



**LH FINANCIAL GROUP PUBLIC COMPANY LIMITED**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

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

## 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 performance in terms of environmental, social and governance (ESG100) of 2024 by Thaipat Institute for the 9<sup>th</sup> year and the company's securities have also been included in the Universe of ESG 100 securities group of 2024.

## Credit Rating

Fitch Ratings (Thailand) Limited		
	2023	2024
National Long-term Rating	AA+(tha)	AA+(tha)
Outlook	“Stable”	“Stable”
National Short-term Rating	F1+ (tha)	F1+ (tha)
TRIS Rating Company Limited		
Company Rating	A-	AA+
Outlook	“Stable”	“Stable”

The company aims to lessen the greenhouse gas emissions by 25% from internal operations within 2030, maintain carbon neutrality from own operation, focus on responsible lending and promote environmentally sustainable lending.

### **Economic Overview and Competition in Commercial Banking Industry**

In the first half of 2024, Thailand's economy continued to expand, driven by strong growth in private consumption and service-related economic activities which increased in line with the number of foreign tourists. The economic expansion is also supported by low inflationary pressures and improved consumer confidence. However, private investment slowed down due to the delay in government budget approval and a sluggish recovery in exports amid fragile global demand.

For overall economy in 2024, the Bank of Thailand estimates that the Thai economy is likely to expand by 2.6% (Data as of July 2024), with the main drivers being the continued expansion of domestic demand and tourism sector. Meanwhile, exports are expected to expand at a low level. In addition, the Thai economy still faces many risk factors, such as the risk of debt defaults in both private and household sectors, global geopolitical issues that could lead to greater volatility in energy prices, baht currency value and high household debts.

The commercial banking system was solid and stable in the second quarter of 2024, with high levels of capital, reserves and liquidity. Despite continued deposit growth, lending has slowed down due to conservative lending, driven by concerns about deteriorating credit quality trends in both corporate loans and consumer loans, particularly auto loan and credit card. Furthermore, the measures to address household debt issues under the responsible lending guidelines which may put the pressure on loan growth. Overall, the performance of commercial banks remained flat due to a slowdown in net interest income, while financial costs, operating expenses, and provisioning expenses increased. Nevertheless, it is crucial to monitor the debt serviceability of SMEs and some households, whose financial position remains vulnerable due to stagnant income recovery.

### **Analysis of Operating Results**

In the second quarter of 2024, the operating results of the company and its subsidiaries showed the net profit of Baht 491.5 million, increased by 23.1% when compared to the first quarter of 2024 with the net profit of Baht 399.2 million as a result of the decrease in expected credit losses. And the net profit dropped by 7.6% when compared to the second quarter of 2023 with the net profit of Baht 532.1 million due to the decrease in gains on investments and dividend income.

In the 6-month period of 2024, the operating results of the company and its subsidiaries showed the net profit of Baht 890.7 million, decreased by 25.9% when compared to the 6-month period of 2023 with the net profit of Baht 1,201.9 million as a result of the decrease in gains on investments and dividend income.

#### **Net Interest Income**

In the second quarter of 2024, net interest income amounted to Baht 1,708.7 million, increased by 0.6% when compared to the first quarter of 2024 and increased by 2.3% when compared to the second quarter of 2023. In the second quarter of 2024, interest income was Baht 3,242.4 million, decreased by 0.7% and interest expenses amounted to Baht 1,533.7 million, decreased by 2.0% when compared to the first quarter of 2024.

In the 6-month period of 2024, net interest income amounted to Baht 3,407.6 million, increased by 1.3% when compared to the 6-month period of 2023. Interest income was Baht 6,507.0 million, increased by 19.1% and interest expenses were Baht 3,099.4 million, increased by 47.7% when compared to the 6-month period of 2023.

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

In the second quarter of 2024, net non-interest income amounted to Baht 322.1 million, decreased by 14.3% when compared to the first quarter of 2024, mainly due to the decrease in gains on investments. Non-interest income decreased by 36.3% when compared to the second quarter of 2023, mainly due to the decrease in gains on investments and dividend income.

In the 6-month period of 2024, net non-interest income amounted to Baht 697.9 million, decreased by 32.6% when compared to the 6-month period of 2023 due mainly to the decrease in gains on investments and dividend income.

#### **Other Operating Expenses**

In the second quarter of 2024, other operating expenses amounted to Baht 1,056.3 million, decreased by 0.3% when compared to the first quarter of 2024. Other operating expenses increased by 6.7% when compared to the second quarter of 2023 which mainly increased in premises and equipment expenses and other expenses.

In the 6-month period of 2024, other operating expenses amounted to Baht 2,115.5 million, increased by 9.9% when compared to the 6-month period of 2023 due to the increase in premises and equipment expenses and other expenses.

