



**LH FINANCIAL GROUP PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

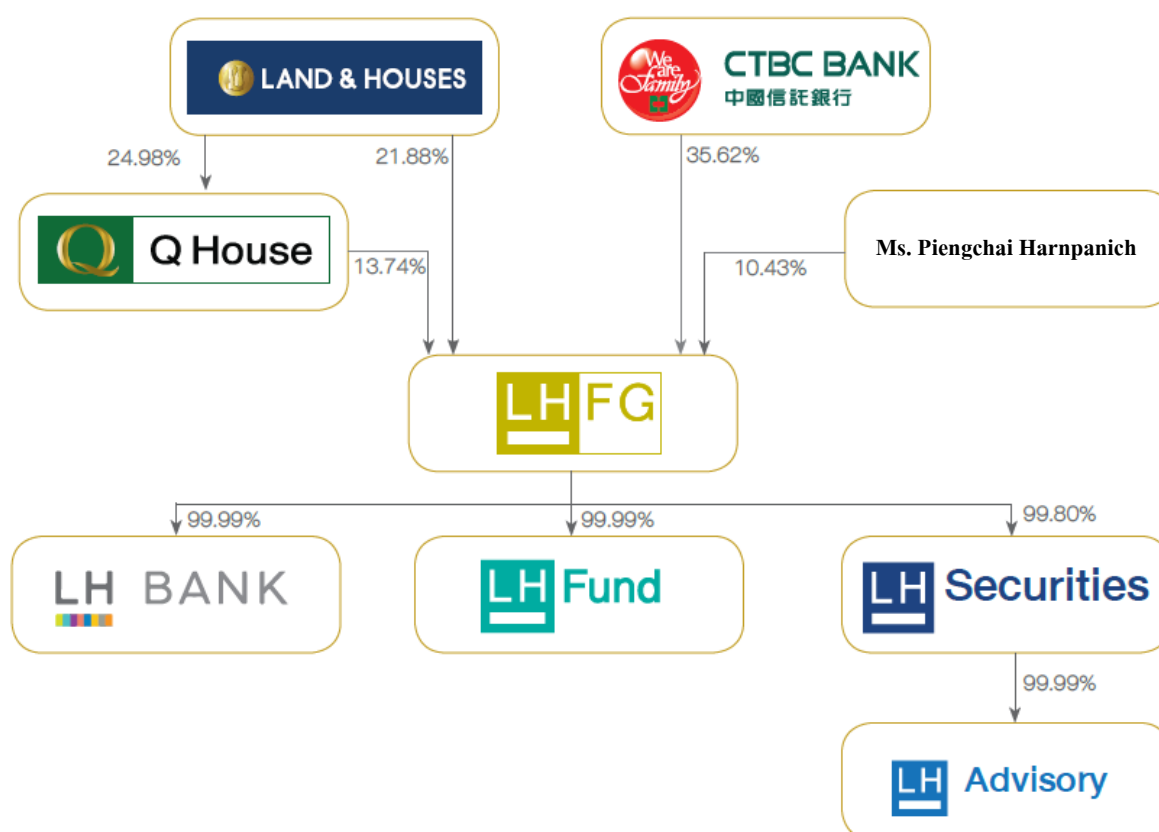
**(THIS REPORT DISCUSSES PRINCIPAL CHANGES TO THE REVIEWED CONSOLIDATED
FINANCIAL STATEMENT)**

Overview of Business Operation

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

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

Shareholding structure of LH Financial Group Public Company Limited is as follows:



Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption

LH Financial Group Public Company Limited, Land and Houses Bank Public Company Limited and Land and Houses Fund Management Company Limited, have been certified as a member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) by the Private Sector Collective Action Coalition Against Corruption Council. And Land and Houses Securities Public Company Limited has signed a declaration of intent in view of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

Certificate of Environmental, Social and Governance

LH Financial Group Public Company Limited has been ranked among the top 100 listed companies for outstanding ESG performance in terms of environmental, social and governance (ESG 100) of the year 2019 by Thaipat Institute for the fifth consecutive year and the company's shares have also been included in the Universe of ESG 100 securities group in 2019.

