

# LH BANK



ธนาคารแลนด์ แอนด์ เฮาส์  
LAND AND HOUSES BANK

## Annual Report | 2021



We  
are  
*Family*

เครือข่าย



CTBC BANK  
中國信託銀行

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## MESSAGE FROM THE CHAIRMAN



In 2021, Thai economy was profoundly affected by COVID-19 pandemic and its new variants which spread faster. As a result, Thai economy, which heavily relied on tourism sector, recovered at a slower pace.

In 2022, Thai economy is expected to recover with supporting factors from the recovery of domestic demand and manufacturing sector, the recovery of tourism sector under the policy of opening the country, substantial expansion of export sector including government budget disbursement. However, there may still be risk factors such as unpredictability of COVID-19 outbreak situation, high household debt, and impact from the constraints in the production and international logistics chains, and labor shortages including global economic and financial volatility.

In 2021, LH Financial Group Public Company Limited's financial business group grew stronger due to the additional acquisition of its shares by CTBC Bank on September 8, 2021, making CTBC Bank the major shareholder of the company, holding a total of 46.61% of the total issued shares. CTBC Bank realizes the opportunities to enhance competitiveness and growth of the financial business group.

In 2022, Land and Houses Bank Public Company Limited's main strategy is to utilize digital banking capabilities and expertise in providing services with CTBC Bank's comprehensive financial solution platform, which will jointly develop digital infrastructure and platform to enhance the bank's competitiveness and accelerate its profitable business expansion. Having a good business partner and focusing on becoming a professional financial advisor as well as rapidly expanding the customer base by delivering comprehensive products and services such as credit products, deposits, trade finance, life insurance and non-life insurance and investment that meets the needs of customers in order to provide customers with the best services. These services include the provision of continued assistance to corporate and retail debtors affected by COVID-19 pandemic so that customers can continue their business, which will result in better economy in the country.

The Board of Directors places the great importance to good corporate governance and management with honesty, and encourages the bank to adhere to the compliance guidelines on market conduct and Personal Data Protection Act (PDPA).

Finally, the bank would like to thank our valued customers, shareholders and all stakeholders, employees, public and private financial institutions and government agencies for their trust and continued support that they have placed in Land and Houses Bank Public Company Limited.

(Dr. Vorapol Socratyanurak)

Chairman

## COMPANY PROFILE

Land and Houses Bank Public Company Limited is a financial institution which positions itself as a new choice for consumers. It was originated from the inspiration of a leading group of property developers-Land & Houses Public Company Limited and Quality Houses Public Company Limited. Both are listed companies on the Stock Exchange of Thailand, engaging in the development and management of real estate projects and holding the largest market share. Besides, their strong financial positions, they both are committed to management with good corporate governance. In 2004, the government announced a financial institutions development plan. Viewing this as an opportunity to diversify its business to be more comprehensive, the group had Land and Houses Credit Foncier Public Company Limited of which 43% of paid-up share capital held by Land and Houses Public Company Limited submit a plan to the Ministry of Finance to set up a commercial retail bank and on December 19, 2005, the Ministry of Finance approved to open the commercial retail banking under the name of Land and Houses Bank Public Company Limited.

On June 19, 2009, LH Financial Group Public Company Limited submitted an application to the Bank of Thailand to establish a financial business group. Then, on October 28, 2009, the Bank of Thailand allowed the company and Land and Houses Bank Public Company Limited to set up a financial business group, with LH Financial PLC. acting as the parent company of financial business group, and the bank as the subsidiary under the solo consolidation group, and Land and Houses Fund Management Company Limited as a subsidiary under the solo consolidation group.

On December 16, 2011, the Ministry of Finance, by the recommendation of the Bank of Thailand, approved and upgraded Land and Houses Retail Bank Public Company Limited, the company's subsidiary, from a retail bank into a full commercial bank under the name of Land and Houses Bank Public Company Limited with its official opening on December 19, 2011. As a result, the bank could start operating a complete commercial banking business and offer a more diverse range of financial services to its customers.



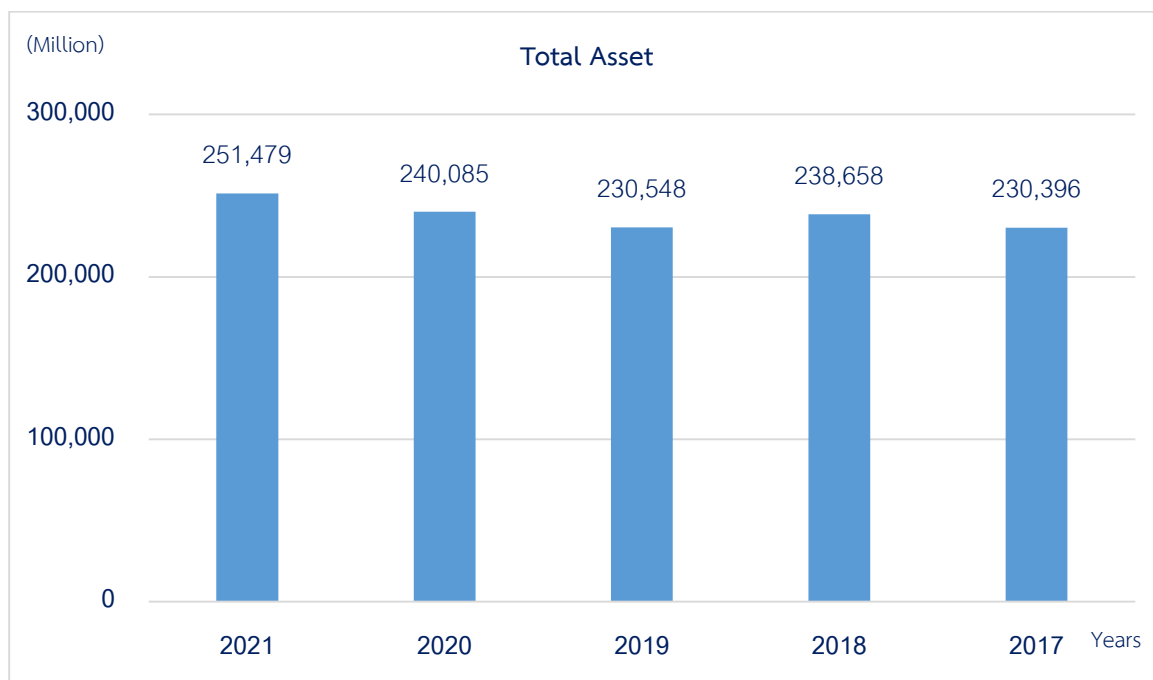
## GENERAL INFORMATION

### 1. Type of Business, Number of Shares, Par Value and All Types of Shares and Issued Share Capital

Company Name	:	Land and Houses Bank Public Company Limited
Symbol	:	LH Bank
Registration Number	:	0107548000234
Type of Business	:	Commercial Bank
Website	:	www.lhbank.co.th
Head Office	:	1 Q.House Lumpini Building, G, 1 <sup>st</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> and 32 <sup>nd</sup> Floor, South Sathon Rd., Thungmahamek, Sathon, Bangkok 10120
Registered Capital	:	Baht 20,000,000,000
Paid-up Capital	:	Baht 20,000,000,000
Par Value	:	10 Baht
Types of Share	:	ordinary shares 2,000,000,000 shares
and Issued Share Capital	:	Preferred shares -None-
Accounting Period	:	1 January – 31 December
Contact	:	<b>Head Office</b> Telephone : 0 2359 0000 or 1327 Fax : 0 2677 7223 Email : presidentoffice@lhbank.co.th
Audit Committee	:	Mr. Pradit Sawattananond Chairman of the Audit Committee Telephone : 08 1868 1487 Email : pradits@lhbank.co.th
	:	Mr. Somsak Assavapokee Member of the Audit Committee Telephone : 08 5485 4269 Email : somsaka@lhbank.co.th
	:	Dr. Supriya Kuandachakupt Member of the Audit Committee Telephone : 08 5901 5888 E-mail : supriyak@lhbank.co.th
	:	Mr. Pichai Dusdeekulchai Member of the Audit Committee Telephone : 09 8992 8295 E-mail : pichaid@lhbank.co.th
Auditors	:	Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734 and/or Ms. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499 and/or Miss Rachada Yongsawadvanich Certified Public Accountant (Thailand) No. 4951 Ms. Wanwilai Phetsang Certified Public Accountant (Thailand), No. 5315
	:	EY Office Limited 193/136-137, 33 <sup>rd</sup> Floor, Lake Rajada Office Complex Rajadapisak Road, Klongtoey, Bangkok 10110 Website: www.ey.com/th Telephone : 0 2264 0777 Fax : 0 2264 0789-90

## FINANCIAL HIGHLIGHTS

Items	Separate Financial Statement				
	2021	2020	2019	2018	2017
<b>Statements of financial position : Million Baht</b>					
Total assets	251,479	240,085	230,548	238,658	230,396
Investments	41,734	43,983	51,647	55,313	55,237
Loans to customers	177,083	160,970	155,530	161,893	154,020
Expected Credit Loss (ECL) (Allowance for doubtful accounts)	8,940	6,004	3,962	3,775	3,403
Non-performing loans (Gross NPLs)	5,110	5,368	2,775	3,520	3,264
Debts issued and borrowings	2,397	5,003	16,721	23,290	32,979
Deposits	192,513	182,735	165,018	168,171	143,742
Total liabilities	216,380	203,719	194,269	203,054	195,274
Total owners' equity	35,099	36,366	36,279	35,604	35,122
Registered share capital	20,000	20,000	20,000	20,000	20,000
Paid-up share capital	20,000	20,000	20,000	20,000	20,000
<b>Statements of comprehensive income : Million Baht</b>					
Interest income	7,751	7,927	8,788	8,575	8,654
Interest expenses	(2,186)	(2,975)	(4,047)	(3,671)	(3,673)
Net interest income	5,565	4,952	4,741	4,904	4,981
Non-interest income	1,293	1,671	1,427	1,154	814
Operating income	6,858	6,623	6,168	6,058	5,795
Non-interest expenses	(2,759)	(2,591)	(2,597)	(2,362)	(2,346)
Expected Credit Loss (ECL) (Bad debts doubtful accounts)	(3,284)	(2,298)	(1,090)	(570)	(617)
Profits before income tax expenses	815	1,734	2,481	3,126	2,832
Net profits	691	1,408	2,038	2,569	2,312
<b>Ratio per share : Baht</b>					
Basic earnings per share	0.35	0.70	1.02	1.29	1.40
Dividend per share	0.170	0.350	0.700	1.170	0.857
Book value per share	17.550	18.183	18.140	17.802	17.561
<b>Financial ratio (%)</b>					
Average Return on assets (ROA)	0.28	0.60	0.87	1.10	1.05
Average Return on equity (ROE)	1.93	3.88	5.67	7.27	8.79
Dividend payout ratio	49.22	49.73	68.68	91.08	64.87
Loans to deposit and borrowing	91.79	85.77	85.67	84.60	87.19
Non-interest income to total income	18.85	25.24	23.13	19.06	14.05
Non-interest expense to total income	40.23	39.12	42.10	38.99	40.49
Total capital to risk assets ratio	18.357	19.802	19.265	20.045	21.857
Tier 1 capital to risk asset ratio	16.165	17.068	16.481	17.131	18.673
<b>Capital : Million Baht</b>					
Tier 1 capital	33,914.86	33,959.46	34,578.32	34,344.23	34,101.44
Total capital	38,513.90	39,398.17	40,421.08	40,185.53	39,915.64









**Name:** Dr. Vorapol Socratyanurak  
**Position:** Chairman  
**Age (Years):** 66  
**Education:**

- Ph.D., The Wharton School, University of Pennsylvania
- Master Degree, The Wharton School, University of Pennsylvania
- Bachelor Degree, Chulalongkorn University

**Training:**

- Director Accreditation Program (DAP) 1/2546 : IOD
- Director Certification Program (DCP) 42/2547 : IOD
- Chairman Program (RCP) 10/2004 : IOD
- Audit Committee Program (ACP) 6/2005 : IOD
- Role of the Compensation Committee (RCC) 1/2006 : IOD
- Chartered Director Class (CDC) 2/2007 : IOD
- Monitoring of the Quality of Finance Reporting (MFR) 6/2008 : IOD
- Monitoring the Internal Audit Function (MIA) 3/2008 : IOD
- Monitoring the System of Internal Control and Risk Management (MIR) 3/2008 : IOD
- Monitoring Fraud Risk Management (MFM) 5/2011 : IOD
- None

Relationship with executives:

Work experiences in the past 5 years

❖ Current Position in 2 Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct 2021 - Present	Chairman	LH Financial Group PLC
2562 - Present	Chairman Independent Director Chairman of the Strategy and Risk Management Committee Chairman of the Sustainability Committee	Siamese Asset PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct 2021 - Present	Chairman	Land and Houses Bank PLC
2014 - 2019	Member of National Legislative Assembly Chairman of Finance, Banking, Financial Institutions and Capital Market Sub-Committee Chairman of the Parliamentary Committee for Considering the Payment System Act Chairman of the Parliamentary Committee for Considering the Foreign Account Tax Compliance Act (FATCA) Chairman of the Parliamentary Committee for Considering People Bank Act	National Legislative Assembly
2011 - 2015	Secretary-General Chairman of the Capital Market Supervisory Board	The Securities and Exchange Commission



**Name:** Mr. Wu, Kuo-Chin  
**Position:** Director Vice Chairman  
 Member of the Executive Committee  
**Age: (Years)** 66  
**Education:** - Master of Business Administration, University of San Francisco, USA  
 - Bachelor of Arts in Business Administration, National Cheng Kung University, Taiwan  
**Training:** - Director Accreditation Program (DAP) 146/2018 : IOD  
 - Information Security Awareness Training 2020 : LH Bank  
 - None

Relationship with executives:

Work experiences in the past 5 years:

❖ Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Vice Chairman	LH Financial Group PLC
Aug. 2017 - Present	Director	
Sep. 2018 - Mar. 2019	Member of the Nomination and Remuneration Committee	
Feb. 2018 - Jul. 2018	Member of the Nomination and Remuneration Committee	

❖ Current Position in 2 Non-Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Vice Chairman	Land and Houses Bank PLC
Aug. 2017 - Present	Director	
	Member of the Executive Committee	
Feb. 2018 - Jul. 2018	Member of the Nomination and Remuneration Committee	
Mar. 2020 - Present	Special Professional, Office of the Chairman	CTBC Bank Co., Ltd.
2017 - Feb. 2020	Chief Representative, Bangkok Representative Office	
2016 - 2017	Senior Advisor, Bangkok Representative Office	
2015 - 2016	Executive Officer, Office of the Chairman	



**Name:** Mr. Pradit Sawattananond

**Position:** Independent Director  
Chairman of the Risk Oversight Committee  
Member of Audit Committee  
Member of the Corporate Governance Committee  
Member of the Nomination and Remuneration Committee

**Age: (Years)** 73

**Education:**

- Master of Business Administration, Central State University, USA
- Bachelor of Commerce, Chulalongkorn University

**Training:**

- Director Certification Program (DCP) 3/2000 : IOD
- Audit Committee Program 3/2004 : IOD
- Chief Financial Officer Certification Program 1/2004 : ICAAT
- Improving the Quality of Financial Reporting Program 4/2006 : IOD
- Monitoring the Quality of Financial Reporting Program 5/2007 : IOD
- Monitoring the Internal Audit Function Program 5/2008 : IOD
- Monitoring the System of Internal Control and Risk Management Program 2/2008 : IOD
- Role of the Compensation Committee Program (RCC) 6/2008 : IOD
- Advanced Audit Committee Program (AACP)13/2013 : IOD
- How to Develop a Risk Management Plan (HRP) 4/2013 : IOD
- Corporate Governance for Capital Market Intermediary Program (CGI) 1/2014 : IOD
- Information Security Awareness Training 2020: LH Bank

**Relationship with executives:**

- None

Work experiences in the past 5 years:

❖ Current Position in 3 Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Chairman of the Risk Oversight Committee Member of the Nomination and Remuneration Committee	LH Financial Group PLC
Apr. 2018 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee	
Jul. 2018 - Sep. 2018	Member of the Nomination and Remuneration Committee	
2004 - Present	Independent Director Chairman of the Audit Committee	Asia Sermkij Leasing PLC
2000 - Present	Independent Director Member of the Audit Committee	KGI Securities (Thailand) PLC
2015 - Nov. 2020	Independent Director Chairman of the Audit Committee	Nusasiri PLC
2004 - Dec. 2019	Independent Director Member of the Audit Committee	Thai Film Industries PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Apr. 2020 - Present	Chairman of the Audit Committee Chairman of the Corporate Governance Committee	Land and Houses Bank PLC
Jul. 2018 - Present	Member of the Nomination and Remuneration Committee	
Mar. 2018 - Present	Independent Director	
Sep. 2018 - Oct. 2021	Member of the Risk Oversight Committee	
Mar. 2018 - Mar. 2020	Member of the Audit Committee Member of the Corporate Governance Committee	
2005 - 2006	Advisor to the Committee on Economic Development	The House of Representatives





**Name** Mr. Somsak Assavapokee  
**Position:** Independent Director  
 Member of the Audit Committee  
 Member of the Corporate Governance Committee  
 Member of the Risk Oversight Committee  
 Chairman of the Nomination and Remuneration Committee  
**Age: (Years)** 69  
**Education:**  
 - Master of Business Administration (MBA), New York University, USA  
 - Bachelor of Commerce (Commerce and Accountancy), Thammasat University  
**Training:**  
 - Director Certification Program (DCP) 157/2012: IOD  
 - Information Security Awareness Training 2020: LH Bank  
 - Cyber Resilience Leadership : Herd Immunity 2021 : BOT  
**Relationship with executives:**  
 - None

❖ Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Dec. 2018 - Jun. 2020	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Member of the Corporate Governance Committee Member of the Risk Oversight Committee	LH Financial Group PLC
Oct. 2014 - Aug. 2017	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee	

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Sep. 2018 - Present	Member of the Risk Oversight Committee	Land and Houses Bank PLC
Jul. 2018 - Present	Chairman of the Nomination and Remuneration Committee	
Oct. 2012 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee	
Oct. 2012 - Aug. 2017	Member of the Nomination and Remuneration Committee	
2003 - Sep. 2012	Director and Executive Director	Secondary Mortgage Corporation
Oct. 2005 - Sep. 2012	First Senior Executive Vice President	Government Housing Bank



**Name:** Dr. Supriya Kuandachakupt

**Position:** Independent Director Member of the Audit Committee  
Member of the Corporate Governance Committee  
Member of the Nomination and Remuneration Committee  
Chairman of the Risk Oversight Committee

**Age: (Years)** 67

**Education:**

- Doctor of Philosophy in Economics, University of Hawaii, USA
- Master of Arts in Economics (English Program), Thammasat University
- Bachelor of Economics, University of Tasmania, Australia

**Training:**

- Diploma of Tertiary Education, University of New England, Australia
- Certificate of Population Studies, University of Hawaii, USA
- Corporate Governance Program for Directors and Senior Executives of State Enterprises and Public Organizations (Class 7) : Public Director Institute King Prajadhipok's Institute
- Director Accreditation Program (DAP) 56/2006 : IOD
- Director Certification Program (DCP) 97/2007 : IOD
- Financial Statements for Directors (FSD) 10/2010 : IOD
- How to Develop a Risk Management Plan (HRP) 4/2013 : IOD
- Chartered Director Class 9/2015 : IOD
- Corporate Governance for Capital Market Intermediaries (CGI) 7/2015 : IOD
- Advanced Audit Committee Program (AACP) 31/2018 : IOD
- Information Security Awareness Training 2020: LH Bank
- None

**Relationship with executives:**

Work experiences in the past 5 years:

❖ Current Position in 2 Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Aug. 2017 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee	LH Financial Group PLC
Sep. 2018 - Oct. 2021	Member of the Risk Oversight Committee	
2006 - Present	Independent Director Member of the Audit Committee	Asia Sermkij Leasing PLC

❖ Current Position in 2 Non-Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Chairman of the Risk Oversight Committee Member of the Nomination and Remuneration Committee	Land and Houses Bank PLC
Aug. 2017 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee	
Jul. 2018 - Aug. 2018	Member of the Nomination and Remuneration Committee	
Aug. 2017 - Feb. 2018	Member of the Nomination and Remuneration Committee	
2002 - Present	Director	P.A.K. Supply Co., Ltd.
2013 - Sep. 2018	Special Senior Fellows, Faculty of Economics	Kasetsart University
1986 - Sep. 2018	Associate Professor, Economics Department Faculty of Economics	



**Name:** Mr. Pichai Dusdeekulchai  
**Position:** Independent Director  
 Member of Audit Committee  
 Member of Corporate Governance Committee  
**Age: (Years)** 59  
**Education:** - Master of Business Administration, Ashland University, Ohio, USA  
 - Bachelor of Arts in Mathematics and Statistics, Thammasat University  
**Training:** - Director Certification Program (DCP) 278/2019 : IOD  
 - Strategic Planning, APTD 2009  
 - Leadership Development Program (LDP 2013) : Thai Listed Companies Association  
 - Global Management Program (APTD 2015)  
 - Cyber Resilience Leadership “Tone From the Top” 2020 : BOT  
 - Information Security Awareness Training 2020 : LH Bank  
 Relationship with executives: - None

Work experiences in the past 5 years

❖ Current Position in 2 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
July 2020 - Present	Independent Director Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee Member of the Risk Oversight Committee	LH Financial Group PLC
Apr. 2019 - Present	Independent Director Member of the Audit Committee	Banpu PLC

❖ Current Position in 1 Listed Companies on the Stock Exchange of Thailand, None

Period	Position	Organization/Company
March 2020 - Present	Independent Director, Member of the Audit Committee Member of the Corporate Governance Committee	Land and Houses Bank PLC
May 2018 - Mar. 2019	General Manager, Deputy to Country Head of Thailand	Sumitomo Mitsui Banking Corporation Bangkok Branch
Apr. 2002 - May 2018	Head of Business Promotion (Non-Japanese Corporate)	
1990 - 2002	Relationship manager	Standard Chartered Bank (Thai) PCL



**Name:** Mr. Naporn Sunthornchitcharoen  
**Position:** Director  
 Member of the Executive Committee  
**Age: (Years)** 63  
**Education:**  
 - Master of Business Administration, Thammasat University  
 - Bachelor of Engineering Program in Civil Engineering, Chiangmai University  
**Training:**  
 - Stanford Executive Program (SEP), Stanford Graduate School of Business, Stanford University, USA  
 - National Defense College of Thailand, Class 2006  
 - Director Accreditation Program (DAP) 25/2004: IOD  
 - Director Certification Program (DCP) 53/2005: IOD  
 - Financial Institutions Governance Program (FGP) 2/2011: IOD  
 - Information Security Awareness Training 2021: LH Bank  
 - None

**Relationship with executives:**

**Work experiences in the past 5 years**

❖ **Current Position in 5 Listed Companies on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Aug. 2017 - Present	Chairman, Chairman of the Executive Committee	Land and Houses PLC
1992 - Present	Director	
May 2013 - Aug. 2017	Member of the Executive Committee	
	President (Operations)	
2002 - Apr. 2013	Member of the Executive Committee	
	Senior Executive Vice President (Operations)	
Jun. 2017 - Present	Director	Quality Houses PLC
May 2011 - Present	Director	LH Financial Group PLC
Sep. 2018 - Mar. 2019	Member of the Nomination and Remuneration Committee	
May 2011 - Jul. 2018	Member of the Nomination and Remuneration Committee	
May 2011 - Jun. 2017	Member of the Executive Committee	
2015 - present	Member of the Nomination and Remuneration Committee	Home Product Center PLC
2001 - present	Executive Director	
1995 - present	Director	
1994 - present	Director	Quality Construction Products PLC

❖ **Current Position in 15 Non-Listed Companies on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Dec. 2013 - Present	Director	Land and Houses Securities PLC
2012 - Present	Director	Land and Houses USA, INC.
2012 - Present	Director	Land and Houses Property and Loan Fund - II
2005 - Present	Director and Member of the Executive Committee	Land and Houses Bank PLC
2005 - Jul. 2018	Member of the Nomination and Remuneration Committee	
2004 - Present	Director	LH Asset Co., Ltd.
2003 - Present	Director	LH Real Estate Co., Ltd.
2002 - Present	Director	Land and Houses Property Fund 2
2000 - Present	Director	Land and Houses Property Fund 1
1995 - Present	Director	Land and Houses North-East Co., Ltd.
1995 - Present	Director	Land and Houses North Co., Ltd.
1995 - Present	Director	LH Muang Mai Co., Ltd.
1993 - Present	Director	Siam Tanee Real Estate Co., Ltd.
1990 - Present	Director	Siam Tanee Property Co., Ltd.
1987 - Present	Director	Atlantic Real Estate Co., Ltd.
1986 - Present	Director	LH Mall & Hotel Co., Ltd.



**Name:** Mr. Sirichai Sombutsiri  
**Position:** Director  
Chairman of the Executive Committee  
**Age: (Years)** 67  
**Education:**  
- Master of Business Administration (Finance), University of Southern California  
- Bachelor of Accountancy (Honour), Thammasat University  
**Training:**  
- Advanced Management Program, Harvard Business School  
- Capital Market Academy Leadership Program  
2007 : Capital Market Academy  
- Director Accreditation Program (DAP) 25/2004 : IOD  
- National Defense College Class of 4515  
- Cyber Resilience Leadership “Tone from the Top” 2020 : BOT  
- Information Security Awareness Training 2021: LH Bank  
- None

Relationship with executives:

Work experiences in the past 5 years

❖ Current Position in 3 Listed Companies

Period	Position	Organization/Company
Dec. 2016 - Present	Chairman	Pre-Built PLC
Sep. 2016 - Present	Independent Director	
Jan. 2013 - Present	Chairman	Burirum Sugar PLC
Jan. 2013 - Feb. 2021	Chairman of the Audit Committee	
Apr. 2010 - Present	Independent Director	OHTL PLC
Apr. 2000 - Sep. 2013	Chief Officer	Siam Commercial Bank PLC
2000 - 2004	Director	Thai Oil PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Jun. 2017 - Present	Chairman of the Executive Committee	Land and Houses Bank PLC
Jan. 2014 - Present	Director	
Jan. 2014 - Jun. 2017	Member of the Executive Committee	
May 2009 - Sep. 2013	Director	Asean Finance Corporation Limited
Jun. 2005 - Aug. 2013	Chairman	Phoenix Land Development Co., Ltd.
Jun. 2005 - Aug. 2013	Chairman	Phoenix Golf and Country Club Pattaya Co., Ltd.
1998 - 1999	President	Radanasin Bank PLC
1998 - 1998	President	Radanasin Bank (1998) PLC
1994 - 1998	President	Thai Summit Finance and Securities Co., Ltd.



**Name:** Mr. Shih, Jiing-Fuh  
**Position:** Director  
 Chairman of the Risk Oversight Committee  
 Member of the Executive Committee  
**Age: (Years)** 57  
**Education:**  
 - Master of Business Administration, University of Texas at Austin, USA  
 - Bachelor of Economics, National Taiwan University, Taiwan  
**Training:**  
 - ABN AMRO Bank Credit Training 1994 : ABN AMRO BANK  
 - CTBC Executive Program 2016 : CTBC BANK & Wharton Business School  
 - Director Accreditation Program (DAP) 146/2018 : IOD  
 - Information Security Awareness Training 2021 : LH Bank  
 - None

**Relationship with executives:**

**Work experiences in the past 5 years:**

❖ **Current Position in 1 Listed Company on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Mar. 2019 - Present	Member of the Nomination and Remuneration Committee	LH Financial Group PLC
Sep. 2018 - Present	Chairman of the Risk Oversight Committee	
Aug. 2017 - Present	Director	

❖ **Current Position in 2 Non-Listed Companies on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Aug. 2018 - Present	Member of the Nomination and Remuneration Committee	Land and Houses Bank PLC
Sep. 2018 - Present	Chairman of the Risk Oversight Committee	
Aug. 2017 - Present	Director	
2017 - 2021	Head of Global Operations Group	CTBC Bank Co., Ltd.
2013 - 2017	Head of South East Asia	
2013 - 2017	Chief Strategy Officer	
2017 - 2018	Commissioner	PT Bank CTBC Indonesia
2013 - 2017	Director	CTBC Bank (Philippines) Corp.
2013 - 2017	Director	CTBC Capital Corp.





**Name :** Mr. Vichian Amornpoonchai  
**Position :** Director  
**Age : (Years)** 60  
**Education :** - Master of Business Administration, Mahanakorn University of Technology  
 - Bachelor of Accounting, Dhurakijpundit University  
**Training :** - Certified Professional Internal Auditor (CPIA) : The Institute of Internal Auditors of Thailand (IIAT)  
 - Modern Managers Program : Chulalongkorn University  
 - Company Secretary Program 32/2009 : IOD  
 - Effective Minutes Taking 17/2010 : IOD  
 - Company Reporting Program 17/2017 : IOD  
 - Corporate Secretary Development Program : Thai Listed Companies Association  
 - Director Accreditation Program (DAP) 153/2018 : IOD  
 - Ethical Leadership Program (ELP) 19/2020 : IOD  
 - Information Security Awareness Training 2021 : LH Bank  
**Relationship with Executives :** - None -

**Work Experiences in the Past 5 Years :**

❖ **Current Position in 1 Listed Company on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Oct. 2021 - Present	Director	LH Financial Group PLC
Feb. 2021 - Present	Senior Executive Vice President, Corporate Affairs Group	
May 2009 - Present	Company Secretary	
May 2021 - Oct. 2021	Acting Chief Executive Officer and President	
May 2020 - Jan. 2021	First Executive Vice President, Corporate Affairs Group	
Aug. 2019 - May 2020	First Executive Vice President, Corporate Affairs and Legal Group	

❖ **Current Position in 2 Non-Listed Companies on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Oct. 2021 - Present	Director	Land and Houses Bank PLC
Mar. 2008 - Oct. 2021	Company Secretary	
Mar. 2019 - Aug. 2019	First Executive Vice President, Corporate Affairs and Legal Group	
Aug. 2017 - Mar. 2019	Executive Vice President, Corporate Affairs and Legal Group First Senior	
Apr. 2016 - Aug. 2017	Vice President, Office of the President Vice President, Office of the President	
Nov. 2010 - Mar. 2016	Vice President, Office of the President	
Jan. 2014 - Present	Director Company Secretary	Land and Houses Advisory Co., Ltd.



**Name:** Ms. Chompoonoot Pathomporn  
**Position:** Director  
 Member of the Executive Committee  
 Chief Executive Officer and President  
**Age (years):** 58  
**Education:**  
 - Master of Business Administration, Bangkok University  
 - Bachelor of Accountancy Commerce and Accountancy, Thammasat University  
**Training:**  
 - National Defense College Class 61, Thailand National Defence College  
 - Lead to Lead the Change : TMB Bank PLC  
 - 7 Habits of Highly Effective People : TMB Bank PLC  
 - iSpeak Power Program : TMB Bank PLC  
 - Think Forward Simulation Workshop : TMB Bank PLC  
 - Profitable Leadership : TMB Bank PLC  
 - Corporate Governance for Capital Market Intermediaries (CGI) 8/2015 : IOD  
 - Cyber Resilience Leadership "Tone From the Top" 2020 : BOT  
 - Director Accreditation Program (DAP) 164/2019 : IOD  
 - Information Security Awareness Training 20201 : LH Bank  
 - None

Relationship with executives:

Work experiences in the past 5 years

❖ Current Position in Listed Company on the Stock Exchange of Thailand – None

Period	Position	Organization/Company
Aug. 2018 - May 2019	Chief SME Banking Officer	TMB Bank PLC
Jan. 2014 - Jul. 2018	Head of Branch Banking	

❖ Current Position in 1 Non-Listed Companies on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Chief Executive Officer	Land and Houses Bank PLC
Jun. 2019 - Present	Director, Member of the Executive Committee and President	
Jan. 2014 - Jul. 2018	Director of TMBAM	TMB Asset Management Co., Ltd.



## MANAGEMENT TEAM

Name	Ms. Chompoonoot Pathomporn
Position	Director, Member of the Executive Committee, Chief Executive Officer and President
Age (years)	58
Education	<ul style="list-style-type: none"> <li>• Master of Business Administration, Bangkok University</li> <li>• Bachelor of Accountancy, Faculty of Commerce and Accountancy, Thammasat University</li> <li>• National Defense College Class 61, Thailand National Defence College</li> <li>• Corporate Governance for Capital Market Intermediaries (CGI) 8/2015 : IOD</li> <li>• Cyber Resilience Leadership “Tone From the Top” 2020 : BOT</li> <li>• Director Accreditation Program (DAP) 164/2019 : IOD</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

### Work experiences in the past 5 years

#### ❖ Current Position in Listed Companies on the Stock Exchange of Thailand – None -

Period	Position	Organization/Company
Aug. 2018 - May 2019	Chief SME Banking Officer	TMB Bank PLC
Jan. 2014 - Jul. 2018	Head of Branch Banking	

#### ❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2021 - Present	Chief Executive Officer	Land and Houses Bank PLC
Jun. 2019 - Present	Director, Member of the Executive Committee and President	
Jan. 2014 - Jul. 2018	Director of TMBAM	TMB Asset Management Co., Ltd.

Name	Mr. Thanee Phalawong
Position	Senior Executive Vice President, Information and Technology Group
Age (Years)	58
Education	<ul style="list-style-type: none"> <li>• Public Administration (Master of Public and Private Management) National Institute of Development Administration (NIDA)</li> <li>• Bachelor of Science, Chiangmai University</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

### Work experiences in the past 5 years

#### ❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
-	-	-

#### ❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Jun. 2019 - Present	Senior Executive Vice President Information and Technology Group	Land and Houses Bank PLC
Jan. 2012 - May 2019	Executive Vice President Information and Technology Group	

Name	Mr. Pansalit Trakarnkitvichit
Position	Senior Executive Vice President, Credit Underwriting and Credit Development Group
Age (Years)	57
Education	<ul style="list-style-type: none"> <li>• MBA, Finance - Woodbury University</li> <li>• BA, Economic - California State University, Northridge</li> <li>• AML/CTPF (Anti-Money Laundering &amp; Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing</li> <li>• IT Security Awareness 2021 LH Bank</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
2014 - 2019	First Executive Vice President	Kiatnakin Bank PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
2019 - Present	Senior Executive Vice President	Land and Houses Bank PLC

Name	Mr. Chen, Ching-Ming
Position	Senior Executive Vice President, Taiwanese Business Development Group
Age (Years)	53
Education	<ul style="list-style-type: none"> <li>• M.A. Finance, University of Iowa, USA</li> <li>• B.A. Public Finance, National Chengchi University, Taiwan</li> <li>• Pacific Rim Bankers Program (2011): University of Washington</li> <li>• Wharton Executive (2012-2017): Wharton University of Pennsylvania</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
-	-	-

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Dec. 2017 - Present	Senior Executive Vice President Taiwanese Business Development Group	Land and Houses Bank PLC
Feb. 2015 - Dec. 2017	CEO & General Manager	CTBC Singapore
Jun. 2008 - Feb. 2015	President and Chief Executive Officer Board Director	CTBC Bank (Philippines) Corp. (ex Chinatrust)

**Name** Mr. Kosol Kavayavong  
**Position** Senior Executive Vice President, Operation  
**Age (Years)** 56  
**Education**

- Bachelor of Economics (Finance and Banking), Ramkhamhaeng University
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
-	-	-

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Feb. 2021 - Present	Senior Executive Vice President, Operation	Land and Houses Bank PLC
Aug. 2016 - Jan. 2021	Executive Vice President, Assets and Operation Group	
Oct. 2013 - Jul. 2016	First Senior Vice President, Assets and Operation Group	

**Name** Ms. Chintana Klaisuwan  
**Position** Senior Executive Vice President, Wholesale Banking  
**Age (Years)** 59  
**Education**

- Master of Business Administration, Thammasat University
- Bachelor of Economics, Thammasat University
- Director Certification Program (DCP) 130/2010 : IOD
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
-	-	-

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Feb. 2021 - Present	Senior Executive Vice President, Wholesale Banking	Land and Houses Bank PLC
Mar. 2017 - Jan. 2021	Executive Vice President, Wholesale Banking	
Apr. 2016 - Feb. 2017	First Senior Vice President, Credit Group 4	

**Name** Mr. Anucha Bupphaves  
**Position** Executive Vice President, Commercial  
**Age (Years)** 55  
**Education**

- Master of Public Administration (Project Management), National Institute of Development Administration (NIDA)
- Bachelor of Economics, Ramkhamhaeng University
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
1995 - 2001	Business Office Manager	United Overseas Bank (Thai) PLC
1989 - 1995	Executive Assistant, Loan Officer	Siam Commercial Bank PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Mar. 2017 - Present	Executive Vice President, Commercial	Land and Houses Bank PLC
Mar. 2016 - Mar. 2017	First Senior Vice President, Credit Group 5	
Dec. 2013 - Mar. 2016	First Senior Vice President, Credit Group 5	

**Name** Mr. Thakorn Aimjirakul  
**Position** Executive Vice President, Retail Lending  
**Age (Years)** 45  
**Education**

- Master of Business Administration, Old Dominion University, Virginia, U.S.A.
- Bachelor of Business Administration, Chulalongkorn University
- The 7 Habits of Highly Effective People : PacRim Groups
- TMB Banking Survival on the Future : Compass Institute
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
2015 - 2019	Head of Retail Advisory and Sales Network (EVP Level)	TMB Bank PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
2020 - Present	Executive Vice President	Land and Houses Bank PLC
2019 - 2020	Director	
		TK 90 Co., Ltd.

**Name** Mr. Sompob Asavaritikrai  
**Position** Executive Vice President, Global Markets Group  
**Age (Years)** 55  
**Education**

- MBA in Information Systems Management, Baylor University
- Bachelor of Arts in Computer Science, University of Texas at Austin
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Company on the Stock Exchange of Thailand - None -

Period	Position	Organization/Company
Jan. 2017 - Sep. 2018	Senior Vice President, IT Projects Manager, IT Group	Bank of Ayudhya PCL
Jan. 2007 - Dec. 2016	Senior Vice President, Head of Trading Department - Global Markets Group	

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Oct. 2018 - Present	Executive Vice President, Global Markets Group	Land and Houses Bank PLC

**Name** Mr. Peerapatana Ketboonchoo  
**Position** Head Executive Vice President Omni Channel Management  
**Age (Years)** 43  
**Education**

- Master of Science (Engineering Business Management), The University of Warwick
- Master of Engineering, Chulalongkorn University
- Bachelor of Engineering (Mechanical Engineering), King Mongkut's University of Technology North Bangkok
- Customer (CX) and User (UX) Experience Design and Development: Thought Works Inc.
- IT Security Awareness for bank board of directors and executives: ACIS Professional Center Co., Ltd.
- Information Security Awareness Training 2021 : LH Bank

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand - None-

Period	Position	Organization/Company
2016 - 2018	Head of Process Transformation	The Siam Commercial Bank Public Company Limited
2018 - 2019	Head of SME Customer Value Management	TMB Bank Public Company Limited
2019 - 2021	Head of Retail Omni Channel Strategy and Sales Management	

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
2021 - Present	Executive Vice President of Omni Channel Management	Land and Houses Bank PLC

Name	Mr. Vutichai Kamolsuntisuk
Position	Executive Vice President of Retail Product and Marketing
Age (Years)	48
Education	<ul style="list-style-type: none"> <li>• Master of Management, Mahidol University</li> <li>• Bachelor of Accountancy, Bangkok University</li> <li>• IT Security Awareness for bank board of directors and executives: ACIS Professional Center Co., Ltd.</li> <li>• Systematic Thinking (e-learning): Future Skill</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

Work experiences in the past 5 years

❖ Current Position in Listed Companies on the Stock Exchange of Thailand -None-

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
2021 - Present	Executive Vice President Retail Product and Marketing	Land and Houses Bank PLC
2019 - 2021	First Senior Vice President Product and Marketing Group	
2017 - 2019	Acting First Senior Vice President Product and Corporate Marketing Group	
2009 - 2017	Vice President of Products Management	

Name	Ms. Siriporn Ngamwiriyaong
Position	Person taking highest responsibility in finance and accounting
Age (Years)	38
Education	<ul style="list-style-type: none"> <li>• Master of Business Administration, Chulalongkorn University</li> <li>• Bachelor of Accountancy, Kasetsart University</li> <li>• LH BANK Leadership Development Journey (7 habits) Lead-Self: LH BANK</li> <li>• Financial Statement Analysis (Online): DBD</li> <li>• Cash Flow Statement (Online): DBD</li> <li>• Code of Conduct and Financial Reporting Standards for Non-Publicly Accountable Entities (Online): DBD</li> <li>• Information Security Awareness Training 2021 : LH Bank</li> </ul>

Work experiences in the past 5 years

❖ Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Dec. 2019 - Present	First Senior Vice President Finance Group	LH Financial Group PLC

❖ Current Position in 1 Non-Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Dec. 2019 - Present	Head of Finance Group	Land and Houses Bank PLC
Jan. 2014 - Nov. 2019	Vice President, Accounting and Tax Policy Department	

## NATURE OF BUSINESS OPERATION

The bank has developed its strategic plan and business plan in accordance with the vision and mission, by considering business environments including economic situations, domestic and foreign politics. The bank also considers other internal factors such as strengths, weaknesses, opportunities, threats, key success factors and other significant issues that must be treated. The bank shall take into account all factors to determine the organization guidelines on an annual basis, and constantly review the operation plan to be updated with the changing situation and environment. The bank emphasizes its business operation under good corporate governance principles, prevention of corrupt payment, comprehensive risk management and social responsibility.

### Credit Rating

Land and Houses Bank Public Company Limited was ranked by TRIS Rating at a level of “A-” with “Stable” outlook. The rating of Basel III Tier 2 capital securities was affirmed at “BBB”.

### Vision

To be a bank that delivers great experiences to customers beyond their expectations through innovations, products, services and advisory with quality

### Mission

- Innovate and develop financial products and services through deep understanding of all customer needs in order to address them comprehensively
- To be a bank with quality and sustainable growth, customer centricity and ability to promptly deal with changes
- Create a good work environment with happiness, engagement, empowerment and advancement of employees
- Conduct business with good governance principles, taking into account the best interests of shareholders, societies and all stakeholders

### Corporate Value

The organization promotes work-related knowledge development and emphasizes good working behaviors and peaceful coexistence. The bank has also created the corporate core values for employees to understand and share the same values through communication, learning and working under the concept of CDA: C : Customer Centric, D : Dynamic, A : Accountability which can enable all employees to grow together with sustainability.