### Profit from Operations before Expected Credit Losses and Income Tax

In the second quarter of 2024, profit from operations before expected credit losses and income tax amounted to Baht 974.5 million, decreased by 4.0% when compared to the first quarter of 2024 and decreased by 17.9% when compared to the second quarter of 2023.

In the 6-month period of 2024, profit from operations before expected credit losses and income tax amounted to Baht 1,990.0 million, decreased by 19.6% when compared to the 6-month period of 2023.

In the second quarter of 2024, basic earnings per share stood at Baht 0.023 per share, increased by 21.1% when compared to the first quarter of 2024 and decreased by 8.0% when compared to the second quarter of 2023.

In the 6-month period of 2024, basic earnings per share stood at Baht 0.042 per share, decreased by 26.3% when compared to the 6-month period of 2023.

### Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Interest income	3,242.4	3,264.6	(0.7)	2,729.0	18.8	6,507.0	5,463.2	19.1
Interest expense	(1,533.7)	(1,565.7)	(2.0)	(1,058.3)	44.9	(3,099.4)	(2,098.9)	47.7
<b>Net interest income</b>	<b>1,708.7</b>	<b>1,698.9</b>	<b>0.6</b>	<b>1,670.7</b>	<b>2.3</b>	<b>3,407.6</b>	<b>3,364.3</b>	<b>1.3</b>
Fees and service income	238.6	234.4	1.8	233.9	2.0	473.0	481.5	(1.8)
Fees and service expense	(56.6)	(53.3)	6.2	(60.6)	(6.6)	(109.9)	(120.3)	(8.6)
<b>Net fees and service income</b>	<b>182.0</b>	<b>181.1</b>	<b>0.5</b>	<b>173.3</b>	<b>5.0</b>	<b>363.1</b>	<b>361.2</b>	<b>0.5</b>
Gains (losses) on financial instruments measured at fair value through profit or loss	25.2	24.9	1.2	(4.2)	700.0	50.1	4.9	922.4
Gains on investments	(33.0)	7.4	(545.9)	-	(100.0)	(25.6)	10.9	(334.9)
Dividend income	126.6	131.9	(4.0)	313.8	(59.7)	258.5	626.1	(58.7)
Other operating incomes	21.3	30.5	(30.2)	23.0	(7.4)	51.8	32.3	60.4
<b>Operating income</b>	<b>2,030.8</b>	<b>2,074.7</b>	<b>(2.1)</b>	<b>2,176.6</b>	<b>(6.7)</b>	<b>4,105.5</b>	<b>4,399.7</b>	<b>(6.7)</b>
<b>Other operating expenses</b>	<b>1,056.3</b>	<b>1,059.2</b>	<b>(0.3)</b>	<b>989.8</b>	<b>6.7</b>	<b>2,115.5</b>	<b>1,925.7</b>	<b>9.9</b>
<b>Expected credit losses</b>	<b>357.6</b>	<b>526.6</b>	<b>(32.1)</b>	<b>546.8</b>	<b>(34.6)</b>	<b>884.2</b>	<b>1,034.1</b>	<b>(14.5)</b>
<b>Income tax</b>	<b>125.4</b>	<b>89.7</b>	<b>39.8</b>	<b>107.9</b>	<b>16.2</b>	<b>884.2</b>	<b>238.0</b>	<b>(9.6)</b>

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Profits from operations before expected credit losses and income tax	974.5	1,015.5	(4.0)	1,186.8	(17.9)	1,990.0	2,474.0	(19.6)
Profits from operations before income tax	616.9	488.9	26.2	640.0	(3.6)	1,105.8	1,439.9	(23.2)
Net profit	491.5	399.2	23.1	532.1	(7.6)	890.7	1,201.9	(25.9)
Basic earnings per share (Baht)	0.023	0.019	21.1	0.025	(8.0)	0.042	0.057	(26.3)
ROA	0.57	0.51				0.57	0.83	(31.3)
ROE	4.95	4.41				4.95	6.57	(24.7)

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Employees' expenses	586.2	565.8	3.6	556.9	5.3	1,152.0	1,076.0	7.1
Premises and equipment expenses	218.8	200.2	9.3	187.1	16.9	419.0	372.9	12.4
Other expenses	251.3	293.2	(14.3)	245.8	2.2	544.5	476.8	14.2
<b>Total</b>	<b>1,056.3</b>	<b>1,059.2</b>	<b>(0.3)</b>	<b>989.8</b>	<b>6.7</b>	<b>2,115.5</b>	<b>1,925.7</b>	<b>9.9</b>

### Analysis of Financial Position

#### Total Assets

As of 30 June 2024, total assets amounted to Baht 307,910.5 million, decreased by Baht 15,412.0 million or 4.8% when compared to the end of the year 2023. Core assets comprised loans to customers - net at 74.8% of total assets, followed by investments - net at 15.6% of total assets.