“Social Outcome Investor” Acknowledgement

LH Financial Group Public Company Limited, Land and Houses Fund Management Company Limited, Land and Houses Securities Public Company Limited, all together received “Social Outcome Investor” Acknowledgement from Thaipat Institute, in recognition of their principles for social investment by incorporating environmental, social, and governance (ESG) into their investment policies. As a result, part of returns on investment was spent on corporate social responsibility activities.

Quality Assessment of the Annual General Meeting of Shareholders

Thai Investors Association has assessed the 2019 Annual General Meeting of Shareholders of LH Financial Group Public Company Limited and rated the company in "Excellent" level with the full score of 100 for 7 consecutive years.

Performance Evaluation of Corporate Governance

Thai Institute of Directors Association (IOD) disclosed the 2019 Corporate Governance evaluation result of Thai listed companies, LH Financial Group Public Company Limited was rated in the top level of "Excellence : 5 Stars" for 5 consecutive years.

Economic Overview and Competition among Commercial Banks

In the first quarter of 2020, Thai economy highly contracted from the same period last year as the COVID-19 pandemic has caused fluctuations in money market and capital market and has severely affected all sectors in the economy, especially tourism sector which acutely shrunk due to travel restrictions and lockdown measures. Export volume dropped significantly as a result of China's lockdown. Moreover, the COVID-19 outbreak considerably affected the economies of trading partners and brought about supply chain disruptions. Domestic demand faced contraction in the same direction as private consumption on durable goods and services significantly contracted because people avoided going outside. Other factors include the suspension of a wide range of economic activities, weakening purchasing powers, lowering household income, increasing number of laid off labors, high debt burden, and lowest consumers' confidence in more than 21 years. Meanwhile, farm income declined due to a more-severe-than expected impact of the drought.

The Bank of Thailand reduced Thailand's economic growth projection for 2020 to contract 5.3% (as of March 2020). Moreover, the Thai economic outlook would underperform below the baseline projection because;

1. The global economy could enter a severe recession and Thailand's tourism sector could take a long time to recover if the pandemic becomes more severe and prolongs than expected.
2. Stricter measures are implemented in order to contain the spread of COVID-19, which might cause some businesses to shut down their operations or significantly reduce employment.
3. More-severe-than-expected impact of the drought could affect farm income

For banking sector in the first quarter of 2020, commercial bank loan expanded at a slower rate consistent with economic slowdown. Personal loans still expanded. Meanwhile, loans to business contracted. Commercial banks were tighter in extending loans in line with economic conditions as their concern on ability to manage liquidity and debt-servicing ability of households and businesses. Although the deterioration in credit quality affected profitability, Thai commercial banking system remained sound as banks continued to closely monitor credit quality and maintained high levels of loan-loss provision, capital fund and liquidity to facilitate further credit expansion.

Credit Rating

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

Analysis of Operating Results

In the year 2020, the operating results and the financial position of the company and its subsidiaries have been impacted, mainly from the financial reporting standards applicable for financial statements covering the accounting period starting from or after January 1, 2020 such as financial reporting standard no. 16 (TFRS16: Leases) and financial reporting standard no. 9 (TFRS9: Financial Instruments) which impact the following areas:

- 1) Realized interest income from loans based on the effective interest rate method (EIR) and realized income of non-performing loans and expected credit losses.
- 2) Reclassification of investments in REIT and Infrastructure Trust, Infrastructure Fund, Property Fund as “investments in securities measured at fair value through profit or loss (FVTPL)” (Classified as debt instruments according to accounting standard).

Given on May 11, 2020, the Federation of Accounting Professions passed the resolution on the reinterpretation of investments in REIT and Infrastructure Trust, Infrastructure Fund, Property Fund as equity instruments which can be measured either at fair value through profit or loss (FVTPL) or at fair value through other comprehensive incomes (FVOCI). The the company and its subsidiaries have decided to measure the securities at fair value through other comprehensive income (FVOCI). As a result, the performance as of April 21, 2020 of the company and its subsidiaries was changed accordingly.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Interest income	2,144.6	2,184.4	(39.8)	(1.8)
Interest expense	(866.1)	(1,026.8)	(160.7)	(15.7)
Net interest income	1,278.5	1,157.6	120.9	10.4
Fees and service income	227.4	212.3	15.1	7.1
Fees and service expense	(50.2)	(38.3)	11.9	31.1
Net fees and service income	177.2	174.0	3.2	1.8
Gain from financial instruments measured at fair value through profit or loss	22.7	1.5	21.2	1,413.3
Gain on investments	148.2	11.2	137.0	1,223.2