### C : Customer Centric

The concept is to put an emphasis on the customers, understand the customers’ needs, develop products and services that truly answer the customers’ need





## D : Dynamic

Stand ready to adapt to the constant change. Thinking new ideas not being stagnant and questions how to can we do better.



## A : Accountability

Takes ownership and shows true unbiased responsibility. Work together to achieve our goals.

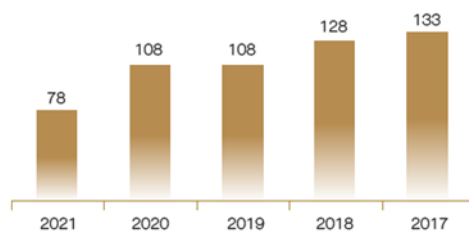


### Branches of the Bank

By the end of 2021, Land and Houses Bank Public Company Limited had the total 78 branches, decreased by 30 branches from 2020. Branches by regions are as follows:

- Bangkok and its vicinity 37 branches
- Regional branches 41 branches

Number of the Bank's Branches (Branch)



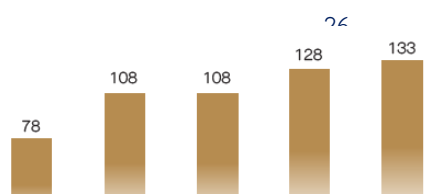
### Products and Services

Land and Houses Bank Public Company Limited has continuously developed its products and services to respond to a variety of customer needs. The bank's products and services can be divided into 4 main categories as follows:

#### 1. Deposit Service

The bank provides a deposit service for individuals, juristic persons, non-profit juristic persons, government agencies/state enterprises, funds, cooperatives and domestic financial institutions. There are various types of deposits as follows:

- Savings Deposit





- Savings deposit with high interest rate can be deposited, withdrawn anytime. It is flexible and interest will be credited to the account every day.

- Biz Savings Account for juristic persons yields high interest rates with + 0.10% extra bonus when the average remaining balance per month is not less than Baht 1,000,000. The interest is paid on a monthly basis.

- Savings Super Shield is for individual customers aged 15 to 70 years old. The bank offers the maximum coverage up to 25 times of the remaining balance in case of accidental death for 24 hours worldwide. The minimum opening balance is only Baht 1,000. The more deposit, the more coverage. Depositors do not have to do health check-ups nor pay any premiums.

- **Non-Fixed Deposit** is a high-yield savings account. The minimum balance of Baht 5,000 must be maintained in the account at all time. Deposits and withdrawals can be made anytime.

- **Current Deposit** increases business agility with daily interest earnings and is easy to make a deposit and withdrawal via cheques or ATM cards.

- **Fixed Deposit and Fixed Deposit Receipt (FDR)** help secure future financial stability through our offer of multiple tenors.

- **Tax Free Deposit** requires monthly equal deposits with the period according to the bank's criteria such as 24 months or 36 months and the total amount of deposit must not more than Baht 600,000 throughout the deposit period.

- **Foreign Currency Deposit** helps support more convenience for businesses with high interest while it helps reduce risks of currency fluctuations and is convenient for foreign transactions. The deposit can be made through savings accounts and fixed deposit accounts.

- **Digital saving "Pro-Fit"** is a product designed serve the customers with flexibility and convenience. Digital saving account does not have account passbook, customers can easily open an account through LH Bank M Choice and can easily do deposits and withdrawals or just simply paying the bill without having to leave for the bank. Customers can open an account through the facial recognition technology at any 7-Eleven Counter Services around the country.

### Competitive Strategy of Deposit Service

The bank continues to develop and design new financial products and services by focusing on the suitability for a variety of customers' occupations and financial positions as the saving alternatives which can address their various demands with attractive returns and various privileges. These products and services will increase their competitive advantages. In addition, the bank arranges various leisure activities to reward customers and maintain its customer base.

The application LH Bank M Choice and the bank's branches are the channel for expanding the deposit customer base by providing customers with transactional services and advice to ensure their

convenience and satisfaction. The bank has launched new promotions and campaigns with the aim of tightening relations with customers, while satisfying customers' demands and increasing the number of customers. This is the opportunity to increase the cross-selling volume leading to the expansion of fee income base.

The bank determines its interest rates by considering internal and external factors that may have an impact, including costs of fund, trend of interest rate, economic direction and competitive condition of deposit growth. However, the bank does not focus mainly on competitive interest rate, rather on providing satisfactory products and services in order to fulfill the needs of customers from all segments.

## 2. Loan Service

The bank categorizes its loan services into 3 segments consisting of conglomerate & corporate, commercial & SME and retail loans with details as follows:

### 1. Loans for Conglomerate & Corporate

It is a lending service for conglomerate & corporate for working capital, expansion of production capacity, liquidity support or investments in buildings, plants, machines and equipment. Both short-term and long-term loans are available to suit business types and customers' needs.

### 2. Loans for Commercial & SME

It is a lending service for commercial & SME for working capital, expansion of production capacity, liquidity support or investments in buildings, plants, machines and equipment. Short-term and long-term loans are available to suit business types and customers' needs.

**Types of loans classified by their purposes are as follows:**

#### - Short-Term Loan

Short-term loan is a lending service to support liquidity and manage cash flow. It can be withdrawn and repaid within the required limit throughout the lending term of not more than 1 year, such as overdraft (O/D) or promissory note (P/N).

#### - Long-Term Loan

Long-term loan is a lending service to develop medium-term and long-term business with clear purposes and repayment period which is in line with project progress or cash flow. The loans support business owners for their investment in various projects such as business expansion, factory/office construction, purchase of fixed assets including machineries and vehicles and real estate investment including land purchasing for factory construction and residential purchasing.

#### - Factoring Loan

Factoring loan is a financial service used as working capital and used to increase financial liquidity for entrepreneurs by the assignment of the account receivables to the bank after the entrepreneur has already delivered products and services to his/her customers (debtors.) The entrepreneur must submit to the bank their commercial documents such as a commercial invoice, purchase order, packing slip, billing notes, and payment receipt without collateral. The bank will pay the entrepreneurs according to the agreed ratio, for example, the bank may pay 70-80% of the value mentioned on the invoice, purchase order, packing order, billing note, payment receipt etc. After receiving payment from receivable account, the bank will pay the remaining of the agreed amount to customers.

#### ● Trade Finance

Trade Finance is the service to support import and export business by increasing business opportunity and strengthening negotiation position with business partners through bank network all over the world with international standard. Various and comprehensive services are as follows:

- Letter of Credit
- Bills for Collection
- Trade Finance
- Trust Receipt
- Packing Credit
- Bank Guarantee, Standby L/C

#### - Commercial Hire Purchase

Commercial hire purchase is used to purchase vehicles for commercial purpose in logistic business, car-rent business, etc.

#### - Issuance of Bank Guarantee, Aval and Acceptance

Issuance of Bank Guarantee, Aval and Acceptance are services for customers requiring bank guarantee document to be placed with principal agencies or for bidding purpose, for example:

1. Bid Bond / Tender Guarantee
2. Performance Bond
3. Advance Payment Guarantee / Security and Retention Guarantee
4. Other Banks' Guarantees

#### - Loan Consulting Service and Other Loan-Related Services

It is a comprehensive loan consulting and other related services such as financial structure, syndicated loan, facility agent and security agent.

### 3. Retail Loan

Retail loan is a service for individuals to mainly serve consumption purpose, which can be classified by lending purposes as follows:

● **Housing Loans**

- **Housing Loan** is a loan enabling customers to buy houses from any housing project, plus a 10% top-up credit limit for renovation, decoration or furniture.
- **Refinance Housing Loan** is a loan for customers who want to refinance their existing loans with other financial institutions. Customers can request for a 10% top-up credit limit for renovation, decoration or furniture.
- **Home for Cash** is a multi-purpose loan with monthly installments, secured by freehold property, to fulfill convenient life style.
- **Personal Loan** is an unsecured loan for the purpose of personal consumption, enabling customers to fulfill daily financial need.

**Competitive Strategy of Loans Service**

The bank categorizes customers into different segments to appropriately respond to their unique needs with the aim to continuously foster a robust relationship and to offer the right comprehensive financial products and services to the right customers. The bank will consider the loan type, interest rate, credit limit and repayment period suitable for each customer with quick approval.

The bank focuses on the strategy for loan extension to existing customers with good track record. This helps the bank create business opportunities and retain the long-term customer base. For new customers, the bank targets to offer loans to those with good financial status, by using its branches to introduce the loans and to have existing customers refer or recommend the bank's loans to their friends or business partners.

Housing loan strategy primarily focuses and places emphasis on customers' satisfaction. The bank creates a well-designed customer journey map to deliver a good experience to its customers. The journey maps out the customers' path since the day they need the loans, perceive the bank's products, compare the products, make a decision and receive after-sales services. The bank, therefore, develops various components to achieve its targets such as enhancing products which can deliver highest benefits to customers with a special interest rate and fast approval. In addition, with its aim to deliver great services suitable for customers' demands, the bank increases its potential to better reach out to customers who prefer the online services by adding more online marketing channels so the bank can keep abreast of the digital trend.

**4. Electronic Services**

The bank put the great importance on electronic services as Thailand is entering into the digital age. The transactions or services from now on will primarily focus on digitalization. The bank's electronic services are developed and improved continuously to support the financial transactions in the digital era as follows:

- **Mobile Banking (LH Bank M Choice)** is a service allowing customers to conduct financial transactions quickly and easily every day, anywhere, and anytime via mobile phones, including cash withdrawal without debit card via SCB's ATM. Customers can also buy and sell funds, and open a new deposit account online.



- A fund management application “Profita” is a buy-sell-switch fund services, ready to command 24 hours a day. It comes with many supporting features, helping investors making rapid decision. It is packed with full information of funds including world class funds that were recommended by experts and easy to understand. The application can be easily downloaded through Apple Store and PlayStore. Here are the interesting features:

- The search function help allows customers to search for the funds they are looking for such as funds that produced the highest historical return, dividend, Morningstar Rating or recommended fund by LH Bank Advisor.
- The DCA function helps analyzed weekly or monthly.
- Robo Advisor, an intelligent advisor help strategize investment plan and automatically adjust investment portfolio.
- The notification function notify customers of profit and loss according to target set.

- Internet Banking ( LH Bank Speedy) is a service to facilitate juristic persons’ financial transactions, made them possible every day, anywhere, and anytime. The service is equipped with double security system ensuring customers’ confidence in any transactions.



- LH Bank Debit Chip Card is a card used via ATMs of all banks nationwide, secured by recording information in chip cards which cannot be copied. The cards can be used to withdraw cash at any ATMs with the UnionPay International (UPI) logo and can be used for online shopping with convenience. Customers can enjoy many special promotions from the UPI at participating stores.



- LH Bank Debit Premium Card is a card with personal accident protection with the maximum coverage of Baht 300,000 guaranteed by Chubb Samaggi Insurance PLC. With no medical assessment required, customers just inform their health profiles in the application form and the coverage will be effective immediately. It covers medical expenses for any accidents, just show the LH Bank Debit Premium Card together with the identification card to partner hospitals.

- Automatic Teller Machine (ATM) is available for cash withdrawal, money transfer, payments for goods and services, and PromptPay fund transfer. The bank's ATMs accept ATM and Debit cards of all banks including the UnionPay International (UPI) chip card to provide Thai-Baht cash withdrawal service for business people, tourists, and individuals.

As of December 31, 2021, the bank has 2 ATMs in total.

- LH Bank PromptPay is a simple and easy service to transfer and receive funds. Just register the bank account with the



citizen ID or mobile phone number, such transactions can be made with no need of the bank account number.

- **LH Bank Business PromptPay** is a new choice of fund transfer service for companies or corporates by linking their bank account with their 13-digit tax ID number.

## 5. Other Services

- **Revenue Tax Payment Service** is a service providing various convenient channels for customers and the general public to make tax payments through the bank's branches and ATMs.

- **Cash Management Service** is a convenient and fast financial service for businesses which helps reduce paperwork and administrative costs and greatly increase business management efficiency as follows:

1. Salary payroll service transferring a considerable number of transactions with one-single command
2. Bulk payment transferring a considerable number of transactions with one-single command
3. Bill payment
4. Direct debit and direct credit

- **Insurance Service:** There are various insurance products both life insurance and non-life insurance from various insurance firms available for customers as follows:

1. Life Insurance Brokerage Service for Muang Thai Assurance Public Company Limited
2. Life insurance plus investment (Unit-Linked) : A financial planning helper that has been completely tailored to meet different needs in every stage of life including investment in mutual funds, life and health coverage in one policy
  - Flexi Invest Link One+: One-time payment, increase investment opportunities and earn more returns plus future security for you and your family
  - Flexi Invest Link Design: Stability and wellness that can be designed, add peace of mind with additional contract for health and critical illnesses with fixed premiums throughout the contract period (Additional Contract UDR) UDR health premiums are fixed premiums throughout the contract. It does not increase with ages, like general health insurance does.
  - Unit-Linked 15/6 Build a life portfolio to grow wealthy and build confidence to customers in every investment situation with life protection of 15 years.
2. Life Time Insurance builds "Big Security with "Small Money", pass on the wealth from generation to generation effectively with lifetime insurance package.
  - Happy Life 9920 provides security throughout the contract with easy installment of 20 years.
  - Happy Life 997 creates security for latter generation, pay premium in a short period of time with cash back throughout the contract.
  - Happy Life 9090 protects the elders up to 80 years of age, happy life protection for 100% of the sum insured. Other additional packages can be purchased.

- Lifetime Insurance 995 is the assistant planner for inheritance, pass on the wealth from generation to generation, pay premium for only 5 years with lifetime protection up to the age of 99 years old.

3. Health insurance, high coverage, addressing health needs

- D-Health Coverage : Easy to understand, uncomplicated with one-time payment of maximum Baht 5 million.
- Elite Health Coverage : Choose more exclusive package, high coverage, meet your health needs with a coverage limit of Baht 20-100 million per year at an easily accessible premium price covering serious diseases, epidemics and common diseases

4. Pension Insurance “HAPPY RETIRE 855”, happy after retirement, receive a pension of 20% per year, and guarantee pension payment for 15 years with tax benefit of up to Baht 300,000 per year.

5. Savings Insurance “Sup Perm Poon 888”, the financial future you can determine, receive annual cash back 8% of the sum insured, death protection up to 800% and accidental death up to 6,400% of the sum insured.

2. Non-life Insurance Brokerage Services for:

Chubb Samaggi Insurance Public Company Limited      Charan Insurance Public Company Limited  
Syn Mun Kong Insurance Public Company Limited      Krungthai Panich Insurance Public Company Limited  
Dhipaya Insurance Public Company Limited      Viriyah Insurance Public Company Limited

Alternative insurance products for customers include;

- Home Insurance
- Condominium Insurance
- Bike Insurance
- Skate Surf Insurance
- Cyber Insurance
- Pet Insurance
- Dengue Insurance
- First Class Car Insurance: Best Drive
- Travel Insurance
- Second Class Car Insurance
- First Class Car Insurance
- Third Class Car Insurance
- Compulsory Car Insurance, Personal Accident Insurance Act

- **Mutual Fund Selling Agent Service** The bank is a selling agent of the unit trusts for many fund management companies which offer various types of mutual funds such as debenture fund, equity fund and tax-benefit fund. The names of fund management companies are as follows:

- Land and Houses Fund Management Company Limited (LHFund)
- Principal Asset Management Company Limited (Principal)
- MFC Asset Management Public Company Limited (MFC)
- SCB Asset Management Company Limited (SCBAM)
- One Asset Management Company Limited (ONEAM)



- Krungthai Asset Management Public Company Limited (KTAM)
- TMB Asset Management Company Limited (TMBAM)
- Krungsri Asset Management Company Limited (KSAM)
- KKP Asset Management Company Limited (KKPAM)
- UOB Asset Management (Thailand) Company Limited (UOBAM)
- Tisco Asset Management Company Limited (TISCOASSET)
- Kasikorn Asset Management Company Limited (KAsset)

- **Payments for Goods and Services** such as utility bills, credit cards, life insurance premiums and other expenses including the automatic transfer system (ATS).

- **Deposit, Withdrawal and Loan Repayment Service through Banking Agent** at over 7-Eleven throughout the country. Customers can do such transactions of the bank 24 hours by merely showing their ID card, bank account number and mobile phone number to verify their identity. Customers will get a receipt/slip confirming the transaction with real time balance.

- **Safe Deposit Box Service**

#### Factors Influencing Opportunities or Constraints on Business Operations

Real estate customer bases of the companies in the group of Land and Houses Public Company Limited and Quality Houses Public Company Limited which are the leaders in real estate in Thailand, have been beneficial to the bank's loan growth, especially for housing loan. Moreover, it is an opportunity to offer other financial products and services to such customers as well as SMEs and SSME loans to trading partners of the companies in the group of Land and Houses Public Company Limited, Quality Houses Public Company Limited, and Home Products Center Public Company Limited.

#### Business Targets

The bank's main targets for business operations include the expansion of loan services to new customers, expansion of deposit base, increase of service channels for fee incomes, personnel development to be equipped with more acknowledge and skills in financial products, development of products and services that best respond to the customers' needs and enhancement of information technology system as to facilitate the rapid operation and gear up to become digital banking including launching marketing campaigns via social media such as LINE, Facebook and YouTube, to reach out more target groups.



## Income structure

Income structure for the year 2021, 2020 and 2019 is as follows:

Table: Income structure

Income Structure	Separate Financial Statements					
	2021		2020		2019	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
<b>Interest income</b>						
Loans to customers	6,358.12	92.71	6,207.92	93.73	6,623.25	107.39
Investments in debt securities	907.81	13.24	1,222.49	18.46	1,519.64	24.64
Interbank and money market items	482.36	7.03	490.55	7.41	632.50	10.25
Hire Purchase	2.59	0.04	6.10	0.09	12.30	0.20
Others	0.26	-	0.13	-	0.03	-
<b>Total interest income</b>	<b>7,751.14</b>	<b>113.02</b>	<b>7,927.19</b>	<b>119.69</b>	<b>8,787.72</b>	<b>142.48</b>
<b>Interest expenses</b>						
Deposits	(1,532.22)	(22.34)	(2,119.31)	(32.00)	(2,514.93)	(40.78)
Interbank and money market items	(36.66)	(0.53)	(90.57)	(1.37)	(98.60)	(1.60)
Contributions to the Deposit Protection Agency and the Bank of Thailand	(461.40)	(6.73)	(447.92)	(6.76)	(877.06)	(14.22)
Debts issued	(140.48)	(2.05)	(303.37)	(4.58)	(555.77)	(9.01)
Others	(15.77)	(0.23)	(14.05)	(0.21)	(0.18)	(0.00)
<b>Total interest expenses</b>	<b>(2,186.53)</b>	<b>(31.88)</b>	<b>(2,975.22)</b>	<b>(44.92)</b>	<b>(4,046.54)</b>	<b>(65.61)</b>
<b>Net interest income</b>	<b>5,564.61</b>	<b>81.14</b>	<b>4,951.97</b>	<b>74.77</b>	<b>4,741.18</b>	<b>76.87</b>
<b>Fees and service income</b>						
Acceptances, avals and guarantees	54.20	0.79	40.54	0.61	56.86	0.92
Commission income	261.23	3.81	209.73	3.17	220.45	3.57
<b>Other</b>	<b>74.15</b>	<b>1.08</b>	<b>101.89</b>	<b>1.54</b>	<b>114.38</b>	<b>1.86</b>
<b>Total fees and service income</b>	<b>389.58</b>	<b>5.68</b>	<b>352.16</b>	<b>5.32</b>	<b>391.69</b>	<b>6.35</b>
<b>Fees and service expenses</b>						
Fees and charges	(64.38)	(0.94)	(58.76)	(0.89)	(67.57)	(1.10)
Others	(7.73)	(0.11)	(10.96)	(0.17)	(12.55)	(0.20)
<b>Total fees and service expenses</b>	<b>(72.11)</b>	<b>(1.05)</b>	<b>(69.72)</b>	<b>(1.06)</b>	<b>(80.12)</b>	<b>(1.30)</b>
<b>Net fees and service income</b>	<b>317.47</b>	<b>4.63</b>	<b>282.44</b>	<b>4.26</b>	<b>311.57</b>	<b>5.05</b>
<b>Other incomes</b>						
Gains on investments	155.65	2.27	833.92	12.59	503.85	8.17
Dividend Income	801.30	11.68	494.14	7.46	582.17	9.44
Other operating income	19.23	0.28	60.92	0.92	28.82	0.47
<b>Total Other incomes</b>	<b>976.18</b>	<b>14.23</b>	<b>1,388.98</b>	<b>20.97</b>	<b>1,114.84</b>	<b>18.08</b>
<b>Total operating incomes</b>	<b>6,858.26</b>	<b>100.00</b>	<b>6,623.39</b>	<b>100.00</b>	<b>6,167.59</b>	<b>100.00</b>

From the table above, the income structure can be categorized into 3 types.

### 1. Net Interest Income

Interest income consists of incomes from loans to customers, investments in debt securities income, interbank and money market items income, hire purchase income and other interest incomes. In 2021, the bank had interest income amounting to Baht 7,751.14 million, decreased by Baht 176.05 million or 2.22% from 2020.

Interest expenses consist of interest expenses for deposits, interbank and money market items, contributions to the Deposit Protection Agency and the Bank of Thailand, debts issued and others. In 2021, the bank had interest expenses amounting to Baht 2,186.53 million, decreased by Baht 788.69 million or 26.51% from 2020.

Net interest income is of Baht 5,564.61 million or 81.14% of total operating income. Net interest income increased by Baht 612.64 million or 12.37% from 2020.

### 2. Net Fees and Service Income

Fees and service income are mainly from fees from loan management such as fees from acceptances, avals, guarantees, commission income and other fees and service incomes (ATM fee, fund management fee, penalty charge, cheque fee.) In 2021, the bank had fees and service income amounting to Baht 389.58 million, increased by Baht 37.42 million or 10.63% from 2020.

Fees and service expenses are of Baht 72.11 million, increased by Baht 2.39 million or 3.43% from 2020.

Net fees and service income is of Baht 317.47 million or 4.63% of total operating income, increased by Baht 35.03 million or 12.40% from 2020.

### 3. Other Incomes

Other incomes consist of gains on investments, dividend income and other operating incomes. In 2021, the bank had other incomes amounting to Baht 976.18 million, decreased by Baht 412.80 million or 29.72% from 2020 mainly from gains on investments which has decreased by Baht 678.27 million or 81.34%.

## SECURITIES AND SHAREHOLDERS INFORMATION

### 1. Securities information

#### 1.1 Ordinary shares

As of December 31, 2021, the authorized capital was Baht 20,000,000,000 divided into 2,000,000,000 ordinary shares at the par value of Baht 10 and the paid up capital was Baht 20,000,000.

#### 1.2 Preferred shares

-None-

#### 1.3 Warrants

-None-

### 2. Shareholders

#### 2.1 Shareholding structure

The shareholders of the bank as of December 31, 2021 were as follows:

List of Shareholders	Number of Shares	%
1. LH Financial Group Public Company Limited	1,999,999,900	99.99
2. 17 Minority Shareholders	100	0.01
<b>Total</b>	<b>2,000,000,000</b>	<b>100.00</b>

#### 2.2 Major shareholder

LH Financial Group Public Company Limited is the major shareholder of the bank by holding 99.99% of the paid-up capital.

LH Financial Group Public Company Limited was established on 2009 to invest in the bank according to the Financial Institution Business Act B.E. 2551 and the Bank of Thailand's notification regarding the consolidated supervision. On 28 October 2009, the Bank of Thailand approved the establishment of the financial business group having LH Financial Group Public Company Limited as the parent company, Land and Houses Bank Public Company Limited as the subsidiary under the solo consolidation group and Land and Houses Fund Management Company Limited as the subsidiary under the non-solo consolidation group.

The Stock Exchange of Thailand accepted the ordinary shares of LH Financial Group Public Company Limited as listed securities and the first trading day was on 10 May 2011 under symbol "LHBANK" and on 24 April 2018, the securities symbol was changed to "LHFG".

### 3. Issuing other Funds

The Bank had issued debt instrument, details are in the following.

Name	Type	Amount (Million Baht)	Duration (Year)	Interest rate	Due Date
Subordinated Instrument to be qualified as Tier 2 Capital of Land and Houses Bank Public Company Limited No. 1/2021. Due 2031 which can be written down (fully or partially) if decides to grant financial assistance to the fund issuer and the fund issuer who has the right to redeem early	Subordinated Bond	2,400	10.01	3.75%	21/05/2031
Draft of Land and Houses Bank Public Company Limited value baht 300.00 million. Due date March 15, 2022 (LHBANK22315A)	Draft	300	0.24	-	15/03/2022
Draft of Land and Houses Bank Public Company Limited value baht 1,000.00 million. Due date September 22, 2022 (LHBANK22922A)	Draft	1,000	0.73	-	22/09/2022

### 4. Dividend Payment Policy

#### 4.1 Dividend payment policy

For dividend payment, the bank takes into account the operating results and shareholders' return in the long term.

The payment of dividends will be in line the bank's Articles of Association, the dividend is allocated equally by the number of shares and payment must be approved by the shareholders' meeting. The Board of Directors may occasionally approve the interim dividend payment provided that the bank has a sufficient profit and the payment shall be reported to the next shareholders' meeting. Furthermore, a dividend payment must be in compliance with the Bank of Thailand's notifications and governing laws.

#### 4.2 Regulations and criteria related to dividend payments

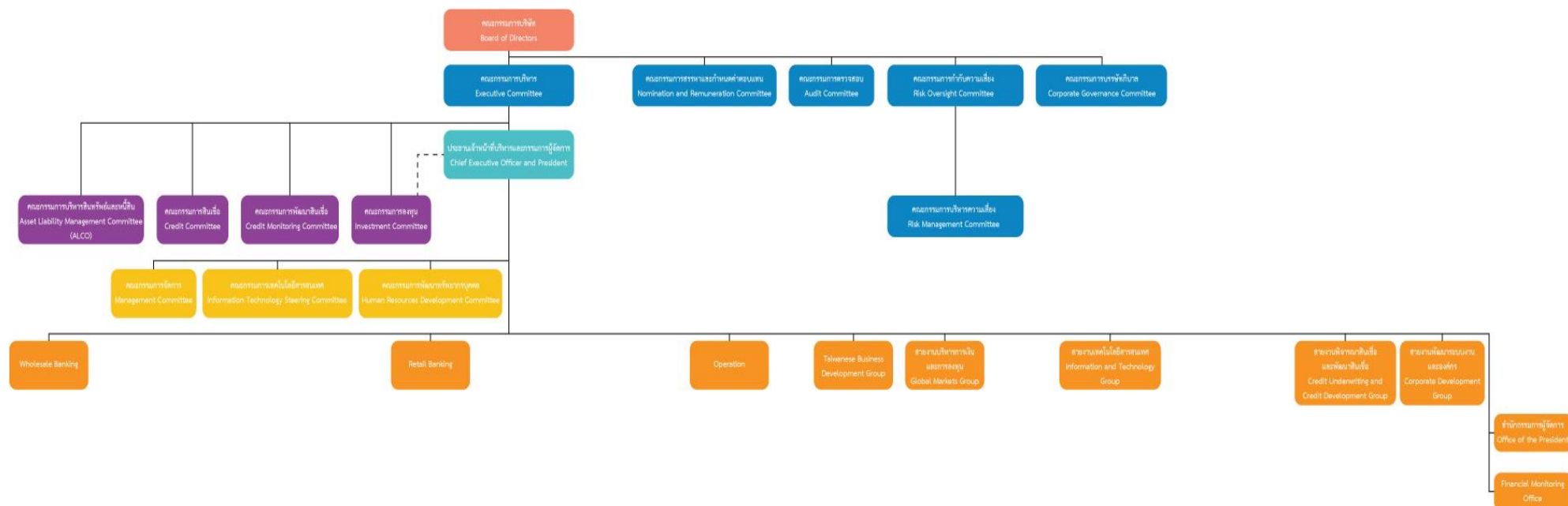
According to the Bank of Thailand's Notification on the criteria of the classification and allocation of allowances, a financial institution which has not yet written off damaged assets from its balance sheets or allocated in full allowances for potentially damaged and undamaged assets and obligations may not pay dividends or other forms of remuneration to its shareholders.

According to Section 8 of the Bank of Thailand's Notification on guidelines on accounting of financial institutions, financial institutions should not pay any dividends from the transactions that result in unrealized gains or no real cash inflows such as profits from mark-to-market of securities trading or the reclassification of financial assets. Neither should they pay any dividends from the profits arising from the asset disposal which does not actually take place which generate a higher profit or lower loss, such as profits from the sale of foreclosed assets under the condition that financial institution may repurchase or obtain the rights to repurchase them in the future.

#### 5. Number and type of shares the company holds in other companies equal or more than 10% but not exceeding 50%.

- None -

## Organization Chart



## MANAGEMENT STRUCTURE

### 1. Board of Directors

As of 31 December 2021, the Board of Directors consisted of 11 directors as follows:

Name	Position	Type of Director
Dr. Vorapol Socratyanurak	Chairman	Non-Executive Director
Mr. Wu, Kuo-Chin	Vice Chairman	Executive Director
Mr. Pradit Sawattananond	Member of Executive Committee Chairman of Audit Committee Chairman of Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Mr. Somsak Assavapokee	Chairman of Nomination and Remuneration Committee Member of Audit Committee Member of Corporate Governance Committee Member of Right Oversight Committee	Independent Director
Dr. Supriya Kuandachakupt	Chairman of Right Oversight Committee Member of Audit Committee Member of Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Mr. Pichai Dusdeekulchai	Member of Audit Committee	Independent Director
Mr. Naporn Sunthornchitchaen	Member of Executive Committee	Executive Director
Mr. Sirichai Sombutsiri	Chairman of Executive Committee	Executive Director
Mr. Vichian Amornpoonchai	Director	Executive Director
Mr. Shih, Jiing-Fuh	Member of Executive Committee Member of Right Oversight Committee	Executive Director
Ms. Chompoonoot Pathomporn	Chief Executive Officer and President Member of Executive Committee	Executive Director

## 2. Composition of Board of Directors

Gender	Number	Proportion
Male	9	81.82% of total number of directors
Female	2	18.18% of total number of directors
Type of Directors	Number	Proportion
Independent Director	4	36.36% of total number of directors
Executive Director	6	54.54% of total number of directors
Non-Executive Director	1	9.09% of total number of directors

Directors have suitable qualifications, knowledge and ability beneficial for business operation of the bank and are qualified as the director and independent director according to the Articles of Association and related laws.

### Authorized Signatories of the Bank

Mr. Wu, Kuo-Chin, Mr. Shih, Jiing-Fuh, Mr. Naporn Sunthornchitcharoen, Mr. Sirichai Sombutsiri, Mr. Vichian Amornpoonchai and Ms. Chompoonoot Pathomporn, two of six directors co-sign on behalf of the bank with the bank's seal affixed.

The management structure of Land and Houses Bank Public Company Limited consists of the Board of Directors which appoints 5 sub-committees including the Executive Committee, the Audit Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee and the Risk Oversight Committee. The Board of Directors and the sub-committees have composition, qualifications, clearly separate duties and responsibilities according to the notification of the Bank of Thailand on Corporate Governance of Financial Institution, Director, President and Authorized Persons which are subject to approval by the Bank of Thailand. Details are as follows:

### 1. BOARD OF DIRECTORS

The Board of Directors consists of 11 directors as follows:

- |     |                 |                     |                      |
|-----|-----------------|---------------------|----------------------|
| 1.  | Dr. Vorapol     | Socatiyanurak       | Chairman             |
| 2.  | Mr. Wu,         | Kuo-Chin            | Vice Chairman        |
| 3.  | Mr. Pradit      | Sawattananond       | Independent Director |
| 4.  | Mr. Somsak      | Assavapokee         | Independent Director |
| 5.  | Dr. Supriya     | Kuandachakupt       | Independent Director |
| 6.  | Mr. Pichai      | Dusdeekulchai       | Independent Director |
| 7.  | Mr. Naporn      | Sunthornchitcharoen | Director             |
| 8.  | Mr. Sirichai    | Sombutsiri          | Director             |
| 9.  | Mr. Vichian     | Amornpoonchai       | Director             |
| 10. | Mr. Shih,       | Jiing-Fuh           | Director             |
| 11. | Ms. Chompoonoot | Pathomporn          | Director             |
|     | Ms. Chorthip    | Thamwaranont        | Secretary            |

### Duties and Responsibilities of the Board of Directors

The Board of Directors has a duty to supervise the bank's operations with integrity and conservatism for the best interests of the organization without conflicts of interest of any shareholders. Their duties and responsibilities include:



1. Perform duties in compliance with laws, objectives, Articles of Association and regulations of the related agencies as well as the resolutions of the shareholders meetings, with integrity and care for the best interests of the bank
2. Determine directions and strategic goals for the bank, approve the policies and operating direction proposed by the management and monitor the management to ensure the effective and efficient execution of the approved policies and to protect the interests of the bank and its shareholders
3. Make provisions of the Code of Conduct, Code of Ethics as well as ethics for directors, executives and employees as organizational guidelines
4. Monitor the bank's operations at all times to ensure that the executive directors and the management adhere to the laws and policies set forth
5. Ensure that the management is capable of managing the bank's operations, including the nomination of top executives
6. Ensure that the bank has efficient internal control and has the organization chart which is conducive to independent control, monitoring and audit (Three Lines of Defense)
7. Ensure that the management reports important matters of the bank to the Board of Directors to receive adequate information from the management to be able to fulfill its duties and responsibilities
8. Ensure that the bank has the risk governance framework and risk culture
9. Ensure that the bank complies with market conduct
10. Consider and approve the roles and responsibilities of the sub-committees and any changes in their compositions, including any significant changes that may affect the operations of the related committees appointed
11. Ensure that the bank has determined the lending and investment policy for related persons
12. Ensure proper procedure of reporting (Management Letter) from external auditors and the integration of management's opinions shall be obtained and submitted to the Board of Directors in a timely manner
13. Provide the check-and-balance mechanism between the management and/or major shareholders at appropriate levels by determining an appropriate composition or number of the independent directors in the Board of Directors
14. Ensure that the directors attend the meeting at least 75% of the total meetings held each year except when they provide reasonable grounds for not doing so

In case any director or related person has interests or conflicts of interest, he/she will not be authorized to approve any transaction within the bank or subsidiaries according to the Articles of Association, regulations of the Securities and Exchange Commission and/or the Bank of Thailand.

#### **Roles of the Chairman**

1. Supervise, monitor and ensure that the performance of the Board of Directors is effective and achieves the objectives and main goals of the organization
2. Oversee and promote the organizational culture with ethics and good corporate governance
3. Arrange the appropriate time sufficient for all matters proposed by the management and for directors to discuss on significant issues with independent expression of their opinions
4. Strengthen good relations among the directors and management
5. Chair the meeting, call for the Board of Directors meeting and determine agenda items
6. Chair the shareholders' meeting, ensure the shareholders' meeting complies with laws, related regulations and the Articles of Association, arrange appropriate time for each agenda item as determined in the invitation letter, and give an opportunity for shareholders to freely express their opinions and ask questions relevant to the bank

## 2. Executive Committee

The Executive Committee consists of 5 directors as follows:

1.	Mr. Sirichai	Sombutsiri	Chairman
2.	Mr. Naporn	Sunthornchitcharoen	Member
3.	Mr. Wu,	Kuo-Chin	Member
4.	Mr. Shih,*	Jiing-Fuh	Member
5.	Ms. Chompoonoot	Pathomporn	Member
	Officer of Corporate Affairs Office		Secretary

Note : Mr. Shih, Jiing-Fuh has been appointed as member of executive committee on 25<sup>th</sup> October 2021

### Duties and Responsibilities of the Executive Committee

The Executive Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Set policies, strategic plans and directions of the bank, propose them to the Board of Directors for approval and implement such policies.
2. Determine the loan and investment policy for connected persons.
3. Approve loans and/or investments according to the limit set by the bank.
4. Scrutinize loans and/or investments under the Board of Directors' approval authority.
5. Consider and screen all matters before proposing to the Board of Directors
6. Manage and develop organization effectively.
7. Assign and coordinate with lower levels of management, monitor the performance to align with the specified plan, follow up and evaluate the performance as well as analyze it to find pros and cons and solutions.
8. Report the significant matters to the Board of Directors.

In case any director or related person has interests or conflicts of interest, he/she will not be authorized to approve any transaction within the bank or subsidiaries according to the Articles of Association, regulations of the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

## 3. Audit Committee

The Audit Committee consists of 4 directors as follows:

1.	Mr. Pradit	Sawattananond	Chairman
2.	Mr. Somsak*	Assavapokee	Member
3.	Dr. Supriya*	Kuandachakupt	Member
4.	Mr. Pichai	Dusdeekulchai	Member
	Mrs. Thanawan	Theekauttamakorn	Secretary

Note: \*The director who has knowledge and experience in accounting and finance.

### Duties and Responsibilities of the Audit Committee

The Audit Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Review and ensure that the bank has accurate and adequate financial reporting
2. Review and evaluate the suitability and effectiveness of the internal control and internal audit

3. Consider, select, propose the appointments and terminations of the bank's auditors and their remuneration, and propose to the shareholders meeting as well as arrange the meeting with auditors without management in the meeting at least once a year

4. Consider connected transactions or transactions that may have conflicts of interest, disclose the information about related party transactions in the notes to financial statement to comply with laws and requirements of the Securities and Exchange Commission in order to ensure that such transactions are reasonable and give the best interests for the bank

5. Consider the independence of Internal Audit Group and consent to the appointment, transfer, termination and assessment of the head of Audit Group

6. Ensure the Internal Audit Units have appropriate number of staff and work system and comply with internal audit professional and guideline of the Bank of Thailand on the internal audit guideline for financial institutions

7. Review and approve the Audit Charter

8. Consider and approve the audit plan and annual credit review plan

9. Review and ensure that the bank comply with law related to securities and exchange, requirements of the Securities and Exchange of Thailand or laws related to financial institutions

10. Review the compliance with the whistleblower policy and measures to protect the whistleblower

11. Review the measures for anti-corruption and monitor potential risks from corruptions within the bank and ensure the communication with all levels of employees for their compliance

12. Review the accuracy of references and self-assessment form for anti-corruption measures according to the CAC

13. Review the accuracy and efficiency of IT system related to the financial reporting, risk management, internal control and advice for IT enhancements

14. Update the Risk Oversight Committee's report regularly for matters requiring improvements to be in line with the policies and strategies of the bank

15. Share opinions with the Audit Committee and the Risk Oversight Committee in case of a review of the adequacy and efficiency of overall policies, risk management strategies and risk appetite as to evaluate whether they can cover all kinds of risks, including emerging risks, and also the effective and efficient implementation of the policies and strategies

16. Provide the audit report of the Audit Committee and disclose it in the annual report

17. Report to the Board of Directors to correct in the period stipulated by the Audit Committee in case there are cases or suspicious that the following event may cause significant impact to financial position and operation of the company

- Conflict of interest
- Fraud or significant weak in internal control
- Violation of law relating to financial institution, Securities and Exchange Act, Stock Exchange of Thailand's rules, BOT's rule and laws relating to financial institution, Securities and Exchange Law and other laws

If the board or management fails to make corrections within the time specified by the Audit Committee, the Audit Committee shall disclose the said actions in the annual report and report them to the Bank of Thailand.

18. Meeting with management once a year

19. Annually review the Audit Committee charter

20. Assess Audit committee member both individually and collectively and report to the Board

21. Perform any tasks assigned by the Board of Directors with the consent from the Audit Committee

#### 4. Corporate Governance Committee

The Corporate Governance Committee consists of 4 directors as follows:

- |    |             |               |           |
|----|-------------|---------------|-----------|
| 1. | Mr. Pradit  | Sawattananond | Chairman  |
| 2. | Mr. Somsak  | Assavapokee   | Member    |
| 3. | Dr. Supriya | Kuandachakupt | Member    |
| 4. | Mr. Pichai  | Dusdeekulchai | Member    |
|    | Mr. Kukrit  | Singhon       | Secretary |

##### Duties and Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Consider the good corporate governance policy and propose it to the Board of Directors for approval
2. Consider the anti-corruption policy and propose it to the Board of Directors for approval
3. Consider the compliance policy and propose it to the Board of Directors for approval
4. Ensure the compliance policy and provide recommendations and necessary supports to related working team in order to achieve the operation plan
5. Evaluate the performance of the bank according to the good corporate governance policy and the anti-corruption policy with the corporate governance criteria to determine the matters that require improvements
6. Evaluate the bank's performance according to the compliance policy under the system of compliance with laws, regulations, rules, standards and operational guidelines applicable to all transactions
7. Represent the bank in communicating and executing corporate governance activities and corruption prevention with executives, employees and external agencies
8. Perform any tasks assigned by the Board of Directors with the consent from the Corporate Governance Committee

#### 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 directors as follows:

- |    |               |               |           |
|----|---------------|---------------|-----------|
| 1. | Mr. Somsak    | Assavapokee   | Chairman  |
| 2. | Dr. Supriya*  | Kuandachakupt | Member    |
| 3. | Mr. Pradit    | Sawattananond | Member    |
|    | Mr. Thanachai | Thanasart     | Secretary |

Note: \* Dr. Supriya Kuandachakupt has been appointed as member of Nomination and Remuneration Committee in replacement of Mr. Shih Jiing-Fuh on 25 October 2021

##### Duties and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the duties and responsibilities approved by the Board of Directors as follows:

1. Determine policies, regulations, qualifications and nomination method of directors and top executives that require approval from the official agencies and executives from the position of the First Senior Vice President and higher or other levels in equivalent positions when existing personals are retired, when the positions are vacant or when new positions are needed in order to align with business strategy by adhering to the Bank of Thailand's regulations in regard to criteria to appoint directors, managers, authorized persons or consultants of financial institutions.

