



LH FINANCIAL GROUP PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

Overview of Business Operation

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

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

Structure of the Financial Business Group, LH Financial Group Public Company Limited



Thailand's Private Sector Collective Action Coalition Against Corruption Certificate

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

ESG100 Certificate

The company was ranked among the top 100 listed firms for outstanding ESG performance in terms of environmental, social and governance (ESG 100) of 2020 by Thaipat Institute for the 6th consecutive year and the company's securities have also been included in the Universe of ESG 100 securities group of 2020.

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

The Thai Investors Association has assessed the 2020 Annual General Meeting of Shareholders of the company with the full score of 100 for the 8th consecutive year.

Assessment Result of Corporate Governance

The Thai Institute of Directors Association (IOD) disclosed the result of 2020 corporate governance evaluation of Thai listed companies. The company was rated among the top level of "Excellence : 5 Stars" for the 6th consecutive year.

ASEAN CG Scorecard

The company won the 2019 ASEAN CG Scorecard Awards as the Thai listed company that obtained the ASEAN CG Scorecard with the score of 97.50 points and above under the ASEAN Asset Class PLCs category. The company is one of the Thai listed companies among 135 firms in ASEAN countries winning this award. It is sponsored by the ASEAN Capital Market Forum (ACMF), which is a high-level grouping of capital market regulators in ASEAN jurisdictions with the aim to elevate the quality of business supervision of the listed companies in ASEAN to meet international standards.

Sustainability Disclosure Recognition

The company received the Sustainability Disclosure Recognition 2020. Held by Thaipat Institute, this prestigious certificate is presented to the companies that publicly disclose their sustainability information covering Environmental, Social and Governance (ESG) for the benefits of stakeholders through business sustainability report. The recognition reflects the company's determination to enhance its sustainability information reporting in accordance with the Sustainable Development Goal, SDG 12.6.

Economic Overview and Competition in Commercial Banking Industry

In the first quarter of 2021, Thai economy continued to contract when compared to the same period last year, due to the new wave of the COVID-19 outbreak and containment measures strictly implemented in some areas and business activities contributed to economic recovery. Private consumption contracted in consistent with low purchasing power and confidence. Meanwhile, the tourism sector persistently experienced a high contraction due to the international travel restrictions. However, economic activities during that period were supported by the expansion of public spending, together with the merchandise exports which grew continually following the economic recovery of trading partners.

In 2021, the Bank of Thailand projected the Thai economy to grow by 3.0% (as of March 2021). However, the economic recovery in the next stage would be subject to the situation of the new wave of COVID-19 pandemic, the efficacy and coverage of COVID-19 vaccination, the recovery of foreign tourist arrivals as well as continued support from government measures. Meanwhile, the financial vulnerabilities of households and businesses remained the key obstacles to the economic recovery.

In the first quarter of 2021, deposits and loans of banking sector kept expanding. New loan extended to both business sector and household sector, corresponding with liquidity and interest rate in commercial banks that continually supported debtors who were affected from the pandemic. Although the loan quality is likely to deteriorate, Thai banks remained sound thanks to close monitoring of credit quality, high levels of capital fund, reserve and liquidity.

Credit Rating

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

Analysis of Operating Results

In the first quarter of 2021, the operating results of the company and its subsidiaries showed the net profit of Baht 560.5 million, increased by 174.5% when compared to the fourth quarter of 2020 with the net profit of Baht 204.2 million, due mainly to the decrease in expected credit losses by 39.5% and decreased by 32.4% when compared to the first quarter of 2020 with the net profit of Baht 828.8 million, due mainly to the decrease in gains on investments and dividend income and the increase in expected credit losses.

Net Interest Income

In the first quarter of 2021, net interest income amounted to Baht 1,228.3 million, increased by 3.8% when compared to the fourth quarter of 2020 due mainly to the decrease in financial cost and decreased by 3.9% when compared to the first quarter of 2020. Interest income was Baht 1,847.5 million, decreased by 13.9% and interest expenses were Baht 619.2 million, decreased by 28.5% when compared to the first quarter of 2020.

