



LH FINANCIAL GROUP PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**(THIS REPORT DISCUSSES PRINCIPAL CHANGES ON THE REVIEWED AND
AUDITED CONSOLIDATED FINANCIAL STATEMENT)**

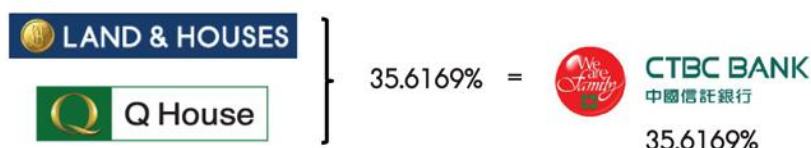
Overview of Business Operation

LH Financial Group Public Company Limited is a non-operating holding company and a parent company of the financial business group, the financial business group consists of the following companies;

- LH Financial Group Public Company Limited
- Land and Houses Bank Public Company Limited
- Land and Houses Fund Management Company Limited
- Land and Houses Securities Public Company Limited
- Land and Houses Advisory Company Limited

On March 29, 2016, the company has entered into a memorandum of understanding in relation to Share Subscription Agreement with CTBC Bank Company Limited in order to introduce a strategic investment partner to expand the business of Land and Houses financial business group. The company agrees in principle to issue 7,544,961,342 new ordinary shares or 35.6169 percent of the total paid-up capital through a private placement to CTBC at Baht 2.20 per share including conducting due diligence. Currently, the due diligence process is already completed and the company has signed the Share Subscription Agreement on June 8, 2016.

Upon the completion of the transaction, the shares held by CTBC in the company will be equal to that of the aggregate shareholding of Land and Houses Public Company Limited and Quality Houses Public Company Limited in the company, which is 35.6169 percent of the total paid-up capital of the company.



Currently, the company is on the process of preparing related information to submit for an approval to the Bank of Thailand and the Securities and Exchange Commission, and the waiver of the requirement to make a tender offer for all securities by virtue of the resolution of the shareholders' meeting (Whitewash). CTBC is preparing the information to request approval to government agencies in Taiwan.

Certified Companies of Thailand's Private Sector 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 certified as a member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) by the Private Sector Collective Action Coalition Against Corruption Council in October 2014. Land and Houses Securities Public Company Limited has signed a declaration of intent in view of establishing the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in 2014.

ESG100 Certificate of the year 2016

LH Financial Group Public Company Limited is ranked among the top 100 out of 621 listed companies for outstanding ESG performance in terms of environmental, social and governance (ESG 100) by Thaipat Institute which the company was voted for the second consecutive year.

Results of the 2016 quality assessment of the Annual General Meeting of Shareholders

Thai Investors Association had assessed the Annual General Meeting of Shareholders of LH Financial Group Public Company Limited and rated the company in "Excellent" level with the full assessment score of 100 for four consecutive years under quality assessment for the arrangement of its 2016 Annual General Meeting of the Shareholders.

Performance Evaluation of Corporate Governance of the year 2015

Thai Institute of Directors Association (IOD) disclosed the result the 2015 Corporate Governance Report evaluation of Thai Listed Companies, LH Financial Group Public Company Limited was rated in the top level of "Excellence : 5 Stars".

Overview of Economy and Competition in Commercial Banking

The Thai economy in the second quarter of 2016 continued to recover from the previous quarter, supported by effective disbursement of the fiscal budget as well as an improvement of the private consumption. The latter owed partly to the gradually recovered income of agricultural households who benefited from rising agricultural prices and alleviated drought conditions. Moreover, the tourism sector

continued to expand well and act as an important growth driver. The number of foreign arrivals expanded across the board and in total rose over 10 percent from the same time last year. However, the value of merchandise exports remained contracted in most categories due partly to structural factors including the change in global trade structure and Thailand's competitiveness. Additionally, the contraction was attributed to the slowdown in major trading partners' economies and low level of export prices in line with global crude oil prices. Such conditions meant that there remained excess production capacity in the manufacturing sector and therefore growth in private investment was expected to remain low.

For the banking sector in the second quarter of 2016, loan growth slowed down periodically. This reflected the gradual pace of economic recovery and commercial banks' caution in lending carefully. Moreover, some big corporates increased fund raising through capital markets. Meanwhile, deposit growth expanded more the credit side, therefore the excess liquidity of commercial bank increased. In addition, the operating performance of the banking sector still able to compete in making a fee income to recover a low growth rate in the interest income and a deterioration of the loan quality, especially, SME and household credit which reflected by rising non-performing loan ratios.

