



LH FINANCIAL GROUP PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

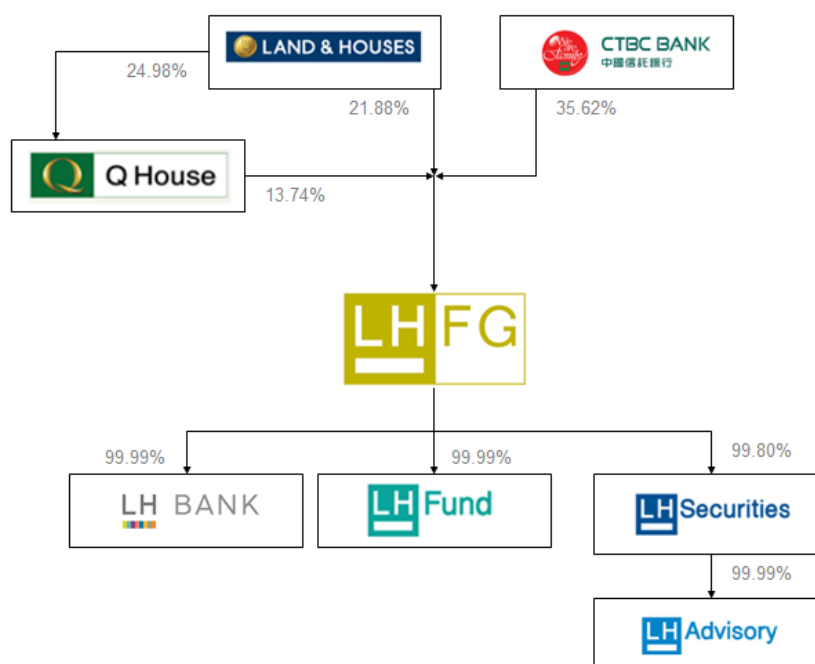
(THIS REPORT DISCUSSES PRINCIPAL CHANGES ON THE UNREVIEWED CONSOLIDATED FINANCIAL STATEMENT)

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 July 27, 2017, CTBC Bank Company Limited has entered into the shareholder of the company amount of 7,544,961,342 shares or 35.6169% of the paid-up capital. As a result the shareholders structure as follows:



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, are 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. And 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).

ESG100 Certificate

LH Financial Group Public Company Limited is ranked among the top 100 for outstanding ESG performance in terms of environmental, social and governance (ESG 100) of 2018 by Thaipat Institute for the fourth consecutive year and also the company's securities has selected in the Universe of ESG 100 securities group of 2018.

Results of the Quality Assessment of the Annual General Meeting of Shareholders

Thai Investors Association has 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 sixth consecutive year.

Performance Evaluation of Corporate Governance

Thai Institute of Directors Association (IOD) disclosed the 2018 Corporate Governance evaluation result of Thai Listed Companies, LH Financial Group Public Company Limited was rated in the top level of "Excellence : 5 Stars" for fourth consecutive year.

Overview of Economy and Competition in Commercial Banking

In the first quarter of 2019, the Thai economy continued to expand on the back of domestic demand momentum. Private consumption expanded in line with the continual broad-based improvements in household income. Domestic investment expanded at a slower pace than previously assessed partly due to delay in infrastructure investment projects. The value of merchandise exports contracted due to weaker global demand as a result of slower economic growth in a number of major trading economies, tourism sector continued to expand. As the slowdown in economic momentum, the Bank of Thailand revised down Thailand economic growth forecast for 2019 to 3.8% (as of March 2019); lower than previous assessment at 4.0%. Moreover, the growth outlook still challenge with uncertainties from both domestic and external factors due primarily to

- 1) Trade protectionist measures between US and China
- 2) Global economy would expand at a slower pace
- 3) Progress on significant infrastructure investment projects and private sector investment during

the transition period of policy formation by the new government.