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Dividend income	397.6	426.7	(29.1)	(6.8)
Other operating incomes	8.2	5.7	2.5	43.9
Operating income	2,032.4	1,776.7	255.7	14.4
Other operating expenses	703.7	731.4	(27.7)	(3.8)
Expected credit losses	294.6	100.0	194.6	194.6
Income tax expenses	205.3	138.6	66.7	48.1
Profit from operations before expected credit losses and income tax	1,328.7	1,045.3	283.4	27.1
Profits from operations before income tax expenses	1,034.1	945.3	88.8	9.4
Net profits	828.8	806.7	22.1	2.7
Basic earnings per share (Baht)	0.039	0.038	0.001	2.6

The analysis of operating results of LH Financial Group Public Company Limited and its subsidiaries contains the comparison of performance of the first quarter of 2020 and the first quarter of 2019.

The operating results of the company and its subsidiaries in the first quarter of 2020 showed a net profit of Baht 828.8 million, increased by 2.7 percent compared to the first quarter of 2019 with a net profit of Baht 806.7 million, increase derived from net interest income and gain on investments.

Net Interest Income

In the first quarter of 2020, net interest income amounted to Baht 1,278.5 million or increased by 10.4% from the first quarter of 2019. Interest income was Baht 2,144.6 million reduced by 1.8% from the first quarter of 2019. This was due mainly to the slight decrease in large corporate loans and the increase in realized interest income according to TFRS9. Interest expenses were Baht 866.1 million, decreased by 15.7% from the relaxation of the required provision to financial institutions to allocate to reserve account for principal repayment of the Financial Institution Development Fund (FIDF) from at 0.46% per year to at 0.23% per year according to the governmental measure in the year 2020-2021.

Net Non-Interest Income

Net non-interest income includes net fees and service income, gain from financial instruments measured at fair value through profit or loss, gains on investments, dividend income and other operating incomes.

In the first quarter of 2020 net fees and service income was Baht 177.2 million, increased by 1.8% from the first quarter of 2019.

In the first quarter of 2020, net non-interest income amounted to Baht 753.9 million, increased by 21.8% from the first quarter of 2019, mainly from the increase of gain on investments.

Other Operating Expenses

In the first quarter of 2020, other operating expenses amounted to Baht 703.7 million, decreased by 3.8% from the first quarter of 2019, mainly from the decrease in employee expenses as a result of effective management of expenses during the outbreak of coronavirus (COVID-19).

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Employees' expenses	362.6	401.6	(39.0)	(9.7)
Premises and equipment expenses	186.8	186.5	0.3	0.2
Other expenses	154.3	143.3	11.0	7.7
Total	703.7	731.4	(27.7)	(3.8)

Profit from Operations Before Expected Credit Losses and Income Tax

In the first quarter of 2020, the company and its subsidiaries had profit from operations before expected credit losses and income tax of Baht 1,328.7 million, increased by 27.1% from the first quarter of 2019.

Basic earnings per share for the first quarter of the year 2020 was equal to Baht 0.039 per share, increased by Baht 0.001 per share or 2.6% compared to the first quarter of the year 2019 which was at Baht 0.038 per share.

Financial Position Analysis

The analysis of the financial position of LH Financial Group Public Company Limited and its subsidiaries is the comparison of the financial position as of March 31, 2020 and December 31, 2019.

Total Assets

As of March 31, 2020, the company and its subsidiaries had total assets in the amount of Baht 234,791.4 million, decreased by Baht 5,939.9 million or 2.5% from the end of the year 2019. Core assets comprise loans to customers – net at 63.6% of total assets, followed by investments - net at 25.9% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2020	2019	Amount	(%YTD)
Interbank and money market items - net	18,686.8	18,569.1	117.7	0.6
Investments - net	60,925.4	66,288.6	(5,363.2)	(8.1)
Loans to customers - net	149,403.1	152,040.7	(2,637.6)	(1.7)
Other assets - net	5,776.1	3,832.9	1,943.2	50.7
Total assets	234,791.4	240,731.3	(5,939.9)	(2.5)

Total Liabilities

As of 31 March 2020, total liabilities amounted to Baht 195,966.7 million, decreased by Baht 3,601.8 million or 1.8% from the end of the year 2019. Main liabilities are deposits, accounting for 83.3% of total liabilities.

