



**LH FINANCIAL GROUP PUBLIC COMPANY LIMITED**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

## **Executive Summary**

In 2023, LH Financial Group Public Company Limited financial business group showed a net profit of Baht 2,096.3 million, increased by 32.8% compared to the same period of the previous year. The significant increase was from the net profit of Land and Houses Bank of Baht 1,693.0 million, increased by 54.9% compared to the same period of the previous year. The increase was mainly due to the net interest income and other operating incomes plus the decrease in expected credit loss. Moreover, Land and Houses Bank still set aside the provision for expected credit losses under a conservative basis to support potential impacts from the end of relief measures. The coverage ratio stood at 218.81%, and the NPL ratio increased from 2.09% at the end of the year 2022 to 2.36% at the end of 2023.

Net interest income was Baht 6,943.3 million, increased by 12.1% compared to the year 2022, and net non-interest income was Baht 1,787.1 million, decreased by 7.3% compared to the year 2022, mainly from the decrease in net fees and service income, dividend income and other operating expenses of Baht 4,047.4 million, increased by 12.8% compared to the year 2022, which was an increase in advertising and promotional expenses and taxes and duties.

Loans to customers amounted to Baht 267,347.4 million, increased by Baht 16,252.0 million or 6.5% compared to the end of 2022. The increase was from retail loan, increased by Baht 11,007.3 million or 26.0% when compared to the end of 2022. This aligned with the strategy for retail loan expansion. As a result, retail loan to total loan ratio surged from 17% in 2022 to 18.9% in 2023. On the deposit customer base, the bank has launched digital savings product called “B-You Max” with a special interest rate of 6% per annum (For balance up to Baht 10,000) and partnered with business partners, BTS and Rabbit Card, resulting in a leap in the number of retail deposit customers by more than 29%.

LH Financial Group Public Company Limited financial business group places importance on conducting business according to the sustainability concept, and supports the drive eliminate greenhouse gas emissions and environmental issues by establishing sustainable framework to push the greenhouse gases reduction goals to carbon neutral and setting the goal to reduce greenhouse gas emission by 25% by 2030. The company also aims to alleviate environmental issues under the United Nations Sustainable Development Goals (SDGs) and promote our customers to make a transition to a low carbon community. Moreover, the company has supported loans for eco-friendly sectors for more than Baht 4,000 million and invested in ESG bonds for more than Baht 1,500 million.

## 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 the Financial Business Group, LH Financial Group Public Company Limited



## ESG100 Certificate

The company has been selected to be 1 of 100 listed firms for outstanding ESG performance in terms of environmental, social and governance (ESG 100) of 2023 by Thaipat Institute for the 8<sup>th</sup> year and the company's securities have also been included in the Universe of ESG 100 securities list of 2023.

## Plaque of Honor as a Leading Organization in Outstanding Management of Greenhouse Gas

The company has received a plaque of honor as a leading organization in greenhouse gas management (Climate Action Leading Organization: CALO) from the Thailand Greenhouse Gas Management Organization (Public Organization). The company was assessed with outstanding result.

**Certificate of Carbon Footprint for Organization (CFO) and Carbon Neutral**

The company received the certificate of 2022 Carbon Footprint for Organization and Carbon Neutral from the Thailand Greenhouse Gas Management Organization (Public Organization) as an organization that supports the reduction of greenhouse gas emissions within the country as to combat global warming. In 2022, the company was successful in offsetting corporate carbon footprint of 2,378 tons of carbon dioxide equivalent (tCO<sub>2</sub>e).

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

The Thai Investors Association has assessed the 2023 Annual General Meeting of Shareholders of the company with the full score of 100 for the 11 consecutive years.

**Sustainable Disclosure Recognition**

The company has received the sustainable disclosure recognition for the year 2023 from Thaipat Institute.

**Result of Corporate Governance Assessment**

The Thai Institute of Directors Association (IOD) disclosed the result of 2022 corporate governance evaluation of Thai listed companies. The company was rated among the top level of "Excellence : 5 Stars" for the 9<sup>th</sup> consecutive year.

**SET ESG Ratings**

The company has been selected to be listed in the Thailand Sustainability Investment (THSI) 2023 for the 3<sup>rd</sup> consecutive year and assessed for SET ESG Ratings at the level “BBB” by the Stock Exchange of Thailand.

**Credit Rating**

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

## **Economic Overview and Competition among Commercial Banks**

According to the Office of the National Economic and Social Development Council: NESDC (Data as of November 2023), Thailand's economy is expected to grow by 2.5% in 2023, supported by a recovering private consumption following the labor market and declining inflation. Tourism sector continues to recover. Meanwhile, merchandise exports are expected to slow down while recovering in the later stage. Thailand's policy interest rate has been gradually raised to its highest level of 2.5% to control inflation and maintain the ability of monetary policy to address future uncertainties.