2. Select and nominate qualified candidates as follows:
  - 2.1 Directors
  - 2.2 Authorized persons consist of Chief Executive Officer, President, Senior Executive Vice President, Executive Vice President and First Senior Vice President
  - 2.3 Consultant or a person acting as director, Chief Executive Officer, President, Senior Executive Vice President, Executive Vice President and First Senior Vice President, all of which have been named as consultant only.
3. Ensure the Board of Directors has the members and composition appropriate for the organization, and adjust them according to changing environments. Make sure the mechanism or tool to support the process of selection and nomination is in place, nominate a qualified person to be a director in order for the Board of Directors to consist of persons with good behaviors, knowledge, abilities and various experiences attributable to long term operations, directions and strategies of the organization, and propose guidelines, payment method of remunerations and any other benefit including bonus to the Board of Directors and relevant sub-committees.
4. Determine the remuneration policy and other benefits including the amount of remuneration and other benefits for directors and authorized persons (See Item#2) which reflect the objectives, duties, responsibilities and relevant risks with clear and transparent criteria and propose them to the Board of Directors for approval and submit such policies to the Bank of Thailand if required.
5. Ensure that the directors and the authorized persons (See Item#2) receive appropriate remunerations commensurate with their duties and responsibilities.
6. Consider the framework of remuneration structure, annual salary increase, bonus and other benefits as follows:
  - 6.1 Consider the overall structure and framework of remuneration, salary increase, bonus or any benefits of top executives and local staffs as well as expatriates of the business partner such as fees or service charges, and so on, that involve the conditions of employment for the expatriates duly agreed by the management, bringing about results as expected and fair for employees' dedication to the success of the bank.
  - 6.2 Consider budget for annual salary increase, annual bonus and other special remunerations that the bank has planned for employees.
7. Consider policy, evaluation guideline and the method of succession plan to ensure the continuity of appropriate and systematic administration for authorized persons (See Item#2).
8. Consider policy framework, criteria and fixed contract of employments.
9. Review and propose the solutions, duties and responsibilities of the Nomination and Remuneration Committee to be in line with ongoing circumstances.
10. Ensure the disclosure of policy and the details of nomination procedure for directors and authorized persons in the annual report.
11. Determine the evaluation guideline for directors and authorized persons (See Item#2) as to consider the adjustment of annual remuneration by taking into account their duties, responsibilities and related risks including paying attention to the increased value of shareholders' equity in the long term.
12. Disclose the policy of the remuneration determination and any form of remunerations, and provide the remuneration report. At least, the annual report shall contain the details of factors used to assess the overall performance, goals and operations, recommendations of the Nomination and Remuneration Committee, methods and tools for remuneration payment which reflect potential risks (if any).
13. Perform other tasks assigned by the Board of Directors.

## Nomination of Directors and Independent Directors

The Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences, adequate understanding in banking, finance, economics, laws and other related areas to ensure the appropriate composition of the Board of Directors as required. The board skill matrix was created to assist the selection and nomination process to be in line with business directions and strategies, taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall listen to suggestions of minor shareholders who nominate qualified persons for directors or independent directors. The company has given opportunities for shareholders to nominate candidates for election as directors during the Annual General Meeting of Shareholders according to the rules of the company. Details of this matter are presented in the business sustainability report under the topic of good corporate governance.

The Nomination and Remuneration Committee shall propose the Board of Directors to appoint directors and/or independent directors in the event of a vacancy of directors for any reason other than the retirement by rotation or shall propose the shareholders' meeting to elect directors and/or independent directors as a replacement for those retired by rotation or shall propose the shareholders' meeting to elect new additional directors. Rules for the election and removal of directors are as follows:

### 1. Composition of the Board of Directors

The Board of Directors, determined by the shareholders' meeting, shall consist of at least 5 directors. The number of executive directors shall not exceed one-thirds of the total directors and the number of independent directors shall be at least 3 directors or one-thirds of the total directors, whichever is higher.

### 2. Election of Directors

1. In casting votes for directors, the shareholders' meeting shall comply with the following rules and procedures:

- (A) Each shareholder is entitled to cast one vote for one share held.
- (B) Each shareholder may exercise all the votes he or she has for any individual director, or a group of directors by the non-cumulative voting. Splitting the number of votes to any person in a group is not allowed.
- (C) The candidates shall be ranked in descending order, from the highest number of votes to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to exceed the required number, the chairman of the meeting shall exercise a casting vote.

### 2. Retirement of directors

- (A) Retirement by rotation
  - At every Annual General Meeting of Shareholders, one-thirds of the directors shall retire by rotation.
  - For directors who need to retire by rotation in the first and second years after the company registration, a drawing of lots must be held to decide which directors shall be retired. For subsequent years, the directors who have served in office for the longest terms shall retire.
  - Any director who retired by rotation can be re-elected.
- (B) Death
- (C) Resignation
- (D) Being disqualified or prohibited under the laws



(E) Being removed by a resolution of the shareholders' meeting with votes of not less than three-quarters of the attending shareholders with voting rights and the aggregate number of shares of not less than half of the shares held by all the shareholders attending the meeting and having the rights to vote.

(F) Being removed by an order of the Court

3. In the event of a vacancy of directors for any reason other than the retirement by rotation:

The Board of Directors shall elect a qualified person with no prohibited characteristics under the Public Company Limited Act to be the director in their next meeting unless the remaining term of office of the vacating director is less than two months. The substitute director shall serve only for the remaining term of office of the director whom he or she replaces. Such resolution of the Board of Directors shall require the votes of not less than three-quarters of the remaining directors.

**- Selection Process of Directors**

Nomination of directors shall comply with the guidelines on director appointment as stipulated by the Articles of Association, which can be divided into 2 cases:

**Case 1** To appoint a new director due to retirement by rotation, the Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences and adequate understanding in banking, finance, economics and laws, consistent with business strategies by taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall then propose the list of qualified candidates to the Board of Directors for consideration and screening before presenting to the shareholders' meeting for approval.

**Case 2** To appoint a new director to replace the resigned director before the end of the term, the Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, extensive experiences and adequate understanding in banking, finance, economics and laws, consistent with business strategies by taking into account the organization's necessity and good corporate governance principles. The list of qualified persons shall then be proposed to the Board of Directors for approval.

**2. Nomination of Executives**

The Nomination and Remuneration Committee shall select and screen persons with proper capabilities and qualifications by taking into consideration ethics, moral principle and honesty to take a position as First Senior Vice President and higher. Preliminary factors for consideration include qualifications, capabilities, and experiences in financial field. Nominated persons should have ideas and vision regarding management in line with the Board of Directors in order to ensure the accomplishment of the company's targets. The top executives and the Board of Directors must place great trust in one another and work in close coordination. The Nomination and Remuneration Committee shall propose the list of nominees to the Board of Directors for further consideration and the appointment shall be in accordance with the regulations of the Bank of Thailand.

Regarding the appointment of other executive positions, the Chief Executive Officer and President shall consider their qualifications and approve.

**Qualifications of Independent Directors**

To nominate and appoint independent directors, candidates must possess the qualifications required by the company and consistent with the good corporate governance policy according to the regulations of the Capital Market Supervisory Board. The qualifications of independent directors are as follows:



(1) Holding not more than 0.5 percent of the total number of voting shares of the company, or parent company, subsidiaries, associated companies, major shareholders, or control person, which shall be inclusive of the shares held by any related person of such an independent director.

(2) Neither being nor having been a director participating in management roles, or an employee, an officer, an advisor who receives regular salary, or a person having control power of the company or parent company, subsidiaries, associated companies, a subsidiary at the same level, major shareholders, or control person, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

(3) Not being a person related by blood relationship or relationship through legal registration as a father, mother, spouse, sibling, and child, including as a spouse of a child of other directors, management, major shareholders, control person, or the person being nominated to be a director, management or a control person of the company or its subsidiaries.

(4) Neither holding nor having held any business relationship with the company or parent company, subsidiaries, associated companies, major shareholders, or control person in the manner in which his/her independent discretion might be affected, and is not and has not been a significant shareholder or a control person of the person that has business relationship with the company, or the parent company, subsidiaries, associated companies, major shareholders, or control person, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

A business relationship shall include any trading transaction in the ordinary course of business for any commercial lease or property for rent, any transaction relating to asset or service, or granting or accepting any financial support by way of either borrowing, lending, guaranteeing, or collateral providing, including any other act in similar manner thereto, that could result in a creation of the company's obligation or the obligation of its counterparty, to repay its debt to other parties in an amount equal to three percent or more of the net tangible asset value of the company or Baht twenty million or more, whichever is lower. The method for calculation of the value of the connected transaction pursuant to the notification of the Capital Market Supervisory Board concerning regulations in respect of entering into connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the past one year prior to the date on which such business relationship with such a person exists must also be counted.

(5) Neither being nor having been an auditor of the company or parent company, subsidiaries, associated companies, major shareholders, or control person, and is not a significant shareholder, a control person, or a partner of any audit firm or office for which the auditor of the company, or the parent company, subsidiaries, associated companies, major shareholders, or control person is working, unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

(6) Neither being nor having been any professional service provider, including legal or financial advisor who obtains fee of more than Baht two million per year from the company or parent company, subsidiaries, associated companies, major shareholders, or control person, and not be a significant shareholder, or a control person, or a partner of any of such professional service provider unless the foregoing status has ended at least two years prior to the date on which such an independent director has been appointed.

(7) Not being a director who has been appointed as a representative of a director, a representative of a major shareholder, or a representative of a shareholder who is a related person of a major shareholder.

(8) Not undertaking any business the nature of which is the same as that of company or subsidiaries and which, in any material respect, is competitive with the business of the company or subsidiaries, or not be a significant partner in a partnership, or a director engaging in any management role, an employee, an officer, an advisor with regular salary, or a shareholder holding more than one percent of the shares with voting rights of other companies engaging in any business the nature of which is the same as that of the company or its subsidiaries.

(9) Not having any other characteristics that prevent the exertion of independent opinions concerning business operation. After having been appointed, an independent director may be assigned by the board of directors to take part in the collective decision-making process of the company, parent company, subsidiaries, associated companies, subsidiaries in the same level of the company, or by major shareholders, or a control person.

## 6. Risk Oversight Committee

The Risk Oversight Committee consists of 3 members as follows:

1.	Dr. Supriya *	Kuandachakupt	Chairman
2.	Mr. Pradit	Sawattananond	Member
3.	Mr. Somsak	Assavapokee	Member
	Ms. Apinya Pawangkanan	Secretary	

Note : Dr. Supriya Kuandachakupt has been appointed as Chairman of Risk Oversight Committee on 25 October 2021

### Duties and Responsibilities of the Risk Oversight Committee

The Risk Oversight Committee has the duties and responsibilities approved by Board of Directors as follows:

1. Provide the key risk management policies such as credit risk, market risk, liquidity risk, operational risk and reputation risk as well as determine the framework of information and technology risk management adequately according to international standards.
2. Provide the system to assess and monitor the risk management of management in appropriate and acceptable level according to the bank's policies and ensure the appropriate risk management of the bank to be competitive in the market as well as supervise the management to provide the appropriate measures of protection, solution and risk limit, especially the concentration of any type of risks.
3. Provide the system or the procedure for reviewing policies, risk management strategies and overall risk management systems at least once a year or whenever there are any significant changes that may affect the bank's stability by considering overall risk profile, risk appetite and risk management strategy.
4. Provide the financial projection via stress test by determining the scenario according to characteristics, volume and complexity of transactions.
5. Provide the organization structure to support the risk governance.
6. Provide IT risk management and the procedure of risk management that covers the assessment and continuously follow up on IT risk, cyber risk and cyber security as well as report the importance of IT risk and cyber risk to the Board of Directors for acknowledgement.
7. Ensure IT risk awareness culture in the organization by consistently encouraging employees at all levels to be aware of the IT risk and cyber risk and to have knowledge sufficient for risk protection.
8. Provide the development of the personnel specialized in IT risk and cyber security adequately.
9. Provide the risk management of conduct risk, procedure in controlling the business operation to align with the principle and guideline of market conduct, procedure in risk protection from any errors arising from services, procedure to handle the complaints of customers and procedure to manage the bank's impacts in order to comply with the regulations of the compliance department.
10. Supervise top executives and head of risk management department to comply with the policies and the strategies of risk management and risk appetite.

11. Provide the strategy of fund management and liquidity management to support the various risks of the bank and compliance with risk appetite.
12. Report to the Board of Directors the risk profile, risk management performance, compliance status according to the risk awareness culture, including significant factors and problems and issues requiring modifications to align with risk policies and risk management strategies of the bank.
13. Provide suggestions to the Board of Directors regarding the framework of risk oversight.
14. Consult and share ideas to the Audit Committee as to evaluate whether the policies and the strategies in risk managements efficiently and effectively cover all types of risks and emerging risks including to ensure the compliance with policies and strategies.
15. Give ideas or participate in the evaluation of performance of the head of risk management department.

## 7. Other Sub-committees

In addition to the sub-committees set up by the Board of the Directors for the benefit of monitoring and overseeing each area of the bank's operations as mentioned above, the Executive Committee has appointed other sub-committees to supervise specific areas of the operations as follows:

### 7.1 Credit Committee

It has the duty and authority to approve loans as determined by the bank and screen the credit under the approval authority of the Executive Committee and the Board of Directors.

### 7.2 Credit Monitoring Committee

It has the duty and authority to consider, determine and review the processes of lending, collecting debts and litigation. The committee also gives opinions on the classification of loans and guideline on debt collection and correction. It has the approval authority as assigned by the Executive Committee and report to the Executive Committee.

### 7.3 Asset Liability Management Committee

It has the duty and authority to set the target of the bank's financial structure for both assets and liabilities, set the threshold of liquidity and interest rate risks to align with the bank's revenue goal, approve investment policy to manage liquidity and interest rate risks by focusing on instruments, determine the loan rate, deposit rate and board rate, approve the launch of financial products related to fund mobilization to respond to the needs and investment goals of customers and to maximize the effectiveness of the bank's liquidity management, consider and keep track of the bank's cash flow and deposit and withdrawal trends to evaluate the liquidity risk and lay down strategies for different scenarios appropriately and in compliance with the bank's policies, determine key indicators to be used as tools in reflecting the management of assets and liabilities to be in line with the bank's policies, and set investment plan and ensure its implementation.

### 7.4 Investment Committee

It has the duty and authority to set investment plan (equity instrument) to align with investment policies, overall policies on strategy, business operation and returns, study and adhere to the bookkeeping principle of accounting standards, determine the process and investment procedure, operation, investment-related staff management, and report overall investment results to the Executive Committee.

## Board of Directors Meetings

Land and Houses Bank Public Company Limited regularly holds the Board of Directors meetings. In each meeting, clear agenda is determined in advance which contains important agenda items such as review of the financial statements of each quarter and the monitoring of the bank's performances. In this regard, the bank will send an invitation letter and meeting agenda with relevant documents to the directors before the meeting date in order for them to have sufficient time to review such information. The minutes are recorded in writing, certified by the Board of directors and then filed for auditing purposes.

In 2021, the Board of Directors meetings and sub-committee meetings were held with the details of attendance, number of meetings and percentage of individual director's attendance for each meeting as follows:

Table: Meeting Attendance of the Directors and Executives in the Year 2021

List of Directors	Board of Directors		Executive Committee		Audit Committee		Corporate Governance Committee		Nomination and Remuneration Committee		Risk Oversight Committee	
	No. of Attendance	(%)	No. of Attendance	(%)	No. of Attendance	(%)	No. of Attendance	(%)	No. of Attendance	(%)	No. of Attendance	(%)
<b>Total Meetings (Times)</b>	<b>12</b>	<b>100</b>	<b>24</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>5</b>	<b>100</b>	<b>12</b>	<b>100</b>
1. Dr. Vorapol <sup>1</sup> Socratyanurak	2 of 2	100										
2. Mr. Wu <sup>2</sup> , Kuo-Chin	12	100	24	100								
3. Mr. Pradit <sup>3</sup> Sawattananond	12	100			13	100	12	100	5	100	10 of 10	100
4. Mr. Somsak Assavapokee	12	100			13	100	12	100	5	100	12	100
5. Mr. Pichai Dusdeekulchai	12	100			13	100	12	100				
6. Dr. Supriya <sup>4</sup> Kuandachakupt	11 of 12	91.67			13	100	12	100	2 of 2	100	2 of 2	100
7. Mr. Naporn Sunthornchitcharoen	12	100	24	100								
8. Mr. Shih <sup>5</sup> Jiing-Fuh	12	100	3 of 4	75					3 of 3	100	12	100
9. Mr. Sirichai Sombutsiri	12	100	24	100								
10. Ms. Chompoonoot Pathomporn	12	100	23	95.83								
11. Mr. Vichian <sup>6</sup> Amornpoonchai	2 of 2	100										

Note: <sup>1</sup> Mr. Vorapol Socratyanurak has been appointed since October 25, 2021 and attended the meeting No. 11/2021 held on November 11, 2021 onwards.

<sup>2</sup> Mr. Wu, Kuo-Chin has been appointed as Vice Chairman since October 25, 2021.

<sup>3</sup> Mr. Pradit Sawattananond left from Risk Oversight Committee since October 25, 2021.

<sup>4</sup> Dr. Supriya Kuandachakupt has been appointed as member of Nominating and Remuneration Committee and Chairman of Risk Oversight Committee since October 25, 2021.

<sup>5</sup> Mr. Shih Jiing-Fuh left from Nominating and Remuneration Committee and has been appointed as member of executive committee since October 25, 2021.

<sup>6</sup> Mr. Vichian has been appointed as a director since October 25, 2021 and attended the meeting No. 11/2021 held on November 11, 2021 onwards.

## Executives

Land and Houses Bank Public Company Limited has 6 executives as follows:

List of Executives	Position in the Bank
1. Ms. Chompoonoot Pathomporn	Chief Executive Officer and President
2. Mr. Thanee Phalawong	Senior Executive Vice President Information and Technology Group
3. Mr. Pansalit Trakarnkitvichit	Senior Executive Vice President Credit Underwriting and Credit Development Group
4. Mr. Jing-Ming Chen	Senior Executive Vice President Taiwanese Business Development Group
5. Mr. Kosol Kavayavog	Senior Executive Vice President Operation
6. Ms. Chintana Klaisuwat	Senior Executive Vice President Wholesale Banking

## 8. Company Secretary

The Board of Directors has appointed Ms. Chorthip Thamwanont, First Vice President, Corporate Affairs Group, as the company secretary since October 25, 2021 as prescribed by the laws. The Board of Directors has supported and encouraged the company secretary to continuously receive trainings and expand knowledge in law, accounting or other areas relevant to the duties of the company secretary. The details of her profile are as follows:

<b>Name :</b>	<b>Ms. Chorthip Thamwanont</b>
<b>Position :</b>	First Vice President, Corporate Affairs Group Company Secretary
<b>Age : (Years)</b>	<b>45</b>
<b>Education :</b>	- Master of Business Laws, Chulalongkorn - Bachelor of Laws, Thammasat University
<b>Training :</b>	- Company Secretary Program
<b>Direct Shareholding :</b>	-
<b>Number of Shares Held by Spouse and Minor Child :</b>	-
<b>Relationship with Executives :</b>	
<b>Work Experiences in Past 5 Years :</b>	-

### ❖ Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
Aug. 2021 - Present	First Vice President, Corporate Affairs Group	LH Financial Group PLC
2004 - 2020	Assistant Company Secretary	True Corporation PLC

### ❖ Current Position in Listed Companies on the Stock Exchange of Thailand -None

#### Duties and Responsibilities of the Company Secretary

1. Prepare and retain the following documents:
  - 1.1 Director registration
  - 1.2 Invitation letter to the Board of Directors meetings, minutes of the Board of Directors meetings and annual report.
  - 1.3 Invitation letter to the shareholder's meeting and minutes of shareholder's meeting
2. Retain reports on the interests of directors and executives
  - 2.1 The directors and executives have a duty to report their stakeholding. (Directors and executives are responsible for reporting their interests and those involved to the bank.)
  - 2.2 The company secretary shall submit the report copies to the chairman of the company and the chairman of the Audit Committee within 7 business days from the receipt date of the report
  - 2.3 Provide a system to accurately and completely store relevant documents and evidence that can be traced back within a period of at least five years from the date such documents or information were prepared
3. Perform any other tasks prescribed by the Capital Market Supervisory Board

## Remuneration of Directors and Executives

### Remuneration Policy for Directors and Executives

The remuneration of directors has been determined by the shareholders' meeting, which had been considered and recommended by the Nomination and Remuneration Committee. Both amounts and components of such remuneration must be attractive to the directors who are talented and critical to the performance of the board. Excessive remuneration payment shall be avoided. Remuneration for directors shall be determined based on the industry practices by considering work experiences, knowledge, abilities, dedication and other benefit that each director has contributed to the bank and comparing with listed companies of the similar size in the same industry as well as the average of registered firms based on the survey report on directors' remuneration by the Thai Institute of Directors (IOD).

Determination of remuneration shall be approved in the order of authority as to avoid conflicts of interest and for transparency, i.e., shareholders approve the remunerations of the Board of Directors, the Executive Committee, the Audit Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall consider the suitability of remunerations.

### Financial Remuneration

The financial remuneration of directors has been determined by the shareholders meeting, in the form of monetary value such as monthly remuneration and meeting allowances. In addition, the remuneration of directors has been consented by the Board of Directors, which had been presented by the Nomination and Remuneration Committee. The remuneration of directors will be clearly defined and transparent based on the general practice in the industry, by considering from experience, knowledge and ability commensurate with the duties and responsibilities of directors to carry out the bank's operations while taking into considerations the best interests of the bank and shareholders.

The directors' remunerations of Land and Houses Bank Public Company Limited has been approved by the Extraordinary General Meeting of Shareholders of Bank No.1/2021 on 11 November 2021 with the resolution as follows:

#### 1. Directors' remunerations for the Year 2021

Table : Remuneration of the Directors for the Year 2021 and 2020

Position	Remuneration of Directors (Baht per month)	
	2021	2020
Chairman	300,000	60,000
Vice Chairman	100,000	40,000
Directors	40,000	40,000

## 2. Meeting allowances of directors for the Year 2021

Table : Meeting Allowances of Directors for the Year 2021 and 2020

Position	Allowance (per time)											
	Board of Directors		Audit Committee		Executive Committee		Nomination and Remuneration Committee		Corporate Governance Committee		Risk Oversight Committee	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Chairman	50,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Vice Chairman Non-Executive Directors	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Vice Chairman Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-

## 3. Directors' gratuity for the year 2020

The Board of Directors plays a key role in supporting the policies and making decisions together with management for the bank. As a result, the bank has continuously shown good performance and good image.

LH Financial Group Public Company Limited, the parent company of the bank, has determined the directors' gratuity. Any director who receives the gratuity from LH Financial Group Public Company Limited shall not get the gratuity from the bank. As a result, the gratuity of Baht 2,420,000 was appropriate for their duties, responsibilities and workload. Allocation of such remuneration is subject to the discretion of the Board of Directors and 5 directors listed below are eligible for such gratuity.

- 1.Mr. Pairoj Hengsakul
- 2.Mr. Somsak Assavapokee
- 3.Ms. Pichai Dusdeekulchai
- 4.Mr. Sirichai Sombutsiri
- 5.Ms. Chompoonoot Pathomporn

Table: Directors' Gratuity for the Year 2020 and 2019

Directors' Gratuity (Baht)	
2020 (5 directors)	2019 (3 directors)
2,420,000	2,700,000

## 4. Other non-financial remunerations

According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2015 dated 21 January 2015, it resolved to provide vehicles for directors including fuel, car insurance premium, maintenance and salary for drivers. The Board of Directors has authority to consider the provision of vehicles at its discretion and it will take effect until the Shareholders meeting will have a resolution to change or terminate.

### Other remunerations of directors

Other remunerations of directors or other benefits refer to shares, debentures and other benefits both in monetary and non-monetary forms that are apart from regular benefits receivable such as monthly salary, or meeting allowance. Details are as follows:



Table: Remunerations of Directors for the Year 2021 and 2020

List of Directors	Date of Directorship	2021 <sup>1</sup>		2020 <sup>1</sup>	
		Remuneration and Meeting Allowance (Baht)	Bonus (Baht)	Remuneration and Meeting Allowance (Baht)	Bonus (Baht)
1. Mr. Vorapol Socratyanurak	25 Oct 2021	440,000.00	-	-	-
2. Mr. Pradit Sawattananond	21 Mar. 2018	1,030,000.00	-	830,000.00	-
3. Dr. Supriya Kuandachakupt	1 Aug. 2017	80,000.00	-	25,000.00	-
4. Mr. Somsak Assavapokee	5 Oct. 2012	2,365,650.00	-	910,000.00	-
5. Mr. Pichai Dusdeekulchai	27 Mar. 2020	405,490.00	-	521,425.00	-
6. Mr. Shih, Jiing-Fuh	1 Aug. 2017	460,000.00	-	310,000.00	-
7. Mr. Sirichai Sombutsiri	2 Jan 2014	2,195,650.00	-	2,458,478.00	-
8. Mr. Naporn Sunthornchitcharoen	19 Dec. 2005	480,000.00	-	460,000.00	-
9. Mr. Wu, Kuo-Chin	1 Aug. 2017	579,999.00	-	460,000.00	-
10.Ms. Chompoonoot Pathomporn	1 Jun. 2019	1,175,650.00	-	1,078,928.00	-
11.Mr. Vichain Amornpoonchai	25 Oct 2021	50,000.00	-	-	-
12. Mr. Rutt Phanijphand	28 Dec. 2005	9,500,000.00	-	12,000,000.00	-
13. Mr. Li, Ming-Shieh	21 Mar. 2018	-	-	-	-
14.Mr. Pairoj Hengsakul	1 Feb. 2009	165,490.00	-	-	-
<b>Total</b>		<b>18,927,929.00</b>		<b>20,440,857.00</b>	

Note : <sup>1</sup> Directors' remuneration for the year 2021 and 2020, as directors of the bank are the same as those of its parent company, LH Financial Group Public Company Limited. As a result, directors will receive payments from LH Financial Group Public Company Limited only.

<sup>2</sup> Mr. Rutt Phanijphand resigned from the directorship on October 15, 2021

<sup>3</sup> Mr. Li Ming-Shieh resigned from the directorship on October 15, 2021

## Remunerations of Executives

The bank paid the remuneration for 6 executives which consist of salary, bonus and other remuneration in the total amount of Baht 46,464,470.54 representing 0.04% of the total remuneration.

### Other remunerations of executives

Other remunerations or benefits apart from usual benefits are contributions to provident fund, premiums for group insurance, uniform, medical expenses and other remunerations.

### Employee

The total number of employees of the bank as of 31 December 2021 was 1,224 persons, decreased by 44 persons when compared to 2020 as detailed below.

	31 December 2021	31 December 2020	31 December 2019
Number of Employees (person)	1,224	1,268	1,229

### Remunerations of employees

The bank paid the remuneration for employees which consist of salary, wages, overtime, bonus and provident fund in the total amount of Baht 1,092.11 million.

## Employee Development Policy

For sustainable growth of organization, the bank, therefore, carried out a policy supporting the continued development of human resource which is an essential resource of the bank by providing various seminars conducted by internal units, sending out employees to receive trainings from external institutes, and encouraging work-related coaching from supervisors. These means bring about sustainable development, professional and efficient performance and fruitful collaboration beneficial to all parties and overall performance of organization.

### Corporate Value (CDA)

The organization promotes work-related knowledge development and emphasizes good working behaviors and peaceful coexistence. The bank has created the corporate core values for employees to understand and share the same values through communication, learning and working under the concept of CDA: C : Customer Centric, D : Dynamic, A : Accountability which can enable all employees to grow together with sustainability.

#### C : Customer Centric

Customers are the center, we have to understand their needs, develop products and services to truly address them.



#### D : Dynamic

Always be resilient to developments and changes, dare to think differently, do not strict to old practices, make questions for better changes.



## A : Accountability

Have a sense of ownership and responsibilities for all dimensions not only in your own department, and Co-operate in achieving the goal.



### Employee Orientation

The objective of employee orientation is to expand knowledge and understanding of newcomers about banking business overview, to get them ready to work together with happiness, to get them know their roles and responsibilities in organization and to instill them with the corporate value.

### Remuneration and Employee Welfare

The bank has policies to take care of employees' health and safety in life so that they can work happily. The bank has also determined appropriate remuneration and welfares for them such as salary, bonus, provident fund, social security, medical expenses, uniform and other benefits.

### Provident Fund

The bank has set up a provident fund for employees as a good welfare which is crucial for lifting up morale and spirit of employees. The fund also secures them with good life quality. Employees are required to contribute 3-15% of their monthly salaries and the bank will contribute to the fund at 3-7%, varied by years of service. Moreover, the bank has set up the fund committee consisting of elected members and members appointed by employer. Such committee has duties and responsibilities to manage fund including determining investment policy on behalf of members. In addition, the bank has added various investment options for staff to choose by selecting master fund policy. As of 31 December 2021 and 2020, the bank paid all contributions to the fund in the amount of Baht 70.4 million and Baht 65.8 million, respectively.

The shareholding of directors and executives of Land and Houses Bank Public Company Limited in the parent company and the bank as of 31 December 2021 and 31 December 2020 is as follows:

Table: Directors' Shareholding Proportion in the Parent Company and the Bank.

Name of Directors	Position	31 December 2021		31 December 2020	
		Number of Shares Held		Number of Shares Held	
		Parent Company <sup>1</sup>	Bank <sup>2</sup>	Parent Company <sup>1</sup>	Bank <sup>2</sup>
<b>1. Mr. Vorapol Socratyanurak</b>	Chairman				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>2. Mr. Wu, Kuo-Chin</b>	Vice Chairman				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>3. Mr. Pradit Sawattananond</b>	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>4. Dr. Supriya Kuandachakupt</b>	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>5. Mr. Somsak Assavapokee</b>	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>6. Mr. Pichai Dusdeekulchai</b>	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>7. Mr. Sirichai Sombutsiri</b>	Director				
- Number of direct shareholding:		150,000 shares 0.0001%	-None-	150,000 shares 0.0001%	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>8. Mr. Naporn Sunthornchitcharoen</b>	Director				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>9. Mr. Shih, Jiing-Fuh</b>	Director				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>10. Mr. Vichian Amornpoonchai</b>	Director				
- Number of direct shareholding :		82 shares	84 shares	82 shares	84 shares
- Number of shares held by spouse and minor child:		120,000 shares 0.0006%	-None-	120,000 shares 0.0006%	-None-
<b>11. Ms. Chompoonoot Pathomporn</b>	Director				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-

Note : Parent Company<sup>1</sup> refers to LH Financial Group Public Company Limited.  
Bank<sup>2</sup> refers to Land and Houses Bank Public Company Limited.

Table: Executives' Shareholding Proportion in the Parent Company and the Bank.

Name of Executives	Position	31 December 2021		31 December 2020	
		Number of Shares Held		Number of Shares Held	
		Parent Company <sup>1</sup>	Bank <sup>2</sup>	Parent Company <sup>1</sup>	Bank <sup>2</sup>
<b>1. Ms. Chompoonoot Pathomporn</b>	CEO & President				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>2. Mr. Thanee Phalawong</b>	Senior Executive Vice President Information Technology Group				
- Number of direct shareholding:		1,067,230 shares 0.005%	-None-	1,016,962 shares 0.005%	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>3. Mr. Pansalit Trakarnkitvichit</b>	Senior Executive Vice President Credit Underwriting and Credit Development Group				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>4. Mr. Chen Ching-Ming</b>	Senior Executive Vice President Taiwanese Business Development Group				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>5. Mr. Kosol Kavayavong</b>	Senior Executive Vice President Operation				
- Number of direct shareholding:		807,890 shares 0.004%	-None-	764,167 shares 0.004%	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
<b>6. Miss Chintana Klaisuan</b>	Senior Executive Vice President Wholesale Banking				
- Number of direct shareholding:		-None-	-None-	1,392,228 shares 0.003%	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-

Note : Parent Company<sup>1</sup> refers to LH Financial Group Public Company Limited.

Bank<sup>2</sup> refers to Land and Houses Bank Public Company Limited.

## RISK OVERSIGHT COMMITTEE'S REPORT

The Risk Oversight Committee consists of 3 members as follows:

- |                |                |          |
|----------------|----------------|----------|
| 1. Dr. Supriya | Kuandachakupt* | Chairman |
| 2. Mr. Shih,   | Jiing-Fuh      | Member   |
| 3. Mr. Somsak  | Assavapokee    | Member   |

Ms. Apinya Pawangkanan, First Senior Vice President of Credit Risk Management and Capital Department of LH Financial Group Public Company Limited, is the secretary.

Note \* Dr. Supriya Kuandachakupt has been appointed as a member of Risk Oversight Committee, replacing Mr. Pradit Sawattananond and appointed as the chairman of Risk Oversight Committee, replacing Mr. Shih, Jiing-Fuh on October 25, 2021

The Risk Oversight Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2021, the Risk Oversight Committee had the total of 12 meetings and reported the results of each meeting to the Board of Directors with the summary as follows:

1. Review risk management policies such as credit risk, market risk, liquidity risk, operational risk, IT risk and reputational risk, by taking into account the risk governance framework as well as creating and cultivating risk culture that complies with the regulations on risk supervision prescribed by the Bank of Thailand.
2. Report the assessments of risk management, monitor risk management and its efficiency ensure the management has appropriate measures to prevent, improve and limit risks.
3. Report the risk profile and any changes affecting risk appetites, and boost confidence on risk management and risk supervision to the Board of Directors.



(Dr. Supriya Kuandachakupt)  
Chairman of Risk Oversight Committee

## RISK FACTORS

### Risk Management Overview

The bank sets the framework and strategies of its business operation to promote growth based on the efficient risk management along with creating the sustainable profits. The bank controls and supervises the risk management systematically. The risk management structure and policies have been defined clearly in writing in order to manage risks effectively. The bank also pays attention to the disclosure of risks and capital adequacy to the public in accordance with the principles and regulations of the Bank of Thailand.

Moreover, the bank has continuously developed its personnel to increase work efficiency through the self-learning system (e-Learning) aimed to educate its executives and employees about risk management and help them understand and realize such risks. It also encourages employees to attend both external and internal trainings and seminars. Many specialists from the bank's internal departments and external agencies are also invited to share knowledge in order to enhance employees' abilities and skills on a regular basis.

### Risk Management Structure

The bank has established the risk management structure in accordance with risk appetite, supervised by the Risk Oversight Committee including:

#### Board of Directors

- To formulate strategic plan for operations of the bank
- To approve and determine the risk management policy and scope of risk appetite
- To ensure adequate and appropriate internal control and compliance with the regulations of the Bank of Thailand

#### Audit Committee

- To ensure the bank has accurate, complete, adequate financial reporting and information disclosure in line with the financial reporting standards
- To review and evaluate the effectiveness and suitability of internal control and internal audit
- To ensure the compliance with laws relating to the bank

#### Executive Committee

- To define the lending and investment policy
- To screen loans and/or investments' limits which are under the Board of Directors' authority
- To approve loans and/or investments' limits under its approval authority prescribed by the bank

#### Risk Oversight Committee

- To control, monitor and oversee that the bank has formulated risk management policies governing various aspects, and complied with such policies
- To evaluate the efficiency of the bank's risk management

#### Risk Management Committee

- To screen and propose policies and risk management strategy governing different aspects as prescribed by the Bank of Thailand
- To evaluate, monitor and implement the approved policies to maintain risks under risk appetite as prescribed in the risk management framework



In addition, the bank has also set up various sub-committees to supervise and control specific risks such as the Information Technology Steering Committee, the Credit Committee, the Credit Monitoring Committee and the Operational Risk Management Working Group. Risk Management and Corporate Strategy Group is responsible for the overall risk management of the bank while Internal Audit Group is in charge of assessing the sufficiency of internal control, reviewing the accuracy and reliability of financial reports, and the Compliance Group is responsible for overseeing the bank's compliance with regulatory requirements.

### **Risk Management Policy**

The bank has set up the risk management policy to oversee the bank's transactions to be under risk appetite with proper, adequate and efficient internal control in conformity with the best practices for risk management according to the regulations of the Bank of Thailand and other regulators.

### **Risk Factor**

The commercial banking business is directly related to capital market and domestic and international economic situations which are rapidly dynamic. Likewise, other business environments such as regulatory changes, competitors' adaptations and political gatherings can affect the commercial banking industry.

During 2020-2021, the bank encountered the COVID-19 pandemic, seen as a new emerging risk affecting domestic and international economies. The operating results of the bank had also been affected as well. Nonetheless, the commercial banking sector had committed to helping customers withstand this difficult situation and played part in easing economic impacts. The bank has introduced relief measures to assist its retail and business customers and offered more assistance in line with the Bank of Thailand's relief measures such as interest rate cut, extension of debt repayment period, debt moratorium, modification of payment conditions and soft loans to help them continue their businesses.

## **1. Strategic Risk**

Strategic risk refers to any risk originated from inappropriate formulation of strategic plan and inability to execute the laid-down strategies, as well as the disharmony of strategies, policies, goals, organization structure, competition and corporate human resources as a result of internal and external factors which may affect the competitiveness, revenue and capital of the bank.

### **1.1 Risk from Economic Uncertainties and Competitions**

Economic uncertainties may affect business growth and credit quality. The bank hence prepares business plans, annual budget and fund projections by having executives of each unit participate and share their opinions in such preparation. The business plan and budget have been proposed to the Board of Directors for approval and they will be reviewed on a semi-annual basis to ensure it is compatible with changing economic conditions. The Board of Directors will benchmark the bank's performance against the business plan on a regular basis.

### **1.2 Risk from Capital Inadequacy**

Under the Basel framework, the bank is required to maintain the total capital adequacy ratio of not less than 11% consisting of the Tier 1 capital ratio of not less than 8.5% and Common Equity Tier 1 of not less than 7%.

Besides, the Bank of Thailand has regulated all commercial banks to maintain the capital buffer in order to support their loss in a crisis (Conservation Buffer) for which commercial banks shall maintain the additional Common Equity Tier 1 from the minimum capital requirement by 0.625% per year, starting from January 1, 2016 until reaching 2.5% on January 1, 2019.

As of December 31, 2021, the bank maintained the total capital adequacy ratio at 18.36%, Tier 1 capital ratio at 16.17%, and Common Equity Tier 1 ratio at 16.17%, which was higher than the minimum requirement stipulated by the Bank of Thailand.

The bank had the total capital under the Basel framework of Baht 38,513.90 million consisting of the Common Equity Tier 1 of Baht 33,914.85 million or 88.06% of total capital and Tier 2 capital of Baht 4,599.05 million or 11.94% of total capital, which was sufficient to operate business and support growth under normal and critical circumstances that might arise from economic uncertainties.

Furthermore, the bank assessed the risk and the capital adequacy (ICAAP) to mitigate different risks in accordance with the Bank of Thailand's regulations on supervision of capital. This is to ensure that the bank can manage the capital efficiently and has strong capital status to handle various risks in both normal and critical circumstances, and has sufficient capital for business expansion.

## 2. Credit Risk

The credit risk refers to the risk arising from debtors or counterparties who cannot fulfill loan agreements or the risks arising from the possibility that debtors or counterparties may not repay their loans which results in the credit rating downgrade, affecting the bank's capital position and revenue. The cause was from external risk factors such as economic changes, laws, rules and regulations, and from internal risk factors such as lack of proper control, lack of monitoring to ensure customer's compliance and ineffective credit approval and underwriting, etc. Credit risk-related transactions are those involved with credit approval or that similar to credit approval, those with counterparties with obligations to deliver assets or to repay debts to the bank and those related to the investment in debt instruments.

### Tools for Credit Risk Management

The bank has developed the following tools to screen and classify the risk levels of debtors, both individuals and juristic persons, to facilitate efficient credit approval as follows:

- **Credit Scoring Model** is used to classify and assign the risk levels of individual borrower to facilitate loan approval process. This tool was developed by using the basic statistics of the bank's debtors and was based on experts' discretion (Expert Base).
- **Credit Rating Model** is used to screen and classify the risk levels of juristic persons. The bank realizes the importance of the accuracy and efficiency of the tool as it is used in credit underwriting process; therefore, it always follows up the results from model implementations, analyzes the efficiency, and regularly improves credit risk management tools so that they can support the business operation efficiently.

### Credit Risk Management Process

The bank has put in place a credit risk management process where checks and balances are incorporated through a clear separation of duties among marketing staff, credit analysts, collateral appraisal officers and operation officers. Furthermore, to consider approving credit, the bank has set up independent units; namely, Corporate Credit Underwriting Office and Retail Credit Underwriting Office to supervise and give opinions on risk elements that may arise from granting loans to each customer. This is to ensure that the credits to be approved have been considered and screened prudently. The Credit Review Office is another independent unit responsible for reviewing the accuracy of approved credits, monitoring customers' compliance with the loan covenants, deepening understanding and providing credit trainings for staff to enhance the efficiency of credit marketing to acquire high quality loans.

### Credit Portfolio Management

The bank puts the importance on the quality of debtors classified by their business types and credit concentration. Therefore, the bank tracks all changes in its loan portfolio in various dimensions such as the quality of loan portfolio classified by loan types and business types, the proportion of top 20 corporate customers to the bank's total capital which indicates the quality of loan portfolio and potential risks.

**Credit Risk** consists of:

### 2.1 Risk from Credit Impairment

In 2021, COVID-19 pandemic, economic impacts and droughts were considered significant credit risks as they comprehensively impacted overall economy across all sectors of the country. This resulted in the lowered debt serviceability of customers both in retail and corporate. Consequently, the bank was likely to have more risk exposure on credit impairment. However, the bank had provided assistance for customers impacted by COVID-19 pandemic according to the relief measures of the Bank of Thailand and additional supports from the bank.

The increase in non-performing loans represented a significant risk to the bank, causing the bank to put more provisions for higher expected credit losses. This affected its profitability and capital adequacy. However, the bank had established the process to control non-performing loans by focusing on increasing the efficiency of credit management covering from the strict credit approval process, such as the determination of target business segments, formulation of criteria for retail credit underwriting to be used as a standard for credit underwriting and to avoid the discretion of operation staff, determination of minimum down payment on housing loans for high-risk customers and minimum requirements for borrowers. In addition, the bank set up a specialized unit for debt collection.

### 2.2 Risk from Credit Concentration

The bank is aware of credit concentration risk in different dimensions such as corporate customer concentration and sector concentration. The bank stipulates the risk limit and trigger in order to control and avoid any significant credit concentration.

