



LH FINANCIAL GROUP PUBLIC COMPANY

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

(THIS REPORT DISCUSSES PRINCIPAL CHANGES TO THE REVIEWED CONSOLIDATED FINANCIAL STATEMENT)

Executive Summary

In the first quarter of 2023, LH Financial Group Public Company Limited financial business group showed a net profit of Baht 669.9 million, increased by 30.9% compared to the same period of the previous year. The significant increase was from the net profit of Land and Houses Bank of Baht 526.5 million, increased by 59.3% compared to the same period of the previous year. The increase was due mainly to the expansion of loans, resulting in an increase in interest income, although net fee and service income decreased from the unfavorable conditions of money market and capital market. Land and Houses Bank still set aside the provision for expected credit losses under a conservative basis to support the expansion of loans and potential impacts from the end of relief measures. The coverage ratio stood at 228.22%, and the NPL ratio increased from 2.09% at the end of the year 2022 to 2.37% in the first quarter of 2023.

In 2023, Land and Houses Bank has the strategies to expand higher yield loan portfolio with proper risk management as well as cross-sell Land and Houses financial business group's products, and enhance fee-based income. Digital transformation regarding data analytics is developed and digital platforms have been enhanced to address customers' comprehensive financial and investment transactions

LH Financial Group Public Company Limited financial business group places the priority on the sustainable banking, operates business with awareness and accountability on environment, society and good corporate governance, and support ESG lending and investments as well as customers impacted by COVID-19 and economic conditions.

Overview of Business Operation

LH Financial Group Public Company Limited is a parent company of the financial business group which consists of the companies as follows:

- Land and Houses Bank Public Company Limited
- Land and Houses Fund Management Company Limited
- Land and Houses Securities Public Company Limited

Structure of LH Financial Group Public Company Limited Financial Business Group



Investment



Credit Rating

Fitch Ratings (Thailand) Limited	
National long-term rating	AA+(tha)
Outlook	“Stable”
National short-term rating	F1+ (tha)
TRIS Rating Company Limited	
Company rating	A-
Outlook	“Stable”

Economic Overview and Competition in Commercial Banking Industry

In the first quarter of 2023, Thai economy continued to expand from the previous quarter with the main supporting factor from the improved domestic demand from both private consumption and private investment. Government spending improved mainly due to recurrent expenditure and tourism sector reflected the continued recovery. The Bank of Thailand expects 28 million tourists in 2023. Inflation has started to slow down and is expected to return to the target range this year. The economy will continue to recover resulting in higher confidence of consumers and business. However, exports still face risks from fragile global demand and growing uncertainty about the stability of overseas banks.

According to the Bank of Thailand, the Thai economy is expected to expand by 3.6% (Data as of March 2023), with the main support from tourism and private consumption. However, major risks include high uncertainty of foreign banking stability issues, inflation trends in major economies that are likely to remain elevated, leading to high policy interest rates throughout the year, the ongoing Russia-Ukraine conflict, as well as the Thai Baht depreciating and becoming more volatile in the short term. In addition, the gradual normalization of policy interest rates will lead to an increase in the cost of doing business. These factors will continue to challenge economic growth in 2023.

Regarding the banking industry in the first quarter of 2023, deposits and loans continued to expand. Loans increased in both business and consumer loans amid the economic recovery. The performance of commercial banks improved in line with loan growth. Thai commercial banks remained robust due to strong capital and reserve, and has been affected to a limited extent by the stability issue of overseas banks.

Analysis of Operating Results

In the first quarter of 2023, the operating results of the company and its subsidiaries showed the net profit of Baht 669.9 million, increased by 94.3% when compared to the fourth quarter of 2022 with the net profit of Baht 344.8 million due to the increase in other operating incomes, gains (losses) on financial instruments measured at fair value through profit or loss and gains on investments. And the net profit increased by 30.9% when compared to the first quarter of 2022 with the net profit of Baht 511.7 million due to the increase in net interest income gains (losses) on financial instruments measured at fair value through profit or loss and gains on investments.