**Table: Total Assets**

(Unit: Million Baht)

Items	June	December	Variance	
	2024	2023	Amount	(%YTD)
Interbank and money market items - net	14,183.9	30,724.4	(16,540.5)	(53.8)
Investments - net	47,935.4	49,476.9	(1,541.5)	(3.1)
Loans to customers - net	230,397.0	228,697.5	1,699.5	0.7
Other assets - net	15,394.2	14,423.7	970.5	6.7
<b>Total assets</b>	<b>307,910.5</b>	<b>323,322.5</b>	<b>(15,412.0)</b>	<b>(4.8)</b>

**Total Liabilities**

As of 30 June 2024, total liabilities amounted to Baht 271,800.3 million, decreased by Baht 15,561.4 million or 5.4% when compared to the end of the year 2023. Most of liabilities were deposits, accounting for 90.1% of total liabilities.

**Total Owners' Equity**

As of 30 June 2024, total owners' equity amounted to Baht 36,110.2 million, increased by Baht 149.4 million or 0.4% when compared to the end of the year 2023.

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

(Unit: Million Baht)

Items	June	December	Variance	
	2024	2023	Amount	(%YTD)
Deposits	244,761.5	251,436.6	(6,675.1)	(2.7)
Interbank and money market items	13,882.5	21,762.0	(7,879.5)	(36.2)
Debts issued and borrowings - net	6,179.5	8,930.0	(2,750.5)	(30.8)
Other liabilities	6,976.78	5,233.1	1,743.7	33.3
<b>Total liabilities</b>	<b>271,800.3</b>	<b>287,361.7</b>	<b>(15,561.4)</b>	<b>(5.4)</b>
<b>Total owners' equity</b>	<b>36,110.2</b>	<b>35,960.8</b>	<b>149.4</b>	<b>0.4</b>

**Number of Employees**

As of 30 June 2024, the company and its subsidiaries had 1,791 employees, increased by 2 employees, when compared to the end of the year 2023.

**Performance Analysis of Subsidiaries**

**1. COMMERCIAL BANKING BUSINESS**

**Land and Houses Bank Public Company Limited**

**Credit Rating**

<b>Fitch Ratings (Thailand) Limited</b>		
	<b>2023</b>	<b>2024</b>
National Long-term Rating	AA+(tha)	AA+(tha)
Outlook	“Stable”	“Stable”
National Short-term Rating	F1+ (tha)	F1+ (tha)
Basel III Tier 2 Debentures	AA-(tha)	AA-(tha)
<b>TRIS Rating Company Limited</b>		
Company Rating	A	AAA
Outlook	“Stable”	“Stable”
Basel III Tier 2 Debentures	BBB+	AA

**Analysis of Operating Results**

In the second quarter of 2024, the operating results of the bank showed the net profit of Baht 476.0 million, increased by 28.5% when compared to the first quarter of 2024 which reported the net profit of Baht 370.3 million due to the increase in profit (loss) on financial instruments measured at fair value through profit or loss and decrease in expected credit losses. The net profit increased by 14.1% when compared to the second quarter of 2023 with the net profit of Baht 417.1 million due to the increase in profit (loss) on financial instruments measured at fair value through profit or loss and decrease in expected credit losses.

In the 6-month period of 2024, the operating results of the bank showed the net profit of Baht 846.3 million, decreased by 10.3% when compared to the 6-month period of 2023 with the net profit of Baht 943.6 million due to the decrease in gains on investments and dividend income.

**Net Interest Income**

In the second quarter of 2024, net interest income amounted to Baht 1,742.3 million, increased by 0.3% when compared to the first quarter of 2024 and increased by 1.7% when compared to the second quarter of 2023 as a result of loan expansion. In the second quarter of 2024, interest income was Baht 3,244.9 million, decreased by 18.0% and interest expenses was Baht 1,502.6 million, increased by 44.9% when compared to the second quarter of 2023.



In the 6-month period of 2024, net interest income amounted to Baht 3,478.6 million, increased by 1.0% when compared to the 6-month period of 2023. Interest income was Baht 6,514.9 million, increased by 18.4% and interest expenses were Baht 3,036.3 million, increased by 47.4% when compared to the 6-month period of 2023.

In the 6-month period of 2024, net interest margin (NIM) stood at 2.35%, lower than the 6-month period of 2023 which was 2.50%.

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

In the second quarter of 2024, net non-interest income amounted to Baht 135.4 million, decreased by 30.5% when compared to the first quarter of 2024 mainly due to gains the decrease in gains on investments and dividend income, and decreased by 37.7% when compared to the second quarter of 2023 mainly due to the decrease in gains on investments and dividend income.