### 2.3 Risk from Devaluation of Asset Collateral Value

The bank's secured loans were 44.38% of total loans. Real estate collateral was 85.97% of total collateral. When real estate market is sluggish, the bank may encounter the risks from collateral devaluation. Thus, the bank formulates collateral appraisal policy requiring regular reviews on collateral's appraisal value and appraisal value of real estate acquired from debt settlement or public auction. The review period of appraisal value will be in accordance with the notification of the Bank of Thailand to reflect the actual value of collateral based on current conditions.

## 3. Market Risk

Market risk refers to the risk arising from the movement of interest rates, foreign exchange rates and the prices of instruments in the money and capital markets which can affect the revenue and capital of the bank. Market risks can be classified into 3 types: price risk, interest rate risk and foreign exchange rate risk. The bank has a policy to control and manage all types of risks to be at appropriate levels and align with its risk management policy.

### 3.1 Price Risk

Price risk refers to the risks arising from the change in securities price which can create income fluctuations to the bank. At present, the bank is exposed to minimal price risk since it has no policies to invest in high-beta securities.

To manage the price risk in compliance with the Bank of Thailand's notification, the bank applies the Value-at-Risk (VaR) model to measure the maximum loss at a certain level of confidence and within certain period of time. The bank uses the calculated risk values as a guideline to determine the risk appetite. In addition, the bank has conducted various stress-test scenarios which might cause a rapid plunge in securities price to assess potential damages from the risks during a crisis.

### 3.2 Interest Rate Risk

Interest rate risk refers to the risks arising from the movements of interest rate in market that may lead to a change in the value of financial instruments, income fluctuation or shareholders' equity value. These risks may be caused by factors from both on and statements of financial position. Interest rate risk is a result of structuring and characteristics of items in assets, liabilities, and shareholders' equity underlying the bank's interest rates and the mismatch of the remaining time in determining new interest rates for assets, liabilities and statements of financial position items. The bank has appointed the Asset and Liabilities Committee to take charge of interest rate risk management arising from the differences in the interest rate structure by setting up an appropriate interest rate structure for each period, ensuring the interest rate structure is effective as planned, controlling the proportions of assets and liabilities bearing interest with different maturity dates to be under the risk appetite.

The bank closely monitors the market conditions and interest rate situations, prepares analytical reports on the periodical movements of the interest rates for assets and liabilities, and simulates different scenarios concerning net interest income to ensure the impact on bank's earnings is under the defined risk threshold.

### 3.3 Foreign Exchange Rate Risk

Foreign exchange rate risk arises from the bank engaging in foreign currency transactions or having assets or liabilities in foreign currency. When exchange rate changes, it may affect the value of foreign exchange position both on and statements of financial position and the bank's earnings.

To manage such risk, the bank has set up the maximum stop loss limit for the foreign exchange rate by utilizing the value from statistical calculation such as the value-at-risk, credit limit such as Net Open Position, Intraday Limit and Management Action Trigger Loss.

## 4. Liquidity Risk

Liquidity risk means the risks resulted from the bank's failure to pay its debts and obligations when due because of its inability to liquidate assets, or its failure to procure enough funds by specified schedule and at appropriate costs. Such situation can create negative impacts on income and capital of the bank. Sources of liquidity risk include internal and external factors. Internal factors hinge on the structures of assets and liabilities and the reserve of liquid assets to support demands. External factors lie greatly on market liquidity and depositors' confidence. The bank has tools for measuring and monitoring liquidity risks, and has specified the appropriate warning levels. The bank also reviews the policy and continuously develops tools and methods to measure risks and ensure consistency with the guidelines of the Bank of Thailand and the principles of international risk management.

The bank plans and manages its liquidity risk to be under an appropriate and adequate level so that it can repay current and contingent obligations and launches new products to raise funds both for the short and long terms in line with market conditions.

## 5. Operational Risk

Operational risk refers to the risks of losses arising from the shortages or dysfunctions of internal working processes, human resources, systems or external factors including legal risk. The operational risk is inevitable as it is part of banking business. The bank hence has clearly defined the framework of its operational risk management policy. It also has good internal control and has published an operating manual so that every employee understands the workflow and can perform their duties efficiently. Procedures have been laid down for business analysis, risk monitoring and assessment, etc.

Moreover, the bank has developed its processes and tools to manage operational risk such as operational loss data which are the collection of financial and non-financial losses, near-misses and other incidents. These data have been analyzed and used to improve the operation procedures and draw up controlling guidelines to reduce the likelihood of risks.

The bank assigns all departments to undertake risk and control self-assessment (RCSA). Each department has to identify its risky points in its operation processes and assess the efficiency and appropriateness of existing internal control. These data have been evaluated to determine key risk indicators (KRI) for tracking risks occurred. It also estimates risks arising from internal business units with high plausibility of frauds so that preventive measure and risk management can be defined.

Moreover, the bank has established outsourcing policy and new product policy guiding all units that need to outsource or launch new products to study and run the data analysis and risk assessment, and new product evaluation. The Operational Risk, Market Risk and IT Risk Management Department needs to give consent before outsourcing or launching new products.

The bank has the Business Continuity Plan (BCP) that responds to any emergencies such as contingent losses and disasters for the sake of maintaining the continuity of the bank's operations or reducing any disruptions to the operation to be under risk appetite. All departments have involved in the plan preparation and have revised the plan annually. They also take BCP test, rehearse computer system restoration and check the operations of significant transactions annually to ensure the bank is able to efficiently undergo its business even during the crises.

## 6. IT Risk

IT Risk refers to the risks arising from the use of information technology in business operations including cyber threats that will affect the bank's operations and systems.

The bank pays attention to the supervision of information technology risk by determining the information technology governance, IT security, risk management, compliance with laws and other related regulations, audit, trainings for directors, executives and employees about cyber threats, effective and prudent information technology project management under 3 key principles:

1. Confidentiality of system and information
2. Integrity of system and information
3. Availability of information technology

The bank immediately reports to the Bank of Thailand when any problems or significant incidents regarding the use of information technology happen and affect the services, systems or reputation of the bank. This includes when significant information technologies are under attacks or under cyber threats.

## 7. Emerging Risk

Emerging risk is the risk that may lead to the impacts in both short-term and long-term on economy, society, population, environment and technology. Risk management will focus on a resilience plan to support emerging risk as follows:

### 7.1 Cyber security and personal data protection

Financial service industry relies greatly on complicated information technology system which is considered a fundamental structure. Cyber security risk is a factor affecting the bank's business to the high extent and the rising trend of cyber threats and cyber attacks as well as the development of more complex forms of attacks. As a result, the bank has to revamp the measure to prevent, detect, respond to these attacks and retrieve data. The bank has passed the international standard ISO 27001 with proper review. In addition, the breach of data privacy is another issue affecting the bank's reputation and creditability. The bank has implemented the project to elevate the management of personal data to align with the Cyber Security Act and Personal Data Protection Act and related guidelines. The bank has established the personal data protection policy and special unit to be in charge with personal data protection.

## 7.2 Climate change risk

Climate change comes in the form of natural disasters that are likely to increase in the future, such as storms, floods and droughts. The bank is aware of the impacts of climate change that may affect the business of the customers that the bank supports. At the same time, it may affect the performance and financial position of the bank's customers as well. The bank has upgraded the risk management accordingly. If customers do not have appropriate and prompt adjustments, it will affect the competitiveness of the business and the ability to pay debts as well as having a consequent impact on the bank's asset quality. As a result, the bank has formulated credit policies and assessed environmental and social risks of customers' businesses to reduce the potential impact of bank lending.

In addition, this impact poses a risk to the bank's reputation and credibility and can cause financial damage to the bank. Therefore, the bank has adopted sustainable banking practices in terms of responsible lending by lowering the credit portfolio of customers who are operating the businesses that affect the environment according to the bank's criteria.

## 7.3 Pandemic Risk

The epidemic of the virus is considered emerging infectious diseases that have been unremitting around the world with the spread of several strains such as SARS, Avian Influenza, 2009 Influenza, Middle East Respiratory Syndrome or MERS Outbreaks of Zika virus infection in the America, Latin American countries and Caribbean. Most recently, there has been an epidemic of coronavirus disease since 2020, in which many epidemics have spread into Thailand. Particularly, the epidemic of COVID-19 still spread in a wide range last year.

The bank is aware of the threat posed by the epidemic of emerging infectious diseases that may affect the bank in many aspects, including the bank's services, employee's work life. There are also limitations arising from compliance with government guidelines. Therefore, resilient plan have been set up in the Business Continuity Plan (BCP) to reduce risks and potential impact of such epidemic and to enable staff to work and provide continuous services.

During the COVID-19 pandemic, the bank has followed the established Business Continuity Plan (BCP) ready for virus infection in the office as follows:

### Management of Office Space and Branches

The measures prescribed by the Department of Disease Control, the Ministry of Public Health, has been implemented such as screening people who come to use the service, and employees before entering the building. Service area arrangement to keep distancing, wearing a mask, screening visitors who come in contact or customers, etc.

### Mitigating Risks and Impact of COVID-19 Pandemic Situation

The bank grouped employees who process key transactions and various systems are needed, into two groups. Group 1 stations at the main office and Group 2 works at an alternate site. If any group is infected with COVID-19, the rest of the staff will be able to continue to work and provide services. In addition, the bank also requires staff in supporting units, including employees who can work without the need for a system work from home to reduce the risk of traveling to work including ensuring that all employees are vaccinated against the corona virus.



## 8. Good corporate governance risk

### 8.1 Corruption Risk

The bank is committed to conducting its business with honesty, fairness, transparency, social responsibility and all stakeholders in accordance with the Code of Conduct, ethics and good corporate governance principles and places the importance on anti-corruption in all forms. Therefore, the anti-corruption policy that specifies the roles responsibility, guidelines for directors, executives and employees of all levels to follow including an assessment of the risks of internal units that may have corrupt acts from work processes or transactions, has been established. Therefore, guidelines for contacting government agencies and government officials have also been established to control risks and help prevent any hints that lead to corruption. The company also communicates the anti-corruption policy and guidelines for contacting government agencies and government officials to its employees to realize the importance of anti-corruption. The bank has expressed the intention to become a member of the Thai Private Sector Collective Action Coalition against Corruption (CAC). And on September 30, 2021, the membership was renewed for the 3<sup>rd</sup> time.

### 8.2 Risk from Public Disputes

The bank considers applying the principles and guidelines for good corporate governance, social responsibility, creating benefits and good relationship with community. The strengths of the bank in finance, financial products and services are deployed to meet the needs of the community by promoting the skills and financial knowledge necessary for sustainable development of the quality of life of community.

### 8.3 Risks from Hygiene and Health Safety

The bank puts the focus on the risks management of occupational health and safety including proper arrangement of office space in order not to cause any problems for the health and safety of customers, visitors and staff of the bank. Annual health checks, vaccinations such as COVID-19 vaccine and influenza vaccine, COVID-19 test kits, fire prevention plan and fire drills, supervised by the Safety, Health and Environment Committee, are arranged for employees as to prevent any possible risks to customers and visitors.



## EXECUTIVE COMMITTEE'S REPORT

The Executive Committee consists of 5 directors as follows:

1. Mr. Sirichai	Sombutsiri	Chairman
2. Mr. Naporn	Sunthornchitcharoen	Member
3. Mr. Wu,	Kuo-Chin	Member
4. Mr. Shih,	Jiing-Fuh	Member
5. Ms. Chompoonoot	Pathomporn	Member

Officer of Corporate Affairs Group, LH Financial Group Public Company Limited, is the secretary.

Note \* Mr. Shih, Jiing-Fuh has been appointed on October 25, 2021

The Executive Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2021, the Executive Committee arranged the total of 24 meetings and reported the result of each meeting along with their opinions and suggestions to the Board of Directors with the summary as follows:

- Propose the strategies and directions on the bank's operations for the year 2021 to the Board of Directors
- Monitor, assess and analyze the operations to determine strengths, weaknesses and solutions as well as delegate work and coordinate with the executives to ensure the operations are in line with the strategic plans.
- Consider relief measures to support customers who are affected by the COVID-19 pandemic, economic conditions and droughts including other measures of the Bank of Thailand
- Consider the business continuity plans for the COVID-19 pandemic
- Monitor cyber threat and assess the risk of cyber threat
- Manage and develop the organization to enhance its effectiveness
- Determine the policy on lending and credit underwriting
- Screen any task prior to proposing to the Board of Directors

(Mr. Sirichai Sombutsiri)  
Chairman of the Executive Committee

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Overview

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2021 Economic Overview and Outlook 2022

#### 2021 Economic Overview

In 2021, Thai economy expanded 1.6%, improved from the contracted 6.2% in year 2020. The main driving forces is the growth of the export sector following the economic recovery and increase in retail sales around the world. Also combine with the expanded in spending and investing of government sector and the recovery of private investment sector. These factors help offset the consumption in private sector which slowly recovering and also the tourism sector remained stagnant due to the low number of international tourists.

#### Economic Outlook 2022

In 2022, Thai economy is likely to recover from the previous year following the relaxing of COVID-19 control measure, the opening of the country, increased in economic activity in the country, increased in consumers' confidence and the consumers' spending behavior are returning to normalcy. The Office of the National Economic and Social Development Council estimated that in 2022, Thailand's economy will expand from 3.5% - 4.5% (estimate average at 4.0%) with supporting factors from the following:

- 1) Improve of domestic demand and increased in private investments following the decrease in severity and impact of COVID-19 as well as the government's economic stimulus measure.
- 2) The recovery of international tourism under the government's opening of the country policy through the Test & Go system once again on February 1, 2022
- 3) Production and export sector is likely to expand following the economic recovery and increased in global trade especially the expansion in the main industrial sector.
- 4) Driving force is from government's disbursement including disbursement under budget expenditure framework of 2022, disbursement, and state-enterprise disbursement under the investment budget especially the investment in critical infrastructure under the Emergency Decree of Loan.

At any rate, the recovery of Thailand's economy in the next phase will still be some limitation and high uncertainty, which all will depend on the situation and severity of COVID-19 both Omicron and other future variants, the strictness of control measures, the effectiveness of vaccines that can impact the ability to receive international tourists and the recovery of tourism sector, pressure from the increasing inflation rate due to the increased in energy price, and the increased in global product price. These factors may be the limitation for the increase in domestic demands amidst the weak labor market, the low household's purchasing power due to the high level of debt, risk from global economic and financial volatility, geo-political risk which may affecting Thailand's economic expansion.

*Source: The Office of the National Economic and Social Development Board and the Bank of Thailand.*

#### Overview of Commercial Banking Industry in 2021 and Outlook in 2022

##### Overview of Commercial Banking Industry in 2021

The overall picture of loans and deposits of the commercial banking expanded from the previous year especially the loan from big industries. As for SMEs loan, it is currently stable due to various support

to improve the liquidity. While retail loan is expanding similar to last year, even though the demand of household loan is increasing in every types such as housing loans, car loans, and credit card loans. However with the fragile financial position of both households and business due to high level of debt and the ability to service debt decreased, commercial banks therefore are focusing on conservative lending and putting an importance on careful credit growth.

The overall picture of deposits slowdown from previous year following the economic recovering trends, which result in some decided to invest their deposits in other securities that has higher returns and some withdrew deposits to improve the liquidity.

The ability to generate profit for the commercial banks is improving from the previous year following the loans and economic activities growth including non-interest income which is a continuous support. In addition, the effective cost management both interest cost and administrative cost as well as the decrease of reserve when compare to last year.

#### Peer Analysis of the Commercial Banking System

As of December 31, 2021

(Unit : Million Baht)

Items	31 December 2021	31 December 2020	31 December 2019	Growth (YoY)		Growth (YoY)
				2021	2020	2-year Average
<b>Commercial Banking System</b>						
Asset	20,596,888	19,800,655	18,169,025	4.0%	9.0%	6.5%
Loan <sup>/1</sup>	13,353,600	12,645,401	11,929,433	5.6%	6.0%	5.8%
Deposit	15,121,224	14,536,863	13,104,263	4.0%	10.9%	7.4%
<b>Land and Houses Bank Public Company Limited</b>						
Asset	251,531	240,085	230,548	4.8%	4.1%	4.5%
Loan <sup>/1</sup>	170,144	155,838	151,783	9.2%	2.7%	5.9%
Deposit	192,513	182,735	165,018	5.4%	10.7%	8.0%
<b>Market Share of Land and Houses Bank Public Company Limited</b>						
Asset (%)	1.22	1.21	1.27			
Loan <sup>/1</sup> (%)	1.27	1.23	1.27			
Deposit (%)	1.27	1.26	1.26			

Note: <sup>/1</sup> Loan to borrowers and net deferred interest

Source: BOT- 14 commercial banks registered in Thailand (separate financial statement)

## Trend of Commercial Banking and Competition in 2022

Loans of commercial banking are likely to expand in line with the economic direction. As well as the credit quality tends to improve due to the relief measure for customers and the seasing of debtor tier classification by the Bank of Thailand which impact the non-performing debt or NPL and the rising volume of debts with significant credit risk (Stage 2) which tends to decrease. The commercial banks still focus on developing financial products to create a more customer base. The rapid development to enhance digital banking capabilities to answer the changing customers behavior along with searching for new opportunities to support the stability and ability to generate profit.

### Credit Rating

Land and Houses Bank Public Company Limited has been rated “A-” from TRIS Rating Company Limited with “stable” outlook and assigned the rating of its Basel III Tier 2 capital securities at “BBB”.

## 2. Performance

2.1 The performance of Land and Houses Bank Public Company Limited is as follows:

Financial Ratio	Separate Financial Statement		
	2021	2020	2019
<b>Profitability Ratio</b>			
Gross profit margin (%)	68.77	56.85	46.13
Net profit margin (%)	10.07	21.25	33.05
Return on equity (%)	1.93	3.88	5.67
Yield on interest income (%)	3.29	3.48	3.93
Yield on interest expense (%)	1.07	1.49	2.07
Net interest margin (%)	2.22	1.99	1.86
Return on investment (%)	4.35	5.33	4.87
<b>Efficiency Ratio</b>			
Net interest income to assets ratio (%)	2.26	2.10	2.02
Return on assets (%)	0.28	0.60	0.87
Total assets turnover (time)	0.03	0.03	0.03
<b>Financial Ratio</b>			
Debt to equity ratio (time)	6.17	5.60	5.35
Loans to borrowings ratio (%)	91.79	85.77	85.67
Loans to deposits ratio (%)	93.02	88.57	94.38
Deposits to total liabilities ratio (%)	88.95	89.70	84.94
Dividend payout ratio (%)	49.22	49.73	68.68
Total capital funds to risk assets ratio (%)	18.429	19.802	19.265
<b>Asset Quality Ratio</b>			
Loan loss reserve ratio (%)	4.99	3.71	2.54
Non-performing loan to total loans ratio (%)	2.44	2.77	1.55
Accrued interest receivables to total loans ratio (%)	1.12	0.54	0.14
<b>Comparing per Share</b>			
Book value per share (Baht)	17.550	18.183	18.140
Earnings per share (Baht)	0.35	0.70	1.02

## Overall Performance

The analysis of operating results of Land and Houses Bank Public Company Limited was a comparison of performances of the year 2021 and 2020.

In 2021, the profits were Baht 690.84 million, decreased by Baht 716.75 million or 50.92% from 2020, mainly due to the increase in expected credit losses of 42.88%.

Other operating expenses increased by Baht 167.92 million or 6.48% from 2020, mainly due to the increase in employees' expenses and advertising and promotional expenses.

Expected credit losses by the bank increased by Baht 985.59 million or 42.88% from 2020.

The operating profit before expected credit losses to total revenue in 2021 was 59.77%, decreased from 60.88% in the year 2020.

Basic earnings per share in 2021 was Baht 0.35 per share, decreased from Baht 0.70 per share in the previous year. Return on equity (ROE) for the year 2021 was at 1.93% and return on assets (ROA) for the year 2021 was at 0.28%.

**Table: Operating Results**

Operating Results	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	5,564.61	4,951.97	4,741.18	612.64	12.37
Net fees and service income	317.47	282.44	311.57	35.03	12.40
Total other incomes	976.18	1,388.98	1,114.84	(412.80)	(29.72)
<b>Total operating income</b>	<b>6,858.26</b>	<b>6,623.39</b>	<b>6,167.59</b>	<b>234.87</b>	<b>3.55</b>
Other operating expenses	(2,758.99)	(2,591.07)	(2,596.76)	167.92	6.48
<b>Operating profits</b>	<b>4,099.27</b>	<b>4,032.32</b>	<b>3,570.83</b>	<b>66.95</b>	<b>1.66</b>
Expected credit losses (Bad debts, doubtful accounts and impairment loss)	(3,283.83)	(2,298.24)	(1,090.00)	985.59	42.88
<b>Profits before income tax expenses</b>	<b>815.44</b>	<b>1,734.08</b>	<b>2,480.83</b>	<b>(918.64)</b>	<b>(52.98)</b>
Income tax	(124.60)	(326.49)	(442.45)	(201.89)	(61.84)
<b>Annual profits</b>	<b>690.84</b>	<b>1,407.59</b>	<b>2,038.38</b>	<b>(716.75)</b>	<b>(50.92)</b>
Earnings per share (EPS) (Baht)	0.35	0.70	1.02		
Return on equity ratio (ROE) (%)	1.93	3.88	5.67		
Return on assets ratio (ROA) (%)	0.28	0.60	0.87		

## 1. Structure of Operating Income

The structure of operating income of Land and Houses Bank public company limited is as follows:

### Operating Income

In 2021, the bank had operating income at Baht 6,858.26 million, increased by Baht 234.87 million or 3.55% from 2020, with the following details:

Table: Operating Income

Operating Income	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
<b>Interest income</b>					
Loans to customers	6,358.12	6,207.92	6,623.25	150.20	2.42
Investments in debt securities	907.81	1,222.49	1,519.64	(314.68)	(25.74)
Interbank and money market items	482.36	490.55	632.50	(8.19)	(1.67)
Hire purchase	2.59	6.10	12.30	(3.51)	(57.54)
Others	0.26	0.13	0.03	0.13	100.00
<b>Total interest income</b>	<b>7,751.14</b>	<b>7,927.19</b>	<b>8,787.72</b>	<b>(176.05)</b>	<b>(2.22)</b>
Interest expenses	(2,186.53)	(2,975.22)	(4,046.54)	(788.69)	(26.51)
<b>Net interest income</b>	<b>5,564.61</b>	<b>4,951.97</b>	<b>4,741.18</b>	<b>612.64</b>	<b>12.37</b>
Fees and service income	389.58	352.16	391.69	37.42	10.63
Fees and service expenses	(72.11)	(69.72)	(80.12)	2.39	3.43
<b>Net fees and service income</b>	<b>317.47</b>	<b>282.44</b>	<b>311.57</b>	<b>35.03</b>	<b>12.40</b>
Gains on investments	155.65	833.92	503.85	(678.27)	(81.34)
Dividend income	801.30	494.14	582.17	307.16	62.16
Other operating incomes	19.23	60.92	28.82	(41.69)	(68.43)
<b>Total other incomes</b>	<b>976.18</b>	<b>1,388.98</b>	<b>1,114.84</b>	<b>(412.80)</b>	<b>(29.72)</b>
<b>Total operating income</b>	<b>6,858.26</b>	<b>6,623.39</b>	<b>6,167.59</b>	<b>234.87</b>	<b>3.55</b>

### Net Interest Income

In 2021, the bank had net interest income at Baht 5,564.61 million, increased by Baht 612.64 million or 12.37% from 2020, mainly due to the decrease in interest income and interest expenses.

Interest income were Baht 7,751.14 million, decreased by Baht 176.05 million or 2.22% from 2020 as a result of the bank's more cautious approach in lending by reducing loan interest rates for both retail and corporate customers, the offering of loans with special interest rates and decreasing penalty charges for directly and indirectly impacted by the COVID-19 pandemic and various relief schemes to assist customers affected by other situations such as economic slowdown and severe drought under the relief measures of the Bank of Thailand.

Interest expenses were Baht 2,186.53 million, decreased by Baht 788.69 million or 26.51% from 2020, mainly due to 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 2020-2022.

## Non-Interest Income

Non-interest income consisted of net fees and service income and other incomes (which comprised gains on investments, dividend income and other operating incomes). In 2021, the bank had non-interest income at Baht 1,293.65 million, decreased by Baht 377.77 million or 20.60 from 2020. Details are as follows:

### - Net Fees and Service Income

Net fees and service income was Baht 317.47 million, increased by Baht 35.03 million or 12.40% from 2020, as a result of the increase in the brokerage fee income from financial products and services.

### - Other Incomes

Other incomes were Baht 976.18 million, decreased by Baht 412.80 million or 29.72% from 2020, mainly due to the decrease in gains on investments.

## Net Interest Income after expected credit losses (bad debts, doubtful accounts and impairment loss)

The bank had set aside provisions for the expected credit losses according to the Thai Financial Reporting Standard No. 9: Financial Instruments (TFRS 9) and notifications of the Bank of Thailand.

In 2021, net interest income after expected credit losses was Baht 2,280.78 million, decreased by Baht 372.95 million or 14.05% from 2020.

### Expected credit losses (bad debts, doubtful accounts and impairment loss)

In 2021, the bank had expected credit losses at Baht 3,283.83 million, increased by Baht 985.59 million or 42.88% from 2020.

Table: Net Interest Income after expected credit losses (Bad Debts, Doubtful Accounts and impairment loss)

Net Interest Income after expected credit losses (bad debts, doubtful accounts and impairment loss)	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	5,564.61	4,951.97	4,741.18	612.64	12.37
Expected credit losses (Bad debts, doubtful accounts and impairment loss)	(3,283.83)	(2,298.24)	(1,090.00)	985.59	42.88
Net Interest Income after expected credit losses	2,280.78	2,653.73	3,651.18	(372.95)	(14.05)

## Other Operating Expenses

Other operating expenses consisted of employee's expenses, directors' remuneration, premises and equipment expenses, taxes and duties, advertising and promotional expenses, amortization for intangible assets, supporting service expenses and other expenses. In 2021, the bank had other operating expenses at Baht 2,758.99 million, increased by Baht 167.92 million or 6.48% from 2020, mainly due to the increase in employees' expenses and advertising and promotional expenses. The total operating expenses to total operating income ratio in 2021 was 40.23%, increased from 39.12% in 2020.



Table: Other Operating Expenses

Other Operating Expenses	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	2021	2020	2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employees' expenses	1,220.13	1,110.33	1,191.98	109.80	9.89
Directors' remuneration	18.93	20.44	20.37	(1.51)	(7.39)
Premises and equipment expenses	600.84	653.95	659.17	(53.11)	(8.12)
Taxes and duties	216.88	213.58	225.65	3.30	1.55
Advertising and promotional expenses	107.29	65.63	86.77	41.66	63.48
Amortisation and intangible assets	113.27	115.19	104.35	(1.92)	(1.67)
Supporting service expenses	316.42	288.45	194.22	27.97	9.70
Other expenses	165.23	123.50	114.25	41.73	33.79
<b>Total other operating expenses</b>	<b>2,758.99</b>	<b>2,591.07</b>	<b>2,596.76</b>	<b>167.92</b>	<b>6.48</b>
<b>Total operating expenses to total operating income ratio (%)</b>	<b>40.23</b>	<b>39.12</b>	<b>42.10</b>		

- Employees' Expenses

The bank had employees' expenses of Baht 1,220.13 million, increased by Baht 109.80 million or 9.89% from 2020.

As of 31 December 2021, the bank had a total of 1,224 employees, decreased by 42 employees from 2020.

Table: Number of Employees

	31 December 2021	31 December 2020	31 December 2019
Number of Employees (Person)	1,224	1,266	1,229

Note: In the year 2019, there were changes in the structure between LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited.

- Premises and Equipment Expenses

Premises and equipment expenses were Baht 600.84 million, decreased by Baht 53.11 million or 8.12% from 2020.

- Advertising and promotional expenses

Advertising and promotional expenses was Baht 107.29 million, increased by Baht 41.66 million or 63.48% from 2020.

- Supporting service expenses

Supporting service expenses was Baht 316.42 million. In 2021, increased by Baht 27.97 million or 9.70% from 2020.

- Other expenses

Other expenses was Baht 165.23 million, increased by Bath 41.73 million or 33.79% from 2020.

2. Asset Management Efficiency

Analysis of Financial Positions

The analysis of financial positions of Land and Houses Bank Public Company Limited shows the comparison of financial positions as of 31 December 2021 and 31 December 2020.

Table: Total Assets

Total Assets	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
<b>Assets</b>					
Cash	717.75	801.38	1,635.45	(83.63)	(10.44)
Interbank and money market items - net	35,267.73	35,925.75	23,731.79	(658.02)	(1.83)
Investments - net	41,733.75	43,982.97	51,646.77	(2,249.22)	(5.11)
Loans to customers and accrued interest receivables					
Loans to customers	177,120.49	160,991.88	155,556.42	16,128.61	10.02
Accrued interest receivables and undue interest receivables	2,000.93	872.13	214.15	1,128.80	129.43
Total loans to customers and accrued interest receivables	179,121.42	161,864.01	155,770.57	17,257.41	10.66
Less: Deferred revenue	(37.11)	(21.62)	(26.03)	15.49	71.65
Allowance for expected credit losses (allowance for doubtful accounts and revaluation allowance for debt restructuring)	(8,940.30)	(6,003.97)	(3,961.51)	2,936.33	48.91
Loans to customers and accrued interest receivables - net	170,144.01	155,838.42	151,783.03	14,305.59	9.18
Properties foreclosed - net	773.35	652.53	73.73	120.82	18.52
Premises and equipment - net	282.75	250.23	216.80	32.52	13.00
Right-of-use assets - net	554.03	732.07	-	(178.04)	(24.32)
Intangible assets - net	274.93	338.74	391.64	(63.81)	(18.84)
Deferred tax assets	1,065.32	607.91	223.82	457.41	75.24
Accrued interest receivables on investments	144.69	187.22	285.69	(42.53)	(22.72)
Other assets - net	572.35	767.62	559.59	(195.27)	(25.44)
<b>Total assets</b>	<b>251,530.66</b>	<b>240,084.84</b>	<b>230,548.31</b>	<b>11,445.82</b>	<b>4.77</b>

### Total Assets

The core assets consisted of loans to customer and net accrued interest receivables, accounting for 67.64% of total assets, followed by net investments of 16.59% of total assets. As of 31 December 2021, total assets were Baht 251,530.66 million, increased by Baht 11,445.82 million or 4.77% from 2020, mainly due to the increase in loans to customers and accrued interest receivables - net.

### Net Investments

As of 31 December 2021, the bank had net investments which had a book value of Baht 41,733.75 million, decreased by Baht 2,249.22 million or 5.11% from 2020, mainly from private sector debt securities of investment in debt instruments measured at fair value through other comprehensive income.

Table: Investments Classified by Type of Investments at Book Value

Investments - Net	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Investment in debt instruments measured at fair value through other comprehensive income					
Government and state enterprise securities	22,202.13	18,471.27	-	3,730.86	20.20
Private sector debt securities	9,761.20	14,908.30	-	(5,147.10)	(34.53)
Other debt securities	3,120.97	3,710.50	-	(589.53)	(15.89)
Less: Allowance for expected credit losses	(202.34)	(202.28)	-	0.06	0.03
<b>Total investment in debt instruments measured at fair value through other comprehensive income</b>	<b>34,881.96</b>	<b>36,887.79</b>	<b>-</b>	<b>(2,005.83)</b>	<b>(5.44)</b>
Investment in equity instruments designated at fair value through other comprehensive income					
Domestic marketable equity securities	6,844.89	7,088.28	-	(243.39)	(3.43)
Domestic non-marketable equity securities	6.90	6.90	-	-	-
<b>Total investment in equity instruments designated at fair value through other comprehensive income</b>	<b>6,851.79</b>	<b>7,095.18</b>	<b>-</b>	<b>(243.39)</b>	<b>(3.43)</b>
Trading investments					
Domestic marketable equity securities	-	-	8,509.51		

Investments - Net	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Total trading investments	-	-	8,509.51		
Available-for-sale investments					
Government and state enterprise securities	-	-	-		
Private sector debt securities	-	-	1,055.56		
Domestic marketable equity securities	-	-	-		
Total available-for-sale investments	-	-	1,055.56		
Held-to-maturity investments					
Government and state enterprise securities	-	-	18,336.81		
Private sector debt securities	-	-	18,347.05		
Other debt securities	-	-	5,390.94		
Total held-to-maturity investments	-	-	42,074.80		
General investments - cost					
Domestic non-marketable equity securities	-	-	6.93		
Less: Allowance for impairment	-	-	(0.03)		
General investments - net	-	-	6.90		
Investments - net	41,733.75	43,982.97	51,646.77	(2,249.22)	(5.11)

#### Loans to Customers

Loans to customers are classified by business sectors comprised conglomerate & corporate loans, commercial & SME loans and retail loans.

As of 31 December 2021, net loans to customers of deferred revenue (included interbank and money market items) were Baht 209,598.38 million, increased by Baht 15,498.12 million or 7.98% when compared to the year 2020. Most of them came from conglomerate & corporate loans accounting for 49.62%, followed by commercial & SME loans accounting for 36.36% of total loans. When classified by type of loans, it was found that most of them were manufacturing.

Table: Loans Classified by Business Sector (interbank and Money Market Items Included)

Loans Classified by Business Sector	Separate Financial Statements						Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021		31 December 2020		31 December 2019		Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)		
Big Corporate & Corporate loans	103,997.36	49.62	-	-	-	-		
SMEs & SSME loans	-	-	149,042.03	76.79	137,503.55	76.86		
Retail loans	76,218.44	36.36	-	-	-	-		
Loans net of deferred revenue	-	-	20,734.55	10.68	19,121.20	10.69		
Add : Accrued interest receivables and undue interest receivables	29,382.58	14.02	24,323.68	12.53	22,273.61	12.45	5,058.90	20.80
<b>Total loans and accrued interest receivables net of deferred revenue</b>	<b>209,598.38</b>	<b>100.00</b>	<b>194,100.26</b>	<b>100.00</b>	<b>178,898.36</b>	<b>100.00</b>	<b>15,498.12</b>	<b>7.98</b>

Note: In 2021, the bank has reclassified loans to customers by segment.

Table: Loans Classified by Type of Loans (interbank and Money Market items included)

Loans Classified by Type of Loans	Separate financial statements						Change (2020 vs 2019) Increase (Decrease)	
	31 December 2020		31 December 2019		31 December 2018		Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)		
Housing loans	27,765.46	13.25	22,839.65	11.77	20,827.97	11.64	4,925.81	21.57
Manufacturing and commerce	51,699.46	24.67	40,181.01	20.70	38,315.53	21.42	11,518.45	28.67
Public utilities and services	41,544.22	19.82	40,535.70	20.89	39,946.76	22.33	1,008.52	2.49
Real estate and construction	20,408.12	9.74	23,064.68	11.88	23,225.79	12.98	(2,656.56)	(11.52)
Agricultural and mining	1,335.47	0.64	36.83	0.02	12.91	0.01	1,298.64	3,526.04
Financial intermediation	51,586.56	24.61	54,858.43	28.26	43,623.28	24.39	(3,271.87)	(5.96)
Saving cooperative	13,615.00	6.49	11,100.00	5.72	11,509.98	6.43	2,515.00	22.66
Others	1,644.09	0.78	1,483.96	0.76	1,436.14	0.80	160.13	10.79
<b>Total loans net of deferred revenue</b>	<b>209,598.38</b>	<b>100.00</b>	<b>194,100.26</b>	<b>100.00</b>	<b>178,898.36</b>	<b>100.00</b>	<b>15,498.12</b>	<b>7.98</b>

## Asset Quality

As of 31 December 2021, the classified assets consisted of interbank and money market items and accrued interest receivables, investments, loans to customers and accrued interest receivables and other assets. Assets are categorized in compliance with the regulations of the Bank of Thailand as follows:

Table: Assets Classified by Type of Assets

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2021				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets where there has not been a significant increase in credit risk (Performing)	35,272.86	31,963.33	168,856.00	3.22	236,095.41
- Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,120.97	4,867.11	0.52	7,988.60
- Financial assets that are credit-impaired (Non-performing)	-	-	5,361.20	41.79	5,402.99
<b>Total</b>	<b>35,272.86</b>	<b>35,084.30</b>	<b>179,084.31</b>	<b>45.53</b>	<b>249,487.00</b>

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2020				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets where there has not been a significant increase in credit risk (Performing)	35,931.32	33,379.57	151,561.76	2.14	220,874.79
- Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,710.50	4,781.68	0.36	8,492.54
- Financial assets that are credit-impaired (Non-performing)	-	-	5,498.95	36.07	5,535.02
<b>Total</b>	<b>35,931.32</b>	<b>37,090.07</b>	<b>161,842.39</b>	<b>38.57</b>	<b>234,902.35</b>

### Allowance for Expected Credit Losses (Allowance for Doubtful Accounts)

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

As of 31 December 2021, allowance for expected credit losses was Baht 8,940.30 million, compared to the Baht 6,003.97 million in the year 2020, increased by Baht 2,936.33 million or 48.91% to support uncertainties of domestic economy and to cope with customers whose credit quality may deteriorate in the future. As a result, the bank had the coverage ratio in 2021 at 179.12% and 119.78% in 2020.

**Table: Allowance for expected credit losses (Allowance for Doubtful Accounts) Classified by Debtor Classification (interbank and Money Market Items Excluded)**

Classified by Debtor Classification	31 December 2021			
	Loans to customers and accrued interest receivables		Allowance for expected credit losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets where there has not been a significant increase in credit risk (Performing)	168,856.00	94.29	2,571.82	28.77
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,867.11	2.72	1,096.66	12.26
Financial assets that are credit-impaired (Non-performing)	5,361.20	2.99	2,812.77	31.46
<b>Total</b>	<b>179,084.31</b>	<b>100.00</b>	<b>6,481.25</b>	<b>72.49</b>
General provision			2,459.05	27.51
<b>Total</b>	<b>179,084.31</b>	<b>100.00</b>	<b>8,940.30</b>	<b>100.00</b>

Classified by Debtor Classification	31 December 2020			
	Loans to customers and accrued interest receivables		Allowance for expected credit losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets where there has not been a significant increase in credit risk (Performing)	151,561.76	93.65	944.58	15.73
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,781.68	2.95	869.40	14.48
Financial assets that are credit-impaired (Non-performing)	5,498.95	3.40	2,762.04	46.01
<b>Total</b>	<b>161,842.39</b>	<b>100.00</b>	<b>4,576.02</b>	<b>76.22</b>
General provision			1,427.95	23.78
<b>Total</b>	<b>161,842.39</b>	<b>100.00</b>	<b>6,003.97</b>	<b>100.00</b>



As of 31 December 2021, loans classified by maturity were as follows:

Table: Loans to Customers Classified by Maturity

Loans to Customers	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
At call <sup>1</sup>	9,140.28	9,908.76	8,067.41	(768.48)	(7.76)
Less than 1 years	66,109.97	48,753.37	58,801.71	17,356.60	35.60
1 - 5 years	54,931.20	50,827.97	45,244.48	4,103.23	8.07
Over 5 years	46,939.04	51,501.78	43,442.82	(4,562.74)	(8.86)
<b>Total</b>	<b>177,120.49</b>	<b>160,991.88</b>	<b>155,556.42</b>	<b>16,128.61</b>	<b>10.02</b>

**Note:** <sup>1</sup> Loans to customers maturing at call included defaulted loans and non-performing loans.

#### Troubled Debt Restructuring

As of 31 December 2021, there were 11,148 debtors, 271 of which were those under debt restructuring, the outstanding balance was Baht 6,027.36 million.

Table: Troubled Debt Restructuring

Debtors	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
<b>Total debtors</b>					
- Number of accounts	11,148	9,969	9,644	1,179	11.83
- Outstanding balance (principal and interest receivables)	179,084.31	161,842.39	155,744.54	17,241.92	10.65
<b>Debtors under debt restructuring</b>					
- Number	271	268	247	3	1.12
- Outstanding balance (principal and interest receivables)	6,027.36	4,160.49	4,657.24	1,866.87	44.87

#### Non-Performing Loans

As of 31 December 2021, non-performing loans (gross) were Baht 5,109.75 million, decreased by Baht 258.27 million or 4.81% from 2020 and non-performing loans to total loans ratio were 2.44%, decreased from 2.77% in the year 2020.

### Total Liabilities

As of 31 December 2021, total liabilities were Baht 216,431.62 million, increased by Baht 12,713.18 million or 6.24% from 2020, mainly from increased in deposits, Interbank and money market items and decreased in debts issued and borrowings.

Table: Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
<b>Liabilities</b>					
Deposits	192,513.10	182,734.96	165,018.41	9,778.14	5.35
Interbank and money market items	19,046.32	12,203.11	10,503.65	6,843.21	56.08
Liabilities payable on demand	189.54	949.59	52.08	(760.05)	(80.04)
Debts issued and borrowings	2,397.30	5,002.52	16,721.23	(2,605.22)	(52.08)
Others	2,285.36	2,828.26	1,973.35	(542.90)	(19.20)
<b>Total liabilities</b>	<b>216,431.62</b>	<b>203,718.44</b>	<b>194,268.72</b>	<b>12,713.18</b>	<b>6.24</b>

### Deposits

As of 31 December 2021, the bank recorded deposits of Baht 192,513.10 million, increased by Baht 9,778.14 million or 5.35% from 2020, mainly due to the increase in savings deposits and fixed deposit receipt.

Table: Deposits Classified by Type of Deposits

Deposits Classified by Type of Deposits	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Demand deposits	5,628.43	3,938.09	4,253.65	1,690.34	42.92
Savings deposits	91,933.34	87,765.53	62,044.95	4,167.81	4.75
Time deposits	59,552.55	60,726.26	65,147.69	(1,173.71)	(1.93)
Fixed deposit receipt	35,398.78	30,305.08	33,572.12	5,093.70	16.81
<b>Total deposits</b>	<b>192,513.10</b>	<b>182,734.96</b>	<b>165,018.41</b>	<b>9,778.14</b>	<b>5.35</b>

### Owners' Equity

As of 31 December 2021, owners' equity was Baht 35,099.04 million, decreased by Baht 1,267.36 million or 3.48% from 2020.