For the banking sector in the first quarter of 2019, commercial bank loan continued to increase in line with the economic growth. Consumer loan expanded well, particularly mortgage lending with growth accelerated before the loan to value (LTV) measure become effective on 1 April 2019, as well as hire purchase growth remained high consistent with car sales. However, commercial banks remained tighten credit standards as their concern on a deterioration in debt serviceability. Although the deterioration in credit quality affected profitability, but Thai commercial banking system's remained sound as banks continued to closely monitor credit quality and maintained high levels of loan-loss provision, capital fund and liquidity to facilitate further credit expansion.

Credit Rating

LH Financial Group Public Company Limited is assigned the company rating at “BBB+“ with “Positive” outlook by TRIS Rating.

Land and Houses Bank Public Company Limited is assigned the company rating of “A-” (Single A Minus), affirms the rating of LH BANK's hybrid Tier 2 capital securities at “BBB” and the results also affirmed the rating on credit alert with a “positive” by TRIS Rating.

Branch Networking

As of the end of the first quarter of 2019, Land and Houses Bank Public Company Limited has the total 128 branches, the number of branches is equivalent when compared to the year of 2018.

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 which the products and the services of the bank can be divided into 4 categories as follows:

1. Deposit Account Service

The bank has designed the new deposit account services continuously which had the various products to meet the appropriate of the customers. The bank has provided the products by offering the incentives rate alongside the any benefits which increased the competitiveness. Including the bank has provided the reward for customers by organized the activities to maintain the customers base and well received by the customers.

The bank has provided the services in the various deposit accounts such as Saving Super Shield Account, Saving Deposit Account, Non-Fixed Deposit Account, Current Account, Fixed Deposits Account, Tax-Free Deposit Account and Foreign Currency Deposit etc.

2. Loan Services

The bank has divided the customers as the group to meet the needs of the customers, the bank pays attention the good relationship with all group customer and has offered the financial products and services completely for clearly respond the customers. The bank will consider provide the loan types, the interest rate, limit loan types and payment period to appropriate with each customer business types and provided the loans considering process quickly. The bank has divided the loan services into 3 business sectors consists of Big Corporate and Corporate Loan, SMEs and SME Loan, and Retail Loan. Furthermore, the bank has trade finance which is the service to support import and export business for increasing a business opportunity and enhancing a strengthen negotiation with business partners through bank network over the world with the national standard which have the various and the comprehensive services such as:

- Letter of Credit
- Bills for Collection
- Trust Receipt
- Shipping Guarantee
- Packing Credit
- Standby L/C

3. Financial Electronic Services

The bank has developed the innovation products and digital financial services for provide the time saving to the customers, expense saving and convenient service such as:

3.1 Internet Banking on Mobile (LH Bank M Choice) is a financial transaction with security global standard on smartphone and iPad. 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, fund and insurance information checking, and fund purchasing under the slogan “LH Bank M Choice is financial transaction in one application”.

3.2 Internet Banking (LH Bank Speedy) is a service for more convenience in 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 transfer money between bank account and transfer money from the bank to another bank, payment for commodities, services and loans, cheque status checking, stop cheque, account status checking, fund and insurance information checking, and fund purchasing etc.

3.3 LH Bank PromptPay Service is a new transfer service for reduce the cash using and easy financial transferring which requires transferees to link their national ID or mobile phone number or e-Wallet number to Land and Houses Bank Public Company Limited's accounts.

3.4 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 the bank in Thailand.

3.5 Debit Chip Card Service is a security card with chip card to increase the confidence for financial transactions and provided the convenient in the 24 hours financial transferring which the card can be withdrawal, fund transfer, loan payment, commodities and services payment including the bank has participated the UnionPay International, the customers can use the card at the ATM in aboard and UnionPay International member shop in various country.

3.6 Mobile Payment Service is a service for stores that would like to service for bill payment by using QR Code via e-Wallet in nationwide.