Interest income decreased because its subsidiary which operates banking business, reduced the loan interest rate to assist customers impacted by the COVID-19 pandemic, which was the distribution of benefits from the reduced contributions to the Financial Institutions Development Fund (FIDF) from 0.46% to 0.23% per year according to the governmental measures during the year 2020-2021. In addition, it was more conservative when granting loans.

Net Non-Interest Income

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

In the first quarter of 2021, net non-interest income amounted to Baht 599.4 million, increased by 0.5% when compared to the fourth quarter of 2020 and decreased by 20.5% when compared to the first quarter of 2020, due mainly to the decrease in gains on investments and dividend income.

Other Operating Expenses

In the first quarter of 2021, other operating expenses amounted to Baht 775.5 million, decreased by 13.6% when compared to the fourth quarter of 2020, due mainly to the decrease in employees' expenses and increased by 10.2% when compared to the first quarter of 2020, due mainly to the increase in employees' expenses and advertising and promotional expenses.

Profit from Operations Before Expected Credit Losses and Income Tax

In the first quarter of 2021, profit from operations before expected credit losses and income tax amounted to Baht 1,052.2 million, increased by 19.3% when compared to the fourth quarter of 2020.

In the first quarter of 2021, basic earnings per share, stood at Baht 0.027 per share, increased by 170.0% when compared to the fourth quarter of 2020 which was at Baht 0.010 per share.

In the first quarter of 2021, profit from operations before expected credit losses and income tax amounted to Baht 1,052.2 million, decreased by 20.8% when compared to the first quarter of 2020.

In the first quarter of 2021, basic earnings per share stood at Baht 0.027 per share, decreased by 30.8% when compared to the first quarter of 2020 which was at Baht 0.039 per share.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Interest income	1,847.5	1,867.1	(19.6)	(1.0)	2,144.6	(297.1)	(13.9)
Interest expense	(619.2)	(683.5)	(64.3)	(9.4)	(866.1)	(246.9)	(28.5)
Net interest income	1,228.3	1,183.6	44.7	3.8	1,278.5	(50.2)	(3.9)
Fees and service income	340.7	252.3	88.4	35.0	227.4	113.3	49.8
Fees and service expense	(103.5)	(50.3)	53.2	105.8	(50.2)	53.3	106.2
Net fees and service income	237.2	202.0	35.2	17.4	177.2	60.0	33.9

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Gains (losses) on financial instruments measured at fair value through profit or loss	(27.0)	12.5	(39.5)	(316.0)	22.7	(49.7)	(218.9)
Gains on investments	55.9	41.6	14.3	34.4	148.2	(92.3)	(62.3)
Dividend income	322.5	334.8	(12.3)	(3.7)	397.6	(75.1)	(18.9)
Other operating incomes	10.8	5.3	5.5	103.8	8.2	2.6	31.7
Operating income	1,827.7	1,779.8	47.9	2.7	2,032.4	(204.7)	(10.1)
Other operating expenses	775.5	897.9	(122.4)	(13.6)	703.7	71.8	10.2
Expected credit losses	406.0	670.9	(264.9)	(39.5)	294.6	111.4	37.8
Income tax	85.7	6.8	78.9	1,160.3	205.3	(119.6)	(58.3)
Profit from operations before expected credit losses and income tax	1,052.2	881.9	170.3	19.3	1,328.7	(276.5)	(20.8)
Profits from operations before income tax	646.2	211.0	435.2	206.3	1,034.1	(387.9)	(37.5)
Net profits	560.5	204.2	356.3	174.5	828.8	(268.3)	(32.4)
Basic earnings per share (Baht)	0.027	0.010	0.017	170.0	0.039	(0.012)	(30.8)