Credit Rating

Land and Houses Bank Public Company Limited is assigned the company rating of "A-" (Single A Minus) and credit alert with positive by TRIS Rating. The rating reflects the bank's continual improvements in its business and financial profiles and takes into consideration as the best asset quality and high capitalization.

Branch Networking

As of the second quarter of 2016, the total branches of Land and Houses Bank Public Company Limited was 130 branches that increased 4 branches from the end of 2015. Most of them have been opened in HomePro. The bank allied with Home Product Center Public Company Limited to expand branches in all provinces where HomePro located. The bank's branch expansion strategy is to have nationwide service points for expanding its customer base.

Products and Services

Land and Houses Bank Public Company Limited has continuously developed for the financial products and services to meet the needs of the customer including to increase the fee income.

LH Bank M Choice Service is a financial transaction with security global standard on smartphone, iPad and tablet. This service provides an easy-to-use and response in various applications especially, convenient, faster and unlimited transaction in everywhere that it will help to ensure in transactions. The service offers a variety of facilities such as check balance, funds transfer, payment of goods and services, locate the nearest branch or ATM machine of the bank etc. under the slogan “LH Bank M Choice is financial transaction in one application”.

LH Bank PromptPay Service is a new money transfer service, which requires transferees to link their national ID or mobile phone number to Land and Houses Bank Public Company Limited accounts. By doing so, transferors do not need the transferees’ bank account details to transfer money. The service will save users the security, convenient and faster. It is also a better solution than carrying a large sum of cash, which poses various risks.

LH Bank Speedy is an internet banking service which accommodates the financial transactions that can perform transactions on anywhere and anytime with a double security system with easy-to-use menu and to make sure for financial transactions. It provides services of payment for commodities and services transfer, cheque status checking, stop cheque, and account status checking. The Bank will send SMS to confirm results of all transactions with customers.

Deposit - withdraw cash without slip is a service with more convenient for customers who operate any transaction at the bank branch. The customer just informs the teller to intend their deposit-withdraw, the teller will perform transaction and take slip for the customer to sign.

Credit Bureau Checking Service is a service with more convenient for customer and people who need to check their credit bureau by applying for Credit Bureau checking service at the bank’s counter at all branches.

Mobile Branch is considered as a delivery branch of the bank. This service is an additional financial service channel for customer in various areas with the financial transaction service such as open account service, deposit, withdraw, transfer, and commodities and services payment including ATM Booth service.

SMS Alert is the service which the bank developed for customer to aware of the movements of the various accounts by sending SMS alert when the customer's account has some movement (deposit-withdrawal) via mobile phone. Which allow customer know the status of account in order to increase the customer's confidence on financial transaction.

Cash Management is a financial service to support the financial management that is convenient and fast, reduces document work, reduce management costs and increase efficiency in business management, including salary payroll, bulk payment for retail fund transfer to another bank, bill payment for products and services via the bank and direct debit / direct credit and an automatic transfer system (ATS).

Privilege Banking is the privileged financial service for high end customers. This service provides private and professional secretary for consulting and effective management portfolio to achieve high returns. This service also provides various privileges and benefits.

Currency Exchange Service is the service of currency exchange, namely USD (US Dollar), EUR (Euro), GBP (British Pound), AUD (Australian Dollar), JPY (Yen), SGD (Singapore Dollar), HKD (Hong Kong Dollar), CNY (Chinese Yuan) and KRW (South Korean Won).

Automatic Teller Machine Service (ATM) provides withdrawal services, money transfer within the bank, money transfer to the account of other bank, and payment for commodities and services, including the bank's ATM support to withdraw Baht currency all of Bank in Thailand and accepts to JCB (Japan Credit Bureau) and CUP (China Union Pay) cards to provide service for foreign businessman and traveler.

As of the end of second quarter of 2016, there are 195 Automatic Teller Machines, increasing by 5 machines from the end of 2015.

Cash Transfer via Bank's Counter to Other Banks' Account (Counter-ORFT), the customer could transfer cash to the other bank account through the bank's counter.

Goods and Services Payment Service includes utility charges, credit card, insurance premiums, other expenses and automatic transfer system. The bank is also an agent of Counter Service and True Money, accepting payments for more than 500 items of goods and services.