4. Other Services

4.1 Cash Management Service 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).

4.2 Insurance Services, the bank has provided the life insurance and non-life insurance brokerage which had the various insurance products for respond the customer needs.

4.3 Participating Dealer (PD), the bank was the PD for the fund management companies which had the various fund types consists of debt instruments and equity instruments, retirement mutual fund (RMF) and long term equity fund (LTF).

4.4 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).

4.5 Credit Bureau Checking Service is a service with more convenient for customer and general public who need to check their credit bureau and the customers can use this service all branches.

4.6 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's ATM, internet banking service (LH Bank Speedy) and internet banking on mobile (LH Bank M Choice).

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 the comparative performance of the first quarter of 2019 and the first quarter of 2018:

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Net interest income	1,157.6	1,209.7	(52.1)	(4.3)
Net non-interest income	619.1	732.6	(113.5)	(15.5)
Operating income	1,776.7	1,942.3	(165.6)	(8.5)
Other operating expenses	731.4	686.4	45.0	6.6
Bad debts, doubtful accounts and impairment loss	100.0	330.0	(230.0)	(69.7)
Income tax expenses	138.6	154.8	(16.2)	(10.5)
Profits before bad debts and doubtful accounts, and income tax expenses	1,045.3	1,255.9	(210.6)	(16.8)
Profits before income tax expenses	945.3	925.9	19.4	2.1
Net profits	806.7	771.1	35.6	4.6
Basic earnings per share (Baht)	0.038	0.036	0.002	5.6

The company and its subsidiaries' operating results had net profits in the first quarter of 2019 amounted of Baht 806.7 million, increased by 4.6% when compared to the first quarter of 2018, resulted from the increase of dividend income by 51.5% and the decrease of recording bad debts and doubtful accounts by 69.7%.

Basic earnings per share for the first quarter of 2019 were Baht 0.038 per share, increased by Baht 0.002 per share or up to 5.6% when compared to the first quarter of 2018.

Net Interest Income

In the first quarter of 2019, they had net interest income amounted of Baht 1,157.6 million or decreased by 4.3% when compared to the first quarter of 2018.

Net Non-Interest Income

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

In the first quarter of 2019, net non-interest income amounted of Baht 619.1 million, decreased by 15.5% when compared to the first quarter of 2018, mainly from the decrease of gains on investments at 95.5% and the increase of dividend income at 51.5%.

Other Operating Expenses

In the first quarter of 2019, they had other operating expenses amounted of Baht 731.4 million, increased by 6.6% when compared to the first quarter of 2018, mainly from the increase of employees' expenses. The ratio of operating expenses to total operating income was at 41.2%, which was increased when compared to the first quarter of 2018 was at 35.3%.

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Employees' expenses	401.6	360.6	41.0	11.4
Premises and equipment expenses	186.5	184.0	2.5	1.4
Other expenses	143.3	141.8	1.5	1.1
Total	731.4	686.4	45.0	6.6

Profit before Bad Debts and Doubtful Accounts and Income Tax Expenses

In the first quarter of 2019, the company and its subsidiaries had profits before bad debts and doubtful accounts and income tax expenses amounted of Baht 1,045.3 million, decreased by 16.8% when compared to the first quarter of 2018.

Analysis of the Financial Position

The Management Discussion and Analysis of the financial position of LH Financial Group Public Company Limited and its subsidiaries are comparative performance of the financial position as of 31 March 2019 and 31 December 2018.