Net Interest Income

In the first quarter of 2023, net interest income amounted to Baht 1,693.6 million, increased by 7.7% when compared to the fourth quarter of 2022 and increased by 17.2% when compared to the first quarter of 2022. In the first quarter of 2023, interest income was Baht 2,734.2 million, increased by 36.5% and interest expenses were Baht 1,040.6 million, increased by 86.3% when compared to the first quarter of 2022.

Net Non-Interest Income

In the first quarter of 2023, net non-interest income amounted to Baht 514.5 million, increased by 10.0% when compared to the fourth quarter of 2022, mainly due to the increase in gains on investments and gains (losses) on financial instruments measured at fair value through profit or loss. Non-interest income increased by 1.6% when compared to the first quarter of 2022, mainly due to the increase in gains on investments and gains (losses) on financial instruments measured at fair value through profit or loss.

Other Operating Expenses

In the first quarter of 2023, other operating expenses amounted to Baht 920.9 million, decreased by 4.6% when compared to the fourth quarter of 2022, due mainly to the decrease in advertising and promotional expenses and employee's expenses. Other operating expenses increased by 9.1% when compared to the first quarter of 2022 which mainly increased in taxes and duties and employee's expenses.

Profit from Operations Before Expected Credit Losses and Income Tax

In the first quarter of 2023, profit from operations before expected credit losses and income tax amounted to Baht 1,287.2 million, increased by 8.3% when compared to the fourth quarter of 2022 and increased by 16.3% when compared to the first quarter of 2022.

In the first quarter of 2023, basic earnings per share stood at Baht 0.032 per share, increased by 88.2% when compared the fourth quarter of 2022 and increased by 33.3% when compared to the first quarter of 2022.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Interest income	2,734.2	2,453.0	281.2	11.5	2,003.2	731.1	36.5
Interest expenses	(1,040.6)	(767.1)	(273.5)	35.7	(558.5)	(482.1)	86.3
Net interest income	1,693.6	1,685.9	7.7	0.5	1,444.7	248.9	17.2
Fees and service income	232.7	229.8	2.9	1.3	252.3	(19.6)	(7.8)
Fees and service expenses	(59.8)	(59.8)	-	-	(52.1)	(7.7)	14.8
Net fees and service income	172.9	170.0	2.9	1.7	200.2	(27.3)	(13.6)
Gains (losses) on financial instruments measured at fair value through profit or loss	9.0	(11.1)	20.1	181.1	(10.1)	19.1	189.1
Gains on investments	10.9	-	10.9	100.0	-	10.9	100.0
Dividend income	312.3	306.4	5.9	1.9	303.8	8.5	2.8
Other operating incomes	9.4	2.3	7.1	308.7	12.3	(2.9)	(23.6)
Operating income	2,208.1	2,153.5	54.6	2.5	1,950.9	257.2	13.2

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Other operating expenses	920.9	965.2	(44.3)	(4.6)	844.4	76.5	9.1
Expected credit losses	487.3	791.9	(304.6)	(38.5)	509.3	(22.0)	(4.3)
Income tax	130.0	51.6	78.4	151.9	85.5	44.5	52.0
Profits from operations before expected credit losses and income tax	1,287.2	1,188.3	98.9	8.3	1,106.5	180.7	16.3
Profits from operations before income tax	799.9	396.4	403.5	101.8	597.2	202.7	33.9
Net profits	669.9	344.8	352.1	94.3	511.7	158.2	30.9
Basic earnings per share (Baht)	0.032	0.017	0.015	88.2	0.024	0.008	33.3
ROA	0.93				0.79	0.14	17.7
ROE	7.34				5.40	1.94	35.9

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Employees' expenses	519.0	531.9	(12.9)	(2.4)	504.5	14.5	2.9
Premises and equipment expenses	185.8	184.5	1.3	0.7	166.2	19.6	11.8
Other expenses	216.1	248.8	(32.7)	(13.1)	173.7	42.4	24.4
Total	920.9	965.2	(44.3)	(4.6)	844.4	76.5	9.1