In the 6-month period of 2024, net non-interest income amounted to Baht 330.1 million, decreased by 22.7% when compared to the 6-month period of 2023 due mainly to the decrease in gains on investments and dividend income.

#### **Other Operating Expenses**

In the second quarter of 2024, other operating expenses were Baht 937.7 million, decreased by 1.1% when compared to the first quarter of 2024 due to the decrease other expenses, increased by 7.2% when compared to the second quarter of 2023 due to the increase in premises and equipment expenses and other expenses.

In the 6-month period of 2024, other operating expenses amounted to Baht 1,885.5 million, increased by 11.1% when compared to the 6-month period of 2023 due to the increase in premises and equipment expenses and other expenses.

#### **Expected Credit Losses**

In the second quarter of 2024, the expected credit losses amounted to Baht 338.7 million, decreased by 35.7% when compared to the first quarter of 2024 and decreased by 37.0% when compared to the second quarter of 2023. As a result, in the second quarter of 2024, the coverage ratio stood at 188.48%.

In the 6-month period of 2024, expected credit losses amounted to Baht 865.3 million, decreased by 14.4% when compared to the 6-month period of 2023.

In the second quarter of 2024, basic earnings per share stood at Baht 0.23 per share, increased by 21.1% when compared to the first quarter of 2024, and increased by 10.3% when compared to the second quarter of 2023.

In the 6-month period of 2024, basic earnings per share stood at Baht 0.42 per share, decreased by 10.6% when compared to the 6-month period of 2023.

**Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Interest income	3,244.9	3,270.0	(0.8)	2,749.8	18.0	6,514.9	5,502.6	18.4
Interest expense	(1,502.6)	(1,533.7)	(2.0)	(1,037.2)	44.9	(3,036.3)	(2,059.4)	47.4
<b>Net interest income</b>	<b>1,742.3</b>	<b>1,736.3</b>	<b>0.3</b>	<b>1,712.6</b>	<b>1.7</b>	<b>3,478.6</b>	<b>3,443.2</b>	<b>1.0</b>
Fees and service income	100.8	103.9	(3.0)	107.0	(5.8)	204.7	213.6	(4.2)
Fees and service expense	(25.0)	(24.7)	(1.2)	(30.7)	(18.6)	(49.7)	(60.6)	(18.0)
<b>Net fees and service income</b>	<b>75.8</b>	<b>79.2</b>	<b>(4.3)</b>	<b>76.3</b>	<b>(0.7)</b>	<b>155.0</b>	<b>153.0</b>	<b>1.3</b>
Gains (losses) on financial instruments measured at fair value through profit or loss	26.1	22.5	16.0	8.9	193.3	48.6	6.8	614.7
Gains on investments	(33.0)	7.4	(545.9)	-	(100.0)	(25.6)	10.9	(334.9)
Dividend income	46.8	56.1	(16.6)	109.9	(57.4)	102.9	225.6	(54.4)
Other operating incomes	19.7	29.5	(33.2)	22.2	(11.3)	49.2	30.7	60.3
<b>Operating income</b>	<b>1,877.7</b>	<b>1,931.0</b>	<b>(2.8)</b>	<b>1,929.9</b>	<b>(2.7)</b>	<b>3,808.7</b>	<b>3,870.2</b>	<b>(1.6)</b>
<b>Other operating expenses</b>	<b>937.7</b>	<b>947.8</b>	<b>(1.1)</b>	<b>874.8</b>	<b>7.2</b>	<b>1,885.5</b>	<b>1,696.6</b>	<b>11.1</b>
<b>Expected credit losses</b>	<b>338.7</b>	<b>526.6</b>	<b>(35.7)</b>	<b>537.9</b>	<b>(37.0)</b>	<b>865.3</b>	<b>1,010.7</b>	<b>(14.4)</b>
<b>Income tax</b>	<b>125.3</b>	<b>86.3</b>	<b>45.2</b>	<b>100.1</b>	<b>25.2</b>	<b>211.6</b>	<b>219.3</b>	<b>(3.5)</b>
<b>Profits from operations before expected credit losses and income tax</b>	<b>940.0</b>	<b>983.2</b>	<b>(4.4)</b>	<b>1,055.1</b>	<b>(10.9)</b>	<b>1,923.2</b>	<b>2,173.6</b>	<b>(11.5)</b>
<b>Profits from operations before income tax</b>	<b>601.3</b>	<b>456.6</b>	<b>31.7</b>	<b>517.2</b>	<b>16.3</b>	<b>1,057.9</b>	<b>1,162.9</b>	<b>(9.0)</b>
<b>Net profit</b>	<b>476.0</b>	<b>370.3</b>	<b>28.5</b>	<b>417.1</b>	<b>14.1</b>	<b>846.3</b>	<b>943.6</b>	<b>(10.3)</b>
<b>Basic earnings per share (Baht)</b>	<b>0.230</b>	<b>0.190</b>	<b>21.1</b>	<b>0.210</b>	<b>10.3</b>	<b>0.420</b>	<b>0.470</b>	<b>(10.6)</b>
<b>ROA</b>	<b>0.55</b>	<b>0.48</b>				<b>0.55</b>	<b>0.67</b>	<b>(17.9)</b>
<b>ROE</b>	<b>4.70</b>	<b>4.17</b>				<b>4.70</b>	<b>5.33</b>	<b>(11.3)</b>