Owners' Equity

As of 31 March 2020, owners' equity amounted to Baht 38,824.7 million, decreased by Baht 2,338.1 million or 5.7% from the end of the year 2019. This includes the treasury stock purchased during the accounting period, valued at Baht 335.4 million.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2020	2019	Amount	(% YTD)
Deposits	163,318.7	164,984.8	(1,666.1)	(1.0)
Interbank and money market items	11,801.8	10,467.0	1,334.8	12.8
Debts issued and borrowings - net	15,858.7	21,805.6	(5,946.9)	(27.3)
Other liabilities	4,987.5	2,311.1	2,676.4	115.8
Total liabilities	195,966.7	199,568.5	(3,601.8)	(1.8)
Total owners' equity	38,824.7	41,162.8	(2,338.1)	(5.7)

Number of Employees

As of 31 March 2020, the company and its subsidiaries had 1,707 employees, decreased by 17 employees from those as at 31 December 2019.

Performance Analysis of Subsidiaries

1. COMMERCIAL BANKING BUSINESS

Land and Houses Bank Public Company Limited

Credit Rating

Land and Houses Bank Public Company Limited is assigned the company rating of "A-" (Single A Minus), the rating of LH BANK's Basel III Tier 2 capital securities at "BBB" (Triple B Straight).

Analysis of Operating Results

The analysis of operating results of Land and Houses Bank Public Company Limited performance is a comparative performance of the first quarter of 2020 and the first quarter of 2019.

In the first quarter of 2020, operating results of the bank showed net profit of Baht 657.8 million, increased by 2.5% from the first quarter of 2019 which reported the net profit of Baht 641.6 million. The increase from net interest income and gain on investments.

Net Interest Income

In the first quarter of 2020, net interest income amounted to Baht 1,342.3 million or increased by 10.5% from the first quarter of 2019. Interest income of Baht 2,171.5 million reduced by 2.2% from the first quarter of 2019 due to the contraction of corporate loans. However, thanks to the increase in realized interest income according to TFRS9, the impact on interest income is minimal. Interest expenses of Baht 829.2 million has decreased by 17.6% as a result of effective financial management and the relaxation of the required provision to financial institutions to reserve account for principal repayment of the Financial Institution Development Fund (FIDF) from 0.46% per year to 0.23% per year according to the government's relief measure during the year 2020-2021. While net interest margin (NIM) increased from 2.35% to 2.62% when compared the first quarter of 2019.

Net Non-Interest Income

Net non-interest income includes net fees and service income, gain from financial instruments measured at fair value through profit or loss, gains on investments, dividend income and other operating incomes.

In the first quarter of 2020, net non-interest income amounted to Baht 391.5 million, increased by 33.1% from the first quarter of 2019, mainly from the increase in gains on investments.

Other Operating Expenses

In the first quarter of 2020, other operating expenses were at Baht 611.9 million, decreased by 3.4% from the first quarter of 2019, mainly due to the decrease in staff expenses which was resulted from effective cost management following the coronavirus outbreak (COVID-19) and the increased expense in supporting services.

Expected Credit Losses

To allocate provision in accordance with Thai Financial Reporting Standard No. 9 Financial Instruments (TFRS9), the bank has considered the expected credit losses in accordance with TFRS9 and notification of the Bank of Thailand.

The bank has set the expected credit losses in the first quarter of 2020 in the amount of Baht 284.6 million or increased by 184.6% from the first quarter of 2019 of which the reserve was at Baht 100.0 million as regulated by the previous standard.