Revenue Tax Payment Service provides convenience and offer available various channels to customers and the general public in tax payment via any channels such as the bank's counters at all branches across the country, LH Bank ATM and internet banking service (LH Bank Speedy).

Agent Service for Mutual Fund, Private Fund, and Investment Unit Broker provided by Land and Houses Fund Management Company Limited.

Agent Service for Securities Brokerage, provided by Land and Houses Securities Public Company Limited.

Analysis of the Operating Results

The Management Discussion and Analysis of operating results of LH Financial Group Public Company Limited and its subsidiaries performance are comparative performance of the second quarter of 2016 and the second quarter of 2015;

Table: Operating Results

(Unit: Million Baht)

Item	Quarter		Variance	Quarter	Variance	For six-month periods		Variance
	2/2016	1/2016	(%QoQ)	2/2015	(%YoY)	2016	2015	(%YoY)
Net interest income	1,226.8	1,191.5	3.0	1,064.9	15.2	2,418.3	2,034.6	18.9
Net non-interest income	644.4	525.3	22.7	334.6	92.6	1,169.7	618.9	89.0
Operating income	1,871.2	1,716.8	9.0	1,399.5	33.7	3,588.0	2,653.5	35.2
Other Operating expenses	655.7	622.3	5.4	576.0	13.8	1,278.0	1,152.5	10.9
Bad debts, doubtful accounts and impairment loss	225.0	380.0	(40.8)	297.0	(24.2)	605.0	567.0	6.7
Income tax expenses	188.4	143.0	31.7	106.4	77.1	331.4	185.7	78.5
Profits before bad debts and doubtful accounts, and income tax expenses	1,215.5	1,094.5	11.1	823.5	47.6	2,310.0	1,501.0	53.9
Profits before income tax	990.5	714.5	38.6	526.5	88.1	1,705.0	934.0	82.5

Item	Quarter		Variance	Quarter	Variance	For six-month periods		Variance
	2/2016	1/2016	(%QoQ)	2/2015	(%YoY)	2016	2015	(%YoY)
expenses								
Net profits	802.1	571.5	40.3	420.1	90.9	1,373.6	748.3	83.6
Basic earnings per share (Baht)	0.0588	0.0419	40.3	0.0308	90.9	0.1007	0.0549	83.4

LH Financial Group Public Company Limited and its subsidiaries' the operation had net profits on the second quarter of 2016 amounted of Baht 802.1 million, increased by Baht 382.0 million, or up 90.9% when compared to the second quarter of 2015. The increase was the result of net interest income up to 15.2% following the growth of loans and net fees and service income up to 76.2%.

As the operation for the six-month period of 2016, the company and its subsidiaries had net profits amounted of Baht 1,373.6 million, increased by Baht 625.3 million, or up 83.6%. When compared to the same period of last year were Baht 748.3 million mainly from the increase of net interest income up 18.9% following the growth of loans, especially big corporate loan and corporate loan increased 10.6% from the same period of last year and net fees and service income up to 68.2%.

Basic earnings per share for the second quarter and the six-month period of 2016 were 0.0588 Baht per share and 0.1007 Baht per share, respectively. Compared to the same period of last year were 0.0308 Baht per share and 0.0549 Baht per share, respectively. The return on equity (ROE) for the six-month period of 2016 and 2015 were 14.7% and 9.0% per year, respectively.

Net Interest Income

In the second quarter of 2016, they had net interest income amounted of Baht 1,226.8 million, increased by Baht 161.9 million or up 15.2% when compared to the same period of last year, following the growth of loans and they had interest expenses amounted of Baht 991.2 million, decreased by Baht 17.7 million from the same period of last year or down 1.8%.

Net Interest Income after Deducted Bad Debt and Doubtful Accounts

Land and Houses Bank Public Company Limited (“the subsidiary”) records allowances for bad debt and doubtful accounts based on the guideline of the Bank of Thailand. It evaluates the status of debtors based on its experiences, which has recorded allowances for bad debt and doubtful accounts including revaluation allowance for debt restructuring amounted of Baht 225.0 million in the second quarter of 2016 decreased by Baht 72.0 million, or down 24.2% when compared to the same period of last year and loan loss reserves ratio is at 182.92%.