**Table: Other Operating Expenses**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Employees' expenses	436.6	416.1	4.9	413.2	5.7	852.7	788.4	8.2
Premises and equipment expenses	198.5	180.1	10.2	166.1	19.5	378.6	331.5	14.2
Other expenses	302.6	351.6	(13.9)	295.5	2.4	654.2	576.7	13.4
<b>Total</b>	<b>937.7</b>	<b>947.8</b>	<b>(1.1)</b>	<b>874.8</b>	<b>7.2</b>	<b>1,885.5</b>	<b>1,696.6</b>	<b>11.1</b>

### Analysis of Financial Position

#### Total Assets

As of 30 June 2024, total assets amounted to Baht 303,972.5 million, decreased by Baht 12,366.6 million or 3.9% when compared to the end of the year 2023. Core assets comprised loans to customers - net at 75.8% of total assets, followed by investments - net at 14.0% of total assets, interbank and money market items - net at 5.4% of total assets.

**Table: Total Assets**

(Unit: Million Baht)

Items	June	December	Variance	
	2024	2023	Amount	(%YTD)
Interbank and money market items - net	16,341.7	33,153.8	(16,812.1)	(50.7)
Investments - net	42,592.8	42,864.2	(271.4)	(0.6)
Loans to customers - net	230,313.8	226,667.9	3,645.9	1.6
Other assets - net	14,724.2	13,653.2	1,071.0	7.8
<b>Total assets</b>	<b>303,972.5</b>	<b>316,339.1</b>	<b>(12,366.6)</b>	<b>(3.9)</b>

#### Loans to Customers

As of 30 June 2024, loans to customers net of deferred revenue and modification gain or loss (Interbank and money market items included) amounted to Baht 254,427.8 million, decreased by Baht 12,919.6 million or 4.8% when compared to the end of the year 2023.

#### Loans to Customers Classified by Segment

Conglomerate & corporate loans amounted to Baht 117,522.4 million, decreased by Baht 58.3 million or 0.1% when compared to the end of the year 2023.

Commercial & SME loans amounted to Baht 80,712.6 million, decreased by Baht 15,664.1 million or 16.3% when compared to the end of the year 2023.

Retail loans amounted to Baht 56,192.8 million, increased by Baht 2,802.8 million or 5.2% when compared to the end of the year 2023.

**Table: Loans to Customers Classified by Segment**

(Unit: Million Baht)

Loans to Customers Classified by Business Sector	June	December	Variance	
	2024	2023	Amount	(%YTD)
Conglomerate & Corporate	117,522.4	117,580.7	(58.3)	(0.1)
Commercial & SME	80,712.6	96,376.7	(15,664.1)	(16.3)
Retail	56,192.8	53,390.0	2,802.8	5.2
<b>Total loans to customers - net*</b>	<b>254,427.8</b>	<b>267,347.4</b>	<b>(12,919.6)</b>	<b>(4.8)</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 comprised mainly manufacturing and commerce, followed by financial intermediary and housing loan, accounting for 27.1%, 21.9% and 21.0% 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	June	December	Variance	
	2024	2023	Amount	(%YTD)
Agricultural and mining	1,220.6	760.4	460.2	60.5
Manufacturing and commerce	68,880.6	64,594.2	4,286.4	6.6
Real estate and construction	30,078.4	30,246.2	(167.8)	(0.6)
Public utilities and services	40,702.0	43,975.9	(3,273.9)	(7.4)
Housing loan	53,335.0	50,560.0	2,775.0	5.5
Financial intermediary	55,606.8	67,606.9	(12,000.1)	(17.7)
Savings cooperative	1,510.0	6,760.0	(5,250.0)	(77.7)
Others	3,094.4	2,843.8	250.6	8.8
<b>Total loans to customers - net*</b>	<b>254,427.8</b>	<b>267,347.4</b>	<b>(12,919.6)</b>	<b>(4.8)</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 30 June 2024, non-performing loans (Gross) amounted to Baht 7,639.7 million, increased by Baht 1,340.9 million or 21.3% when compared to the end of the year 2023.