Total Assets

As of 31 March 2019, the company and its subsidiaries had total assets amounted of Baht 250,821.2 million, increased by Baht 4,888.0 million or up to 2.0% when compared at the end of the year 2018. Core assets comprise of loans to customers – net at 63.0% of total assets, followed by investments - net at 27.7% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2019	2018	Amount	(%YTD)
Interbank and money market items - net	19,535.4	18,991.5	543.9	2.9
Investments - net	69,588.7	67,360.4	2,228.3	3.3
Loans to customers - net	157,959.3	155,739.8	2,219.5	1.4
Loans to customers net of deferred revenue	161,583.5	159,314.0	2,269.5	1.4
Other assets - net	3,737.8	3,841.5	(103.7)	(2.7)
Total assets	250,821.2	245,933.2	4,888.0	2.0

Total Liabilities

As of 31 March 2019, they had total liabilities amounted of Baht 209,296.3 million, increased by Baht 3,072.2 million or up to 1.5% when compared at the end of the year 2018. Almost of total liabilities were deposits, which were 81.6% of total liabilities.

Owners' Equity

As of 31 March 2019, owners' equity amounted of Baht 41,524.9 million, increased by Baht 1,815.8 million or up to 4.6% when compared at the end of the year 2018.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2019	2018	Amount	(%YTD)
Deposits	170,808.4	168,164.0	2,644.4	1.6
Interbank and money market items	7,889.5	9,231.5	(1,342.0)	(14.5)
Debts issued and borrowings - net	28,006.1	26,203.0	1,803.1	6.9
Other liabilities	2,592.3	2,625.6	(33.3)	(1.3)
Total liabilities	209,296.3	206,224.1	3,072.2	1.5
Total owners' equity	41,524.9	39,709.1	1,815.8	4.6

Number of Employees

As of 31 March 2019, the company and its subsidiaries had 1,667 employees, decreased by 14 employees when compared to 31 December 2018.

The Subsidiaries Performance Analysis

1. COMMERCIAL BANKING BUSINESS

Land and Houses Bank Public Company Limited

Analysis of the Operating Results

The Management Discussion and Analysis of operating results of Land and Houses Bank Public Company Limited performance is comparative performance of the first quarter of 2019 and the first quarter of 2018:

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Net interest income	1,214.4	1,220.0	(5.6)	(0.5)
Net non-interest income	294.1	368.9	(74.8)	(20.3)
Operating income	1,508.5	1,588.9	(80.4)	(5.1)
Other operating expenses	633.5	582.5	51.0	8.8
Bad debts, doubtful accounts and impairment loss	100.0	330.0	(230.0)	(69.7)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Income tax expenses	133.4	114.0	19.4	17.0
Profits before bad debts and doubtful accounts, and income tax expenses	875.0	1,006.4	(131.4)	(13.1)
Profits before income tax expenses	775.0	676.4	98.6	14.6
Net profits	641.6	562.4	79.2	14.1
Basic earnings per share (Baht)	0.321	0.281	0.040	14.2

The bank's operating results had net profits in the first quarter of 2019 amounted of Baht 641.6 million, increased by 14.1% when compared to the first quarter of 2018.

Bad Debts, Doubtful Accounts and Impairment Loss

The bank had bad debts and doubtful accounts following the Bank of Thailand's guidelines and evaluate the position of debtors from experience. The bank has set aside of reserves for bad debts, doubtful accounts and impairment loss in the first quarter of 2019 amounted of Baht 100.0 million, decreased by 69.7% when compared to the first quarter of 2018, high proportion of loan loss reserves ratio at 197.25%.

Basic earnings per share for the first quarter of 2019 were Baht 0.321 per share, increased by 14.2% when compared to the first quarter of 2018.

Analysis of the Financial Position

The analysis of the financial position of Land and Houses Bank Public Company Limited is comparative performance of the financial position as of 31 March 2019 and 31 December 2018.