Basic earnings per share for the first quarter of 2020 were at Baht 0.33 per share, increased by 3.1% from the first quarter of 2019.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Interest income	2,171.5	2,220.5	(49.0)	(2.2)
Interest expense	(829.2)	(1,006.1)	(176.9)	(17.6)
Net interest income	1,342.3	1,214.4	127.9	10.5
Fees and service income	82.4	110.0	(27.6)	(25.1)
Fees and service expense	(18.7)	(21.0)	(2.3)	(11.0)
Net fees and service income	63.7	89.0	(25.3)	(28.4)
Gain from financial instruments measured at fair value through profit or loss	22.8	1.3	21.5	1,653.8
Gain on investments	148.2	-	148.2	n/a
Dividend income	150.0	198.8	(48.8)	(24.5)
Other operating incomes	6.8	5.0	1.8	36.0
Operating income	1,733.8	1,508.5	225.3	14.9
Other operating expenses	611.9	633.5	(21.6)	(3.4)
Expected credit losses	284.6	100.0	184.6	184.6
Income tax expenses	179.5	133.4	46.1	34.6
Profits from operations before expected credit losses and income tax	1,121.9	875.0	246.9	28.2
Profits from operations before income tax expenses	837.3	775.0	62.3	8.0
Net profits	657.8	641.6	16.2	2.5
Basic earnings per share (Baht)	0.33	0.32	0.01	3.1

Analysis of Financial Position

The analysis of financial position of Land and Houses Bank Public Company Limited shows comparison of performance of the financial position as of 31 March 2020 and 31 December 2019.

Total Assets

As of 31 March 2020, the bank had total assets of Baht 226,100.8 million, decreased by Baht 4,447.5 million or 1.9% from the end of the year 2019. Core assets comprise loans to customers - net at 67.0% of total assets, followed by investments - net at 21.7% of total assets and net interbank and money market items at 9.0% of the total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2020	2019	Amount	(% YTD)
Interbank and money market items - net	20,406.6	23,731.8	(3,325.2)	(14.0)
Investments – net	49,041.1	51,646.8	(2,605.7)	(5.0)
Loans to customers - net	151,391.2	151,783.0	(391.8)	(0.3)
Other assets- net	5,261.9	3,386.7	1,875.2	55.4
Total assets	226,100.8	230,548.3	(4,447.5)	(1.9)

Loans

As of 31 March 2020, the bank had loans to customers (including interbank and money market items) net of deferred revenue in the amount of Baht 174,312.2 million, decreased by Baht 4,586.2 million or 2.6% from the end of the year 2019. Loans consist of Big Corporate & Corporate at 76.0%, followed by Retail at 12.7% and SMEs & SSME at 11.3% of total loans. When classified by type of business, most portion of loans was financial intermediation sector at 23.3%, followed by public utilities and services at 22.3% and manufacturing and commerce sector at 22.2% of total loans.

Loans to Customers Classified by Type of Business

Big Corporate & Corporate amounted to Baht 132,477.2 million, decreased by Baht 5,026.4 million or 3.7 % from the end of the year 2019.

SMEs & SSME amounted to Baht 19,737.7 million, increased by Baht 616.5 million or 3.2% from the end of the year 2019.

Retail loan amounted to Baht 22,097.3 million, decreased by Baht 176.3 million or 0.8% from the end of the year 2019.

Table: Loans to Customers Classified by Segment

(Unit: Million Baht)

Loans to customers classified by segment	March	December	Variance	
	2020	2019	Amount	(%YTD)
Big Corporate & Corporate	132,477.2	137,503.6	(5,026.4)	(3.7)
SMEs & SSME	19,737.7	19,121.2	616.5	3.2
Retail	22,097.3	22,273.6	(176.3)	(0.8)
Total loans to customers net of deferred revenue *	174,312.2	178,898.4	(4,586.2)	(2.6)

Note: * Total loans to customers net of deferred revenue and modification gain or loss include interbank and money market items

