pricing which conform to the procurement guideline of the company. The company also procures quality products at appropriate price with sellers who have no records of corruptions, or operate illegal businesses, no illegal labor policy, treat the business partners with transparency, fairness, take care of occupational safety in the workplace, and save environment in order to create a supply chain for mutual business operations which will benefit employees, community, society and environment.

3. When received a shortlist of suppliers or vendors against the selection process, the next step is evaluation process to find suppliers or vendors who provide supplies with good quality at reasonable cost and price.

In the year 2022, the bank had 680 business partners, decreasing by 27.6 percent when compared to 939 in the year 2021 due to the current update. The business partners have acknowledged to follow the company's code of conduct and ethics. And the bank informed them of procurement rules for their understanding and compliance with the procurement procedures with accuracy and transparency.

Monitoring, Checking 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 inspect 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 turning down 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 for 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 and provided seminars and trainings for related employees to improve their knowledge by taking into consideration the risks, 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 has awareness and intention to play part in solving the global warming and promote a goal of carbon-neutral organization. The company was invited to be a member of Thailand Carbon Neutral Network : TCNN and a member of the Climate Finance Sub-committee. They aim at promoting collaboration among government agencies, private sectors and local communities to enhance further reductions in greenhouse gas (GHG) emissions

as well as build sustainable growth for a climate-friendly society and achieve net-zero carbon emissions in line with global communities' intention reflected in the Paris Agreement on 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

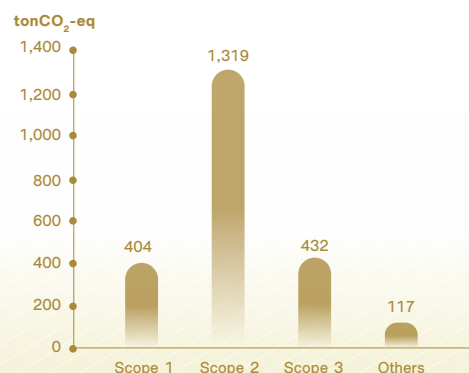
The impacts of global warming have prompted international communities, including Thailand, to become more alert and take urgent actions to curb GHG emissions with the concept of carbon footprint for Organization (CFO). It is recognized as an important tool in quantifying and reporting GHG emissions from 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 to tackle 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 Public Company Limited financial business group, signed the memorandum of understanding with Thailand Carbon Offsetting Program (TCOP 8) to promote the voluntary national carbon markets for the 8th year, hosted by VRGREEN, Faculty of Environment, Kasetsart University, a pilot voluntary organization to quantify its GHG emissions and consider effective ways to alleviate GHG emission for sustainable development of organization and employees.

From the beginning of 2022, the company maintained the policy to generate the report on direct and indirect GHG emissions arising from its business activities throughout the supply chain in compliance with the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO in calculating and reporting carbon footprint for organization. Such report included the company's scope of work and financial control while considering scope 1 and 2 emissions of greenhouse gases generated by the company's activities in 2021. Based on the TGO's verification guideline on the organizational carbon footprint, these reports were reviewed and verified for the data's accuracy and reliability by the independent verifier, Greenhouse Gas Management and Certification Unit, University of Phayao. 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 May 24, 2022.

Table: Assessment results on GHG emissions arising from various activities in 2021

Scope	Corporate GHG emissions (tCO ₂ e/yr)	Percentage of scope 1 & 2	Percentage of scope 1, 2 and 3
Scope 1	404	23.45	18.75
Scope 2	1,319	76.55	61.21
Scope 3	432		20.05
Total	117		
Total Scope 1 & 2	1,723	100.00	
Total Scope 1 & 2 & 3	2,155		100.00
Carbon intensity (Scope 1+2)		0.144962043	kgCO ₂ e/sq.m
Carbon intensity (Scope 1+2+3)		0.181307721	kgCO ₂ e/sq.m



In 2021, the percentage of GHG emission (Scope 1 & 2) per operating income was equal to 21 percent.

At present, the company is preparing the 2022 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 to the organizational carbon footprint provided by TGO as in 2021. The company filed a request for data verification and certification of carbon footprint for organization with an external verifier. The assessment result will then be proposed to the TGO meeting for carbon footprint registration for 2023.

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 and to generate demand for carbon credits in the Clean Development Mechanism (CDM) and the Thailand Voluntary Emission Reduction Program (T-VER) which support and enhance the local voluntary carbon market, leading to a greater drive to reduce GHG emissions in the overall sectors.

The company recognized an importance of the mentioned mechanism and support to promote the Voluntary National Carbon Markets with a policy to create carbon neutrality. In 2021, the company offset corporate carbon footprint of 2,155 tons of carbon dioxide equivalent to the carbon dioxide levels emitted from scope 1, 2 and 3 sources equivalent to planting 143,667 perennial trees by choosing carbon credit from Naresuan Hydropower Project credit number TH-21-1777590-1779744-1-1-1. Moreover,

on May 24, 2022, the company was granted the Carbon Neutral Certificate and was authorized to use the Carbon Neutral logo by TGO. In 2022, the company targeted to continue its carbon neutrality.

Energy Management

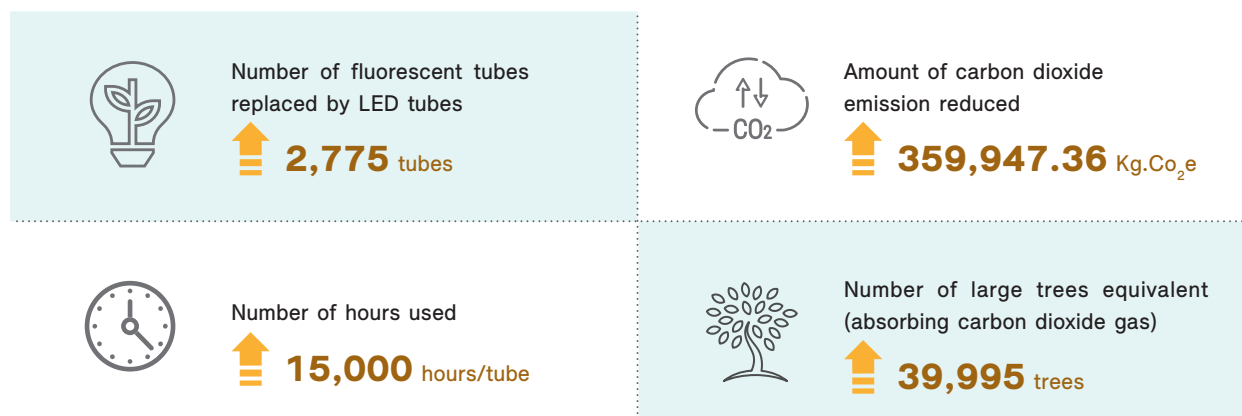
The company continues to manage electricity and tap water in order to achieve efficient and effective use, for example:

- 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 saves the office space from office automation arrangements.
- The company has replaced the single-functioned printers with the multi-functioned 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-efficient 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 had replaced fluorescent tubes with LED tubes since 2016, totaling 2,775, consisting 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 over its lifetime. That was equivalent to planting 39,995 large trees to absorb carbon dioxide (Co₂).

Replacement of Fluorescent Tubes with LED Tubes Project



- The company has measured wind velocity of air conditioners, adjusted the wind speed to meet the standard suitable for working environment, increased air conditioners' efficiency, and reduced the cost from energy loss.

GHG Emissions Reduction

The company takes into account 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 discussed with all relevant business units to map out improved guidelines on how to reduce GHG emissions more concretely.

In 2022, the company sent out its employees to attend the following trainings provided by various institutions, both public and private, so they gained knowledge and understanding on the above issues.

Training/Seminar	Organizer	Number of Participants
Climate Change Measurement & Management (Financial Sector)	The Stock Exchange of Thailand (SET)	5
Driving Organization with ESG data and Introduction to ESG Data Platform	The Stock Exchange of Thailand (SET)	5
SET E-Learning : CFO01-Business and GHG Emission Reduction	The Stock Exchange of Thailand (SET)	3
SET E-Learning : CFO02-Carbon Footprint for Organization	The Stock Exchange of Thailand (SET)	3
Regulatory Framework and Incentives for Low Carbon Future Society	Petroleum Institute of Thailand	5
Organization Waste Management to Reduce Carbon Footprint	GEPP Sa-Ard Company Limited	5
ISO 41001 Facility Management System	Bureau Veritas Thailand	1
ESG Management for Sustainable Financing	ERM-Siam Company Limited	5

Training/Seminar	Organizer	Number of Participants
Sustainable Bond : New Way of Fundraising for Good Environments and Society.	The Securities and Exchange Commission (SEC)	5
Expectation and Concerns in Investment	The Asian Development Bank	5
Green Bond Issuance and Certification	TRIS Rating	5
Climate Risk & Opportunity Assessment	The Creagy Company Limited	5
EV, Opportunities and challenges to reduce GHG	Electric Vehicle Association of Thailand (EVAT)	5
The Future of AI and Robotics for Climate Change in Agroforestry Sector	AI and Robotics Ventures Company Limited	5
Salesforce : Journey to Net Zero	Salesforce	5
Climate Action Partnership Towards Carbon Neutrality/Net Zero Emission	Thailand Carbon Neutral Network	5
Science-Based Targets : SBT	Thailand Greenhouse Gas Management Organization	5
Guideline and Success Factors in towards Net Zero Goals	Thailand Carbon Neutral Network	5
Thailand Carbon Neutral Network (TCNN) seminar No. 1: "Climate Change Policy Framework Prepare to Achieve the Goal of Carbon Neutrality – Net Zero"	Thailand Carbon Neutral Network	5
Thailand Carbon Neutral Network (TCNN) seminar No. 2 "Carbon Market: Business Opportunities to Reduce Global Warming Aiming Towards Carbon Neutrality"	Thailand Carbon Neutral Network	5
Thailand Carbon Neutral Network (TCNN) seminar No. 3: "Climate Finance : ESG and Green Bond Financing"	Thailand Carbon Neutral Network	5
Thailand Carbon Neutral Network (TCNN) seminar No. 4: "Innovative Climate Change Technology"	Thailand Carbon Neutral Network	5
Seminar and Workshop 4 & 5: Guidelines for Setting Carbon Price in Organization.	Thailand Greenhouse Gas Management Organization	5
Climate Finance Sub-committee 1/2022	Thailand Carbon Neutral Network	2
Climate Finance Sub-committee 2/2022	Thailand Carbon Neutral Network	2
TBCSD Climate Action "(Low Carbon and Sustainable Business" Season 2 : Financial Business Group, Petrochemicals and Chemicals	Thailand Environment Institute	2
Net-Zero Targets : Energizing Efforts for Action	Thai Listed Companies Association	2
Connecting Corporates and Investors Through Environmental Disclosure	The Securities and Exchange Commission (SEC)	5
Carbon Tax	Fiscal Policy Research Institute Foundation	2
Climate Change Preparation and GHG Emission Reduction Operation Guideline: Understanding Risk, Opportunity and Yourself	The Stock Exchange of Thailand (SET)	5

Training/Seminar	Organizer	Number of Participants
Climate Change Preparation and GHG Emission Reduction Operation Guideline : Reduce GHG with SBT	The Stock Exchange of Thailand (SET)	5
Climate Change Preparation and GHG Emission Reduction Operation Guideline : GHG Reduction Goal, Reports and Compensation	The Stock Exchange of Thailand (SET)	5
Turning Waste into Value - Waste and Recycling Business	Thai Listed Companies Association	2
Climate Related Disclosures and Implementation - Series 1 : Deep Dive into Climate Related Disclosures	The Securities and Exchange Commission (SEC)	5
Climate Related Disclosures and Implementation - Series 2 : Climate Risk Management and Climate Scenario Analysis	The Securities and Exchange Commission (SEC)	5

Waste Management

The waste issue in Thailand is exponentially growing, particularly accumulated garbage. According to the Pollution Control Department's report in 2020, there were 7.88 million tons of waste that wasn't disposed properly or 31 percent of total wastes in that year. This waste created various problems including a breeding ground for diseases, some floated into an open-sea or the accumulation of micro-plastic in seafoods. Thailand has, therefore, created a roadmap in waste management for the year 2018 - 2030 with the aim to reuse 100 percent of the plastic waste within 2027.

The company reduced the waste from its business activities from 77,962.80 kg in 2020 to 28,323 kg in 2021 or 64 percent and increased recycled waste from 5,402.80 in 2020 to 8,320 kg in 2021 or 54 percent.

In 2021, the percentage of waste per operating income was equivalent to 0.0003 percent.

In 2021, the percentage of recycled waste per community waste was equal to 41.59 percent.

The company defines the waste management goals by launching paperless campaign in various forms such as reuse, recycle and reduce with social accountability. The campaign was also made for employees to be part of environmental conservation effort in their daily life including reuse, recycle, and reduce.

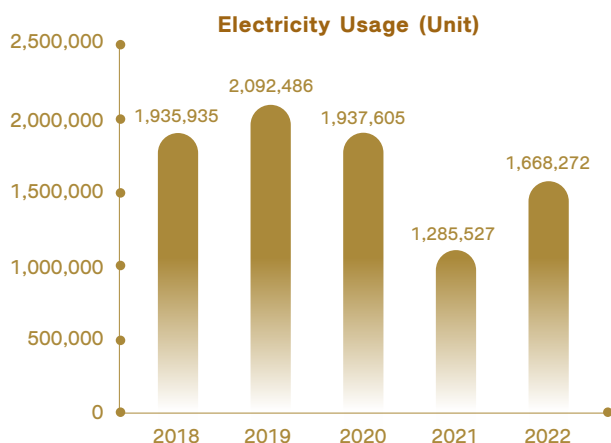
Waste Management Goal for 2023

In 2022, the company joint waste sorting project to reduce GHG emission of the Thai Listed Companies Association to sort out wastes in the office into separate categories: wet, general, recycled and dangerous. The campaign was also made for employees to sort wastes before discarding. In 2023, the company has a plan to sort out wastes into proper category with regular campaign for employees before disposing.

Electricity Management

The company has focused on environment, economy and society, management of cost reduction, especially energy cost. LH Financial Group Public Company Limited financial business group as a financial service provider, 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.

In 2022, the company had the total electricity consumption of 1,668,272 kWh, increased by 30 percent from 2021. As the COVID-19 situation is starting to subside and all operations are returning to normal, the company further reduces the number of employees working from home and renovated office spaces.



In 2022, the percentage of electricity usage per operating income was 0.020 percent.

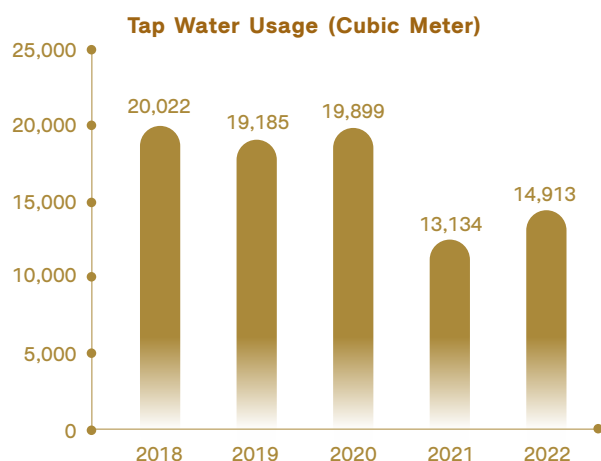
Electricity Management Goal for 2023

The company set the target to increase electricity usage by 30 percent from 2022 as the company rented additional space to support the business expansion. In 2022, employees were working from home due to the COVID-19 outbreak. In 2023, COVID-19 pandemic subsided, the employees are returning to work in the office as usual.

Water Management

The company has used water from the Metropolitan Waterworks Authority and Provincial Waterworks Authority for the whole business operation of which the most consumption is in an office, washing and tree watering. The company has a plan to use water efficiently 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 2022, the tap water usage totaled 14,913 cubic meters, increased by 14 percent when compared with 2021. As COVID-19 situation is starting to subside and all operation is returning to normal. As a result, the company reduces the number of employees working from home.



Water Management Target of 2023

The company set the target to increase water usage by 30 percent from 2022 as the company rented additional space to support the business expansion. In 2022, employees were working from home due to the COVID-19 outbreak. In 2023, COVID-19 pandemic subsided, the employees are returning to work in the office as usual.

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:

Changing Paper Form of Invitation Letters to Various Meetings into Electronic-based Platform

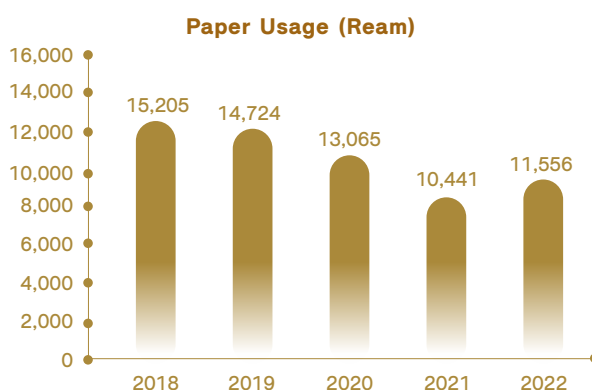
The company has changed the process of preparing the meeting materials for many committees from papers to e-documents. This process can help reduce paper consumption by approximately 20,000 pieces a month.

Transforming Financial Services to Be More Digital :

This enables financial transactions to be performed every day, anytime anywhere. Not only can it reduce the cost and the amount of paper used, it also helps reduce the use of ink, amount of wastes from 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

In 2022, 11,556 reams of papers were used, increased by 11 percent when compared to 10,441 reams in 2021. That was because the company has issued new varieties of financial products and the increase in customers.



Paperless Guideline

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 percent of the total number of papers used each year.

2. Application of Technologies by Increasing Electronic Channels

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

- Meeting material packs for each committee have been changed from the paper pack of invitation letter to an electronic form.
- Trainings with a lot of training materials are suggested to send them by e-mail.
- Correspondence is made via email such as circulars.
- Storage of scanned correspondences and documents instead of photocopies

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

	2022	2021	2020	2019
Number of documents due to be destroyed (Box)	5,804	1,217	1,868	2,115
Weight of documents (Kilogram)	61,313	15,620	27,280	30,250
Number of trees that can compensate the cut down trees to produce papers per 1 ton ¹ of used papers (Tree)	920	234	409	454

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

3. Efficient Use of Papers

Effective use of papers can start from having one-sided papers separated before proceeding with the following steps:

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

4. Monitoring and Evaluation

To make paperless process more effective and concrete, the paper usage data of each department is tracked and sent to each department to find ways to reduce paper usage. The information is also 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 3R principles as follows:
 1. Reduce (amount / size)
 2. Reuse
 3. Recycle / disposal
- Use one-sided papers for review 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

Paper Management Goal for 2023

The company sets the guideline to reduce paper usage by pushing the use of information technology in work such as using electronic documents instead of paper. The company plan to reduce paper usage by 5 percent of the total usage in 2022.

Measurement of Intensity of Light in Workplace

The company pays attention to the dangers of light that may impact employees. In case of insufficient/over 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.

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.

7S Activity

The company has applied the 7S activity which consists of Sort (Seiri), Set in order (Seiton), Shine (Seiso), Standardize (Seiketsu), Sustain (Shitsuke), Scenic and Surrounding. The activity helps keep a workplace and environment neat and clean. Employees 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 7S activity gains good cooperation from employees and the company has a continued implementing this activity.

7S 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 of **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.
6. Results of **Scenic**
 - Create work-friendly environment.
 - Have safe environment at work
7. Results of **Surrounding**
 - Urge employees to change their behaviors for resource usage and consumption with value
 - Save energy and preserve environment

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 ATM machine.

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 employees 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 7S 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
- 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

Green Procurement

The company has a policy to conduct an environmentally-friendly business operation. Thus, the company has procured environmentally-friendly products or products that have a lesser impact to the environment than others as follows:

1. Environmentally-friendly paper that contained not less than 50 percent of recycled pulp. The paper was produced from the trees that grew on rice farm dikes that absorb carbon dioxide for 12.5 kilograms per ream. This helps with the global warming issue and creates renewable energy by using the wood leftover from production to produce electricity. The paper has received green label.

2. Choose a copy machine and ink that is environmentally friendly which was certified by the Pollution Control Department

To allow the purchasing operation to be aligned with the main policy with concrete operation, the company has set policy, rules and practical guidelines as follows:

1. Procure, use/circulate product/asset economically with maximum benefit
2. Procure according to the procedures and procurement methods that are fair and equal to all organizations

Promotion of Green Loan

The climate change issue has caused many countries to become more active, including Thailand with the aim for Thailand to move towards clean energy and reduce its GHG emission (Carbon Dioxide) to the net zero emission within 2065. The financial group played a crucial role in promoting the policy through financial mechanism. Therefore, LH Financial Group Public Company Limited 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. This is just a beginning, also the bank is considered issuing green loan with an enticing interest rate for industrial sector to reduce the carbon emission and to support and speed up the change towards green economy. By 2022 Land and Houses Bank Public Company Limited supported green loans with total of Baht 13,360 million.

3.4 Social Sustainability Management Fair Business Operation

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

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 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.

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 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.
- Hire staff regardless of gender, race and religion

The company has preventative measures for the human right violation, defined in the code of conduct for employees. In 2022, there were no cases regarding the human right violation or any complaints related to human right violation within business operations.

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 to manage and develop the human resources effectively, efficiently and in consistent with the company's strategies. Besides, the Welfare Committee has been set up for employees to discuss with management regarding appropriate welfare arrangement, open an opportunity for employees to express their demands and listen to the management opinions whether the demands can be met or not. This is to promotes labor relations and reduce labor disputes and complaints.

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.

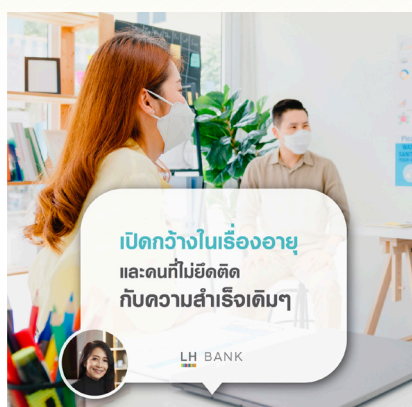
The company focuses on taking care of employees in various fields with the strong belief that the development of skills, abilities, motivations, positive work environments, good occupational health and good welfare will enable them to perform their duties with full potential which, in the end, results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

The company has applied the corporate value of "CDAA" in every work process to strengthen sustainable organization culture leading to the same goal.



Candidate Hunting

The company has created multiple channels where candidates can easily access according to lifestyles in the rapidly changing digital world such as Facebook, Instagram, LINE and including Friend Get Friends program for 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. The company also offers work opportunities for persons with disabilities.

Hiring Persons 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.

Table : Number of Persons with Disabilities Getting Hired

	Hired via Thai Red Cross Society	Hired directly
LH Financial Group Public Company Limited	2	-
Land and Houses Bank Public Company Limited	13	1
Land and Houses Securities Public Company	1	-
Land and Houses Fund Management Company	-	-

Remark : The company has less than 100 employees which do not meet the criteria for hiring persons with disabilities by law.

The company has contributed the required amount of money by law to the fund for empowerment of persons with disabilities.

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

	2022	2021	2019
Accumulative number of retired employees getting hired (Person)	3	0	1
Number of retired employees per year (Person)	3	7	6

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, canteens and nearby places so they are comfortable with new environments, aware and eventually adaptable to their work life.

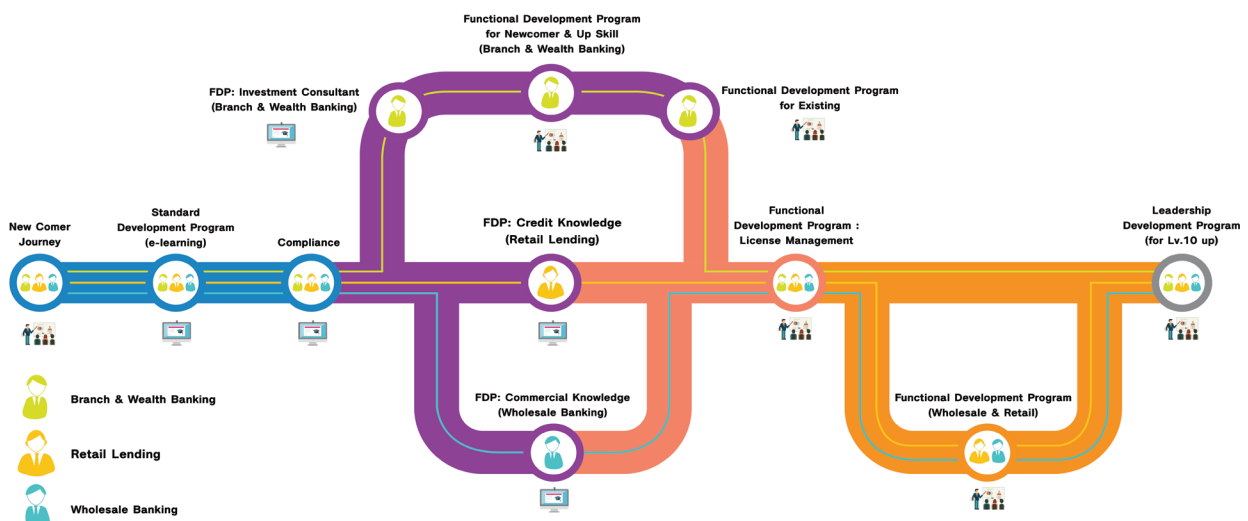
In 2022, the company organized welcome newcomer event online that reflected the current circumstances.



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 functions. The company also offers opportunities for them to maximize their full potential, self-development and participation in various training courses provided.

In addition, the company has set a development journey as a guideline for employees' development in both soft skills and hard skills.



In 2022, the company improved the work process to new age of agile working to enhance the working efficiency and strengthen the organization in technology, innovation and digital concepts, plan and extend digital skills development process for employees, create new necessary skills and improve upon existing skills.

Bringing in digital process is to improve the organization and grow the business sustainably with quality. The purpose for Digital Day : Connexing to the Future is to communicate and create an understanding of the importance of improving skills for the future and drive the organization towards the future by focusing on the learning and practicing to acquire new skill and increase efficiency.



Human Resources Development - Executives and Key Successors

The company highlights the importance of top executive development as successors for key positions. In this regard, the Nomination and Remuneration Committee considers the guidelines and succession plans as well as supports leader development systematically and continuously. The leadership program 2022, the company focuses on leader development by receiving the feedback from all parties related to executives, assessing the 360-degree feedback where the core & leadership capability is evaluated in order to know the strengths and weaknesses needing improvements and a plan for potential development and preparation for future leaders.

The company is committed to developing a group of high potential individuals from each department, to strengthen the competitiveness advantage and support the rapid changes in banking and finance business with the Learning Solution Design: L&D and Learning with Development Measurement in terms of changing work behavior and achieving business result according to ROI (Return on Investment) principle that is more than measuring satisfaction or asking for feedback to apply in work.



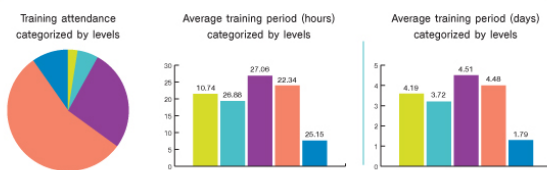
The development of high potential individuals (Talent) program was designed to complement knowledge of the participants, create collaborative processes by promoting them to dare to think, dare to try, listen actively, and ask questions for exchanging ideas to drive challenges and create innovations through working agility under LH Bank Hackathons.



Average training hours for employees and management of 2022 are as follows:

Training attendance categorized by levels

Level	Number of employees	Percentage %	Average period (hours)	Average period (days)
Executive (Level 18-24)	39	2.6%	21.5	3.6
Management (Level 15-17)	86	5.7%	19.4	3.2
Middle Management (Level 10-14)	405	26.8%	26.9	4.5
Supervisor (Level 6-9)	836	55.4%	24.0	4.0
Operation (Level 1-5)	144	9.5%	7.6	1.3
Total	1,510	100%	22.9	3.8



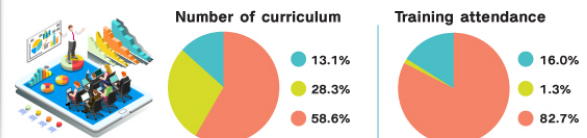
Annual Performance Appraisal

The company sees the annual performance appraisal as an essential part to enhance work efficiency and employee's participation by getting them set their KPI and communicate KPI setting process to align with the goals of organization.

The factors used in the annual performance assessment consist of two main components; the expected behaviors of the organization (Potential) and the performance (KPI). The two factors have been determined in proper proportion for each level of employees and have been considered by the Human Resources Development Committee.

Training data in 2022

Curriculum	Number of Curriculum	Number of Training attendance
In-house learning	52	6,432
External learning	112	531
E-Learning	232	33,272
total	396	40,235



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 operating result and 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 of the company.

Compensation Ratio by Gender

The compensation ratio of male to female 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 2022, the company presented an honorary pin to 70 employees who have completed their 10 years of the company.

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

2022	2021	2020	2019
70	59	44	16



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; the company, therefore, sets up various internal communication channels to facilitate easy access and ensure comprehensive communication. The internal communication channels consist of 2 modes as follows:

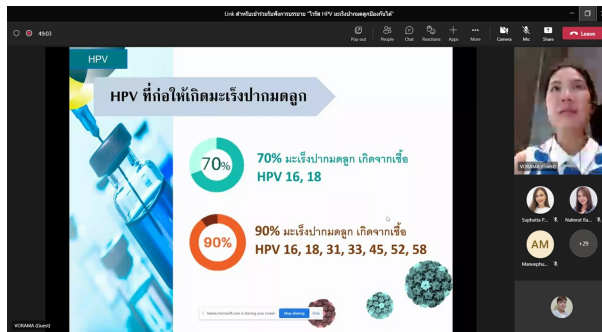
- 1. Online Media** consists of Website, LINE, Facebook, YouTube, LHFG People Connect Intranet and LHFG People Connect Application (PacD).
- 2. Offline Media and Events** such as printing press and on-site development activities

Internal Communication with Learning Process of Anytime, Anywhere and Employees Engagement

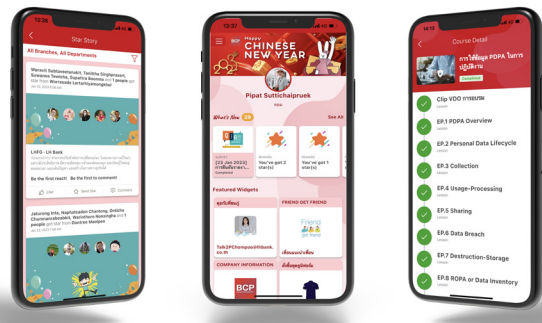
The company uses PacD application to communicate. The application can be accessed via every employees' mobile phone which can be used to communicate and learn anytime, anywhere as well as facilitate team building activities such as sending stars to colleagues or comments on things they do each day to help their colleagues or things that they've done that reflect organization values. This helps promote behaviors that reflect organization culture.

Welfare and Employee Participations

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.



HPV virus and cervical cancer are preventable.



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:

- Additional annual leaves
- Housing allowance for employees who have been transferred outside their domicile
- Financial assistance in the event of any employee suffered from natural disaster
- 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
- Staff uniform

Employee Engagement

The company sees the importance of building bond between employees with the company and employees with other employees. In 2022, the company surveyed the employee engagement and after receiving the result, all departments were asked to set out a plan to develop and promote employee engagement in both short and long terms.

80 percent of total employees responded to the questionnaires about satisfaction or employee engagement towards the organization. The result found that 78.3 percent were satisfied or had engagement with the organization.

In 2022, the company organized activities to promote engagement between organization and employees in the form of team building. The total participant was 97 percent of total employees.