Analysis of Financial Position

Total Assets

As of 31 March 2023, total assets amounted to Baht 284,261.4 million, decreased by Baht 17,295.1 million or 5.7% when compared to the end of the year 2022. Core assets comprised loans to customers - net at 71.5% of total assets, followed by investments - net at 19.2% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2023	2022	Amount	(%YTD)
Interbank and money market items - net	11,758.5	33,051.4	(21,292.9)	(64.4)
Investments - net	54,588.1	54,043.8	544.3	1.0
Loans to customers - net	203,191.3	207,526.6	(4,335.3)	(2.1)
Other assets - net	14,723.5	6,934.7	7,788.8	112.3
Total assets	284,261.4	301,556.5	(17,295.1)	(5.7)

Total Liabilities

As of 31 March 2023, total liabilities amounted to Baht 247,538.5 million, decreased by Baht 17,147.4 million or 6.5% when compared to the end of the year 2022. Most of total liabilities were deposits, accounting for 87.7% of total liabilities.

Total Owners' Equity

As of 31 March 2023, total owners' equity amounted to Baht 36,722.9 million, decreased by Baht 147.7 million or 0.4% when compared to the end of the year 2022.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2023	2022	Amount	(%YTD)
Deposits	217,111.5	231,408.4	(14,296.9)	(6.2)
Interbank and money market items	19,967.6	23,923.9	(3,956.3)	(16.5)
Debts issued and borrowings - net	5,690.0	5,389.8	300.2	5.6
Other liabilities	4,769.4	3,963.8	805.6	20.3
Total liabilities	247,538.5	264,685.9	(17,147.4)	(6.5)
Total owners' equity	36,722.9	36,870.6	(147.7)	(0.4)

Number of Employees

As of 31 March 2023, the company and its subsidiaries had 1,763 employees, increased by 22 when compared to the end of the year 2022.

Performance Analysis of Subsidiaries

1. COMMERCIAL BANKING BUSINESS

Land and Houses Bank Public Company Limited

Credit Rating

Fitch Ratings (Thailand) Limited	
National long-term rating	AA+(tha)
Outlook	“Stable”
National short-term rating	F1+ (tha)
Basel III Tier 2 debentures	AA-(tha)
TRIS Rating Company Limited	
Company rating	A
Outlook	“Stable”
Basel III Tier 2 debentures	BBB+

Analysis of Operating Results

In the first quarter of 2023, operating results of the bank showed net profit of Baht 526.5 million, increased by 64.2% when compared to the fourth quarter of 2022 which reported the net profit of Baht 320.6 million due to the increase in other operating incomes and gains on investments, the decrease in expected credit losses. The net profit increased by 59.3% when compared to the first quarter of 2022 which reported the net profit of Baht 330.6 million due to the increase in net interest income and gains on investments.

Net Interest Income

In the first quarter of 2023, net interest income amounted to Baht 1,730.6 million or increased by 0.7% when compared to the fourth quarter of 2022 and increased by 18.3% when compared to the first quarter of 2022. In the first quarter of 2023, interest income was Baht 2,752.8 million, increased by 38.2% and interest expenses was Baht 1,022.2 million, increased by 93.5% when compared to the first quarter of 2022 as a result of loan expansion. However, the bank has been supporting the customers who were impacted directly and indirectly by COVID-19 pandemic, economic situations and drought under the relief measures of the Bank of Thailand.

In the first quarter of 2023, net interest margin (NIM) stood at 2.49%, increased when compared to the first quarter of 2022 at 2.39%.

Net Non-Interest Income

In the first quarter of 2023, net non-interest income amounted to Baht 194.7 million, increased by 20.6% when compared to the fourth quarter of 2022 due mainly to the increase in gains (losses) on financial instruments measured at fair value through profit or loss and gains on investments, and increased by 15.6% when compared to the first quarter of 2022 due mainly to the increase in gains (losses) on financial instruments measured at fair value through profit or loss and gains on investments.

Other Operating Expenses

In the first quarter of 2023, other operating expenses were Baht 806.8 million, decreased by 5.0% when compared to the fourth quarter of 2022 due to the decrease in employees' expenses and directors' remuneration, increased by 11.7% when compared to the first quarter of 2022 due to the increase in employees' expenses and taxes and duties.