NPL ratio was 3.0% of total loans (Interbank and money market items included) when compared to the end of the year 2023 which was 2.36%.

### **Investments**

As of 30 June 2024, net investments had the book value of Baht 42,592.8 million, decreased by Baht 271.4 million or 0.6% when compared to the end of the year 2023.

### **Total Liabilities**

As of 30 June 2024, total liabilities amounted to Baht 267,343.5 million, decreased by Baht 13,378.4 million or 4.8% when compared to the end of the year 2023. Most of liabilities were deposits, accounting for 91.6% of total liabilities.

### **Total Owners' Equity**

As of 30 June 2024, total owners' equity amounted to Baht 36,629.0 million, increased by Baht 1,011.8 million or 2.8% when compared to the end of the year 2023.

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

(Unit: Million Baht)

Items	June	December	Variance	
	2024	2023	Amount	(%YTD)
Deposits	244,823.1	251,453.4	(6,630.3)	(2.6)
Interbank and money market items	13,452.8	21,367.1	(7,914.3)	(37.0)
Debts issued and borrowings - net	2,396.7	3,058.1	(661.4)	(21.6)
Other liabilities	6,670.9	4,843.3	1,827.6	37.7
<b>Total liabilities</b>	<b>267,343.5</b>	<b>280,721.9</b>	<b>(13,378.4)</b>	<b>(4.8)</b>
<b>Total owners' equity</b>	<b>36,629.0</b>	<b>35,617.2</b>	<b>1,011.8</b>	<b>2.8</b>

### **Deposits**

As of 30 June 2024, the bank had the total deposit of Baht 244,823.1 million, decreased by Baht 6,630.3 million or 2.6% when compared to the end of the year 2023. Time deposit formed the majority of 59.3%, followed by savings deposit of 22.7% of total deposit.

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

(Unit: Million Baht)

Deposit Classified by Type of Deposits	June	December	Variance	
	2024	2023	Amount	(% YTD)
Demand deposit	2,370.4	2,707.0	(336.6)	(12.4)
Savings deposit	55,684.5	57,842.4	(2,157.9)	(3.7)
Time deposit	145,242.5	146,355.2	(1,112.7)	(0.8)
Fixed deposit receipt	41,525.7	44,548.8	(3,023.1)	(6.8)
<b>Total deposit</b>	<b>244,823.1</b>	<b>251,453.4</b>	<b>(6,630.3)</b>	<b>(2.6)</b>

**Capital Adequacy Ratio and BIS Ratio**

As of 30 June 2024, the capital to risk-weighted assets ratio (BIS ratio) was 15.199%, which was higher than the Bank of Thailand's minimum requirement of 11.000% and increased from 15.017% as at 31 December 2023.

Tier-1 capital ratio to risk-weighted assets was 13.065%, which was higher than the Bank of Thailand's minimum requirement of 8.500% and up from 12.880% as at 31 December 2023.

**Table: BIS Ratio**

BIS Ratio	As of 30 June 2024		As of 31 December 2023	
	Million Baht	%	Million Baht	%
<b>Common Equity Tier-1 capital</b>				
Bank	32,873.4	13.065	32,413.2	12.880
Minimum rate required by law		7.000		7.000
Difference		6.065		5.880
<b>Tier-1 capital</b>				
Bank	32,873.4	13.065	32,413.2	12.880
Minimum rate required by law		8.500		8.500
Difference		4.565		4.380
<b>Total capital</b>				
Bank	38,242.2	15.199	37,792.2	15.017
Minimum rate required by law		11.000		11.000
Difference		4.199		4.017

### **Branch Network**

As of 30 June 2024, Land and Houses Bank Public Company Limited had the total of 72 branches, equal to that of the year 2023.

## **2. SECURITIES BUSINESS**

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

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

The stock market in the second quarter of 2024 continued to decline from previous quarter due to several negative factors including skyrocketing Brent crude oil price due to the conflict between Israel and Iran, and the stance of US Federal Reserve that kept its policy rate higher for longer and probably raised the rate to ease the pressure from inflation. In the first quarter of 2024, Thai GDP was slumped to 1.5% when compared to the first quarter of 2023. Weighting cut of Thailand stock market was made by MSCI and investors were reluctant to invest awaiting for economic stimulus measures. As a result, the SET Index closed at 1,300.96 points, down 5.59% from previous quarter. Average daily turnover contracted to Baht 44,708 million, a decrease of 2.2% from previous quarter. Foreign investors remained the net sellers for six consecutive quarters with total net sales amounting to Baht 308 billion.

#### **Analysis of Operating Results**

In the second quarter of 2024, the operating results of the company and its subsidiary showed net loss of Baht 23.4 million, increased by 550.0% when compared to the first quarter of 2024, and had net profit showed Baht 38.9 million when compared to the second quarter of 2023.