In 2024, the NESDC expects the Thai economy to expand by 3.2% (Data as of November 2023), from the preliminary results of the stimulus measures from the digital wallet project. Export sector tends to expand in line with the global economy. The number of tourists tends to rise gradually, approaching normal level. Domestic demand is likely to improve as private consumption is expected to expand as inflationary pressures ease and consumer confidence is boosted by government stimulus measures. Employment in the service sector picks up with the increase in the minimum wage, and investment is expected to recover with the government's BOI measures. However, the economic recovery needs to monitor several risk factors, including the maintenance of high policy interest rates in major economies; the slowdown in the Chinese economy, which puts pressure on Thai exports; ongoing geopolitical issues like the Russia-Ukraine war and the Israel-Hamas conflict; and the risk of corporate defaults in the bond market and the high level of Thai household debt.

In the banking sector, the performance of commercial banks improved in 2023 compared to the previous year. Operating profit grew in line with consumer loan expansion, and net interest income increased. Meanwhile, non-performing loans are not expected to increase much. Commercial banks' income grew well due to interest income which increased after the policy interest rate hike. Loans of the commercial banks grew at a low level, mainly driven by consumer loans from housing loans, auto loans and personal loans. Meanwhile, credit card loans continued to contract. Business loans also contracted, partly due to commercial banks' management of loan quality and caution in lending. In terms of loan quality, it was relatively stable compared with the previous year. Overall, the commercial banks have a high degree of stability, reflected in solid capital adequacy and reserves. Liquidity is high and sufficient to meet credit demand, which is expected to expand following the economy's recovery in the future.

## **Analysis of Operating Results**

In the fourth quarter of 2023, the operating results of the company and its subsidiaries showed the net profit of Baht 351.7 million, decreased by 35.2% when compared to the third quarter of 2023 with the net profit of Baht 542.7 million due to the decrease in dividend income and increase in other operating expenses. And the net profit increased by 2.0% when compared to the fourth quarter of 2022 with the net profit of Baht 344.8 million due to the increase in net fees and service income and increase in other operating expenses.

In 2023, the company and its subsidiaries showed the net profit of Baht 2,096.3 million, increased by 32.8% when compared to the year 2022 with the net profit of Baht 1,578.9 million due to the increase in net interest income and other operating incomes.

### **Net Interest Income**

In the fourth quarter of 2023, net interest income amounted to Baht 1,816.1 million, increased by 3.0% when compared to the third quarter of 2023 and increased by 7.7% when compared to the fourth quarter of 2022. In the fourth quarter of 2023, interest income was Baht 3,214.1 million, increased by 7.5% and interest expenses were Baht 1,398.0 million, increased by 13.9% when compared to the third quarter of 2023.

In 2023, net interest income amounted to Baht 6,943.3 million, increased by 12.1% when compared to the year 2022. Interest income was Baht 11,668.2 million, increased by 33.7% and interest expenses were Baht 4,724.9 million, increased by 86.8% when compared to the year 2022.

### **Net Non-Interest Income**

In the fourth quarter of 2023, net non-interest income amounted to Baht 326.7 million, decreased by 28.1% when compared to the third quarter of 2023, mainly due to the decrease in dividend income. Non-interest income decreased by 30.1% when compared to the fourth quarter of 2022, mainly due to the decrease in dividend income.

In 2023, net non-interest income amounted to Baht 1,787.1 million, decreased by 7.3% when compared to the year 2022 mainly due to the decrease in dividend income.

### **Other Operating Expenses**

In the fourth quarter of 2023, other operating expenses amounted to Baht 1,133.5 million, increased by 11.4% when compared to the third quarter of 2023, mainly due to the increase in premises and equipment expenses and advertising and promotional expenses. Other operating expenses increased by 17.4% when compared to the fourth quarter of 2022 with main increase in premises and equipment expenses and taxes and duties.

In 2023, other operating expenses amounted to Baht 4,047.4 million, increased by 12.8% when compared to the year 2022 due to the increase in premises and equipment expenses.

### **Profit from Operations Before Expected Credit Losses and Income Tax**

In the fourth quarter of 2023, profit from operations before expected credit losses and income tax amounted to Baht 1,009.3 million, decreased by 15.9% when compared to the third quarter of 2023 and decreased by 15.1% when compared to the fourth quarter of 2022.

In 2023, profit from operations before expected credit losses and income tax amounted to Baht 4,683.0 million, increased by 3.3% when compared to the year 2022.

In 2023, basic earnings per share stood at Baht 0.099 per share, increased by 32.0% when compared to the year 2022.