Total Assets

As of 31 March 2019, the bank had total assets amounted of Baht 243,041.8 million, increased by Baht 4,383.8 million or up to 1.8% when compared at the end of the year 2018. Core assets comprise of loans to customers - net at 66.4% of total assets, followed by investments - net at 22.8% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2019	2018	Amount	(%YTD)
Interbank and money market items - net	22,868.8	21,566.9	1,301.9	6.0
Investments - net	55,497.2	55,312.9	184.3	0.3
Loans to customers net of deferred revenue	165,033.2	161,893.2	3,140.0	1.9
Add: Accrued interest receivables	260.6	224.2	36.4	16.2
Less: Allowance for doubtful accounts	(3,843.3)	(3,763.2)	(80.1)	(2.1)
Revaluation allowance for debt restructuring	(11.2)	(12.0)	0.8	6.7
Loans to customers - net	161,439.3	158,342.2	3,097.1	2.0
Other assets - net	3,236.5	3,436.0	(199.5)	(5.8)
Total assets	243,041.8	238,658.0	4,383.8	1.8

Loans to Customers

Loans to customers (including interbank and money market items) classified by business sector can be divided into Big Corporate & Corporate, SMEs & SSME and Retail.

As of 31 March 2019, the bank had loans to customers net amounted of Baht 186,457.8 million, increased by Baht 4,315.5 million or up to 2.4% when compared at the end of the year 2018. Big Corporate & Corporate at 76.8%, followed by Retail at 12.7% and SMEs & SSME at 10.5% of total loans. When classified by type of business loans most portion of them was financial intermediation sector at 25.6%, followed by public utilities and services at 22.1% and manufacturing and commerce sector at 20.7% of total loans.

Big Corporate & Corporate amounted of Baht 143,130.8 million, increased by Baht 6,249.1 million or up to 4.6 % when compared at the end of the year 2018.

SMEs & SSME amounted of Baht 19,544.2 million, decreased by Baht 1,127.1 million or down to 5.5% when compared at the end of the year 2018.

Retail loan amounted of Baht 23,782.8 million, decreased by Baht 806.5 million or down to 3.3% when compared at the end of the year 2018.

Table: Loans to Customers Classified by Business Sector

(Unit: Million Baht)

Loans to customers classified by business sector	March	December	Variance	
	2019	2018	Amount	(%YTD)
Big Corporate & Corporate	143,130.8	136,881.7	6,249.1	4.6
SMEs & SSME	19,544.2	20,671.3	(1,127.1)	(5.5)
Retail	23,782.8	24,589.3	(806.5)	(3.3)
Total loans to customers net of deferred revenue *	186,457.8	182,142.3	4,315.5	2.4

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

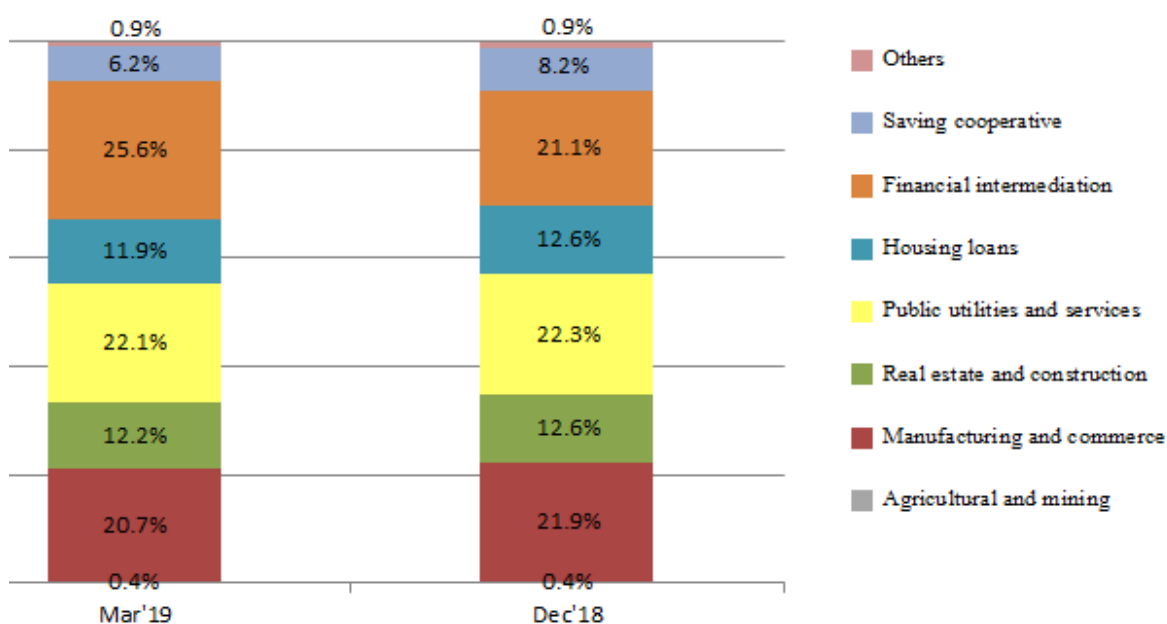
Table: Loans to Customers Classified by Type of Business