Table: Other Operating Expenses

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Employees' expenses	417.0	530.5	(113.5)	(21.4)	362.6	54.4	15.0
Premises and equipment expenses	174.2	183.4	(9.2)	(5.0)	186.8	(12.6)	(6.7)
Other expenses	184.3	184.0	0.3	0.2	154.3	30.0	19.4
Total	775.5	897.9	(122.4)	(13.6)	703.7	71.8	10.2

Analysis of Financial Position

Total Assets

As of 31 March 2021, total assets amounted to Baht 251,197.4 million, increased by Baht 1,885.7 million or 0.8% when compared to the end of the year 2020. Core assets comprise of loans to customers - net at 62.9% of total assets, followed by investments - net at 22.8% of total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2021	2020	Amount	(%YTD)
Interbank and money market items - net	30,647.1	32,367.4	(1,720.3)	(5.3)
Investments - net	57,189.2	55,656.5	1,532.7	2.8
Loans to customers - net	157,931.4	156,216.7	1,714.7	1.1
Other assets - net	5,429.7	5,071.1	358.6	7.1
Total assets	251,197.4	249,311.7	1,885.7	0.8

Total Liabilities

As of 31 March 2021, total liabilities amounted to Baht 212,712.5 million, increased by Baht 2,031.8 million or 1.0% when compared to the year 2020. Most of total liabilities were deposits, accounting for 87.4% of total liabilities.

Owners' Equity

As of 31 March 2021, owners' equity amounted to Baht 38,484.9 million, decreased by Baht 146.1 million or 0.4% when compared to the year 2020.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2021	2020	Amount	(%YTD)
Deposits	185,983.6	182,719.8	3,263.8	1.8
Interbank and money market items	12,561.4	12,336.8	224.6	1.8
Debts issued and borrowings - net	10,707.6	11,393.9	(686.3)	(6.0)
Other liabilities	3,459.9	4,230.2	(770.3)	(18.2)
Total liabilities	212,712.5	210,680.7	2,031.8	1.0
Total owners' equity	38,484.9	38,631.0	(146.1)	(0.4)

Number of Employees

As of 31 March 2021, the company and its subsidiaries had 1,742 employees, decreased by 24 persons when compared to 31 December 2020.

Performance Analysis of Subsidiaries

1. COMMERCIAL BANKING BUSINESS

Land and Houses Bank Public Company Limited

Credit Rating

TRIS Rating affirms the company rating of Land and Houses Bank Public Company Limited at “A-” with a “Stable” outlook , and also affirms the rating of LH Bank’s Basel III Tier-2 capital securities at “BBB”.

Branch Network

As of 31 March 2021, Land and Houses Bank Public Company Limited had a total of 108 branches which remained the same as the year 2020.

Analysis of Operating Results

In the first quarter of 2021, operating results of the bank showed net profit of Baht 359.2 million, increased by 759.3% when compared to the fourth quarter of 2020 which reported the net profit of Baht 41.8 million, due mainly to the decrease in expected credit losses by 38.3% and decreased by 45.4% when compared to the first quarter of 2020 which reported the net profit of Baht 657.8 million, due mainly to the increase in expected credit losses by 45.6%, the decrease in gains on investment by 62.3% and the decrease in net gains (losses) on financial instruments measured at fair value through profit or loss by 221.5%.

Net Interest Income

In the first quarter of 2021, net interest income amounted to Baht 1,272.2 million or increased by 3.2% when compared to the fourth quarter of 2020 and decreased by 5.2% when compared to the first quarter of 2020. Interest income of Baht 1,853.1 million decreased by 14.7% and interest expenses of Baht 580.9 million decreased by 29.9% as a result from more conservative lending and the distribution of reduced fee to the Financial Institutions Development Fund (FIDF) from 0.46% to 0.23% per year by reducing loan interest

rate for both retail and corporate customers, offering special interest rates and reducing penalty rates for customers impacted directly and indirectly by the COVID-19 pandemic as well as providing assistance to customers who were impacted by other situations such as economy and drought under the relief measures of the Bank of Thailand. However, the bank has been supporting its customers.