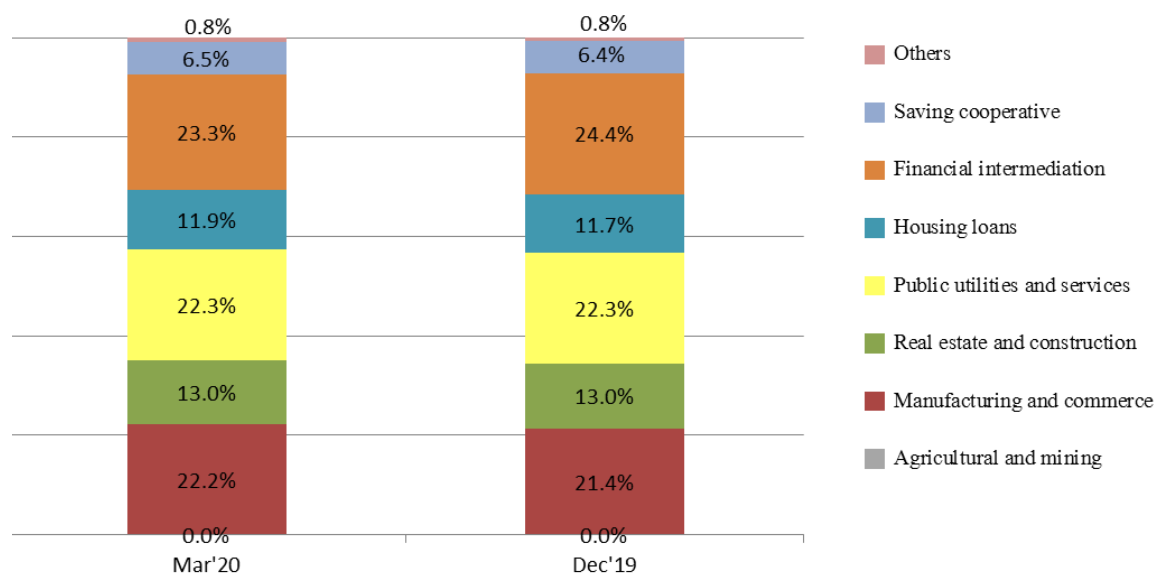
Table: Loans to Customers Classified by Type of Business

(Unit: Million Baht)

Loans to customers classified by type of business	March	December	Variance	
	2020	2019	Amount	(%YTD)
Agricultural and mining	10.8	12.9	(2.1)	(16.3)
Manufacturing and commerce	38,703.1	38,315.5	387.6	1.0
Real estate and construction	22,604.2	23,225.8	(621.6)	(2.7)
Public utilities and services	38,790.5	39,946.8	(1,156.3)	(2.9)
Housing loans	20,691.9	20,828.0	(136.1)	(0.7)
Financial intermediation	40,721.8	43,623.3	(2,901.5)	(6.7)
Saving cooperative	11,394.0	11,510.0	(116.0)	(1.0)
Others	1,395.9	1,436.1	(40.2)	(2.8)
Total loans to customers net of deferred revenue *	174,312.2	178,898.4	(4,586.2)	(2.6)

Note: * Total loans to customers net of deferred revenue and modification gain or loss include interbank and money market items

Percentage of loan classification by business type



Non-Performing Loans

As of 31 March 2020, the bank had non-performing loans (Gross) in an amount of Baht 3,444.3 million, increased by Baht 300.9 million or 9.6% from the end of the year 2019, which reported at Baht 3,143.4 million. The ratio of non-performing loans to total loans was at 1.98% of total loans (including interbank and money market items).

Non-performing loans (Net) amounted to Baht 1,821.2 million, decreased by Baht 92.0 million or 5.3% from the end of the year 2019. The ratio of non-performing loans (Net) was at 1.05% of total loans after allowance for expected credit loss.

Investments in Securities

As of March 31, 2020, the bank had net investments in securities which had book value amounting to Baht 49,041.1 million, decreased by Baht 2,605.7 million or 5.0% from the end of the year 2019.

Total Liabilities

As of 31 March 2020, the bank had total liabilities amounted to Baht 190,392.9 million, decreased by Baht 3,875.8 million or 2.0% from the end of the year 2019, mainly from deposits at 85.8% of total liabilities.

Deposits

As of 31 March 2020, the bank had total deposits of Baht 163,417.6 million, decreased by Baht 1,600.8 million or 1.0% from the end of the year 2019.