### **Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Interest income	3,214.1	2,990.8	7.5	2,453.0	31.0	11,668.2	8,723.9	33.7
Interest expense	(1,398.0)	(1,227.9)	13.9	(767.1)	82.2	(4,724.9)	(2,529.1)	86.8
<b>Net interest income</b>	<b>1,816.1</b>	<b>1,762.9</b>	<b>3.0</b>	<b>1,685.9</b>	<b>7.7</b>	<b>6,943.3</b>	<b>6,194.8</b>	<b>12.1</b>
Fees and service income	229.6	227.2	1.1	229.8	(0.1)	908.6	957.9	(5.1)
Fees and service expense	(39.5)	(58.3)	(32.2)	(59.8)	(33.9)	(218.0)	(205.0)	6.3
<b>Net fees and service income</b>	<b>190.1</b>	<b>168.9</b>	<b>12.6</b>	<b>170.0</b>	<b>11.8</b>	<b>690.6</b>	<b>752.9</b>	<b>(8.3)</b>
Gains (losses) on financial instruments measured at fair value through profit or loss	(12.3)	(16.5)	(25.5)	(11.1)	10.8	(23.9)	(9.4)	154.3
Gains on investments	-	-	-	-	-	10.9	-	100.0
Dividend income	128.4	279.2	(54.0)	306.4	(58.1)	1,033.6	1,156.6	(10.6)
Other operating incomes	20.5	23.0	(10.9)	2.3	791.3	75.9	28.4	167.3
<b>Operating income</b>	<b>2,142.8</b>	<b>2,217.5</b>	<b>(3.4)</b>	<b>2,153.5</b>	<b>(0.5)</b>	<b>8,730.4</b>	<b>8,123.3</b>	<b>7.5</b>
<b>Other operating expenses</b>	<b>1,133.5</b>	<b>1,017.8</b>	<b>11.4</b>	<b>965.2</b>	<b>17.4</b>	<b>4,047.4</b>	<b>3,589.6</b>	<b>12.8</b>
<b>Expected credit losses</b>	<b>576.6</b>	<b>552.7</b>	<b>4.3</b>	<b>791.9</b>	<b>(27.2)</b>	<b>2,163.4</b>	<b>2,703.8</b>	<b>(20.0)</b>
<b>Income tax</b>	<b>81.0</b>	<b>104.3</b>	<b>(22.3)</b>	<b>51.6</b>	<b>57.0</b>	<b>423.3</b>	<b>251.0</b>	<b>68.6</b>

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Profits from operations before expected credit losses and income tax	1,009.3	1,199.7	(15.9)	1,188.3	(15.1)	4,683.0	4,533.7	3.3
Profits from operations before income tax	432.7	647.0	(33.1)	396.4	9.2	2,519.6	1,829.9	37.7
Net profit	351.7	542.7	(35.2)	344.8	2.0	2,096.3	1,578.9	32.8
Basic earnings per share (Baht)	0.017	0.026	(34.6)	0.017	-	0.099	0.075	32.0
ROA						0.71	0.58	22.4
ROE						5.77	4.24	36.1

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Employees' expenses	572.4	573.2	(0.1)	531.9	7.6	2,221.6	2,059.0	7.9
Premises and equipment expenses	216.2	193.0	12.0	184.5	17.2	782.1	696.9	12.2
Other expenses	344.9	251.6	37.1	248.8	38.6	1,043.7	833.7	25.2
<b>Total</b>	<b>1,133.5</b>	<b>1,017.8</b>	<b>11.4</b>	<b>965.2</b>	<b>17.4</b>	<b>4,047.4</b>	<b>3,589.6</b>	<b>12.8</b>

## Analysis of Financial Position

### Total Assets

As of 31 December 2023, total assets amounted to Baht 323,322.5 million, increased by Baht 21,766.0 million or 7.2% when compared to the end of the year 2022. Core assets comprised loans to customers - net at 70.7% of total assets, followed by investments - net at 15.3% of total assets.



**Table: Total Assets**

(Unit: Million Baht)

Items	December	December	Variance	
	2023	2022	Amount	(%YTD)
Interbank and money market items - net	30,724.4	33,051.4	(2,327.0)	(7.0)
Investments - net	49,476.9	54,043.8	(4,566.9)	(8.5)
Loans to customers - net	228,697.5	207,526.6	21,170.9	10.2
Other assets - net	14,423.7	6,934.7	7,489.0	108.0
<b>Total assets</b>	<b>323,322.5</b>	<b>301,556.5</b>	<b>21,766.0</b>	<b>7.2</b>

### Total Liabilities

As of 31 December 2023, total liabilities amounted to Baht 287,361.7 million, increased by Baht 22,675.8 million or 8.6% when compared to the end of the year 2022. Most of liabilities were deposits, accounting for 87.5% of total liabilities.

### Total Owners' Equity

As of 31 December 2023, total owners' equity amounted to Baht 35,960.8 million, decreased by Baht 909.8 million or 2.5% when compared to the end of the year 2022.