In the 6-month period of 2024, the operating results of the company and its subsidiary showed net loss of Baht 27.0 million, and had net profit showed Baht 88.4 million when compared to the 6-month period of 2023.

#### **Total Income**

Total income included brokerage fees income, interest income, gains on financial instruments and other incomes.

In the second quarter of 2024, total income amounted to Baht 77.0 million, decreased by 5.9% when compared to the first quarter of 2024 and 43.8% down when compared to the second quarter of 2023.

In the 6-month period of 2024, total income amounted to Baht 158.8 million, decreased by 46.4% when compared to the 6-month period of 2023.

### **Brokerage Fees Income**

In the second quarter of 2024, brokerage fees income amounted to Baht 22.4 million, decreased by 20.0% when compared to the first quarter of 2024 and decreased by 24.1% when compared to the second quarter of 2023.

In the 6-month period of 2024, brokerage fees income amounted to Baht 50.3 million, decreased by 30.6% when compared to the 6-month period of 2023.

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

Other incomes apart from brokerage fees income included interest income, gains on financial instruments and other incomes.

In the second quarter of 2024, other incomes apart from brokerage fees income amounted to Baht 54.6 million, increased by 1.5% when compared to the first quarter of 2024 and 49.3% down when compared to the second quarter of 2023.

In the 6-month period of 2024, other incomes apart from brokerage fees income amounted to Baht 108.5 million, decreased by 51.5% when compared to the 6-month period of 2023.

### **Total Expenses**

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

In the second quarter of 2024, total expenses amounted to Baht 106.6 million, increased by 23.5% when compared to the first quarter of 2024 and 12.0% up when compared to the second quarter of 2023.

In the 6-month period of 2024, total expenses amounted to Baht 192.9 million, decreased by 3.0% when compared to the 6-month period of 2023.

### **Table: Operating Results**

(Unit: Million Baht)

Items	Quater		Variance	Quater	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Brokerage fees income	22.4	28.0	(20.0)	29.5	(24.1)	50.3	72.5	(30.6)
Interest income	33.1	35.3	(6.2)	33.0	0.3	68.4	63.3	8.1
Gains on financial instruments	19.7	17.7	11.3	73.4	(73.2)	37.4	158.7	(76.4)



Items	Quater		Variance	Quater	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Other incomes	1.8	0.8	125.0	1.2	50.0	2.7	1.6	68.8
<b>Total income</b>	<b>77.0</b>	<b>81.8</b>	<b>(5.9)</b>	<b>137.1</b>	<b>(43.8)</b>	<b>158.8</b>	<b>296.1</b>	<b>(46.4)</b>
<b>Total expenses</b>	<b>106.6</b>	<b>86.3</b>	<b>23.5</b>	<b>95.2</b>	<b>12.0</b>	<b>192.9</b>	<b>198.9</b>	<b>(3.0)</b>
<b>Profits (loss) before income tax expenses</b>	<b>(29.6)</b>	<b>(4.5)</b>	<b>557.8</b>	<b>41.9</b>	<b>(170.6)</b>	<b>(34.1)</b>	<b>97.2</b>	<b>(135.1)</b>
<b>Income tax</b>	<b>(6.2)</b>	<b>(0.9)</b>	<b>588.9</b>	<b>3.0</b>	<b>(306.7)</b>	<b>(7.1)</b>	<b>8.8</b>	<b>(180.7)</b>
<b>Net profits (loss)</b>	<b>(23.4)</b>	<b>(3.6)</b>	<b>550.0</b>	<b>38.9</b>	<b>(160.2)</b>	<b>(27.0)</b>	<b>88.4</b>	<b>(130.5)</b>
<b>Basic earnings per share (Baht)</b>	<b>(0.02)</b>	<b>(0.00)</b>	<b>556.7</b>	<b>0.03</b>	<b>(160.3)</b>	<b>(0.02)</b>	<b>0.07</b>	<b>(130.6)</b>

### 3. FUND MANAGEMENT BUSINESS

#### Land and Houses Fund Management Company Limited

##### Overview of Fund Management Business

In the second quarter of 2024, mutual fund's net asset value (NAV) was 5.36 million, increased by 1.6% compared to the previous quarter. When categorized by the types of funds, it was found that equity fund's NAV decreased by 2.8%, fixed income fund's NAV increased by 5.1%, mixed funds' NAV increased by 1.8%, property funds and REITs declined by 2.8%, while other types of funds increased by 6.3%.

##### Analysis of the Operating Results

The second quarter of 2024, the operating result showed net profit of Baht 25.3 million, increased by 37.5% when compared to the first quarter of 2024 due to the increase in fees and service incomes, and also increased by 25.2% when compared to the second quarter of 2023 due to the increase in fees and service expenses.