Building Relationship and Communication with Employees

The company organized the Town Hall Meeting 2022 to communicate and reaffirm the organization's vision with its employees to make sure that everyone was in the same direction under the concept of beyond expectation. This was to assure that the services were provided beyond customers' expectation in all aspects and truly addressed their needs.



Taking Care of Employees in Every Day Of Work

The newly designed uniforms are based on the feedback received from employees including clothing functions, textiles and maintenance. The concept is "SMART SNOOK STRIKING" to reflect the bank's reputation, utilizing the Land and Houses Bank Public Company Limited (LH Bank) color schemes that represent the wide variety of products and services that address all aspects of customers' needs under the customer centric concept that is uniquely LH Bank. Moreover, it comes in the striped pattern which broadens fun and liveliness and provides a professional, fun and vivid experience to the customers.



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 drive the 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 2022, no employees were injured while working.

Table : Number of employees injured while working

	2022	2021	2020	2019
Number of employees injured while working	0	0	0	0

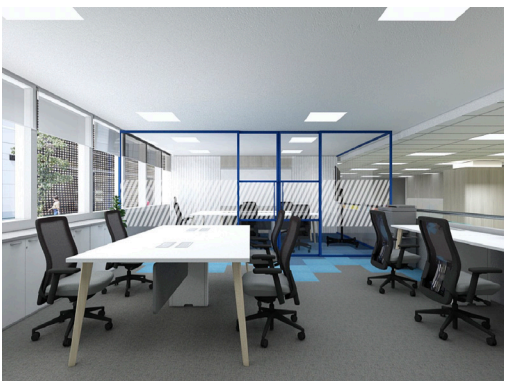
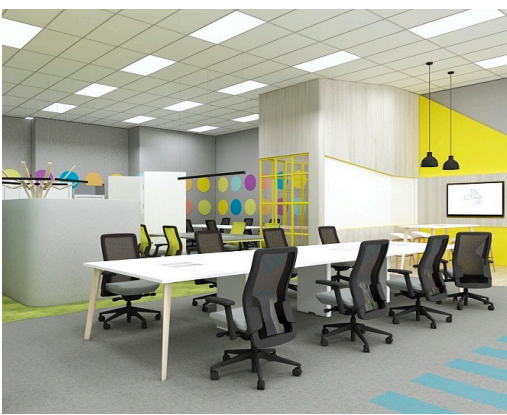
Working Environments

The company have renovated the office areas to be co-working space corresponding to the “Fun and Grow Together” concept including the color, amenities and lightings so that employees can work together seamlessly and create a good collaboration in the organization.

Responsibilities towards Consumers

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

Land and Houses financial business 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.



Basic Rights of Consumers

The bank announces the basic 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 regulators.

- 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 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.

Customer Satisfaction Improvement Plan

- Focus on providing a full range of services and create sustainable relationship with customers
- Improve work process and upgrade service quality to be speedy and convenient
- Follow up and evaluate the effectiveness of customer service
- Build customer relationship and continually provide up-to-date product information to customers

Quantitative Goals to Improve Customer Satisfaction

In 2023, the company sets a target for customer satisfaction level of at least 95 percent.

Customer Satisfaction Evaluation Results

Customer satisfaction stood at 96.10 percent, increased by 0.30 percent compared to the year 2021 at 95.80 percent.

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.

บัญชีเงินฝากพื้นฐาน ♦ ใช้เพื่อรับเงินสวัสดิการต่างๆ จากภาครัฐ ได้โดยไม่ต้องนำเงินไปฝาก

บัญชีเพื่อคนไทย ♦ เข้าถึงบริการทางการเงินต่างๆ ได้สะดวกยิ่งขึ้น

ดียังไง?

- ✔ ฟรีค่าธรรมเนียม และค่าธรรมเนียมบัตรเดบิต
- ✔ ฟรีค่าธรรมเนียมบัญชี
- ✔ ไม่กำหนดจำนวนเงินขั้นต่ำในการเปิดบัญชี

ใครมีสิทธิ์เปิดบัญชีพื้นฐาน?

- 1 คนไทยอายุตั้งแต่ 15 ปีขึ้นไป
- 2 ผู้ถือบัตรสวัสดิการแห่งรัฐ

เปิดบัญชีได้ส่วนนี้ที่ธนาคารที่ร่วมโครงการ
ผู้ถือบัตรสวัสดิการแห่งรัฐ กรุณานำบัตรมาแสดงประกอบการเปิดบัญชี

LH BANK

Criteria for Opening Basic Banking Account are as follows:

- 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

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 processing time for 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 incidents and / or incidents 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

- Requesting for various information such as calculation of interests for credit / hire-purchase. For 12-month and 6-month statements, the bank will notify them in writing.

Market Conduct

All companies in the 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 by supporting activities to promote and improve the quality of life in various fields as well as encouraging its employees to volunteer in various activities with the aim of maximizing benefits to society and communities sustainably. This also creates good ties among companies in the financial business group according to the sustainable development goals.



Land and Houses Bank Public Company Limited 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

The bank has a policy to support sustainable educational activities as 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 such as.

- The bank provides the “scholarship project” with the purpose to support the youths who are good at study but unable to afford to pursue higher education.

- The ‘Library Renovation’ project creates a library with reading-friendly atmosphere and create a good reading habit which is the starting point of learning culture. The library was designed to be spacious and lovely so that the youth would come in and enjoy.

- The “Give Books to the Department of Corrections” project, the company encourages its employees and customers to donate books to promote knowledge of prisoners.

- The “Old Calendars We Need” project delivers the 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.

• 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 in order to alleviate the household spending. This project also instills juveniles to realize the values and importance of education and increase quality human resource. Furthermore, the bank has donated sport and gym equipment that will allow the youth to grow and become the main driving force for the nation in future.

Main Objectives

- To bring the educational stability to the 7th grade needy students with high academic records to pursue their education until 12th grade
- To instill youths the values and importance of education
- To increase the number of potential and quality human resources 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 good academic records with the average GPA above 2.50 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 other persons who are poor or are under the care of welfare institutions or foundations.

List of schools joining the 2022 scholarship project
includes:

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

Youth Empowerment and Education Outcome

- 88 continuing scholarships in 2022 for 6 schools from 7th grade to 11th grade, with the total amount of 704,000 Baht.
- Two follow-up surveys and assessments for the year 2022. Most of the students under the survey were relatively poor. Parents were divorced and they lived with relatives who were general labors with low incomes and education level were average to good.
- The youth were willing to study and striving to finish their high school.

Scholarship's Activity Snapshots



Thanyarat School, Pathum Thani



Phuket Wittayalai School, Phuket



Sankamphaeng School, Chiang Mai



Chuen Chom Pittayakarn School, Maha Sarakham

Expenses for CSR Activities

Activities	2022	2021	2020
Continuing Scholarship	750,000	606,000	462,000
Environmental, Social and Governance	1,150,000	1,200,000	1,168,000

- 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 conditions 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

2022	2021	2020
30 computers	40 computers	40 computers



Donate Used Computers to Tungmahamek School



Donate Used Computers to Nonthaburi Deaf School in Nonthaburi



Donate Used Computers to Nakhon Pathom School for the Deaf in Nakhon Pathom



Donate Used Computers to Phradabos School in Samut Prakarn

- Old Calendar Donation Project

The bank has collected the unused desk calendars from executives and employees 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

2022	2021	2020
1,800 pieces	1,250 pieces	1,450 pieces



Old Calendar Donation Project at the Skill Development Centre for the Blind

Old Book Donation Outcome

2022	2021	2020
960 pieces	1,030 pieces	1,340 pieces



Donate Books to the Department of Corrections for Prisoners' Education and Self-improvement

2. Society and Quality of Life Improvement

The company has been supporting various projects which promote 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 stakeholders nearby the bank. The group believes that delivering public activities cannot be achieved 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, persuading 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.

• Voluntary Activities for Social Development

Helping credit customers affected by the economic downturn, COVID-19 outbreak and flood, the bank has issued several relief measures for customers in all segments and retail customers who have been affected by the aforementioned situation in order to alleviate their sufferings as well as anxieties and get them ready to continue their business as follows:

- Supporting measures for corporate loan customers “Transformation Loans” for enterprises in transition to support customers who need a credit line to support their investment or to expand their business capacity in 3 areas as follows:

1. Digital Technology Trend
2. Green Business
3. Future Innovation

สินเชื่อเพื่อการปรับตัว

สนับสนุนลูกค้าที่ต้องการวางแผนเพื่อสนับสนุนการลงทุน หรือเพิ่มศักยภาพให้ธุรกิจ โดยลดข้อบกพร่องการรับซื้อ 3 รูปแบบ

- 1) กระแสเงินสดที่ขาดมือ
- 2) การดำเนินงานที่เกินขีดความสามารถ
- 3) แนวโน้มการเติบโตของตลาด

LH BANK

คุณสมบัติสินเชื่อ

- มีวงเงินสินเชื่อเพื่อการประกอบธุรกิจ/การลงทุนไม่เกิน 500 ล้านบาท
- มีระยะเวลาชำระคืนที่เกิน 36 เดือน
- ชำระดอกเบี้ย 2 ใน 3 ปีแรก และปีสุดท้ายไม่ขาดทุน
- มีคุณสมบัติด้านอื่นที่ธนาคารกำหนด

วงเงินสินเชื่อสูงสุด

- สินเชื่อระยะยาวสูงสุด 150 ล้านบาท (ปีแรก 50% ปีต่อไป 50% และปีสุดท้าย soft loan ที่ 100% ของวงเงิน)

อัตราดอกเบี้ย	ระยะเวลาการให้กู้
<ul style="list-style-type: none"> ปี 1-2 : 2% ปี 3-5 : ปีที่ 3 5.25% ปี 6-10 : MLR - 1.0325% 	<ul style="list-style-type: none"> สูงสุด 10 ปี ดังนี้ กรณีมีการลงทุนในสินทรัพย์ประเภทอาคาร สิ่งปลูกสร้าง : สูงสุด 10 ปี กรณีมีการลงทุนในสินทรัพย์ประเภทเครื่องจักร อุปกรณ์ ระบบ หรืออื่นๆ : สูงสุด 5 ปี

ค่าธรรมเนียม

- ค่าธรรมเนียมประเมิน
- ค่าธรรมเนียมประกัน
- ค่าธรรมเนียมการปล่อยกู้
- ค่าธรรมเนียมอื่นๆ

ระยะเวลาโครงการ

5 ปี

10 ปี

15 ปี

หมายเหตุ : ข้อมูลนี้ไม่ได้เป็นคำแนะนำจากธนาคาร

สงวนลิขสิทธิ์ : © Credit Product & Process Inc. © 2358 0000 ต่อ 3063, 3060 หรือ หน่วยงานที่เกี่ยวข้อง

- Relief measures for housing loan and personal loan customers affected by the COVID-19 pandemic (For non-NPL debtors) are as follows:

1. Relief measures for personal loan debtors

Reduce installments by extending repayment periods and charge interest rate of not more than 22 percent per annum

2. Relief measures for housing loans and mortgage loans

Reduce installments by extending repayment periods



Donate 9,000 Water Bottles to Help the Flood Victims in Ubon Ratchathani

- Roots Incubation Program 2022 Powered by LH Bank is a program for new generations who want to improve their hometown with the objective to build a startup entrepreneur with the knowledge in business planning or 360-degree thinking. The startup that joined the program came from various background such as industrial, agricultural, production, tourism and handicraft backgrounds, 112 team in total.





Donate Dolls to Rajavithi Home for Children



LH Bank Blood Donation, "1 Giver 3 Receivers" with the Thai Red Cross Society,

• Youth Empowerment and Education

The "Library Renovation" project creates a library with reading-friendly atmosphere and a good reading habit. The library was designed to be spacious and lovely so that the youth would come in and enjoy looking for information using computers. This is one way to instill sustainable learning culture.



Project "Library Renovation" at Watchan (Pathsawai Prachauthit) in Nonthaburi

3. Arts and Culture Conservation

The bank recognizes the importance in joining many arts and cultural activities with local people living nearby, 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.



Offer Auspicious Oranges to Customers During the Chinese New Year Festival

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 correct understanding and optimal benefits.



Financial services and investments through mobile banking application is one of the services that enables quick and convenient business transaction at any day, anywhere, anytime via mobile phone.

1. Profita, a new investment application - investment on the palm of your hand

- Open an account to trade mutual funds online anywhere, anytime
- Support buy-sell/switch fund orders with other leading fund management companies 24 hours.

Including the automatic management of investment portfolio, facilitate investors who have not much knowledge on investment or investors who do not have any advisor to be able to professionally plan and manage their portfolio.

2. LHB You Mobile Banking Application

- Add more channel for cardless withdrawal from Siam Commercial Bank (SCB) and Bank for Agriculture and Agricultural Cooperatives (BAAC) ATM machines.

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, anytime.

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 ICS 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, B.E. 2562 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.

Results and Benefits of Innovations

The total users increased in mobile banking from 100,000 users in 2021 to 110,000 users in 2022 or 10 percent. The active users increased from 57 percent in 2021 to 59 percent in 2022. In 2022, the bank was able to provide services without significant disruptions, reflecting the bank's commitment towards facilitating customers transaction with convenient, fast and safe manner.

4. Management Discussion and Analysis

2022 Economic Overview and 2023 Outlook

2022 Economic Overview

The Thai economy in 2022 was expected to grow by 3.2 percent according to the Bank of Thailand's estimate (As of November 2022), supported by a recovery in private consumption and the tourism sector, following the subsided situation of the COVID-19 and the relaxation of international travel restrictions. As a result, foreign tourists continued to enter the country. Farm income, income of workers and businesses related to the tourism sector continued to grow. Consequently, private consumption and private investment grew well. Merchandise exports expanded strongly as a whole but began to see the signs of a slowdown in the fourth quarter following decelerating demand from trading partners. Under the direction of gradual monetary policy tightening, Thailand still has sufficient fiscal space to handle rising uncertainties.

2023 Economic Outlook

For 2023, the Bank of Thailand expects the Thai economy to expand by 3.7 percent, supported by a continued recovery in the tourism sector, sustained expansion in private consumption, and increased private investment from increased investment in machinery and construction. Meanwhile, the export sector is likely to slow down in line with decelerating global demand. Regarding internal stability, inflation is expected to gradually decline in line with energy prices, especially in the second half of the year. On the external stability side, the current-account surplus is expected to be returned during the period. The key factors to support the Thai economic recovery will be as follows:

(1) The clear signs of tourism recovery reflected by a continued surge in the number of foreign tourist arrivals as well as the improvement in the tourism-related sectors as Thailand is expected to attract around 22 million foreign arrivals in 2023.

(2) The continued recovery in private consumption on the back of easing inflationary pressure and the resumption of economic activities, especially in the service sector, including a broad-based recovery in employment and labor income. Although the global economic slowdown will have an adverse effect on merchandise exports,

particularly sensitive track dependent on major trading partners' economic outlook such as automobiles, clothing, electrical appliances and industrial products, some categories are likely to grow, including agricultural and agro-industrial products.

However, global economic uncertainty remains worrisome and needs to be monitored as the global economy is likely to slow down more than anticipated. Other downside risks affecting Thailand's economic recovery include concerns about the recovery of household income and vulnerable business sectors, tightening monetary policy in major countries, particularly the United States and the European Union, and geopolitical risks, primarily from the ongoing conflict between Russia and Ukraine, affecting the issues of food and energy insecurity and global supply chain shortages.

Operating Results Classified by Business Group

1. Investment

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

Credit Rating

The company was rated "BBB+" with "Negative" outlook by TRIS Rating.

Overall Performance

The analysis of operating results of the company and its subsidiaries were comparative performance of the year 2022 and 2021.

In 2022, the profits were Baht 1,578.81 million, increased by Baht 195.11 million or 14.10 percent from the year 2021 with the net profit of Baht 1,383.72 million due mainly to the increase in net interest income and decrease in expected credit losses of Baht 571.66 million, dropped by 17.45 percent when compared to 2021.

Operating income was Baht 8,123.32 million, increased by Baht 47.99 million or 0.59 percent from to 2021.

Other operating expenses were Baht 3,589.60 million, increased by Baht 366.36 million or 11.37 percent from 2021, due mainly to the increase in employees' expenses and advertising and promotional expenses.

Operating profit before expected credit losses to total revenue was 55.81 percent in 2022, decreased from 60.09 percent in 2021.

Basic earnings per share (EPS) for the year 2022 was Baht 0.075 per share, increased from Baht 0.066 per share in 2021. Returns on equity ratio (ROE) was 4.24 percent in 2022 increased from 3.60 percent in 2021.

Table : Operating Results

Operating Results	Consolidated Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	2022	2021	2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	6,194.81	5,439.09	4,725.73	755.72	13.89
Net interest income	752.87	855.46	727.56	(102.59)	(11.99)
Total other incomes	1,175.64	1,780.78	2,294.02	(605.14)	(33.98)
Total operating income	8,123.32	8,075.33	7,747.31	47.99	0.59
Other operating expenses	(3,589.60)	(3,223.24)	(2,997.14)	366.36	11.37
Operating profits	4,533.72	4,852.09	4,750.17	(318.37)	(6.56)
Expected credit losses	(2,703.80)	(3,275.44)	(2,303.78)	(571.64)	(17.45)
Profits before income tax expenses	1,829.92	1,576.65	2,446.39	253.27	16.07
Income tax	(251.11)	(192.93)	(389.50)	58.18	30.16
Annual profits	1,578.81	1,383.72	2,056.89	195.09	14.10
Earnings per share (EPS) (Baht)	0.075	0.066	0.098		
Returns on equity ratio (ROE) (%)	4.24	3.60	5.16		
Returns on assets ratio (ROA) (%)	0.58	0.54	0.84		



1.1 Structure of Operating Income

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

Operating Income

Operating income was Baht 8,123.32 million, increased by Baht 47.99 million or 0.59 percent from 2021.

Table : Operating Income

Operating Income	Consolidated Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	2022	2021	2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Interest income	8,723.94	7,769.68	7,855.39	954.26	12.28
Interest expenses	(2,529.13)	(2,330.59)	(3,129.66)	198.54	8.52
Net interest income	6,194.81	5,439.09	4,725.73	755.72	13.89
Fees and service income	957.86	1,202.97	911.48	(245.11)	(20.38)
Fees and service expenses	(204.99)	(347.51)	(183.92)	(142.52)	(41.01)
Net fees and service income	752.87	855.46	727.56	(102.59)	(11.99)
Gains (losses) on financial instruments measured at fair value through profit or loss	(9.38)	(6.81)	44.36	(2.57)	(37.74)
Gains on investments	-	155.65	833.92	(155.65)	(100.00)
Dividend income	1,156.55	1,592.57	1,388.59	(436.02)	(27.38)
Other operating incomes	28.47	39.37	27.15	(10.9)	(27.69)
Total other incomes	1,175.64	1,780.78	2,294.02	(605.14)	(33.98)
Total operating income	8,123.32	8,075.33	7,747.31	47.99	0.59

Net Interest Income

Net interest income was Baht 6,194.81 million, increased by Baht 755.72 million or 13.89 percent from 2021, due mainly to the increase in both interest income and interest expenses of Land and Houses Bank Public Company Limited, a core subsidiary.

Interest expenses were Baht 2,529.13 million, increased by Baht 198.54 million or 8.52 percent from 2021, as a result of loan expansion and the bank had distributed the benefits from the reduced contributions to the Financial Institutions Development Fund (FIDF) from 0.46 percent to 0.23 percent 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 net 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 1,928.51 million, decreased by Baht 707.73 million or 26.85 percent from 2021. Details are as follows:

- Net Fees and Service Income

Net fees and service income were Baht 752.87 million, decreased by Baht 102.59 million or 11.99 percent from 2021 as a result of the decrease in commission income of Land and Houses Bank Public Company Limited, a subsidiary, and the decrease in fees and service income from fund management/commission and redemption of investment units of Land and Houses Fund Management Company Limited, a subsidiary, and brokerage fees from Land and Houses Securities Public Company Limited, a subsidiary.

- Other Incomes

Other incomes were Baht 1,175.64 million, decreased by Baht 605.14 million or 33.98 percent from 2021, due mainly to the decrease in net gains on investments and gains (losses) on financial instruments measured at fair value through profit or loss and dividend income.

Other Operating Expenses

Other operating expenses were Baht 3,589.60 million, increased by Baht 366.36 million or 11.37 percent from 2021, due mainly to the increase in employees' expenses and advertising and promotional expenses.

Table : Other Operating Expenses

Other Operating Expenses	Consolidated Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	2022	2021	2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employee's expenses	2,059.02	1,796.42	1,614.71	262.60	14.62
Directors' remuneration	41.69	42.59	47.09	(0.90)	(2.11)
Premises and equipment expenses	696.84	674.45	726.00	22.39	3.32
Taxes and duties	259.84	220.11	215.47	39.73	18.05
Advertising and promotional expenses	174.25	129.65	76.41	44.60	34.40
Amortisation on intangible assets	118.95	123.84	126.46	(4.89)	(3.95)
Other expenses	239.01	236.18	191.00	2.83	1.20
Total other operating expenses	3,589.60	3,223.24	2,997.14	366.36	11.37
Other operating expenses to total operating incomes ratio (%)	44.19	39.91	38.69		

- Employee's Expenses

Employee's expenses were Baht 2,059.02 million, increased by Baht 262.60 million or 14.62 percent from 2021, resulted from employees' benefits during the year and preventive measures for COVID-19 pandemic.

As of 31 December 2022, LH Financial Group Public Company Limited financial business group, had a total of 1,741 employees, equal to the year 2021. Details are as follows:

- LH Financial Group Public Company Limited had 245 employees, decreased by 40 from 2021.
- Land and Houses Bank Public Company Limited had 1,264 employees, increased by 40 from 2021.
- Land and Houses Securities Public Company Limited had 142 employees, increased by 2 from 2021.
- Land and Houses Fund Management Company Limited had 90 employees, decreased by 2 from 2021.

Table : Number of Employees

LH Financial Group Public Company Limited Financial Business Group	Number of Employees (Person)		
	31 December 2022	31 December 2021	31 December 2020
LH Financial Group Public Company Limited	245	285	282
Land and Houses Bank Public Company Limited	1,264	1,224	1,266
Land and Houses Securities Public Company Limited	142	140	130
Land and Houses Fund Management Company Limited	90	92	88
Land and Houses Advisory Company Limited	-	-	-
Total	1,741	1,741	1,766

Note : During the year 2022, 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 696.84 million, increased by Baht 22.39 million or 3.32 percent from 2021.

- Advertising and Promotional Expenses

Advertising and promotional expenses were Baht 174.25 million, increased by Baht 44.60 million or 34.40 percent from 2021.

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 2022 and 31 December 2021.

Table : Total Assets

Total Assets	Consolidated Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Assets					
Cash	705.07	717.88	801.52	(12.81)	(1.78)
Interbank and money market items - net	33,051.39	34,055.97	32,367.36	(1,004.58)	(2.95)
Financial assets measured at fair value through profit or loss	379.07	117.91	26.78	261.16	221.49
Investments - net	54,043.76	53,537.36	55,656.49	506.40	0.95
Loans to customers and accrued interest receivables					
Loans to customers	216,056.97	178,788.43	161,376.40	37,268.54	20.85
Accrued interest receivables and undue interest receivables	3,198.51	2,007.39	876.22	1,191.12	59.34
Total loans to customers and accrued interest receivables	219,255.48	180,795.82	162,252.62	38,459.66	21.27
Less: Deferred revenue	(66.23)	(37.11)	(21.62)	(29.12)	(78.47)
Allowance for expected credit losses	(11,662.66)	(8,941.36)	(6,014.30)	(2,721.30)	(30.43)
Loans to customers and accrued interest receivables - net	207,526.59	171,817.35	156,216.70	35,709.24	20.78
Properties foreclosed - net	786.42	773.35	652.53	13.07	1.69
Premises and equipment - net	372.54	347.08	309.92	25.46	7.34
Right-of-use assets - net	545.23	613.44	800.36	(68.21)	(11.12)
Intangible assets - net	355.23	366.83	439.10	(11.60)	(3.16)
Deferred tax assets	1,351.48	1,033.40	630.89	318.08	30.78
Accrued interest receivables on investments	116.80	144.70	187.22	(27.90)	(19.28)
Other assets - net	2,322.90	1,110.93	1,222.79	1,211.97	109.10
Total assets	301,556.48	264,636.20	249,311.66	36,920.28	13.95

Total Assets

Total assets were Baht 301,566.48 million, increased by Baht 36,920.28 million or 13.95 percent from 2021. Core assets consisted of loans to customer and accrued interest receivables - net 68.82 percent of total assets, followed by investments - net 17.92 percent of total assets.

Net Investments

Net investments had a book value of Baht 54,043.76 million, increased by Baht 506.40 million or 0.95 percent from 2021, due mainly to the increase in investments in debt securities of the government and state enterprises.

Table : Investments Classified by Type of Investments

Type of Investments	Consolidated Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Investments in debt instruments measured at amortised cost					
Private sector debt securities	669.30	-	-	669.30	100.00
Less: Allowance for expected credit losses	(0.11)	-	-	0.11	100.00
Total investments in debt instruments measured at amortised cost	669.19	-	-	669.19	100.00
Investment in debt instruments measured at fair value through other comprehensive income					
Government and state enterprise securities	26,874.88	22,202.13	18,471.27	4,672.75	21.05
Private sector debt securities	7,735.95	9,761.20	14,908.30	(2,025.25)	(20.75)
Other debt securities	3,282.60	3,120.97	3,710.50	161.63	5.18
Less: Allowance for expected credit losses	(251.66)	(202.34)	(202.28)	49.32	24.37
Total investment in debt instruments measured at fair value through other comprehensive income	37,641.77	34,881.96	36,887.79	2,759.81	7.91
Investment in equity instruments measured at fair value through other comprehensive income					
Domestic marketable equity securities	15,716.43	18,639.03	18,752.34	(2,922.60)	(15.68)
Domestic non-marketable equity securities	16.37	16.37	16.36	-	-
Total investment in equity instruments measured at fair value through other comprehensive income	15,732.80	18,655.40	18,768.70	(2,922.60)	(15.67)
Investments - net	54,043.76	53,537.36	55,656.49	506.40	0.95

Total Liabilities

Total liabilities were Baht 264,685.90 million, increased by Baht 38,248.22 million or 16.89 percent from 2021. Majority liabilities were deposits, interbank and money market items and debts issued and borrowings accounting for 87.43, 9.04 and 2.04 percent of total liabilities, respectively.

Table : Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Consolidated Financial Statement			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Deposits	231,408.35	192,499.34	182,719.84	38,909.01	20.21
Interbank and money market items	23,923.88	19,170.71	12,336.78	4,753.17	24.79
Liabilities payable on demand	100.51	189.54	949.59	(89.03)	(46.97)
Debts issued and borrowings	5,389.76	11,877.89	11,393.94	(6,488.13)	(54.62)
Others	3,863.40	2,700.20	3,280.55	1,163.20	43.08
Total liabilities	264,685.90	226,437.68	210,680.70	38,248.22	16.89

Owners' Equity

Owners' equity was Baht 36,870.58 million, decreased by Baht 1,327.94 million or 3.48 percent from 2021.

Table : Owners' Equity

Owners' Equity	Consolidated Financial Statement			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020	Increase (Decrease)	
	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	-	-	-
Other components of owners' equity	(6,793.14)	(4,103.78)	(3,692.70)	(2,689.36)	(65.53)
Retained earnings - statutory reserve	1,751.37	1,670.68	1,553.87	80.69	4.83
Retained earnings - treasury shares reserve	-	-	335.42	-	-
Retained earnings - unappropriated	11,099.89	9,819.16	9,958.22	1,280.73	13.04
Less: Treasury shares - common shares	-	-	(335.42)	-	-
Total owners' equity	36,870.58	38,198.52	38,630.96	(1,327.94)	(3.48)

1.3 Capital Adequacy

Sources and Uses of Fund

Capital structure according to the consolidated financial statements consisted of liabilities totalling Baht 264,685.90 million and owners' equity in the amount of Baht 36,870.58 million, or D/E ratio of 7.18 times. The composition of sources of fund in terms of liabilities was deposits at 76.74 percent, interbank and money market items at 7.93 percent, debts issued and borrowings at 1.79 percent and others at 1.31 percent, while owners' equity was at 12.23 percent.

Relationship Between Sources and Uses of Fund

Loans to deposit ratio of Land and Houses Bank Public Company Limited was 94.72 percent. 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 contractual maturity date. Deposits less than 1 year were Baht 210,935.82 million, or 91.15 percent of total deposits. Loans to customers less than 1 year were Baht 88,338.72 million, or 40.89 percent of total loans. Deposits more than 1 year were Baht 20,472.53 million, or 8.85 percent of total deposits. Loans more than 1 year were Baht 125,544.40 million, or 58.11 percent of total loans and perpetual loans were Baht 2,173.85 million, or 1.00 percent of total loans.

Table : Sources and Uses of Fund

Periods	Deposits				Loans			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	210,935.82	91.15	185,810.89	96.53	88,338.72	40.89	75,132.25	42.02
More than 1 year	20,472.53	8.85	6,688.45	3.47	125,544.40	58.11	101,870.24	56.98
Perpetual	-	-	-	-	2,173.85	1.00	1,785.94	1.00
Total	231,408.35	100.00	192,499.34	100.00	216,056.97	100.00	178,788.43	100.00

1.4 Change of Cash Flow

Cash was Baht 705.07 million, decreased by Baht 12.81 million from 2021. Net cash provided and used by various activities was as follows:

- Net cash provided by operating activities was Baht 4,596.85 million, which was from the operating profits before the changes in operating assets and liabilities were Baht 1,743.74 million and significant changes in assets and liabilities were loans to customers increased by Baht 37,272.54 million, interbank and money market items (assets) decreased by Baht 999.91 million, deposits increased by Baht 38,909.02 million, interbank and money market items (liabilities) increased by 4,753.17 million and short-term debts issued and borrowings decreased by Baht 4,086.47 million.

- Net cash used in investing activities was Baht 1,743.35 million, due mainly to cash paid for purchase of investments in debt instruments measured at fair value through other comprehensive income - net in the amount of Baht 3,418.75 million and cash paid for purchase of

investments in debt instruments measured at amortised cost - net in the amount of Baht 669.30 million, cash received on sale/capital returns on investments in equity instruments measured at fair value through other comprehensive income - net in the amount of Baht 522.64 million, cash received on dividend income on investments in the amount of Baht 1,156.55 million and cash received on interest income on investments in the amount of Baht 900.73 million.

- Net cash used in financing activities was Baht 2,866.31 million, which was from the redemption of long - term debts issued and borrowings - net of Baht 2,401.66 million, dividend payment of Baht 211.88 million and payment for lease agreements of Baht 252.77 million.

1.5 Liquidity Adequacy

Liquid assets consisting of cash, interbank and money market items - net (assets) and net investments, were Baht 74,278.19 million, decreased by Baht 534.92 million or 0.72 percent, from 2021.

Table : Liquid Assets

Items	31 December 2022	31 December 2021
	Amount (Million Baht)	Amount (Million Baht)
Total assets	301,556.48	264,636.20
Deposits	231,408.35	192,499.34
Loans to customers (net deferred revenue)	215,990.74	178,751.32
Liquid assets	74,278.19	74,813.11
Loans/deposits (%)	94.72	93.90
Liquid assets/total assets (%)	24.63	28.27
Liquid assets/deposits (%)	32.10	38.86

1.6 Factors Affecting Future Operations

The main factors that might affect the operation in the future include uncertainties surrounding the volatility of global money market and risks of global economic recession. Amidst high interest rates of many countries and other factors that might impact the recovery of Thai economy include worries about the recovery of household income and some sensitive sectors, rising inflation and higher cost of fund, tightening monetary policies of major trading countries, particularly the United States and the European Union as well as geo-political risks, especially prolonged Russian-Ukraine dispute.