**Table: Total Liabilities and Owners' Equity**

(Unit: Million Baht)

Items	December	December	Variance	
	2023	2022	Amount	(%YTD)
Deposits	251,436.6	231,408.4	20,028.2	8.7
Interbank and money market items	21,804.2	23,923.9	(2,119.7)	(8.9)
Debts issued and borrowings - net	8,930.0	5,389.8	3,540.2	65.7
Other liabilities	5,190.9	3,963.8	1,227.1	31.0
<b>Total liabilities</b>	<b>287,361.7</b>	<b>264,685.9</b>	<b>22,675.8</b>	<b>8.6</b>
<b>Total owners' equity</b>	<b>35,960.8</b>	<b>36,870.6</b>	<b>(909.8)</b>	<b>(2.5)</b>

### Number of Employees

As of 31 December 2023, the company and its subsidiaries had 1,789 employees, increased by 48 employees, 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 fourth quarter of 2023, the operating results of the bank showed net profit of Baht 323.1 million, decreased by 24.2% when compared to the third quarter of 2023 which reported the net profit of Baht 426.4 million due to the increase in net interest income and net fees and service income. The net profit increased by 0.8% when compared to the fourth quarter of 2022 with the net profit of Baht 320.6 million due to the increase in net interest income and net fees and service income.

In 2023, the operating results of the bank showed the net profit of Baht 1,693.0 million, increased by 54.9% when compared to the year 2022 with the net profit of Baht 1,093.3 million due to the increase in net interest income and other operating incomes and the decrease in expected credit losses.

##### Net Interest Income

In the fourth quarter of 2023, net interest income amounted to Baht 1,856.6 million, increased by 2.8% when compared to the third quarter of 2023 and increased by 8.1% when compared to the fourth quarter of 2022. In the fourth quarter of 2023, interest income was Baht 3,214.8 million, increased by 6.9% and interest expenses was Baht 1,358.2 million, increased by 13.0% when compared to the third quarter of 2023.

In 2023, net interest income amounted to Baht 7,105.4 million, increased by 13.1% when compared to the year 2022. Interest income was Baht 11,725.1 million, increased by 34.2% and interest expenses were Baht 4,619.7 million, increased by 88.4% when compared to the year 2022.

In 2023, net interest margin (NIM) stood at 2.53%, increased when compared to 2.41% in the year 2022.

#### **Net Non-Interest Income**

In the fourth quarter of 2023, net non-interest income amounted to Baht 143.0 million, decreased by 15.2% when compared to the third quarter of 2023 mainly due to the decrease in dividend income, and decreased by 11.5% when compared to the fourth quarter of 2022 mainly due to the decrease in dividend income.

In 2023, net non-interest income amounted to Baht 708.9 million, equal to the year 2022.

#### **Other Operating Expenses**

In the fourth quarter of 2023, other operating expenses were Baht 1,025.7 million, increased by 12.7% when compared to the third quarter of 2023 due to the increase in premises and equipment expenses and advertising and promotional expenses, and increased by 20.7% when compared to the fourth quarter of 2022 due to the increase in advertising and promotional expenses and taxes and duties.

In 2023, other operating expenses amounted to Baht 3,603.1 million, increased by 15.3% when compared to the year 2022 due to the increase in advertising and promotional expenses and taxes and duties.

#### **Expected Credit Losses**

In the fourth quarter of 2023, the expected credit losses amounted to Baht 576.4 million, increased by 6.2% when compared to the third quarter of 2023 and decreased by 9.7% when compared to the fourth quarter of 2022. As a result, the coverage ratio as of the fourth quarter of 2023 stood at 218.81%.

In 2023, expected credit losses amounted to Baht 2,130.2 million, decreased by 16.5% when compared to the year 2022.

In 2023, basic earnings per share stood at Baht 0.85 per share, increased by 54.5% when compared to the year 2022.

**Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Interest income	3,214.8	3,007.7	6.9	2,469.4	30.2	11,725.1	8,736.0	34.2
Interest expense	(1,358.2)	(1,202.2)	13.0	(751.3)	80.8	(4,619.7)	(2,451.9)	88.4
<b>Net interest income</b>	<b>1,856.6</b>	<b>1,805.5</b>	<b>2.8</b>	<b>1,718.1</b>	<b>8.1</b>	<b>7,105.4</b>	<b>6,284.1</b>	<b>13.1</b>
Fees and service income	102.0	97.1	5.0	95.9	6.4	383.0	360.7	6.2
Fees and service expense	(11.4)	(31.1)	(63.3)	(31.4)	(63.7)	(103.2)	(85.3)	21.0
<b>Net fees and service income</b>	<b>90.6</b>	<b>66.0</b>	<b>37.3</b>	<b>64.5</b>	<b>40.5</b>	<b>279.8</b>	<b>275.4</b>	<b>1.6</b>
Gains (losses) on financial instruments measured at fair value through profit or loss	(17.6)	(7.8)	125.6	(12.3)	43.1	(18.6)	(12.8)	45.3
Gains on investments	-	-	-	-	-	10.9	-	100.0
Dividend income	50.9	88.7	(42.6)	107.6	(52.7)	365.2	423.7	(13.8)
Other operating incomes	19.1	21.7	(12.0)	1.7	1,023.5	71.6	22.6	216.8
<b>Operating income</b>	<b>1,999.6</b>	<b>1,974.1</b>	<b>1.3</b>	<b>1,879.6</b>	<b>6.4</b>	<b>7,814.3</b>	<b>6,993.0</b>	<b>11.7</b>
<b>Other operating expenses</b>	<b>1,025.7</b>	<b>910.5</b>	<b>12.7</b>	<b>849.7</b>	<b>20.7</b>	<b>3,603.1</b>	<b>3,125.3</b>	<b>15.3</b>
<b>Expected credit losses</b>	<b>576.4</b>	<b>543.0</b>	<b>6.2</b>	<b>638.4</b>	<b>(9.7)</b>	<b>2,130.2</b>	<b>2,550.5</b>	<b>(16.5)</b>
<b>Income tax</b>	<b>74.4</b>	<b>94.2</b>	<b>(21.0)</b>	<b>70.9</b>	<b>4.9</b>	<b>388.0</b>	<b>223.9</b>	<b>73.3</b>
<b>Profits from operations before expected credit losses and income tax</b>	<b>973.9</b>	<b>1,063.6</b>	<b>(8.4)</b>	<b>1,029.9</b>	<b>(5.4)</b>	<b>4,211.2</b>	<b>3,867.7</b>	<b>8.9</b>
<b>Profits from operations before income tax</b>	<b>397.5</b>	<b>520.6</b>	<b>(23.6)</b>	<b>391.5</b>	<b>1.5</b>	<b>2,081.0</b>	<b>1,317.2</b>	<b>58.0</b>
<b>Net profit</b>	<b>323.1</b>	<b>426.4</b>	<b>(24.2)</b>	<b>320.6</b>	<b>0.8</b>	<b>1,693.0</b>	<b>1,093.3</b>	<b>54.9</b>
<b>Basic earnings per share (Baht)</b>	<b>0.64</b>	<b>0.21</b>	<b>204.8</b>	<b>0.16</b>	<b>299.3</b>	<b>0.85</b>	<b>0.55</b>	<b>54.5</b>
<b>ROA</b>						<b>0.58</b>	<b>0.41</b>	<b>41.5</b>
<b>ROE</b>						<b>4.75</b>	<b>3.14</b>	<b>51.3</b>

**Table: Other Operating Expenses**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Employees' expenses	427.2	428.4	(0.3)	385.4	10.8	1,644.1	1,485.5	10.7
Premises and equipment expenses	195.2	172.2	13.4	164.8	18.4	698.9	619.2	12.9
Other expenses	403.3	309.9	30.1	299.5	34.7	1,260.1	1,020.6	23.5
<b>Total</b>	<b>1,025.7</b>	<b>910.5</b>	<b>12.7</b>	<b>849.7</b>	<b>20.7</b>	<b>3,603.1</b>	<b>3,125.3</b>	<b>15.3</b>

### Analysis of Financial Position

#### Total Assets

As of 31 December 2023, total assets amounted to Baht 316,339.1 million, increased by Baht 20,493.0 million or 6.9% when compared to the end of the year 2022. Core assets comprised of loans to customers - net at 71.7% of total assets, followed by investments - net at 13.6% of total assets, interbank and money market items - net at 10.5% of total assets.

**Table: Total Assets**

(Unit: Million Baht)

Items	December	December	Variance	
	2023	2022	Amount	(%YTD)
Interbank and money market items - net	33,153.8	35,933.7	(2,779.9)	(7.7)
Investments - net	42,864.2	44,375.8	(1,511.6)	(3.4)
Loans to customers - net	226,667.9	210,256.4	16,411.5	7.8
Other assets - net	13,653.2	5,280.2	8,373.0	158.6
<b>Total assets</b>	<b>316,339.1</b>	<b>295,846.1</b>	<b>20,493.0</b>	<b>6.9</b>

#### Loans to Customers

As of 31 December 2023, loans to customers - net of deferred revenue and modification gain or loss from the new standard (Interbank and money market items included) amounted to Baht 267,347.4 million, increased by Baht 16,252.0 million or 6.5% when compared to the end of the year 2022.

### Loans to Customers Classified by Business Sector

Conglomerate & corporate loans amounted to Baht 117,580.7 million, increased by Baht 8,294.0 million or 7.6% when compared to the end of the year 2022.

Commercial & SME loans amounted to Baht 96,376.7 million, decreased by Baht 3,049.3 million or 3.1% when compared to the end of the year 2022.