In the first quarter of 2021, net interest margin (NIM) decreased from 2.47% to 2.24% when compared to the first quarter of 2020.

Net Non-Interest Income

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

In the first quarter of 2021, net non-interest income amounted to Baht 244.6 million, decreased by 5.1% when compared to the fourth quarter of 2020, due mainly to the decrease in net gains (losses) on financial instruments measured at fair value through profit or loss and decreased by 37.5% when compared to the first quarter of 2020, due mainly to the decrease in gains on investments.

Other Operating Expenses

In the first quarter of 2021, other operating expenses were at Baht 666.8 million, decreased by 14.6% when compared to the fourth quarter of 2020, due mainly to the decrease in employees' expenses and increased by 9.0% when compared to the first quarter of 2020, due mainly to the increase in employees' expenses.

Expected Credit Losses

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

In the first quarter of 2021, the bank showed the expected credit losses in the amount of Baht 414.4 million, decreased by 38.3% when compared to Baht 672.1 million provisioned in the fourth quarter of 2020. As a result, the bank's Coverage Ratio stood at 125.0%. When compared to the Baht 284.6 million provisioned in the first quarter of 2020, the bank's expected credit losses increased by 45.6%.

In the first quarter of 2021, basic earnings per share were at Baht 0.18 per share, increased by 800.0% when compared to the fourth quarter of 2020 and decreased by 45.5% when compared to the first quarter of 2020.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Interest income	1,853.1	1,880.1	(27.0)	(1.4)	2,171.5	(318.4)	(14.7)
Interest expense	(580.9)	(646.8)	(65.9)	(10.2)	(829.2)	(248.3)	(29.9)
Net interest income	1,272.2	1,233.3	38.9	3.2	1,342.3	(70.1)	(5.2)
Fees and service income	117.1	108.4	8.7	8.0	82.4	34.7	42.1
Fees and service expense	(18.6)	(17.9)	0.7	3.9	(18.7)	(0.1)	(0.5)
Net fees and service income	98.5	90.5	8.0	8.8	63.7	34.8	54.6
Gains (losses) on financial instruments measured at fair value through profit or loss	(27.7)	12.2	(39.9)	(327.0)	22.8	(50.5)	(221.5)
Gains on investments	55.9	41.6	14.3	34.4	148.2	(92.3)	(62.3)
Dividend income	113.5	111.0	2.5	2.3	150.0	(36.5)	(24.3)
Other operating incomes	4.4	2.4	2.0	83.3	6.8	(2.4)	(35.3)
Operating income	1,516.8	1,491.0	25.8	1.7	1,733.8	(217.0)	(12.5)
Other operating expenses	666.8	781.1	(114.3)	(14.6)	611.9	54.9	9.0
Expected credit losses	414.4	672.1	(257.7)	(38.3)	284.6	129.8	45.6
Income tax	76.4	(4.0)	80.4	201.0	179.5	(103.1)	(57.4)
Profits from operations before expected credit losses and income tax	850.0	709.9	140.1	19.7	1,121.9	(271.9)	(24.2)
Profits from operations before income tax	435.6	37.8	397.8	1,052.4	837.3	(401.7)	(48.0)
Net profits	359.2	41.8	317.4	759.3	657.8	(298.6)	(45.4)
Basic earnings per share (Baht)	0.18	0.02	0.16	800.0	0.33	(0.15)	(45.5)

Analysis of Financial Position

Total Assets

As of 31 March 2021, total assets amounted to Baht 240,713.1 million, increased by Baht 628.3 million or 0.3% when compared to the year 2020. Core assets comprised of loans to customers - net at 65.1% of total assets, followed by investments - net at 18.9% of total assets, interbank and money market items - net at 14.0% of the total assets.