Table: Owners' Equity

Owners' Equity	Separate Financial Statement			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Issued and paid-up share capital	20,000.00	20,000.00	20,000.00	-	-
Share premium	10,598.92	10,598.92	10,598.92	-	-
Other components of owners' equity	(1,457.41)	(844.29)	(43.59)	613.12	72.62
Retained earnings - statutory reserve	924.30	889.70	819.30	34.60	3.89
Retained earnings - unappropriated	5,033.23	5,722.07	4,904.96	(688.84)	(12.04)
<b>Total owners' equity</b>	<b>35,099.04</b>	<b>36,366.40</b>	<b>36,279.59</b>	<b>(1,267.36)</b>	<b>(3.48)</b>

### 3. Capital Adequacy

#### Sources and Uses of Fund

As of 31 December 2021, capital structure consisted of liabilities totalling Baht 216,431.62 million and owners' equity of Baht 35,099.04 million, or 6.17 times of D/E ratio. The composition of sources of fund in terms of liabilities include deposits at 76.54%, interbank and money market items at 7.57%, debts issued and borrowings at 0.95%, liabilities payable on demand and others at 0.96% and owners' equity at 13.96%.

#### Relations Between Sources and Uses of Fund

As of 31 December 2021, loans to customers (before deferred revenue) were Baht 177,120.49 million. Loans to deposit ratio was 93.02%. For the excess liquidity, the bank invested in liquid assets such as interbank and money market items.

Significant sources and uses of fund as of 31 December 2021 could be classified by contract maturity. Deposits less than 1 year were Baht 185,824.65 million or 96.53% of total deposits while loan less than 1 year were Baht 75,250.25 million or 42.49%. Deposits more than 1 year were Baht 6,688.45 million or 3.47% while loans more than 1 year were Baht 101,870.24 million or 57.51%.

Table: Sources and Uses of Fund

Periods	Deposits				Loans to Customers			
	31 December 2021		31 December 2020		31 December 2021		31 December 2020	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	185,824.65	96.53	173,890.88	95.16	75,250.25	42.49	58,662.13	36.44
More than 1 year	6,688.45	3.47	8,844.08	4.84	101,870.24	57.51	102,329.75	63.56
<b>Total</b>	<b>192,513.10</b>	<b>100.00</b>	<b>182,734.96</b>	<b>100.00</b>	<b>177,120.49</b>	<b>100.00</b>	<b>160,991.88</b>	<b>100.00</b>

#### 4. Change of Cash Flow

As of 31 December 2021, the cash was Baht 717.75 million, decreased by Baht 83.63 million from the year 2020. Net cash provided and used in various activities was detailed as follows:

- Net cash provided by operating activities was Baht 837.78 million, which came from the operating profits before the changes in operating assets and liabilities of Baht 826.48 million and significant changes in operating assets and liabilities such as loans to customers increased by Baht 16,509.78 million, deposits increased by Baht 9,778.14 million and interbank and money market items (liabilities) increased by Baht 6,843.21 million.
- Net cash provided by investing activities were Baht 2,965.70 million, mainly due to cash received from the sale of investments in debt instruments measured at fair value through other comprehensive income - net of Baht 1,182.36 million and cash received from interest income on investments of Baht 1,039.17 million.
- Net cash used in financing activities was Baht 3,887.11 million, mainly due to repayment of long-term debts issued and borrowings - net of Baht 2,604.32 million and dividends payout of Baht 1,040.00 million.

#### 5. Liquidity Adequacy

Liquid assets consisted of cash, interbank and money market-net items (assets) and net investments in liquid assets, were Baht 64,103.21 million, decreased by Baht 5,502.26 million or 7.90%, from 2020.

Items	31 December 2021	31 December 2020
	Amount (Million Baht)	Amount (Million Baht)
Total assets	251,530.66	240,084.84
Deposits	192,513.10	182,734.96
Loans to customers (net deferred revenue)	177,083.38	160,970.26
Liquid assets	64,103.21	69,605.47
Loans/deposits (%)	93.02	88.57
Liquid assets/total assets (%)	25.49	28.99
Liquid assets/deposits (%)	33.30	38.09

#### 6. Maintenance of Reserve Requirement

The bank was required to maintain the average deposits of not less than 1.00% of average deposits and borrowings according to the regulations of the Bank of Thailand. In case the bank maintained cash at the cash center, the bank may include it as part of the reserve balance maintenance by no more than, on average, 0.2% of the average sum of deposits and borrowings.

As of 31 December 2021, the bank had cash at the cash center and cash deposited at the Bank of Thailand totalling Baht 1,746.56 million.

#### Capital Adequacy and Capital Adequacy Ratio

As of 31 December 2021, the bank had the capital adequacy ratio at 18.429%, which was higher than the minimum rate of 11.000% required by the Bank of Thailand. It also decreased from the capital adequacy ratio of 19.802% as of 31 December 2020.

The Tier 1 capital ratio to risk assets was 16.165%, which was higher than the minimum rate of 8.500% required by the Bank of Thailand.

Table: Capital Adequacy Ratio

Capital Adequacy Ratio	31 December 2021		31 December 2020		31 December 2019	
	Amount (Million Baht)	Ratio* (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Common Equity Tier 1 Capital						
The bank	33,914.86	16.165	33,959.46	17.068	34,578.32	16.481
Minimum Rates Required by law**		7.000		7.000		7.000
The Difference		9.165		10.068		9.481
Tier 1 Capital						
The bank	33,914.86	16.165	33,959.46	17.068	34,578.32	16.481
Minimum Rates Required by law**		8.500		8.500		8.500
The Difference		7.665		8.568		7.981
Total capital						
The bank	38,513.90	18.357	39,398.17	19.802	40,421.08	19.265
Minimum Rates Required by law**		11.000		11.000		11.000
The Difference		7.4357		8.802		8.265

Note \* Additional rate for conservation buffer is required on the ratio of Common Equity Tier 1 capital fund to risk asset for of 0.625% per annum each year as from 1 January 2016 onwards until reaching 2.50% in 2019.

#### Off-Balance Sheet Commitments

As of 31 December 2021, the bank had off-balance sheet commitments at Baht 40,807.06 million, increased by Baht 20.21 million or 0.05% compared to the year 2020.

Table: Off-Balance Sheet Commitments

Off-Balance Sheet Commitments	Separate Financial Statements			Change (2021 vs 2020) Increase (Decrease)	
	31 December 2021	31 December 2020	31 December 2019		
	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Ratio (%)
Avals to bills	28.19	106.30	1.33	(78.11)	(73.48)
Under unmatute import bills	165.34	141.05	130.54	24.29	17.22
Letters of credit	414.45	228.95	254.88	185.50	81.02
Guarantee - others	6,088.93	5,215.52	5,120.82	873.41	16.75
Undrawn overdrafts	4,931.97	4,737.47	4,838.06	194.50	4.11
Other commitments	29,178.18	30,357.56	36,041.13	(1,179.38)	(3.88)
<b>Total</b>	<b>40,807.06</b>	<b>40,786.85</b>	<b>46,386.76</b>	<b>20.21</b>	<b>0.05</b>

## 7. Factors Affecting Future Operations

The main factors that might affect the operation in the future include uncertainties surrounding the new wave of COVID-19 outbreak, containment measures, efficacy of vaccine and vaccination coverage as well as political situation in the country. Project administration and various key measures will also affect the global and Thai economic recoveries in the next stage and lead to the impact on the bank's performance via loan demand, loan quality, interest income and provisioning expense to support expected credit losses.

### 3. Newly Revised Financial Reporting Standards

#### 3.1 New financial reporting standards that became effective in the current year

During the year, the Bank has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

#### 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

#### 3.3 Accounting guidance on temporary relief measures for entities providing assistance to debtors impact of the COVID-19 pandemic, which are effective for fiscal years beginning on or after 1 January 2022.

The bank has disclosed their details in the Note No. 3 to the financial statements.

## CORPORATE GOVERNANCE COMMITTEE'S REPORT

The Corporate Governance Committee consists of 4 members as follows:

- |                |               |          |
|----------------|---------------|----------|
| 1. Mr. Pradit  | Sawattananond | Chairman |
| 2. Dr. Supriya | Kuandachakupt | Member   |
| 3. Mr. Somsak  | Assavapokee   | Member   |
| 4. Mr. Pichai  | Dusdeekulchai | Member   |

Mr. Kukrit Singhon, Vice President of Compliance Group, is the secretary.

The Corporate Governance Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2021, the Corporate Governance Committee had the total of 12 meetings and reported the result of each meeting to the Board of Directors with the summary as follows:

1. Review the policies of corporate governance according to the corporate governance code (CG Code) of the Securities and Exchange Commission. By putting emphasize on the good corporate governance and good business code of conducts. To increase the competitiveness and confidence in shareholders, investors, stakeholders and all parties involved. This is a foundation in conducting banking business with efficiency, transparency and reliability.
2. Review the policies of social responsibility for sustainable business development. Land and Houses Bank Public Company Limited had participated in social responsibility operation in accordance with the Corporate Social Responsibility Institute (CSRI), Securities and Exchange Commission.
3. Review the policies in order to set up the guidelines for the Land and Houses Bank Public Company Limited to have risk management in accordance with the Bank of Thailand's guidelines.
4. Review the code of conducts for the management and operation personels to understand the limitation of powers, duties and responsibilities including guidelines and ethics of directors.
5. Review the policies of anti-corruption to conducting business under the laws with honesty and ethically in compliance with good corporate governance.
6. Review the whistleblower policy to ensure that the system is effective and emphasize the protection and support for the whistleblower. In the present, whistleblower can report directly to the chairman of corporate governance committee.
7. Review the policy on the Anti-Money Laundering and Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) to be in line with laws and regulations of related government agencies and international standards on AML/CTPF and communicate, oversee and promote the practice to be in line with Corporate Governance Policy and Conflict of Interest Policy.



Land and Houses Bank Public Company Limited is committed to operating its business under the good corporate governance principles which are transparent and verifiable. Moreover, the company also recognizes the accountability to economy, society, environment and stakeholders as well as develops good corporate governance practices which are significant factors in creating sustainable business values.



(Mr. Pradit Sawattananond)  
Chairman of Corporate Governance Committee

## MESSAGE FROM CHIEF EXECUTIVE OFFICER AND PRESIDENT



Amidst the rapid changes of Thailand's economy and the world's economy, the year 2021 is full of challenges, especially the spread of the COVID-19 Omicron variant. A fast spreading variant that affecting the business groups such as tourisms, commerce and investments. The bank sill commit to help support all business group side by side including communities, societies, environments and employees.

The bank had formed a business plan as a guidelines from directions of the business and other risks. Elevating the productivity level and develop digital technologies to create products and best services for our customers. Strengthen our business to be able accept the risk and stay competitive in this era of changes that we call the New Normal. By bringing the expertise of CTBC Bank who is our major shareholder from Taiwan, combine with our teams of experts and various platforms by Land and Houses Bank will help strengthen our products and innovations which our customers will receive a more convenient services.

In 2022, the bank continues to operate under the concept of customer centric idea and aiming towards to be "the bank that create good experiences and beyond expectations of our customers" We believe in caring service and listen to the customers' need to analyze and deliver and increase the productivity level through technologies, innovation and good financial business service. This is what Land and Houses believes and one of our important strategy at the bank.

Furthermore, the bank sees the importance of our business partner, ally and stakeholders. The spread of COVID-19 is affecting all business sectors both directly and indirectly. The bank decided to issue a relief measures for loan customers, both corporates and retails, who are being affected to improve customers' liquidity and continue to conduct business. Also, the Land and Houses Financial Business Group had created "Together against COVID-19" the project is to help funds the tools and equipment for medical personnel, donate field beds and amenities for patients to various organizations. Food donation for medical personnel who dedicate themselves in helping patients

The bank may not be able to achieve the aim of being "Beyond Expectation" without the help and support of our managements and employees which are the key factor in help our organization grow effectively and sustainably. The bank would like to thank the shareholers, business partners and stakeholders in putting their trust in the bank and we hope that you will continue to support us.

(Ms. Chompoonoot Pathomporn)  
Chief Executive Officer and President

## DRIVING BUSINESS FOR SUSTAINABILITY

The bank trust that sustainable growth is resulted from conducting the business in conformity with social responsibility and with good corporate governance for ultimate benefit of stakeholders.

The bank aims to run the business in conformity with good corporate governance principles along with social responsibility endeavors by adhering to the code of conduct and business ethics to satisfy stakeholders in all dimensions. The bank realizes that the sustainable and stable growth requires the business operation with vision and competence in managing business to achieve the mission with morality and ethics which will add great value to the organization and shareholders and bolster confidence among shareholders.

### Guidelines for Corporate Social Responsibility for Sustainable Business Development

The Board of Directors pays attention to social responsibility activities to ensure concrete implementation in all operation processes for sustainable growth by encouraging all employees to participate in social activities. The bank also instills the awareness of social responsibility operations. The Chairman and President perform their duties as the representatives for driving the organization to sustainable development. The Corporate Governance Committee is responsible for supervising social responsibilities' operations, and reporting the results to the Board of Directors.

The Board of Directors has determined the social responsibility policy for sustainable development following the guidelines of the Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand in order for all directors, executives and employees to adhere to the guidelines with annual review. Such policy covers all dimensions on economy, society and environment in order to meet the Sustainable Development Goals (SDGs) of the United Nations and to drive sustainable growth by taking into account the well-being of all stakeholders.

**Corporate social responsibility** means operating the business with the focus on the stakeholders, economy, society and environment with morals, ethics and corporate governance in order to make the activities feasible with honesty, transparency and fairness. There is the awareness of negative impacts on economy, society and environment with the readiness to solve the problems to mitigate such impacts. The philosophy of sufficiency economy is integrated and implemented as to push the operations to achievements and benefits, and enhance the competitiveness in all trade forums which will be really advantageous for the sustainability of the business, stakeholders, economy, society and environment.

#### CSR Logo



### Business Operation Sustainability Strategy

The bank operate the business in compliance with the corporate governance principles, accountability on economy, society and environment and risk management in all dimensions. In addition, the bank pays close attention to operating the business according to the market conduct with the aim to give customers confidence in the following aspects:

1. Receiving sincere and fair services
2. Receiving clear and appropriate suggestions
3. Receiving fair pricing and conditions
4. Receiving convenient services and proper trouble handling
5. Receiving understanding of their own rights and duties

### Corporate Social Responsibility Operations

The social responsibility is one of the principles considered to be very important. The bank perceives the importance of “dependence”. As all businesses have people in the society as the target group in offering products and services, no matter what direction the development of organization is, people in the society will give some support one way or another. The determination of such policy and practical guideline will guide the personnel in the organization to follow.

The bank has been running the corporate social responsibility specified in the CSR-in-Process and CSR-after-Process by encouraging the executives and all levels of employees to participate and volunteer for implanting a conscious mind for corporate social responsibility. In addition, it also creates a strong base for sustainable development for society and country as whole.

#### CSR-in-Process

C S R - i n - P r o c e s s means conducting a business with social responsibility by adopting the business practices from the policy of social responsibility that aligns with both national and international standards for creating the business innovations which will become various activities in working process, product developments and various service standards with the main objective to reduce the potential negative impacts on stakeholders during the work process. It also creates the awareness in social responsibility for all directors, executives, and employees to have the same attitude and commitment in the organization as to become the strong financial institution with corporate social responsibility.

#### CSR-after-Process

CSR-after-Process means the activities operated apart from normal business operations by playing the role in promoting the social activities in certain time and occasion. This is for the benefits to the societies and communities, both in public and private sectors leading to the solid foundation for sustainable development of society and country as well.

### Sustainable Development Framework

The bank places the importance on the Sustainable Development Goals (SDGs) of the United Nations as a framework to operate and drive the business. In order to achieve such goals, the bank focusses on the development on 3 key dimensions, namely economy, society and environment based on the good corporate governance principles, ensuring sustainable business growth by conducting business responsibly and delivering value to all stakeholders.



### Towards Sustainable Business

<b>Economic Dimension</b> Fair and responsible lending	<b>Social Dimension</b> Continued promotion and improvement of quality of life in various aspects	<b>Environmental Dimension</b> Conduct Eco-minded business	<b>Governance Dimension</b> Enhance corporate culture for compliance and risk management
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### Operational Structure for sustainability

The bank has concretely integrated the concept of sustainable development with the formulation of its operational structure based on the corporate governance principles covering the economic, social and environmental aspects that is in line with the UN's goals.

### Certificate of Collective Action Coalition Against Corruption

The bank has participated in the activities in Thailand's Private Sector Collective Action Coalition Against Corruption project. In addition, the bank has determined the anti-corruption policy and practical guidelines for the Board of Directors, executives and employees. On October 16, 2014, the bank was awarded the certificate of membership for the first time from Thailand's Private Sector Collective Action Coalition Against Corruption by Institute of Directors. The bank's membership was renewed for the second and third time on June 7, 2018 and September 30, 2021, respectively.



Performance of social responsibility for Sustainable Development in various dimensions

Economic Dimension	Social Dimension	Environmental Dimension
Level of satisfaction of customers who received services from branches in 2021 was 95.80%, increasing by 1.34% when compared to 94.46% in 2020.	Number of complaints from employees regarding labor operations in 2021 was 0.00% which remained the same as in 2020.	Amount of credit outstanding granted to the energy companies in 2021 was about Baht 44,384 million.
	<p>In the year 2021, the rate of employees who got injured while working was 0.00% which remained the same as in 2020.</p> <p>Support for the development of society, community and environment in 2021 valued at about Baht 2.5 million.</p>	<p><b>Carbon Credits</b></p> <p>According to the assessment result of GHG emissions arising from various activities in 2020, the bank has succeeded in offsetting corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO<sub>2</sub>e), accounting for 30 percent of carbon dioxide levels emitted from scope 1 and 2 sources and equivalent to planting 78,445 perennial trees. In addition, the bank was granted the Carbon Offset Certificate and was authorized the use of Carbon Offset logo by TGO.</p> <p>In the year 2021, the bank announced to become carbon neutral.</p> <p><b>Reduction in greenhouse gas emissions with paper management</b></p> <p>In 2021, the bank managed to reduce paper consumption, equivalent to the cutting of 234 trees and decreasing from 464 trees in 2020. It indicated the bank's improved paper management.</p> <p><b>Energy Management</b></p> <p>To enhance energy management, the bank replaced fluorescent tubes with 2,775 LED tubes since 2016, helping save energy consumption by 618,360 kWh. or approximately 45 percent when compared with the use of fluorescent tubes. As LED tubes produces less heat than fluorescent lamps, they could reduce the carbon dioxide emissions by 359,947.36 Kg.Co<sub>2</sub>e based on the calculation over its lifetime. That was equivalent to planting 39,995 large trees to absorb the amount of carbon dioxide.</p>

## Corporate Social Responsibility for Sustainable Business Development Policy

The bank is aware of operating business under the social responsibility leading the business sustainability by paying close attention to taking care of the stakeholders, economy, society and environment with morality, ethics, and conducting business operations with honesty, transparency and fairness. The negative impact on the economy, society and environment must be well aware. Consequently, the bank regulates the policy on corporate social responsibility for sustainable business development so that directors, executives and employees can adhere to in 9 areas below:

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect for Human Rights
5. Fair Treatment of Labors
6. Responsibilities towards Consumers
7. Cooperation in Development of Community and Society
8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

### Objectives of Corporate Social Responsibility for Sustainable Business Development Policy

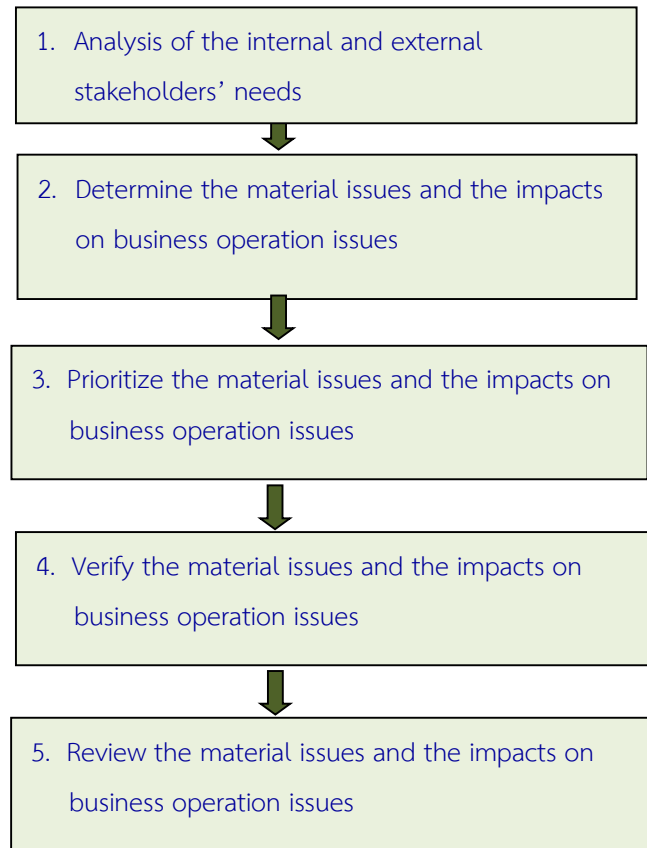
- To raise awareness and inculcate a sense of responsibility on sustainable development guidelines
- To build up confidence that the bank's efforts on the economic development is consistent with the best benefits of society, environment and all stakeholders
- To ensure the bank's business goals is in line with the Sustainable Development Goals (SDGs) of the United Nations to drive sustainable growth by conducting responsible business that can create value for all stakeholders

## Value chain management

The bank pays close attention to the sustainable business development report as part of the annual report for thorough communication with all groups of stakeholders to acknowledge the policy, management guidelines and the outcome of social and environmental responsibilities clearly under the report framework of Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand. The content of the report covers the whole business by collecting data from the directly responsible departments from 1 January to 31 December 2021.

The bank has proposed the content of the sustainable business development report that has passed the analysis for the needs of both internal and external stakeholders and applied to determine important issues and effects to business operations under the social responsibility for sustainable business development policy as follows:





### 1. Analysis of Stakeholders' Needs

The bank pays attention to the rights of all stakeholders by providing the process and procedure to analyze the requirements of both internal and external stakeholders. This process operates through various activities and many communication channels. The bank also clearly determines the frequency of operations such as survey of employees' engagement toward the bank so that the bank will make use of the information to determine the practical guidelines consistent with the corporate governance policy and social responsibilities for sustainable business development policy. In addition, the bank identifies and selects all stakeholders by considering the importance of all stakeholders and effects of business operations to stakeholders with appropriateness.



### Practical Guideline for Stakeholders

The bank has determined the practical guideline for stakeholders in writing in the Code of Conduct and the Code of Ethics for employees. The bank pays attention to the rights of all groups of stakeholders of which they can be divided into 2 groups so that their needs can be identified and addressed properly. Moreover, their participation is also encouraged.

**Stakeholders group** consists of:

1. Internal stakeholders, namely directors, executives and employees
2. External stakeholders, namely shareholders, customers, community, society and environment, business partners, trade competitors and creditors

### Analysis of Stakeholders' Needs

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
1. Shareholders	<ul style="list-style-type: none"> <li>- Appropriate compensation and sustainable growth</li> <li>- Good business performance, stable growth under appropriate risk</li> <li>- Work with transparency, fairness and accountability</li> <li>- Prudent risk management</li> </ul>	<ul style="list-style-type: none"> <li>- Business operations under good corporate governance principles</li> </ul>	<ul style="list-style-type: none"> <li>- Generate good performance under proper risk management</li> <li>- Organize the Annual General Meeting of Shareholders once a year</li> <li>- Organize the press conference and analyst meeting (In 2021, no press conference and analyst meeting was held due to COVID-19 pandemic)</li> <li>- Disclose information through all channels with correctness, equality and transparency</li> <li>- Provide channels for inquiries via the bank's website</li> <li>- Receive suggestions and complaints through channels provided</li> <li>- Facilitate minority shareholder to propose material and useful issues for business management via the bank's website and publish them via the Stock Exchange of Thailand for consideration to determine the agenda of the Annual General Meeting of Shareholders with the following rights:                         <ol style="list-style-type: none"> <li>1. To propose the agenda for AGM</li> <li>2. To nominate qualified candidates for directorship</li> <li>3. To propose questions in advance</li> </ol> </li> <li>- Invite shareholders to attend AGM and share their opinions</li> </ul>
2. Board of Directors	<ul style="list-style-type: none"> <li>- Working with transparency following the corporate governance principles for</li> </ul>	<ul style="list-style-type: none"> <li>- Business operations under good corporate governance principles</li> </ul>	<ul style="list-style-type: none"> <li>- Organize the bank's Board of Directors meeting every month</li> <li>- Establish sub-committees to consider and</li> </ul>

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
	<p>sustainable growth of the organization</p> <ul style="list-style-type: none"> <li>- Treat all stakeholders on the basis of fairness</li> <li>- Evaluate the performance for work improvement</li> </ul>		<p>screen proposals before submitting to the board</p> <ul style="list-style-type: none"> <li>- Provide sufficient, complete and timely information</li> <li>- Engage in good governance activities</li> <li>- Encourage, support and develop knowledge related to the duties of directors and business</li> <li>- Provide orientation program for new directors</li> <li>- Provide self-assessment for directors to improve more efficient work as follows:               <ol style="list-style-type: none"> <li>1. Self-assessment of the Board of Directors and sub-committees on a collective basis</li> <li>2. Self- assessment of the Board of Directors and sub- committees on an individual basis</li> <li>3. Cross- assessment of directors</li> <li>4. Good corporate governance self- assessment</li> </ol> </li> </ul>
3. Employees	<ul style="list-style-type: none"> <li>- Arrange trainings and seminars for knowledge and potential development</li> <li>- Improve knowledge and skills in daily life</li> <li>- Always keep a workplace hygienic, clean and safe</li> <li>- Provide appropriate tools and equipment at work</li> <li>- Provide appropriate remunerations, proper positions and benefits</li> <li>- Allow enough time for work-life balance of employees</li> </ul>	<ul style="list-style-type: none"> <li>- No discriminations on employments regardless of ethnic, race, gender, status, religion, political views, or age</li> <li>- Promote employment for vulnerable labors, such as provide opportunities to employ people with disabilities</li> <li>- Develop human resources by providing skill trainings and capacity building for employees by creating opportunities for learning and promotions for career progress</li> <li>- Do not lay off or terminate any employee which is solely based on the management's decision or discrimination</li> <li>- Promote and respect human right protection by not supporting labor coercion</li> <li>- Respect for the rights to freely express opinions of employees and comments without interventions and provide channels for the voice of employees</li> </ul>	<ul style="list-style-type: none"> <li>- Arrange welcome activity for new employees</li> <li>- Provide orientation for new employees</li> <li>- Encourage employees to instill CDA value</li> <li>- Develop employees' potential by arranging capacity building learning for all levels of employees including increasing the learning channels via the bank's intranet, enabling them to learn anywhere, anytime without limits on potential enhancement.</li> <li>- Prepare succession plans to replace executives and key positions.</li> <li>- Introduce activities to build stronger teamwork.</li> <li>- Survey market rate of compensation on a regular basis as to improve to align with proper industrial standards or standards of living</li> <li>- Provide channels to receive complaints, opinions and suggestions</li> <li>- Protect and do not treat or punish any disciplinary proceedings against an employee who reports with integrity to executives or public agencies, in relation to any wrongdoings done within the bank</li> <li>- Establish the Environment, Health and Safety Committee for driving the policy and the plan for Occupational Safety, Health and Environment in a workplace</li> <li>- Improve working environment to align with occupational safety guidelines</li> </ul>

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
		<ul style="list-style-type: none"> <li>- Provide fair employment conditions which allow employees to receive proper compensations based on their competency or agreement made between the employer and each employee in accordance with proper industrial standards or standards of living</li> <li>- Properly arrange working environment for work safety and dignity</li> <li>- Protect and do not treat or punish any disciplinary proceedings against an employee who reports with integrity to the executives or public agencies, in relation to any wrongdoings done within the bank</li> <li>- Prepare policy on safety and occupational health, as well as analyze and determine the measures for risk control on safety and occupational health at work</li> </ul>	<ul style="list-style-type: none"> <li>- Support and promote career opportunity for people with disabilities to live in the society with pride</li> <li>- Provide learning and communication channels to support two-way communication</li> </ul>
4. Customers	<ul style="list-style-type: none"> <li>- Relationship management with customers</li> <li>- Market Conduct</li> <li>- Satisfaction for a wide variety of quality products and excellent services.</li> <li>- Promptness in hearing and responding to customers' requirements</li> <li>- Customer confidentiality.</li> <li>- Equality of each segment of customers</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct the customers' satisfaction survey for branch services</li> <li>- Offer products that can satisfy customers' requirements, improve employees' competency in making an offer to customers with well-integrated products and services as to meet all of their requirements, as well as determine measures to protect customer confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>- Apply the survey results of customers' satisfaction to improve its services and products</li> <li>- Study customers behaviors as to improve services and strengthen relationship</li> <li>- Give product information accurately, clearly and easily-to understand</li> <li>- Collect suggestions or feedbacks for improvements</li> <li>- Innovate and create products and services that meet consumers' requirements</li> <li>- Publicize products and services' full information through various channels easily accessible by consumers to support their decisions</li> <li>- Provide assistance and answer customers' enquiries to promote good understanding on our products and services</li> <li>- Collect complaints and cope with them promptly</li> <li>- Arrange activities to create good relationship between customers and bank</li> <li>- Have customers' data privacy process in place</li> </ul>
5. Community, Environment and Society	<ul style="list-style-type: none"> <li>- Support communities' activities</li> <li>- Enhance and develop learning and knowledge</li> <li>- Promote and support government's policies</li> <li>- Preserve environments</li> <li>- Collect the voice of neighboring communities</li> </ul>	<ul style="list-style-type: none"> <li>- Perform business with ethics in parallel with environmental and social responsibilities</li> <li>- Support social activities and promote employees' engagement</li> <li>- Support and promote education to improve</li> </ul>	<ul style="list-style-type: none"> <li>- Listen to the opinions of nearby communities as to improve or support social activities</li> <li>- Provide support for cultural activities suitable for local culture, traditions, and religions</li> <li>- Provide appropriate emergency plan to prevent loss and damages against environment</li> </ul>

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
		<p>educational quality and accessibility</p> <ul style="list-style-type: none"> <li>- Promote traditional and religious and cultural activities</li> <li>- Promote effective use of resources</li> <li>- Prepare emergency plan suitable for reducing losses</li> <li>- Open a chance and facilitate all related parties to express their creative ideas which is the foundation for creating innovations leading to continuous creation of innovations</li> <li>- Promote and cooperate with the stakeholders, such as business partners, to develop innovations</li> <li>- Regularly review business procedure whether it causes any risk or adverse effects to society and environment or not. If any, it must be resolved promptly</li> </ul>	<ul style="list-style-type: none"> <li>- Organize the Green Office project to reduce electricity and paper use, as well as shift to use environmentally-friendly office automations</li> <li>- Support and promote the development of youth learning via the financial literacy project where the bank sends out trainers to train youths about financial knowledge through various learning activities leading to financial behavioral shift in order to create quality society</li> <li>- Project “LH Bank Support Scholarship” by providing scholarships for students with good records and commitment to further their study until high school level</li> <li>- Donate the used computers project to promote learning among youths in needs</li> <li>- “Old Calendar We Need” for the school of the blind to be used for producing instructional media, braille book and notebook for the blind students</li> <li>- “Give Books and Learning Materials to the Department of Corrections” to promote knowledge of prisoners</li> <li>- Voluntary blood donation project, 1 Giver 3 Receivers to help patients in hospitals from their illnesses nationwide</li> <li>- Provide assistance, financial and non-financial donations, debt restructuring by reducing installment, giving more loan for customers impacted by natural disasters</li> <li>- Grant relief measure for customers impacted by COVID-19 pandemic by relaxing payment conditions, extending loan tenor, providing loans for working capital. Additionally, the bank donated paper field hospital beds to disadvantaged agencies as well as making a contribution raised by its executives, employees and customers under the “Fight COVID-19 Together” project to purchase medical equipment and supplies for treating and saving COVID-19 patients. It also handed out food and water to express appreciation and gratitude towards doctors, nurses and other related workers for their hard work during the COVID-19 pandemic.</li> </ul>
6. Business Partners	<ul style="list-style-type: none"> <li>- Perform business with transparency</li> <li>- Facility and process sharing: refer customers in Land and Houses financial business group to partners</li> <li>- Information sharing: Exchange information for business</li> <li>- Network extension: extend networks together with</li> </ul>	<ul style="list-style-type: none"> <li>- Comply with trade terms and conditions and agreements</li> <li>- Create partnerships with potential business partners</li> <li>- Fair business practices</li> <li>- No barriers for trade partners</li> </ul>	<ul style="list-style-type: none"> <li>- Meet with trade partners.</li> <li>- Conduct marketing together with business partners of Land and Houses financial business group</li> <li>- Create partnerships with customers to refer other customers to use the bank’s services</li> <li>- Receive suggestions or complaints</li> <li>- Appoint the Purchasing Committee in order to manage procurement process appropriate and fair for partners</li> </ul>

Stakeholders	Needs Analysis	Practical Guidelines Under Policies	Implementation
	partners		<ul style="list-style-type: none"> <li>- Prompt payments for products and services</li> <li>- Transparent selection of service providers</li> </ul>
7. Competitors	<ul style="list-style-type: none"> <li>- Perform business with transparency and fairness</li> </ul>	<ul style="list-style-type: none"> <li>- Comply with the rules of fair competition and never use any dishonest method</li> </ul>	<ul style="list-style-type: none"> <li>- Determine mutually fair competition conditions</li> </ul>
8. Creditors	<ul style="list-style-type: none"> <li>- Pay interest and payback when due</li> </ul>	<ul style="list-style-type: none"> <li>- Comply with the agreements or terms and conditions in the agreements and duties</li> </ul>	<ul style="list-style-type: none"> <li>- Comply with the contract or any conditions agreements and duties</li> <li>- Collect suggestions or complaints</li> </ul>

## 2. Determining Material Issues Affecting Business Operations

The bank takes into account all issues, opinions, suggestions and expectations in operations for sustainability which is critical and affects business operations, derived from the analysis of internal and external stakeholders' demand which complies with a policy on corporate social responsibilities for sustainable business development in order to determine the important issues and impacts on business operations as follows:

- **Internal stakeholders** consist of directors, executives and employees. The bank has brainstorming forums such as small group discussions and meetings. Such activities were held to identify the sustainable issues that the stakeholders deem necessary.

- **External stakeholders** consist of shareholders, customers, community, society and environment, business partners, trade competitors and creditors. The bank has assembled issues and suggestions via discussions and meetings in order to identify the sustainable issue that the stakeholders deem necessary.


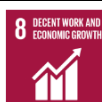



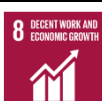



## 3. Prioritizing Material Issues Affecting Business Operations

The bank analyzes and considers data obtained from the interviews of both internal and external stakeholders in order to prioritize the material issues that can affect business operations. These issues can be divided into 3 levels; low; medium; high, 8 issues in total. The issues were then prioritized in materiality matrix chart. The vertical axis shows the key issues critical for stakeholders and the horizontal axis shows the issues critical for the bank.

## Materiality Matrix









Table : Analysis of Material Issues Affecting Business Operations

Material Issues Affecting Business Operations	Sustainable Issues according to GRI (Global Reporting Initiative)	Internal stakeholders	External Stakeholders	Topics to Include in Annual Report	Sustainable Development Goals (SDGs)
Good corporate governance	GRI 102-18 GRI 102-19	- Directors, executives and employees	- Shareholders - Customers - Partners	Good corporate governance	
Market Conduct	GRI 102-43 GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1	- Directors, executives and employees	- Customers	- Sustainable business operations - Responsibilities towards customers	   
Digital development	GRI 203-2	- Directors, executives and employees	- Customers	- Innovations and Dissemination of innovative social responsibilities	   



Material Issues Affecting Business Operations	Sustainable Issues according to GRI (Global Reporting Initiative)	Internal stakeholders	External Stakeholders	Topics to Include in Annual Report	Sustainable Development Goals (SDGs)
Code of conduct and business ethics	GRI 102-16 GRI 102-17 GRI 102-25 GRI 103-1 GRI 103-2 GRI 103-3 GRI 205 GRI 205-2 GRI 205-3 GRI 206-1	- Directors, executives and employees	- Shareholders - Customers - Partners	- Code of conduct and business ethics - Anti-Corruption	
Risk management	GRI 102-11 GRI 102-15 GRI 102-30 GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-2	- Directors, executives and employees	- Shareholders - Customers - Partners	- Risk factors - Internal control and risk management - Good corporate governance	 
Human resource management	GRI 102-8 GRI 102-41 GRI 103-1 GRI 103-2 GRI 103-3 GRI 401-1 GRI 401-2 GRI 401-3 GRI 403 GRI 404 GRI 412	- Directors, executives and employees	- Partners	- Fair treatment of labors - Respect for human rights	     
Financial literacy	GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	- Directors, executives and employees	- Customers - Communities, Societies and Environment	- Development of Communities and Societies	    

Material Issues Affecting Business Operations	Sustainable Issues according to GRI (Global Reporting Initiative)	Internal stakeholders	External Stakeholders	Topics to Include in Annual Report	Sustainable Development Goals (SDGs)
Communities, Societies and Environment	GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	- Directors, executives and employees	- Customers - Communities, Societies and Environment	- Development of Communities and Societies	     

#### 4. Verifying Material Issues Affecting Business Operations

The bank will compile material issues and propose them to management and the Corporate Governance Committee; therefore, they can acknowledge and give the operational guidelines which have been disclosed in the business sustainability report and the bank's website.

#### 5. Reviewing Material Issues Affecting Business Operations

The bank provides the information review process after this report has been published in order to collect opinions and suggestions for further improvement of the contents in the next report.

#### Auditing Quality of Report

The contents disclosed in the business sustainability report and the bank's website have been audited and reviewed by responsible unit to assure accuracy, completeness and compliance with the practical guidelines for corporate social responsibilities for sustainable business development policy.

#### Inviting Business Partners to Join the Anti-Corruption Association

The bank encourages customers and sponsors to be aware of the importance of building corruption-free community. The bank invited them to join the anti-corruption alliance for the sake of preventing fraud, bribery and corruption by asking customers and sponsors for cooperation to refrain from giving gifts, rewards, other benefits or receptions to employees.

#### Credit Underwriting Following Environmental, Social and Good Corporate Governance Risks

For credit underwriting, we are aware of the importance of environment, society and good governance. However, credit approval has strict and discrete approval processes. The topics to be considered are the environmental, social and good governance risks. If the businesses of customers bring

about negative side effects on economy, society and environment, the bank will not support any loan to them.

### Customer Relationship Management

Land and Houses Financial Group is committed to raising the level of service quality by conducting a research on the satisfaction of customers in order to deeply understand their requirements and can define the KPI for effective services. Thus, we can improve the service quality based on their requirements and can also determine the indicators of service quality. Besides, we have communicated with staff, ensuring them to be aware of the importance of providing high-standard services and have constantly checked on service quality.

### Supply Chain Management

The bank is aware of the importance of growing business without effects on society and environment throughout the supply chain. The bank also puts the emphasis on the collaboration with all business partners to develop the business operation process together with elevating the standard on environmental and social operations according to the code of conduct.

The bank has determined the practical guidelines for procurements and services so that quality supplies and services can be obtained with appropriate price. The process for procurements and services consists of 6 methods as follows:

1. Pricing method
2. Pricing examination method
3. Bidding method
4. Continuous method
5. Special method
6. Emergency method

The selection of the methods depends on the budget of operation for each time and it must be considered and approved by the Purchasing Committee. For fairness and equality, the selection for suppliers or facilitators, the bank has determined the selection criteria by choosing from business stability, product qualification, service and price.

**Selection of suppliers or vendors** has the steps as follows:

1. Acquire the lists of suppliers and vendors to meet the needs of users.
2. Select the suppliers and the vendors according to the selection criteria of business stability, product qualification, service and pricing which conform to the procurement guideline of the bank. The bank also procures good quality products at appropriate price with sellers who have no records of corruptions, or operate illegal business, no illegal labor policy, treats the business partners with transparency, fairness, takes care of occupational safety in the workplace, and saves environment in order to create a supply chain

for mutual business operations which will benefit employees, community, society and environment.

3. When received a list of suppliers or vendors which passed the selection process, the next step is evaluation process to find suppliers or vendors who provide supplies with good quality, reasonable cost and price.

In the year 2021, the bank had 939 business partners, increasing by 17.5% when compared to 799 business partners in the year 2020. The business partners acknowledged to follow the bank's code of conduct and ethics. And the bank informed them of procurement rules for their understanding, compliance, accuracy and transparency.

#### **Monitoring, Auditing and Evaluating Process of Business Partners**

The bank has monitored and assessed the performance of partners in various ways, such as evaluating their satisfaction for services, having a channel to collect their suggestions and complaints. However, to ensure that the bank has received the products and good services as required, the bank has the procurement management team to check the products and services and provide suggestions to the partners to improve the quality of products. In case the partners cannot follow the required standard, the bank will consider not using their service.

#### **Tax Management**

The bank is listed on the Stock Exchange of Thailand and the financial business group that operates the business with transparency and stability according to the good governance principles. The bank is committed to operating its business in conformity with the rules and regulations of revenue code.

##### **Tax Management Strategy**

The bank has planned in revenue tax for the maximum benefits of the bank and the stakeholders as well as complied with the regulations of revenue code.

##### **Tax Risk Management**

The bank has the revenue tax risk management system and provides seminars and trainings for related employees to improve their knowledge by taking into consideration the risk, responsibilities and fair treatment of stakeholders and related parties.

##### **Tax Incentives**

The bank exercises effective tax incentives according to laws and makes use of tax structure in the right manner. As a result, tax avoidance has not occurred. Tax incentives cover periodic tax exemption measures or other privileges all of which are dependent on the tax policy of the country or local tax policy imposed on businesses with the natures under relevant requirements.

## Corporate Governance Policy

The bank adheres to good corporate governance principles as guidelines for business operation along with the sustainably social and environmental development. The bank focuses on creating the culture of corporate governance in the organization by establishing the Corporate Governance Committee to determine, review the corporate governance policy, and act as a representative of the bank in communicating and operating corporate governance activities to ensure the same standard throughout the organization. Having business ethics creates competitiveness and trust among shareholders, investors, stakeholders and all relevant parties; and is fundamental to business operations with efficiency, transparency and credibility. The Corporate Governance Committee also supports the enhancement of management with integrity, value addition in business and stability and sustainable growth; places the importance on internal control, internal audit and equitable treatment among shareholders and stakeholders; supervises and ensures that any transactions with conflicts of interest are in an appropriate level and in line with regulatory requirements, and adequate information disclosure.