Retail loans amounted to Baht 53,390.0 million, increased by Baht 11,007.3 million or 26.0% 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	December	December	Variance	
	2023	2022	Amount	(%YTD)
Conglomerate & Corporate	117,580.7	109,286.7	8,294.0	7.6
Commercial & SME	96,376.7	99,426.0	(3,049.3)	(3.1)
Retail	53,390.0	42,382.7	11,007.3	26.0
<b>Total loans to customers - net*</b>	<b>267,347.4</b>	<b>251,095.4</b>	<b>16,252.0</b>	<b>6.5</b>

**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 were comprised mainly of financial intermediary, followed by manufacturing and housing loan, accounting for 25.3%, 24.2% and 18.9% of total loans to customers, respectively.

**Table: Loans to Customers Classified by Type of Businesses**

(Unit: Million Baht)

Loans to Customers Classified by Type of Businesses	December	December	Variance	
	2023	2022	Amount	(%YTD)
Agricultural and mining	760.4	347.6	412.8	118.8
Manufacturing and commerce	64,594.2	61,882.3	2,711.9	4.4
Real estate and construction	30,246.2	25,667.5	4,578.7	17.8
Public utilities and services	43,975.9	46,228.2	(2,252.3)	(4.9)
Housing loan	50,560.0	39,665.6	10,894.4	27.5

Loans to Customers Classified by Type of Businesses	December	December	Variance	
	2023	2022	Amount	(%YTD)
Financial intermediary	67,606.9	60,711.4	6,895.5	11.4
Savings cooperative	6,760.0	13,902.8	(7,142.8)	(51.4)
Others	2,843.8	2,690.0	153.8	5.7
<b>Total loans to customers - net *</b>	<b>267,347.4</b>	<b>251,095.4</b>	<b>16,252.0</b>	<b>6.5</b>

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 December 2023, non-performing loans (Gross) amounted to Baht 6,298.8 million, increased by Baht 1,050.6 million or 20.0% when compared to the end of the year 2022.

NPL ratio was 2.36% of total loans (Interbank and money market items included) when compared to the end of the year 2022 which was 2.09%.

### **Investments**

As of 31 December 2023, net investments had the book value of Baht 42,864.2 million, decreased by Baht 1,511.6 million or 3.4% when compared to the end of the year 2022.

### **Total Liabilities**

As of 31 December 2023, total liabilities amounted to Baht 280,721.9 million, increased by Baht 20,205.5 million or 7.8% when compared to the end of the year 2022. Most of liabilities were deposits, accounting for 89.6% of total liabilities.

### **Total Owners' Equity**

As of 31 December 2023, total owners' equity amounted to Baht 35,617.2 million, increased by Baht 287.5 million or 0.8% when compared to the end of the year 2022.

**Table: Total Liabilities and Owners' Equity**

(Unit: Million Baht)

Items	December	December	Variance	
	2023	2022	Amount	(%YTD)
Deposits	251,453.4	231,432.0	20,021.4	8.7
Interbank and money market items	21,409.3	23,616.8	(2,207.5)	(9.3)
Debts issued and borrowings - net	3,058.1	2,396.1	662.0	27.6
Other liabilities	4,801.1	3,071.5	1,729.6	56.3
<b>Total liabilities</b>	<b>280,721.9</b>	<b>260,516.4</b>	<b>20,205.5</b>	<b>7.8</b>
<b>Total owners' equity</b>	<b>35,617.2</b>	<b>35,329.7</b>	<b>287.5</b>	<b>0.8</b>

### Deposits

As of 31 December 2023, the bank had total deposits of Baht 251,453.4 million, increased by Baht 20,021.4 million or 8.7% when compared to the end of the year 2022. Major portion of deposits were time deposits at 58.2% and savings deposits at 23.0% of total deposits.

**Table: Deposits Classified by Type of Deposits**

(Unit: Million Baht)

Deposits Classified by Type of Deposits	December	December	Variance	
	2023	2022	Amount	(%YTD)
Demand deposits	2,707.0	2,676.7	30.3	1.1
Savings deposits	57,842.4	83,296.4	(25,454.0)	(30.6)
Time deposits	146,355.2	104,437.2	41,918.0	40.1
Fixed deposits receipt	44,548.8	41,021.7	3,527.1	8.6
<b>Total deposits</b>	<b>251,453.4</b>	<b>231,432.0</b>	<b>20,021.4</b>	<b>8.7</b>

### Capital Adequacy Ratio and BIS Ratio

As of 31 December 2023, the capital to risk-weighted assets ratio (BIS ratio) was 15.017%, which was higher than the Bank of Thailand's minimum requirement of 11.000% and decreased from 15.483% as at 31 December 2022.

Tier-1 capital ratio to risk-weighted assets was 12.880%, which was higher than the Bank of Thailand's minimum rate of 8.500% and decreased from 13.498% as at 31 December 2022.