Expected Credit Losses

In the first quarter of 2023, the expected credit losses amounted to Baht 472.8 million, decreased by 25.9% when compared to the fourth quarter of 2022 and decreased by 7.2% when compared to the first quarter of 2022. As a result, the first quarter of 2023, the coverage ratio stood at 228.22%.

In the first quarter of 2023, basic earnings per share stood at Baht 0.26 per share, increased by 64.2% when compared to the fourth quarter of 2022, and increased by 54.8% when compared to the first quarter of 2022.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Interest income	2,752.8	2,469.4	283.4	11.5	1,991.7	761.1	38.2
Interest expenses	(1,022.2)	(751.3)	(270.9)	36.1	(528.4)	(493.8)	93.5
Net interest income	1,730.6	1,718.1	12.5	0.7	1,463.3	267.3	18.3
Fees and service income	91.5	95.9	(4.4)	(4.6)	82.0	9.5	11.6
Fees and service expenses	(29.9)	(31.4)	1.5	(4.8)	(17.9)	(12.0)	67.0
Net fees and service income	61.6	64.5	(2.9)	(4.5)	64.1	(2.5)	(3.9)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Gains (losses) on financial instruments measured at fair value through profit or loss	(2.1)	(12.3)	10.2	82.9	(14.1)	12.0	85.1
Gains on investments	10.9	-	10.9	100.0	-	10.9	100.0
Dividend income	115.7	107.6	8.1	7.5	110.3	5.4	4.9
Other operating incomes	8.6	1.7	6.9	405.9	8.1	0.5	6.2
Operating income	1,925.3	1,879.6	45.7	2.4	1,631.7	293.6	18.0
Other operating expenses	806.8	849.7	(42.9)	(5.0)	722.3	84.5	11.7
Expected credit losses	472.8	638.4	(165.6)	(25.9)	509.3	(36.5)	(7.2)
Income tax	119.20	70.9	48.3	68.1	69.5	49.7	71.5
Profits from operations before expected credit losses and income tax	1,118.5	1,029.9	88.6	8.6	909.4	209.0	23.0
Profits from operations before income tax	645.7	391.5	254.2	64.9	400.1	245.6	61.4
Net profits	526.5	320.6	205.9	64.2	330.6	195.9	59.3
Basic earnings per share (Baht)	0.26	0.16	0.1	64.2	0.17	0.1	54.8
ROA	0.74				0.53	0.21	39.6
ROE	6.00				3.82	2.18	57.1

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Employees' expenses	375.2	385.4	(10.2)	(2.6)	358.6	16.6	4.6
Premises and equipment expenses	165.4	164.8	0.6	0.4	147.3	18.1	12.3
Other expenses	266.2	299.5	(33.3)	(11.1)	216.4	49.8	23.0
Total	806.8	849.7	(42.9)	(5.0)	722.3	84.5	11.7

Analysis of Financial Position

Total Assets

As of 31 March 2023, total assets amounted to Baht 278,978.1 million, decreased by Baht 16,868.0 million or 5.7% when compared to the end of the year 2022. Core assets comprised of loans to customers - net at 73.8% of total assets, followed by investments - net at 16.4% of total assets, interbank and money market items - net at 5.0% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2023	2022	Amount	(%YTD)
Interbank and money market items - net	14,066.1	35,933.7	(21,867.6)	(60.9)
Investments - net	45,713.9	44,375.8	1,338.1	3.0
Loans to customers - net	205,909.4	210,256.4	(4,347.0)	(2.1)
Other assets - net	13,288.7	5,280.2	8,008.65	151.7
Total assets	278,978.1	295,846.1	(16,868.0)	(5.7)

Loans to Customers

As of 31 March 2023, loans to customers net of deferred revenue and modification gain or loss (Interbank and money market items included) amounted to Baht 226,140.7 million, decreased by Baht 24,954.7 million or 9.9% when compared to the end of the year 2022.

Loans to Customers Classified by Business Sector

Conglomerate & corporate loans amounted to Baht 95,948.7 million, decreased by Baht 13,338.0 million or 12.2% when compared to the end of the year 2022.