In the second quarter of 2016, net interest income after deducted bad debt and doubtful accounts amounted of Baht 1,001.8 million, increased by Baht 233.9 million, or up 30.5% when compared to the second quarter of 2015.

Net Non-interest Income

Net non-interest income are including net fees and service income, net gains on trading and foreign exchange transactions, gains on investments, dividend income and other operating income.

In the second quarter of 2016, net non-interest income at amounted of Baht 644.4 million, increased by Baht 309.8 million when compared to the second quarter of 2015 or up 92.6%. Almost of net non-interest income are net fees and service, income gains on investments and dividend income.

Other Operating Expenses

In the second quarter of 2016, they had other operating expenses at amounted of Baht 655.7 million, increased by Baht 79.7 million when compared to the second quarter of 2015 or up 13.8%, almost of the increase of employees’ expenses that provide for business expansion. The ratio of operating expenses to total operating income is at 35.0%, which is reduced when compared to the same period of last year was at 41.2%.

Table: Other Operating Expenses

(Unit: Million Baht)

Item	Quarter		Variance	Quarter	Variance	For six-month periods		Variance
	2/2016	1/2016	(%QoQ)	2/2015	(%YoY)	2016	2015	(%YoY)
Employees' expenses	330.2	320.2	3.1	272.1	21.4	650.4	555.2	17.1
Premises and equipment expenses	176.8	171.5	3.1	177.4	(0.3)	348.3	347.6	0.2

Item	Quarter		Variance	Quarter	Variance	For six-month periods		Variance
	2/2016	1/2016	(%QoQ)	2/2015	(%YoY)	2016	2015	(%YoY)
Other expenses	148.7	130.6	13.9	126.5	17.5	279.3	249.7	11.9
Total	655.7	622.3	5.4	576.0	13.8	1,278.0	1,152.5	10.9

Profit before Bad Debts and Doubtful Accounts and Income Tax Expenses

The company and its subsidiaries had profit before bad debts and doubtful accounts and income tax expenses grew constantly from Baht 823.5 million in the second quarter of 2015 to Baht 1,215.5 million in the second quarter of 2016 or up 47.6%, due to net interest income and net fees and service income increased from the expansion of loans and the variety of the financial products and services.

Analysis of the Financial Position

The Management Discussion and Analysis of operating results of LH Financial Group Public Company Limited and its subsidiaries are a comparison of the financial position as of 30 June 2016 and 31 December 2015.

Total Assets

As of 30 June 2016, the company and its subsidiaries had total assets amounted of Baht 211,614.8 million, increased by Baht 11,948.0 million when compared at the end of the year 2015 or up 6.0%. Core assets comprise of loans to customers and accrued interest receivables - net at 65.3% of total assets, followed by investments - net at 24.2% of total assets.

Table: Total Assets

(Unit: Million Baht)

Item	June	March	Variance	December	Variance
	2016	2016	(%QoQ)	2015	(%YoY)
Interbank and money market items - net	18,442.2	17,046.4	8.2	17,676.4	4.3
Investments - net	51,119.9	49,610.7	3.0	47,203.0	8.3
Loans to customers - net	138,181.3	135,138.4	2.3	130,757.8	5.7
Loans to customers net of deferred revenue	141,019.6	137,856.5	2.3	133,097.4	6.0
Other assets - net	3,871.4	3,718.7	4.1	4,029.6	(3.9)
Total assets	211,614.8	205,514.2	3.0	199,666.8	6.0

Total Liabilities

As of 30 June 2016, they had total liabilities amounted of Baht 192,278.8 million, increased by Baht 10,562.9 million when compared at the end of the year 2015, or up 5.8%. Almost of total liabilities were deposits, which were 69.5% of total liabilities.

Owners' Equity

As of 30 June 2016, owners' equity amounted of Baht 19,336.0 million, increased by Baht 1,385.1 million when compared at the end of the year 2015, or up 7.7%.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Item	June	March	Variance	December	Variance
	2016	2016	(%QoQ)	2015	(%YoY)
Deposits	133,661.7	135,186.5	(1.1)	137,064.3	(2.5)
Interbank and money market items	26,204.2	27,766.6	(5.6)	20,638.5	27.0
Debts issued and borrowings - net	29,384.7	20,722.6	41.8	21,664.0	35.6
Other liabilities	3,028.2	3,042.8	(0.5)	2,349.1	28.9
Total liabilities	192,278.8	186,718.5	3.0	181,715.9	5.8
Total owners' equity	19,336.0	18,795.7	2.9	17,950.9	7.7

Number of Employees

As of 30 June 2016, the company and its subsidiaries had 1,779 employees, increased by 6 employees when compared to 31 December 2015.