2. Commercial Banks

Overview of Commercial Banks and Competition in 2022 and Outlook in 2023

Overview of Commercial Banks and Competition in 2022

Commercial banks' performance improved from 2021, operating profit grew in line with the direction of continuous loan growth. In addition, the cost of provisions decreased from the previous year when provisions were set at a high level throughout the period of the COVID-19 pandemic.

Loans of commercial banking system grew from the previous year in line with the demand for loans of business and household sectors. Most of them needed credits for working capital and large businesses still required some loans for investments and to accelerate fund raising before interest rates rose, while SMEs needed loans for working capital and inventory management to support recovering economic activities. Consumer loans continued to grow well. In particular, credit card and personal loans grew in line with consumer spending. Mortgage loans also expanded

in line with increasing demand before measures to support housing purchases expired in 2022, as well as rising interest rates and housing prices. In addition, auto loan grew in line with increased car sales.

Deposits of commercial banks continued to grow partly due to the increase in deposit interest rates including the volatility of the money market and capital market which reflected the high level of liquidity in the commercial banking.

Overall banking system was strong with high levels of capital, reserves and liquidity which could address the need for loans to constantly support economic recovery. However, financial institutions were still strict in granting credits since overall credit quality seemed not to improve coupled with the treatment of sensitive debtors who may be affected by interest burden and increased cost of living following relief measures that were gradually expired.

Business Trends and Competition of Commercial Banks in 2023

Credit of the commercial banking system tends to expand in line with the gradual economic recovery. Although the Thai economy tends to recover, it is not comprehensive. As a result, the commercial banking industry is likely to gradually recover. The lead loan growth is expected to come from corporate loans that are able to better cope with rising operating costs and economic uncertainties. Regarding retail loans and SMEs, growth is expected to be similar to that of the previous year under the pressure from high household debt.

For competition, commercial banks continue to expand their digital lending business and give weight to other business developments such as those related to environment, society and governance (ESG), digital assets, trade finance and other non-financial businesses as to support long-term stability and profitability.

**Comparative Performance of Land and Houses Bank Public Company Limited and Commercial Banks
As of December 31, 2022**

(Unit : Million Baht)

Items	31 December 2022	31 December 2021	31 December 2020	Growth (YoY)		Growth (YoY)
				2022	2021	2-year Average
Commercial Banks						
Asset	21,413,245	20,596,888	19,800,655	4.0%	4.0%	4.0%
Loan ¹	13,735,635	13,353,600	12,645,401	2.9%	5.6%	4.2%
Deposit	15,771,392	15,121,224	14,536,863	4.3%	4.0%	4.2%
Land and Houses Bank Public Company Limited						
Asset	295,846	251,479	240,085	17.6%	4.8%	11.0%
Loan ¹	210,256	170,144	155,838	23.6%	9.2%	16.2%
Deposit	231,432	192,513	182,735	20.2%	5.4%	12.5%
Market Share of Land and Houses Bank Public Company Limited						
Asset (%)	1.38	1.22	1.21			
Loan ¹ (%)	1.53	1.27	1.23			
Deposit (%)	1.47	1.27	1.26			

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

Source : The Bank of Thailand and 14 commercial banks registered in Thailand (Separate financial statement)

Credit Rating

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

Overall Performance

The analysis of the operating results of Land and Houses Bank Public Company Limited is a comparative performances of the year 2022 and 2021.

In 2022, the bank had a net profit of Baht 1,093.35 million, increased by Baht 402.51 million or 58.26 percent from 2021 as a result of an increase in net interest income of 12.93 percent and a decrease in expected credit losses in the amount of Baht 733.45 million or 22.34 percent from 2021.

Operating income amounted to Baht 6,992.95 million, increased by Baht 134.69 million or 1.96 percent from 2021.

Other operating expenses amounted to Baht 3,125.34 million, increased Baht 366.35 million or 13.28 percent from 2021, largely from the increase in employee expenses.

Operating profit before expected credit losses to total revenue in 2022 was 55.31 percent, decreased from 59.77 percent in 2021.

In 2022, basic earnings per share (EPS) was Baht 0.55 per share, increased from Baht 0.35 per share in the previous year. Returns on equity ratio (ROE) and returns on asset (ROA) were 3.14 percent and 0.41 percent, respectively.

Table: Operating Results

Operating Results	Separate Financial Statement			Change (2022 vs 2021)	
	2022	2021	2020	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	6,284.16	5,564.61	4,951.97	719.55	12.93
Net fees and service income	275.36	317.47	282.44	(42.11)	(13.26)
Total other incomes	433.43	976.18	1,388.98	(542.75)	(55.60)
Total operating income	6,992.95	6,858.26	6,623.39	134.69	1.96
Other operating expenses	(3,125.34)	(2,758.99)	(2,591.07)	366.35	13.28
Operating profits	3,867.61	4,099.27	4,032.32	(231.66)	(5.65)
Expected credit losses	(2,550.38)	(3,283.83)	(2,298.24)	(733.45)	(22.34)
Profits before income tax expenses	1,317.23	815.44	1,734.08	501.79	61.54
Income tax	(223.88)	(124.60)	(326.49)	99.28	79.68
Annual profits	1,093.35	690.84	1,407.59	402.51	58.26
Earnings per share (EPS) (Baht)	0.55	0.35	0.70		
Returns on equity ratio (ROE) (%)	3.14	1.93	3.88		
Returns on assets ratio (ROA) (%)	0.41	0.28	0.60		



2.1 Structure of Operating Income

The structure of operating income is as follows:

Operating Income

Operating income was Baht 6,992.95 million, increased by Baht 134.69 million or 1.96 percent from 2021.

Table: Operating Income

Operating Income	Separate Financial Statement			Change (2022 vs 2021)	
	2022	2021	2020	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Interest income					
Loans to customers	7,493.91	6,358.12	6,207.92	1,135.79	17.86
Investments in debt securities	775.07	907.81	1,222.49	(132.74)	(14.62)
Interbank and money market items	460.75	482.36	490.55	(21.61)	(4.48)
Hire purchase	5.38	2.59	6.10	2.79	107.72
Others	0.90	0.26	0.13	0.64	246.15
Total interest income	8,736.01	7,751.14	7,927.19	984.87	12.71
Interest expenses	(2,451.85)	(2,186.53)	(2,975.22)	265.32	12.13
Net interest income	6,284.16	5,564.61	4,951.97	719.55	12.93
Fees and service income	360.67	389.58	352.16	(28.91)	(7.42)
Fees and service expenses	(85.32)	(72.11)	(69.72)	13.21	18.32
Net fees and service income	275.35	317.47	282.44	(42.11)	(13.27)
Gains on investments	-	155.65	833.92	(155.65)	(100.00)
Dividend income	423.69	801.30	494.14	(377.61)	(47.12)
Other operating incomes	9.75	19.23	60.92	(9.48)	(49.30)
Total other incomes	433.44	976.18	1,388.98	(542.75)	(55.60)
Total operating income	6,992.95	6,858.26	6,623.39	134.69	1.96

Net Interest Income

Net interest income was Baht 6,284.16 million, increased by Baht 719.55 million or 12.93 percent from 2021, due mainly to the increase in interest income.

Interest income was Baht 8,736.01 million, increased by Baht 984.87 million or 12.71 percent from 2021 as a result of the loan expansion and interest rate increase. However, the bank reduced loan interest rates for both retail and corporate clients, offered loans with special interest rates and lowered penalty charges for customers directly and indirectly impacted by the COVID-19 pandemic and other supports for customers affected by other situations such as economic situation and severe drought under the relief measures of the Bank of Thailand.

Interest expenses were Baht 2,451.85 million, increased by Baht 265.32 million or 12.13 percent from 2021, due mainly to the loan expansion and the bank had distributed the benefits from the reduced contributions to the Financial Institutions Development Fund (FIDF) from 0.46 percent to 0.23 percent per year according to the governmental measures during the year 2020 - 2022.

Non-Interest Income

Non-interest income consisted of net fees and service income and other incomes (which comprised gains on investments, dividend income and other operating incomes).

Non-interest income was Baht 708.79 million, decreased by Baht 584.86 million or 45.21 from 2021. Details are as follows:

- Net Fees and Service Income

Net fees and service income was Baht 275.35 million, decreased by Baht 42.11 million or 13.26 percent from 2021, as a result of the increase in the brokerage fee income from financial products and services.

- Other Incomes

Other incomes were Baht 433.44 million, decreased by Baht 542.75 million or 55.60 percent from 2021, due mainly to the decrease in gains on investments.

Net Interest Income after expected credit losses

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.

Net interest income after expected credit losses was Baht 3,733.78 million, increased by Baht 1,453.00 million or 63.71 percent from 2021.

Expected credit losses

Expected credit losses was Baht 2,550.38 million, decreased by Baht 733.45 million or 22.34 percent from 2021.

Table: Net Interest Income after Expected Credit Losses

Net Interest Income after Expected Credit Losses	Separate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	2022	2021	2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	6,284.16	5,564.61	4,951.97	719.55	12.93
Expected credit losses	(2,550.38)	(3,283.83)	(2,298.24)	(733.45)	(22.34)
Net Interest Income after expected credit losses	3,733.78	2,280.78	2,653.73	1,453.00	63.71

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.

Other operating expenses were Baht 3,125.34 million, increased by Baht 366.35 million or 13.28 percent from 2021, due mainly to the increase in employees' expenses and advertising and promotional expenses. Other operating expenses to total income ratio in 2022 was 44.69 percent, increased from 40.23 percent in 2021.



Table: Other Operating Expenses

Other Operating Expenses	Separate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	2022	2021	2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employees' expenses	1,485.53	1,220.13	1,110.33	265.40	21.75
Directors' remuneration	12.81	18.93	20.44	(6.12)	(32.33)
Premises and equipment expenses	619.18	600.84	653.95	18.34	3.05
Taxes and duties	255.47	216.88	213.58	38.59	17.79
Advertising and promotional expenses	156.63	107.29	65.63	49.34	45.99
Amortisation and intangible assets	113.08	113.27	115.19	(0.19)	(0.17)
Supporting service expenses	316.27	316.42	288.45	(0.15)	(0.05)
Other expenses	166.37	165.23	123.50	1.14	0.69
Total other operating expenses	3,125.34	2,758.99	2,591.07	366.35	13.28
Total operating expenses to total operating income ratio (%)	44.69	40.23	39.12	4.46	11.09

- Employees' Expenses

Employees' expenses were Baht 1,485.53 million, increased by Baht 265.40 million or 21.75 percent from 2021.

As of 31 December 2022, the bank had a total of 1,264 employees, decreased by 40 from 2021.

Table: Number of Employees

	31 December 2022	31 December 2021	31 December 2020
Number of employees (person)	1,264	1,224	1,266

Note: In the year 2022, 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 619.18 million, increased by Baht 18.34 million or 3.05 percent from 2021.

- Advertising and Promotional Expenses

Advertising and promotional expenses were Baht 156.63 million, increased by Baht 49.34 million or 45.99 percent from 2021.

- Supporting Service Expenses

Supporting service expenses were Baht 316.27 million, decreased by Baht 0.15 million or 0.05 percent from 2021.

- Other Expenses

Other expenses were Baht 166.37 million, increased by Baht 1.14 million or 0.69 percent from 2021.

2.2 Asset Management Efficiency

Analysis of Financial Positions

The analysis of financial positions of Land and Houses Bank Public Company Limited is the comparison of financial positions as of 31 December 2022 and 31 December 2021.

Table: Total Assets

Total Assets	Seperate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Assets					
Cash	704.94	717.75	801.38	(12.81)	(1.78)
Interbank and money market items - net	35,933.71	35,267.73	35,925.75	665.98	1.89
Investments - net	44,375.84	41,733.75	43,982.97	2,642.09	6.33
Loans to customers and accrued interest receivables					
Loans to customers	218,791.82	177,120.49	160,991.88	41,671.33	23.53
Accrued interest receivables and undue interest receivables	3,189.71	2,000.93	872.13	1,188.78	59.41
Total loans to customers and accrued interest receivables	221,981.53	179,121.42	161,864.01	42,860.11	23.93
Less: Deferred revenue	(66.23)	(37.11)	(21.62)	29.12	78.47
Allowance for expected credit losses	(11,658.88)	(8,940.30)	(6,003.97)	2,718.58	30.41
Loans to customers and accrued interest receivables - net	210,256.42	170,144.01	155,838.42	40,112.41	23.58
Properties foreclosed - net	786.42	773.35	652.53	13.07	1.69
Premises and equipment - net	308.71	282.75	250.23	25.96	9.18
Right-of-use assets - net	497.04	554.03	732.07	(56.99)	(10.29)
Intangible assets - net	261.77	274.93	338.74	(13.16)	(4.79)
Deferred tax assets	1,297.53	1,013.32	607.91	284.21	28.05
Accrued interest receivables on investments	116.80	144.69	187.22	(27.89)	(19.28)
Other assets - net	1,306.97	572.35	767.62	734.62	128.35
Total assets	295,846.15	251,478.66	240,084.84	44,367.49	17.64

Total Assets

The core assets consisted of loans to customer and net accrued interest receivables, accounting for 71.07 percent of total assets, followed by net investments accounting for 15.00 percent of total assets.

Total assets were Baht 295,846.15 million, increased by Baht 44,367.49 million or 17.64 percent from 2021, due mainly to the increase in loans to customers and accrued interest receivables - net.

Net Investments

Net investments had a book value of Baht 44,375.84 million, increased by Baht 2,642.09 million or 6.33 percent from 2021, mainly from investments in debt instruments measured at fair value through other comprehensive income of the government and state enterprises.

Table: Investments Classified by Type of Investments Measured at Book Value

Investments - Net	Seperate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Investments in debt instruments measured at amortised cost					
Private sector debt instruments	669.30	-	-	669.30	100.00
Less: Allowance for expected credit losses	(0.11)	-	-	0.11	100.00
Total Investments in debt instruments measured at amortised cost	669.19	-	-	669.19	100.00
Investment in debt instruments measured at fair value through other comprehensive income					
Government and state enterprise securities	26,874.88	22,202.13	18,471.27	4,672.75	21.05
Private sector debt securities	7,735.95	9,761.20	14,908.30	(2,025.25)	(20.75)
Other debt securities	3,282.60	3,120.97	3,710.50	161.63	5.18
Less: Allowance for expected credit losses	(251.66)	(202.34)	(202.28)	49.32	24.37
Total investment in debt instruments measured at fair value through other comprehensive income	37,641.77	34,881.96	36,887.79	2,759.81	7.91
Domestic marketable equity securities	6,057.98	6,844.89	7,088.28	(786.91)	(11.50)
Domestic non-marketable equity securities	6.90	6.90	6.90	-	-
Total investment in equity instruments designated at fair value through other comprehensive income	6,064.88	6,851.79	7,095.18	(786.91)	(11.48)
Investments - net	44,375.84	41,733.75	43,982.97	2,642.09	6.33

Loans to Customers

Net loans to customers of deferred revenue (Interbank and money market items included) were Baht 251,095.40 million, increased by Baht 41,497.02 million or 19.80 percent from the year 2021. Most of them came from conglomerate & corporate loans accounting for 43.52 percent, followed by commercial & SME loans accounting for 39.60 percent of total loans.

Loans classified by business sector consist of conglomerate & corporate, commercial & SME and retail loans.

Loans Classified by Business Sector (Interbank and Money Market Items Included)

Loans Classified by Business Sector	Separate Financial Statements						Change (2022 vs 2021)	
	31 December 2022		31 December 2021		31 December 2020		Increase (Decrease)	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Conglomerate & Corporate	109,286.77	43.52	103,997.36	49.62	-	-	5,289.41	5.09
Big Corporate & Corporate	-	-	-	-	149,042.03	76.79	-	-
Commercial & SME	99,425.97	39.60	76,218.44	36.36	-	-	23,207.53	30.45
SMEs & SSME	-	-	-	-	20,734.55	10.68	-	-
Retail	42,382.66	16.88	29,382.58	14.02	24,323.68	12.53	13,000.08	44.24
Loans net of deferred revenue	251,095.40	100.00	209,598.38	100.00	194,100.26	100.00	41,497.02	19.80
Add : Accrued interest receivables and undue interest receivables	3,197.44		2,006.49		880.11		1,190.95	59.35
Total loans and accrued interest receivables net of deferred revenue	254,292.84		211,604.87		194,980.37		42,687.97	20.17

Note: In 2020, the bank has reclassified loans to customers by segment.

Loans classified by type of loans mostly are loans for the manufacturing and commercial sectors and financial intermediary loan, accounting for 24.64 and 24.18 percent of total loans, respectively.

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

Loans Classified by Type of Loans	Separate Financial Statements						Change (2022 vs 2021)	
	31 December 2022		31 December 2021		31 December 2020		Increase (Decrease)	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Housing loans	39,665.56	15.80	27,765.46	13.25	22,839.65	11.77	11,900.10	42.86
Manufacturing and commerce	61,882.31	24.64	51,699.46	24.67	40,181.01	20.70	10,182.85	19.70
Public utilities and services	46,228.25	18.41	41,544.22	19.82	40,535.70	20.89	4,684.03	11.27
Real estate and construction	25,667.50	10.22	20,408.12	9.74	23,064.68	11.88	5,259.38	25.77
Agricultural and mining	347.61	0.14	1,335.47	0.64	36.83	0.02	(987.86)	(73.97)
Financial intermediation	60,711.42	24.18	51,586.56	24.61	54,858.43	28.26	9,124.86	17.69
Saving cooperative	13,902.81	5.54	13,615.00	6.49	11,100.00	5.72	287.81	2.11
Others	2,689.94	1.07	1,644.09	0.78	1,483.96	0.76	1,045.85	63.61
Total loans net of deferred revenue	251,095.40	100.00	209,598.38	100.00	194,100.26	100.00	41,497.02	19.80

Asset Quality

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 2022				
	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 with no significant increases in credit risk	35,945.65	35,280.14	205,340.49	2.72	276,569.00
- Financial assets with significant increases in credit risk	-	3,282.60	10,926.07	2.67	14,211.34
- Financial assets with credit impairments	-	-	5,648.74	46.67	5,695.41
Total	35,945.65	38,562.74	221,915.30	52.06	296,475.75

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 with no significant increases in credit risk	35,272.86	31,963.33	168,856.00	3.22	236,095.41
- Financial assets with significant increases in credit risk	-	3,120.97	4,867.11	0.52	7,988.60
- Financial assets with credit impairments	-	-	5,361.20	41.79	5,402.99
Total	35,272.86	35,084.30	179,084.31	45.53	249,487.00

Allowance for Expected Credit Losses

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

Allowance for expected credit losses was Baht 11,658.88 million, increased by Baht 2,718.58 million or 30.41 percent compared to the year 2021 to support the 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 at 200.99 percent in 2022 and 179.12 percent in 2021.

Table: Allowance for Expected Credit Losses Classified by Debtor Classification
(Interbank and Money Market Items Excluded)

Classified by Debtor Classification	31 December 2022			
	Loans to Customers and Accrued Interest Receivables		Allowance for Expected Credit Losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets with no significant increases in credit risk	205,340.49	92.53	3,959.52	33.96
Financial assets with significant increases in credit risk	10,926.07	4.92	2,012.22	17.26
Financial assets with credit impairments	5,648.74	2.55	3,240.41	27.79
Total	221,915.30	100.00	9,212.15	79.01
General provision			2,446.73	20.99
Total	221,915.30	100.00	11,658.88	100.00

Classified by Debtor Classification	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 with no significant increases in credit risk	168,856.00	94.29	2,831.82	31.67
Financial assets with significant increase in credit risk	4,867.11	2.72	1,096.66	12.27
Financial assets with credit impairments	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

Table: Loans to Customers Classified by Maturity

Loans to Customers	Separate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
At call ¹	13,236.07	9,140.28	9,908.76	4,095.79	44.81
Not over 1 year	80,011.35	66,109.97	48,753.37	13,901.38	21.03
1 - 5 years	75,409.21	54,931.20	50,827.97	20,478.01	37.28
Over 5 years	50,135.19	46,939.04	51,501.78	3,196.15	6.81
Total	218,791.82	177,120.49	160,991.88	41,671.33	23.53

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

Troubled Debt Restructuring

As of 31 December 2022, there were 44,035 debtors, 283 under debt restructuring with the outstanding balance of Baht 5,806.25 million.

Table: Troubled Debt Restructuring

Debtors	Separate Financial Statement			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Total debtors					
- Number of accounts	44,035	11,148	9,969	32,887	295.00
- Outstanding balance (Principal and interest receivables)	221,915.30	179,084.31	161,842.39	42,831	23.92
Debtors under debt restructuring					
- Number	283	271	268	12	4.43
- Outstanding balance (Principal and interest receivables)	5,806.25	6,027.36	4,160.49	(221.11)	(3.67)

Non-Performing Loans

Non-performing loans (gross) were Baht 5,248.21 million, increased by Baht 138.46 million or 2.71 percent from 2021 and non-performing loans to total loans ratio were 2.09 percent, decreased from 2.44 percent in 2021.

Total Liabilities

Total liabilities were Baht 260,516.40 million, increased by Baht 44,136.78 million or 20.40 percent from 2021, mainly from the increase in deposits, interbank and money market items and decrease in debts issued and borrowings.

Table: Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Separate Financial Statement			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Liabilities					
Deposits	231,432.04	192,513.10	182,734.96	38,918.94	20.22
Interbank and money market items	23,616.79	19,046.32	12,203.11	4,570.47	24.00
Liabilities payable on demand	100.51	189.54	949.59	(89.03)	(46.97)
Debts issued and borrowings	2,396.06	2,397.30	5,002.52	(1.24)	(0.05)
Others	2,971.00	2,233.36	2,828.26	737.64	33.03
Total liabilities	260,516.40	216,379.62	203,718.44	44,136.78	20.40

Deposits

The bank recorded deposits of Baht 231,432.04 million, increased by Baht 38,918.94 million or 20.22 percent from 2021, due mainly to the increase in time deposits and savings deposits.

Table: Deposits Classified by Type of Deposits

Deposits Classified by Type of Deposits	Separate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Demand deposits	2,676.74	5,628.43	3,938.09	(2,951.69)	(52.44)
Savings deposits	83,296.35	91,933.34	87,765.53	(8,636.99)	(9.39)
Time deposits	104,437.24	59,552.55	60,726.26	44,884.69	75.37
Fixed deposit receipt	41,021.71	35,398.78	30,305.08	5,622.93	15.88
Total deposits	231,432.04	192,513.10	182,734.96	38,918.94	20.22

Owners' Equity

Owners' equity was Baht 35,329.76 million, increased by Baht 230.72 million or 0.66 percent from 2021.

Table: Owners' Equity

Owners' Equity	Separate Financial Statement			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	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	(2,287.85)	(1,457.41)	(844.29)	830.44	56.98
Retained earnings - statutory reserve	979.00	924.30	889.70	54.70	5.92
Retained earnings - unappropriated	6,039.69	5,033.23	5,722.07	1,006.46	20.00
Total owners' equity	35,329.76	35,099.04	36,366.40	230.72	0.66

2.3 Capital Adequacy

Sources and Uses of Fund

Capital structure consists of liabilities totalling Baht 260,516.40 million and owners' equity of Baht 35,329.76 million, or 7.37 times of D/E ratio. The composition of sources of fund in terms of liabilities include deposits, interbank and money market items, debts issued and borrowings, liabilities payable on demand and others and owners' equity, accounting for 78.23, 7.98, 0.81, 1.04 and 11.94 percent, respectively.

Relationship Between Sources and Uses of Fund

Loans to deposit ratio was 95.89 percent. For the excess liquidity, the bank invested in liquid assets such as interbank and money market items.

As of 31 December 2022, significant sources and uses of fund could be classified by contract maturity. Deposits less than 1 year were Baht 210,959.51 million or 91.15 percent of total deposits while loan less than 1 year were Baht 93,247.42 million or 42.62 percent. Deposits more than 1 year were Baht 20,472.53 million or 8.85 percent while loans more than 1 year were Baht 125,544.40 million or 57.38 percent.

Table: Sources and Uses of Fund

Periods	Deposits				Loans to Customers			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	210,959.51	91.15	185,824.65	96.53	93,247.42	42.62	75,250.25	42.49
More than 1 year	20,472.53	8.85	6,688.45	3.47	125,544.40	57.38	101,870.24	57.51
Total	231,432.04	100.00	192,513.10	100.00	218,791.82	100.00	177,120.49	100.00

2.4 Change of Cashflow

Cash was Baht 704.94 million, decreased by Baht 12.81 million from 2021. Net cash provided and used in various activities was detailed as follows:

- Net cash provided by operating activities was Baht 2,950.78 million, which came from the operating profits before the changes in operating assets and liabilities of Baht 1,741.25 million and significant changes in operating assets and liabilities such as loans to customers increased by Baht 41,675.32 million, deposits increased by Baht 38,918.93 million and interbank and money market items (liabilities) increased by Baht 4,570.47 million.

- Net cash used in investment activities was Baht 2,733.16 million, due mainly to cash paid for investments in debt instruments measured at fair value through other comprehensive income, net of Baht 3,418.75 million, cash received from interest income on investments of Baht 900.73 million and cash received from dividend on investments of Baht 423.70 million.

- Net cash used in financing activities was Baht 230.43 million, due mainly to repayment of lease liability of Baht 228.78 million and repayment of long - term debts issued and borrowings - net of Baht 1.65 million.

2.5 Liquidity Adequacy

Liquid assets consists of cash, interbank and money market-net items (Assets) and net investments.

Liquid assets were Baht 67,113.38 million, increased by Baht 3,010.17 million or 4.70 percent from 2021.

Items	31 December 2022	31 December 2021
	Amount (Million Baht)	Amount (Million Baht)
Total assets	295,846.15	251,478.66
Deposits	231,432.04	192,513.10
Loans to customers (net deferred revenue)	218,725.59	177,083.38
Liquid assets	67,113.38	64,103.21
Loans/deposits (%)	95.89	93.02
Liquid assets/total assets (%)	22.69	25.49
Liquid assets/deposits (%)	29.00	33.30

2.6 Maintenance of Deposits

The bank is required to maintain the average deposits of not less than 1.00 percent of average deposits and borrowings according to the regulations of the Bank of Thailand. In case the bank maintains cash at the cash center, the bank may include it as part of the reserve balance maintenance by no more than, on average, 0.20 percent of the average sum of deposits and borrowings.

As of 31 December 2022, the bank had cash at the cash center and cash deposited at the Bank of Thailand totalling Baht 3,455.78 million.

2.7 Capital Adequacy and Capital Adequacy Ratio

As of 31 December 2022, the bank had the capital adequacy ratio at 15.483 percent, which was higher than the minimum rate of 11.000 percent required by the Bank of Thailand. It also decreased from the capital adequacy ratio of 18.357 percent as of 31 December 2021.

The Tier 1 capital ratio to risk assets was 13.498 percent, which was higher than the minimum rate of 8.500 percent required by the Bank of Thailand.

Table: Capital Adequacy Ratio

Capital Adequacy Ratio	31 December 2022		31 December 2021		31 December 2020	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Common Equity Tier 1 Capital						
The Bank	32,961.26	13.498	33,914.86	16.165	33,959.46	17.068
Minimum Rates Required by Law*		7.000		7.000		7.000
The Difference		6.498		9.165		10.068
Tier 1 Capital						
The Bank	32,961.26	13.498	33,914.86	16.165	33,959.46	17.068
Minimum Rates Required by Law*		8.500		8.500		8.500
The Difference		5.498		7.665		8.568
Total Capital						
The Bank	37,807.99	15.483	38,513.90	18.357	39,398.17	19.802
Minimum Rates Required by Law*		11.000		11.000		11.000
The Difference		4.483		7.357		8.802

Note: *Additional rate for conservation buffer is required on the ratio of Common Equity Tier 1 capital fund to risk asset for of 0.625 percent per annum as from 1 January 2016 onwards until reaching 2.50 percent in 2019.

Off-Balance Sheet Commitments

The bank had off-balance sheet commitments at Baht 38,802.32 million, decreased by Baht 2,004.74 million or 4.91 percent from the year 2021

Table: Off-Balance Sheet Commitments

Off-Balance Sheet Commitments	Separate Financial Statements			Change (2022 vs 2021) Increase (Decrease)	
	31 December 2022	31 December 2021	31 December 2020		
	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Ratio (%)
Avals to bills	137.20	28.19	106.30	109.01	386.70
Under unmaturing import bills	165.08	165.34	141.05	(0.26)	(0.16)
Letters of credit	661.05	414.45	228.95	246.60	59.50
Guarantee - others	4,680.68	6,088.93	5,215.52	(1,408.25)	(23.13)
Undrawn overdrafts	9,213.35	4,931.97	4,737.47	4,281.38	86.81
Other commitments	23,944.96	29,178.18	30,357.56	(5,233.22)	(17.94)
Total	38,802.32	40,807.06	40,786.85	(2,004.74)	(4.91)

2.8 Factors Affecting Future Operations

Factors that may affect future operations include global financial market volatility and the risk of a global recession, among high interest rates in many countries including other risk factors that may affect the recovery of the Thai economy. These factors include concerns about the recovery of household income and some vulnerable business sectors, domestic inflation and rising financing costs, monetary tightening in major trading partners, especially the United States and the European Union due to high inflation levels, geopolitical risks from Russia-Ukraine conflicts. In addition, the expiration of the Financial Institutions Development Fund (FIDF) contribution rate reduction measure, from 0.23 percent per annum back to the normal rate of 0.46 percent per annum (Effective from January 1, 2023), will cause commercial banks to gradually increase lending rates which may increase the credit risk of the banking system in the presence of vulnerable debtors.

3. Securities Business

Overview of Securities Business and Competition in 2022 and Outlook in 2023

Overview of Securities Business and Competition in 2022

Due to the “Russian-Ukraine” war and the US Federal Reserve’s continuous raising of interest rates, the Thai stock market was more volatile in 2022 than it was in 2021, with the index moving in an upward and downward swing almost the entire year. However, in the the last week of the year, buying pressure from foreign investors pushed stocks up “Raise the panel” after news that China had relaxed COVID-19 control measures and canceled the quarantine of travelers entering the country. At the year end, Thai stock market index closed at 1,668.66 points, increased by 0.67 percent from the previous year, with an average daily turnover of Baht 76,773 million, down 18 percent YoY. And only foreign investors were net buyers, accounting for up to 48 percent of total turnover.

Business Trends and Securities Business Competition in 2023

Thai stock index target for the end of 2023 is expected at 1,800 points thanks to the main supporting factor from the Thai economic recovery from the country’s opening to tourists and the gradual resumption of economic activities, including the gradual opening of China which helps boost Thai GDP and mitigate the impact on the slowing exports, including the inflation situation which has

passed the critical point, eliminating the need to accelerate interest rate hikes. And continuous government measures to stimulate the economy in 2023 has been being announced, which will help stimulate the Thai economy to be more active than before. If the dollar starts to weaken, it will encourage foreigners to invest in the Thai stock market even more. As a result, the company’s trading volume is expected to increase according to the set goals.

Overall Performance

The analysis of operating results of the company and its subsidiary were the comparative performance of the year 2022 and 2021.

In 2022, the company had net profits of Baht 134.44 million, decreased by Baht 139.74 million, or 50.97 percent from 2021, due to the increase in expected credit losses.

Total income was Baht 619.34 million, decreased by Baht 8.64 million, or 1.38 percent from 2021, as a result of the decrease in brokerage fees income.

Total expenses were Baht 479.44 million, increased by Baht 165.76 million, or 52.85 percent from 2021, as a result of the increase in expected credit losses.