The Board of Directors has appointed the sub-committees to supervise a wide range of efficient operations as follows:

- Executive Committee
- Audit Committee
- Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Oversight Committee

Each of the sub-committees supervises the business operations following the vision, mission, operation plan and good corporate governance principles. The roles and responsibilities have been indicated clearly in writing. The good corporate governance of the bank consists of 4 main principles to which the Board of Directors, executives and employees shall adhere as follows:

1. Transparency : Transparency in operations and information disclosure to related parties
2. Integrity : Honesty
3. Accountability : Responsibility for the performance
4. Competitiveness: Ability to compete with rivals

## Good Corporate Governance Policy and practice

The bank has defined the good corporate governance policy in writing by referring to the Corporate Governance Code (CG Code) of the Securities and Exchange Commission. It consists of principles and practices on good corporate governance for the Board of Directors to follow as business guidelines as well as executives and employees to adhere to for their operations. This is to ensure that the bank performs the business operations with responsibility, transparency and equitable treatment of stakeholders; while promoting its management with integrity, efficiency and effectiveness.

The bank reviews its good corporate governance policy annually. The latest review was approved by the Board of Directors meeting on November 13, 2020.

The good corporate governance policy is classified into 8 principles as follows:

Principle 1 Establish clear leadership roles and responsibilities of the board

Principle 2 Define objectives that promote sustainable value creation

Principle 3 Strengthen board effectiveness

Principle 4 Ensure effective CEO and people management

Principle 5 Nurture innovation and responsible business

Principle 6 Strengthen effective risk management and internal control

Principle 7 Ensure disclosure and financial integrity

Principle 8 Ensure engagement and communication with shareholders

*The details of the Good Corporate Governance Policy are published on the bank's website (www.lhbank.co.th).*

The bank has not yet fulfilled the principle as follows:

CG Code	Reason
Chairman should be independent director.	Chairman is non-executive director but has not been appointed the independent director.

## Compliance with the Good Corporate Governance Principles

The Board of Directors is well aware of its roles and responsibilities to enhance good corporate governance for sustainable business growth, effective management with transparency and fairness as follows:

### Principle 1 : Establish clear leadership roles and responsibilities of the board

1. The Board of Directors is considered as the heart of good corporate governance. Their members consist of experts in various fields with experiences, leadership, vision, independence of decision making and dedication. They perform their duties responsibly, prudently and honestly for the maximum benefit of the bank and shareholders. Moreover, they shall supervise the bank to have effective management in the following aspects:

- Establish objectives and goals
- Formulate business strategies, operational policies and allocation plans of key resources in order to achieve objectives and goals
- Monitor, assess and supervise the operational reporting

2. The Board of Directors supervises and ensures the bank achieve the governance outcomes in the following aspects:

- Being competitive with good performance by considering long-term impacts
- Conducting business operations with ethics, respect for rights and accountability for shareholders and stakeholders

- Being beneficial to society and developing or reducing environmental impacts
- Being adaptable under risk factors

3. The Board of Directors supervises executives to perform their duties with responsibilities, carefulness, integrity and compliance with laws, regulations and resolutions of shareholders meeting; clearly determines the scope of duties and responsibilities and assignments for the President; and monitors her performance as assigned.

#### 4. Board of Directors Meeting

- The meetings of the Board of Directors are arranged on a regular basis. The bank has determined the meeting schedules in advance for the whole year. In case of necessity and urgency, an extraordinary meeting may be called on as deemed necessary. The bank has informed all directors in advance so that they can allocate time and attend the meeting. Meeting agendas are set clearly. The important agenda items include the consideration of quarterly and annual financial statements and the monitoring of the bank's operation.

- The directors shall attend the meetings at least 75% of the total Board of Directors meetings held each year except having appropriate reasons and necessities.

- The Board of Directors meeting requires no less than half of all directors to constitute a quorum in accordance with the Articles of Association, and a resolution of the meeting shall be passed by majority vote. In case of a tie vote, the chairman shall have a casting vote. In case of agenda requiring the Board's decisions, a quorum of at least two-thirds is required at the time of voting.

- Chairman and high-level executives have duties to jointly consider and determine the matters to be included in the agenda of the Board of Directors meetings.

- The company secretary has duties to submit notification of the meeting to all directors not less than 7 days before the meeting date so that directors have adequate time to study the materials. The company secretary is also required to arrange the minutes of the meetings in writing and keep the minutes adopted by the Board of Directors for audit purposes.

5. The Board of Directors may ask for opinions from independent consultants or external professionals if necessary; it deems to be the bank's expense.

6. Non-executive directors can organize meetings among themselves without the presence of President in order to discuss management-related issues or problems of their interests and to find ways to improve or provide useful suggestions to the management. A summary of their opinions and resolutions shall be reported to President for acknowledgement.

7. The annual performance evaluation of the President will be conducted by assigning the Nomination and Remuneration Committee to consider the evaluation method as well as the remuneration and bonus for annual performance based on her responsibilities towards the bank.



## Principle 2 : Define objectives that promote sustainable value creation

1. The Board of Directors shall define the bank's objectives and goals for sustainability in compliance with the value creation to the bank, customers, stakeholders and society as a whole.
2. The Board of Directors shall ensure that the objectives, goals and strategies in each period are consistent with the key objectives and goals.

## Principle 3 : Strengthen board effectiveness

The Board of Directors is considered as the heart of good corporate governance. Their members consist of experts in various fields with experiences, leadership, vision, independence of decision making and dedication. Moreover, they perform their duties responsibly, prudently and honestly for the maximum benefit of the bank and shareholders.

### 1. Structure, Composition and Qualifications of the Board of Directors

- The Board of Directors is composed of well-qualified persons with expertise, leadership, vision, independence in decisions making and experience that is useful and necessary for business operation. They dedicate and strive to best perform duties as a director with accountability, caution and integrity for the highest benefits of the bank and shareholders; and ensure the bank's sound management.

The structure of the Board of Directors is proportionate and fair. For the sake of maintaining the independence of the chairman, clear separation of powers between the duties to determine corporate governance policy and regular management, the chairman of the Board of Directors and the chairman of the Audit Committee shall not be the same person as the President. The explicit division of powers does not allow any of them to have unlimited power as to maintain checks and balances, and to review their management.

- The Board of Directors has defined the qualifications of independent directors in line with the good corporate governance guideline, the notifications of the Capital Market Supervisory Board and the Bank of Thailand. The Board of Directors consists of at least 3 independent directors or at least one-thirds of the total number of the directors, whichever is higher. The independent directors must not be employees or staffs who receive salary from the bank. They shall also be independent from the majority shareholders of the bank and be able to protect the minority shareholders' interests.

*The bank reveals the details of the independent directors' qualifications under the topic of Management Structure on Independent Directors Qualifications.*

- All directors including independent directors have been nominated by the Nomination and Remuneration Committee because their qualifications conform to related laws, regulations of regulators, and the Articles of Association with regard to directors and good corporate governance principles. Their knowledge, experience, skill, a wide range of expertise, honesty, specific competences useful the bank as well as abilities to provide independent opinions and profound understanding of the financial business group, have been taken into account without gender bias.

## 2. Nomination of Directors

The Board of Directors has set the term of the director position in accordance with the Public Company Limited Act, and the Articles of Association with transparency and clarity to nominate any person or to propose existing directors to be reappointed as directors, their profiles and sufficient details including criteria and method of nomination shall be readily available for shareholders' voting.

- The Nomination and Remuneration Committee is entitled to nominate and scrutinize qualified persons based on their knowledge and experience in finance and banking, economy, laws and other professional areas. Organization's necessity, good corporate governance, qualifications required for directorship as specified in related laws and the Articles of Association have also been considered.

In addition, the Nomination and Remuneration Committee shall nominate qualified persons to the Board of Directors for consent and propose the list to the shareholders meeting and the Bank of Thailand for approval.

## 3. Number of Directorship in Other Companies

The Board of Directors has established a clear guideline on the number of other banks in which a director can hold positions in accordance with the good corporate governance principles. The Board of Directors shall carefully consider the performance of directors who hold positions in other banks, ensuring that their sufficient time will be devoted to performing the bank's duties as follows:

- Director, Chief Executive Officer and President and authorized management persons are allowed to hold the position of either chairman or executive director in other banks of not more than 3 business groups and not more than 5 listed banks on the Stock Exchange of Thailand or abroad.

*The bank reveals the details of directorship in other banks in the topic of the Board of Directors' positions in the listed banks on the Stock Exchange of Thailand and holding the positions in non-listed banks on the Stock Exchange of Thailand.*

## 4. Independent Directors' Term of Office

The office term of directors conforms to the Public Limited Companies Act and the Articles of Association. Independent directors can hold their position with a maximum of 9 consecutive years according to the Bank of Thailand's regulations.

In addition, as the bank has specified that independent directors can consecutively hold their directorships with nine-year maximum tenure in accordance with the regulations of the Bank of Thailand, independent directors who have been in office for more than 9 years can continue their terms until 2022.

## 5. Number of Directors to Retire by Rotation

One-thirds of the total number of directors must retire by rotation at every Annual General Meeting of Shareholders. In the case that the total number of directors is not divisible by three, the number of directors to retire shall be the number closest to one-thirds of all directors. Directors who have held office for the longest

term shall be retire first, and, if there are any disagreements arising, it is suggested to draw lots to decide who will retire. Directors retiring by rotation may be re-elected to continue their office.

## 6. Sub-committees

The bank's management structure consists of the Board of Directors who has delegated their management power for the sake of effectiveness and transparency. The Board of Directors has appointed sub-committees to help study details and screen tasks so as to ease the burden of the Board of Directors. Consequently, the bank has different sub-committees for specific matters. Such committees shall report their performances to the Board of Directors. These sub-committees are as follows:

- Executive Committee
- Audit Committee
- Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Oversight Committee

However, the chairman of the Audit Committee, chairman of the Corporate Governance Committee and chairman of the Nomination and Remuneration Committee are independent directors for the sake of transparency and independence in performing duties.

*The bank reveals the details of sub-committees and scope of authority and duties of each sub-committee in the topic of the Management Structure.*

*The bank reveals the details of the members of the Audit Committee who have knowledge and experiences in the audit of the financial statements in the topic of the Management Structure, No. 2 The Audit Committee.*

## 7. Company Secretary

- The Board of Directors has appointed Ms. Chorthip Thamwaranont, First Vice President of Corporate Affairs Group, to be the company secretary since October 25, 2021. Her duties involve providing some advice pertaining to laws and regulations that the Board of Directors should acknowledge, and taking responsibilities for matters connected the Board of Directors. In addition, the company secretary shall cooperate with related parties to ensure that the resolutions of the Board of Directors and that of the shareholders meeting have been followed. The scope of company secretary's duties and responsibilities according to the laws require him to act with responsibility, carefulness and honesty.

- The Board of Directors has encouraged and supported the company secretary to continuously receive trainings in order to develop necessary skills, and expand knowledge of law and accounting areas, or corporate secretarial duties.

*The bank has disclosed the profile of the company secretary in the topic of the Management Structure, No. 8 The Company Secretary.*

## 8. Remuneration of Directors and Executives

The remuneration of directors determined by the Annual General Meeting of Shareholders in monetary form consists of salary and meeting allowances. Proposed by the Nomination and Remuneration Committee and later consented by the Board of Directors. The remuneration has been clearly defined, fair, reasonable, transparent, in conformity to the directors' duties, bank's performance, individual performance, aligned with industry and sufficient to retain qualified directors. Moreover, it shall be proposed to the shareholders meeting for approval on an annual basis.

## 9. Self-assessment of the Board of Directors

The Board of Directors provides the self-assessment for the Board of Directors and sub-committees in the form of collective assessment, individual assessment and cross-assessment at least once a year to review their performance and challenges in the previous year. The self-assessment foster the awareness of their roles and responsibilities, which consequently helps enhance work efficiency. It is also an essential tool to assess the appropriateness of the Board of Directors' composition and its performance. The assessment results and recommendations from directors shall be applied to improve the duties of the committees and individual director. The Stock Exchange of Thailand's self- assessment form has been applied and adjusted in order to cover the committees' duties and the bank's business nature and environment. The self- assessment includes:

- Self- Assessment of the Board of Directors and sub-committees on a collective basis
- Self- Assessment of the Board of Directors and sub- committees on an individual basis
- Cross- Assessment of directors
- Good Corporate Governance Self-Assessment

### - Self-assessment of the Board of Directors and Sub-committees on a Collective Basis

**Self-assessment form** is divided into 6 areas as follows:

1. Structure and qualifications
2. Roles, duties and responsibilities
3. Committees meeting
4. Duties of directors
5. Relationship with management
6. Directors' self-improvement and management training

**Scoring** : The assessment forms contain scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

**Evaluation Method** at the meetings of the Board of Directors and sub-committees, the directors thereof jointly conducted an evaluation by marking a score for each assessment item.

**Assessment Result** of self-assessment on a collective basis for the year 2021, most items were marked in 3-4.

#### - Self -Assessment of the Board of Directors and Sub-Committees on an Individual Basis

The assessment form is divided into 3 areas as follows:

1. Structure and qualifications of directors
2. Board of Directors meeting and sub-committees' meeting
3. Roles, duties and responsibilities of directors

**Scoring** : The assessment form contains scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

**Evaluation Method**, the company secretary and the secretaries of sub-committees shall send individual directors' self-assessment forms to each committee in which they hold an office. The completed forms will then be returned to the secretary of each committee.

**Assessment Result** of self -assessment on an individual basis for the year 2021, most items were marked in 3-4.

#### - Cross-Assessment of Directors

**Cross-Assessment** is to evaluate the responsibilities, roles and duties of the chairman and directors.

**Scoring** : The assessment form contains scores so that directors can compare the result of each topic year over year. Here is the definition of scoring system.

- 0 = Strongly disagreed or never conducted
- 1 = Disagreed or seldom conducted
- 2 = Fairly agreed or moderately conducted
- 3 = Agreed or well conducted
- 4 = Strongly agreed or excellently conducted

**Evaluation Method** the company secretary shall submit the cross-assessment of directors to the chairman to evaluate them individually and in turn the individual directors evaluate the chairman. The completed forms will then be returned to the company secretary to report the result to the directors.

**Assessment Result** of self -assessment on an individual basis for the year 2021, most items were marked in 4.

#### - Good Corporate Governance Self-Assessment

The Board of Directors arranges the self-assessment in line with the good corporate governance principles as a tool for the Board of Directors and management to evaluate themselves on issues the bank has done or has not, for an adequate disclosure of the bank. The Board of Directors analyzes the evaluation results, recommendations and observations and apply the results to suit the business environments as follows:

**The assessment form** is divided into 4 areas as follows:

1. Rights of Shareholders and Equitable Treatment of Shareholders
2. Roles of Stakeholders
3. Information Disclosures and Transparency
4. Responsibilities of the Board of Directors

**Scoring :** No scoring system is specified in the assessment form; only check boxes are provided for checking whether a particular practice had been followed or not:

- If the bank has fulfilled the principles of good corporate governance, please check (v) in the "Yes" box.
- If the bank has not yet complied or not fully implemented any principles of good corporate governance, please check (v) in the "No" box.

**Evaluation Method** the Corporate Governance Committee collectively conducted the evaluation and proposed the results to the Board of Directors for consent.

**Assessment Results** of good corporate governance for the year 2021, most items were marked in "Yes" box.

#### Principle 4 : Ensure effective management and employee

The Board of Directors has appointed the Nomination and Remuneration Committee to clearly and transparently nominate directors, Chief Executive Officer and President, and define their remunerations which are commensurate with their roles and responsibilities. The remunerations of directors must be approved by the shareholders meeting and disclosed in the annual report and the annual registration statements (Form 56-1).

##### 1. Knowledge Development for Directors, Executives and Employees

The bank values the efficiency improvements of directors, executives, employees, team of secretary, compliance, internal audit and corporate governance; therefore, it has the policies to encourage them to attend external trainings and in-house seminars to sharpen their skills, and expand their knowledge and competencies to accommodate both short-term and long-term business growth. These include several training courses run by the Institute of Directors, the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Thai Listed Companies Association. The company secretary acts as the center to communicate

news and encourage them to attend the training courses that particularly benefit their duties. The bank will notify seminar programs to directors in advance.

**Table : Trainings and Seminars for Directors in 2021**

Name of Directors	Training and Seminar Program
1. Dr. Vorapol Socatayanurak Chairman (appointed since 25 October 2021)	-
2. Mr. Wu, Kou-Chin Vice Chairman	- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
3. Mr. Pradit Sawattananond Independent Director	- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 - <b>Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity</b> Arranged by EY Office Limited Date : October 20, 2021 - <b>The Importance of Audit Committee to Capital Market and Quality of Financial Reporting</b> Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021 - <b>KPMG Asia Pacific Board Leadership &amp; Assurance Summit</b> Arranged by KPMG Thailand Date : November 16-18, 2021
4. Mr. Somsak Assavapokee	- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021



<p>5. Dr. Supriya Kuandachakup Independent Director</p>	<ul style="list-style-type: none"> <li>- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021</li> <li>- <b>Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity</b> Arranged by EY Office Limited Date : October 20, 2021</li> <li>- <b>The Importance of Audit Committee to Capital Market and Quality of Financial Reporting</b> Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021</li> <li>- <b>KPMG Asia Pacific Board Leadership &amp; Assurance Summit</b> Arranged by KPMG Thailand Date : November 16-18, 2021</li> </ul>
<p>6. Mr. Pichai Dusdeekulchai Independent Director</p>	<ul style="list-style-type: none"> <li>- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021</li> <li>- <b>Post-COVID-19 Resilience: Centennial Crisis COVID-19 Pandemic Hope and Opportunity</b> Arranged by EY Office Limited Date : October 20, 2021</li> <li>- <b>The Importance of Audit Committee to Capital Market and Quality of Financial Reporting</b> Arranged by the Office of Securities and Exchange Commission Date : November 29, 2021</li> <li>- <b>KPMG Asia Pacific Board Leadership &amp; Assurance Summit</b> Arranged by KPMG Thailand Date : November 16-18, 2021</li> </ul>
<p>7. Mr. Sirichai Sombutsiri Director</p>	<ul style="list-style-type: none"> <li>- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021</li> </ul>
<p>8. Mr. Naporn Sunthornchitcharoen Director</p>	<ul style="list-style-type: none"> <li>- <b>IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021</li> </ul>

9. Mr. Shih, Jiing-Fuh Director	<b>- IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021
10. Mr. Vichian Amornpoonchai Director (appointed since 25 October 2021)	<b>- Personal Data Protection Act 2562 B.E. (PDPA) for Executive</b> Arranged by Land and Houses Bank Public Company Limited Date : March 25, 2021 <b>- IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 <b>- Data Governance</b> Arranged by Land and Houses Bank Public Company Limited Date : November 25, 2021
11. Ms. Chompoonoot Pathomporn Director Chief Executive Officer and President	<b>- Personal Data Protection Act 2562 B.E. (PDPA)</b> Arranged by Land and Houses Bank Public Company Limited Date : March 25, 2021 <b>- IT Securities Awareness</b> Arranged by Land and Houses Bank Public Company Limited Date : September 27, 2021 <b>- Data Governance (PDPA)</b> Arranged by Land and Houses Bank Public Company Limited Date : November 25, 2021

## 2. Remuneration and Employee Welfare

The bank sets the appropriate remuneration and welfare for its employees to align with both short-term and long-term performance to ensure a good standard of living by emphasizing fairness and competitiveness. Therefore, the bank has a policy to increase annual salary and bonus payment based on their annual performance. A special round of salary increase is also made by utilizing the survey results of employee remuneration in the same industry for consideration with an aim at retaining skilled employees whose performances met expectations with the bank.

## 3. Provident Fund

The bank established a provident fund as a welfare benefit for employees. It is an important factor to encourage and motivate them to perform their tasks and to nourish their good standard of living. They can contribute between 3-15% of their salary to the fund, to which the bank contributes 3-7% depending on the number of years of employment. The Fund Committee which comprises of representatives elected by fund members and representatives appointed by the employer, has main duties and responsibilities on supervising the management of the fund and formulating investment policies on behalf of fund members. In addition, a multi-investment fund or the “Master Fund” has been offered to employees as an alternative investment policy option, allowing them to choose what suits their needs.

#### 4. Orientation Program for New Directors

The bank arranges an orientation session for newly appointed directors. The Chief Executive Officer and President and top executives will give them thorough briefings, from the bank's vision, mission, performance, strategies and business targets to key operations and business nature. Relevant documents including roles and responsibilities of directors, laws and regulations related to the business, annual report and other information of the bank are also provided.

#### 5. Succession Plan for High-Level Executives

The Board of Directors puts an emphasis on the development of their successors to maintain continuous and smooth business operations and to ensure appropriate personnel are put into the key positions crucial to the company. To get personnel in the organization ready to fill key positions in the future, the company has strengthened potential successors by providing them with opportunities to join exclusive programs for top executives and meetings of the Board of Directors and Management Committee as well as appointing them the company's representatives in various occasions. This helps secure the stability and continuity of the company's business operations and ensure the company has staff ready to fill positions critical to the company's business operations. Furthermore, the company pays attention to new challenges to improve the leadership of key positions in the future and initiates the leadership competency program in order to get executives ready to potential changes as follows:

- The Leadership Development (Facilitator Certify Workshop) : The Power to Effectiveness aims to create internal trainer to be part of driving force for AVP of departments/office and section managers.
- The 7 Habits of Highly Effective People aims to change the leaders' mindset, positive behaviors to embrace changes, and practices that bring about sustainable outcomes to reinforce the effective work, teamwork and self-management, driving successful outputs for the corporation.

#### Nomination of Directors and Top Executives

The qualified candidates with sound knowledge, experience in various areas and thorough understanding of banking, finance, economy, laws and related fields, will be carefully screened to ensure the complete composition of the board as required. The board skill matrix was established to ensure such nominations are in line with the company's business directions. The Nomination and Remuneration Committee will propose the Board of Directors to consider the appointment of directors and/or independent directors in case of vacancies from other causes rather than completing the term, or to propose to the shareholders meeting in order to elect directors and/or independent directors in case of vacancies by rotation and/or election of additional new directors.

The criteria for nomination and appointment of independent directors indicate that each eligible candidate must meet the qualifications of independent directors as required by the company which is also in accordance with the notification of the Capital Market Supervisory Board and in line with the good corporate governance principles.

The details of criteria for the nomination of independent directors and qualifications of independent directors are disclosed in Topic 8 Report on Key Compliance, 8.1 Past Performance of Board of Directors, Sub-topic: Qualifications of Independent Directors.

According to the recruitment criteria for the company's top executives, the Nomination and Remuneration Committee will screen and select talented persons with proper qualifications, ethics, morality and honesty. The basic factors for consideration include qualifications, knowledge and experiences. The Nomination and Remuneration Committee will nominate the qualified person to the Board of Directors for appointment and propose to the Bank of Thailand for approval.

#### **Remuneration of Directors and Executives**

- The Nomination and Remuneration Committee chaired by an independent director shall lay down policies, methods and criteria for remuneration of directors and president with fairness, reasonableness and transparency in relation to the bank's operating results and his/her performances. The remuneration must be on a par with industry's standards and competitive enough to retain desired directors and executives.

- Remuneration of directors is determined by the shareholders meeting both in pecuniary and other forms considered and proposed by the Nomination and Remuneration Committee. The remuneration will be considered on the basis of industry's general practices by considering work experience, knowledge and competencies, coupled with duties and responsibilities and contributions to the bank. The remuneration shall also be on par with those at other SET listed banks in similar industries and the average figures at listed banks according to the survey report on remuneration rates for listed banks' directors by the Thai Institute of Directors. The rates of monetary remuneration and other compensations for the directors approved by the 2020 Annual General Meeting of Shareholders are disclosed in the annual report.

*The details of directors' compensations approved by the shareholders meeting are disclosed in the topic of the Management Structure, No. 9 Remuneration for Directors and Executives.*

#### **Principle 5 : Nurture innovation and responsible business**

##### **1. Taking into account the rights of stakeholders**

The bank gives priority to and takes into account the rights of stakeholders based on related laws; does not commit any act that violates their rights; and is committed to fulfilling its responsibilities towards all groups of stakeholders.

##### **2. Determining the policy on the treatment of stakeholders**

- Instill strong work ethics with strict adherence as guidelines to carry out duties honestly and fairly for the bank, stakeholders, public and society
- Disclose the bank's information to shareholders, investors, and public accurately, comprehensively, in a timely manner, and in line with related laws and regulations; and cooperate with regulators in providing accurate and comprehensive reports in a timely manner

- Establish the bank's code of conduct and ethics in writing as guidelines on the treatment of all stakeholders from internal stakeholders, namely, employees and executives, to external stakeholders, namely, all shareholders, customers, business partners, competitors, government sectors and other agencies. Ensure transparent operations and encourage active cooperation between the bank and stakeholders for mutual benefits; and ensure that stakeholders will receive protection and good treatment

- Establish ethics for directors and employees and promote their participation so that they uphold ethical principles and practices with honesty, morality and carefulness; and prevent any act that violates rules and regulations and tarnishes the bank's reputation

The bank has published the good corporate governance policy, code of conduct and code of business ethics, and code of ethics for directors and employees through the bank's intranet and website; and included them in the training curriculum for employees as follows:

### Section 1 Intention

The objective of the bank's code of conduct and code of ethics for directors and employees is to provide all levels of employees including directors with good practical guidelines as a working standard. Recognized as a trusted financial institution and a national source of funding, the bank strives to operate its business with honesty and well balance between business performance and impacts on shareholders and customers. It also adheres to the principles of business sustainability by taking into account society, environment and humanitarian principles.

Based on the corporate governance principles, the bank intends to operate its business with honor and trust while bringing benefits to customers and maintaining the well balance between the bank and stakeholders. The bank's code of conduct and code of ethics can be categorized into 4 sections as follows:

Section 1: Intention

Section 2: Code of Conduct

Section 3: Code of Ethics for Directors

Section 4: Code of Ethics for Employees

### Definitions

"Code of Conduct"

Refers to rules of practices that the commercial bank has defined to maintain and improve a good reputation and status of the commercial bank's employees.

"Ethics"

Refers to the basic practices for controlling physical and verbal behaviors that employees shall adhere to regularly at work.

"Bank"

Refers to Land and House Bank Public Company Limited.

"Director"

Refers to the bank's directors.

"Employee"

Refers to all types of the bank's employees: trainees, permanent employees and employees with special contracts.

## Section 2 Code of Conduct

2. Code of conduct can be divided into 10 areas as follows:

### 2.1 Code of Business Ethics

The bank shall ensure that employees comply with the code of business ethics as follows:

- 2.1.1 Perform duties with honesty, morality and responsibility to strictly conform to related laws, regulations and rules as well as the anti-corruption policy and anti-money laundering and combating the financing of terrorism policy
- 2.1.2 Prevent and avoid any actions that may lead to the conflicts of interest
- 2.1.3 Perform duties as a professional who has sound knowledge, abilities, skills and prudence
- 2.1.4 Keep confidentiality and shall not use internal information or confidential information to seek unlawful benefits for oneself or others

### 2.2 Roles of Directors and Executives

The bank's directors and executives shall be aware of their duties and responsibilities under the moral and ethical framework in order to promote good governance at all levels in the bank as follows:

- 2.2.1 Directors and executives shall carefully perform their duties and oversee operations with honesty, fairness, morality, responsibility and ethics for the maximum benefit of the bank and stakeholders under the framework and guidelines on the business judgment rule. They shall also protect the bank's benefits by paying attention to the incidents occurred to the bank or its operations.
- 2.2.2 Directors and executives shall play an important role in instilling good corporate governance in the bank, which will boost up the confidence among shareholders, customers, regulators and all stakeholders for the maximum benefits of the bank, industry and nation. For this reason, the good corporate governance policy and ethics have been set clearly in writing and communicated to employees and executives to follow effectively.
- 2.2.3 Directors shall follow the good corporate governance principles and shall act as the intermediary between shareholders and management, with the main duties of determining policies relating to business operations and directions. They also set good corporate governance and supervise executives and management to efficiently and effectively perform their duties in accordance with the defined policies.
- 2.2.4 The bank is required to operate its business under the laws, regulations, standards and practices of regulators, directors as the representatives of shareholders shall set policies while executives as the representatives of management shall carry forward policies to be implemented properly and efficiently. The bank shall also provide an effective internal

control to ensure the bank carries out its business strictly in accordance with laws, rules and regulations.

- 2.2.5 Directors shall make sure that the bank has policies and efficient risk management system to cushion any significant risks. They shall supervise the Risk Management Committee to perform its duties properly and professionally and not to be dominated by any business units. In addition, executives shall be aware of potential risks, protect the bank's benefits while limiting any possible damages to be under risk appetite and effective risk management.
- 2.2.6 Any transactions by directors and executives with the bank shall be taken at an appropriate level or shall be considered as normal business transactions as those of with general persons who are not particularly related to the bank. This is to avoid any conflicts of interest that may arise or be expected. In the event that any conflicts of interest occur, they must be settled fairly and immediately.

### 2.3 Service Standards

The bank shall build confidence for customers and stakeholders by providing service standards as follows:

- 2.3.1 Manage its business effectively, enabling customers and stakeholders to receive the good services
- 2.3.2 Set a good corporate governance to deliver services that comply with related regulations
- 2.3.3 Set a prudent management system and internal control to prevent service errors
- 2.3.4 Set a risk management system that aligns with the business, ensuring the bank is able to manage and properly handle potential risks

### 2.4 Employees and Work Environment

In order to support employees to work effectively, the bank shall provide them the following facilities:

- 2.4.1 Provide a good and safe working environment; therefore, employees are ready to service customers
- 2.4.2 Place an emphasis on treating all employees with justice and honor
- 2.4.3 Encourage and support employees to improve themselves by attending trainings regularly
- 2.4.4 Provide fair compensations for employees based on fair performance evaluation
- 2.4.5 Keep employees' personal information confidential and do not take their information to seek other benefits
- 2.4.6 In case of any investigation on employees' operations, the bank shall support employees for the cooperation with both compliance, internal and external audit units to ensure fairness
- 2.4.7 Do not discriminate the differences of gender, race, age, religion or disability



2.4.8 Prevent any verbal and physical threats that may affect the honor or human dignity of others in the workplace

2.4.9 Provide appropriate communication channels for complaints and whistleblowing

## 2.5 Customer Accountability

The bank shall place an emphasis on customers and treats them with accountabilities as follows:

2.5.1 Offer products and services that meet customers' needs and suitable for customers' purchasing power

2.5.2 Disclose the information about the bank's products and services covering their relevant terms and conditions, risks, service fees and interest rates in a timely manner so that customers can gain deeper understanding and adequate information for making decisions. Moreover, the advertising and public relations must be conducted transparently with clear messages to prevent misleading

2.5.3 Protect the confidentiality of customers' information, unless customers' consent is obtained or the bank has to abide by laws

2.5.4 Provide whistleblowing channels for customers and handle their complaints clearly and properly

2.5.5 Keep a sustainable relationship with customers and do not take bribes and/or benefits, gifts, assets and any forms of entertainment that imply an intention to wrongfully benefit customers

## 2.6 Conflicts of Interest

The bank provides measures to manage conflicts of interest in business operation as follows:

2.6.1 Protection of insider information usage

(1) Provide measures to control securities trading and disclose securities trading account of directors, executives, employees and related parties who may have access to internal information, to prevent abuse of duty for their personal interests or others unlawfully

(2) Provide physical separation of working area to prevent information leakage between business units that may have conflicts of interest

2.6.2 Transactions with connected persons and related person transactions

(1) Transactions the bank does with directors, executives, major shareholders or connected persons shall not lead to a transfer of benefits of the bank.

(2) Persons who have any interests with or involve in any transaction shall not participate in decision-making process of that transaction to ensure the maximum benefits of the bank.

- (3) Carefully define regulations and process for connected transactions to ensure benefits of the bank and its shareholders

#### 2.6.3 Receiving and giving gifts, receptions and other benefits

- (1) Receiving or giving gifts and other benefits to foster business relationships shall be operated with caution, reasonability and value suitable for occasions and tradition.
- (2) Do not offer a bribe, reward, provide or claim for any other inappropriate benefits either directly or indirectly to/from customers, government agencies, private organizations, or any third parties, which influence their neutral judgment or influence others on their duties as to gain improper benefits.

### 2.7 Information Management

The bank has guidelines to appropriately manage its information and communication as follows:

#### 2.7.1 Information Management

- (1) Appropriately protect, store and maintain customers' and bank's information, not to disclose it as prescribed by laws
- (2) Not disclose customers' and bank's information, except when customers' consent is obtained or when the bank has to abide by related laws

#### 2.7.2 Communication

Communications, statements or any information related to the bank, its business and customers provided to mass media or any media shall be conducted properly and correctly, and only by authorized persons acting on behalf of the bank.

### 2.8 Overall Supervision

The bank shall operate its business in accordance with related laws, bank's regulations and policies, and good governance principles as follows:

- 2.8.1 Provide employees with knowledge and understanding of laws and regulations and potential risks of non-compliance that may affect the bank's operations, image and reputation, and encourage them to be aware of their responsibilities
- 2.8.2 Establish a unit responsible for compliance with laws and regulations. This unit shall perform its duties independently from the bank's management, and be equipped with appropriate staff and other resources
- 2.8.3 Ensure regular review of the compliance with laws, regulations of regulators, policies and regulations of the bank; and provide solutions and preventive measures under the framework of laws, good governance principles, policies and regulations of the bank
- 2.8.4 Appropriately enforce a disciplinary actions against those who do not comply with laws and regulations by considering the effect and nature of offenses; and ensure fairness to all parties without discriminations

- 2.8.5 Provide channels for whistleblowing or to report any suspicious acts against honesty or any acts that does not comply with related laws and regulations

## 2.9 Trade Competition and Dispute Resolution

To ensure that the bank's operation has been performed efficiently and sustainably, the bank shall proceed as follows:

- 2.9.1 The bank shall operate its business freely and compete fairly without making agreements with other companies to determine purchase price, selling price, or terms of service that are unfair to customers.
- 2.9.2 The bank shall offer products and services that are beneficial and cost-effective to customers, allowing them to choose products and services freely; and not obstruct them when they opt for other bank's services.
- 2.9.3 The bank shall not attack its competitors or take any action that is a monopoly, reduces or limits competition in the market.
- 2.9.4 In case of dispute, the bank shall provide appropriate process to settle or mediate a dispute.

## 2.10 Society and Environment

The bank is committed to operating its business with responsibility towards society and environment, carefully dealing with any matter that may affect public feelings, and promoting employees' environmental accountability.

## Section 3 Code of Ethics for Directors

The Board of Directors plays a vital role in leading the bank to success by determining policies and guiding the employees' behaviors to the right directions. Consequently, the board shall comply with the following Code of Conduct and Ethics in serving as a good role model for executives and all levels of employees.

### 3. Code of Ethics for Directors consists of 3 areas as follows:

#### 3.1 Business Management

- 3.1.1 Supervise the business operations without potential risks to the security of the bank
- 3.1.2 Perform the duties with integrity, transparency, morality and justice to ensure that the maximum benefits of the bank has been taken into consideration when making any decision or taking any action without discriminations or abstentions by upholding the principle of equality
- 3.1.3 Perform duties in a professional manner with knowledge, skills, determination and caution; and apply existing knowledge and skills to manage the bank to the fullest
- 3.1.4 Refrain from seeking personal interests and related persons' interests by disclosing or exploiting non-public information or confidential data to a third party that may constitute conflicts of interest both intentionally and unintentionally. Information gained from positions shall not be used for personal financial gains and others

- 3.1.5 Oversee the bank's operations to be in compliance with related laws, regulations and ensure that no facts are concealed and the information is reported accurately, completely, timely and regularly
- 3.1.6 Comply with the laws and regulations relating to the business operations

### 3.2 Relationship with Shareholders, Customers, Creditors, Business Partners and Employees

- 3.2.1 Directors have responsibilities towards shareholders for information disclosure, accounting practices, insider information and conflicts of interest.
- 3.2.2 Always protect customers' interests, pay attention to and take responsibility towards them by providing good quality products as well as keeping products' standards
- 3.2.3 Behave within the rules of good competition by refraining from destroying the reputation of competitors or dishonest or fraudulent acts to seek for competitors' information
- 3.2.4 Ensure equal employment opportunities and equal employee-related principles; and build confidence that employees have knowledge and skills necessary for their job functions

### 3.3 Social and Environmental Responsibilities

- 3.3.1 Operate business with social and environmental accountabilities
- 3.3.2 Take precautions and pay attention to any operations that may affect the public
- 3.3.3 Promote environmental accountability among employees

## Section 4 Code of Ethics for Employees

### 4. Code of Ethics for Employees consists of 4 areas as follows:

#### 4.1 Integrity

Integrity is a fundamental qualification of executives and employees at all levels who can possibly provide gains or incur damages to customers, colleagues, shareholders, financial system and society as whole. As a result, in order to win trust and credibility among customers, shareholders and regulators, executives and employees must perform their duties with justice, honesty, mental strength and ethical strength. They may not succumb to bribery or personal gains and have to act in the best interests and satisfactions of customers and public as whole.

#### *A. Code of Conducts for Supervisors and Executives*

1. Understand the importance of code of ethics for financial professionals that they have to adhere to honesty as their first priority
2. Be a coordinator who conveys the policies of regulators and shareholders to related parties to understand and put them into practices
3. Be a good leadership role model

4. Encourage and support employees to realize the importance and virtue of performing their duties with honesty and fairness by providing them knowledge, praising and/or rewarding executives and employees who work with honesty, sincerity and morality
5. Build up trust, reliability and satisfaction for customers by pointing out disadvantages, inaccuracy and impact arising from giving bribes, rewards or other undue benefits to employees and executives

#### ***B. Code of Conducts for Employees***

1. Honesty is the foundation for building trust and confidence among customers, which ultimately leads to business success and higher ethics.
2. Perform duties with honesty and protect the bank's benefits as it is your own business
3. Provide services to customers with a purpose in maximizing their benefits based on honesty and legitimacy
4. Shall not place an importance on their own personal interests over accountability to the bank and shall not seek benefits or embezzle assets likely to belong to the bank or its customers
5. Shall not disclose the information of customers' projects to other persons or shall not run a business to compete with customers
6. Shall be honest with customers and shall not exploit customers' trust to seek personal benefits
7. Avoid receiving anything of value or gifts from customers, if possible, employees shall receive them on behalf of the bank as a service provider and not obtain them for personal benefits
8. Shall not exploit his/her position for personal benefits and shall not allow other persons to seek benefits from his/her own name or position
9. Shall not solicit for any other assets from customers, except expenses and fees charged by the bank
10. Shall not give hope or pledge to customers of any particular subject that he/she has no authority to do so
11. Prompt to resolve customers' problems and be ready to assist as much as possible if the case is not contrary to the bank's benefits or causes any damage to the bank
12. When receiving money from customers to pay to the bank, he/she shall deliver receipt to the customer promptly

#### **4.2 Confidentiality**

In the bank's business, keeping confidentiality means securing all major types of information of the bank and customers. The critical information includes:

- Financial information, account, name and address of customers

- Information about the bank's assets
- Information about the internal management of the bank, including statistical figures and various reports
- Information about the bank's former and existing employees
- Information about the bank's business partners
- Information about business communications with government or its agencies

Keeping confidential information of the bank is very important for any financial and banking business. To some extent, by the nature of business, the employees are privy to the confidential information of customers, which, if disclosed, can cause damages to customers or other parties. Therefore, a guideline has been laid down to protect the reputation and avoid any damage to the bank and its customers.

**A. Code of Conducts for Supervisors and Executives**

1. Receive guidelines and regulations from coordination unit and apply to the bank's guidelines and policies by setting as the bank's practices
2. The supervisor shall create the bank's environment that supports the protection of confidential information.
3. Set up a department responsible for controlling employees' operations to be in accordance with the regulations of confidential information protection
4. When all employees acknowledge and realize such practices, supervisors and executives are responsible to advise them in case of any interruption as well as paying attention to their opinions and suggestions, and consequently, applying their feedbacks to the bank's practices and operations.

**B. Code of Conducts for Employees**

1. Keeping the confidentiality of the bank and its customers is a fundamental principle of business. Employees shall maintain customer confidentiality and shall not disclose the bank's information that has not yet been publicly disclosed, except when getting permission from customers or top executives, or complying with the laws.
2. Employees shall not exploit the information obtained or prepared by their assigned duties to seek personal benefits or other persons' benefits.
3. Employees shall be aware of the defined procedures. In case of any obstacles or having opinions and suggestions, employees shall consult with their supervisors and executives to adjust the procedures to suit the bank's operations.
4. Employees shall keep the confidentiality of the customers' information strictly and shall not exploit customers' information for their own benefits.
5. In some cases, employees shall not disclose customers' information to other employees or to other departments because it may lead to conflicts of interest.

6. Employees who are privy to personal information of other employees such as salary and benefits are able to disclose the information to internal and external parties only when necessary with carefulness and strictness.
7. Employees shall not criticize personal matters or information of customers and colleagues in a negative way.

#### **C. Exceptions**

In some cases, the bank may disclose confidential information when:

- Required by laws such as court writ
- Required by social responsibility and obligation
- Specially requested by any occasion; however, a written consent from customer is required.

### **4.3 Professional Ethics**

Building awareness among executives and employees to behave in accordance with proper framework of procedures by considering the principles of morality, ethics and justice will result in a positive image of the bank.