(Unit: Million Baht)

Loans to customers classified by type of business loans	March	December	Variance	
	2019	2018	Amount	(%YTD)
Agricultural and mining	853.7	867.9	(14.2)	(1.6)
Manufacturing and commerce	38,606.3	39,909.8	(1,303.5)	(3.3)
Real estate and construction	22,839.6	22,893.8	(54.2)	(0.2)
Public utilities and services	41,125.9	40,527.0	598.9	1.5
Housing loans	22,160.5	22,883.5	(723.0)	(3.2)
Financial intermediation	47,701.1	38,401.4	9,299.7	24.2
Saving cooperative	11,557.0	14,962.0	(3,405.0)	(22.8)
Others	1,613.7	1,696.9	(83.2)	(4.9)
Total loans to customers net of deferred revenue *	186,457.8	182,142.3	4,315.5	2.4

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

Percentage of loan classification by business type



As of 31 March 2019, the bank had non-performing loans (Gross) amounted of Baht 3,726.2 million, increased by Baht 206.0 million or up to 5.9% when compared at the end of the year 2018. The ratio of NPLs to total loans at 2.00% of total loans (including interbank and money market items).

Non-performing loans (Net) amounted of Baht 2,825.4 million, increased by Baht 191.0 million or up to 7.3% when compared at the end of the year 2018. The ratio of NPLs (Net) at 1.52% of total loans after deducted allowance for doubtful debts of non-performing loans.

Allowance for Doubtful Debts

As of 31 March 2019, the bank had allowance for doubtful debts amounted of Baht 3,843.3 million, increased by Baht 80.1 million or up to 2.1% when compared at the end of the year 2018.

Investments in Securities

As of 31 March 2019, the bank had net investments in securities which had book value amounted of Baht 55,497.2 million, increased by Baht 184.3 million or up to 0.3% when compared at the end of the year 2018.

Total Liabilities

As of 31 March 2019, the bank had total liabilities amounted of Baht 206,828.1 million, increased by Baht 3,774.3 million or up to 1.9% when compared at the end of the year 2018, mainly from deposit at 82.7% of total liabilities.

Deposits

As of 31 March 2019, the bank had total deposits amounted of Baht 171,003.0 million, increased by Baht 2,832.0 million or up to 1.7% when compared at the end of the year 2018.

Table: Deposits Classified by Type of Deposits

(Unit: Million Baht)

Classified by type of deposits	March	December	Variance	
	2019	2018	Amount	(% YTD)
Demand deposits	5,487.4	6,072.8	(585.4)	(9.6)
Savings deposits	68,351.0	74,918.5	(6,567.5)	(8.8)
Time deposits	59,502.4	55,585.1	3,917.3	7.0
Fixed deposits receipt	37,662.2	31,594.6	6,067.6	19.2
Total deposits	171,003.0	168,171.0	2,832.0	1.7