Net operating profit ratio in 2022 was at 21.71 percent, decreased from 43.66 percent in 2021 due to lower net profits and higher total expenses.

Basic earnings per share in 2022 was Baht 0.11 per share, decreased from 0.22 per share in 2021.

Total Revenue Structure

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

Total Income

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

Total income was Baht 619.34 million, decreased by Baht 8.64 million, or 1.38 percent from 2021, mainly from the decrease in brokerage fees income.

Total brokerage fees income was Baht 186.10 million. Fees income from retail customers was accounted for 97 percent of the company’s securities trading volume, while institutional investors accounted for 3 percent.

Brokerage Fees Income

Brokerage fees income was Baht 186.10 million, decreased by Baht 48.07 million, or 20.53 percent from 2021.

Other Incomes apart from Brokerage Fees

Other core incomes apart from brokerage fees were fees and service income, interest incomes, gains and returns on financial instruments and other incomes totaling Baht 10.87, 114.49, 303.68 and 4.20 million, respectively.

Structure of Expenses

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

Total Expenses

Total expenses were Baht 479.44 million, increased by Baht 165.76 million, or 52.85 percent from 2021, resulting from the increase in expected credit losses 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 each individual debtor, probability of default and value of securities used as collateral. As of 31 December 2022, The expected credit losses of the company amounted to Baht 153.42 million.

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 2022 and 31 December 2021.

Total Assets

Total assets were Baht 7,126.62 million, increased by Baht 478.62 million, or 7.20 percent from 2021. Most of them were non-collateralized investments, accounting for 54.51 percent of total assets.

Securities Receivables and Derivatives

Securities and derivatives receivables-net include securities receivables of cash accounts of Baht 119.85 million, or 5.12 percent of securities and derivatives receivables. Securities receivables of credit balance and accrued interest receivables were Baht 2,182.96 million, or 93.18 percent of securities and derivatives receivables.

Securities and derivatives receivables and accrued interest receivables were Baht 2,342.68 million, increased by Baht 307.56 million, or 15.11 percent from 2021.

Non-collateralised Investments

Non-collateralized investments consist of investment measured at fair value through profit or loss of Baht 379.07 million, investment measured at fair value through other comprehensive income of Baht 3,501.98 million and investment at amortised cost of Baht 3.50 million.

Net investments were Baht 3,884.55 million, decreased by Baht 401.28 million, or 9.36 percent from 2021.

Receivables from Clearing House and Brokers-Dealers were Baht 674.22 million.

Net Leasehold Adjustments and Equipment and Intangible Assets were Baht 6.53 million.

Right-of-use Assets were Baht 7.37 million.

Other Assets were Baht 109.15 million.

Total Liabilities

Total liabilities were Baht 5,649.43 million, increased by Baht 986.63 million, or 21.16 percent from 2021. Most of them were borrowings from financial institutions accounting for 60.71 percent of total liabilities and debt issued and borrowings accounting for 26.45 percent of total liabilities.

Borrowings from Financial Institutions amounted to Baht 3,430.00 million.

Securities and Derivatives Payables were Baht 680.61 million.

Debt Issued and Borrowings were Baht 1,494.41 million.

Owners' Equity

The owners' equity was Baht 1,477.19 million, decreased by Baht 508.01 million, or 25.59 percent from 2021.

Capital Adequacy

Liquidity

In 2022, the company and its subsidiary had net cash flow used in operating activities of Baht 549.42 million, due to the increase in securities and derivatives receivables.

Net cash flow provided by investment activities was Baht 34.13 million, due mainly to cash received from the capital reduction of investments in equity instruments measured at fair value through other comprehensive income of Baht 43.70 million.

Net cash flow provided by financing activities was Baht 495.31 million, coming from cash received as borrowings from financial institutions-net of Baht 1,880.00 million, cash payment for debt issued and borrowings-net of Baht 1,324.08 million and payment for lease liabilities of Baht 9.36 million.

Net Capital Ratio (NCR) was in the range of 31.96 to 57.80 percent which was higher than the requirement of 7 percent prescribed by the Securities and Exchange Commission (SEC). This reflects sufficient liquidity for business operation.

Sources of Funds

The company and its subsidiary had the fund from owners' equity of Baht 1,477.19 million. Debt to equity ratio as of 31 December 2022 and as of 31 December 2021 was equal to 3.82 times and 2.35 times, respectively. Most of the debts were borrowings from financial institutions, securities and derivatives payables marketable 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 the government's measures for transaction tax collection that will lessen the sentiment of the Thai stock market and impact the overall securities industry's incomes.

4. Fund Management Business Overview of Fund Management Business and Competition in 2022 and Outlook in 2023

Overview of Fund Management Business and Competition in 2022

In 2022, total net asset value of mutual funds decreased to Baht 4.88 trillion from Baht 5.37 trillion in 2021 or decreased by 9.13 percent. When classified by fund types, it was found that all types of mutual funds had decreased, such as equity fund, fixed income fund and mixed fund. Only Real Estate Investment Trust (REITs) increased by 7.03 percent.

Fund Management Business Trend and Competition in 2023

In 2023, 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 digital platforms to facilitate customers while reaching out more target groups. The company aims to provide a wider range of mutual fund products, especially fixed income mutual fund product to satisfy various investment behaviors of customers.

Overall Performance

The analysis of operating results of the company was the comparative performance of the year 2022 and 2021.

In 2022, the company had net profits of Baht 90.64 million, decreased by Baht 19.67 million or 17.83 percent from 2021 due to fees and service income.

Basic earnings per share in 2022 was Baht 30.21 per share, decreased from Baht 36.77 per share in 2021.

Structure of Income

Total Income

The total income consists of fees and service income, which are the company's main incomes, interest incomes, gains and returns on financial instruments and other incomes.

Total income was Baht 454.02 million, decreased by Baht 257.37 million or 36.18 percent from 2021.

Fees and Service Income

Fees and service income were Baht 439.57 million, decreased by Baht 257.31 million or 36.92 percent from 2021.

Structure of Expenses

Expenses

Total expenses were Baht 341.61 million, decreased by 233.16 million or 40.57 percent from 2021.

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 2022 and 31 December 2021.

Net Assets Under Management

The company had 156 funds under management, increased by 10 funds from 2021. The company had net asset value of Baht 55,657.1 million, decreased by 14.9 percent from 2021.

The company held 1.2 percent of the market share, ranked No.14 out of 23 companies with mutual funds under management as follows:

- Property fund and real estate investment trust	31,209.1 million Baht
- Fixed Income fund	5,382.6 million Baht
- Equity fund	11,631.8 million Baht
- Mixed fund	2,218.2 million Baht
- Fund of property fund	5,215.4 million Baht

However, when included private funds and provident funds, as of 31 December 2022, the company had net asset value of Baht 75,938.2 million, derived from private funds worth Baht 14,234.9 million and provident funds worth Baht 6,046.2 million.

Total Assets

Total assets were Baht 510.50 million, Most of them were non-collateralised Investments for 42.93 percent of total assets, increased by Baht 22.53 million or 4.62 percent from 2021.

Cash and Cash Equivalents

Cash and cash equivalents were Baht 174.25 million, increased by Baht 41.23 million or 31.00 percent from 2021.

Non-collateralised Investment

Non-collateralised investments were investments in equity instruments measured at fair value through other comprehensive income.

Non-collateralised investments totaled Baht 219.17 million, decreased by Baht 8.65 million or 3.80 percent from 2021.

Leasehold Improvements and Equipment were Baht 14.05 million.

Right-of-Use Assets were Baht 25.79 million.

Intangible Assets were Baht 6.31 million.

Other Assets were Baht 14.49 million.

Total Liabilities

Total liabilities were Baht 71.55 million, decreased by Baht 14.17 million or 16.53 percent from 2021.

Owners' Equity

Owners' equity was Baht 438.95 million, increased by Baht 36.70 million or 9.12 percent from 2021.

Capital Adequacy

Liquidity

The company had net cash flow provided by operating activities totalling Baht 90.73 million, mainly from the operating profit.

Net cash flow provided by investment activities totaled Baht 9.98 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 3.94 million, cash payment for the purchase of leasehold improvements and equipment - net of Baht 4.44 million, cash payment for the purchase of intangible assets for Baht 2.66 million and dividends received of Baht 13.12 million.

Net cash flow used by financing activities was Baht 59.48 million, which was derived from dividend payout of Baht 50.10 million and cash payment for lease agreements of Baht 9.38 million.

Sources of Fund

The company had the sources of fund from owners' equity of Baht 438.95 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 197.34 million and other components of shareholders' equity in the amount of Baht (58.39) million.

Factors Affecting Future Operation

The risk in 2023 decreased from the previous year, both in terms of economic outlook and investment volatility. The rise in global inflation is starting to slow down. Various control measures have been relaxed together with gradual reopening has led to an increase in tourism activities in various countries. Economic activities begin to return to a more balanced level. It is expected to visualize the recovery of Thai economy in the second half of the year. However, Thailand's capital market may be under pressure from internal factors such as economic expansion, political uncertainty, securities taxation, and money outflows from long term equity fund (LTF), which may create volatility in the market throughout the year 2023.

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. 2020, 2021, 2024 E-mail: presidentoffice@lhbanc.co.th

Investors can study further information of the company from the 2022 Annual Report Form 56-1 One Report disclosed on the websites: www.sec.or.th and www.lhfg.co.th

Audit Committee :

- Prof. Piphob Veraphong
Chairman
Telephone: 08 9206 9064
E-mail: piphobv@lhbanks.co.th
- Mr. Pradit Sawattananond
Member
Telephone: 08 1868 1487
E-mail: pradits@lhbanks.co.th
- Dr. Supriya Kuandachakupt
Member
Telephone: 08 5901 5888
E-mail: supriyak@lhbanks.co.th
- Mr. Pichai Dusdeekulchai
Member
Telephone: 09 8992 8295
E-mail: pichaid@lhbanks.co.th

List of Auditors :

- Ms. Ratana Jala
Certified Public Accountant (Thailand), No. 3734 and/or
- Ms. Somjai Khunapasut
Certified Public Accountant (Thailand), No. 4499 and/or
- Ms. Warwilai Phetsang
Certified Public Accountant (Thailand), No. 5315 and/or
- Ms. Bongkot Kriangphanamorn
Certified Public Accountant (Thailand), No. 6777
- 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.lhbanks.co.th
Auditor	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
Auditor	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
Auditor	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
Auditor	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 Road, Din Daeng, Din Daeng, Bangkok 10400
Telephone	0 2009 9000
Fax	0 2009 9991
SET Contact Center	0 2009 9999
Website	www.set.or.th/tsd
Auditor	EY Office Limited
List of Auditors	Ms. Ratana Jala Certified Public Accountant (Thailand), No. 3734 and/or Ms. Somjai Khunapasut Certified Public Accountant (Thailand), No. 4499 and/or Ms. Wanwilai Phetsang Certified Public Accountant (Thailand), No. 5315 and/or Ms. Bongkot Kriangphanamorn Certified Public Accountant (Thailand), No. 6777
Office	193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, 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

As of December 31, 2022 and 2021, its subsidiaries had several lawsuits being claimed for damages in the total amount of Baht 273 million and Baht 349 million, respectively. These cases had not yet been final and the company had already set aside Baht 14 million and Baht 20 million as provision, respectively. Management of subsidiaries had exercised their discretion to assess the litigation results, they were confident that such provision was sufficient to cover the potential loss arising from those lawsuits.

Land and Houses Bank Public Company Limited

As of December 31, 2022 and 2021, the bank had several lawsuits being claimed for damages in the total amount of Baht 273 million and Baht 349 million, respectively. These cases had not yet been final and the bank had already set aside Baht 14 million and Baht 20 million as provision, respectively. Management of subsidiaries had exercised their discretion to assess the litigation results, they were confident that such provision was sufficient to cover the potential loss arising from those lawsuits.

Land and Houses Fund Management Company Limited

-None-

Land and Houses Securities Public Company Limited

-None-

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Corporate Governance

- Corporate Governance Policy
- Corporate Governance, Structure and Information Relating to Directors, Sub-Committee, Executive, Employee and Other
- 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, 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:

Good Corporate Governance of Listed Companies in 2022

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 2022 in the level of "Excellence: 5 Stars" for the 8th consecutive year from Thai Institute of Directors Association.



Quality Assessment of Annual General Meeting of Shareholders

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 2022 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 10th consecutive year. As a result, the company was also awarded the Investor Choice Award of 2022 by the Thai Investors Association.



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 14, 2022.

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 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 business plans and budgets, strategies by taking into the sustainable business practices, other factors including environment, social, good corporate governance, follow up, assessment, review of strategic plan 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, duty of care, integrity and compliance with laws, regulations and resolutions of shareholders meeting and Board of Directors as well as good corporate governance disclosure; 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. In addition, the chairman has the duties to promote the culture of open session for sharing ideas during meeting and directors can discuss, argue and exchange ideas in a creative and straightforward manner.

- 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 an invitation letter 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 2022, there was 1 meeting among non-executive directors.

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

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 decision making and experiences useful and necessary for business operations. They dedicate and strive to best perform duties as a director with accountability, duty of care and integrity for the best interest of the company and shareholders; and ensure the company's sound management.

- The structure of the Board of Directors is appropriate. For the sake of maintaining the independence of the chairman and clear separation of powers to determine the supervisory 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 performance.

- 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 and independent director have been nominated by the Nomination and Remuneration Committee that they are qualified according to the applicable laws and regulatory requirements 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 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 are disclosed in 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.

5. Number of Directors to Retire by Rotation

One-thirds of the total number of directors must retire by rotation at every Annual 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, the Corporate Governance Committee, the Nomination and Remuneration Committee and Risk Oversight Committee are independent directors. Chairman of the Audit Committee shall not be the 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 the Topic 7.2: Sub-committees.

7. Company Secretary

- The Board of Directors has appointed Mr. Vichian Amornpoonchai, director and deputy 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 know, and taking responsibilities for matters connected to 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, prudence 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 the 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 aligning with their duties and performance, company's performance, 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 fosters 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 self-assessment form of the Stock Exchange of Thailand and the Thai Institute of Directors has been applied and adjusted in order to cover the committees' duties, the company's nature of business 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 2022, most items were marked in 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 2022, most items were marked in 4.

● Cross-Assessment of Directors

Cross-assessment form 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 for the year 2022, 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 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 2022

Name of Directors	Training and Seminar Program
1. Dr. Vorapol Socatiyanurak Chairman	<ul style="list-style-type: none"> ● Information Technology Risk management Organized by Land and Houses Bank Public Company Limited Date: 20 June 2022 ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
2. Mr. Wu, Kou-Chin Vice Chairman	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
3. Mr. Pradit Sawattananond Independent Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Cyber Resilience Leadership: SMART Goal 2022 Organized by Bank of Thailand Date: 30 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
4. Prof. Piphob Veraphong Independent Director (Appointed on June 29, 2022)	<ul style="list-style-type: none"> ● Personal Data Protection Act PDPA Overview Organized by PDPA and Legal Consultant (Deloitte) Date: 19 December 2022
5. Dr. Supriya Kuandachakupt Independent Director	<ul style="list-style-type: none"> ● Risk Management Program for Corporate Leaders : RCL 26/2022 Organized by Thai Institute of Directors (IOD) Date: 1 – 2 February 2022 ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
6. Mr. Pichai Dusdeekulchai Independent Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
7. Mr. Li, Ming-Shieh Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
8. Mr. Naporn Sunthornchitcharoen Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022

Name of Directors		Training and Seminar Program
9.	Mr. Khunawut Thumpomkul Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
10.	Mr. Vichian Amornpoonchai Director	<ul style="list-style-type: none"> ● Information Technology Risk management Organized by Land and Houses Bank Public Company Limited Date: 20 June 2022 ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Financial Statements for Directors : FSD 47/2022 Organized by Thai Institute of Directors (IOD) Date: 15 – 16 November 2022 ● Cyber Resilience Leadership: SMART Goal 2022 Organized by Bank of Thailand Date: 30 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022
11.	Mr. Shih, Jiing-Fuh Director	<ul style="list-style-type: none"> ● Information Technology Risk management Organized by Land and Houses Bank Public Company Limited Date: 20 June 2022 ● IT Security Awareness Organized by Land and Houses Bank Public Company Limited Date: 14 November 2022 ● Personal Data Protection Act PDPA Overview Organized by Legal Consultant and PDPA Office and Deloitte Date: 19 December 2022

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 percent of their salary to the fund, to which the company contributes 3-7 percent 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.

The total number of employees having the provident in 2022

	Total Employee	Total Employee Having Provident Fund	Percentage
LH Financial Group Public Company Limited	245	222	91
Land and Houses Bank Public Company Limited	1,264	1,158	92

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 Top 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 now and in the future.

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 company has defined the qualifications for the members of the Board of Directors according to the Board Skill Matrix with various directors suitable for the nature of business as follows:

- Business Administration/Management
- Economics/Commerce/Finance/Accounting
- Strategic Planning/Business Strategies
- Internal Control
- Risk Management
- Marketing
- Human Resource Management
- Sustainable Development
- Information Technology
- Tax law

In this regard, all directors and the non-executive directors have experiences related to the company's business.

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 and be in accordance with the notification of the Capital Market Supervisory Board and 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 2022 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 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 employees 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 all 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 employees, 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 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.

In 2022, the company has not committed any offenses or violations of the law until criminal proceedings have been taken or civil sanctions or administrative action.

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 notification 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 reliable 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. The company also publishes the press release, organizes the analyst meeting, press conference and provides information for press via various channels which are easily accessible, equal and regularly updated as follows:

1. The company's website (www.lhfg.co.th)
2. 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.
3. The Securities and Exchange Commission's website such as report on changes in securities holding of directors and executives (Form 59), list of directors and executives, financial statements and annual report Form 56-1 One Report, etc.
4. Postal delivery to shareholders
5. 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, management discussion and analysis (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 2021 annual report Form 56-1 One Report within 120 days from the end of the fiscal year through the SET website on March 18, 2022 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. 2020, 2021, 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 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 notifies 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, investors, analysts 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. Furthermore, the company organized the analyst meeting and press conference for information sharing, opened the opportunity for participants to ask questions with top executives and prepared the summary report on investors relation activities, questions and suggestions from analysts or investors to be proposed to the Board of Directors. In 2022 the company hosted investors relation activities as follows:

1. Two analyst meetings with 20 analysts from various securities companies per each meeting



2. Four one-on-one meetings
3. Two press conferences, to meet with the press from various news agencies with estimated 50 press agencies attending each time.



4. Press releases and interviews with top executives

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 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. 2/2022, held on February 25, 2022, which determined the 2022 Annual General Meeting of Shareholders to be held on April 20, 2022. The agenda of the 2022 Annual General Meeting of Shareholders, both in Thai and English, was disclosed via the SET since February 25, 2022 while materials of the Annual General Meeting of Shareholders, both in Thai and English, were disclosed via SET and the company's website on March 18, 2022.

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 from for a 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.

The 2022 Annual General Meeting of Shareholders held on April, 20th 2022, the company was concerned over the COVID-19 outbreak and aware of health and safety of attendees. The company, therefore, held the meeting via E-AGM according to the Emergency Royal Decree on Electronic Media Conference B.E. 2563 by broadcasting from Sathorn 1 Meeting Room, 4th floor, No. 1 Q.House Lumpini Building, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120. For shareholders' convenience, the company allowed the shareholders to register in advance since April 7th, 2022. After registration, the shareholders would receive the username and password to join the meeting from 11:00 am onwards.

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 date, the company carefully makes all the arrangements for the meeting, shareholders can register 2.5 hours in advance.

- The company has conducted E-AGM via DAP e-Shareholder Meeting system by Digital Access Platform Company Limited, a subsidiary of The Stock Exchange of Thailand in order to make the meeting fast, correct and accurate, starting from registration process, 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 support shareholders to enter DAP e-Shareholders Meeting system to secure the rights and equality of shareholders

- 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 2022 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 2022 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. Wu, Kuo-Chin, Mr. Li, Ming-Shieh 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@lhbanc.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 welcomes and opens 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 in 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 2022 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 voting process via E-AGM for each agenda was done on DAP e-Shareholder Meeting system.

- For each agenda, a shareholder carries one vote per share. Regarding 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 collected votes to be processed in advance in computer and 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 2022 shareholders meeting resolutions with voting results for each agenda both in Thai and English within the meeting date on April 20, 2022, 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 minutes of 2022 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 April 28, 2022 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 2022 Annual General Meeting of Shareholders, the company disclosed and announced on September 27, 2021 that minority shareholders could propose various matters and nominate qualified persons to be considered and elected as directors from October 1, 2021 – December 31, 2021. And on January 17, 2022, the company posted the results of minority shareholders' proposals to be included in an agenda of the 2022 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 as follows:

1. To prohibits directors, executives, employees, and their spouses, minor children, who are aware of material information and financial statements of the company that is yet to be disclose to the public both internal and external especially insider information. This includes information between business units to prevent pre-mature non-public information disclosure, except the business unite that required to know by nature and assigned as custodian same as the information owner.

This does not include providing information to regulatory authorities such as the Bank of Thailand and Securities and Exchange Commission.

2. To prohibits directors, executives, employees, and their spouses, minor children, who are aware of material information and financial statements of the company trade or transfer company's securities within 30 days before financial statements disclosed to the public.

3. Policy review

To review policies once per year or at any material change

In 2022, the company secretary sent email to all related parties regarding the blackout period in advance and there was no insider violation from directors, executives, or employees.

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.

Process for Management and Prevention of Violations of Business Ethics

The company had distributed the company's code of conduct to all its staffs with the purpose to provide good practice guidelines as a working's standard for all employee and directors. The content covers the code of business ethics, roles and responsibilities of directors and management, service standards, working environments, responsibility toward customers, protect against conflict

of interest, information and communication management, good corporate governance oversight, free and fair competition, settle disputes, social and environmental responsibility, whistleblower's channel and process, and disciplinary action against unethical business conduct.

In 2022, in company had conducted code of business ethics as follows:

1. The company communicated the code of business ethics, directors' code of conducts, code of conduct for executives and employees via company's intranet. The executives and employees received 100 percent of communicated information.

2. The company has no ethics and code of conduct violation.

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 and Guideline in 2022

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 2022, the company proceeded as follows:

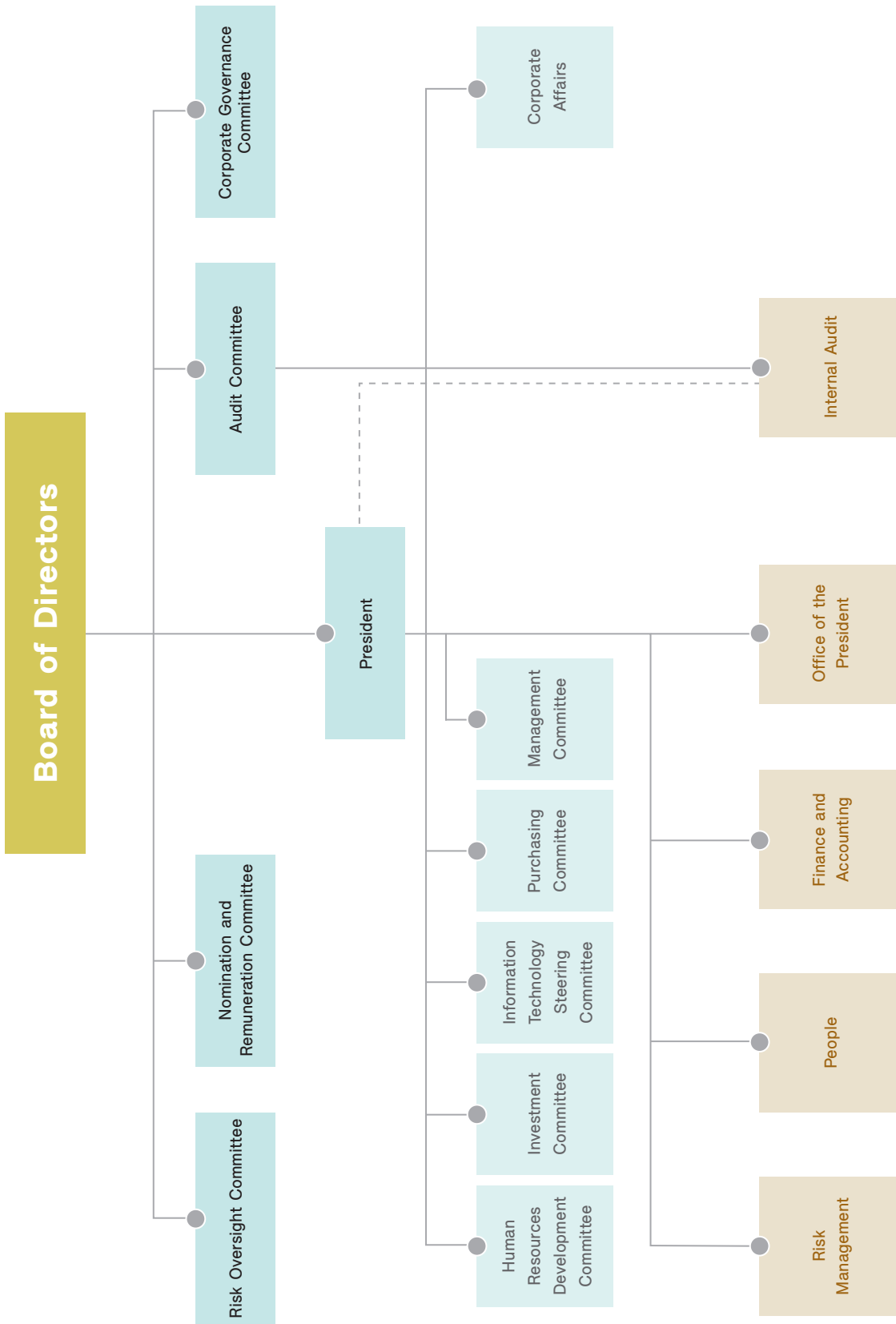
- Reviewed the corporate governance policy (Board of Directors meeting No.11/2022, held on November 14, 2022).
- Provided the communication with executives and employees to be aware of the code of ethics for employees via learning management system of the company.
- The managements and employees had completely followed the good corporate governance policy.
- There were no case regarding the resignation of independent director, non-executive director and executive director due to good corporate governance.

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 Information Relating to Directors, Sub-Committee, Executive, Employee and Other

7.1 Corporate Governance Structure



Board of Directors



Dr. Vorapol Socratyanurak
Chairman



Mr. Wu, Kuo-Chin
Vice Chairman



Prof. Piphob Veraphong
Independent Director
Chairman of Audit Committee
Chairman of Corporate
Governance Committee



Mr. Pradit Sawattananond
Independent Director
Chairman of Risk Oversight Committee
Member of the 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 the 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
Director
Member of Risk Oversight Committee
President



7.2 Board of Directors

The Board of Directors consists of 11 directors as follows:

Name		Position	Type of Directors
Dr. Vorapol	Socatiyanurak	Chairman	Non-Executive Director
Mr. Wu,	Kuo-Chin	Vice Chairman	Non-Executive 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
Prof. Piphob	Veraphong	Chairman of Audit Committee Chairman of Corporate Governance 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	Non-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 Company

Mr. Wu, Kuo-Chin, Mr. Shih, Jiing-Fuh, Mr. Naporn Sunthornchitcharoen and Mr. Vichian Amornpoonchai, any two of four directors co-sign with the company's seal affixed.

Duties and Responsibilities of Board of Directors

The Board of Directors has a duty to supervise the company's operations with duty of loyalty and duty of care in order to protect the best interests of the company and prevent conflicts of interest of any or group of shareholders. Their duties and responsibilities are as follows:

1. Perform the duties in compliance with laws and regulations, the objectives and Articles of Association of the company and regulations of related agencies as well as the resolutions of the shareholders' meetings with integrity and care for the best interests of the company
2. Determine the directions and strategic goals for the company with sustainable business including environmental, social and governance aspects, approve the policies and material transactions as well as risk management affecting financial position, performance and reputation. The strategic plan, key policies and risk oversight framework are subject to review with proper frequency or when there are material changes.

3. Supervise the management to effectively and efficiently implement the approved policies in order to protect the interests of the company and its shareholders

4. 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

5. Monitor the company's operations at all times to ensure that the executive directors and management will operate business in accordance with the applicable laws and policies

6. Ensure that the management is capable of managing the company's operations, including the nomination of top executives

7. Ensure that the company has efficient internal control and organizational structure that is conducive to independent control, oversight and audit functions (Three Lines of Defense)

8. 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

9. Ensure that the financial business group has the risk governance framework, risk culture and market conduct

10. 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

11. Ensure proper procedure of reporting (Management Letter) from external auditors and the integration of management's opinions shall be obtained and 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 any director or related person having interests or conflicts of interest in any matter must report to the Board of Directors for acknowledgement and he/she will not be authorized to approve any transaction within the company or its subsidiaries according to the Articles of Association and regulatory requirements.

Scope of Authorities of 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 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

Component of Board of Directors

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	2	18% of total number of directors
Non-Executive Director	5	46% of total number of directors

Directors are qualified with knowledge and experience beneficial to the company's business and qualified to be independent directors according to the relevant laws and the Articles of Association.

7.3 Sub-committees

7.3.1 Audit Committee

The Audit Committee consists of 4 independent directors as follows:

1. Prof. Piphob	Veraphong	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 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 to ensure that it is accurate and adequate
2. Review and evaluate whether the company has set an appropriate and effective internal control and internal audit
3. Ensure that the company complies with the laws relevant to its business
4. Consider, select, and propose the appointments and terminations of auditors and their remunerations
5. Consider the accuracy and completeness of the company's information disclosure, especially the related-party transactions or transactions with conflicts of interest
6. Supervise the Internal Audit Group to conduct the internal audit effectively with appropriate number of employees and working systems, be 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
7. Ensure the company has adequate internal control and complies with the whistleblower policy
8. Provide guidelines and internal control to prevent any corruption and monitor potential risks of corruption in the companies in the financial business group
9. Obtain regular updates from the Risk Oversight Committee for matters requiring improvements to be in line with the policies and strategies of the company
10. 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

11. Provide the corporate governance's report of the Audit Committee and disclose it in the annual report

12. Report its performance to the Board of Directors

13. Perform other tasks assigned by the Board of Directors with the consent of the Audit Committee

7.3.2 Corporate Governance Committee

The Corporate Governance Committee consists of 3 independent directors as follows:

1. Prof. Piphob	Veraphong	Chairman
2. Mr. Pradit	Sawattananond	Member
3. Dr. Supriya	Kuandachakupt	Member
Mr. Jumpon	Suwannawong	Secretary

Duties and Responsibilities of 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 operational 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 among executives, employees and external agencies
7. Perform other tasks assigned by the Board of Directors with the consent of the Corporate Governance Committee

7.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 independent directors as follows:

1. Mr. Pichai	Dusdeekulchai	Chairman
2. Mr. Pradit	Sawattananond	Member
3. Dr. Supriya	Kuandachakupt	Member
Ms. Chanamon	Charoentaweepanukul	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, criteria, qualifications, and nomination process for positions of Chief Executive Officer, President, Deputy President, Executive Vice President, and First Senior Vice President, who report directly to the CEO and President with power of management in accordance with the Bank of Thailand's criteria, or the advisor positions in case of the expiration of their terms, having a vacancy or needing more advisors to align with the company's business strategies. Their operation shall comply with the Bank of Thailand's notification on the regulations on approving the appointment.

2. Select and nominate qualified candidates as follows:

2.1 Directors

2.2 Persons with power of management consist of CEO, President, Deputy President, Executive Vice President and First Senior Vice President who report directly to the CEO and President with power of management in accordance with the Bank of Thailand's criteria

2.3 Consultant or a person who performs any duties in the capacity of a director, CEO, President, Deputy President, Executive Vice President and First Senior Vice President, all of which have been titled as consultants only. They reported directly to CEO and hold the power of management in accordance with the Bank of Thailand's criteria.