Performance of the Subsidiaries

1. BANKING BUSINESS

Land and Houses Bank Public Company Limited

Loans to Customers

Loans to customers classified by business sector of the bank consists of Big Corporate & Corporate, SMEs & SSME and Retail.

As of June 30, 2016, the bank had loans to customers (excluding interbank and money market items) amounted of Baht 140,925.2 million, increased by Baht 8,198.0 million when compared at the end of the year 2015, or up 6.2%. Almost of total loans to customers were Big Corporate & Corporate at 58.8%, the next sector was Retail at 22.7% and SMEs & SSME at 18.5% of total loans and when classified by type of business loans, the most portion of them was public utilities and services at 27.6%, the next sector was housing loans sector at 21.3% and manufacturing and commerce sector at 20.6% of total loans, respectively.

Loans to Customers Classified by Business Sector

As at 30 June 2016, the Bank had loans to customers classified by business sector as follow;

- **Big Corporate & Corporate** had amounted of Baht 82,890.2 million, increased by Baht 7,969.8 million when compared at the end of the year 2015, or up 10.6%.
- **SMEs & SSME** had amounted of Baht 25,989.4 million, decreased by Baht 4.3 million when compared at the end of the year 2015, or down 0.02%.
- **Retail** had amounted of Baht 32,045.6 million, increased by Baht 232.5 million when compared at the end of the year 2015, or up 0.7%.

Table: Loans to Customers Classified by Business Sector

(Unit: Million Baht)

Loans to customers classified by business sector	June	March	Variance	December	Variance
	2016	2016	(%QoQ)	2015	(%YoY)
Big Corporate & Corporate	82,890.2	79,611.2	4.1	74,920.4	10.6
SMEs & SSME	25,989.4	26,451.1	(1.7)	25,993.7	(0.0)
Retail	32,045.6	31,778.6	0.8	31,813.1	0.7
Total loans to customers net of deferred revenue *	140,925.2	137,840.9	2.2	132,727.2	6.2

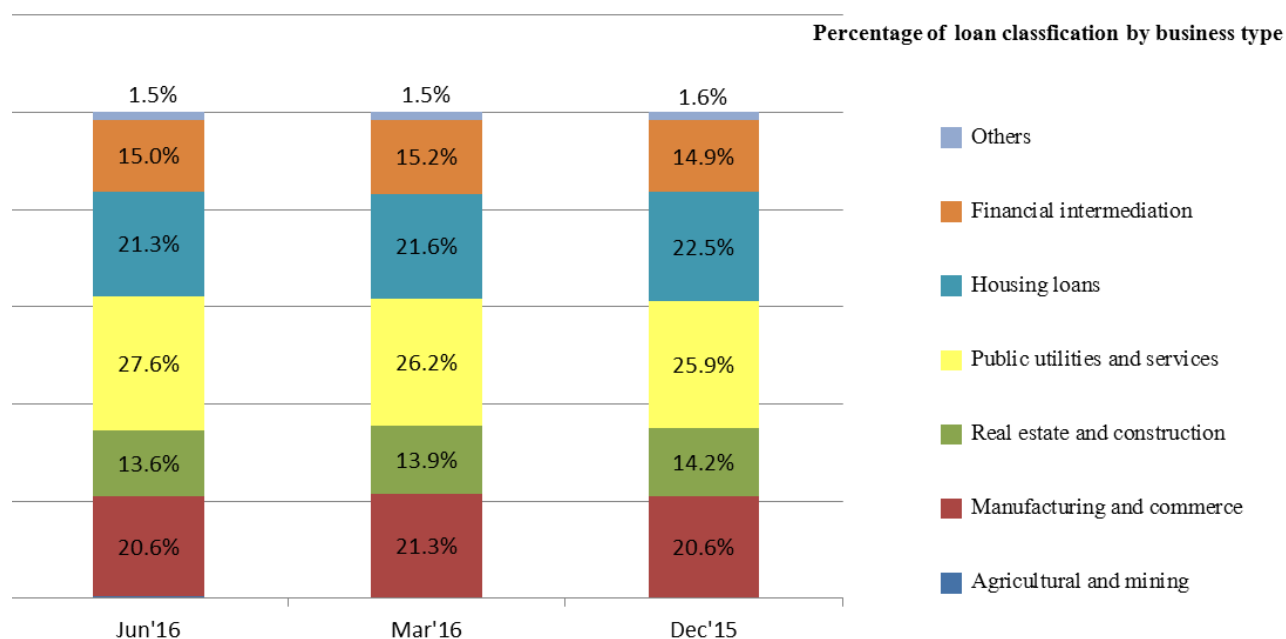
Note: * Total loans to customers net of deferred revenue excluding interbank and money market items