#### **A. Code of Conducts for Supervisors and Executives**

1. Set guidelines or work manuals comprehensively and clearly as standards for business operation which is grounded in morality, ethics and justice
2. Supervise the operations of employees under supervision and/or in departments related to their duties to ensure compliance with the bank's prescribed guidelines
3. Executives shall behave themselves and act as role models for employees at all levels.
4. Executives shall develop employees to have deeper knowledge and expertise in products and services for the maximum benefits of customers.
5. Shall not induce customers to use the bank's products or services through fraudulent propaganda or exaggerated information that can mislead customers

#### **B. Code of Conducts for Employees**

1. Have a positive attitude and loyalty to the bank
2. Efficiently perform duties with knowledge and abilities required by professional standards with carefulness and responsibility
3. Provide important information to customers in regard to their benefits, terms and conditions truthfully, completely and clearly
4. Avoid inappropriate behaviors relating to temptation, drug, all types of gambling, insolvency and immorality, which damage the image of themselves and the bank
5. Always treat customers with equality, honesty and friendliness



6. Cooperate and promote activities that will generate mutual understanding among employees at all levels
7. Follow laws, regulations and standards related to the bank's business strictly
8. Provide customers' information adequately for using in performing duties and servicing them efficiently
9. Design efficient management to maintain healthy financial stability and status to prevent any damage to customers and the general public
10. Compete with peers or other banks under the defined rules and regulations without blaming and defaming others
11. Behave properly as a representative of the bank

#### 4.4 Service to Community

The bank's business operations is not limited only to related associates, industry, companies and customers, as an individual and a juristic person in the society of the country, a financial professional shall realize and be aware of altruism both in business and personal aspects.

##### *A. Code of Conducts for Supervisors and Executives*

1. Receive guidelines and regulations from coordinating departments to apply to the bank's guidelines and policies and to set up the bank's practice accordingly
2. Executives shall behave as a good role model and shall encourage members of the bank to realize the importance of social activities.
3. Specify the purposes of the business to benefit society and not cause any damages to society
4. Support and follow the government policies, and take part in government's activities

##### *B. Code of Conducts for the Bank's Employees*

1. Strictly comply with policies or regulations regarding the scope of social practices defined by the bank
2. Participate in and support social and community activities as appropriate
3. Preserve the nation's arts and culture
4. Shall not cooperate or support any activity which negatively impacts environment and society
5. Shall not cooperate or support any activity which could be detrimental to morality or promote temptation

## Whistleblower Policy

The bank has determined a whistleblower policy to ensure the effectiveness of whistleblowing. The procedure and channels of receiving and handling complaints or other significant matters are therefore provided. Moreover, the bank protects whistleblowers from any threat or damages. The practical guidelines are as follows:

### 1. Whistleblowing / complaints of fraud and corruption

- Employees shall not ignore or neglect when they have found or acknowledged any activity that is contrary to the regulations and orders of bank or any suspicious act of corruption which is related to the bank. Employees shall inform such attempt through channels provided by the bank.
- Employees shall actively collaborate with any investigation process and provide facts of acts that fall under the category of fraud and corruption they have witnessed.

### 2. Issues for whistleblowing / complaints about fraud and corruption

- Misuse of authority to seek any alleged benefits for individual, family, friend and acquaintance such as giving or taking bribes or benefits, conflicts of interests, deception, violation of the bank's regulations and policies
- Destruction of documents, distortion or concealment of information in order to support corruption
- Suspicious act of corruption or situation/ information that may be within the scope of such act
- Negative impacts from giving corruption clues, providing information, collaborating in investigation process, or refusing to involve in corruption such as being bullied at work, downgraded, penalized, dismissed from work or other impacts that harm whistleblower

However, complaints related to problems and/or disputes between individuals or anonymous complaints are not counted as whistleblowing / complaints about fraud and corruptions.

### 3. Channels for whistleblowing / complaints of fraud and corruption

Witnesses of suspected corruptions or victims of threats from refusing to engage in corruptions can raise any concerns/ lodge any complaints either anonymously or otherwise with clear facts or sufficient evidence to believe that fraud and corruption exist through the chairman of the Corporate Governance Committee.

### 4. Protection for whistleblower and those who refuse to engage in corrupt practices

The bank has set a protective mechanism for persons who collaborate with the bank for any acts against fraud and corruption which include whistleblowing, providing information and refusing to engage in fraud and corruption, to ensure such acts hold no harm to informants. The mechanism is as follows:

1. The bank will protect the persons who collaborate with the bank for whistleblowing or refusing to engage in fraud and corruption from any trouble, danger or unfair treatment arising from the collaboration of anti-corruption.
2. The bank will not demote, impose penalties, or pose any negative impact on staff or executives who reject fraud and corruption even such acts might cause the loss of business opportunity to the bank.

3. In case the whistleblowers/ complainants found to be at risk, they can request for appropriate protective measures from the bank.

4. To protect the rights of complainants supplying information in good faith, the bank will keep their personal information confidential by limitedly revealing the information only among investigation team. If such information is found to be misused and disclosed improperly, it will be considered as a violation and subject to disciplinary actions.

5. In case, employees or executives are found guilty of unfair treatment or causing damages to others with a motive for being reported / complained or refused to involve in corruption, such acts are subject to disciplinary actions.

#### **Channels for whistleblowing**

The bank provides channels for shareholders, investors, customers and public who witness any suspected fraud and corruption or receive impacts from refusing to engage in fraud and corruption to whistleblow via independent directors of the bank as follows:

1) Chairman of the Corporate Governance Committee

Mr. Pradit Sawattananond

Tel. 08 1868 1487

Email: pradits@lhbanks.co.th

2) Secretary of the Corporate Governance Committee

Mr. Kukrit Singhon

Tel. 08 5152 2566

Email : kukrits@lhbanks.co.th

#### **Receiving general complaints**

The bank provides various channels for both internal and external stakeholders to lodge their complaints and sets up the work group to verify the fact to ensure fairness, transparent and accountability.

#### **Channels for complaints**

The bank provides channels for shareholders, investors, customers, employees and public to lodge their complaints via 4 independent directors as follows:

#### **Independent directors**

Mr. Pradit Sawattananond Chairman of the Audit Committee

Tel. 08 1868 1487

Email: pradits@lhbanks.co.th

Mr. Somsak Assavapokee Member of the Audit Committee

Tel. 08 1868 1487

Email: pradits@lhbanks.co.th

Dr. Supriya Kuandechakupt Member of the Audit Committee  
Tel. 08 5901 5888  
Email: supriyak@lhbanks.co.th

Mr. Pichai Dusdeekulchai Member of the Audit Committee  
Tel. 09 8992 8295  
Email: pichaid@lhbanks.co.th

**Bank's website** : [www.lhbanks.co.th](http://www.lhbanks.co.th)  
**E-mail** : [presidentoffice@lhbanks.co.th](mailto:presidentoffice@lhbanks.co.th)  
**Call Center** : 1327

### 3. Disclosure of policy compliance and reporting for sustainable business development

The bank has established a policy on corporate social responsibility for sustainable business development by integrating CSR into the main process of business operations (CSR-in-Process) and outside the main process of business operations (CSR-after-Process). It also reinforces executives and staff at all levels to engage in and instill a volunteer spirit to build their awareness of social responsibility. Also, it lays a strong foundation for sustainable development which leads to true sustainability of social and national development.

#### Social Responsibility for Sustainable Business Development Policy

The bank is aware of operating business with social responsibility for sustainable growth by focusing on taking care of stakeholders, economy, society and environment with morality and ethics as well as corporate governance. The business operations must be conducted with honesty, transparency and fairness with the awareness of negative impact on the economy, society and environment. Thus, the bank develops the policy of social responsibilities for sustainable business development in writing following the guideline of Corporate Social Responsibility Institute, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The bank realizes the importance of "dependence" as people in the society are target consumers of every business' products and services. Therefore, no matter what direction a business organization is developing towards, people in the society inevitably contribute some support. The policy and practical guideline help direct members of the organization to operate CSR-in-process and CSR-after-process by encouraging executives and employees at all levels to instill voluntary spirit and CSR awareness.

The policy on social responsibilities for sustainable business development consists of principles and practical guidelines for directors, executives and employees at all levels to adhere to 9 areas as follows:

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect for Human Rights
5. Fair Treatment of Labor
6. Responsibilities towards Consumers
7. Cooperation in Development of Community and Society

8. Environmental Management

9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

● **Disclosure of the Policy Compliance and Reporting for Social Responsibility**

The bank discloses its compliance of social responsibility policy in the annual report and bank's website, including employees' participation in conformity with the policy to instill a sense of social responsibility.

**4. No violations of human rights and care for public sentiments**

The bank recognizes the importance of stakeholders, employees, communities and surrounding societies that should be treated with fairness, equality, respect and dignity. The bank aims to build good relationships, not violate basic rights, and operate its business with great care of public sentiments. This endeavor is fundamental to human resource management and development.

The bank is aware of fair treatments for employees at all levels, ensuring that they will receive appropriate remunerations and benefits while developing their potential for professional advancement and supporting employees participation as well as providing them with several channels to receive complaints and to report any inappropriate acts. Staff members are able to voice their opinions, report or lodge complaints or concerned issues which are considered unfair, corruptive or misconducted through supervisors or other channels. The bank has established independent procedure for receiving complaints with the committee to scrutinize them to ensure fairness and transparency. Verifications and decisions are made by taking into account the results and remedies in accordance with the principles of human rights and with the aim to encourage staff to share their opinions when there are any actions, committed by the bank or staff, that might violate human rights. Such practice ultimately helps reflect problems and solutions. In addition, the bank supports and respects any protection of human dignity by not engaging in forced labor and child labor exploitation, which affect the confidence of external stakeholders.

**Occupational Health and Safety Policy in Workplace**

The bank has determined the occupational health and safety policy for the workplace and established the Safety Healthy Environment Committee (SHE) as a mechanism to drive the policy to a success.

**5. Reinforcing Fair Treatments of Stakeholders**

**Fair Treatments of Employees**

The bank has provided appropriate remunerations, benefits and provident funds for good quality of life of employees.

**Fair Treatments of Business Partners, Competitors and Creditors**

The bank has encouraged fair treatment towards business partners, competitors and creditors in terms of costs and returns. For example, the bank manages its procurements by determining adequate delivery period, and fair trade agreements; does not involve in any activities that violate property or infringe intellectual property; and arranges payments for services or acquisition of properties in a fairly and timely manner.

**Principle 6 : Strengthen effective risk management and internal control**

**1. Internal Control and Internal Audit**

The Board of Directors supports and places an importance on internal control activities in 5 areas to ensure that the bank has adequate and appropriate internal control to achieve the established objectives of business operations under the good compliance and internal control as follows:

- Environment
- Internal control
- Risk assessment
- Information technology system control and communication
- Monitoring and evaluation

**2. Risk Management**

The Board of Directors places an emphasis on risk management across the organization and monitors the financial business group to have risk governance framework and risk culture. The Board of Directors has established the risk management policy and risk management procedures which consist of risk identification, risk assessment, risk monitoring and controls, and risk reporting; and regularly reviewed the adequacy and effectiveness of risk management.

**3. Compliance with Regulations**

The Board of Directors, executives and employees of the bank in the financial business group have complied with related laws, regulations and rules to ensure that all companies have operated their businesses with responsibilities, transparency, equitable treatment of stakeholders and management with honesty. The bank also ensures the companies in the financial business group have complied with supervisory regulations, provides the procedure for related party transactions with performance report, data storage and booking according to financial reporting standards.

**Profile of the Head of Compliance**

**Name** : Mr. Kukrit Singhon  
**Position** : Vice President, Compliance Office  
**Age (Years)** : 45  
**Education** :  
 - Doctor of Juridical Science (J.S.D.), Chulalongkorn University  
 - Master of Laws (LL.M.), Chulalongkorn University  
 - Bachelor of Laws (LL.B.), Thammasat University

**Work experiences in the past 5 years**

❖ **Current Position in 1 Listed Company on the Stock Exchange of Thailand**

Period	Position	Organization/Company
Feb 2019 - Present	Vice President of Compliance Office	LH Financial Group PLC

Oct 2015 - Jan 2019	Vice President, Compliance Department	Sumitomo Mitsui Banking Corporation  Co., LTD. (SMBC/Japan) Bangkok Branch
Aug 2014 - Sep 2015	AVP, Compliance Department	Citi Bank N.A/USA, Bangkok Branch

❖ Current Position in Non-Listed Companies on the Stock Exchange of Thailand – None –

#### Duties and Responsibilities of Compliance

##### Regulatory and Corporate Compliance Office

- To be a center of rules and regulations regarding commercial bank business
- To oversee, monitor and control the bank's operations in compliance with the financial institutions Businesses Act, B.E. 2551 (2008), the Securities and Exchange Act, B.E. 2535 (1992) and their amendments as well as relevant regulatory requirements
- To analyze the notifications, regulations and formulate an operational plan for business units such as preparation of policies, regulations, operating manuals to comply with regulations, and monitor the results of operations according to the operational plans.
- To evaluate appropriateness of processes and practices relating to compliance when new products or new businesses are launched
- To advise regulations of the Bank of Thailand, the Office of Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC) and other official regulations related to commercial banking business
- To be a center for the preparation of permission/approval letters, request for waivers, request for consultations, and notification to the Bank of Thailand, the Office of Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC).
- To report the annual compliance to the Bank of Thailand and the Office of Securities and Exchange Commission, and other regulatory units as specified.

##### Compliance Testing Office

- To assess and identify risks that may arise from non-compliance with organizational standards, laws or regulations
- To randomly review the performance of departments to comply with organizational standards, laws or regulations and monitor the defects detected and suggest solutions
- To assess the suitability of processes and guidelines for compliance with corporate standards, laws or regulations including the launch of new products or businesses to comply with risk management



#### Data and Information Technology Compliance Office

- To be a data center for Foreign Account Tax Compliance Act (FATCA) and related IT technology by setting up supervisory guidelines and regulations and work process in compliance with international standards, laws, rules and regulations of regulators; randomly review the compliance, monitor identified defects; and propose solutions to management and the Corporate Governance Committee
- To request for permission, waiver, consultation and acknowledgement of IT and FATCA-related matters by acting as a center between the bank and regulators
- To oversee IT operations and FATCA to comply with laws, policies, charter, rules and regulations
- To oversee the use of IT outsourcing services by supervising and reviewing the draft contract of IT outsourcing services according to the regulation of the Bank of Thailand
- To oversee the review of policies, charter, rules and regulations and related operation manuals on IT operations and Foreign Account Tax Compliance Act (FATCA) according to the specified period
- To renew the license of smart card reader software
- To compile data set reports used for IT compliance task and reporting advance payments as required by the Bank of Thailand
- To report significant events (Event Report) and temporary shutdown of IT system to the Bank of Thailand
- To compile the statistical records of IT system failures from 4 channels including mobile banking, internet banking, ATM/ADM and branches, and disclose such failures affecting critical services
- To prepare and submit annual report to the Bank of Thailand and the Office of Securities and Exchange Commission

#### AML/CFT Compliance Office

- To oversee the operations relating to FATF standards in terms of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) to align with relevant laws, policies, regulations, manuals and procedures; to be an official data center for the said standards and to evaluate the implementation of relevant policies, regulations, manuals and procedures
- To randomly review the AML/CFT operations against regulations and to monitor identified defect and propose solutions to management
- To inspect financial transactions according to orders of regulators
- To verify information according to the orders of official authorities such as designated person information and persons with high risk for money laundering from the Office of the Anti-Corruption Commission

- To regularly provide trainings on the compliance with the Anti-Money Laundering Act, B.E. 2542 (1999) and the amendments, the Counter-Terrorism Financing Act, B.E. 2556 (2013) and the amendments as well as relevant rules and regulations for employees at all levels
- To prepare and submit annual report to the Bank of Thailand and the Office of Securities and Exchange Commission

#### **Compliance Strategy and Planning Office**

- To prepare strategic plan for compliance as a guideline for operations to comply with the bank's policy
- To regularly organize trainings for employees at all levels about relevant laws and relevant regulations.
- To supervise, monitor and review information related to customer complaints and handle complaints effectively.
- To assess the adequacy and propose improvements to any operational procedures to supervise the operation to be in accordance with the organization's standards and regulations
- To provide annual compliance report to the Bank of Thailand and the Securities and Exchange Commission and other regulators as required

#### **The number of personnel in the Compliance Group as of December 31, 2021**

There were 20 staff in the Compliance Group in total consisting of 3 in Regulatory and Corporate Compliance Office, 5 in the Compliance Testing Office, 3 in the Data and Information Technology Compliance Office, 8 in the AML/CFT Compliance Office and 1 in the Compliance Strategy and planning Office.

#### **4. Prevention of Conflicts of Interest**

The Board of Directors is aware of any transactions with conflicts of interest, connected transactions or inappropriate connected transactions for which pricing and conditions should be determined similarly to those with external parties. In addition, the disclosure of information shall conform to regulations, rules and laws.

#### **Conflicts of Interest Policy**

The Board of Directors realizes the importance of building trust and credibility in business operations and benefits of shareholders and all groups of stakeholders, protecting them from damages that may affect the reputation and image of the bank. The bank has determined the conflicts of interest policy with the following principles and guidelines:

#### **Conflicts of Interest Principle**

1. The transactions of the bank shall avoid the conflicts of interest deliberately and reasonably. Moreover, the transaction should be conducted independently under the good ethical framework for benefits of the bank, shareholders and all groups of stakeholders. Therefore, the directors or executives who may have benefits related to the bank's transaction shall not be permitted to consider and approve such transaction.

2. To conduct any transactions between the bank and companies within the solo consolidation, or any transactions among the companies within the financial business group in conformity with the same rules and conditions applied to other persons in the normal course of business at a similar level of risk and align with policy, regulations and related laws.

3. The related party's transactions, transactions connected to related parties and an information disclosure shall be in line with rules, regulations and laws.

4. The directors, executives and employees shall follow the insider information policy strictly.

5. The directors, executives and employees shall accurately and adequately disclose the information about the transactions with the bank or with companies within financial business group for the benefit in making decisions, considering and approving the bank's transactions or the transactions of companies within in the financial business group.

6. Securities trading shall comply with the rules and regulations on securities trading of regulators.

#### **Practical Guidelines for Conflicts of Interest**

The bank prioritizes the prevention of conflicts of interest by laying down the following guidelines:

1. To determine the measures to prevent misuse of information
2. To determine the operational regulations to prevent any action that may cause conflicts of interest, connected transactions or improper related party transactions
3. To determine the measures to monitor, control and audit the implementation

The bank has disclosed the details of the transactions that may cause conflicts of interest or the connected transactions according to the regulations of the Securities and Exchange Commission and Capital Market Supervisory Board, in the annual report. This also includes the disclosures of related transactions in the notes to the financial statements.

The directors must immediately inform the bank when having the conflicts of interest both directly and indirectly in any contracts of the bank or any doubt for conflicts of interest.

At the meeting of the Board of Directors or the shareholders' meeting, the bank has determined that the Board of Directors, executives, or shareholders with the stake holding in any agenda shall reveal the information about their stakes and related persons to the meeting. They have no rights to vote in such agenda in order to allow the meeting to consider the transaction with the possible conflicts of interest and make the decision for the bank's benefits, and also cannot attend to consider such agenda.

Any director or person who may have the stakes or the conflicts of interest shall not consider and not have the authority to approve the operations of the bank and also cannot cast their vote for such agenda as required by the Office of the Securities and Exchange Commission and / or the Stock Exchange of Thailand and the interest shall be recorded in the resolution of such agenda.

Directors are responsible for reporting the securities trading and changes in their securities holding to the Board of Directors.

The Board of Directors is aware of the transactions with conflicts of interest, connected transactions or inappropriate connected transactions for which pricing and conditions should be determined similarly to those with external parties. In addition, the disclosure of information shall conform to regulations, rules and laws.

### **Anti-corruption Policy**

The company is determined to operate its business in line with laws, honesty, moral, code of conduct and business ethics, as defined in organizational values. The company also aims to perform business together with social responsibility and good corporate governance. Thus, the company has established the anti-corruption policy and joined the Thai Private Sector Collective Action Coalition Against Corruption (CAC) as guidelines for operations. The principles and guidelines are as follows:

#### **Practical Guidelines**

1. The bank pays attention to the anti-corruption as follows:

##### **1.1 Gifts, Presents, Receptions and Benefits**

Do not give or receive gifts, presents including other benefits that motivate to perform or not perform the duties honestly or may encourage the consent in inappropriate business agreement. It is required to follow the regulations in the code of conduct and business ethics, the code of ethics for directors and the code of ethics for employees in all levels.

##### **1.2 Bribes and Incentives**

Do not give or receive all forms of bribes and incentives, and do not delegate others to give or receive any form of bribes and incentives on your behalf.

##### **1.3 Charitable Donations and Financial Support**

Charitable donations and financial support must be transparent and not conflict with laws and morals.

##### **1.4 Activities and Political Participation**

1. The bank shall not take the bank's capital or other resources to support any candidates, political parties, or political campaigns or movements, except for legal approval or to promote overall democracy. Such support needs approval from the Board of Directors before proceeding.

2. The Board of Directors shall show honesty, be good role models for the compliance with the anti-corruption policy, create understanding and encourage employees in the financial business group to consistently and seriously adhere to the anti-corruption policy while embedding such policy into organizational culture.

3. All directors, executives and employees shall not ignore or be inactive when seeing any actions that are subject to corruption related to the bank. They must report such incidents to supervisors or responsible persons and they must collaborate with the investigation process. Channels for voicing complaints from external persons are also provided as detailed in whistleblower policy set by the bank.

4. The bank provides business supervision and operations under good internal control, systematically assesses significant risks at least once a year, delegates different responsibilities appropriately, installs sufficient and reliable information system, and frequently monitors and assesses the internal control.

5. The bank has published the anti-corruption policy through internal and external media such as the bank's intranet and the bank's website as well as in annual reports. This policy is under Thailand's anti-corruption law.

6. All actions which follow the anti-corruption policy are required to follow the guidelines as given in the "good corporate governance policy" and "the code of conduct manual", which include the related bank's policies and regulations, as well as other guidelines that the bank will set up.

7. In case employees break the rules and regulations by performing corrupt actions, it will be considered as an act of indiscipline. He or she must face a penalty which is considered as per the regulations that bank has set. If the actions break the laws, he or she must be under investigation and legal penalty.

#### Principle 7: Ensure Disclosure and Financial Integrity

The Board of Directors oversees and pays attention to the disclosure of its important Information both financial and non-financial to be completed, timely, transparent, easily accessible, equal and credible.

##### 1. Disclosure of Financial Information and Non-financial Information

The bank has disclosed important information to the shareholders, investors and public with transparency, accuracy, completeness, timeliness and accountability in compliance with the related laws and regulations in both Thai and English versions via various channels which are convenient to access, easy to search, equal and reliable as follows:

1. The bank's website ([www.lhbank.co.th](http://www.lhbank.co.th)) where information is available in 2 languages: Thai and English
2. IR / PR news of the bank
3. Analyst meeting (In 2020, no meeting was held due to COVID-19 outbreak)
4. Press conferences and PR news distribution (In 2020, no meeting was held due to COVID-19 outbreak)
5. Newspapers' announcement

The Board of Directors places the emphasis on the quality of financial statements and adequacy of disclosed important information. The disclosures were in line with regulations of the Bank of Thailand, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Financial Reporting Standards. The financial statements were reviewed / audited by the certified public accountants and endorsed by the Audit Committee and the Board of Directors before disclosure.

In addition, the bank has disclosed unaudited quarterly financial statements in the notes to financial statements, MD&A on a quarterly basis and capital requirement disclosure (Pillar III Report) of the financial business group for investors to acknowledge information and the change of financial position and operation result which could be beneficial for the shareholders, investors and public.

The Board of Directors provided the report on its responsibilities for financial statements and financial information which show together with the auditor's report in the annual report. The bank's financial statements comply with the financial reporting standards and appropriate policies are regularly implemented.

The bank published the 2019 annual report within 120 days from the end of the fiscal year through the bank's website on March 11, 2020.

The bank has the channels of information and contact at:

Address : 1 Q.House Lumpini Building, 5<sup>th</sup> Floor, South Sathon Rd.,  
Thungmahamek, Sathon, Bangkok 10120

Telephone : 0 2359 0000 Ext. 2019, 2020, 2021, 2024

Fax : 0 2677 7223

Email : [presidentoffice@lhbank.co.th](mailto:presidentoffice@lhbank.co.th)

Website : [www.lhbank.co.th](http://www.lhbank.co.th)

The bank discloses the shareholding structure and shareholding information of directors and executives, including both direct shareholding and indirect shareholding by a spouse and children under legal age in the annual report.

The bank has assigned the department which is responsible for disclosing information, receiving requests, coordinating for information provision and building good relationships between the bank and shareholders, investors, analysts and other related organizations.

On the basis of fairness, the bank discloses several reports which are easy to understand by providing explanations for the annual performance and major events to the shareholders.

The Board of Directors has assigned the Audit Committee to review the financial report of the bank to ensure that they follow the financial reporting standards and are disclosed the information adequately.

The bank has disclosed the reports of the Audit Committee, sub-committees, name lists and authorities of the Board of Directors, total number of meetings, total number of attendance of individual director, remuneration and profiles of directors and executives, bank's information and auditor's report are also disclosed in the annual report and on the bank's website.

The bank informs meeting details and documents of the shareholders' meetings in Thai and English to investors through its main website in advance. This way, shareholders can have enough time to study the supporting documents beforehand. Besides, the bank announces the meeting notification on newspapers for 3 consecutive days and at least 3 days prior to the meeting date. Each items on the agenda is clearly stated whether it is matters for acknowledgement, matters for approval or matters for consideration, together with the Board of Directors' opinions on each item.

## 2. Investor Relations Function

The bank assigns the company secretary to be responsible for investor relations, publicizing the financial and general information of the organization to the shareholders, investors, securities analysts, and related supervising bodies via different channels such as the Stock Exchange of Thailand, the Securities and Exchange Commission and the bank's website under the topic of "Investor Relations" in order that interested persons can study the information conveniently.

In 2020, the bank released a number of news to mass media, investors, securities analysts. It is another channel to effectively communicate with all stakeholders about the bank's information.

## 3. Appointment of External Auditor and Determination of Audit Fee

The Audit Committee considered the qualifications and performance of auditor, proposed to the Board of Directors for consent and the board will propose it to the shareholders meeting for approval. The list of prospects to be appointed as the bank's auditor shall be consented by the Bank of Thailand and disclosed in the annual report.

According to the bank's policy, all companies under the LH Financial Group public Company Limited financial business group shall have the external auditor which currently is EY Office Limited.

The company paid for the remuneration of the external auditor expenses to EY Office Limited as follows:

### 1. Audit Fee

Table: Audit fee in 2021 and 2020

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2021	2020	Amount (Baht)	Rate (%)
<b>1. Review Fee</b>				
• 1 <sup>st</sup> quarter ended 31 <sup>st</sup> March	750,000	750,000	-	-
• 3 <sup>rd</sup> quarter ended 30 <sup>th</sup> September	750,000	750,000	-	-
<b>2. Review Fee</b>				
• For the 6-month period ended 30 <sup>th</sup> June	1,900,000	1,900,000	-	-
• Fiscal year ended 31 <sup>st</sup> December	1,900,000	1,900,000	-	-
<b>Total</b>	<b>5,300,000<sup>(1)</sup></b>	<b>5,300,000<sup>(1)</sup></b>	<b>-</b>	<b>-</b>
<b>Remarks :</b> <sup>(1)</sup> This audit fee excluding the fee for reviewing employees' benefits by actuarial expert which will be charged to the bank based on actual costs incurred, estimated not to exceed Baht 200,000 per year and the fees for reviewing and auditing to report to the CTBC's auditors.				

### 2. Non-Audit Fee

- None -



## Principle 8: Ensure engagement and communication with shareholders

### 1. Rights of Shareholders

This means not to conduct any act of infringement or derogation of the rights of shareholders and all shareholders are encouraged to exercise their fundamental rights as regulated by law.

### 2. Protection of Shareholders Rights and Fair Treatment of Shareholders

In recognition of the significance of shareholders' basic rights, the bank is committed to ensuring equitable treatment of all shareholders and urging individual and institutional shareholders to exercise their basic rights as stipulated by law. Such basic rights include the right to buy, sell or transfer securities they own, the right to receive a share of the bank's profits, the right to receive dividends, the right to appoint a proxy to attend the meetings and cast their vote, the right to participate in the meetings of shareholders and vote for the appointment or removal of directors, the right to determine directors' remuneration, the right to appoint auditors and determine audit fees, the right to express their opinions and ask questions at the shareholders meetings and the right to obtain adequate and relevant information via easily accessible communication channels.

The Boards of Directors have given the importance to the rights of all groups of stakeholders, whether they are internal stakeholders such as directors, executives and employees of the bank or external stakeholders such as all groups of shareholders, competitors, government agencies and other related agencies. The bank has a policy to conduct its business transparently with good corporate governance, including supporting the cooperation between the bank and its stakeholders for mutual benefits and to ensure that the stakeholders are well protected and treated.

The Board of Directors has given the importance to disclose the bank's information and news with accuracy, completeness, timeliness and transparency. The information and news has been disclosed on the bank's website which is [www.lhbank.co.th](http://www.lhbank.co.th) for all stakeholders in order for them to perceive the information. The website covers both Thai and English versions, can be easily accessed.

The bank also encourages shareholders to fully exercise their rights by providing them with convenient access to exercise their right to participate in the Annual General Meeting of shareholders and vote. In addition, the bank does not restrict the shareholders' attending and voting opportunities and the voting process has a hassle-free way such as providing relevant information via its website, setting up a dedicated company secretary function for direct communication with shareholders and attendance in shareholders meetings.

### 3. Shareholders Meeting

Before the Annual General Meeting of Shareholders, to encourage and support all groups of shareholders and institutional shareholders to place the importance on attending the meeting, the bank provides an invitation letter for shareholders to inform them of meeting schedule, agenda and supporting documents in both Thai and English which clearly specify whether it is the matters for acknowledgement, matters for approval

or matters for consideration that include directors' opinions, facts and reasons of each agenda sufficient for making decisions. And such information is disclosed to public via SET Portal and the bank's website at [www.lhbank.co.th](http://www.lhbank.co.th) 7 days prior to the shareholder's meeting day to allow the shareholders enough time to consider. In addition, the bank shall submit an invitation letter and supporting documents to the shareholders not less than 7 days before the shareholders meeting according to law. The bank promulgates in the daily Thai newspaper for 3 consecutive days at least 3 days prior to the meeting and the forwarded documents are the same information publicized including;

1. Invitation letter including explanation and reasons for each agenda items and the Board of Directors' opinions
2. Annual report
3. Biographies of proposed directors for shareholders to elect
4. Details of the shareholders' registration and document verification before the meeting, proxy, voting and method of vote counting
5. Articles of Association of the bank, specifically concerning the shareholders meeting
6. Proxy form A, form B and form C
7. Biographies of independent directors for shareholders' proxy appointment to attend the meeting
8. Definition of independent directors
9. Map of the meeting venue
10. Request for printed copy of annual report

The Annual General Meeting of shareholders is required to be held within 4 months after the end of accounting period, the Board of Directors may summon the Extraordinary General Meeting on the date, time and place determined by the Board of Directors. Besides, a shareholder or many shareholders who hold shares in aggregate not less than 10 percent of the total paid-up share capital may jointly submit a letter to the Board of Directors requesting an Extraordinary General Meeting at any time. Matters and reasons for calling the meeting are required to be specified in the letter. In this case, the Board of Directors must hold an Extraordinary General Meeting within 45 days from the date of receiving the notice.

The bank also encourages and promotes all groups of shareholders and the institutional shareholders to attend the shareholders' meeting as the shareholders have right as the bank's owners appointed by the bank's board of directors to act on behalf and have right in making the decision on the significant changes of the bank.

As the 2020 Annual General Meeting of Shareholders was held amid deep concern about the COVID-19 outbreak, health and safety measures were in place, including the arrangement of screening points to check the temperature of participants before entering into the meeting, social distancing, providing them with alcohol hand gel and face masks as recommended by the Department of Disease Control, Ministry of Public Health and encouraging shareholders to appoint a proxy to the bank's independent directors.

#### At the Meeting Date

- The bank conducts the shareholders' meeting in order to make the meeting fast and accurate, which starting from the process of preparation for the list of attendance, registration, processing voting results following each agenda and the summary report of the shareholders meeting.
- On the date of the shareholders meeting, the shareholders can register 1 hour before the meeting starts. The bank provides convenience for the shareholders prior to the meeting such as preparing place and staff in order to run the registration smoothly and fast.

#### Attending the Shareholders Meeting

- During the meeting, the shareholders can register to attend the meeting to exercise their voting rights on any agenda that have not yet been voted.
- At the 2020 Annual General Meeting of Shareholders, the bank nominated 2 independent directors: the chairman of the Audit Committee and a member of the Audit Committee to act as shareholders' proxy with their profiles. The bank has sent the notice of AGM with Proxy Form B and Proxy Form C to the shareholders, enabling them to determine the direction of voting. In addition, the shareholders can download other types of proxy forms from the bank's website in both Thai and English.
- At the 2020 Annual General Meeting of Shareholders, there were 9 directors attending the meeting and 2 absentees, namely Mr. Li, Ming-Shieh and Mr. Shih, Jiing-Fuh, who were in Taiwan at the time and could not attend the meeting due to the COVID-19 epidemic in Thailand and Taiwan. Several top executives of the companies in the financial business group also participated in the meeting.

#### 4. Open Session for Shareholders' Queries and Comments

- In the shareholders meeting, the chairman of the meeting shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and raise their queries.

#### Conducting the Meeting and Voting

- **Before the meeting starts**, the chairman opens the meeting and welcomes the shareholders. The chairman will inform about the number and proportion of shareholders or proxies attending the meeting and will clarify the rules of voting rights of each agenda, voting process and vote counting.
- **Conducting the Meeting**
  - The bank accommodates the shareholder's meeting by keeping the process correct following the related law and regulations and the good corporate governance principles.
  - The bank has allocated the appropriate time. The meeting is conducted in accordance with the order of agenda as arranged in the notice of the meeting, unless the shareholders holding total number of shares not less than two-thirds of the total number of shareholders attending the meeting resolve to change the order of the agenda. In addition,

the shareholders holding a total number of shares not less than one-thirds of the total number of paid-up shares may request that the meeting consider other matters in addition to those specified in the notice of the meeting.

- The 2020 Annual General Meeting of Shareholders was conducted according to the Articles of Association and arranged as identified in agenda, no changes in important information without prior notification to shareholders.

- **Voting Process**

- For each agenda, the shareholder who attended the meeting present in person or being represented by proxy is entitled to one vote per share, especially the agenda of appointing the directors to replace those retiring by rotation that the voting shall be one by one vote for the purpose of equitable treatment of the shareholders in the voting process, the bank shall utilize voting forms for all agenda. After the vote count is completed, voting results of each agenda will be announced to the meeting, by specifying the vote results as “Approved”, “Disapproved”, “Abstained” and “Voided Ballot”.

## 5. Preparing Meeting’s Minutes and Disclosing Shareholders Meeting Resolution

- **After the Shareholders Meeting**

- The bank created the minutes of shareholders meeting in both Thai and English versions by recording the minutes of the meeting in its entirety, containing the important information such as name list of attending directors and absent directors, resolution of the meeting, result of votes in each agenda divided into “Approved”, “Disapproved”, “Abstained” and “Voided Ballot”, queries and answers and opinions of the meeting.
- The bank submitted the annual report with the copy of balance sheet, profit and loss account, and the copy of the 2019 minutes of Annual General Meeting of Shareholders with authority signed for correctness to the registrar of Department of Business Development, Ministry of Commerce within the duration of 1 month from the date of shareholders’ meeting and published the minutes of shareholders meeting on the bank’s website on March 29, 2019.

## 6. Equitable Treatment of Shareholders

The bank ensures that every shareholder will be treated and protected equally and fairly based on their fundamental rights, by providing measures to prevent conflicts of interest or the misuse of insider information for benefits of their own or others.

## 7. Protection of Rights of Minority Shareholders

- The Board of Directors realizes the rights and equality of individual shareholders and treats all of them, whether they are majority or minority, individual or institution, foreign or Thai,

fairly and equally. All shareholders shall receive important and accurate information at the same time to protect their basic rights.

## 8. Protection of Internal Information Usage

### ● Insider Trading Policy

The Board of Directors realizes to keep and protect the internal information usage, the bank has set up a policy in writing to oversee the use of inside information as a guideline for maintaining confidentiality of the bank, to ensure equal information disclosure and to prevent the use of internal information for the benefit of directors, executives and employees, including spouses and minor children so that they can perform their duties with honesty, fairness, compliance with laws and regulations and do not give priority to their own interests over the responsibilities towards the bank. Moreover, the employees are not allowed to use the information for personal gain. For good corporate governance, the insider trading policy is as follows:

Directors, executives and employees including their spouses and minor children who are privy to the bank's sensitive information and financial statements which have not been disclosed to the public may not propagate or disclose them to other persons, both inside and outside the bank, especially the insider information and non-public information prohibited to premature revelation unless it is necessary for any department to acknowledge it in which case it will protect the information in the same manner as the owning department does.

This does not include the disclosure of information to regulators; namely, the Bank of Thailand, and the Securities and Exchange Commission.

2. Directors, executives and employees including their spouses and minor children who are privy to the bank's sensitive information and the financial statements shall not be allowed to buy, sell, transfer or accept the transfer of the bank's shares during the period of 30 days before the public disclosure of the financial statements.

## Sustainability Management in Environmental Dimensions



The bank realizes and expresses its intention to be part of the solution to global warming. In 2021, the bank was chosen as a pilot organization in “Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8]” hosted by VRGREEN, Faculty of Environment, Kasetsart University, to conduct an organizational carbon footprint assessment and execute carbon offset plans in accordance with the project’s objectives. As the bank has determined to play a part in saving the world by becoming a carbon-neutral organization, it was invited to be a member of Thailand Carbon Neutral Network : TCNN. They aim at promoting collaboration among government agencies, private businesses and local communities to enhance further reductions in greenhouse gas (GHG) emissions as well as building sustainable growth for a climate-friendly society and achieving net-zero carbon emissions in line with global communities’ intention reflected in the Paris Agreement on regulating climate change and UNFCCC’s Race To Zero campaign. In addition, Thailand is moving toward a low carbon economy with a goal of achieving carbon neutrality by 2050 and net zero GHG emission in 2065.

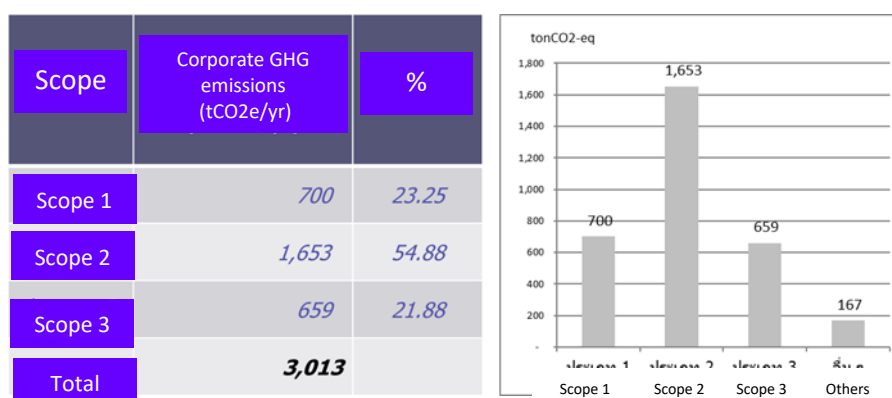
### Carbon Footprint for Organization : CFO

The impacts of global warming have prompted international communities, including Thailand, to become more alert and take urgent action to curb GHG emissions with the concept of Carbon Footprint for Organization (CFO). It is recognized as an important tool in quantifying and reporting GHG emissions from an organization’s activities demonstrated in terms of carbon dioxide equivalent, which can lead to explicit guidelines to effectively reduce the organization’s GHG emissions.

With the intentions of tackling the global warming, the bank has set targets of CFO and has done much preparation by sending its personnel to join various related activities, training courses and seminars. On March 8, 2021, LH Financial Group PLC signed the memorandum of understanding with Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8], hosted by VRGREEN, Faculty of Environment, Kasetsart University, for being a pilot organization volunteering to quantify its GHG emissions and consider effective ways to control it for the sustainable development of organization and staff.

The bank made reports on direct and indirect GHG emissions arising from its business activities throughout the supply chain in compliance with Thailand Greenhouse Gas Management Organization (Public Organization) or TGO's requirements of calculating and reporting carbon footprint for organization. Such report included the bank's scope of work and financial control while considering scope 1, 2 and 3 emissions of greenhouse gases generated by the bank's activities in 2020. Based on the TGO's verification guideline on the organizational carbon footprint, these reports were reviewed and certified for the data's accuracy and reliability by the independent verifier, Lloyd's Register International (Thailand) Ltd. The certification level submitted was a limited assurance with a materiality threshold at 5 percent. Consequently, the bank was granted a certificate of Carbon Footprint for Organization from TGO on August 26, 2021.

**Table: Assessment results on GHG emissions arising from various activities in the bank in 2020**



At present, the bank is preparing the 2021 report on the assessment of GHG emissions arising from various business activities, which still contains its scope of work and financial control, by considering the scope 1, 2 and 3 emissions of greenhouse gases and employing the same verification criteria on the organizational carbon footprint provided by TGO as the year 2020. The bank filed a request for data verification and certification of carbon footprint for organization with an external agency. The assessment result will then be proposed to the TGO meeting No.4/2022 for carbon footprint registration, which will be taken place on May 11, 2022.

### Carbon Credits

TGO has initiated the Carbon Offsetting Program with an aim of encouraging all sectors to participate in carbon offsetting activities as an expression of social responsibility. It is also to generate demand for carbon credits in the Clean Development Mechanism (CDM) and the Thailand Voluntary Emission Reduction Program (T-VER) in order to support and enhance the local voluntary carbon market, leading to a greater drive to reduce GHG emissions in the overall sectors.



As a consequence of participating in Thailand Carbon Offsetting to Promote the Voluntary National Carbon Markets Phase 8 Project [TCOP 8] hosted VRGREEN, Faculty of Environment, Kasetsart University, this leads to many important initiatives to generate carbon offset credits. According to the assessment result of GHG emissions arising from various activities in 2020, the bank has succeeded in offsetting corporate carbon footprint of 706 tons of carbon dioxide equivalent (tCO<sub>2</sub>e), accounting for 30 percent of carbon dioxide levels emitted from scope 1 and 2 sources and equivalent to planting 78,445 perennial trees. Consequently, on August 26, 2021, the bank was granted the Carbon Offset Certificate and was authorized the use of Carbon Offset logo by TGO. In the year 2021, the bank announced to become carbon neutral and will file a request for carbon footprint registration to the TGO meeting No.4/2022, which will be taken place on May 11, 2022.