**Table: Capital to Risk-Weighted Assets Ratio**

Capital to Risk-Weighted Assets Ratio	As of 31 December 2023		As of 31 December 2022	
	Million Baht	%	Million Baht	%
<b>Common Equity Tier-1 capital</b>				
Bank	32,413.2	12.880	32,961.3	13.498
Minimum rates required by law		7.000		7.000
Difference		5.880		6.498
<b>Tier 1 capital</b>				
Bank	32,413.2	12.880	32,961.3	13.498
Minimum rates required by law		8.500		8.500
Difference		4.380		5.498
<b>Total capital</b>				
Bank	37,792.2	15.017	37,808.0	15.483
Minimum rates required by law		11.000		11.000
Difference		4.017		4.483

### **Branch Network**

As of 31 December 2023, Land and Houses Bank Public Company Limited had a total of 72 branches, decreased by 2 branches when compared to the year 2022.

## **2. SECURITIES BUSINESS**

### **Land and Houses Securities Public Company Limited**

#### **Overview of the Stock Exchange of Thailand**

In 2023, a continued downward trend was seen since the beginning of the year. Negative factors to the market included a protracted Russia-Ukraine war and further aggravated by Israel-Hamas war and a weaker-than-expected Thai economy. In addition, the US interest rate hike was climbing to 5.5% resulting in a massive capital outflow from Thai stock market, given the fact that US-Thai interest differential that was widened to 3%. This pressured the Thai stock market to underperform global equities this year.

SET Index ended the year at 1,415.85 points, lowered by -15.15%. Selling pressure from foreign investors with net sale of Baht 192 billion, registering 51% of total market turnover. Given aforementioned negative sentiment, average daily turnover shrank to Baht 53,331 million, a dramatic decline of 31% from the previous year.

### **Analysis of Operating Results**

The operating results of the company and its subsidiary for the fourth quarter of 2023 showed a net profit of Baht 7.8 million, increased by 111.5% when compared to the fourth quarter of 2022.

For the year 2023, the operating result of the company and its subsidiary showed a net profit of Baht 140 million, increased by 4.0% when compared to the year 2022.

#### **Total Income**

In the fourth quarter of 2023, total income was Baht 100.5 million, decreased by 33% when compared to the fourth quarter of 2022.

In 2023, total income was Baht 541.3 million, decreased by 12.6% when compared to the year 2022.

#### **Brokerage Fees Income**

In the fourth quarter of 2023, brokerage fees income was Baht 28.9 million, decreased by 19.5% when compared to the fourth quarter of 2022.

In 2023, brokerage fees income was Baht 131.6 million, decreased by 29.3% when compared to the year 2022.

#### **Other Incomes apart from Brokerage Fees Income**

In the fourth quarter of 2023, other incomes apart from brokerage fees income included interest income, gains and returns on financial instruments and other incomes amounting to Baht 38.4, 30.5 and 2.7 million, respectively.

In 2023, other incomes apart from brokerage fees income included interest income, gains and returns on financial instruments and other incomes amounting to Baht 137.4, 267.1 and 5.3 million, respectively.

#### **Total Expenses**

In the fourth quarter of 2023, total expenses were Baht 90.7 million, decreased by 62.5% when compared to the fourth quarter of 2022.

In 2023, total expenses were Baht 386.2 million, decreased by 19.4% when compared to the year 2022.

**Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Brokerage fees income	28.9	30.3	(4.6)	35.9	(19.5)	131.6	186.1	(29.3)
Interest income	38.4	35.7	7.6	29.0	32.4	137.4	114.5	20.0
Gains and return on financial instruments	30.5	77.8	(60.8)	82.9	(63.2)	267.1	303.6	(12.0)
Other incomes	2.7	1.0	170	2.2	22.7	5.3	15.1	(65.2)
<b>Total income</b>	<b>100.5</b>	<b>144.8</b>	<b>(30.6)</b>	<b>150.0</b>	<b>(33.0)</b>	<b>541.3</b>	<b>619.3</b>	<b>(12.6)</b>
<b>Total expenses</b>	<b>90.7</b>	<b>96.7</b>	<b>(6.2)</b>	<b>241.6</b>	<b>(62.5)</b>	<b>386.2</b>	<b>479.4</b>	<b>(19.4)</b>
<b>Profits before income tax</b>	<b>9.8</b>	<b>48.1</b>	<b>(79.6)</b>	<b>(91.6)</b>	<b>110.7</b>	<b>155.1</b>	<b>139.9</b>	<b>10.9</b>
<b>Income tax</b>	<b>2.0</b>	<b>4.3</b>	<b>(53.5)</b>	<b>(23.9)</b>	<b>108.4</b>	<b>15.1</b>	<b>5.3</b>	<b>185.3</b>
<b>Net profit</b>	<b>7.8</b>	<b>43.8</b>	<b>(82.2)</b>	<b>(67.7)</b>	<b>111.5</b>	<b>140.0</b>	<b>134.6</b>	<b>4.0</b>
<b>Basic earnings per share (Baht)</b>	<b>0.01</b>	<b>0.03</b>	<b>(66.7)</b>	<b>(0.1)</b>	<b>120.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>

### 3. FUND MANAGEMENT BUSINESS

#### Land and Houses Fund Management Company Limited

##### Overview of Fund Management Business

In the fourth quarter of 2023, the total net asset value of mutual funds increased to Baht 5.15 trillion from Baht 5.02 trillion in the previous quarter, representing a growth of 2.42%. Upon classification by fund types, all types of mutual funds experienced growth, except for property funds and REITs.