Commercial & SME loans amounted to Baht 84,388.8 million, decreased by Baht 15,037.2 million or 15.1% when compared to the end of the year 2022.

Retail loan amounted to Baht 45,803.2 million, increased by Baht 3,420.5 million or 8.1% when compared to the end of the year 2022.

Table: Loans to Customers Classified by Business Sector

(Unit: Million Baht)

Loans to customers classified by business sector	March	December	Variance	
	2023	2022	Amount	(%YTD)
Conglomerate & Corporate	95,948.7	109,286.7	(13,338.0)	(12.2)
Commercial & SME	84,388.8	99,426.0	(15,037.2)	(15.1)
Retail	45,803.2	42,382.7	3,420.5	8.1
Total loans to customers net *	226,140.7	251,095.4	(24,954.7)	(9.9)

Remarks: *Total loans to customers net of deferred revenue and modification gain or loss from the new standard including interbank and money market items.

Loans to Customers Classified by Type of Businesses

Loans to customers classified by type of businesses, a major portion of loans were manufacturing and commercial sector at 26.4% of total loans, followed by financial intermediation at 20.1% of total loans and public utilities and service sector at 19.2% of total loans.

Table: Loans to Customers Classified by Type of Businesses

(Unit: Million Baht)

Loans to customers classified by type of businesses	March	December	Variance	
	2023	2022	Amount	(%YTD)
Agricultural and mining	364.3	347.6	16.7	4.8
Manufacturing and commerce	59,591.5	61,882.3	(2,290.8)	(3.7)
Real estate and construction	26,119.9	25,667.5	452.4	1.8
Public utilities and services	43,472.2	46,228.2	(2,756.0)	(6.0)
Housing loans	43,153.2	39,665.6	3,487.6	8.8
Financial intermediation	45,365.5	60,711.4	(15,345.9)	(25.3)
Saving cooperative	5,409.0	13,902.8	(8,493.8)	(61.1)
Others	2,665.1	2,690.0	(24.9)	(0.9)
Total loans to customers net *	226,140.7	251,095.4	(24,954.7)	(9.9)

Remarks: *Total loans to customers net of deferred revenue and modification gain or loss from the new standard including interbank and money market items.

Non-Performing Loans

As of 31 March 2023, non-performing loans (Gross) amounted to Baht 5,360.1 million, increased by Baht 111.9 million or 2.1% when compared to the end of the year 2022.

NPL ratio was at 2.37% of total loans (Interbank and money market items included) when compared to the end of the year 2022 which was at 2.09%.

Investments

As of 31 March 2023, net investments had the book value of Baht 45,713.9 million, increased by Baht 1,338.1 million or 3.0% when compared to the end of the year 2022.

Total Liabilities

As of 31 March 2023, total liabilities amounted to Baht 243,222.9 million, decreased by Baht 17,293.5 million or 6.6% when compared to the end of the year 2022. Most liabilities were deposits, accounting for 89.3% of total liabilities.

Owners' Equity

As of 31 March 2023, owners' equity amounted to Baht 35,755.2 million, increased by Baht 425.5 million or 1.2% when compared to the end of the year 2022.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2023	2022	Amount	(% YTD)
Deposits	217,177.4	231,432.0	(14,254.6)	(6.2)
Interbank and money market items	19,520.4	23,616.8	(4,096.4)	(17.3)
Debts issued and borrowings - net	2,396.2	2,396.1	0.1	0.0
Other liabilities	4,128.9	3,071.5	1,057.4	34.4
Total liabilities	243,222.9	260,516.4	(17,293.5)	(6.6)
Total owners' equity	35,755.2	35,329.7	425.5	1.2

Deposits

As of 31 March 2023, the bank had total deposits of Baht 217,177.4 million, decreased by Baht 14,254.6 million or 6.2% when compared to the end of the year 2022. Major portion of deposits were time deposits at 52.2% and savings deposits at 32.8% of total deposits.