3. Supervise and ensure the Board of Directors has the members and the composition that is appropriate for 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 how to pay remuneration and other benefits including an annual bonus for the Board of Directors and sub-committees appointed by the board.

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, merit increase and bonus and other benefits as follows:

6.1 Consider the overall framework of remuneration structures, merit 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 proposals, 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 merit 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
Head of Risk Management Group		Secretary or assigned person

Duties and Responsibilities of the Risk Oversight Committee

The Risk Oversight Committee has the duties and responsibilities approved by Board of Directors as follows:

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 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 5 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 of Corporate Affairs Group	Director	-	-	Director
3. Ms. Thanawan Teekautamakorn		Head of Internal Audit Group	-	-	-	-
4. Ms. Apinya Pawangkanan		Head of Risk Management Group	-	-	-	-
5. Mr. Yu-Jen Lin		Head of Finance and Accounting Group 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 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 company's operations according to its 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 5 executives in the amount of Baht 36.52 million consisting of

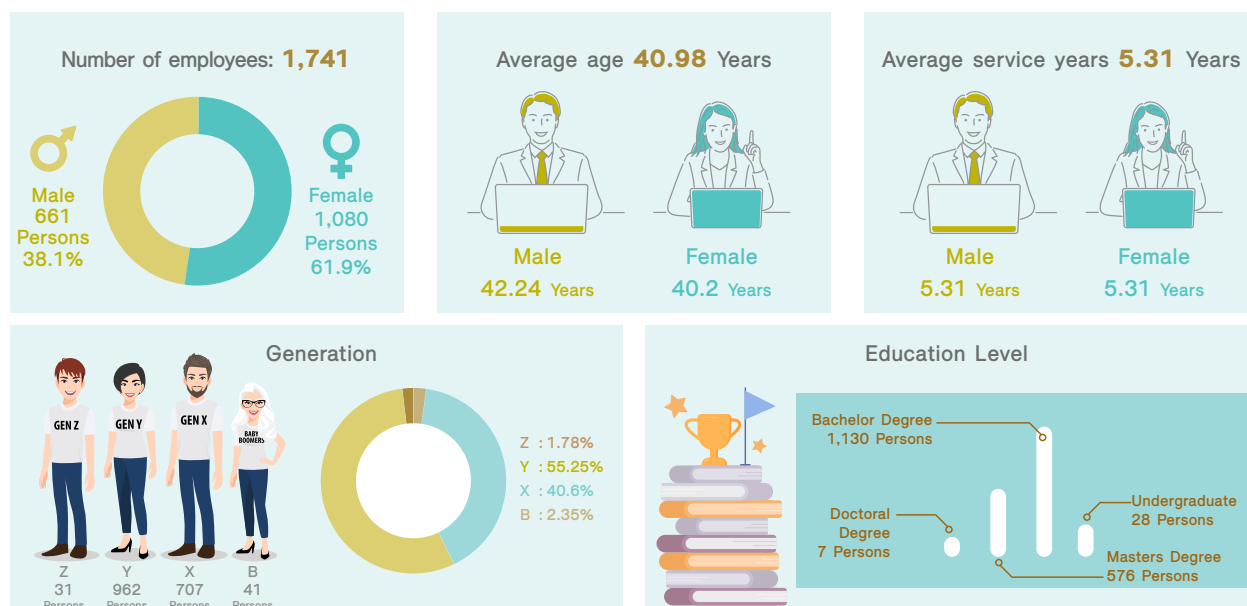
- Monetary remuneration totals Baht 35.16 million, accounting for 16.37% of total remuneration
- Non-monetary remuneration totals Baht 1.36 million, accounting for 0.63% of total remuneration

Remunerations of Employees

The company's employee expenses such as salary, wage, overtime pay, bonus, cost-of living allowance, contribution to the provident fund are Baht 214.78 million in total.

7.5 Employees

As of 31 December 2022, LH Financial Group Public Company Limited financial business group had 1,741 employees in total.



Employee data 2022 by entity



Gender	Male	111 (45.3%)	450 (35.6%)	32 (35.6%)	68 (47.9%)
	Female	134 (54.7%)	814 (64.4%)	58 (64.4%)	74 (52.1%)
	Total	245 (100%)	1,264 (100%)	90 (100%)	142 (100%)

Employment Rate and Employment Status

The personnel of LH Financial Group Public Company Limited financial business group can be divided as follows:

- Permanent employees accounting for 98.28 percent
- Special-contract employees accounting for 1.72 percent

All personnel are subject to the general employment agreement without any additional conditions.

7.6 Other Significant Information

Company Secretary

The Board of Directors has appointed Mr. Vichian Amornpoonchai, Director and Deputy President of 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 his duties. The details of his profile are as follows:

Name Mr. Vichian Amornpoonchai

Position Director
Deputy President, Corporate Affairs Group
Company Secretary

Age : (Years) 61

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
- Ethical Leadership Program (ELP) 19/2020 : IOD
- Financial Statements for Directors (FSD) 47/2022 : IOD
- Cyber Resilience Leadership: SMART Goal 2022 : BOT



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, Corporate Affairs Group	
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

Period	Position	Organization/Company
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	
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 the company's annual report.

1.3 Invitation letter to the shareholder's meeting and minutes of shareholder's meeting

2. Retain reports on the interests declared by directors or 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 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 financial business group shall have the same auditor which is currently EY Office Limited. The remuneration for their services in the company and its subsidiaries is as follows:

1. Audit Fee of LH Financial Group Public Company Limited

The company paid the following audit fee and non-audit fee to EY Office Limited.

1.1 Audit Fee

Table: Audit Fee of 2022 and 2021

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2022	2021	Amount (Baht)	Rate (%)
1. Review Fee				
• 1 st quarter ended 31 st March	145,000	140,000	5,000	3.57
• 3 rd quarter ended 30 th September	145,000	140,000	5,000	3.57
2. Audit Fee				
• For the 6-month period ended 30 th June	330,000	320,000	10,000	3.13
• Fiscal year ended 31 st December	330,000	320,000	10,000	3.13
Total	950,000	920,000	30,000	3.26

1.2 Non-audit Fee

- None

2. Audit Fee of Subsidiaries

2.1 Land and Houses Bank Public Company Limited

The bank paid the following audit fee and non-audit fee to EY Office Limited.

2.1.1 Audit Fee

Table: Audit Fee of 2022 and 2021

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2022	2021	Amount (Baht)	Rate (%)
1. Review Fee				
• 1 st quarter ended 31 st March	800,000	750,000	50,000	6.67
• 3 rd quarter ended 30 th September	800,000	750,000	50,000	6.67
2. Audit Fee				
• For the 6-month period ended 30 th June	2,000,000	1,900,000	100,000	5.26
• Fiscal year ended 31 st December	2,000,000	1,900,000	100,000	5.26
Total	5,600,000⁽¹⁾	5,300,000⁽¹⁾	300,000	5.66

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.

2.1.2 Non-audit Fee

- None

2.2 Land and Houses Securities Public Company Limited

The company paid the following audit fee and non-audit fee for EY Office Limited.

2.2.1 Audit Fee

Table : Audit Fee of 2022 and 2021

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2022	2021	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 period ended 30 th June	570,000	550,000	20,000	3.64
• Fiscal year ended 31 st December	570,000	550,000	20,000	3.64
Total	1,320,000	1,280,000	40,000	3.13

2.2.2 Non-audit Fee

-None-

2.3 Land and Houses Fund Management Company Limited

The company paid the following audit fee and non-audit fee for EY Office Limited.

2.3.1 Audit Fee

Table : Audit Fee of 2022 and 2021

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2022	2021	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	245,000	235,000	10,000	4.26
• Fiscal year ended 31 st December	245,000	235,000	10,000	4.26
Total	540,000	520,000	20,000	3.85

2.3.2 Non-audit Fee

-None-



8. Key Report on Corporate Governance Compliance

8.1 Summary of Board of Directors' Performance in the Past Year

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, economics, 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 by taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall listen to suggestions from 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 dismissal 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. Termination of Office and Removal of Directors

(A) Retirement by rotation

- At every Annual General Meeting of Shareholders, one-thirds of the directors must vacate their offices.

- For directors who need to be retired 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 be retired.

- 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 their ethics, morals and integrity to take high-ranking positions - First Senior Vice President and higher. Preliminary factors for consideration include qualifications, capabilities, and experiences. 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 executive 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 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% 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 or 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 3% 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 1% 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 performances of the company and the financial business group. The invitation letter with 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 meeting minutes are well prepared and will be carefully kept for auditing purposes after being approved by the Board of Directors.

In 2022, the company held 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 Directors in the Year 2022

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	%
	12	100	13	100	12	100	4	100	4	100	1	100
1. Dr. Vorapol Socratyanurak	12	100									1	100
2. Mr. Wu, Kuo-Chin	12	100									1	100
3. Prof. Pipob Veraphong ¹	5 (of 6)	83.33	6 (of 6)	100	6 (of 6)	100						
4. Mr. Pradit Sawattananond	12	100	13	100	12	100	4	100	4	100	1	100
5. Dr. Supriya Kuandachakupt	12	100	13	100	12	100	4	100			1	100
6. Mr. Pichai Dusdeekulchai	12	100	13	100			4	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	12	100									1	100
10. Mr. Vichian Amornpoonchai	12	100									1	100
11. Mr. Shih, Jiing-Fuh	12	100							4	100	1	100

Note: ¹ Prof. Pipob Veraphong -Took up office as director and chairman of the Audit Committee and chairman of the Corporate Governance Committee on June 29, 2022 and attended the Board of Directors Meeting No. 7/2022 on July 18, 2022

Remuneration of Directors

The remuneration of directors has been determined by the shareholders' meeting, which had been considered and proposed 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 company 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 meeting allowance. The 2022 Annual General Meeting of Shareholders held on April 20, 2022 resolved to approve the following monthly remuneration, meeting allowances and gratuity for directors.

Table : Remuneration of the Directors for the Year 2022 and 2021

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*	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
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
Vice Chairman	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
Non-Executive Directors														
Vice Chairman	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-	-
Executive Directors														

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 2021, 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 2021 and 2020

Directors' Gratuity (Baht)	
2021	2020
8,000,000	8,000,000

Remuneration of Directors

The company paid remuneration and gratuity for directors totaling Baht 16,559,707 in the year 2022 and Baht 18,067,603 in the year 2021 as follows:

Table : Remuneration of the Directors for the Year 2022

Name of Directors	Date Appointed as Director	2022			
		Remuneration (Baht)	Gratuity (Baht)	Other Benefits ¹ (Baht)	Director Remuneration from Holding Positions in Subsidiaries ²
1. Dr. Vorapol Socratyanurak	October 25, 2021	1,080,000	193,920	-	3,170,000
2. Mr. Wu, Kuo-Chin	August 1, 2017	780,000	695,650	-	1,225,000
3. Prof. Pipphob ³ Veraphong	June 29, 2022	727,667	-	-	60,000
4. Mr. Pradit Sawattananond	April 24, 2018	950,000	695,650	-	855,000
5. Dr. Supriya Kuandachakupt	August 1, 2017	1,400,000	695,650	-	465,000
6. Mr. Pichai Dusdeekulchai	June 22, 2020	1,220,000	695,650	-	345,000
7. Mr. Li, Ming-Shieh	April 24, 2018	780,000	695,650	-	-
8. Mr. Naporn Sunthornchitcharoen	May 3, 2011	780,000	695,650	-	1,133,823
9. Mr. Khunawut Thumpomkul	August 14, 2013	780,000	695,650	-	-
10. Mr. Vichian Amornpoonchai	October 25, 2021	480,000	117,270	-	325,000
11. Mr. Shih Jiing-Fuh	August 1, 2017	480,000	695,650	-	1,065,000
12. Mr. Adul ⁴ Vinaiphat	April 22, 2009	530,000	695,650	-	700,119
Total		9,987,667	6,572,040	-	9,343,942

Note:

¹ Other benefits refer to shares, debentures and other monetary and non-monetary benefits apart from the benefits that are regularly received - salary and meeting allowances.

² Refer to Land and Houses Bank PLC / Land and Houses Securities PLC / Land and Houses Fund Management Co., Ltd.

³ Prof. Pipphob Veraphong become the company's director since June 29, 2022.

⁴ Mr. Adul Vinaiphat resigned the directorship on May 1, 2022.

Other Benefits of Directors

Other benefits refer to shares, debentures and other monetary and non-monetary benefits apart from the benefits that are regularly received - 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, 2022				December 31, 2021			
		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 :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
2. Mr. Wu, Kuo-Chin	Vice Chairman								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
3. Mr. Pradit Sawattananond	Independent Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
4. Dr. Supriya Kuandachakupt	Independent Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
5. Prof. Piphob Veraphong	Independent Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
6. Mr. Pichai Dusdeekulchai	Independent Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
7. Mr. Li, Ming-Shieh	Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
8. Mr. Naporn Sunthornchitcharoen	Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
9. Mr. Shih, Jiing-Fuh	Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		-	-	-	-	-	-	-	-
10. Mr. Khunawut Thumpomkul	Director								
• Number of direct shareholding :		-	-	-	-	-	-	-	-
• Number of shares held by spouse and minor child :		2,700,066 shares 0.0127%	-	-	-	2,700,066 shares 0.0127%	-	-	-

Oversight of Compliance with Corporate Governance Policy and Guideline

1. Prevention of Conflicts of Interest

To run the business, the Board of Directors places importance on building creditability and trust and considering the best interests of the company's shareholders and all related parties while preventing any loss and damage to the company's reputation and image. The company then determines the conflicts of interest policy to be adhered to as the operational guideline. Its principle and practical guideline are as follows:

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 and 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 or 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 trading 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 Report Form 56-1 One 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.

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 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.

In the year 2022, the company had no related party transactions requiring to notify the Stock Exchange of Thailand.

2. Inside Trading

The company 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.

In 2022, the company did not commit any wrongdoing regarding the inside trading.

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. The anti-corruption risk assessment process was then developed, together with the anti-corruption policy to be used as the operational guideline and joined the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). Key executions are as follows:

1. The company places an emphasis on the anti-corruption as follows:

1.1 Gifts, Hospitality and Benefits

Do not give or accept 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 stipulated in the code of conduct and business ethics, the code of ethics for directors and for employees.

1.2 Bribes and Incentives

Do not give or accept all forms of bribes and incentives, and do not assign others to give or take any forms of bribes and incentives on one's behalf

1.3 Charitable Donations and Sponsorship

Charitable donations and sponsorship must be transparent and not contrary to laws and morals.

1.4 Political Activities and 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, unless the sponsorship is permitted by law for democracy promotion. Such support needs approval from the Board of Directors before proceeding.

2. A director 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. A director 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 with 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 violate the rules and regulations by performing corruptive actions, which are considered as an offense against the company, they are subject to disciplinary actions specified by the company's regulations. If the actions break the laws, they must be investigated and face penalties.

The company has expressed its intention to become a driving force for fighting against all forms of corruption by participating in various activities held by public and private organizations, including the Office of the National Anti-Corruption Commission, the Office of Public Sector Anti-Corruption Commission and the Anti-Corruption Organization of Thailand.

In, 2022, the company had put in place multiple measures to prevent the conflicts of interest which could be summarized as follows:

1. The no gift policy applicable to its executives and employees was communicated through the company's PacD application and website.



2. The company has no wrongdoing related to corruption.

4. Whistleblowing

The company has determined the 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 the 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 any acts that fall under the category of fraud and corruption.

2. Issues for whistleblowing / complaints about fraud and corruption

- Abuse of power to seek gains for oneself, families, friends and acquaintances such as offering or taking bribes or benefits, any conflicts of interest, deception and violation of the company's regulations and policies

- Destruction of documents, distortion or concealment of information in support of fraud and corruption

- Suspicious act of fraud and corruption or any 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, demoted, 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 considered 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 following channels.

- 1) Prof. Piphob Veraphong
Chairman of the Corporate Governance Committee
E-mail: WhistleblowingFG@lhbank.co.th
- 2) Mr. Jumpon Suwannawong
Secretary of the Corporate Governance Committee
E-mail: WhistleblowingFG@lhbank.co.th
- 3) Company's website
www.lhfg.co.th

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 employees 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 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 as follows:

Independent directors

Mr. Pradit Sawattananond
E-mail: pradits@lhbanc.co.th

Dr. Supriya Kuandechakupt
E-mail : supriyak@lhbanc.co.th

Prof. Piphob Veraphong
E-mail : piphobV@lhbanc.co.th

Mr. Pichai Dusdeekulchai
E-mail : pichaid@lhbanc.co.th

Company's website :

www.lhfg.co.th

E-mail

presidentoffice@lhbanc.co.th

Call Center

1327

In, 2022, the company had put in place the whistleblower measures as follows:

1. The guidelines on whistleblowing for executives and employees were communicated through the company's PacD application and websites.



2. The company did not receive any whistleblowing complaints.

The above policies of conflicts of interest, insider trading, anti-corruption and whistleblower have been posted on the company's intranet to ensure acknowledgement of directors, executives and employees.

8.2 Audit Committee Report for the Year 2022

The performance of the Audit Committee is in the attachment 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 2022.

8.3 Summary of Other Sub-Committee Report for the Year 2022

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 Transaction

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 related party transactions 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 them together with annual audit fee to the Board of Directors and shareholders meeting for approval. 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 2022 financial statements and provided the reports with unqualified opinions. Moreover, the duties of Audit Committee also cover the consideration of qualifications of the head of Internal Audit Group, which had been screened by 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 independent and directly reports to the Audit Committee. It has the duties to perform audit tasks, assess the adequacy of internal control and risk management, monitor the compliance with regulations, policies, guidelines, procedures, code of conduct of the company and regulatory requirements, evaluate the resource managements, accuracy and reliability of information, customer data storage and protection, anti-corruption and fraud prevention measures, suggest further improvement guidelines for operation and regularly submit the audit reports to the Audit Committee and the Board of Directors.

At the meeting of the Audit Committee, the sufficiency of the internal control in the year 2022 was assessed according to the evaluation form of the Office of the Securities and Exchange Commission and reported the assessment results to the Board of Directors that the company's internal control was adequate and appropriate.

Audit tasks under the head of Internal Audit Group include;

1. Retail Banking and Fraud Audit
2. Wholesale Banking Audit
3. Information Technology Audit
4. Internal Audit Professional Practice Standards

and Strategy

Significant Penalty Charges under the Governing Laws

LH Financial Group Public Company Limited

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.

In 2022, there were no significant penalty charges under the governing laws.

Land and Houses Bank Public Company Limited

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.

In 2022, there were no significant penalty charges under the governing laws.

Land and Houses Fund Management Company Limited

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.

In 2022, there were no significant penalty charges under the governing laws.

Land and Houses Securities Public Company Limited

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.

In 2022, 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 for 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 related to the 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 2022, 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 2022, 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 43 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 Incomes	Dividend Income	Other Operating Income	Interest Expenses	Fees and Service Expenses	Other Operating Expenses
1. Major shareholders	-	-	-	-	32.21	-	60.53
2. Related companies	182.33	55.22	74.14	-	11.40	0.16	101.15
3. Director and executives	-	-	-	-	0.69	-	-
4. Related persons	0.55	-	-	-	8.47	-	-
Total	182.88	55.22	74.14	-	52.77	0.16	161.68

Notes: ¹The nature of connections is described in the Note 43 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	Fees and Service Expenses	Other Operating Expenses
1. Company's subsidiaries	0.30	101.03	302.37	1.45	70.32	0.13	-
2. Major shareholders	-	-	-	-	-	-	7.75
Total	0.30	101.03	302.37	1.45	70.32	0.13	7.75

Notes: ¹The nature of connections is described in the Note 43 to the financial statements "Related party transactions"

Outstanding Balance

As at 31 December 2022, 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	-	-	-	13.01	1,500.30	2,074.30	-	21.58	62.78	0.93	-
2. Related companies	1,831.05	5,005.57	85.90	33.47	3,152.52	-	-	1.23	281.85	0.81	21.19
3. Directors and executives	-	-	-	-	122.98	-	-	0.06	-	-	-
4. Related persons	-	28.72	0.11	-	1,863.48	-	7.00	1.14	-	0.04	-
Total	1,831.05	5,034.29	86.01	46.48	6,639.28	2,074.30	7.00	24.01	344.63	1.78	21.19

Notes: ¹The nature of connections is described in the Note 43 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	19.85	-	25.90	4,908.70	0.31	-	0.30
2. Major shareholders	-	-	1.67	-	-	18.67	0.08
3. Related companies	-	384.54	-	-	-	-	-
Total	19.85	384.54	27.57	4,908.70	0.31	18.67	0.38

Notes: ¹The nature of connections is described in the Note 43 to the financial statements "Related party transactions"

3

Financial Statements



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 2022, 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 2022, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 consolidated 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 31 to the consolidated financial statements, and (b) the value of loans to customers that the Group has temporarily adopted the Accounting Guidance on the Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19, 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 3.3 and 12.1 to the consolidated financial statement. The Accounting Guidance adopted by the subsidiary mainly relates to the relief on 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 2022, the Group had total loans to customers of Baht 216,057 million (accounting for 72% of total assets) and allowance for expected credit losses of Baht 11,663 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 2022, the Group recognised interest income on loans to customers amounting to Baht 7,534 million (accounting for 93% 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.



Bongkot Kriangphanamorn

Certified Public Accountant (Thailand) No. 6777

EY Office Limited

Bangkok: 23 February 2023

Statements of financial position

LH Financial Group Public Company Limited and its subsidiaries
As at 31 December 2022 and 2021

(Unit: Thousand Baht)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Cash		705,065	717,883	10	9
Interbank and money market items - net	7	33,051,393	34,055,966	19,851	9,666
Financial assets measured at fair value through profit or loss	8	379,068	117,908	-	-
Derivative assets	9	389,925	163,992	-	-
Investments - net	10	54,043,764	53,537,363	5,946,765	7,411,374
Investments in subsidiaries	11	-	-	32,916,116	32,916,116
Loans to customers and accrued interest receivables - net	12	207,526,595	171,817,345	-	-
Investment properties - net	14	-	-	36,456	36,588
Properties foreclosed - net	15	786,422	773,350	-	-
Premises and equipment - net	16	372,539	347,075	6,791	9,110
Right-of-use assets - net	24.1	545,229	613,441	17,631	18,168
Intangible assets - net	17	355,227	366,834	2,210	1,476
Deferred tax assets	18.1	1,351,478	1,033,403	-	-
Accrued interest receivables on investments		116,802	144,696	-	-
Receivables from Clearing House		674,215	106,128	-	-
Securities business receivables - cash accounts		159,712	242,706	-	-
Receivables on disposals					
of properties foreclosed through auctions		430,024	58,288	-	-
Other assets - net	19	669,024	539,820	50,882	58,795
Total assets		301,556,482	264,636,198	38,996,712	40,461,302

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 2022 and 2021

(Unit: Thousand Baht)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Deposits	21	231,408,351	192,499,335	-	-
Interbank and money market items	22	23,923,880	19,170,709	4,908,699	118,000
Liabilities payable on demand		100,507	189,544	-	-
Derivative liabilities	9	187,900	33,520	-	-
Debts issued and borrowings - net	23	5,389,763	11,877,893	1,497,282	6,683,802
Interest payables		395,215	343,477	309	4,877
Accrued expenses		672,303	483,845	57,250	32,493
Lease liabilities - net	24.2	554,958	620,480	17,689	18,524
Provisions	25	448,439	395,141	42,818	42,876
Tax payable		378,000	164,359	2,239	2,631
Revenue received in advance		260,486	246,131	-	-
Payables to Clearing House		-	60,306	-	-
Securities business payables		680,611	206,706	-	-
Other liabilities	27	285,484	146,235	4,971	5,064
Total liabilities		264,685,897	226,437,681	6,531,257	6,908,267
Shareholders' equity					
Share capital	28				
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	28.1	9,627,913	9,627,913	9,627,913	9,627,913
Premium on treasury shares - common shares		890	890	890	890
Other components of shareholders' equity	31	(6,793,139)	(4,103,779)	(2,539,945)	(1,295,225)
Retained earnings					
Appropriated - statutory reserve	29	1,751,367	1,670,667	682,400	663,400
Unappropriated		11,099,891	9,819,163	3,510,536	3,372,396
Equity attributable to the Company's shareholders		36,870,583	38,198,515	32,465,455	33,553,035
Non-controlling interests of the subsidiaries		2	2	-	-
Total shareholders' equity		36,870,585	38,198,517	32,465,455	33,553,035
Total liabilities and shareholders' equity		301,556,482	264,636,198	38,996,712	40,461,302

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 2022 and 2021

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit or loss:					
Interest income	33	8,723,944	7,769,684	28	1,686
Interest expenses	34	(2,529,127)	(2,330,590)	(116,592)	(132,669)
Net interest income (expenses)		6,194,817	5,439,094	(116,564)	(130,983)
Fees and service income	35	957,861	1,202,971	-	-
Fees and service expenses	35	(204,997)	(347,516)	(8,123)	(8,654)
Net fees and service income (expenses)		752,864	855,455	(8,123)	(8,654)
Losses on financial instruments measured					
at fair value through profit or loss	36	(9,379)	(6,805)	(1)	(1)
Gains on investments	37	-	155,651	-	-
Dividend income		1,156,551	1,592,568	520,560	1,536,642
Supporting services income		-	-	302,372	302,888
Other operating income		28,465	39,373	2,063	2,681
Total operating income		8,123,318	8,075,336	700,307	1,702,573
Other operating expenses					
Employee's expenses		2,059,023	1,796,424	287,974	288,735
Directors' remuneration	38	41,685	42,591	17,663	18,068
Premises and equipment expenses		696,842	674,449	10,305	8,545
Taxes and duties		259,839	220,111	306	341
Advertising and promotional expenses		174,249	129,645	6,788	1,125
Amortisation on intangible assets	17	118,951	123,842	389	319
Other expenses		239,013	236,176	15,728	17,366
Total other operating expenses		3,589,602	3,223,238	339,153	334,499
Expected credit losses (reversal)	39	2,703,799	3,275,446	-	(63)
Profit from operating before income tax		1,829,917	1,576,652	361,154	1,368,137
Income tax	18.2	(251,110)	(192,931)	-	(1,892)
Net profit for the years		1,578,807	1,383,721	361,154	1,366,245

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 2022 and 2021

(Unit: Thousand Baht except earnings per share expressed in Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Other comprehensive income (loss):					
Items that will be reclassified subsequently to profit or loss:					
Losses on investments in debt instruments measured at fair value					
through other comprehensive income		(548,405)	(998,474)	-	(1,169)
Income tax relating to components of other comprehensive loss					
for items that will be reclassified subsequently to profit or loss		109,681	199,929	-	234
Total items that will be reclassified subsequently to profit or loss		(438,724)	(798,545)	-	(935)
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		(2,399,966)	55,603	(1,237,512)	38,709
Actuarial gains (losses) on defined benefit plans		10,570	(766)	606	1,750
Income tax relating to components of other comprehensive income (loss)					
for items that will not be reclassified subsequently to profit or loss		133,261	68,082	-	(703)
Total items that will not be reclassified subsequently to profit or loss		(2,256,135)	122,919	(1,236,906)	39,756
Other comprehensive income (loss) for the years		(2,694,859)	(675,626)	(1,236,906)	38,821
Total comprehensive income (loss) for the years		(1,116,052)	708,095	(875,752)	1,405,066
Net profit for the years attributable to:					
The Company's shareholders		1,578,755	1,383,721	361,154	1,366,245
Non-controlling interests of the subsidiaries		52	-	-	-
		1,578,807	1,383,721		
Total comprehensive income (loss) for the years attributable to:					
The Company's shareholders		(1,116,104)	708,095	(875,752)	1,405,066
Non-controlling interests of the subsidiaries		52	-	-	-
		(1,116,052)	708,095		
Earnings per share of the Company's shareholders:	40				
Basic earnings per share					
Profit for the years (Baht per share)		0.075	0.066	0.017	0.065
Weighted average share capital (Thousand shares)		21,183,661	21,055,130	21,183,661	21,055,130

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 2022 and 2021

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to the Company's shareholders												
Other components of shareholders' equity												
- Revaluation surplus (deficit)												
on investments measured												
at fair value through												
other comprehensive												
income												
Premium on treasury shares - common shares												
Share premium												
Issued and paid-up share capital												
Retained earnings												
Appropriated												
Statutory reserve												
Treasury shares reserve												
Unappropriated												
Treasury shares												
Total equity attributable to the Company's shareholders												
Non-controlling interests of the subsidiaries												
Total												
	Note											
		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
	29	-	-	-	-	116,800	-	(116,800)	-	-	-	-
	30	-	-	-	-	-	-	(1,476,845)	-	(1,476,845)	-	(1,476,845)
	28.2	-	-	890	-	-	(335,417)	335,415	335,417	336,305	-	336,305
	Investments in equity instruments derecognised during the year	-	-	-	263,585	-	-	(263,585)	-	-	-	-
	10.1											
	Net profit for the years	-	-	-	-	-	-	1,383,721	-	1,383,721	-	1,383,721
	Other comprehensive loss for the year	-	-	-	(674,660)	-	-	(966)	-	(675,626)	-	(675,626)
	Total comprehensive income (loss) for the year	-	-	-	(674,660)	-	-	1,382,755	-	708,095	-	708,095
	Balance as at 31 December 2021	21,183,661	9,627,913	890	(4,103,779)	1,670,667	-	9,819,163	-	38,198,515	2	38,198,517
	Balance as at 1 January 2022	21,183,661	9,627,913	890	(4,103,779)	1,670,667	-	9,819,163	-	38,198,515	2	38,198,517
	Appropriated to statutory reserve	-	-	-	-	80,700	-	(80,700)	-	-	-	-
	29	-	-	-	-	-	-	-	-	-	-	-
	Dividend paid	-	-	-	-	-	-	(211,828)	-	(211,828)	(52)	(211,880)
	30	-	-	-	-	-	-	-	-	-	-	-
	Investments in equity instruments derecognised during the year	-	-	-	14,076	-	-	(14,076)	-	-	-	-
	10.1											
	Net profit for the years	-	-	-	-	-	-	1,578,755	-	1,578,755	52	1,578,807
	Other comprehensive income (loss) for the year	-	-	-	(2,703,436)	-	-	8,577	-	(2,694,859)	-	(2,694,859)
	Total comprehensive income (loss) for the year	-	-	-	(2,703,436)	-	-	1,587,332	-	(1,116,104)	52	(1,116,052)
	Balance as at 31 December 2022	21,183,661	9,627,913	890	(6,793,139)	1,751,367	-	11,099,891	-	36,870,583	2	36,870,585

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 2022 and 2021

(Unit: Thousand Baht)