Owners' Equity

As of 31 March 2019, owners' equity amounted of Baht 36,213.7 million, increased by Baht 609.5 million or up to 1.7% when compared at the end of the year 2018.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2019	2018	Amount	(%YTD)
Deposits	171,003.0	168,171.0	2,832.0	1.7
Interbank and money market items	7,945.8	9,277.4	(1,331.6)	(14.4)
Debts issued and borrowings - net	25,092.9	23,290.5	1,802.4	7.7
Other liabilities	2,786.4	2,314.9	471.5	20.4
Total liabilities	206,828.1	203,053.8	3,774.3	1.9
Total owners' equity	36,213.7	35,604.2	609.5	1.7

Capital Adequacy and the Ratio of Capital Fund to Risk Assets

As of 31 March 2019, the ratio of total capital fund to risk assets (BIS ratio) at 20.564%, higher than the 11.000% minimum rate required by the Bank of Thailand and increasing from 31 December 2018 at 20.045%.

The ratio of Tier I capital fund to risk assets was 17.707%, higher than the 8.500% 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	31 March 2019		31 December 2018	
	Million Baht	%	Million Baht	%
Common Equity Tier-1 capital funds				
The Bank	35,021.6	17.707	34,344.2	17.131
Minimum rates required by law *		7.000		6.375
The Difference		10.707		10.756
Tier 1 capital funds				
The Bank	35,021.6	17.707	34,344.2	17.131
Minimum rates required by law *		8.500		7.875
The Difference		9.207		9.256
Total capital funds				
The Bank	40,671.8	20.564	40,185.5	20.045
Minimum rates required by law *		11.000		10.375
The Difference		9.564		9.670

Note: * The commercial bank are required to add-ons the ratio of capital buffer 0.625% per annum each year as from 1 January 2016 onwards until reaching 2.50% in 2019.

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 and the services were as follows:

- Securities broker business
- Securities underwriting business
- Derivatives broker business
- Securities borrowing and lending business
- Selling Agent of Mutual Fund units business
- Fixed Income business

Overview of the Stock Exchange of Thailand

The Stock Exchange of Thailand (SET) Index at the end of March 4.8 percent from end-2018 to 1,638.65 points, but underperformed most markets. Uncertainty in political situation still dragged the index. The average daily trading value of SET and Market for Alternative Investment (mai) in March 2019 amounted to THB 41,826 billion, declined from THB 57,673 billion in the year 2018.

SET Index yielded positive returns in the first quarter of 2019. Weighed by uncertainties in domestic and external markets, foreign investors took a wait and see approach in March while local institutional and retail investors were the net buyers. Additionally, local institutions have continued to be net buyers for 20 consecutive months.

Analysis of the Operating Results

The Management Discussion and Analysis of operating results of Land and Houses Securities Public Company Limited and its subsidiary are comparative the performance of the first quarter of 2019 and the first quarter of 2018.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Brokerage fees income	29.2	50.9	(21.7)	(42.6)
Other incomes	77.4	212.6	(135.2)	(63.6)
Total incomes	106.6	263.5	(156.9)	(59.5)
Total operating expenses	80.6	81.6	(1.0)	(1.2)
Net profits before income tax expenses	26.0	181.9	(155.9)	(85.7)
Income tax expenses	(0.4)	(34.2)	(33.8)	(98.8)
Net profits	25.6	147.7	(122.1)	(82.7)
Earnings per share (Baht)	0.04	0.23	(0.19)	(82.6)

The company and its subsidiary' operating results had net profit in the first quarter of 2019 amounted of Baht 25.6 million, decreased by 82.7% when compared to the first quarter of 2018.

Total Income

Total incomes in the first quarter of 2019 were Baht 106.6 million, decreased by 59.5% when compared to the first quarter of 2018. Total incomes were included brokerage fees income, fees and services income, interest income on margin loan, gain and return on financial instrument and other incomes.

Brokerage Fees Income

Brokerage fees income in the first quarter of 2019 were Baht 29.2 million, decreased by 42.6% when compared to the first quarter of 2018.