Table: Deposits Classified by Type of Deposits

(Unit: Million Baht)

Deposits Classified by Type of Deposits	March	December	Variance	
	2023	2022	Amount	(%YTD)
Demand deposits	2,065.7	2,676.7	(611.0)	(22.8)
Savings deposits	71,320.4	83,296.4	(11,976.0)	(14.4)
Time deposits	113,346.5	104,437.2	8,909.3	8.5
Fixed deposits receipt	30,444.8	41,021.7	(10,576.9)	(25.8)
Total deposits	217,177.4	231,432.0	(14,254.6)	(6.2)

Capital Adequacy Ratio and BIS Ratio

As of 31 March 2023, the capital to risk-weighted assets ratio (BIS ratio) was at 16.354%, which was higher than the Bank of Thailand's minimum requirement of 11.000% and increased from 15.483% as at 31 December 2022.

Tier-1 capital ratio to risk-weighted assets was at 14.136%, which was higher than the Bank of Thailand's minimum rate of 8.500% and increased from 13.498% as at 31 December 2022.

Table: Capital To Risk-Weighted Assets Ratio

Capital To Risk-Weighted Assets Ratio	As of 31 March 2023		As of 31 December 2022	
	Million Baht	%	Million Baht	%
Common Equity Tier-1 capital				
Bank	33,004.9	14.136	32,961.3	13.498
Minimum rates required by law		7.000		7.000
Difference		7.136		6.498
Tier 1 capital				
Bank	33,004.9	14.136	32,961.3	13.498
Minimum rates required by law		8.500		8.500
Difference		5.636		5.498
Total capital				
Bank	38,182.0	16.354	37,808.0	15.483
Minimum rates required by law		11.000		11.000
Difference		5.354		4.483

Branch Network

As of 31 March 2023, Land and Houses Bank Public Company Limited had a total of 74 branches, equal to the end of the year 2022.

2. SECURITIES BUSINESS

Land and Houses Securities Public Company Limited

Overview of the Stock Exchange of Thailand

In the first quarter of 2023, Thai stock market saw a high volatility. After testing high of 1,695 points in response to good news of China's reopening, SET Index saw a throwback due to disappointing fourth quarter 2022 operating results. Subsequently, the market was pressured by global equities sell-off due to banking turmoil in the United States and Switzerland pushing SET Index sharply lower to retest its low at 1,520 points. However, thanks largely to the central banks' quick response to restore confidence helped pull SET Index back to end slightly above 1,600 points by the end of the quarter.

Average daily trading value shrank to Baht 66,684 million which was 31% thinner than the same quarter of previous year. In this quarter, foreign investors turned net seller after continued accumulator over the previous five quarters, of which its trading turnover remained a lion's share of 50% of market total.

Analysis of Operating Results

In the first quarter of 2023, the operating results of the company and its subsidiaries showed net profit of Baht 49.5 million, decreased by 173.1% when compared to the fourth quarter of 2022 and decreased by 35.9% when compared to the first quarter of 2022.

Total Income

In the first quarter of 2023, total income was Baht 159.0 million, increased by 6.0% when compared to the fourth quarter of 2022 and decreased by 6.5% when compared to the first quarter of 2022.

Brokerage Fees Income

In the first quarter of 2023, brokerage fees income was Baht 43.0 million, increased by 19.8% when compared to the fourth quarter of 2022 and decreased by 31.3% when compared to the first quarter of 2022.

Other Incomes apart from Brokerage Fees Income

In the first quarter of 2023, other incomes apart from brokerage fees income consisting of interest income, gains and return on financial instruments and other incomes were Baht 30.3, 85.3 and 0.4 million, respectively.

Total Expenses

Total expenses included employees' benefits, fees and service expenses, interest expenses and other expenses.