Table: Total Assets

(Unit: Million Baht)

Items	March	December	Variance	
	2021	2020	Amount	(%YTD)
Interbank and money market items - net	33,651.6	35,925.7	(2,274.1)	(6.3)
Investments - net	45,574.7	43,983.0	1,591.7	3.6
Loans to customers - net	156,741.9	155,838.4	903.5	0.6
Other assets - net	4,744.9	4,337.7	407.2	9.4
Total assets	240,713.1	240,084.8	628.3	0.3

Loans to Customers

As of 31 March 2021, loans to customers net of deferred revenue and modification gain or loss from the new standard (including interbank and money market items) amounted to Baht 194,135.8 million, increased by Baht 35.5 million when compared to the end of 2020.

Loans to Customers Classified by Business Sector

Loan to conglomerate & corporate amounted to Baht 93,899.1 million, increased by Baht 3,488.5 million or 3.7% when compared to the end of 2020.

Loan to commercial & SME amounted to Baht 71,615.4 million, decreased by Baht 4,262.1 million or 5.6% when compared to the end of 2020.

Retail loan amounted to Baht 25,172.8 million, increased by Baht 849.1 million or 3.5% when compared to the end of 2020.

Table: Loans to Customers Classified by Business Sector

(Unit: Million Baht)

Loans to customers classified by business sector	March	December	Variance	
	2021	2020 ^{2/}	Amount	(%YTD)
Conglomerate & Corporate	97,347.6	93,899.1	3,488.5	3.7
Commercial & SME	71,615.4	75,877.5	(4,262.1)	(5.6)
Retail	25,172.8	24,323.7	849.1	3.5
Total loans to customers net ^{1/}	194,135.8	194,100.3	35.5	0.0

Remarks: ^{1/} Total loans to customers net of deferred revenue and modification gain or loss from the new standard including interbank and money market items.

^{2/} In 2021, the bank has reclassified loans to customers classified by business sector. For the comparison, the bank revised the loan information as of December 2020.

Loans to Customers Classified by Type of Businesses

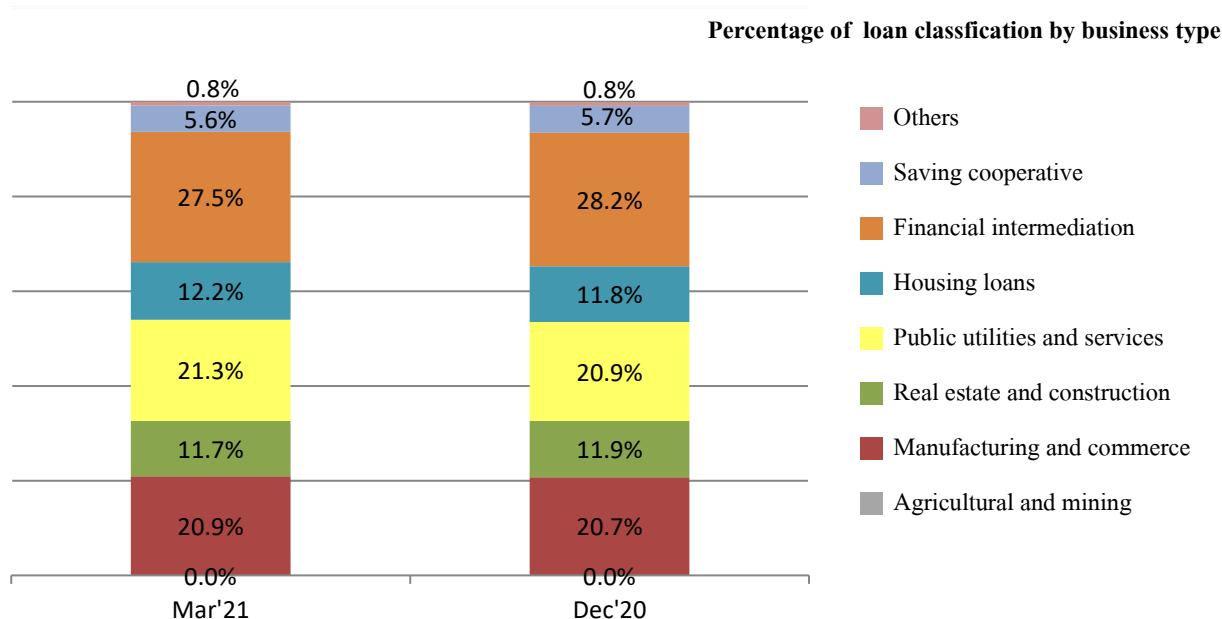
Classified by type of businesses, most portion of loans were financial intermediation at 27.5%, followed by public utilities and services sector at 21.3% and manufacturing and commerce sector at 20.9% of total loans.