Other Incomes apart from Brokerage Fees Income

Other incomes apart from brokerage fees income in the first quarter of 2019 were fees and services income, interest income on margin loan, gain and return on financial instrument and other income amounted Baht 0.2, 10.9, 66.0 and 0.3 million, respectively.

Total Operating Expenses

Total operating expenses in the first quarter of 2019 were Baht 80.6 million, decreased by 1.2% when compared to the first quarter of 2018. Total operating expenses were employee benefit expenses, fee and service expenses, financial costs and other expenses.

3. FUND MANAGEMENT BUSINESS

Land and Houses Fund Management Company Limited

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

Overview of Fund Management Business

In the first quarter of 2019, the fund management business had total asset Baht 5.23 trillion, increased by 178,532 million or 3.5% from the year 2018 from increased in all asset type. Fixed Income funds increased, compared to 2018 year end, by approximately Baht 61,021 million or 2.4%. Equity funds increased, compared to 2018 year end, by approximately Baht 54,878 million or 3.8%. Mixed funds increased, compared to 2018 year end, by approximately Baht 30,002 million or 8.5%. Property funds and REITs Increased, compared to 2018 year end, by approximately Baht 29,088 million or 4.3%.

Analysis of the Operating Results

The Management Discussion and Analysis of operating results of Land and Houses Fund Management Company Limited is comparative performance of the first quarter of 2019 and the first quarter of 2018 as follows:

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2019	1/2018	Amount	(%YoY)
Fees and service income	87.3	109.8	(22.5)	(20.5)
Gains and return on financial instruments	6.8	5.2	1.6	30.8
Other income	0.3	0.3	-	-
Total incomes	94.4	115.3	(20.9)	(18.1)
Total expenses	65.4	77.5	(12.1)	(15.6)
Net profits before income tax expenses	29.0	37.8	(8.8)	(23.3)
Income tax expenses	4.9	6.7	(1.8)	(26.9)
Net profits	24.1	31.1	(7.0)	(22.5)
Earnings per share (Baht)	8.03	10.37	(2.34)	(22.6)

The first quarter of 2019, the operating result of Land and Houses Fund Management Company Limited had net profit amounted of Baht 24.1 million, decreased by 22.5% when compared to the first quarter of 2018 due to the result of Front end fee and Back end fee of mutual funds under management decreasing.

Total Incomes

Total Incomes of the first quarter of 2019 amounted of Baht 94.4 million, decreased by 18.1% when compared to the first quarter of 2018 which from fee income.

Fees and Service Income

Fees and service income amounted of Baht 87.3 million, decreased by 20.5 when compared to the first quarter of 2018, mainly from fees and service income from management - mutual funds for 77.7% of fees and service income.

Other Income apart from fees and service income

Other income apart from fee and service income of the first quarter of 2019 consisted of gains and return on financial instruments and other incomes amounted of Baht 6.8 million and Baht 0.3 million, respectively.

Total Expenses

Total expenses of the first quarter of 2019 amounted of Baht 65.4 million, decreased by 15.6% when compared to the first quarter of 2018.

Net Asset Value under Management

As of 31 March 2019, the company had 67 funds under management, increased by 9 funds when compared to the same period of the previous year and the company had total net asset value Baht 58,411.9 million, increased by Baht 3,829.9 million or up to 7.0% when compared to the same period of the previous year. Therefore, the company had a market share of 1.1%, ranked 12th from 24 companies with the mutual funds under management consist of:

- Property fund and real estate investment trust	Baht 32,232.3 million
- Fixed income fund	Baht 10,942.7 million
- Equity fund	Baht 6,403.0 million
- Mixed fund	Baht 3,595.0 million
- Fund of property fund	Baht 5,238.9 million

In addition, in case included private funds and provident fund, the company had net asset value as of 31 March 2019 totaled Baht 68,197.2 million, which came from private fund Baht 6,802.6 million and provident fund Baht 2,982.7million.