Table: Deposits Classified by Type of Deposits

(Unit: Million Baht)

Classified by type of deposits	March	December	Variance	
	2020	2019	Amount	(%YTD)
Demand deposits	4,055.3	4,253.7	(198.4)	(4.7)
Savings deposits	65,932.9	62,044.9	3,888.0	6.3
Time deposits	59,417.0	65,147.7	(5,730.7)	(8.8)
Fixed deposits receipt	34,012.4	33,572.1	440.3	1.3
Total deposits	163,417.6	165,018.4	(1,600.8)	(1.0)

Owners' Equity

As of March 31, 2020, owners' equity amounted to Baht 35,707.9 million, decreased by Baht 571.7 million or 1.6% from the end of the year 2019.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2020	2019	Amount	(%YTD)
Deposits	163,417.6	165,018.4	(1,600.8)	(1.0)
Interbank and money market items	12,639.1	10,503.6	2,135.5	20.3
Debts issued and borrowings - net	9,320.4	16,721.2	(7,400.8)	(44.3)
Other liabilities	5,015.8	2,025.5	2,990.3	147.6
Total liabilities	190,392.9	194,268.7	(3,875.8)	(2.0)
Total owners' equity	35,707.9	36,279.6	(571.7)	(1.6)

Capital Adequacy Ratio and Capital Fund to Risk Assets

As of March 31, 2020, the ratio of total capital fund to risk assets (BIS ratio) was at 20.830%, higher than the 11.000% or the minimum rate at 19.265% required by the Bank of Thailand, and increased from December 31, 2019.

The ratio of Tier I capital to risk assets was at 17.668%, higher than the minimum rate at 8.500% required by the Bank of Thailand.

Table: The Ratio of Capital Fund to Risk Assets

Capital Adequacy Ratio and Capital Fund to Risk Assets	As of March 31, 2020		As of December 31, 2019	
	Million Baht	%	Million Baht	%
Common Equity Tier-1 capital funds				
The Bank	34,148.8	17.668	34,578.3	16.481
Minimum rates required by law		7.000		7.000
Variance		10.668		9.481
Tier 1 capital funds				
The Bank	34,148.8	17.668	34,578.3	16.481
Minimum rates required by law		8.500		8.500
Variance		9.168		7.981
Total capital funds				
The Bank	40,259.6	20.830	40,421.1	19.265
Minimum rates required by law		11.000		11.000
Variance		9.830		8.265

2. SECURITIES BUSINESS

Land and Houses Securities Public Company Limited

Overview of the Stock Exchange of Thailand

Since the beginning of the year 2020, the stock market has been under negative circumstances resulting in a consistent decline in the Stock Exchange of Thailand Index (SETI) to finally hit the base at 969.08 points before recovering and closing at 1,125.86 points in the end of March or declined by 28.7% from the previous year.

The greatest negative impact was the coronavirus pandemic (COVID-19) that caused widespread economic disruption. The Bank of Thailand has lowered its GDP forecast for year 2020 from the previous expected growth of 2.8% to be at -5.3%.

Foreign investors continued net sales in the 8-month period of around Baht 2.2 billion, but institutional investors turned to be net buyers for the first time in March, while retail investors have been net buyers continuously since at the beginning of the year, with an average daily turnover of Baht 66,901 million, increasing from the average level of 2019 at Baht 53,192 million or 25.8%

Analysis of the Operating Results

The analysis of operating results of Land and Houses Securities Public Company Limited and the subsidiary are comparison of performance of the first quarter of 2020 and the first quarter of 2019.

The operating results of the company and the subsidiary in the first quarter of 2020 reported net profit at Baht 50.1 million, increased by 95.7% from the first quarter of 2019 which reported net profit at Baht 25.6 million. The increase was mainly from brokerage fees income and dividend received.

Total Incomes

Total incomes in the first quarter of 2020 were Baht 160.6 million, increased by 50.7% from the first quarter of 2019. Total incomes were included brokerage fees income, fees and services income, interest income, gain (loss) and return on financial instrument and other incomes.

Brokerage Fees Income

Brokerage fees income in the first quarter of 2020 were Baht 47.5 million, increased by 62.7% from the first quarter of 2019.

Other Incomes apart from Brokerage Fees Income

Other incomes apart from brokerage fees income in the first quarter of 2020 were fees and services income, interest income, gain (loss) and return on financial instruments and other income amounting to Baht 0.3, 9.7, 102.5 and 0.6 million, respectively.