Table: Loans to Customers Classified by Type of Businesses

(Unit: Million Baht)

Loans to customers classified by type of businesses	March	December	Variance	
	2021	2020	Amount	(%YTD)
Agricultural and mining	37.0	36.8	0.2	0.5
Manufacturing and commerce	40,572.0	40,181.0	391.0	1.0
Real estate and construction	22,756.9	23,064.7	(307.8)	(1.3)
Public utilities and services	41,399.0	40,535.7	863.3	2.1
Housing loans	23,684.5	22,839.7	844.8	3.7
Financial intermediation	53,398.8	54,858.4	(1,459.6)	(2.7)
Saving cooperative	10,780.0	11,100.0	(320.0)	(2.9)
Others	1,507.6	1,484.0	23.6	1.6
Total loans to customers net *	194,135.8	194,100.3	35.5	0.0

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



Non-Performing Loans

As of 31 March 2021, non-performing loans (Gross) amounted to Baht 5,477.6 million, increased by Baht 109.6 million or 2.0% when compared to the end of 2020, which reported at Baht 5,368.0 million. NPL ratio was at 2.82% of total loans (including interbank and money market items) when compared to the end of 2020 which was at 2.77%.

Investments

As of 31 March 2021, net investments had the book value of Baht 45,574.7 million, increased by Baht 1,591.7 million or 3.6% when compared to the end of 2020.

Total Liabilities

As of 31 March 2021, total liabilities amounted to Baht 205,374.8 million, increased by Baht 1,656.4 million or 0.8% when compared to the end of 2020. Most liabilities were due mainly to deposits, accounting for 90.6% of total liabilities.

Owners' Equity

As of 31 March 2021, owners' equity amounted to Baht 35,338.3 million, decreased by Baht 1,028.1 million or 2.8% when compared to the end of 2020.

Table: Total Liabilities and Owners' Equity

(Unit: Million Baht)

Items	March	December	Variance	
	2021	2020	Amount	(%YTD)
Deposits	185,994.3	182,735.0	3,259.3	1.8
Interbank and money market items	12,310.3	12,203.1	107.2	0.9
Debts issued and borrowings - net	4,001.7	5,002.5	(1,000.8)	(20.0)
Other liabilities	3,068.5	3,777.8	(709.3)	(18.8)
Total liabilities	205,374.8	203,718.4	1,656.4	0.8
Total owners' equity	35,338.3	36,366.4	(1,028.1)	(2.8)

Deposits

As of 31 March 2021, the bank had total deposits of Baht 185,994.3 million, increased by Baht 3,259.3 million or 1.8% when compared to the end of 2020.