Separate financial statements										
	Note	Issued and paid-up share capital	Share premium	Premium on treasury shares - common shares	Other components of shareholders' equity - Revaluation surplus (deficit) on investments measured at fair value through other comprehensive income	Retained earnings			Treasury shares	Total
						Unappropriated	Appropriated			
							Statutory reserve	Treasury shares reserve		
Balance as at 1 January 2021		21,183,661	9,627,913	-	(1,332,999)	595,000	335,417	3,214,934	(335,417)	33,288,509
Appropriated to statutory reserve	29	-	-	-	-	68,400	-	(68,400)	-	-
Dividend paid	30	-	-	-	-	-	-	(1,476,845)	-	(1,476,845)
Resold treasury shares	28.2	-	-	890	-	-	(335,417)	335,415	335,417	336,305
Net profit for the year		-	-	-	-	-	-	1,366,245	-	1,366,245
Other comprehensive income for the year		-	-	-	37,774	-	-	1,047	-	38,821
Total comprehensive income for the year		-	-	-	37,774	-	-	1,367,292	-	1,405,066
Balance as at 31 December 2021		21,183,661	9,627,913	890	(1,295,225)	663,400	-	3,372,396	-	33,553,035
Balance as at 1 January 2022		21,183,661	9,627,913	890	(1,295,225)	663,400	-	3,372,396	-	33,553,035
Appropriated to statutory reserve	29	-	-	-	-	19,000	-	(19,000)	-	-
Dividend paid	30	-	-	-	-	-	-	(211,828)	-	(211,828)
Investments in equity instruments derecognised during the year	10.1	-	-	-	(7,208)	-	-	7,208	-	-
Net profit for the year		-	-	-	-	-	-	361,154	-	361,154
Other comprehensive income (loss) for the year		-	-	-	(1,237,512)	-	-	606	-	(1,236,906)
Total comprehensive income (loss) for the year		-	-	-	(1,237,512)	-	-	361,760	-	(875,752)
Balance as at 31 December 2022		21,183,661	9,627,913	890	(2,539,945)	682,400	-	3,510,536	-	32,465,455

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 2022 and 2021

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax	1,829,917	1,576,652	361,154	1,368,137
Adjustments to reconcile profit before income tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	460,839	483,187	9,071	7,741
Expected credit losses (reversal)	2,703,799	3,275,446	-	(63)
Provisions for employee benefits	56,596	76,274	8,684	14,188
Provisions for litigation	1,040	20,325	-	-
Provisions for properties foreclosed	-	962	-	-
(Gains) losses on financial instruments measured at fair value				
through profit or loss	(100,992)	(56,503)	-	-
(Gains) losses on disposal/write-off of leasehold improvements and equipment	(450)	(1,059)	-	37
(Gains) losses on lease modification	227	(10,516)	-	-
Gains on sales of investments	-	(155,651)	-	-
Net interest (income) expenses	(6,194,817)	(5,439,094)	116,564	130,983
Dividend income	(1,156,551)	(1,592,568)	(520,560)	(1,536,642)
Cash received on interest income	6,704,831	5,693,142	28	33
Cash paid on interest expenses	(2,409,564)	(2,386,392)	(91,527)	(67,985)
Cash refund for income tax	45,326	-	11,373	-
Cash paid on income tax	(196,458)	(637,822)	(9,803)	(11,591)
Profit (loss) from operation before changes				
in operating assets and liabilities	1,743,743	846,383	(115,016)	(95,162)
(Increase) decrease in operating assets				
Interbank and money market items	999,912	(1,692,775)	(10,185)	1,089
Financial assets measured at fair value through profit or loss	(264,240)	(85,286)	-	-
Loans to customers	(37,272,540)	(17,793,199)	-	-
Properties foreclosed	(13,072)	(3,056)	-	-
Securities business receivables - cash accounts	(70,422)	(85,180)	-	-
Other assets	(747,665)	(19,822)	6,342	441
Increase (decrease) in operating liabilities				
Deposits	38,909,016	9,779,496	-	-
Interbank and money market items	4,753,171	6,833,933	4,790,699	(627,000)
Liabilities payable on demand	(89,037)	(760,041)	-	-
Short-term debts issued and borrowings	(4,086,472)	4,604,169	(2,786,520)	1,858,500
Accrued expenses	164,471	179,587	24,757	31,024
Provisions	(22,172)	(51,668)	(9,011)	(14,916)
Revenue received in advance	69,355	53,364	-	-
Payables to Clearing House	(60,306)	60,306	-	-
Other liabilities	583,101	(234,184)	(29,262)	(74,750)
Net cash provided by (used in) operating activities	4,596,843	1,632,027	1,871,804	1,079,226

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
As at 31 December 2022 and 2021

(Unit: Thousand Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Cash flows from investing activities					
Proceeds from sale of investments in debt instruments measured at amortised cost		575	-	-	-
Proceeds from sale of investments in debt instruments measured at fair value through other comprehensive income		6,438,356	13,891,711	-	84,100
Proceeds from sale/capital return of investments in equity instruments designated at fair value through other comprehensive income		522,639	567,897	227,096	52,155
Cash received on interest on investments		900,734	1,039,169	-	2,137
Cash received on dividend on investments		1,156,551	1,592,572	419,535	480,592
Invested in investments in debt instruments measured at amortised cost		(669,875)	-	-	-
Cash received on dividend on investments in subsidiaries		-	-	101,025	1,056,050
Invested in investments in debt instruments measured at fair value through other comprehensive income		(9,857,105)	(12,709,352)	-	-
Invested in investments in equity instruments designated at fair value through other comprehensive income		-	(398,998)	-	-
Proceeds from disposal of equipment		1,778	5,191	-	-
Cash paid for purchase of leasehold improvements and equipment		(131,218)	(113,873)	(13)	(6,627)
Cash paid for purchase of intangible assets		(105,788)	(62,996)	(1,123)	(599)
Net cash provided by (used in) investing activities		(1,743,353)	3,811,321	746,520	1,667,808
Cash flows from financing activities					
Cash paid for lease liabilities		(252,770)	(266,222)	(6,495)	(6,495)
Cash received on long-term debts issued and borrowings		-	2,400,000	-	-
Cash paid for long-term debts issued and borrowings		(2,401,658)	(6,520,218)	(2,400,000)	(1,600,000)
Dividend paid	30	(211,880)	(1,476,845)	(211,828)	(1,476,845)
Cash received on resale of treasury shares	28.2	-	336,305	-	336,305
Net cash provided by (used in) financing activities		(2,866,308)	(5,526,980)	(2,618,323)	(2,747,035)
Net increase (decrease) in cash and cash equivalents		(12,818)	(83,632)	1	(1)
Cash and cash equivalents as at 1 January		717,883	801,515	9	10
Cash and cash equivalents as at 31 December		705,065	717,883	10	9
Supplemental cash flows information					
Non-cash items:					
Right-of-use assets		180,016	136,210	5,681	-
Purchase of assets on credit		16,269	20,143	-	-
Properties foreclosed		-	118,730	-	-
Increase in other receivables from loan repayment		346,091	-	-	-

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 2022 and 2021

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 2022 and 2021, the Company had 3 major shareholders, which are CTBC Bank Company Limited, Land and Houses Public Company Limited, Quality Houses Public Company Limited and their shareholding percentages in the Company were 46.61%, 21.88%, and 13.74%, respectively.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 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 2022 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 as at 31 December		Percentage of assets to the consolidated totals as at 31 December		Percentage of revenues to the consolidated totals for years ended 31 December	
		2022	2021	2022	2021	2022	2021
		Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries directly held by the Company</u>							
Land and Houses Bank Public Company Limited	Banking business	99.99	99.99	95.50	94.51	86.28	83.13
Land and Houses Securities Public Company Limited	Securities business	99.90	99.90	2.41	2.59	5.67	5.78
Land and Houses Fund Management Company Limited	Fund management business	99.99	99.99	0.11	0.13	4.18	6.61
<u>Subsidiary indirectly held 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 financial reporting standards

3.1 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 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 providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

However, the Group has adopted the temporary reliefs in accordance with TFRS 9 Financial Instruments, TFRS 7 Disclosure of Financial Instruments, which apply to transactions directly affected by interest rate benchmark reform, including changes to contractual cash flows or hedging relationships arising from the replacement of the referenced interest rate benchmark with an alternative benchmark rate.

The adoption of these temporary reliefs does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. 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 management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions announced the Accounting Guidance on guidelines regarding provision of financial assistance to debtors affected by the 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 as specified in the circular of the Bank of Thailand No. BoT.RPD2.C. 802/2564 “Guidelines regarding provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)” or any other measures additionally 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.

This Accounting Guidance is effective for entities that provide assistance to debtors impacted by the COVID-19 during the period as from 1 January 2022 to 31 December 2023 or until further change in made by the Bank of Thailand requiring entities to comply. The guidance applies to staging assessment and setting aside of provisions for qualified debtors, and cover all types of debts, 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 repayment schedules, 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 restructuring compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtors are assessed that they are 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 its use as additional working capital or liquidity enhancement to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the subsidiary considers that the debtor is able to comply with repayment conditions under the new 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 or 1 month past due.
 - A new effective interest rate can be applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to be no longer reflect the estimated cash inflows from the loan.

- b) In cases of the debt restructuring involving only a repayment schedule extension, the applicable procedures are as follows:
- The staging assessment and provisioning are to be made in accordance with 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 in relation to provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)" relating to assessment of whether there has been a significant increase in credit risk are to be applied for preliminary assessment as to whether or not 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 and SME loans, which are in process of debt restructuring but 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 in relation to debt restructuring to assist debtors affected by the COVID-19", such loans can continue to be remained at the same stage no longer than 31 March 2022 or until future changes are made by the Bank of Thailand requiring the entities 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.

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 recognized 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 period 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 46 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.

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 problems, 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 flows is recognised as a gain or loss on modification of terms in profit or loss and treated as 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.RPD2.C.802/2564 "Guidelines regarding provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)" dated 3 September 2021 as follows:

- Debt restructuring for debtors that are still performing loans (non-NPL), which are pre-emptive debt restructurings, made when signs of debt payment problems become evident, and the debtor is not yet classified as a non-performing loan (NPL).
- Debt restructuring for debtors that are non-performing loans (NPL) is considered to be troubled debt restructuring (TDR)

In addition, modifications of contract terms in line with changes in expected future cash flows that are 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.

The subsidiary has instruction for debt restructuring for all debtors who affected by the COVID-19 pandemic as appropriate with current situation by taking into consideration on the highest benefit of all debtors. However, the subsidiary are considered the debt restructuring process as align with debtor's ability to repay and forecasts of future cash flow. In this regard, the subsidiary are separate instruction for debt restructuring by adjusting the debt classification in order to comply with debt restructuring process as follows:

- (1) The debt restructuring is stipulated conditions for reducing debt repayment obligation, rather than extending repayment period only such as accrued interest reduction and reducing contract interest rate that will impact to the decrease in effective interest rate (EIR) or contractual average interest rate, receiving collateral assets for debt repayment, debt to equity conversion, extension debt repayment term from short-term to be long-term, increase an additional credit and etc.
 - The debt restructuring for debtors who are performing loans (Non-NPL), the subsidiary will classify them as the debtors has not been a significant increase in credit risk (Stage 1) immediately if the subsidiary assess that the debtors are able to comply with the debt restructuring agreement without any requires the results of compliance monitoring.
 - The debt restructuring for debtors who are non-performing loans (NPL), the subsidiary will classify them as the debtors has not been a significant increase in credit risk (Stage 1) 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.
- (2) The debt restructuring by extending repayment period only are consist of extending repayment period, providing grace period for principle and/or interest and including extension debt repayment term from short-term to be long-term.
 - The debt restructuring for debtors who are performing loans (Non-NPL), 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 reflects the status of debtors that do not indicate the significant increase in credit risk, As a results, the subsidiary will classify them as the debtors has not been a significant increase in credit risk (Stage 1).
 - The debt restructuring for debtors who are non-performing loans (NPL), 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, as a results, the debtors will be classified 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).

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.

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 2022				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through comprehensive income	Investments in equity instruments designated at fair value through comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	705,065	705,065
Interbank and money market items - net	-	-	-	33,051,393	33,051,393
Financial assets measured at fair value through profit or loss	379,068	-	-	-	379,068
Derivative assets	389,925	-	-	-	389,925
Investments - net	-	37,641,773	15,732,801	669,190	54,043,764
Loans to customers and accrued interest receivables - net	-	-	-	207,526,595	207,526,595
Receivables from Clearing House	-	-	-	674,215	674,215
Securities business receivables - cash accounts	-	-	-	159,712	159,712
Receivables on disposals of properties foreclosed through auctions	-	-	-	430,024	430,024
Collateral receivables under the Credit Support Annex agreements	-	-	-	59,042	59,042
Total financial assets	768,993	37,641,773	15,732,801	243,275,236	297,418,803
<u>Financial liabilities</u>					
Deposits	-	-	-	231,408,351	231,408,351
Interbank and money market items	-	-	-	23,923,880	23,923,880
Liabilities payable on demand	-	-	-	100,507	100,507
Derivative liabilities	187,900	-	-	-	187,900
Debts issued and borrowings - net	-	-	-	5,389,763	5,389,763
Lease liabilities - net	-	-	-	554,958	554,958
Securities business payables	-	-	-	680,611	680,611
Collateral payables under the Credit Support Annex agreements	-	-	-	164,634	164,634
Total financial liabilities	187,900	-	-	262,222,704	262,410,604

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Financial instruments measured at fair value through profit or loss		Investments in equity instruments designated at fair value through other comprehensive income		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	-	-	-	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
Receivables from Clearing House	-	-	-	106,128	106,128
Securities business receivables - cash accounts	-	-	-	242,706	242,706
Receivables on disposals of properties foreclosed through auctions	-	-	-	58,288	58,288
Collateral receivables under the Credit Support Annex agreements	-	-	-	1,114	1,114
Total financial assets	281,900	34,881,957	18,655,406	206,999,430	260,818,693
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
Collateral payables under the Credit Support Annex agreements	-	-	-	6,300	6,300
Total financial liabilities	33,520	-	-	224,631,273	224,664,793

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2022					
		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
<u>Financial assets</u>						
Cash	-	-	-	10		10
Interbank and money market items - net	-	-	-	19,851		19,851
Investments - net	-	-	5,946,765	-		5,946,765
Total financial assets	-	-	5,946,765	19,861		5,966,626
<u>Financial liabilities</u>						
Interbank and money market items	-	-	-	4,908,699		4,908,699
Debts issued and borrowings - net	-	-	-	1,497,282		1,497,282
Lease liabilities - net	-	-	-	17,689		17,689
Total financial liabilities	-	-	-	6,423,670		6,423,670

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
		Financial instruments	Investments in equity instruments		
	Financial instruments	measured at fair value through other comprehensive income	designated at fair value through other comprehensive income	Financial instruments	
	measured at fair value through profit or loss			measured at amortised cost	Total
<u>Financial assets</u>					
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
<u>Financial liabilities</u>					
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

7. Interbank and money market items (assets)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	3,101,103	-	3,101,103	1,372,099	-	1,372,099
Commercial banks	155,794	6,000,000	6,155,794	979,509	2,000,000	2,979,509
Specialised financial institutions	-	6,537,000	6,537,000	-	14,300,000	14,300,000
Other financial institutions	693,000	16,209,812	16,902,812	470,000	14,495,000	14,965,000
Total	3,949,897	28,746,812	32,696,709	2,821,608	30,795,000	33,616,608
Add: Accrued interest receivables and undue interest receivables	772	7,053	7,825	1,635	5,561	7,196
Less: Allowance for expected credit losses	(3,724)	(6,119)	(9,843)	(969)	(3,584)	(4,553)
Total domestic items	3,946,945	28,747,746	32,694,691	2,822,274	30,796,977	33,619,251
Foreign:						
US Dollar	235,619	-	235,619	403,752	-	403,752
Yen	14,629	-	14,629	9,342	-	9,342
Euro	75,708	-	75,708	7,567	-	7,567
Other currencies	30,746	-	30,746	16,054	-	16,054
Total foreign items	356,702	-	356,702	436,715	-	436,715
Interbank and money market items - net	4,303,647	28,747,746	33,051,393	3,258,989	30,796,977	34,055,966

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic:						
Commercial banks	19,851	-	19,851	9,666	-	9,666
Interbank and money market items - net	19,851	-	19,851	9,666	-	9,666

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	2022	2021	2022	2021
Financial assets held for trading				
Domestic marketable equity instruments				
- Stocks	379,068	117,908	-	-
Total	379,068	117,908	-	-

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)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Types of derivatives				
Derivatives held for trading	354,526	187,900	46,236	33,520
Derivatives held for banking book *	35,399	-	117,756	-
Total	389,925	187,900	163,992	33,520

* 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 2022 and 2021, 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 2022			31 December 2021		
	Fair value		Notional amounts ⁽¹⁾	Fair value		Notional amounts ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	354,526	187,900	20,467,196	46,236	33,520	13,188,801
Futures ⁽²⁾	-	-	380,041	-	-	118,340
Total	<u>354,526</u>	<u>187,900</u>	<u>20,847,237</u>	<u>46,236</u>	<u>33,520</u>	<u>13,307,141</u>

⁽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 2022 and 2021, the subsidiary, which operates securities business, had the fair value of derivative assets - futures of Baht 0.4 million and Baht 0.9 million, and derivative liabilities - futures of Baht 9.1 million and Baht 5.5 million, respectively.

Derivatives held for banking book

As at 31 December 2022 and 2021, 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 2022			31 December 2021		
	Fair value		Notional amounts ⁽¹⁾	Fair value		Notional amounts ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate and interest rate	35,399	-	1,149,440	117,756	-	1,149,440
Total	<u>35,399</u>	<u>-</u>	<u>1,149,440</u>	<u>117,756</u>	<u>-</u>	<u>1,149,440</u>

⁽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 2022 and 2021 consist of:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Investments in debt instruments				
measured at amortised cost	669,190	-	-	-
Investments in debt instruments				
measured at fair value through				
other comprehensive income	37,641,773	34,881,957	-	-
Investments in equity instruments				
designated at fair value through				
other comprehensive income	15,732,801	18,655,406	5,946,765	7,411,374
Total investments - net	54,043,764	53,537,363	5,946,765	7,411,374

10.1.1 Investments in debt instruments measured at amortised cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
Private sector debt instruments	669,300	-	-	-
Total	669,300	-	-	-
Less: Allowance for expected credit losses	(110)	-	-	-
Total investments in debt instruments				
measured at amortised cost	669,190	-	-	-

10.1.2 Investments in debt instruments measured at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	Fair value	Fair value	Fair value	Fair value
Government and state enterprise instruments	26,874,882	22,202,126	-	-
Private sector debt instruments	7,735,950	9,761,201	-	-
Other debt instruments	3,282,604	3,120,971	-	-
Total	37,893,436	35,084,298	-	-
Less: Allowance for expected credit losses	(251,663)	(202,341)	-	-
Total investments in debt instruments measured at fair value through other comprehensive income	<u>37,641,773</u>	<u>34,881,957</u>	<u>-</u>	<u>-</u>

10.1.3 Investments in equity instruments designated at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Dividend		Dividend	
	Fair value	received	Fair value	received
Domestic marketable equity instruments				
- Stock	288,680	15,045	332,360	12,335
- Investment units	15,427,751	1,133,075	18,306,676	1,214,144
Domestic non-marketable equity instruments	<u>16,370</u>	<u>638</u>	<u>16,370</u>	<u>541</u>
Total investments in equity instruments designated at fair value through other comprehensive income	<u>15,732,801</u>	<u>1,148,758</u>	<u>18,655,406</u>	<u>1,227,020</u>

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2022		31 December 2021	
	Fair value	Dividend	Fair value	Dividend
		received		received
Domestic marketable equity instruments				
- Investment units	5,946,765	418,281	7,411,374	480,592
Total investments in equity instruments				
designated at fair value through				
other comprehensive income	5,946,765	418,281	7,411,374	480,592

During the years ended 31 December 2022 and 2021, 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 2022			
	Fair value on	Dividend	Losses on	Reason of
	derecognition		derecognition	
	date	received	net of income tax	derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				Sale for
- Investment units	120,896	2,029	(40,586)	liquidity management
Total	120,896	2,029	(40,586)	
Income tax related to derecognised investments				
in equity instruments in prior year			26,510	
Total			(14,076)	

(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)

	Separate financial statements			
	For the year ended 31 December 2022			
	Fair value on derecognition date	Dividend received	Gains on derecognition	Reason of derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				Sale for
- Investment units	55,084	1,254	7,208	liquidity management
Total	55,084	1,254	7,208	

10.2 Investments in which the subsidiary holds more than 10 percent of the equity of the investees

As at 31 December 2022 and 2021, 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 2022	31 December 2021
Infrastructure Fund (presented at fair value)	168,700	190,750
	168,700	190,750

10.3 Investments in companies having problems relating to financial position and operating results

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Number of	Cost	Fair value	Number of	Cost	Fair value
	companies			companies		
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	
	as at 31 December		as at 31 December		as at 31 December		31 December	
	2022	2021	2022	2021	2022	2021	2022	2021
			(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
Land and Houses Securities Public Company Limited	1,274,430	1,274,430	99.90	99.90	1,991,785	1,991,785	50,925	-
Land and Houses Fund Management Company Limited	300,000	300,000	99.99	99.99	325,417	325,417	50,100	16,050
					32,916,116	32,916,116	101,025	1,056,050

Subsidiary indirectly held via another subsidiary

Land and Houses Advisory Company Limited	20,000	20,000	99.99	99.99	4,309 ⁽¹⁾	4,580 ⁽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 2022	31 December 2021
Overdrafts	4,135,215	3,493,111
Loans	161,510,317	132,192,303
Bills	47,936,986	41,257,087
Hire purchase receivables	300,599	59,992
Securities and derivatives business receivables	2,173,854	1,785,939
Total loans to customers	216,056,971	178,788,432
Less: Deferred revenue	(66,229)	(37,114)
Loans to customers net of deferred revenue	215,990,742	178,751,318
Add: Accrued interest receivables and undue interest receivables	3,198,513	2,007,392
Total loans to customers and accrued interest receivables	219,189,255	180,758,710
Less: Allowance for expected credit losses	(11,662,660)	(8,941,365)
Loans to customers and accrued interest receivables - net	207,526,595	171,817,345

As at 31 December 2022, the subsidiary, which operates banking business, had restructured loans, for which the subsidiary has elected to apply the Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 (Sustainable debt resolution) where this assistance is the 1st type of financial assistance amounting to Baht 15,888 million and the 2nd type of financial assistance amounting to Baht 19,437 million.

12.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	212,322,166	-	212,322,166	175,113,842	-	175,113,842
US Dollar	3,620,001	-	3,620,001	3,521,102	-	3,521,102
Other currencies	48,575	-	48,575	116,374	-	116,374
Total	215,990,742	-	215,990,742	178,751,318	-	178,751,318

12.3 Classified by loan classification

As at 31 December 2022 and 2021, 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 2022		31 December 2021	
	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)	200,431,484	3,955,136	168,738,000	2,831,715
Financial assets where there has been a significant increase in credit risk (Under-performing)	10,926,064	2,012,217	4,867,105	1,096,662
Financial assets that are credit-impaired (Non-performing)	5,648,743	3,240,405	5,361,197	2,812,773
Total	<u>217,006,291</u>	<u>9,207,758</u>	<u>178,966,302</u>	<u>6,741,150</u>
General provision		<u>2,454,902</u>		<u>2,200,215</u>
Total		<u>11,662,660</u>		<u>8,941,365</u>

(b) Securities business

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	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)	2,182,964	-	1,769,044	-
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	-	-	-
Financial assets that are credit-impaired (Non-performing)	-	-	23,364	-
Total	<u>2,182,964</u>	<u>-</u>	<u>1,792,408</u>	<u>-</u>

As at 31 December 2022 and 2021, that subsidiary also had outstanding receivables due from cash account customers totalling Baht 160 million and Baht 243 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) and that are credit-impaired (Non-performing) in compliance with TFRS 9.

12.4 Loans to customers that have repayment problems or default payments

As at 31 December 2022 and 2021, 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 2022		
	Number of debtors	Debt balances	Allowance for expected credit losses

Banking business

Companies and individuals that have repayment problems or default payments	1,625	16,574,807	5,252,622
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(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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Securities business

Companies and individuals that have repayment problems or default payments	1	23,364	-
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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 2022 and 2021, 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 2022	44,161	219,189,255	283	5,806,248
31 December 2021	11,269	180,758,710	271	6,027,360

As at 31 December 2022 and 2021, the subsidiary had no outstanding commitments to provide additional loan facilities after restructuring.

12.6 Hire purchase receivables

As at 31 December 2022 and 2021, the subsidiary had hire purchase receivables, on which the terms of the agreements were generally between 2 to 7 years, and they carried interest at fixed rates as stipulated in the agreements.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022			
	Amounts due under the contracts			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	81,824	218,775	-	300,599
Less: Deferred revenue	(9,390)	(13,840)	-	(23,230)
Present value of minimum lease payments	72,434	204,935	-	277,369
Less: Allowance for expected credit losses				(26,794)
Hire purchase receivables - net				250,575

(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	31,387	24,842	-	56,229
Less: Allowance for expected credit losses				(8,169)
Hire purchase receivables - net				48,060

13. Allowance for expected credit losses

(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2022				
	Financial assets				
	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	4,553	-	-	-	4,553
Changes due to revaluation of loss allowance	(25,785)	-	-	-	(25,785)
New financial assets purchased or acquired	56,785	-	-	-	56,785
Financial assets derecognised	(25,710)	-	-	-	(25,710)
Balances - end of the year	9,843	-	-	-	9,843
Investments in debt instruments measured at amortised cost					
Balances - beginning of the year	-	-	-	-	-
Changes due to revaluation of loss allowance	115	-	-	-	115
Financial assets derecognised	(5)	-	-	-	(5)
Balances - end of the year	110	-	-	-	110

(Unit: Thousand Baht)

Consolidated financial statements					
For the year ended 31 December 2022					
	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	2,341	200,000	-	-	202,341
Changes due to revaluation of loss allowance	(742)	50,000	-	-	49,258
New financial assets purchased or acquired	123	-	-	-	123
Financial assets derecognised	(59)	-	-	-	(59)
Balances - end of the year	1,663	250,000	-	-	251,663

Loans to customers and accrued interest receivables

Balances - beginning of the year	2,831,715	1,096,662	2,812,773	2,200,215	8,941,365
Changes due to transfers of loan classification	(896,635)	633,295	263,340	-	-
Changes due to revaluation of loss allowance	1,070,243	370,791	236,724	254,687	1,932,445
New financial assets purchased or acquired	3,031,419	883,797	201,099	-	4,116,315
Financial assets derecognised	(2,081,606)	(972,328)	(273,531)	-	(3,327,465)
Balances - end of the year	3,955,136	2,012,217	3,240,405	2,454,902	11,662,660

Securities business receivables - cash accounts

Balances - beginning of the year	-	-	-	-	-
New financial assets purchased or acquired	-	-	153,416	-	153,416
Balances - end of the year	-	-	153,416	-	153,416

(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2022				
	Financial assets			General provision	Total
	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)		
Other assets					
Balances - beginning of the year	1,077	266	42,198	-	43,541
Changes due to transfers of loan classification	243	495	(738)	-	-
Changes due to revaluation of loss allowance	(263)	(307)	12,033	-	11,463
New financial assets purchased or acquired	749	250	12,637	-	13,636
Financial assets derecognised	(888)	(465)	(19,050)	-	(20,403)
Balances - end of the year	918	239	47,080	-	48,237

As at 31 December 2022, the subsidiary, which operates banking business, had the general provision of Baht 2,447 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 1,130 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 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
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 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	-	-	-	-	-

During the years ended 31 December 2022 and 2021, 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 2022				
Financial instruments	Description of significant change in book value	Increase 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)
Loans to customers	Corporate loans increased by Baht 24,592 million	1,052,797	866,754	384,283
Loans to customers	Retail loans increased by Baht 13,448 million	70,624	48,801	43,349

(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)
Loans to customers	Corporate loans increased by Baht 12,347 million	1,804,541	238,902	914
Loans to customers	Retail loans increased by Baht 5,522 million	82,972	(11,637)	49,815

14. Investment properties

As at 31 December 2022 and 2021, the carrying values of investment properties were presented below.

(Unit: Thousand Baht)

	Separate financial statements		
	Land	Office building for rent	Total
Cost			
1 January 2021	35,358	2,642	38,000
31 December 2021	35,358	2,642	38,000
31 December 2022	35,358	2,642	38,000
Accumulated depreciation			
1 January 2021	-	1,279	1,279
Depreciation charged for the year	-	133	133
31 December 2021	-	1,412	1,412
Depreciation charged for the year	-	132	132
31 December 2022	-	1,544	1,544
Net book value			
31 December 2021	35,358	1,230	36,588
31 December 2022	35,358	1,098	36,456
Depreciation for the years			
2021			133
2022			132
Fair value			
31 December 2021	36,620	3,064	
31 December 2022	38,510	1,412	

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 leased to its subsidiary. Therefore presented under the caption of "Premises and equipment" in the consolidated financial statements.

15. Properties foreclosed

(Unit: Thousand Baht)

	Consolidated financial statements				
	For the year ended 31 December 2022				
	31 December 2021	Increase	Disposal/ decrease	Appraiser change	31 December 2022
Properties foreclosed - Immovable assets					
Appraised by external appraisers:					
Cost	772,450	6,895	(6,573)	6,133	778,905
Allowance for impairment	-	-	-	-	-
Net book value	772,450	6,895	(6,573)	6,133	778,905
Appraised by internal appraisers:					
Cost	-	12,797	(47)	(6,133)	6,617
Allowance for impairment	-	-	-	-	-
Net book value	-	12,797	(47)	(6,133)	6,617
Properties foreclosed - Immovable assets	772,450	19,692	(6,620)	-	785,522
Properties foreclosed - Movable assets					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(2,660)	-	-	-	(2,660)
Net book value	900	-	-	-	900
Properties foreclosed - Movable assets	900	-	-	-	900
Total properties foreclosed	773,350	19,692	(6,620)	-	786,422

(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

As at 31 December 2022 and 2021, 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.

Consolidated financial statements

			Leasehold	Furniture	Office		Assets	
	Land	Buildings	improvements	and fixtures	equipment	Vehicles	in progress	Total
Cost								
1 January 2021	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
Addition	-	-	14,492	11,761	77,887	-	21,647	125,787
Write-off/disposal	-	-	(23,407)	(21,749)	(57,043)	-	-	(102,199)
Transfer in (out)	-	-	19,022	-	-	-	(19,022)	-
31 December 2022	75,947	12,853	403,505	134,417	744,133	18,395	2,625	1,391,875
Accumulated depreciation								
1 January 2021	-	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
Accumulated depreciation on write-off/disposal	-	-	(23,064)	(21,070)	(56,737)	-	-	(100,871)
Depreciation charged for the year	-	643	20,514	5,645	68,122	4,071	-	98,995
31 December 2022	-	6,594	335,047	115,312	554,192	8,191	-	1,019,336
Net book value								
31 December 2021	75,947	6,902	55,801	13,668	180,482	14,275	-	347,075
31 December 2022	75,947	6,259	68,458	19,105	189,941	10,204	2,625	372,539
Depreciation for the years								
2021								87,077
2022								98,995

(Unit: Thousand Baht)

	Separate financial statements					
	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Assets in progress	Total
Cost						
1 January 2021	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
Addition	-	-	13	-	-	13
31 December 2022	3,462	668	602	6,519	-	11,251
Accumulated depreciation						
1 January 2021	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
Depreciation charged for the year	765	141	122	1,304	-	2,332
31 December 2022	2,215	403	313	1,529	-	4,460
Net book value						
31 December 2021	2,012	406	398	6,294	-	9,110
31 December 2022	1,247	265	289	4,990	-	6,791
Depreciation for the years						
2021						1,243
2022						2,332

As at 31 December 2022 and 2021, 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 790 million and Baht 811 million, respectively.