In the first quarter of 2023, total expenses were Baht 103.7 million, decreased by 57.1% when compared to the fourth quarter of 2022 and increasePd by 25.5% when compared to the first quarter of 2022.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Brokerage fees income	43.0	35.9	7.1	19.8	62.6	(19.6)	(31.3)
Interest income	30.3	29.0	1.3	4.5	25.1	5.2	20.7
Gains and return on financial instruments	85.3	82.9	2.4	2.9	77.7	7.6	9.8
Other incomes	0.4	2.2	(1.8)	(81.8)	4.6	(4.2)	(91.3)
Total income	159.0	150.0	9.0	6.0	170.0	(11.0)	(6.5)
Total expenses	103.7	241.6	(137.9)	(57.1)	82.6	21.1	25.5
Profits before income tax	55.3	(91.6)	146.9	(160.4)	87.4	(32.1)	(36.7)
Income tax	5.8	(23.9)	29.7	(124.3)	10.2	(4.4)	(43.1)
Net profits	49.5	(67.7)	117.2	173.1	77.2	(27.7)	(35.9)
Basic earnings per share (Baht)	0.04	(0.05)	0.09	180.0	0.06	(0.02)	(33.3)

3. FUND MANAGEMENT BUSINESS

Land and Houses Fund Management Company Limited

Overview of Fund Management Business

In the first quarter of 2023, the total net asset value of mutual funds was Baht 4.93 trillion, representing an increase of Baht 0.05 trillion or 0.97% from the previous quarter. When classified by fund types, equity funds and mixed funds decreased, while fixed income funds, property funds & REITs, and other funds increased.

Analysis of the Operating Results

In the first quarter of 2023, Land and Houses Fund Management Company Limited had net profit of Baht 20.8 million, increased by 7.8% when compared to the fourth quarter of 2022 and decreased by 14.4% when compared to the first quarter of 2022.

Total Incomes

In the first quarter of 2023, total incomes amounted to Baht 109.8 million, increased by 1.9% when compared to the fourth quarter of 2022 and decreased by 10.6% when compared to the first quarter of 2022.

Fees and Service Income

In the first quarter of 2023, fees and service income amounted to Baht 105.3 million, increased by 1.0% when compared to the fourth quarter of 2022. Most of fees and service income were derived from the management of mutual funds, decreased by 11.4% when compared to the first quarter of 2022.

Other Incomes apart from Fees and Service Income

In the first quarter of 2023, other incomes apart from fee and service income consisting of interest income, gains and returns on financial instruments and other incomes were Baht 0.3, 4.0 and 0.2 million, respectively.

Total expenses

In the first quarter of 2023, total expenses amounted to Baht 84.0 million, increased by 0.2% when compared to the fourth quarter of 2022 and decreased by 9.5% when compared to the first quarter of 2022.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2023	4/2022	Amount	(%QoQ)	1/2022	Amount	(%YoY)
Brokerage fees income	105.3	104.3	1.0	1.0	118.9	(13.6)	(11.4)
Interest income	0.3	0.1	0.2	200.0	-	0.3	100.0
Gains and return on financial instruments	4.0	3.1	0.9	29.0	3.4	0.6	17.6
Other incomes	0.2	0.2	-	-	0.5	(0.3)	(60.0)
Total income	109.8	107.7	2.1	1.9	122.8	(13.0)	(10.6)
Total expenses	84.0	83.8	0.2	0.2	92.8	(8.8)	(9.5)
Profits before income tax	25.8	23.9	1.9	7.9	30.0	(4.2)	(14.0)
Income tax	5.0	4.6	0.4	8.7	5.7	(0.7)	(12.3)
Net profits	20.8	19.3	1.5	7.8	24.3	(3.5)	(14.4)
Basic earnings per share (Baht)	6.94	6.43	0.51	7.9	8.11	(1.17)	(14.4)

Net Asset Value under Management

As of 31 March 2023, the company had 166 funds under management, increased by 10 funds when compared to the end of year 2022. The company's total net asset value was Baht 55,563.2 million, decreased by 0.17% when compared to the end of year 2022. The mutual funds under management were as follows:

- Property fund and real estate investment trust	31,028.2	million Baht
- Fixed income fund	5,046.5	million Baht
- Equity fund	11,937.0	million Baht
- Mixed fund	2,417.1	million Baht
- Fund of Property Fund	5,134.4	million Baht

In case the net asset values of Baht 14,536.7 million in private funds and Baht 6,111.7 million in provident funds were included, the company's net asset value would be Baht 76,211.6 million.