In the 6-month period of 2024, the operating result showed net profit of Baht 43.7 million, increased by 6.6% when compared to the 6-month period of 2023 due to the increase in fees and service expenses.

### **Total Income**

In the second quarter of 2024, total income amounted to Baht 126.0 million, increased by 6.8% when compared to the first quarter of 2024 due to the decrease in fees and service income and increased by 17.4% when compared to the second quarter of 2023 due to the increase in fees and service income.

In the 6-month period of 2024, total income amounted to Baht 244.0 million, increased by 12.4% when compared to the 6-month period of 2023 due to the decrease in fees and service income.

### **Fees and Service Income**

In the second quarter of 2024, fees and service income amounted to Baht 121.7 million, increased by 7.2% when compared to the first quarter of 2024 and increased by 17.4% when compared to the second quarter of 2023, mainly due to the contraction of mutual fund management fee.

In the 6-month period of 2024, fees and service income amounted to Baht 235.2 million, increased by 12.5% when compared to the 6-month period of 2023, mainly due to the contraction of mutual fund management fee income.

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

Other incomes apart from fee and service income consisted of interest income, gains and return on financial instruments and other incomes.

In the second quarter of 2024, other incomes apart from fees and service income amounted to Baht 4.3 million, decreased by 4.4% when compared to the first quarter of 2024 and increased by 19.4% when compared to the second quarter of 2023.

In the 6-month period of 2024, other incomes apart from fees and service income amounted to Baht 8.8 million, increased by 8.6% when compared to the 6-month period of 2023.

### **Total expenses**

In the second quarter of 2024, total expenses amounted to Baht 94.6 million, decreased by 0.7% when compared to the first quarter of 2024 and increased by 14.9% when compared to the second quarter of 2023.

In the 6-month period of 2024, total expenses amounted to Baht 189.9 million, increased by 14.2% when compared to the 6-month period of 2023.

**Table: Operating Results**

(Unit: Million Baht)

Items	Quarter		Variance	Quarter	Variance	For 6-month periods		Variance
	2/2024	1/2024	(%QoQ)	2/2023	(%YoY)	2024	2023	(%YoY)
Fees and service income	121.7	113.5	7.2	103.7	17.4	235.2	209.0	12.5
Interest income	0.9	0.8	12.5	0.3	200.0	1.7	0.6	183.3
Gains and return on financial instruments	2.7	3.4	(20.6)	2.9	(6.9)	6.1	6.9	(11.6)
Other incomes	0.7	0.3	133.3	0.4	75.0	1.0	0.6	66.7
<b>Total incomes</b>	<b>126.0</b>	<b>118.0</b>	<b>6.8</b>	<b>107.3</b>	<b>17.4</b>	<b>244.0</b>	<b>217.1</b>	<b>12.4</b>
<b>Total expenses</b>	<b>94.6</b>	<b>95.3</b>	<b>(0.7)</b>	<b>82.3</b>	<b>14.9</b>	<b>189.9</b>	<b>166.3</b>	<b>14.2</b>
<b>Net profits before income tax</b>	<b>31.4</b>	<b>22.7</b>	<b>38.3</b>	<b>25.0</b>	<b>25.6</b>	<b>54.1</b>	<b>50.8</b>	<b>6.5</b>
<b>Income tax</b>	<b>6.1</b>	<b>4.3</b>	<b>41.9</b>	<b>4.8</b>	<b>27.1</b>	<b>10.4</b>	<b>9.8</b>	<b>6.1</b>
<b>Net profits</b>	<b>25.3</b>	<b>18.4</b>	<b>37.5</b>	<b>20.2</b>	<b>25.2</b>	<b>43.7</b>	<b>41.0</b>	<b>6.6</b>
<b>Earnings per share (Baht)</b>	<b>8.44</b>	<b>6.13</b>	<b>37.7</b>	<b>6.72</b>	<b>25.6</b>	<b>14.57</b>	<b>13.66</b>	<b>6.7</b>

### Net Asset Value under Management

As of 30 June 2024, the company had 196 funds under management, increased by 13 funds when compared to the end of year 2023 with total net asset value of Baht 61,290.6 million, increased by 0.01% when compared to the end of year 2023. The company had mutual funds under management as follows:

- Property fund and real estate investment trust	Baht	36,194.3	million
- Fixed income fund	Baht	7,263.6	million
- Equity fund	Baht	12,341.1	million
- Mixed fund	Baht	2,114.3	million
- Fund of Property Fund	Baht	3,377.3	million

In case the net asset values of Baht 14,313.2 million in private funds and Baht 8,367.0 million in provident funds were included, the company's net asset value would be Baht 83,970.8 million.