17. 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 2021	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
Addition	51,623	-	-	55,722	107,345
Write-off	(1,014)	-	-	-	(1,014)
Transfer in (out)	40,675	-	-	(40,675)	-
31 December 2022	1,283,010	40,951	80,041	37,004	1,441,006
Accumulated amortisation					
1 January 2021	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
Accumulated amortisation on write-off	(1,014)	-	-	-	(1,014)
Amortisation charged for the year	117,682	1,270	-	-	118,952
31 December 2022	1,049,487	36,292	-	-	1,085,779
Net book value					
31 December 2021	258,907	5,929	80,041	21,957	366,834
31 December 2022	233,523	4,659	80,041	37,004	355,227
Amortisation for the years					
2021					123,841
2022					118,952
Remaining amortisation periods (years)	0 - 5	2,3,6,7	-	-	

(Unit: Thousand Baht)

	Separate financial statements		
	Computer softwares	Computer softwares under development	Total
Cost			
1 January 2021	-	1,196	1,196
Addition	398	201	599
Transfer in (out)	1,196	(1,196)	-
31 December 2021	1,594	201	1,795
Addition	-	1,123	1,123
Transfer in (out)	570	(570)	-
31 December 2022	2,164	754	2,918
Accumulated amortisation			
1 January 2021	-	-	-
Amortisation charged for the year	319	-	319
31 December 2021	319	-	319
Amortisation charged for the year	389	-	389
31 December 2022	708	-	708
Net book value			
31 December 2021	1,275	201	1,476
31 December 2022	1,456	754	2,210
Amortisation for the years			
2021			319
2022			389
Remaining amortisation periods (years)	3 - 5	-	

As at 31 December 2022 and 2021, the subsidiaries had certain items of intangible assets, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 692 million and Baht 631 million, respectively.

18. Deferred tax assets/liabilities and income tax

18.1 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 ended	
	31 December	31 December	31 December	
	2022	2021	2022	2021
Deferred tax assets (liabilities) arose from:				
Investments	713,566	494,310	219,256	227,941
Loans to customers and accrued interest				
receivables	498,701	449,348	49,353	154,197
Properties foreclosed	532	532	-	192
Premises and equipment	-	20	(20)	(166)
Right-of-use assets	8,410	8,189	221	1,858
Securities business receivables -				
cash accounts	30,683	-	30,683	-
Other assets	9,565	8,626	939	1,198
Provisions	69,759	59,886	9,873	10,065
Others	20,262	12,492	7,770	7,225
Deferred tax assets	<u>1,351,478</u>	<u>1,033,403</u>		
Total			<u>318,075</u>	<u>402,510</u>
Changes in deferred income tax:				
Recognised in profit or loss			75,133	134,499
Recognised in other comprehensive income			242,942	268,011
Total			<u>318,075</u>	<u>402,510</u>

(Unit: Thousand Baht)

	Separate financial statements			
			Changes in deferred income	
			tax for the years ended	
	31 December	31 December	31 December	
	2022	2021	2022	2021
Deferred tax assets (liabilities) arose from:				
Investments	-	-	-	221
Premises and equipment	-	-	-	(17)
Right-of-use assets	-	-	-	(105)
Provisions	-	-	-	(2,460)
Deferred tax assets	-	-	-	
Total			-	(2,361)
Changes in deferred income tax:				
Recognised in profit or loss			-	(1,892)
Recognised in other comprehensive income			-	(469)
Total			-	(2,361)

As at 31 December 2022 and 2021, the Group has deductible temporary differences and unused tax losses totalling Baht 4,089 million and Baht 2,312 million, respectively (the Company only: as at 31 December 2022 and 2021 totalling Baht 2,996 million and Baht 1,647 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 2023 to 2027.

18.2 Income tax

Income tax expenses reported in profit or loss for the years ended 31 December 2022 and 2021 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2022	2021	2022	2021
Current income tax:				
Corporate income tax for the years	(326,243)	(327,430)	-	-
Deferred income tax:				
Deferred income tax from temporary differences and reversal of temporary differences	75,133	134,499	-	(1,892)
Income tax expenses reported in profit or loss	<u>(251,110)</u>	<u>(192,931)</u>	<u>-</u>	<u>(1,892)</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2022 and 2021 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	
	2022	2021	2022	2021
Accounting profits before income tax expenses	<u>1,829,917</u>	<u>1,576,652</u>	<u>361,154</u>	<u>1,368,137</u>
Applicable tax rate	20%	20%	20%	20%
Income tax calculated based on accounting profits	(365,983)	(315,330)	(72,231)	(273,627)
Unused tax losses on which deferred tax assets have not been recognised	(20,893)	(27,414)	(20,843)	(27,361)
Deferred tax assets for which have not been recognised in the prior year but utilised in the year	361	-	361	-
Tax effects of:				
Tax-exempted revenues	138,754	155,070	94,916	300,524
Additional expense deductions allowed	1,294	3,577	68	69
Non-deductible expenses	(4,308)	(7,910)	(2,271)	(1,497)
Others	<u>(335)</u>	<u>(924)</u>	<u>-</u>	<u>-</u>
Income tax expenses reported in profit or loss	<u>(251,110)</u>	<u>(192,931)</u>	<u>-</u>	<u>(1,892)</u>

The weighted average income tax rates in the consolidated financial statements for the years ended 31 December 2022 and 2021 was 13.72% and 12.24%, respectively.

The weighted average income tax rates in the separate financial statements for the year ended 31 December 2021 was 0.14%.

The amounts of income tax recognised in other comprehensive income (loss) for the years ended 31 December 2022 and 2021 were summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Deferred income tax relating to:				
Losses on revaluation of investment in debt instruments measured at fair value through other comprehensive income	109,681	199,929	-	234
Losses on revaluation of investment in equity instruments designated at fair value through other comprehensive income	135,254	68,282	-	-
Actuarial gains	(1,993)	(200)	-	(703)
Income tax reported in other comprehensive income (loss)	<u>242,942</u>	<u>268,011</u>	<u>-</u>	<u>(469)</u>

19. Other assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Suspense accounts - debtors	256,852	201,582	67	87
Prepaid expenses	96,720	56,204	1,729	1,889
Deposits and guarantees	90,026	99,126	1,795	1,781
Collateral receivables under the Credit Support				
Annex agreements	59,042	1,114	-	-
Accrued income	53,504	54,803	25,897	32,074
Contribution and deposit for Securities				
Clearing Fund	47,439	42,586	-	-
Account Receivable - Revenue Department	41,508	45,326	11,591	11,373
Token money	30,810	30,810	-	-
Withholding income tax awaiting refund	28,987	41,513	9,803	11,591
Security deposits	4,995	5,001	-	-
Others	7,378	5,296	-	-
Total	717,261	583,361	50,882	58,795
Less: Allowance for expected credit losses	(48,237)	(43,541)	-	-
Other assets – net	669,024	539,820	50,882	58,795

20. Quality of assets

As at 31 December 2022 and 2021, 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 2022				
	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)	33,015,652	35,280,132	200,431,484	2,724	268,729,992
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,282,604	10,926,064	2,671	14,211,339
Financial assets that are credit- impaired (Non-performing)	-	-	5,648,743	46,670	5,695,413
Total	33,015,652	38,562,736	217,006,291	52,065	288,636,744

(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	34,022,857	35,084,298	178,966,302	45,533	248,118,990

21. Deposits

21.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2022	31 December 2021
Demand deposits	2,676,737	5,628,435
Savings deposits	83,276,165	91,923,070
Time deposits	104,437,245	59,552,549
Fixed deposit receipts	41,018,204	35,395,281
Total deposits	231,408,351	192,499,335

21.2 Classified by currency and residency of depositors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	230,653,651	52	230,653,703	191,735,644	52	191,735,696
US Dollar	463,370	291,141	754,511	516,064	242,457	758,521
Other currencies	137	-	137	5,118	-	5,118
Total	231,117,158	291,193	231,408,351	192,256,826	242,509	192,499,335

22. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	-	798,500	798,500	-	1,975,440	1,975,440
Commercial banks	503,098	17,176,384	17,679,482	308,062	5,294,846	5,602,908
Specialised financial institutions	-	209,184	209,184	-	5,859,992	5,859,992
Other financial institutions	1,103,880	2,058,537	3,162,417	957,321	4,113,308	5,070,629
Total domestic items	1,606,978	20,242,605	21,849,583	1,265,383	17,243,586	18,508,969
Foreign:						
US Dollar	553	2,073,744	2,074,297	10,052	651,688	661,740
Total foreign items	553	2,073,744	2,074,297	10,052	651,688	661,740
Total interbank and money market items	1,607,531	22,316,349	23,923,880	1,275,435	17,895,274	19,170,709

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic:						
Commercial banks	4,908,699	-	4,908,699	118,000	-	118,000
Total interbank and money market items	4,908,699	-	4,908,699	118,000	-	118,000

23. Debts issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements									
	31 December 2022					31 December 2021				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	1.60% - 2.20%	2023	3,000,000	-	3,000,000	1.10% - 2.05%	2022	7,800,537	-	7,800,537
Subordinated debentures ⁽¹⁾	3.75%	2031	2,400,000	-	2,400,000	3.75%	2031	2,400,000	-	2,400,000
Unsubordinated and unsecured debentures			-	-	-	1.45% - 2.54%	2022	1,700,000	-	1,700,000
Borrowings from Department of Alternative Energy Development and Efficiency			-	-	-	0%	2022	1,658	-	1,658
Total			5,400,000	-	5,400,000			11,902,195	-	11,902,195
Less: Deferred expenses			(10,237)	-	(10,237)			(24,302)	-	(24,302)
Debts issued and borrowings – net			5,389,763	-	5,389,763			11,877,893	-	11,877,893

⁽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 2022					31 December 2021				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	1.65% - 2.20%	2023	1,500,000	-	1,500,000	1.14% - 2.05%	2022	5,000,000	-	5,000,000
Unsubordinated and unsecured debentures			-	-	-	1.45% - 2.54%	2022	1,700,000	-	1,700,000
Total			1,500,000	-	1,500,000			6,700,000	-	6,700,000
Less: Deferred expenses			(2,718)	-	(2,718)			(16,198)	-	(16,198)
Debts issued and borrowings – net			1,497,282	-	1,497,282			6,683,802	-	6,683,802

23.1 Subordinated debentures

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.

24. 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 5 years (the Company only: The terms of the agreements are generally 4 years).

24.1 Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings	Vehicles	Total
Cost			
1 January 2021	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
Addition	163,650	16,366	180,016
Contract termination	(83,621)	(8,816)	(92,437)
31 December 2022	1,040,413	64,095	1,104,508
Accumulated depreciation			
1 January 2021	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
Accumulated depreciation on contract termination	(78,552)	(8,549)	(87,101)
Depreciation charged for the year	228,411	14,481	242,892
31 December 2022	528,597	30,682	559,279
Net book value			
31 December 2021	581,646	31,795	613,441
31 December 2022	511,816	33,413	545,229

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings	Vehicles	Total
Cost			
1 January 2021	30,285	-	30,285
Addition	-	-	-
31 December 2021	30,285	-	30,285
Addition	5,681	-	5,681
31 December 2022	35,966	-	35,966
Accumulated depreciation			
1 January 2021	6,067	-	6,067
Depreciation charged for the year	6,050	-	6,050
31 December 2021	12,117	-	12,117
Depreciation charged for the year	6,218	-	6,218
31 December 2022	18,335	-	18,335
Net book value			
31 December 2021	18,168	-	18,168
31 December 2022	17,631	-	17,631

24.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Lease Liabilities	579,250	648,957	18,674	19,486
Less: Deferred interest	(24,292)	(28,477)	(985)	(962)
Total lease liabilities	554,958	620,480	17,689	18,524

The maturity analysis of lease payments is disclosed in Note 46.3 to the financial statements under the liquidity risk.

24.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2022	2021	2022	2021
Depreciation of right-of-use assets	242,892	272,137	6,218	6,050
Interest expenses on lease liabilities	14,562	17,355	803	738
Expenses relating to leases of low-value assets/short-term leases/variable lease payments that do not depend on an index or a rate	31,153	28,942	302	302
Total	288,607	318,434	7,323	7,090

24.4 Others

The Group had total cash outflows for leases during the years ended 31 December 2022 and 2021 of Baht 284 million and Baht 295 million, respectively (the Company only: For the years ended 31 December 2022 and 2021, the Company had total cash outflows for leases of Baht 6 million and Baht 7 million, respectively). 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.

25. Provisions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts	90,670	52,749	-	-
Provisions for employee benefits	303,882	280,493	41,466	42,399
Provisions for decommissioning cost	40,202	41,574	1,352	477
Other provisions	13,685	20,325	-	-
Total	448,439	395,141	42,818	42,876

25.1 Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts

As at 31 December 2022 and 2021, 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 2022		31 December 2021	
	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)	27,830,991	81,504	31,714,118	49,530
Financial assets where there has been a significant increase in credit risk (Under-performing)	284,804	6,705	63,242	1,134
Financial assets that are credit-impaired (Non-performing)	28,783	2,461	22,510	2,085
Total	<u>28,144,578</u>	<u>90,670</u>	<u>31,799,870</u>	<u>52,749</u>

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 2022			
	Financial assets			
	Financial assets where there has not been a significant increase in credit risk (Performing)	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	49,530	1,134	2,085	52,749
Changes due to transfers of loan classification	(689)	196	493	-
Changes due to revaluation of loss allowance	(22,223)	6,091	46	(16,086)
New loan commitments/guarantee contracts issued	71,507	2	15	71,524
Financial assets derecognised	(16,621)	(718)	(178)	(17,517)
Balances – ending of the year	81,504	6,705	2,461	90,670

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the year ended 31 December 2021			
	Financial assets			
	Financial assets where there has not been a significant increase in credit risk (Performing)	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

25.2 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
	2022	2021	2022	2021
Post-employment benefits	303,882	272,493	41,466	42,399
Termination benefits	-	8,000	-	-
Total	303,882	280,493	41,466	42,399

Movements of provisions for employee benefits were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2022	2021	2022	2021
Provisions for employee benefits				
at the beginning of the years	272,493	254,197	42,399	44,877
Current service costs	49,495	43,356	7,744	6,474
Interest costs	7,101	3,463	940	587
Employees transferred among the Group	-	-	(8,281)	-
Actuarial (gains) losses arose from:				
Demographic assumption changes	1,416	-	683	-
Financial assumption changes	(27,785)	(5,548)	(4,709)	(1,183)
Experience adjustments	15,799	6,314	3,420	(567)
Benefits paid during the years	(14,637)	(29,289)	(730)	(7,789)
Provisions for employee benefits at the end of the years	303,882	272,493	41,466	42,399

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	
	2022	2021	2022	2021
Current service costs	49,495	43,356	7,744	6,474
Interest costs	7,101	3,463	940	587
Total employee benefit expenses	56,596	46,819	8,684	7,061

As at 31 December 2022 and 2021, the Group expected to pay approximately Baht 29.3 million and Baht 8.7 million, respectively on employee benefits payable within the next 1-year period (the Company only: as at 31 December 2022 and 2021, the Company expected to pay approximately Baht 6.3 million and Baht 0.7 million, respectively, on employee benefits payable within the next 1-year period).

As at 31 December 2022 and 2021, the Group's weighted average durations of employee benefit payments were estimated to be 7 – 9 years and 7 – 10 years, respectively (the Company only: as at 31 December 2022 and 2021, the Company's weighted average durations of employee benefit payments were estimated at 8 years and 10 years, respectively).

The principal assumptions used in actuarial valuation as at the revaluation dates were summarised below.

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Future salary incremental rates	5.00	5.00, 5.50	5.00	5.00
Turnover rates	0 - 40	0 - 40	0 - 35	0 - 40
Discount rates	2.29, 2.49 and 2.53	1.36, 1.41 and 1.56	2.49	1.36

The impacts from changes in significant assumptions on provisions for employee benefits as at 31 December 2022 and 2021 were summarised below.

(Unit: Thousand Baht)

Significant assumptions	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Increase (decrease)		Increase (decrease)	
	in provisions for employee benefits		in provisions for employee benefits	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	13,068	(12,337)	15,616	(14,662)
Discount rates	(12,569)	13,464	(13,654)	14,668

(Unit: Thousand Baht)

Significant assumptions	Separate financial statements			
	31 December 2022		31 December 2021	
	Increase (decrease)		Increase (decrease)	
	in provisions for employee benefits		in provisions for employee benefits	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	1,749	(1,641)	2,557	(2,396)
Discount rates	(1,672)	1,802	(2,260)	2,433

26. 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 2022 and 2021, the subsidiary had advances received from electronic fund transfer transactions amounting to Baht 4.000 million and Baht 0.005 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 2022 and 2021.

27. Other liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Collateral payables under the				
Credit Support Annex agreements	164,634	6,300	-	-
Suspense accounts – creditors	61,695	95,177	2,981	2,729
Accounts payable on acquisition of				
equipment and intangible assets	16,285	20,754	-	-
Accounts payable on advertising and				
promotional	13,876	2,613	-	-
Deposits received	6,270	6,231	300	300
Accrued expenses on premises and				
equipment	4,662	4,126	-	-
Account payable – Revenue Department	3,491	6,099	1,690	2,035
Others	14,571	4,935	-	-
Total other liabilities	<u>285,484</u>	<u>146,235</u>	<u>4,971</u>	<u>5,064</u>

28. Share capital

28.1 Share capital/share premium

Reconciliation of issued and paid-up share capital and share premium during the years ended 31 December 2022 and 2021 as follows:

	Consolidated and separate financial statements		
	For the year ended 31 December 2022		
	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	<u>21,183,660,594</u>	<u>21,183,661</u>	<u>9,627,913</u>

	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	<u>21,183,660,594</u>	<u>21,183,661</u>	<u>9,627,913</u>

28.2 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
	(shares)	(Baht)	per share (Baht)
Treasury shares as at 1 January 2021	264,250,300	335,417,238	1.27
Resold treasury shares during the year	<u>(264,250,300)</u>	<u>(335,417,238)</u>	
Treasury shares as at 31 December 2021	<u>-</u>	<u>-</u>	
Differences between resale price and repurchase cost of the treasury shares		<u>887,368</u>	

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”.

29. 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.

30. Dividend paid

During the years ended 31 December 2022 and 2021, 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 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 April 2021	<u>635,494</u>	<u>0.030</u>
Total dividend paid during the year 2021		<u>1,476,845</u>	<u>0.070</u>
From its operating results for the year ended 31 December 2021	The Annual General Meeting of the Company's shareholders held on 20 April 2022	<u>211,828</u>	<u>0.010</u>
Total dividend paid during the year 2022		<u>211,828</u>	<u>0.010</u>

31. Other components of shareholders' equity

As at 31 December 2022 and 2021, 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 2022	31 December 2021	31 December 2022	31 December 2021
Revaluation surplus on the reclassified investments				
Debt instruments	305,568	511,708	-	-
Total	305,568	511,708	-	-
Revaluation surplus on investments				
Debt instruments	67,700	127,585	-	-
Equity instruments	2,416	226,339	-	220,838
Total	70,116	353,924	-	220,838
Revaluation deficit on investments				
Debt instruments	(890,976)	(608,596)	-	-
Equity instruments	(6,864,407)	(4,738,823)	(2,539,945)	(1,516,063)
Total	(7,755,383)	(5,347,419)	(2,539,945)	(1,516,063)
Revaluation deficit on investments measured at fair value through other comprehensive income	(7,379,699)	(4,481,787)	(2,539,945)	(1,295,225)
Add: Income tax	586,560	378,008	-	-
Revaluation deficit on investments measured at fair value through other comprehensive income – net of income tax	<u>(6,793,139)</u>	<u>(4,103,779)</u>	<u>(2,539,945)</u>	<u>(1,295,225)</u>

32. 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 2022 and 2021, 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 2022	31 December 2021	31 December 2022	31 December 2021
<u>Common Equity Tier 1 capital fund</u>				
Issued and fully paid-up share capital	21,183,661	21,183,661	20,000,000	20,000,000
Share premium	9,627,913	9,627,913	10,598,915	10,598,915
Statutory reserve	1,751,367	1,670,667	979,000	924,300
Net profit after appropriation	10,175,344	9,116,872	5,472,493	5,333,851
Revaluation deficit on investments measured at fair value through other comprehensive income	(6,994,469)	(4,300,320)	(2,489,183)	(1,653,952)
Deduction items on Common Equity				
Tier 1 capital fund	(1,758,013)	(1,402,251)	(1,599,970)	(1,288,255)
Total Common Equity Tier 1 capital fund	33,985,803	35,896,542	32,961,255	33,914,859
Total Tier 1 capital fund	33,985,803	35,896,542	32,961,255	33,914,859
<u>Tier 2 capital fund</u>				
Subordinated debentures	2,400,000	2,400,000	2,400,000	2,400,000
General provision	2,446,732	2,199,045	2,446,732	2,199,045
Total Tier 2 capital fund	4,846,732	4,599,045	4,846,732	4,599,045
Total capital fund	38,832,535	40,495,587	37,807,987	38,513,904

(Unit: Percentage)

	31 December 2022		31 December 2021	
	Financial business group	Minimum and additional rates required by law *	Financial business group	Minimum and additional rates required by law *
The ratio of Common Equity Tier 1 capital fund to risk assets	13.443	7.000	15.909	7.000
The ratio of Tier 1 capital fund to risk assets	13.443	8.500	15.909	8.500
The ratio of total capital fund to risk assets	15.360	11.000	17.947	11.000

* 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 2022		31 December 2021	
	Land and Houses Bank	Minimum and additional rates required by law	Land and Houses Bank	Minimum and additional rates required by law
The ratio of Common Equity Tier 1 capital fund to risk assets	13.498	7.000	16.165	7.000
The ratio of Tier 1 capital fund to risk assets	13.498	8.500	16.165	8.500
The ratio of total capital fund to risk assets	15.483	11.000	18.357	11.000

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 2021 through the Company’s website at www.lhfg.co.th on 25 April 2022 and the Company will disclose capital adequacy and capital risk exposure information as of 31 December 2022 by April 2023.

The subsidiary, which operates banking business, disclosed Liquidity Coverage Ratio as of 31 December 2021 through the subsidiary’s website at www.lhbank.co.th on 25 April 2022 and will disclose Liquidity Coverage Ratio as of 31 December 2022 by April 2023.

33. Interest income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Interbank and money market items	407,270	432,049	28	33
Investments in debt instruments	777,853	908,113	-	1,653
Loans to customers	7,528,329	6,426,314	-	-
Hire purchase	5,380	2,592	-	-
Others	5,112	616	-	-
Total interest income	<u>8,723,944</u>	<u>7,769,684</u>	<u>28</u>	<u>1,686</u>

34. Interest expenses

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Deposits	1,696,333	1,532,156	-	-
Interbank and money market items	167,670	35,862	70,316	7,224
Contributions to the Deposit Protection Agency and the Bank of Thailand	486,190	461,404	-	-
Debts issued				
- Subordinated debentures	90,181	135,623	-	-
- Unsubordinated and unsecured debentures	17,284	57,721	17,284	54,990
- Others	52,088	86,398	28,137	69,701
Others	19,381	21,426	855	754
Total interest expenses	<u>2,529,127</u>	<u>2,330,590</u>	<u>116,592</u>	<u>132,669</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.

35. Fees and service income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Fees and service income				
Acceptances, avals and guarantees	62,672	54,203	-	-
Commission income	364,234	376,058	-	-
Others	530,955	772,710	-	-
Total fees and service income	957,861	1,202,971	-	-
Fees and service expenses				
Fees and charges	78,277	64,381	-	-
Others	126,720	283,135	8,123	8,654
Total fees and service expenses	204,997	347,516	8,123	8,654
Net fees and service income (expenses)	752,864	855,455	(8,123)	(8,654)

36. Net losses on financial instruments measured at fair value through profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Gains (losses) on trading and foreign exchange transactions:				
Foreign exchange and derivatives contracts relating to foreign exchange	(12,850)	(8,839)	(1)	(1)
Derivatives contracts relating to equity instruments	13,701	(3,788)	-	-
Equity instruments	(10,230)	5,822	-	-
Total net losses on financial instruments measured at fair value through profit or loss	(9,379)	(6,805)	(1)	(1)

37. Gains on investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Gains on derecognition:				
Investments in debt instruments measured				
at fair value through other comprehensive income	-	155,651	-	-
Total gains on investments	-	155,651	-	-

38. 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.

39. Expected credit losses

Expected credit losses and modification gains or losses of financial assets for the years ended 31 December 2022 and 2021 were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2022	2021	2022	2021
Expected credit losses (reversal)				
Interbank and money market items	5,290	804	-	-
Investments in debt instruments measured at				
amortised cost	110	-	-	-
Investments in debt instruments measured at fair value				
through other comprehensive income	49,322	65	-	(63)
Loans to customers and accrued interest receivables				
- Expected credit losses	2,721,295	2,927,064	-	-
- Modification (gains) losses	(261,103)	318,924	-	-
Securities business receivables – cash accounts	153,416	-	-	-
Other assets	4,696	5,991	-	-
Undrawn credit limit and financial guarantee contracts	30,773	22,598	-	-
Total expected credit losses (reversal)	2,703,799	3,275,446	-	(63)

40. 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.

41. 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 2022 and 2021, the Group contributed Baht 62.3 million and Baht 57.5 million, respectively to the provident fund (the Company only: during the years ended 31 December 2022 and 2021, the Company contributed Baht 8.1 million and Baht 9.5 million, respectively to the provident fund).

42. Commitments and contingent liabilities

42.1 Contingent liabilities

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Foreign		Total	Foreign		Total
	Baht	currency		Baht	currency	
Avals to bills	137,201	-	137,201	28,188	-	28,188
Liabilities under unmatured						
import bills	-	165,084	165,084	-	165,339	165,339
Letters of credit	33,569	627,479	661,048	9,901	404,547	414,448
Other commitments						
- Undrawn bank overdrafts	4,550,677	-	4,550,677	4,801,974	-	4,801,974
- Other guarantees	9,212,488	864	9,213,352	6,070,256	18,672	6,088,928
- Others	20,374,955	-	20,374,955	25,428,178	-	25,428,178
Total	34,308,890	793,427	35,102,317	36,338,497	588,558	36,927,055

42.2 Commitments under long-term agreements

- (a) As at 31 December 2022 and 2021, the Group has entered into various service agreements which the remaining terms of the agreements were between 1 - 3 years and 1 - 5 years, respectively. The Group is obligated to pay further Baht 117 million and Baht 137 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 2022 and 2021, the subsidiary is obligated to pay further Baht 39 million and Baht 57 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 2022 and 2021, the subsidiary is obligated to pay further Baht 1.7 million and Baht 0.5 million, respectively. In addition, the subsidiary has committed under the agreement for permission to use computer programs to pay an annual maintenance fee at Baht 7.6 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 2022 and 2021, 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.

42.3 Service commitments

42.3.1 As at 31 December 2022 and 2021, 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 2022 and 2021, 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.

42.3.2 As at 31 December 2022 and 2021, 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 2022	31 December 2021
(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

42.4 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.

42.5 Litigation

As at 31 December 2022 and 2021, the subsidiaries had various outstanding litigation cases being claimed for compensations totalling Baht 273 million and Baht 349 million, respectively. Final judgements have not yet been reached in respect of these cases.

43. 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

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

43.1 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	
	2022	2021	2022	2021
Interest income				
The Company's subsidiary	-	-	28	1,686
Related company	182,334	105,726	-	-
Directors and executives	-	9	-	-
Related persons	548	956	-	-
	<u>182,882</u>	<u>106,691</u>	<u>28</u>	<u>1,686</u>
Fees and service income				
Related companies	55,221	50,050	-	-
	<u>55,221</u>	<u>50,050</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	
	2022	2021	2022	2021
Dividend income				
The Company's subsidiaries	-	-	101,025	1,056,050
Related companies	74,137	67,307	-	-
	<u>74,137</u>	<u>67,307</u>	<u>101,025</u>	<u>1,056,050</u>
Supporting service income				
The Company's subsidiaries	-	-	302,372	302,888
	<u>-</u>	<u>-</u>	<u>302,372</u>	<u>302,888</u>
Other operating income				
The Company's subsidiary	-	-	1,452	1,452
Related companies	-	2,566	-	-
Related persons	-	888	-	-
	<u>-</u>	<u>3,454</u>	<u>1,452</u>	<u>1,452</u>
Interest expenses				
The Company's subsidiary	-	-	70,316	7,224
The major shareholders	32,207	26,706	-	-
Related companies	11,402	14,144	-	-
Directors and executives	688	1,323	-	-
Related persons	8,472	13,656	-	-
	<u>52,769</u>	<u>55,829</u>	<u>70,316</u>	<u>7,224</u>
Fees and service expenses				
The Company's subsidiary	-	-	129	239
Related companies	163	237	-	-
	<u>163</u>	<u>237</u>	<u>129</u>	<u>239</u>
Other operating expenses				
The Company's subsidiary	-	-	3	3
The major shareholders	60,531	58,962	7,752	7,503
Related companies	101,152	98,499	-	-
	<u>161,683</u>	<u>157,461</u>	<u>7,755</u>	<u>7,506</u>

43.2 The outstanding balances

As at 31 December 2022 and 2021, 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 2022	31 December 2021
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	5,005,569	3,507,708
Directors and executives	-	92
Related persons	28,718	14,385
	<u>5,034,287</u>	<u>3,522,185</u>
Accrued interest receivables on loans to customers		
<u>Related companies/persons</u>		
Related companies	85,895	81,806
Related persons	113	30
	<u>86,008</u>	<u>81,836</u>
Other assets		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	13,005	12,189
<u>Related companies/persons</u>		
Related companies	33,475	32,802
Directors and executives	3	-
	<u>46,483</u>	<u>44,991</u>
Deposits		
<u>The major shareholders</u>		
Land and Houses Public Company Limited	1,099,044	7,087,805
Quality Houses Public Company Limited	401,254	1,025,797
<u>Related companies/persons</u>		
Related companies	3,152,521	7,389,011
Directors and executives	122,983	131,736
Related persons	1,863,477	1,684,450
	<u>6,639,279</u>	<u>17,318,799</u>
Interbank and money market items (liabilities)		
<u>The major shareholder</u>		
CTBC Bank Company Limited	2,074,297	661,740

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2022	31 December 2021
	2,074,297	661,740
Debts issued and borrowings		
<u>Related companies/persons</u>		
Related persons	7,000	7,000
	7,000	7,000
Accrued interest payables		
<u>The major shareholders</u>		
CTBC Bank Company Limited	21,580	456
Land and Houses Public Company Limited	-	4,503
<u>Related companies/persons</u>		
Related companies	1,234	1,361
Directors and executives	58	49
Related persons	1,143	821
	24,015	7,190
Lease liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	62,784	93,838
<u>Related companies/persons</u>		
Related companies	281,850	331,078
	344,634	424,916
Other liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	935	718
<u>Related companies/persons</u>		
Related companies	806	1,229
Related persons	36	14
	1,777	1,961
Contingent liabilities – bank guarantees		
<u>Related companies/persons</u>		
Related company	21,186	21,186
	21,186	21,186

(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2022	31 December 2021
Interbank and money market items (assets)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	19,851	9,666
	<u>19,851</u>	<u>9,666</u>
Investments – cost		
<u>Related companies/persons</u>		
Related company	384,538	384,538
	<u>384,538</u>	<u>384,538</u>
Other assets		
<u>The Company's subsidiaries</u>		
Land and Houses Bank Public Company Limited	25,297	31,474
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	1,675	1,651
	<u>27,572</u>	<u>33,725</u>
Interbank and money market items (liabilities)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	4,908,699	118,000
	<u>4,908,699</u>	<u>118,000</u>
Accrued interest expenses on interbank and money market items (liabilities)		
<u>The Company's subsidiary</u>		
Land and Houses Bank Public Company Limited	309	5
	<u>309</u>	<u>5</u>
Lease liabilities		
<u>The major shareholder</u>		
Quality Houses Public Company Limited	18,674	19,486
	<u>18,674</u>	<u>19,486</u>
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	79	44
	<u>379</u>	<u>344</u>

The significant outstanding balances during the years ended 31 December 2022 and 2021 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	
	2022	2021
<u>The major shareholders</u>		
Deposits	2,695,406	7,892,403
Interbank and money market items (liabilities)	704,484	887,166
<u>Related companies/persons</u>		
Loans to customers	4,997,629	3,544,874
Deposits	7,593,992	10,792,042
Debts issued and borrowings	7,000	19,000

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2022	2021
<u>The Company's subsidiary</u>		
Interbank and money market items (assets)	9,377	11,001
Interbank and money market items (liabilities)	3,970,225	414,250

43.3 Directors' and executives' compensation

During the years ended 31 December 2022 and 2021, 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	
	2022	2021	2022	2021
Short-term employee benefits	289	279	54	58
Post-employment benefits	28	22	3	3
Termination benefits	-	20	-	3
Total	317	321	57	64

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.