Total Operating Expenses

Total operating expenses in the first quarter of 2020 were Baht 94.5 million, increased by 17.2% from the first quarter of 2019. Total operating expenses were employee benefit expenses, fee and service expenses, interest expense and other expenses.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Brokerage fees income	47.5	29.2	18.3	62.7
Interest incomes	9.7	12.8	(3.1)	(24.2)
Profit (loss) from financial instruments	102.5	64.2	38.3	59.7
- Profit (loss) from change of fair value of investments (unrealized)	0.1	1.4	(1.3)	n/a
- Profit (loss) from sale of investments (realized)	(1.6)	0.6	(2.2)	n/a
- Profit (loss) from trading derivatives	1.4	(0.2)	1.6	n/a
- Dividend received	102.6	62.4	40.2	64.4
Other incomes	0.9	0.4	0.5	125.0
Total income	160.6	106.6	54.0	50.7
Total expenses	94.5	80.6	13.9	17.2
Profits before income tax expenses	66.1	26.0	40.1	154.2
Income tax	(16.0)	(0.4)	(15.6)	n/a
Net profits	50.1	25.6	24.5	95.7
Basic earnings per share (Baht)	0.08	0.04	0.04	100.0

3. FUND MANAGEMENT BUSINESS

Land and Houses Fund Management Company Limited

Overview of Fund Management Business

In the first quarter of 2020, the fund management business had total asset of Baht 4.56 trillion, decreased by 824,601 million or 15.30% from the year 2019. Fixed Income funds decreased by approximately Baht 365,086 million or 14.08%, equity funds decreased by approximately Baht 407,439 million or 27.24%, mixed funds decreased by approximately Baht 71,390 million or 15.85%, property funds and REITs increased by approximately Baht 30,183 million or 4.13%.

Analysis of Operating Results

The analysis of operating results of Land and Houses Fund Management Company Limited is comparison of performance of the first quarter of 2020 and the first quarter of 2019 as follows:

The operating results of the company in the first quarter of 2020 showed net profit at Baht 34.1 million, increased by 41.5% from the first quarter of 2019 of which the net profit was Baht 24.1 million. The increased was mainly due to fees and service income.

Total Incomes

Total incomes of the first quarter of 2020 amounted to Baht 121.8 million, increased by 29.0% from the first quarter of 2019. The increase was due to fees and service income.

Fees and Service Income

Fees and service income amounted to Baht 115.8 million, increased by 32.6 from the first quarter of 2019, mainly from fees and service income from management - mutual funds for 81.6% of fees and service income.

Other Incomes apart from Fees and Service Income

Other incomes apart from fee and service income of the first quarter of 2020 consisted of profit (loss) and return on financial instruments and other incomes of Baht 5.3 million and Baht 0.7 million, respectively.

Total Expenses

Total expenses of the first quarter of 2020 amounted to Baht 79.5 million, increased by 21.6% from the first quarter of 2019. The increase was due to the increases in fees and service expenses which have been varied by the increase in fees and service income.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Fees and service income	115.8	87.3	28.5	32.6
Profit (loss) from financial instruments	5.3	6.7	(1.4)	(20.9)
Other incomes	0.7	0.4	0.3	75.0

Items	Quarter		Variance	
	1/2020	1/2019	Amount	(%YoY)
Total income	121.8	94.4	27.4	29.0
Total expense	79.5	65.4	14.1	21.6
Profits before income tax	42.3	29.0	13.3	45.9
Income tax	8.2	4.9	3.3	67.3
Net profits	34.1	24.1	10.0	41.5
Basic earnings per share (Baht)	11.38	8.03	3.35	41.7

Net Asset Value under Management

As of 31 March 2020, the company had 71 funds under management, increased by 4 funds from the same period of the previous year and the company had total net asset of Baht 59,631.0 million, increased by Baht 1,219.1 million or 2.1% from the same period of the previous year. Therefore, the company had a market share of 1.3%, ranked the 12th out of 24 companies with the mutual funds under management consisting of:

- Property fund and real estate investment trust Baht 32,578.4 million
- Fixed income fund Baht 11,338.4 million
- Equity fund Baht 4,510.7 million
- Mixed fund Baht 3,400.4 million
- Fund of property fund Baht 7,803.1 million

In addition, in case where private funds and provident fund were included, the company had net asset value as of 31 March 2020 totaled Baht 69,179.2 million, which came from private fund of Baht 6,378.0 million and provident fund of Baht 3,170.2 million.