Table: Deposits Classified by Type of Deposits

(Unit: Million Baht)

Classified by type of deposits	March	December	Variance	
	2021	2020	Amount	(%YTD)
Demand deposits	2,959.9	3,938.1	(978.2)	(24.8)
Savings deposits	95,402.8	87,765.5	7,637.3	8.7
Time deposits	57,234.4	60,726.3	(3,491.9)	(5.8)
Fixed deposits receipt	30,397.2	30,305.1	92.1	0.3
Total deposits	185,994.3	182,735.0	3,259.3	1.8

Capital Adequacy Ratio and BIS Ratio

As of 31 March 2021, the capital to risk-weighted assets ratio (BIS ratio) increased by 19.630% from 19.802% as at 31 December 2020, higher than the minimum rate of 11.000%, required by the Bank of Thailand.

Tier-1 capital ratio to risk-weighted assets was at 16.899%, higher than the minimum requirement of 8.500%, specified by the Bank of Thailand.

Table: Capital To Risk-Weighted Assets Ratio

Capital To Risk-Weighted Assets Ratio	As of 31 March 2021		As of 31 December 2020	
	Million Baht	%	Million Baht	%
Common Equity Tier-1 capital funds				(Revised)
The Bank	33,643.0	16.899	33,959.5	17.068
Minimum rates required by law		7.000		7.000
The Difference		9.899		10.068
Tier 1 capital funds				
The Bank	33,643.0	16.899	33,959.5	17.068
Minimum rates required by law		8.500		8.500
The Difference		8.399		8.568
Total capital funds				
The Bank	39,081.2	19.630	39,398.2	19.802
Minimum rates required by law		11.000		11.000
The Difference		8.630		8.802

2. SECURITIES BUSINESS

Land and Houses Securities Public Company Limited

Overview of the Stock Exchange of Thailand

During the first quarter of 2021, SET index showed solid recovery signs from year-end low at 1,200 and retests its level at 1,600. As of the end of March 2021, SET index closed at 1,587.21, increased by 9.5% from the end of 2020. Such increase was above the averages of other markets in the region with an average daily trading volume of up to Baht 96,951 million, or increased by 45% year over year. In this quarter, foreign investors and institution investors remained net sellers of Baht 29,370 million and Baht 22,503 million, respectively while retail investors were still net buyers, accounting for over 50% of total trading volume.

Analysis of Operating Results

In the first quarter of 2021, the operating results of the company and its subsidiaries showed net profit of Baht 85.5 million, increased by 38.6% when compared to the fourth quarter of 2020 and increased by 70.7% when compared to the first quarter of 2020.

Total Income

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

In the first quarter of 2021, total income was Baht 156.4 million, increased by 9.1% when compared to the fourth quarter of 2020 and decreased by 2.6% when compared to the first quarter of 2020.

Brokerage Fees Income

In the first quarter of 2021, brokerage fees income was Baht 60.5 million, increased by 26.0% when compared to the fourth quarter of 2020 and increased by 27.4% when compared to the first quarter of 2020.

Other Incomes apart from Brokerage Fees Income

In the first quarter of 2021, other incomes apart from brokerage fees income consisting of interest income, gains and return on financial instruments and other incomes were Baht 16.0, 75.0 and 4.9 million, respectively.

Total Expenses

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

In the first quarter of 2021, total expenses were Baht 70.9 million, decreased by 3.0% when compared to the fourth quarter of 2020 and decreased by 25.0% when compared to the first quarter of 2020.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Brokerage fees income	60.5	48.0	12.5	26.0	47.5	13.0	27.4
Interest income	16.0	12.5	3.5	28.0	9.7	6.3	64.9
Gains and return on financial instruments	75.0	84.5	(9.5)	(11.2)	102.5	(27.5)	(26.8)
Other incomes	4.9	(1.6)	6.5	406.3	0.9	4.0	444.4

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Total income	156.4	143.4	13.0	9.1	160.6	(4.2)	(2.6)
Total expenses	70.9	73.1	(2.2)	(3.0)	94.5	(23.6)	(25.0)
Profits before income tax	85.5	70.3	15.2	21.6	66.1	19.4	29.3
Income tax	-	8.6	(8.6)	(100.0)	16.0	(16.0)	(100.0)
Net profits	85.5	61.7	23.8	38.6	50.1	35.4	70.7
Basic earnings per share (Baht)	0.07	0.05	0.02	40.0	0.08	(0.01)	(12.5)