44. 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 2022		31 December 2021	
	Carrying	Maximum	Carrying	Maximum
	value	exposure to loss	value	exposure to loss
<u>Assets</u>				
Investments	15,427,751	15,427,751	18,306,676	18,306,676
Loans to customers and accrued interest				
receivables	6,908,704	6,908,704	7,181,392	7,181,392
<u>Liabilities</u>				
Deposits	130,175	130,175	121,596	121,596
Interest payables	33	33	31	31

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.

45. 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 2022								
	Investment holding business	Banking business				Fund management business	Securities business	Eliminations	Total
		Lending							
		Housing and retail	Commercial loans	Other segments	Total segments				
Interest income	28	1,499,470	6,459,810	776,728	8,736,008	248	114,491	(126,831)	8,723,944
Total operating income – net	700,307				6,992,946	346,923	489,178	(406,036)	8,123,318
Other operating expenses	(339,153)				(3,125,336)	(234,511)	(196,127)	305,525	(3,589,602)
Expected credit losses	-				(2,550,383)	-	(153,416)	-	(2,703,799)
Income tax	-				(223,878)	(21,768)	(5,464)	-	(251,110)
Net profit for the year	361,154				1,093,349	90,644	134,171	(100,511)	1,578,807

(Unit: Thousand Baht)

	For the year ended 31 December 2021								
	Investment holding business	Banking business				Fund management business	Securities business	Eliminations	Total
		Lending							
		Housing and retail	Commercial loans	Other segments	Total segments				
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)

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(Unit: Thousand Baht)

As at 31 December 2021										
	Banking business								Eliminations	Total
	Investment holding business	Lending				Fund management business	Securities business			
		Housing and retail	Commercial loans	Other segments	Total segments					
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	

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 2022 and 2021, 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.

46. 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 with adequate and effective internal control in accordance with risk management policies and also, comply with regulation of Bank of Thailand and any other regulator. 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:

46.1 Credit risk

Credit risk is the risk that debtors or counterparties may not be able to comply with repayment condition on their agreement as well as the likelihood of the credit rating of debtors being downgraded, which may affect the revenues and capital funds of the subsidiary due to external risk factors i.e. changes in the economy, changes in law and regulation and internal risk factors i.e. lack of monitoring control, lack of tracking the debtor to comply with condition on their agreement, ineffective credit assessment process. The transactions that related to credit risk are consist of the borrowing transaction and any equivalent borrowing transaction, transaction that related to the counterparties are obligated to deliver collateral asset or repayment debt to the subsidiary, transaction that related to investment in debt instrument.

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 moderate and identify the risk level of the debtors for assessing the credit risk effectively. These are Credit Rating Model, which is used to assign credit ratings to corporate banking customers and Credit Scoring Model, which is used to assign credit scoring to retail 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 2022 and 2021, the maximum exposure to credit risk are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Interbank and money market items (assets)	33,061,236	34,060,519	19,851	9,666
Investments in debt instruments measured at amortised cost	669,300	-	-	-
Investments in debt instruments measured at fair value through other comprehensive income	37,893,436	35,084,298	-	-
Loans to customers and accrued interest receivables	219,189,255	180,758,710	-	-
Accrued interest receivables not related to loans to customers	116,802	144,696	-	-
Receivables from Clearing House	674,215	106,128	-	-
Securities business receivables - cash accounts	313,128	242,706	-	-
Receivables on disposals of properties foreclosed through auctions	430,024	58,288	-	-
Other assets – collateral receivables under the Credit Support Annex agreements	59,042	1,114	-	-
Total financial assets	292,406,438	250,456,459	19,851	9,666
Undrawn credit limit	24,925,632	30,230,152	-	-
Financial guarantee contracts	3,218,946	1,569,718	-	-
Total	28,144,578	31,799,870	-	-
Total maximum exposure to credit risk	320,551,016	282,256,329	19,851	9,666

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 2022			
	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*	21,681,704	-	-	21,681,704
No overdue	11,379,532	-	-	11,379,532
Total	33,061,236	-	-	33,061,236
Less: Allowance for expected credit losses	(9,843)	-	-	(9,843)
Net carrying value	33,051,393	-	-	33,051,393
Investments in debt instruments measured at amortised cost				
Investment grade*	666,000	-	-	666,000
Non-investment grade*	3,300	-	-	3,300
Total	669,300	-	-	669,300
Less: Allowance for expected credit losses	(110)	-	-	(110)
Net carrying value	669,190	-	-	669,190
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	34,606,184	3,282,604	-	37,888,788
Non-investment grade*	4,648	-	-	4,648
Total	34,610,832	3,282,604	-	37,893,436
Less: Allowance for expected credit losses	(1,663)	(250,000)	-	(251,663)
Net carrying value	34,609,169	3,032,604	-	37,641,773
Loans to customers and accrued interest receivables – net				
<u>Banking business</u>				
0 – 30 days overdue	200,431,484	10,311,912	1,841,049	212,584,445
31 – 90 days overdue	-	614,152	179,813	793,965
Over 90 days overdue	-	-	3,627,881	3,627,881
Total	200,431,484	10,926,064	5,648,743	217,006,291
Less: Allowance for expected credit losses	(3,955,136)	(2,012,217)	(3,240,405)	(9,207,758)
Net carrying value	196,476,348	8,913,847	2,408,338	207,798,533
<u>Securities business</u>				
MM Ratio more than or equal to 35%	2,182,964	-	-	2,182,964
Total	2,182,964	-	-	2,182,964
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	2,182,964	-	-	2,182,964

* Rating of external credit risk rating agency

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022			
	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
Receivables from Clearing House				
0 – 30 days overdue	674,215	-	-	674,215
Total	674,215	-	-	674,215
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	674,215	-	-	674,215
Securities business receivables – cash accounts				
0 – 30 days overdue	119,855	-	-	119,855
31 – 90 days overdue	-	-	193,273	193,273
Total	119,855	-	193,273	313,128
Less: Allowance for expected credit losses	-	-	(153,416)	(153,416)
Net carrying value	119,855	-	39,857	159,712
Receivables on disposals of properties foreclosed through auctions				
No maturity	430,024	-	-	430,024
Total	430,024	-	-	430,024
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	430,024	-	-	430,024
Other assets – Collateral receivables under the Credit Support Annex agreements				
No overdue	59,042	-	-	59,042
Total	59,042	-	-	59,042
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	59,042	-	-	59,042
Other assets – others				
0 – 30 days overdue	2,724	2,529	632	5,885
31 – 90 days overdue	-	142	95	237
Over 90 days overdue	-	-	46,353	46,353
Total	2,724	2,671	47,080	52,475
Less: Allowance for expected credit losses	(918)	(239)	(47,080)	(48,237)
Net carrying value	1,806	2,432	-	4,238

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022			
	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
Undrawn credit limit				
0 – 30 days overdue	24,612,500	260,780	13,351	24,886,631
31 – 90 days overdue	-	23,928	13	23,941
Over 90 days overdue	-	-	15,060	15,060
Total	24,612,500	284,708	28,424	24,925,632
Less: Allowance for expected credit losses	(70,047)	(6,704)	(2,458)	(79,209)
Net carrying value	24,542,453	278,004	25,966	24,846,423
Financial guarantee contracts				
0 – 30 days overdue	3,218,491	96	-	3,218,587
Over 90 days overdue	-	-	359	359
Total	3,218,491	96	359	3,218,946
Less: Allowance for expected credit losses	(11,457)	(1)	(3)	(11,461)
Net carrying value	3,207,034	95	356	3,207,485

(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

* 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
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%	1,769,044	-	-	1,769,044
MM Ratio less than 25%	-	-	23,364	23,364
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
Receivables from Clearing House				
0 – 30 days overdue	106,128	-	-	106,128
Total	106,128	-	-	106,128
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	106,128	-	-	106,128
Securities business receivables – cash accounts				
0 – 30 days overdue	242,706	-	-	242,706
Total	242,706	-	-	242,706
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	242,706	-	-	242,706
Receivables on disposals of properties foreclosed through auctions				
No maturity	58,288	-	-	58,288
Total	58,288	-	-	58,288
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	58,288	-	-	58,288

(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 – Collateral receivables under the Credit Support Annex agreements				
No overdue	1,114	-	-	1,114
Total	1,114	-	-	1,114
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	1,114	-	-	1,114
Other assets – others				
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)

	Separate financial statements			
	31 December 2022			
	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*	19,851	-	-	19,851
Total	19,851	-	-	19,851
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	19,851	-	-	19,851

* Rating of external credit risk rating agency

(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

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	31 December	
	2022	2021	
Interbank and money market items	-	15,500,614	Bonds
Loans to customers and accrued interest receivables	124,517,147	98,510,622	Lands and buildings, machinery and equipment, deposits, stocks

46.2 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 2022 and 2021, financial assets and liabilities, classified by types of interest rate, were as follows:

(Unit: Thousand Baht)

Transactions	Consolidated financial statements				
	31 December 2022				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non- performing loan	Total
<u>Financial assets</u>					
Cash	-	-	705,065	-	705,065
Interbank and money market items	387,815	29,439,812	3,225,784	-	33,053,411
Financial assets measured at fair value through profit or loss	-	-	379,068	-	379,068
Derivative assets	-	-	389,925	-	389,925
Investments	1,210,417	37,352,319	15,732,801	-	54,295,537
Loans to customers ⁽¹⁾	141,930,189	68,878,331	-	5,248,451	216,056,971
Receivables from Clearing House	-	-	674,215	-	674,215
Securities business receivables - cash accounts	-	-	159,712	-	159,712
Receivables on disposals of properties foreclosed through auctions	-	-	430,024	-	430,024
Collateral receivables under the Credit Support Annex agreements	-	59,042	-	-	59,042
<u>Financial liabilities</u>					
Deposits	86,965,314	143,876,441	566,596	-	231,408,351
Interbank and money market items	1,079,745	22,850,965	27,786	-	23,958,496
Liabilities payable on demand	-	-	100,507	-	100,507
Derivative liabilities	-	-	187,900	-	187,900
Debts issued and borrowings	-	5,400,000	-	-	5,400,000
Lease liabilities	-	579,250	-	-	579,250
Securities business payables	-	-	680,611	-	680,611
Collateral payables under the Credit Support Annex agreements	-	164,634	-	-	164,634

⁽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 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
Receivables from Clearing House	-	-	106,128	-	106,128
Securities business receivables - cash accounts	-	-	242,706	-	242,706
Receivables on disposals of properties foreclosed through auctions	-	-	58,288	-	58,288
Collateral receivables under the Credit Support Annex agreements	-	1,114	-	-	1,114
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
Collateral payables under the Credit Support Annex agreements	-	6,300	-	-	6,300

⁽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 2022				
	Floating	Fixed	Non-interest	Non-	Total
	interest rates	interest rates	bearing	performing	
				loan	
<u>Financial assets</u>					
Cash	-	-	10	-	10
Interbank and money market items	19,851	-	-	-	19,851
Investments	-	-	5,946,765	-	5,946,765
<u>Financial liabilities</u>					
Interbank and money market items	-	4,908,699	-	-	4,908,699
Debts issued and borrowings	-	1,500,000	-	-	1,500,000
Lease liabilities	-	18,674	-	-	18,674

(Unit: Thousand Baht)

Transactions	Separate financial statements				
	31 December 2021				
	Floating	Fixed	Non-interest	Non-	Total
	interest rates	interest rates	bearing	performing	
				loan	
<u>Financial assets</u>					
Cash	-	-	9	-	9
Interbank and money market items	9,666	-	-	-	9,666
Investments	-	-	7,411,374	-	7,411,374
<u>Financial liabilities</u>					
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

Financial instruments which bear interest rate at fixed rates are classified below by the period from 31 December 2022 and 2021 to the repricing date or maturity date (whichever is sooner).

(Unit: Thousand Baht)

Transactions	Consolidated financial statements					
	31 December 2022					
	Repricing or maturity date					
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets						
Interbank and money market items	693,000	28,446,812	300,000	-	-	29,439,812
Investments	-	7,948	4,730,504	25,144,404	7,469,463	37,352,319
Loans to customers	1,980,867	25,713,488	15,296,832	25,753,964	133,180	68,878,331
Collateral receivables under the						
Credit Support Annex agreements	59,042	-	-	-	-	59,042
Financial liabilities						
Deposits	637,919	72,641,834	50,832,721	19,763,967	-	143,876,441
Interbank and money market items	500,000	13,490,341	8,041,642	818,982	-	22,850,965
Debts issued and borrowings	-	2,500,000	500,000	-	2,400,000	5,400,000
Lease liabilities	-	60,049	145,660	373,535	6	579,250
Collateral payables under the						
Credit Support Annex agreements	164,634	-	-	-	-	164,634

(Unit: Thousand Baht)

Transactions	Consolidated financial statements					
	31 December 2021					
	Repricing or maturity date					
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets						
Interbank and money market items	470,000	30,345,000	300,000	-	-	31,115,000
Investments	-	3,007,471	3,486,782	19,408,177	8,099,925	34,002,355
Loans to customers	609,938	23,081,189	16,097,688	14,195,706	1,226,600	55,211,121
Collateral receivables under the						
Credit Support Annex agreements	1,114	-	-	-	-	1,114
Financial liabilities						
Deposits	4,138,650	39,699,298	47,054,370	5,666,021	-	96,558,339
Interbank and money market items	300,000	10,806,329	6,200,691	894,408	-	18,201,428
Debts issued and borrowings	-	6,400,537	3,100,000	-	2,400,000	11,900,537
Lease liabilities	-	60,565	169,192	419,200	-	648,957
Collateral payables under the						
Credit Support Annex agreements	6,300	-	-	-	-	6,300

(Unit: Thousand Baht)

Transactions	Separate financial statements					
	31 December 2022					
	Repricing or maturity date					
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial liabilities						
Interbank and money market items	4,908,699	-	-	-	-	4,908,699
Debts issued and borrowings	-	1,500,000	-	-	-	1,500,000
Lease liabilities	-	1,648	4,943	12,083	-	18,674

(Unit: Thousand Baht)

Transactions	Separate financial statements					
	31 December 2021					
	Repricing or maturity date					
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial liabilities						
Interbank and money market items	118,000	-	-	-	-	118,000
Debts issued and borrowings	-	4,300,000	2,400,000	-	-	6,700,000
Lease liabilities	-	1,624	4,871	12,991	-	19,486

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 2022 and 2021 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2022			2021		
	Average			Average		
	Interest			Interest		
	Average	income/	rate	Average	income/	rate
	balances	expenses	(% per annum)	balances	expenses	(% per annum)
Performing financial assets						
Interbank and money market items	25,098,163	461,649	1.84	30,495,698	482,619	1.58
Investments in debt instruments	37,733,718	775,072	2.05	36,679,226	907,813	2.48
Loans to customers	193,894,018	7,499,287	3.87	168,356,687	6,360,706	3.78
Performing financial liabilities						
Deposits	201,471,101	2,169,854	1.08	188,210,117	1,977,274	1.05
Interbank and money market items	21,523,242	191,577	0.89	13,179,766	68,453	0.52
Debts issued and borrowings	2,400,495	90,422	3.77	3,173,016	140,804	4.44

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 2022 and 2021 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 2022 and 2021 can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 1 percent	388,234	388,234	148,170	148,170
Decreased by 1 percent	(485,893)	(485,893)	(251,187)	(251,187)

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 2022 and 2021, 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 2022			
	USD	EUR	JPY	Others
<u>Foreign currency in the statements of financial position</u>				
Interbank and money market items	235,619	75,708	14,629	30,746
Investments	1,210,417	-	-	-
Loans to customers and accrued interest receivables	3,624,726	23,661	13,951	10,998
Total assets	5,070,762	99,369	28,580	41,744
Deposits	754,511	-	137	-
Interbank and money market items	2,074,297	-	-	-
Accrued interest payables	22,166	-	-	-
Other liabilities	21,358	13	-	555
Total liabilities	2,872,332	13	137	555
Items recognised in the statements of financial position - net	2,198,430	99,356	28,443	41,189
<u>Foreign currency not recognised in the statements of financial position - net</u>				
(Forward contracts, cross currency and interest rate swap contracts)	(1,868,354)	(97,686)	(62,156)	(21,299)

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021			
	USD	EUR	JPY	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

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2021			
	USD	EUR	JPY	Others
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

Foreign currency not recognised in the statements of financial position - net

(Forward contracts, cross currency and

interest rate swap contracts) (3,381,053) (9,474) (42,091) (91,300)

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 2022 and 2021 can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 5 percent	46,445	46,445	46,616	46,616
Decreased by 5 percent	(46,523)	(46,523)	(45,935)	(45,935)

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 2022 and 2021, when other variables are set to constant values.

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 10 percent	11 ⁽¹⁾	791,162	24 ⁽¹⁾	912,826
Decreased by 10 percent	(11) ⁽¹⁾	(791,162)	(24) ⁽¹⁾	(912,826)

⁽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 2022		31 December 2021	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 10 percent	-	280,005	-	330,359
Decreased by 10 percent	-	(280,005)	-	(330,359)

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.

(e) Interest rate benchmark reform

In preparation for interest rate benchmark reform, the Group has coordinated internally, considering the implications for related systems, operating procedures, valuation models, risk management, and accounting and tax practices. Additionally, the Group is in the process of communicating and negotiating with all relevant clients on updating contract terms.

As of 31 December 2022, the Group has only financial instruments that have rates referring to USD LIBOR and THBFIX. These reference rates will be retired at the end of June 2023.

Interest rate benchmark reform will affect measurement of fair value, risk management tools, and changes in contractual cash flows. The management of the Group is currently evaluating the impact of the interest rate benchmark reform on the financial statements.

46.3 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 2022 and 2021 were as follows:

(Unit: Thousand Baht)

Transactions	Consolidated financial statements					
	31 December 2022					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	705,065	-	-	-	-	705,065
Interbank and money market items	4,306,599	28,746,812	-	-	-	33,053,411
Financial assets measured at fair value						
through profit or loss	-	-	-	-	379,068	379,068
Derivative assets	-	354,526	35,399	-	-	389,925
Investments	-	4,738,452	26,354,821	7,469,463	15,732,801	54,295,537
Loans to customers ⁽¹⁾	8,327,371	80,011,348	75,409,207	50,135,191	2,173,854	216,056,971
Receivables from Clearing House	-	674,215	-	-	-	674,215
Securities business receivables						
- cash accounts	-	159,712	-	-	-	159,712
Receivables on disposals of properties						
foreclosed through auctions	-	-	-	-	430,024	430,024
Collateral receivables under the						
Credit Support Annex agreements	59,042	-	-	-	-	59,042
Financial liabilities						
Deposits	85,952,902	124,982,918	20,467,266	5,265	-	231,408,351
Interbank and money market items	1,607,531	21,531,983	818,982	-	-	23,958,496
Liabilities payable on demand	100,507	-	-	-	-	100,507
Derivative liabilities	-	187,900	-	-	-	187,900
Debts issued and borrowings	-	3,000,000	-	2,400,000	-	5,400,000
Lease liabilities	-	205,709	373,535	6	-	579,250
Securities business payables	-	680,611	-	-	-	680,611
Collateral payables under the						
Credit Support Annex agreements	164,634	-	-	-	-	164,634

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.

(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
Receivables from Clearing House	-	106,128	-	-	-	106,128
Securities business receivables						
- cash accounts	-	242,706	-	-	-	242,706
Receivables on disposals of properties						
foreclosed through auctions	-	-	-	-	58,288	58,288
Collateral receivables under the						
Credit Support Annex agreements	1,114	-	-	-	-	1,114
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
Collateral payables under the						
Credit Support Annex agreements	6,300	-	-	-	-	6,300

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.

(Unit: Thousand Baht)

Transactions	Separate financial statements					
	31 December 2022					
	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	19,851	-	-	-	-	19,851
Investments	-	-	-	-	5,946,765	5,946,765
Financial liabilities						
Interbank and money market items	4,908,699	-	-	-	-	4,908,699
Debts issued and borrowings	-	1,500,000	-	-	-	1,500,000
Lease liabilities	-	6,591	12,083	-	-	18,674

(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

In addition, as at 31 December 2022 and 2021, 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 2022			31 December 2021		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
Avals to bills	137,201	-	137,201	28,188	-	28,188
Liabilities under unmatured						
import bills	165,084	-	165,084	165,339	-	165,339
Letters of credit	661,048	-	661,048	414,448	-	414,448
Undrawn bank overdrafts	4,550,677	-	4,550,677	4,801,974	-	4,801,974
Guarantee - others	7,203,902 ⁽¹⁾	2,009,450	9,213,352	4,675,284 ⁽¹⁾	1,413,644	6,088,928
Other commitments	-	20,374,955	20,374,955	-	25,428,178	25,428,178

⁽¹⁾ As at 31 December 2022 and 2021, these amounts included contracts with no maturity date amounting to Baht 4,462 million and Baht 2,778 million, respectively.

47. Fair value of financial instruments

47.1 Financial assets and liabilities measured at fair value

As at 31 December 2022 and 2021, 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 2022				
	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	379,068	379,068	-	-	379,068
Derivative assets	389,925	-	389,925	-	389,925
Investments in debt instruments measured at					
fair value through other comprehensive income	37,641,773	-	37,637,168	4,605	37,641,773
Investments in equity instruments designated at					
fair value through other comprehensive income	15,732,801	15,716,431	-	16,370	15,732,801
<u>Financial liabilities</u>					
Derivative liabilities	187,900	-	187,900	-	187,900

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<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)

	Separate financial statements				
	31 December 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Investments in equity instruments designated at fair value through other comprehensive income	5,946,765	5,946,765	-	-	5,946,765

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<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

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.

47.2 Financial assets and liabilities for which fair values are disclosed

As at 31 December 2022 and 2021, 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 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	705,065	705,065	-	-	705,065
Interbank and money market items - net	33,051,393	3,613,694	-	29,433,599	33,047,293
Investments in debt instruments measured at amortised cost	669,190	-	665,921	3,269	669,190
Loans to customers - net	207,526,595	-	144,849,178	61,338,561	206,187,739
Receivables from Clearing House	674,215	-	674,215	-	674,215
Securities business receivables - cash accounts	159,712	-	159,712	-	159,712
Receivables on disposals of properties foreclosed through auctions	430,024	-	-	430,024	430,024
Collateral receivables under the Credit Support Annex agreements	59,042	59,042	-	-	59,042

(Unit: Thousand Baht)

	Consolidated financial statements				
	31 December 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Deposits	231,408,351	87,531,910	144,071,349	-	231,603,259
Interbank and money market items	23,923,880	1,107,531	22,823,339	-	23,930,870
Liabilities payable on demand	100,507	100,507	-	-	100,507
Debts issued and borrowings	5,400,000	-	5,134,176	-	5,134,176
Lease liabilities	579,250	-	553,000	-	553,000
Securities business payables	680,611	-	680,611	-	680,611
Collateral payables under the Credit Support					
Annex agreements	164,634	164,634	-	-	164,634

(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	149,992	31,147,298	34,087,249
Loans to customers - net	171,817,345	-	122,314,816	49,199,797	171,514,613
Receivables from Clearing House	106,128	-	106,128	-	106,128
Securities business receivables - cash accounts	242,706	-	242,706	-	242,706
Receivables on disposals of properties foreclosed through auctions	58,288	-	-	58,288	58,288
Collateral receivables under the Credit Support					
Annex agreements	1,114	1,114	-	-	1,114
<u>Financial liabilities</u>					
Deposits	192,499,335	95,940,995	96,533,837	-	192,474,832
Interbank and money market items	19,170,709	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
Collateral payables under the Credit Support					
Annex agreements	6,300	6,300	-	-	6,300

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Cash	10	10	-	-	10
Interbank and money market items - net	19,851	19,851	-	-	19,851
<u>Financial liabilities</u>					
Interbank and money market items	4,908,699	-	-	4,908,699	4,908,699
Debts issued and borrowings	1,500,000	-	1,497,262	-	1,497,262
Lease liabilities	18,674	-	17,705	-	17,705

(Unit: Thousand Baht)

(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>					
Interbank and money market items	118,000	-	-	118,000	118,000
Debts issued and borrowings	6,700,000	-	6,683,839	-	6,683,839
Lease liabilities	19,486	-	18,500	-	18,500

The Group estimates fair values for financial instruments as follows:

- For financial assets and liabilities which have short-term maturities, including cash, receivables from Clearing House, securities business receivables - cash accounts, collateral receivables under the Credit Support Annex agreements, liabilities payable on demand, payables to Clearing House, securities business payables and collateral payables under the Credit Support Annex agreements, 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.
- 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.

48. Event after the reporting period

48.1 Dividend payments of the Company

On 23 February 2023, the Board of Directors' Meeting No.2/2566 of the Company passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval a 2022 dividend payment in cash of Baht 0.01 per share, or a total of not more than Baht 212 million from its operating results for the year ended 31 December 2022.

48.2 Issuance of debentures of the Company

On 23 February 2023, the Board of Directors' Meeting No.2/2566 of the Company passed resolutions to propose to the Annual General Meeting of the Company's shareholders for approval the Medium-Term Note Program (MTN) with up to Baht 50,000 million of debentures issued under the scheme.

48.3 Issuance of debentures of the subsidiary

On 23 February 2023, the Board of Director's Meeting (Banking business) No.2/2566 of the subsidiary passed resolutions to propose to the Annual General Meeting of the subsidiary's shareholders for approval the Medium-Term Note Program (MTN) with up to Baht 10,000 million of debentures issued under the scheme.

49. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.

Attachment

2022 Annual Report Form 56-1 One Report LH Financial Group Public Company Limited

List of Attachment

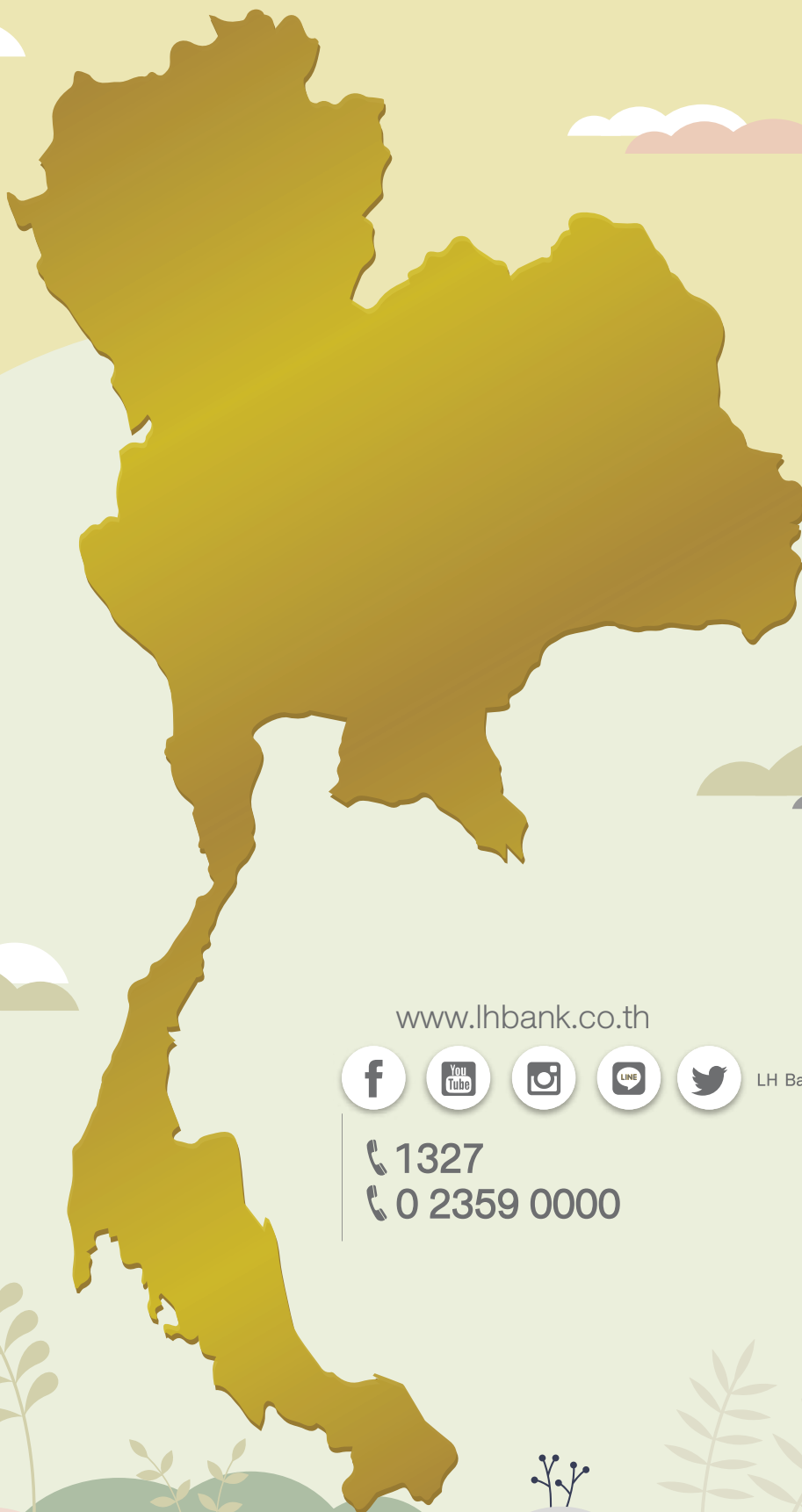
- Attachment 1 Profiles of Directors, Executives, Controller, Person Taking the Highest Responsibility in Finance and Accounting, Person Supervising Accounting and Company Secretary
- Attachment 2 Positions of Directors and Management of the Company and its Subsidiaries in the Company, its Affiliates, Associated Companies and Connected Companies
- Attachment 3 Profile of Head of Internal Audit Group and Head of Compliance Division
- Attachment 4 Assets Used in Business and Details of Asset Appraisal
- Attachment 5 Policy and Guideline for Corporate Governance and Code of Conduct and Ethics (Full Version)
- Attachment 6 Board of Directors' Responsibilities for Financial Reports and Sub-committees' Reports



For further information, please visit [www.lhfg.co.th /Investor Relations/
Shareholder Info/Annual Report Form 56-1 One Report](http://www.lhfg.co.th/Investor%20Relations/Shareholder%20Info/Annual%20Report%20Form%2056-1%20One%20Report)

Branch Information

Land and Houses Bank Public Company Limited



www.lhbank.co.th



LH Bank

☎ 1327

☎ 0 2359 0000



สาขาของธนาคาร



บริษัท แอล เอช ไฟแนนซ์เชียล กรุ๊ป จำกัด (มหาชน)

1 อาคารคิวเฮ้าส์ ลุมพินี ชั้นที่ 5 ถนนสาทรใต้
แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพมหานคร 10120
โทรศัพท์: 0 2359 0000 โทรสาร: 0 2677 7223

LH FINANCIAL GROUP PUBLIC COMPANY LIMITED

1 Q.HOUSE LUMPINI BUILDING, 5th FL., SOUTH SATHON RD.,
THUNGMAHAMEK, SATHON, BANGKOK 10120
TEL : 0 2359 0000 FAX : 0 2677 7223

www.lhbank.co.th



LH Bank

☎ 1327
☎ 0 2359 0000