##### Analysis of the Operating Results

In the fourth quarter of 2023, the operating result showed a net profit of Baht 18.3 million, decreased by 5.5% when compared to the fourth quarter of 2022.

In 2023, the operating result showed a net profit of Baht 82.9 million, decreased by 8.6% when compared to the year 2022.

#### **Total Income**

In the fourth quarter of 2023, total incomes amounted to Baht 106.7 million, decreased by 1.0% when compared to the fourth quarter of 2022, due to the decrease in fees and service income.

In 2023, total incomes amounted to Baht 434.0 million, decreased by 4.4% when compared to year 2022, due to the decrease in fees and service income and other incomes.

#### **Fees and Service Income**

In the fourth quarter of 2023, fees and service income amounted to Baht 103.1 million, decreased by 1.2% when compared to the fourth quarter of 2022. The fees income was mostly from mutual fund management, accounting for 70.6% of total fees and service income.

In 2023, fees and service income amounted to Baht 417.9 million, decreased by 4.9% when compared to year 2022. The fee income was mostly from mutual fund management, accounting for 72.0% of total fees and service income.

#### **Other Incomes apart from Fees and Service Income**

In the fourth quarter of 2023, other incomes apart from fees and service income included interest income, gains and returns on financial instruments and other incomes, amounting to Baht 0.4, 3.1 million and Baht 0.2 million, respectively.

In 2023, other incomes apart from fees and service income included interest income, gains and returns on financial instruments and other incomes, amounting to Baht 1.3, 13.6 million and Baht 1.2 million, respectively.

#### **Total expenses**

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

In 2023, total expenses amounted to Baht 331.0 million, decreased by 3.1% when compared to the year 2022.

**Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	Year		Variance
	4/2023	3/2023	(%QoQ)	4/2022	(%YoY)	2023	2022	(%YoY)
Fees and service income	103.1	105.8	(2.6)	104.3	(1.2)	417.9	439.6	(4.9)
Interest income	0.4	0.3	15.2	0.1	154.5	1.3	0.2	418.0
Gains and return on financial instruments	3.1	3.6	(15.4)	3.1	(2.6)	13.6	13.1	3.7
Other incomes	0.2	0.5	(65.6)	0.2	2.0	1.2	1.1	13.3
<b>Total income</b>	<b>106.7</b>	<b>110.2</b>	<b>(3.2)</b>	<b>107.8</b>	<b>(1.0)</b>	<b>434.0</b>	<b>454.0</b>	<b>(4.4)</b>
<b>Total expense</b>	<b>84.0</b>	<b>80.7</b>	<b>4.0</b>	<b>83.8</b>	<b>0.2</b>	<b>331.0</b>	<b>341.6</b>	<b>(3.1)</b>
<b>Profits before income tax</b>	<b>22.7</b>	<b>29.5</b>	<b>(23.0)</b>	<b>23.9</b>	<b>(5.2)</b>	<b>103.0</b>	<b>112.4</b>	<b>(8.4)</b>
<b>Income tax</b>	<b>4.4</b>	<b>5.9</b>	<b>(24.1)</b>	<b>4.6</b>	<b>(4.2)</b>	<b>20.1</b>	<b>21.8</b>	<b>(7.6)</b>
<b>Net profit</b>	<b>18.3</b>	<b>23.6</b>	<b>(22.8)</b>	<b>19.3</b>	<b>(5.5)</b>	<b>82.9</b>	<b>90.6</b>	<b>(8.6)</b>
<b>Basic earnings per share (Baht)</b>	<b>6.08</b>	<b>7.84</b>	<b>(22.8)</b>	<b>6.44</b>	<b>(5.5)</b>	<b>27.62</b>	<b>30.21</b>	<b>(8.6)</b>

### Net Asset Value under Management

As of 31 December 2023, the company had 183 funds under management, increased by 27 funds when compared with the end of year 2022 and had the total net asset value of Baht 61,112.1 million, increased by 9.8% when compared with the end of year 2022. The company had the mutual funds under management consisting of:

- Property fund and REIT	36,320.5	million Baht
- Fixed income fund	6,398.9	million Baht
- Equity fund	11,611.4	million Baht
- Mixed fund	2,583.5	million Baht
- Fund of property fund	4,197.8	million Baht

However, in case private fund worth Baht 14,245.0 million and provident fund worth Baht 7,047.2 million were included, the net asset value would be Baht 82,404.3 million.