Table: Loans to Customers Classified by Type of Business

(Unit: Million Baht)

Loans to customers classified by type of business loans	June	March	Variance	December	Variance
	2016	2016	(%QoQ)	2015	(%YoY)
Agricultural and mining	562.5	372.5	51.0	386.1	45.7
Manufacturing and commerce	29,053.3	29,346.0	(1.0)	27,390.8	6.1
Real estate and construction	19,219.9	19,220.2	(0.0)	18,847.7	2.0
Public utilities and services	38,850.5	36,070.5	7.7	34,424.6	12.9
Housing loans	30,020.6	29,757.8	0.9	29,812.7	0.7
Financial intermediation	21,085.9	20,939.9	0.7	19,749.2	6.8
Others	2,132.5	2,134.0	(0.1)	2,116.1	0.8
Total loans to customers net of deferred revenue *	140,925.2	137,840.9	2.2	132,727.2	6.2

Note: * Total loans to customers net of deferred revenue excluding interbank and money market items



Non-Performing Loans

As of 30 June 2016, the bank had non-performing loans (Gross) amounted of Baht 2,674.9 million, decreased by Baht 139.8 million when compared at the end of the year 2015 or down 5.0%. The ratio of NPLs to total loans at 1.69% of total loans (including interbank and money market items).

Non-performing loans (Net) amounted of Baht 2,030.6 million, increased by Baht 198.4 million when compared at the end of the year 2015 or up 10.8%. The ratio of NPLs (Net) at 1.29% of total loans after deducted allowance for doubtful debts of non-performing loans.

Allowance for Doubtful Debts

As of 30 June 2016, the bank had allowance for doubtful debts amounted of Baht 3,033.1 million, increased by Baht 477.8 million when compared at the end of the year 2015, or up 18.7%.

Deposits

As of 30 June 2016, the bank had total deposits amounted of Baht 133,675.9 million, decreased by Baht 3,624.2 million when compared at the end of the year 2015, or down 2.6%.

Table: Deposits Classified by Type of Deposits

(Unit: Million Baht)

Classified by type of deposits	June	March	Variance	December	Variance
	2016	2016	(%QoQ)	2015	(%YoY)
Demand deposits	3,826.2	5,957.5	(35.8)	5,678.0	(32.6)
Savings deposits	55,981.8	53,801.3	4.1	51,887.3	7.9
Time deposits	44,906.8	43,947.4	2.2	41,212.8	9.0
Fixed deposits receipt	28,961.1	31,592.4	(8.3)	38,522.0	(24.8)
Total deposits	133,675.9	135,298.6	(1.2)	137,300.1	(2.6)

Investments in Securities

As of 30 June 2016, the bank had net investments in securities which had book value amounted of Baht 48,554.7 million, increased by Baht 2,589.7 million when compared at the end of the year 2015, or up 5.6%.

Capital Adequacy and the Ratio of Capital Fund to Risk Assets

As at 30 June 2016, the ratio of total capital fund to risk assets (BIS ratio) at 13.859%, higher than the 9.125% minimum rate required by the Bank of Thailand and decreasing from 31 December 2015 at 14.01%.

The ratio of Tier I capital fund to risk assets was 10.157%, higher than the 6.625% minimum rate required by the Bank of Thailand.

Table: The Ratio of Capital Fund to Risk Assets

The ratio of capital fund to risk assets	30 June 2016		31 December 2015	
	Million Baht	%	Million Baht	%
Common Equity Tier-1 capital funds				
The Bank	15,981.2	10.157	15,202.8	10.18
Minimum rates required by law *		5.125		4.50
The Difference		5.032		5.68
Tier 1 capital funds				
The Bank	15,981.2	10.157	15,202.8	10.18
Minimum rates required by law *		6.625		6.00
The Difference		3.532		4.18
Total capital funds				
The Bank	21,806.2	13.859	20,936.1	14.01
Minimum rates required by law *		9.125		8.50
The Difference		4.734		5.51

Note: * The commercial bank add-ons the ratio of capital buffer 0.625%, which has started from 1 January 2016.