3. FUND MANAGEMENT BUSINESS

Land and Houses Fund Management Company Limited

Overview of Fund Management Business

In the first quarter of 2021, total net asset value of mutual funds was Baht 5.18 trillion, increased by 2.77% from Baht 5.04 trillion in the previous quarter. Such increase was mainly due to equity fund, infrastructure fund and REITs which enjoyed improving growth of 15.45%, 3.26% and 0.14%, respectively, while other fund types' net asset values decreased.

Analysis of the Operating Results

The first quarter of 2021, Land and Houses Fund Management Company Limited had net profit of Baht 30.8 million, increased by 170.2% when compared to the fourth quarter of 2020 due to the increase in fees and service income – net and decreased by 9.7% when compared to the first quarter of 2020 due to the increase in other expenses including advertising and promotional expenses.

Total Incomes

Total incomes in the first quarter of 2021 amounted to Baht 219.4 million, increased by 52.0% when compared to the fourth quarter of 2020 due to the increase in fees and service income and increased by 80.1% when compared to the first quarter of 2020 due to the increase in fees and service income.

Fees and Service Income

In the first quarter of 2021, fees and service income amounted to Baht 214.8 million, increased by 53.5 % when compared to the fourth quarter of 2020. Most of fees and service income came from the management of mutual funds, accounting for 90.8 % of total fees and service, increased by 85.5% when compared to the first quarter of 2020.

Other Incomes apart from Fees and Service Income

In the first quarter of 2021, other incomes apart from fee and service income consisted of gains and return on financial instruments and other incomes of Baht 3.5 million and Baht 1.1 million, respectively.

Total expenses

In the first quarter of 2021, total expenses amounted to Baht 181.2 million, increased by 39.0% when compared to the fourth quarter of 2020 and increased by 127.9% when compared to the first quarter of 2020.

Table: Operating Results

(Unit: Million Baht)

Items	Quarter		Variance		Quarter	Variance	
	1/2021	4/2020	Amount	(%QoQ)	1/2020	Amount	(%YoY)
Fees and service income	214.8	139.9	74.9	53.5	115.8	99.0	85.5
Gains and return on financial instruments	3.5	3.2	0.3	9.4	5.3	(1.8)	(34.0)
Other income	1.1	1.2	(0.1)	(8.3)	0.7	0.4	57.1
Total incomes	219.4	144.3	75.1	52.0	121.8	97.6	80.1
Total expenses	181.2	130.4	50.8	39.0	79.5	101.7	127.9
Net profits before income tax	38.2	13.9	24.3	174.8	42.3	(4.1)	(9.7)
Income tax	7.4	2.5	4.9	196.0	8.2	(0.8)	(9.8)
Net profits	30.8	11.4	19.4	170.2	34.1	(3.3)	(9.7)
Earnings per share (Baht)	10.27	3.80	6.47	170.3	11.38	(1.11)	(9.8)

Net Asset Value under Management

As of 31 March 2021, the company had 121 funds under management, increased by 10 funds when compared to the end of year 2020 and the company had total net asset value of Baht 60,845.6 million, increased by 5.0% when compared to the end of year 2020. The company had mutual funds under management as follows:

- Property fund and real estate investment trust	Baht 31,683.2 million
- Fixed income fund	Baht 7,651.1 million
- Equity fund	Baht 12,621.4 million
- Mixed fund	Baht 1,990.8 million
- Fund of Property Fund	Baht 6,899.1 million

In case the net asset values of Baht 8,738.9 million in private funds and Baht 5,467.7 million in provident funds were included, the company's net asset value would be Baht 75,052.2 million.