2. SECURITIES BUSINESS

Land and Houses Securities Public Company Limited

Land and Houses Securities Public Company Limited was a “Broker No.5” of the Stock Exchange of Thailand. The company provides financial services as follows;

- Securities brokerage service
- Derivatives brokerage service
- Securities underwriting service
- Representation derivatives business
- Securities borrowing and lending service

Overview of Economy and Competition in Securities

The overview of the Thai stock market in the first half year of 2016 demonstrated that increased by 158.70 points or up 12.34% from the end of 2015 which closed at 1,444.99 points to outperform regional peers, but most of it has been driven by fund inflows from foreign funds and proprietary accounts, which are net buyers at Baht 1.72 Billion and Baht 1.49 Billion (YTD). We expect the SET index to rise further, with target of 1,500 points assuming the market can play on forward valuations about 6 months for now. Key factors behind our positive view are 1) Stronger ASEAN inflows as investors, being aware of Brexit consequences, switch from Europe and North Asia to more defensive, domestic driven ASEAN markets. 2) More support to global risk assets as central banks should be even more dovish, to backstop the risk from the Brexit vote and 3) Stronger Thai macro as major indicators for consumption continued to accelerate and the timeline on infrastructure rollouts has been much clearer.

Analysis of the operating results

The net profit of the company for the first half year of 2016 was Baht 64.36 million, increased by Baht 74.20 million or up 754.07% compared to the first half year of 2015 as follows;

Total Income

Total income of the company for the first half year of 2016 was Baht 156.34 million. The income included income from brokerage fees from securities business, brokerage fees from derivatives business, fees and services income, gain (loss) on securities trading, interest and dividend, interest on margin loan, and other incomes i.e. share transfer fees.

Income from Brokerage Fees

Income from brokerage fees from securities business and derivatives business was Baht 42.16 million, increased by Baht 19.80 million or up 88.55% compared to the first half year of 2015.

Other Income apart from Brokerage Fees

Other incomes apart from brokerage fees included gain (loss) on securities trading, interest and dividend, and interest on margin loan valued Baht 52.00, 50.62, and 10.33 million, respectively.

3. FUND MANAGEMENT BUSINESS

Land and Houses Fund Management Company Limited

Land and Houses Fund Management Company Limited runs a business to manage mutual fund, property fund, real estate investment trust, provident fund and private fund.

Analysis of the Operating Results

The operating results of the company are the comparative performance of the first half year of 2016 compared to the first half year of 2015 as follows;

The net profit of the company for the first half year of 2016 was Baht 32.85 million, increased by Baht 21.27 million or up 183.68% compared to the first half year of 2015 which was the result of the fee income of the fund amount and net asset value of funds under company's management that increased in all categories.

Fees and service income

In the first half year of 2016, Land and Houses Fund Management Company Limited gained fee and service income for Baht 111.98 million, increased by Baht 55.01 million or up 96.56% compared to the first half year of 2015. The fees mainly derived from the mutual fund management and fund registration for 56.88% of total fee and service income, due to the amount of mutual fund and net asset value that increased from the previous year.

Net Asset Value under Management

As of June 30, 2016, there were 51 mutual funds under company's management which were equal to the first quarter of 2016 and the company has net asset value of Baht 57,696.48 million, increased by Baht 1,820.67 million or up 3.26% compared to the first quarter of 2016. The mutual funds under company's management consists of:

- Property fund and Real estate investment trust with the value of Baht 26,992.08 million
- General fixed income fund with the value of Baht 23,489.44 million
- Equity fund with the value of Baht 486.08 million
- Mixed fund with the value of Baht 2,038.37 million
- Fund of fund with the value of Baht 4,690.51 million

Therefore, the company had the market share of 1.31%, and was ranked at 11 out of 21 companies.

Somehow, private fund plus provident fund, the net asset value as of June 30, 2016 will be Baht 61,800.42 million which is from private fund for Baht 2,014.35 million and provident fund for Baht 2,089.59 million.