### Energy Management

The bank continues to manage electricity and tap water in order to achieve efficient and effective use, for example:

- The bank has renovated the office building and maintained office equipment in an environmental-oriented manner to reduce pollution, save energy and costs.
- The bank has reduced the number of single function office automations and replaced them with new energy-saving technologies with less pollution. The ongoing project helps reduce energy-related costs and other expenses such as paper cost, maintenance and procurement costs for office equipment. Moreover, it also helps save the office space.
- The bank has replaced the single-function printers with the multi-function printers and set them as a pool for which one printer is shared among different departments. This results in the lower consumption of electricity and space saving.
- The bank has selected energy saving fluorescent tubes and LED tubes, with the wattage suitable for space, and proper size of cables. The office decoration also employed soft colors and natural light as much as possible and water-saving taps were installed.
- The bank has measured wind velocity of air conditioners, adjusted the wind speed to meet the standard and to be suitable for working environment, increased air conditioners' efficiency, and reduced the cost from energy loss.

### Energy Management Goal for 2021

The bank's energy management goal for 2021 was to reduce electricity consumption by 5 percent from 2020.

## GHG Emissions Reduction

The bank prepared the assessment report by using both information on direct and indirect GHG emissions from various activities throughout its supply chain in 2020 as a base year. It has been taken into consideration with all relevant business units to map out improved guidelines on how to reduce GHG emissions more concretely.

Consequently, the bank had replaced fluorescent tubes with LED tubes since 2016, totaling 2,775. It consisted of 2,378 long LED tubes and 397 short LED tubes, helping save energy consumption by 618,360 kWh. or approximately 45 percent when compared with the use of fluorescent tubes. As LED tubes produces less heat than traditional fluorescent lamps, they could reduce the carbon dioxide emissions by 359,947.36 Kg.CO<sub>2</sub>e based on the calculation over its lifetime. That was equivalent to planting 39,995 large trees to absorb the amount of carbon dioxide.

Replacing Fluorescent Tubes with LED Tubes Project	
Number of fluorescent tubes replaced by LED tubes	2,775 tubes
Number of hours used	15,000 hours/tube
Amount of carbon dioxide emission reduced	359,947.36 Kg.CO <sub>2</sub> e
Number of large trees equivalent (absorbing carbon dioxide gas)	39,995 trees

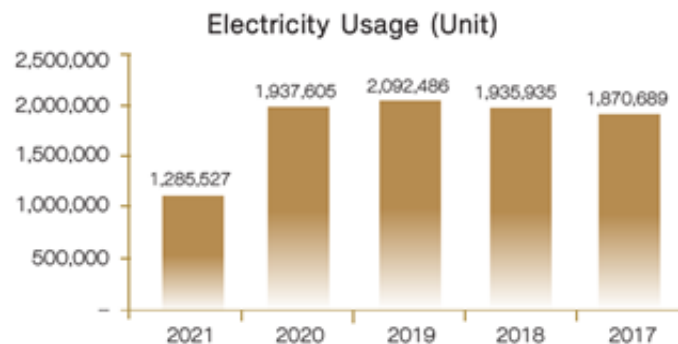
The bank has also sent staff to attend the following trainings from various institutions, both public and private, so they gained knowledge and understanding on the above issues.

Training Courses	Organizer	Number of Participants
Carbon Offset : the leading CSR for Global Warming Reduction	Thailand Greenhouse Gas Management Organization	2
Carbon Footprint for Organization towards Eco-Efficiency Assessment	Assoc. Prof. Dr. Thumrongrut Mungcharoen	2
Carbon Offset Approach to Carbon Neutrality	Thailand Greenhouse Gas Management Organization	2
Carbon Neutral Event	VRGREEN	2
Strategy to Reduce GHG Emissions with Consideration on Scope 3 GHG Emissions	VRGREEN	2
Sustainability, ESG and a company's reporting	EY Office Company Limited	2
The 1 <sup>st</sup> – 4 <sup>th</sup> ESG-IN-PROCESS FORUM	Thaipat Institute	2
Stepping from One Report to Global Report	Thaipat Institute	2

## Electricity Management

The bank has focused on environment, economy and society, management of cost reduction, especially energy cost. LH Financial Group PLC, as a group of financial service providers, requires great amount of electrical energy including lighting system, air-conditioning system and computer system. The bank, therefore, monitors environmental impacts and measures energy efficiency constantly with continuous improvement.

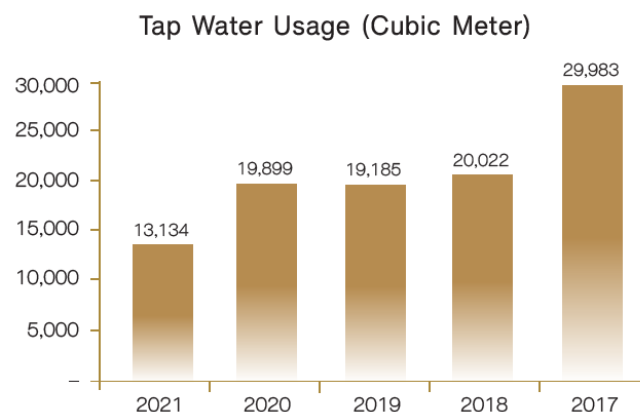
The bank campaigned to save energy by turning the lights off during breaks, switching to use LED tubes, adjusting the on and off period of air conditioners and allowing employees to work from home. As a result, in 2021, the bank had the total electricity usage of 1,285,527 kWh, a decrease of 33 percent from 2020. That surpassed the previously estimated target as in 2020 the bank had increasingly adopted the work-from-home policy, including merging many working spaces and closing some unused areas, due to the COVID-19 pandemic.



## Water Management

The bank has used water from the Waterworks Authority of Thailand for business operation of which the most consumption is in an office, washing and tree watering. The bank has been trying to reduce water consumption so it regularly checks pipes, water meters and equipment and uses water saving sanitary wares, taps and bidet showers. It also focuses on raising employees' awareness of the need to conserve water.

In 2021, the tap water usage totaled 13,134 cubic meters, decreasing by 34 percent when compared with 2020. This was partly due to the work-from-home policy triggered by the COVID-19 pandemic.



## Paper Management

The bank is well aware that paper is a main office consumable which is needed in different stages of operations such as printing reports, documents for customers, receipts, and contracts. Producing the paper needs natural resources which are trees while there are massive rubbishes from used papers. Therefore, campaigns and activities are conducted to raise awareness among employees to use paper economically and effectively as follows:

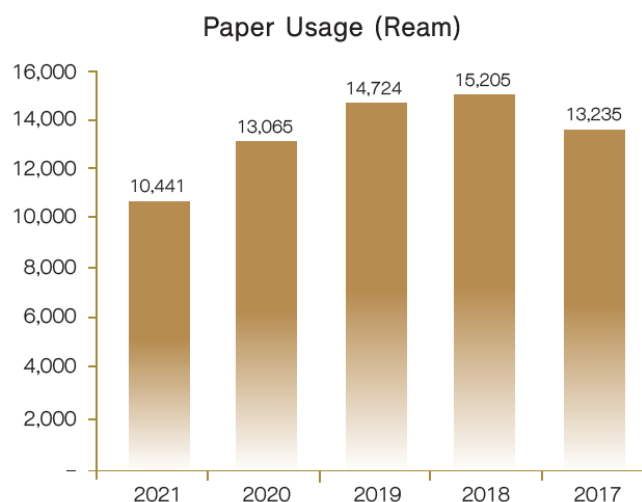
### Transforming Paper form of Invitation Letters to Committee Meetings into Electronic-based Platform

The bank has changed the process of preparing the meeting materials for different committees from papers to e-documents. As a result, this process can help reduce paper consumption by approximately 20,000 pieces a month.

**Developing Financial Services to Be More Digital :** This enables financial transactions to be performed every day, anytime and anywhere. Not only can it reduce the cost and the amount of paper used, it also helps reduce the use of ink, reduce the amount of waste caused by paper usage and enhance work efficiency due to time saving in preparing documents, putting them into envelopes and posting them via postal service.

### Paper Usage

The amount of papers used in operations for the year 2021 was 10,441 reams, decreasing by 20 percent when compared to 13,065 reams in 2020. That was because in 2021, the bank urges the staff to reduce and avoid using papers for meeting materials and document printing by sharing files for meetings via electronic platform.



### Paperless Guidelines

The bank provides the paperless guidelines with the aim to ensure that saving the papers and reducing the paper usage are systematic and concrete by adhering to the following practical guidelines:

1. Survey and planning
2. Application of technologies by increasing electronic channels
3. Efficient use of paper
4. Monitoring and evaluation
5. Behavioral change among employees

#### 1. Survey and Planning

The bank has surveyed the data of paper usage in each year by taking into account the number of employees, departments and work supports as well as developing a clear plan for paper usage by reducing paper usage 5-10% of the total number of papers used each year.

#### 2. Application of Technology by Increasing Electronic Channels

The bank has supported and encouraged employees to adopt more information technologies in the operations such as:

- Meeting material folders for each committee have been changed from the paper pack of invitation letter to an electronic platform.
- The trainings with a lot of training materials are suggested to send them by email.
- Correspondence is made via email such as circulars.
- Keep the copies of documents from external agencies and internal documents as scanned files instead of photocopies.

#### 3. Efficient Use of Papers

To save the papers more effectively, it can be started from having one-side used papers separated before proceeding with the following steps:

- Set up common areas for everyone to use one-side used papers and advocate employees to reuse them.
- Inform all employees of where the one-side used papers common areas are.
- Reuse them to be the notes.
- Use the reused papers to note the informal messages or record internal messages or memos within the department.

#### 4. Monitoring and Evaluation

To make paperless process more effective and concrete, the paper usage data of each department is tracked and sent to them to find ways to reduce paper usage. The information is also be analyzed for planning efficient paperless operations.

#### 5. Behavioral Change

The most important thing for the most effective paperless operations begins with behavioral change among employees in all departments to have responsible attitudes and collaborative practice as follows:

- Separate used papers and sort them into the 3 R principles as follows:
  1. Reduce (amount / size)
  2. Reuse
  3. Recycle / disposal
- Use one-side used papers for rough drafts instead of using new papers and print them in economy mode.
- Monitor and notify each department of their paper consumption to ensure that the paper usage is consistent with real operations.

In addition, the bank has recycled unused paper to save trees. It has imposed the operation manual on document storage and disposal by recycling expired documents as detailed in the table below:

	2021	2020	2019	2018
Number of documents due to be destroyed (Box)	1,217	1,868	2,115	721
Weight of documents (Kilogram)	15,620	27,280	30,250	8,712
Number of trees that can substitute the cut down trees to produce papers per 1 ton <sup>/1</sup> of used papers (Tree)	234	409	454	131

Note:<sup>/1</sup> 1 ton of used papers can substitute up to 15 cut trees to produce papers.

Source: “Green Science project,” Paperless Manual, Faculty of Science, Srinakharinwirot University.

Calculation formula: Tree cutting replacement = 15 trees / 1 ton X weight of used papers.

## Measurement of Intensity of Light in Workplace

The bank pays attention to the dangers of light that may impact employees. In case of insufficient illumination, it can cause negative effects to eyes and may cause simple accidents such as failure to manipulate tools or equipment which may pose some dangers including mental health, decreased performance and low motivation to work. The bank has regularly measured the light intensity in all areas of the office to ensure the working area has a proper lighting level.

### Lighting Measurement and Data Collection Process

1. Measure in the specific working area: focusing on the light intensity of particular areas where operators need to perform sight-specific work.
2. Measure the average intensity of light in general areas: such as walkways and working spaces.

**The results of measurement of light intensity in the workplace:** After conducting the actual measurement of the light intensity in Lux unit, it was found that illumination in the office was sufficient and compliant with the standard of not less than 400-500 Lux.

## 5S Activity

The bank has applied the 5S activity which consists of Sort (Seiri), Set in order (Seiton), Shine (Seiso), Standardize (Seiketsu) and Sustain (Shitsuke). The activity helps keep a workplace and environment neat and clean. Staff are mentally healthier and more disciplined. This, in turn, results in saving resources and costs. In addition, it contributes to high quality and efficient work performance. The 5S activity gains good cooperation from employees and the bank has a continued implementing this activity.

### 5S Results

1. Results of **Sort**
  - Cutting down the consumption of resources
  - Having more spaces for other purposes
  - Having a more spacious, splendid and clean workplace resulting in a better mood of employees
2. Results of **Set in order**
  - Settling the common and troublesome searches
  - Increasing work efficiency
  - Creating good image for organization
3. Results of **Shine**
  - Having a pleasant working environment
  - Cutting down the consumption of resources
  - Increasing efficiency of tools and equipment while decreasing frequent breakdown of office automations



4. Results of **Standardize**
  - Having neat and tidy workplace
  - Employees are both physically and mentally healthy
5. Results of **Sustain**
  - All employees have a good habit and attitude towards work
  - Customers receive quality and fast services

#### **LH BANK ATM Stops Global Warming**

The bank has played part in helping slow down global warming constantly by providing customers with an option of no printing transaction slips from the ATM.

#### **Environmental Awareness Campaign**

The bank focuses on creating environmental awareness among employees and encouraging them to protect the environment in their daily life by saving energy, using resources economically, preserving the ecosystem, reusing, recycling, and reducing. The bank has shared the knowledge about environmental preservation to staff and reinforced the importance of their participation.

#### **Implementation of Green Office Project**

1. Use energy saving devices
2. Make the most of natural light energy
3. Design an office layout
4. Promote 5S activity
5. Check lighting standard values of office building
6. Check air conditioners and ventilators
7. Increase green spaces in office
8. Increase co-working spaces

#### **Encouraging Employees to Engage in Efficient Use of Resources**

1. Provide information and training on environment and promote energy saving via internal media such as Intranet.
2. Support the reuse of materials such as reused papers.
3. Promote a reduction in paper use and the number of printers, provide photocopier pool, and change employees' behaviors to always think twice before printing.
4. Reduce/refrain from using paper materials for meetings by sharing the information through electronic channels.
5. Ask for partners' cooperation to reduce the use of printed documents, switching to use electronic files
6. Turn off the building light when no one is in the room or meeting room for a long time and turn off the light in some areas during a lunch break.

7. Turn off computer screens during a lunch break.
8. Constantly promote 5S activity.

Such practices are to raise awareness and inculcate a sense of environmental ethics among employees, prompting a behavioral change in their daily life.

#### Vehicle Service Management

The bank has the policy to reduce carbon dioxide emission from the bank's vehicles by employing the e-Car service system to support the effective vehicle management. The bank has also chosen alternative energy, energy efficiency and effective transportation as follows:

1. Plan routes with appropriate schedule for carpooling service for all employees.
2. Take good care of car engines.
3. Switch to other alternative engines such as hybrid cars, electric vehicles, etc.
4. Use the Grab Car for Business service to increase operational agility and reduce energy consumption from backhaul.

#### Promotion of Green Loan

LH Financial Group PLC has supported the adoption of sustainable banking practices by conducting its business with social and environmental responsibilities based on the good corporate governance principle. Land and Houses Bank's credit approval process has taken into consideration potential environmental impacts of businesses that may arise from its lending and possible effects on the bank's reputation. The bank values lending to environmentally-friendly projects that does not have any adverse effects on communities such as loans for renewable energy, loans for clean energy, etc.

## Social Sustainability Management

### Fair Business Operation



The bank operates its business with good corporate governance principles which have been specified in writing in order for directors, executives and all employees to be as guidelines. Consequently, it will result in fair business without seeking other interests, avoiding any operations which may cause conflicts of interest and taking into consideration the utmost interest of the bank, customers and stakeholders.

The bank is confident that fair business will bring about confidence which will, in turn, be positive for the business in the long term. The bank operates its activities in accordance with market conduct for sustainable business development. In this regard, the bank conducts activities in consistent with laws and fair competition and encourages its employees to realize the importance of compliance with laws, keeping trade secrets, refraining from obtaining information of trade partners and competitors with dishonesty and fostering competition under laws.

The bank promotes fair treatments of stakeholders both in terms of costs and returns, for instance, procurement, appropriate delivery schedule, fair trade agreements and refrains from any activity which infringes property and intellectual property including prompt payments for products and services in a timely manner.

The bank has determined the procurement method and receiving service procedure as to obtain quality products and services at an appropriate price by specifying various methods including; price method, quotation method, bidding method, continued method, special method and urgent method. The selected method depends on financial amounts of the each transaction. In addition, the bank has determined the criteria for the selection of suppliers and service providers in order to ensure fairness and equality by choosing from the stability of their businesses, specifications of products and services and prices considered by the Procurement Committee.



The bank emphasizes the fair and equal treatments of all stakeholders such as employees, surrounding communities and societies with justice and equality; respect for human rights and dignity of all people, no forced labors and no child labor exploitation, building good relationship, no violations of basic rights, being cautious in any action that will affect public feelings, all of which are the foundation for human resource management and development.

The bank pays attention to fair treatments of all levels of employees to ensure they obtain appropriate returns and benefits; improves their potential for professional advancements; and encourages their engagement. The bank also provides several channels for whistleblowing and lodging complaints and reports misconducts. As a result, employees can voice, report and whistleblow any matter regarding unfair acts through supervisors or other channels. In this regard, the bank has determined the independent process for inspection and decision-making by taking into account the outcomes and remedies to be in accordance with the human right principles. The bank also opens opportunities for employees to voice their opinions in the case where entity or employees commit any acts that may violate human rights and expedites the solution.

Respect for human rights is a basic practical guideline the bank strictly adheres to and determines the practical guideline as follows:

- Arrange the number of leaves and holidays as required by law or beyond that required by law for some holidays so that employees can plan for their work-life balance
- Support the knowledge empowerment for improving employees' abilities
- Clearly determine the criteria for investigations and disciplinary actions for fair punishments under the same standard
- Support each department in the bank to arrange team building activities as to promote good relationship, engagement and harmony, and to take part in creating good activities for communities
- Hire staff regardless of gender, race and religion



The bank places the priority on human resource management by setting as its mission in developing and supporting the human resource management in terms of knowledge and benefits of employees. The bank has established the Human Resources Development Committee (HRD) to manage and develop the human resources effectively, efficiently and in consistent with the bank's strategies.

### Key Principles for Human Resource Management and Development

The bank strives to improve human resource management as well as supporting proactive operation of all departments in order to achieve business goals. Moreover, the bank always strives to provide employees with further trainings and promote quality of work life, by taking into account the fair treatment of employees and human rights.

The bank focuses on taking care of employees in various fields with the strong belief that the development of skills, abilities, motivations, positive work environments, good occupational health and good welfare will enable them to perform their duties with full potential which, in the end, results in positive impacts on customers, stakeholders and sustainable growth.

## Candidate Hunting

The bank creates the processes and approaches to get access to candidates through a variety of channels and methods to keep pace with rapidly changing lifestyles of the digital world, for example, social channels such as Facebook or LINE, various activities such as Toward Success Together Day and Chance for Friends to provide opportunities for employees to participate in peer referrals.



## Recruitment

For recruitment, apart from knowledge, abilities and qualifications, the bank realizes the importance of selecting candidates who have faith and align with the organization's values in order to obtain right persons suitable for the bank.

## Equality and Diversity

The bank adheres to the practice that treats all employees with fairness, for instance, compliance with the labor law and human rights without discriminations of any kind, regardless of race, skin color, sex, religion, political views, revocation of citizenship, social background and any other form of discriminations related to both internal and external stakeholders. The bank does not engage in illegal labor practice and child labor exploitation. These guidelines are applied to all employees from executives to operational staff. The bank also offers work opportunities for persons with disabilities.

## Employment of a Person with Disabilities

### Promotion and Development of the Disabled's Wellbeing

The bank has offered job opportunities and generated income for persons with disabilities by joining the project arranged by the Thai Bankers' Association that hired people with disabilities to

work for the Thai Red Cross Society in many provinces. Similarly, the bank has also hired persons with disabilities to work for the bank.

#### Hiring Retired Employees

The bank always realizes the importance of age-friendly business and has a management approach to support the elderly society by setting the criteria for hiring retired employees who have potential. Not only does it help the elderly earn income, it is also beneficial to the organization as it helps tackle labor shortage.

**Table : Number of Retired Employees Getting Hired**

	2021	2020	2019
Accumulative number of retired employees getting hired (Person)	0	1	10
Number of retired employees per year (Person)	7	6	7

#### Sustainable Growth with Human Resources Development

The bank has encouraged and instilled its employees with the same core values by implementing the master plan which includes creating perception and attitude through communication channels, practice, belief and individual mindset activities to build group habit norm and corporate values. The bank has continuously instilled the value in both newcomers and existing employees.

#### Welcome Newcomers

“Welcome Newcomers” on their very first day aims to create favorable impression on the newcomers, to introduce the bank’s core values, and to give them some tips or advice on the work life with the organization such as introducing a newcomer to colleagues, nearby canteens so they are comfortable with new environments, aware and eventually adaptable to their work.

#### Employees’ Development

Employees are a significant factor driving the bank to a success. Consequently, the bank has employed potential development plan to enhance the employees’ knowledge, abilities and skills so they can professionally fulfill their job junctions. The bank also offers opportunities for them to maximize their full potential, to enhance their self-development and to attend training courses. The requirements of human resource development play a significant role in the career path of employees.

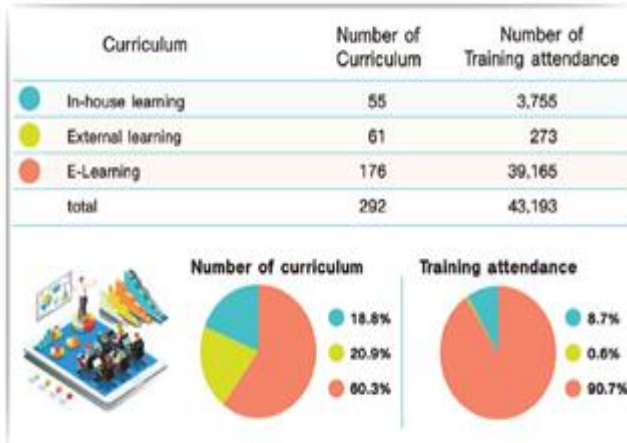
In 2021, the bank determined a strategy and guideline for human resources development in order to improve the agility and flexibility. For that reason, the bank has developed a platform that will increase learning channels as well as created a mechanism to put knowledge into practice. Moreover, supportive activities were created to help staff learn from anywhere anytime without limitation under the name “LHFG People Connect”. This is to enhance their potential to catch up with knowledge and rapid changes. These connected learning channels could be accessed with ease with 1 User 1 Password.

During the COVID-19 Pandemic, the bank has been developing a mechanism to improve our employees through online channels as to help them allocate their time to learn anytime anywhere through application containing several courses such as Customers Insights and Presentation Technique

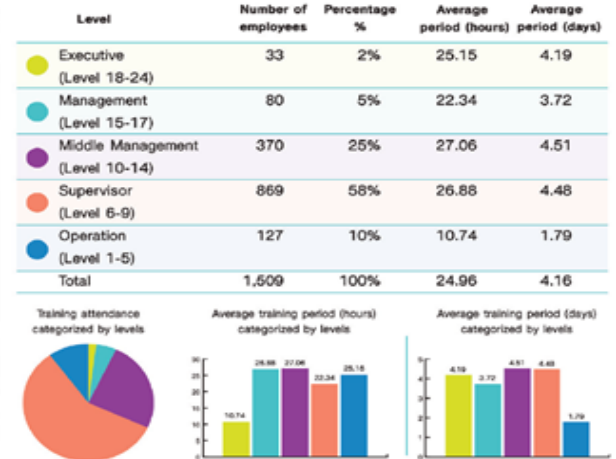


that helps them understand various presentation techniques and apply to financial advisor. The courses in accordance with the regulatory requirements such as AML/CTPF (Anti-Money Laundering & Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing) and other courses such as the “Pay to be Wealthy”, a collaboration with Money Buffalo that will help staff manage their capitals. As a result, they can also take the knowledge in financial management to give financial advisory for customers.

## Training data in 2021



## Training attendance categorized by levels



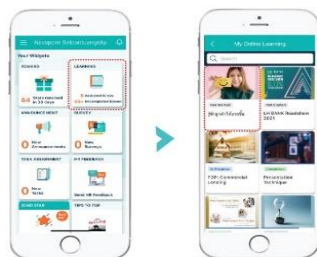
LHFG | People Connect

### บทเรียนสำหรับพัฒนานตนเองในช่วง WFH รู้จักลูกค้าให้มากขึ้น

ไม่ว่าจะทำงานส่วนไหน ‘ลูกค้า’ ก็เป็นหัวใจหลักในกระบวนการทำงาน เพราะลูกค้าเป็นคนที่สำคัญที่จะทำให้งานของเราเติบโตได้



คุณสามารถเข้าผ่านช่องทาง LHFG | People Connect Application ในหัวข้อ ‘การเรียนรู้ > รู้จักลูกค้าให้มากขึ้น’



Anytime Anywhere Any Device - เพียงคุณ click ก็เต็มตื่นความรู้

หากเกิดปัญหาการใช้งาน หรือต้องการคำแนะนำเพิ่มเติม ติดต่อได้ที่ เวเบอร์ (กรุงเทพฯ) ☎ 2263 ✉ novaporn@lhbank.co.th

LHFG | People Connect

### Presentation Technique

เทคนิคในการนำเสนอที่ดีจะช่วยให้การนำเสนอผลงานง่ายขึ้น ผู้ฟังเข้าใจสารที่ส่งต่อการนำเสนอได้ถูกต้อง



คุณสามารถเข้าผ่านช่องทาง LHFG | People Connect Application ในหัวข้อ ‘การเรียนรู้ > Presentation Technique’



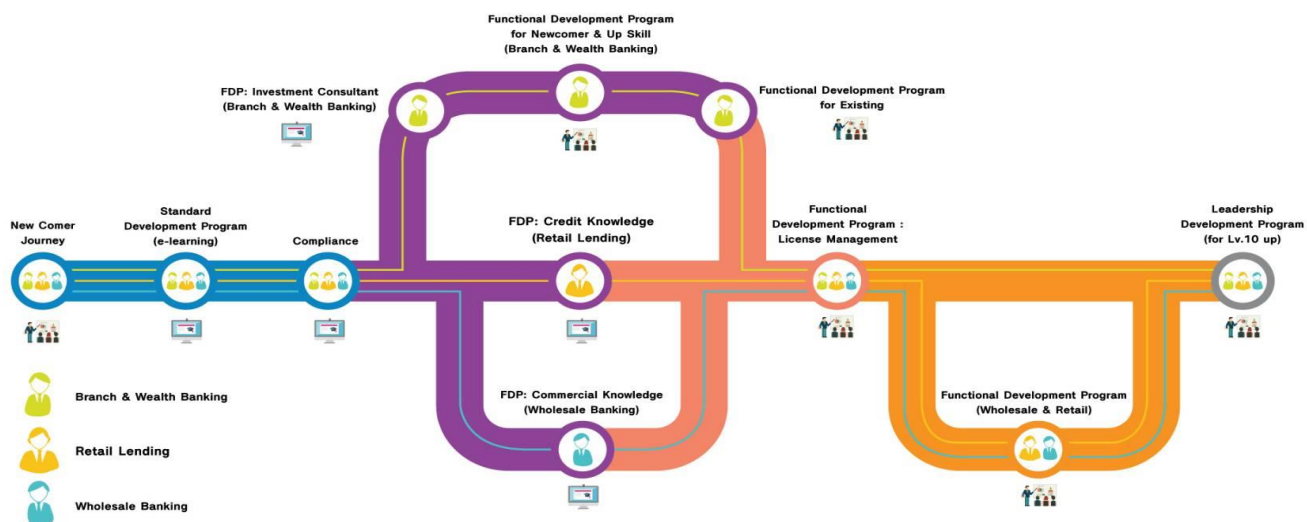
Anytime Anywhere Any Device - เพียงคุณ click ก็เต็มตื่นความรู้

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In addition, the bank has set a development journey as a guideline with the objective of creating knowledge, understanding and increasing skills for employees in both soft skills and hard skills.



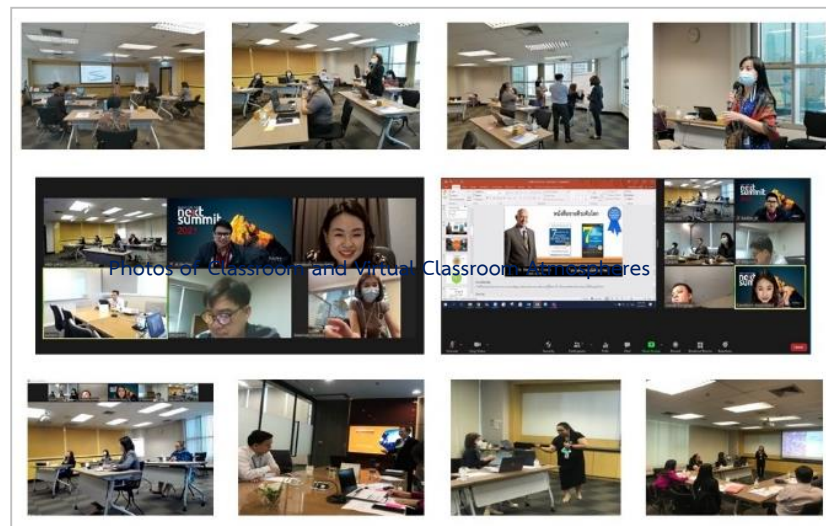
## Human Resources Development - Executives and Key Successors

The bank highlights the importance of top executive development by assigning the Nomination and Remuneration Committee to develop policies, guidelines and succession plans as well as to support leadership development systematically and continuously. The bank has laid down the guidelines on leader development with the focus on the principle of efficiency: Lead Self, Lead Team & Lead Change/Culture which covers ideas and drills to ensure efficient results. The learning processes comprise classroom learning, goal setting for self and team improvements and knowledge sharing among learners, supervisors and mentors.

The program to improve knowledge of executives and enhance their leadership: Leadership Development Program (Facilitator Certify Workshop): The Power to Effectiveness aims to create internal trainers to be part of driving force for leadership development at the levels of AVP of departments/office and section managers. It is the continuous program for top executives who pass The 7 Habits of Highly Effective People. Virtual classroom learning programs have also been designed and target group has been assigned to set their 30-day plan with development goals for self, team and work in order to accommodate the 70:20:10 learning process.



#### Leadership Development (Facilitator Certify Workshop): The Power To Effectiveness



#### Leadership Development Program in Classroom and Virtual Classroom

In addition, a training program to develop leadership competencies, that stresses team management through group coaching and 1 on 1 coaching for executives to use their skills as coaches, has been developed. The program focuses on the roles necessary for leaders, covering 6 sources influencing behavioral changes and coaching principles/skills. It offers a four-month learning and development journey to enable leaders to implement what they have learned to manage their team effectively.

One of the most important and essential skills for leaders leading them to success is communication skill (Communication with Impact). Effective communication brings about success at work and team management with storytelling courses. The 70:20:10 learning process consists of self-learning. (Self-Learning) through movies that is an interactive system, group coaching with executive coach and making videos to tell their own stories. This ensures that leaders practice storytelling skills while being mentored by a coach.



## Annual Performance Appraisal

The bank sees the annual performance appraisal as an essential part to enhance work efficiency and employee's participation by getting them equipped with KPI setting process and knowledge about performance appraisal, and allowing them to set their key performance indicators (KPI) to align with the goals of organization. This is to ensure efficiency.

The factors used in the annual performance assessment consist of two main components, the expected behavior of the organization (Potential) and the performance (KPI). The two factors have been determined in equal proportion for each level of employees and have been considered by the Human Resources Development Committee for appropriateness and optimal efficiency.

## Determining and Managing Remunerations

The bank places the importance on determining and managing remunerations to be fair and competitive. Therefore, the bank has the policy on salary increase and bonus based on annual performance. Special salary adjustments are also made by referring to compensation surveys in the same or similar industry in order to retain qualified employees who can meet expectations with the bank.

## Compensation Ratio by Gender

The compensation ratio of man to woman is 1:1.

## Building Pride in the Organization

The value of employees is a critical factor in business operations. The bank has a policy to give honorary pins to employees who have been working with the bank for 10 years, with the aims at praising, creating good atmosphere and morale of employees for their dedication to the organization. In 2021, the bank presented an honorary pin to 59 staff.

Table: Number of employees who have been working for 10 years.

2021	2020	2019	2018
59	44	16	43



## Raising Awareness through Communication Channels

Communication is a crucial factor to drive the organization, unify employees and increase their engagement in establishing the sustainable organization and; therefore, sets up various internal communication channels to facilitate easy access and ensure comprehensive communication. The bank employs efficient management of contents and channels as to achieve its goal of building awareness and common attitude towards the bank's shared values. The internal communication channels consists of 2 types of media as follows:

1. **Online Media** consists of Website, LINE, Facebook, YouTube, LHFG People Connect Intranet and LHFG People Connect Application (PacD).

2. **Offline Media** including printing materials, media at the branch, direct mail, activities to promote a sense of pride in the organization, engagement via on site development activities, and to strengthen the relationship among employees who station at different branches nationwide.

## Welfare and Creation of Employees' Engagement

The bank wishes all employees good health both physically and mentally and therefore provides comprehensive welfare with the review and update. Health promotion activities, annual health check, influenza vaccination, giving special discounts to families of employees who wish to have vaccinations or health checks including COVID-19 vaccination free of charge.





### Welfare Arrangements

Good benefits are significant factors for boosting the employees' morale and spirit. The bank has set an appropriate and fair system of remunerations and benefits so that they can have the good quality of life by providing various benefits as follows:

- Staff uniform
- Provident fund
- Medical service, dental care and medical check-up
- Group life insurance and health insurance
- Housing loan and hire purchase with low interest rates

### Good Environment and Workplace Safety

Creating good working environment and safety for the employees, the bank, therefore, establishes the Safety Healthy Environment Committee (SHE) to be a mechanism to implement its policies and plans for occupational safety as detailed below:

- Educate and create understanding about occupational safety in the workplace through various communication channels
- Annual fire drill



- Establish the SHE hotline to receive reports on unsafe incidents and coordinate with related agencies in order to provide immediate assistance. In 2021, no employees were injured while working.

Table : Number of employees injured while working

	2021	2020	2019	2018
Number of employees injured while working	0	0	0	0

- CARE project, the activity to promote health and safety

The bank has provided health and safety communication, including warnings of any health hazards and risk incidents. COVID-19 pandemic still exists. Consequently, the bank needed to change their working styles by allowing some employees to work from home and assigning some employees to work at an alternative site. Health and safety measures are taken to facilitate employees' operations, including providing shuttle buses for employees who work at the alternative site. Face masks and hand sanitizers are also provided. Communication of such preventive measures with health promotion information against COVID-19 that is beneficial to employees is made available through LHFG People Connect Application.

#### Welcome Back Box Represents our Love and Care for all Employees



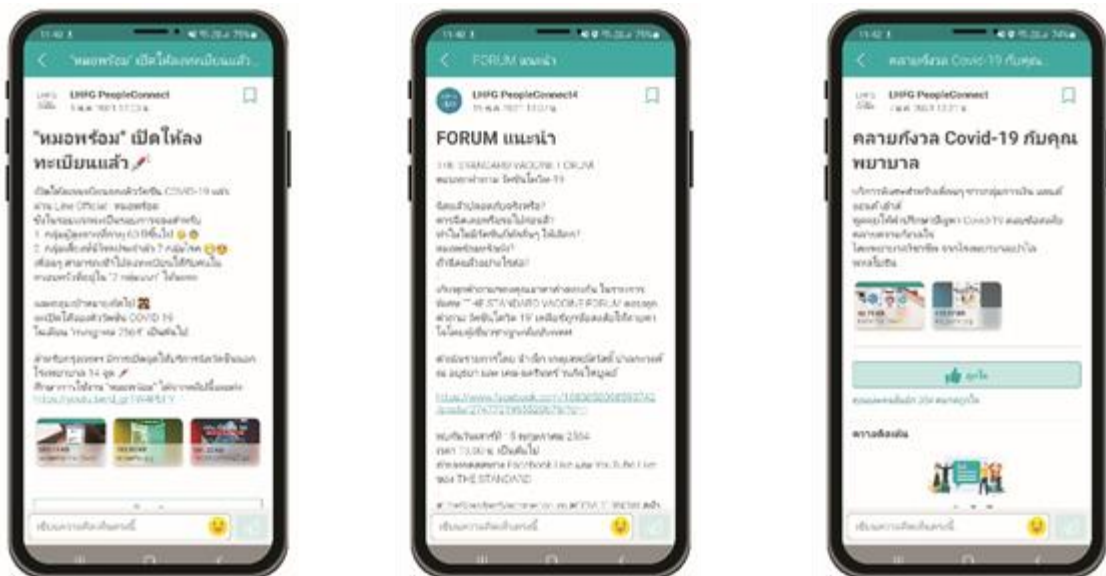
#### Educating Staff on Effective Money Tips via Virtual Classroom : LH Bank Fin Design



## Health Promotional Activities via Virtual Activity : Yoga

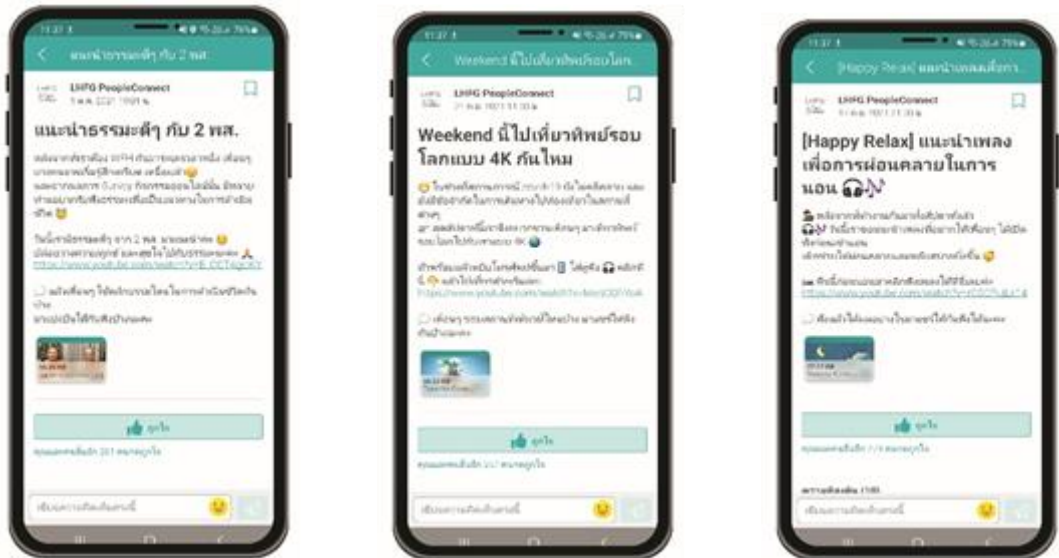


## COVID-19 News and Health Care





## Entertainment News for Staff's Recreation



Financial business is related to the economic and financial conditions of the country, the business operation can likewise impact the national economic drive and investments in a wider range than any other business. Land and Houses Financial Group, therefore, has been operating effectively coupled with social responsibility, especially towards consumers on which the bank puts the first priority.

Land and Houses Financial Group prioritizes the benefits and satisfaction of customers by offering the products and services with quality, responding to the demands of all customer segments. There are many areas of development to accommodate more convenience. The details of products and services are clearly and accurately presented to customers through various channels which can be easily accessed so that they have enough information regarding our products and services including sales promotions for making decisions. Moreover, the bank emphasizes and operates its business under the market conduct.

## Fundamental Rights of Consumers

The bank announces the fundamental rights of consumers in order to make them aware of their rights eligible from using services via the bank's website as follows:

Rights of Consumers	Products	Personnel or Processes
1. Right to receive correct information	<ul style="list-style-type: none"> <li>● Consumers shall receive clear explanation about the differences between the main products of bank and the securities and insurance products.</li> <li>● Consumers shall receive the information of product details, risks, conditions, benefits such as in the form of APR (Annual Percentage Rate) or IRR (Internal Rate of Return) and related assumptions.</li> <li>● Consumers shall receive the information of an advertisement or other marketing media in sales promotions correctly and appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>● Consumers shall receive the fact sheet summarizing the main information when they are offered securities and insurance products. The fact sheet must indicate the unique features and risks of the products with concise and straightforward wording, and is in line with the form required by the Office of The Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC), for making the decision to buy the products.</li> </ul>
2. Right to choose the products and financial services freely		<ul style="list-style-type: none"> <li>● Consumers have the right to freely invest and can deny buying any securities and insurance products.</li> <li>● Consumers have the right to deny buying any securities and insurance products which are bundled with the products of the bank. The bank shall give the right to the consumers in choosing to buy or not to buy such products.</li> <li>● Consumers have right to give the consent or deny giving the consent to reveal the information as mentioned in the letter of consent given separately from the purchase agreement.</li> </ul>
3. Right to claim for fairness		<ul style="list-style-type: none"> <li>● Consumers have the right to claim to all branches of the bank selling the products of securities and insurance (Point of Sale) with the evidence to prove that the bank has acknowledged the claims.</li> <li>● Consumers shall be able to ask for more information for better understanding of the products from the call center of the bank.</li> </ul>
4. Right to claim for compensation		<ul style="list-style-type: none"> <li>● Consumers have the right to receive appropriate compensation if it is proven that the bank fails to conform to the good product offer policy with intention or negligence causing any damage to the consumers.</li> </ul>

## Fair Treatment of Consumers

The bank has been conducting the social responsibility in CSR-in-Process by implementing the practical guideline in the corporate social responsibility for business sustainability policy and to create the business innovation until it is part of working processes, product development as well as service standards. The main objectives are to reduce the potential negative impacts on the stakeholders in all aspects and to create awareness and good attitude among directors, executives and employees.

The bank has developed a working process by imposing regulation, establishing standard operational guideline, creating organizational structure and segregating duties to each department properly (Three Lines of Defense) with clear operation process, quick and accurate system and effective control. The bank also designs the systems to create correct and mutual understanding among employees and related parties. The system is intended to reduce errors, and can be audited, monitored and evaluated efficiently for the highest benefits to customers including:

- For savings and current accounts without transaction movements for more than 1 year, the bank will notify the balance and condition of account maintenance fee deduction to customers 30 days in advance.
- For debt collection and debt management, collectors must introduce themselves to customers by telling their names and objective correctly and appropriately. In case of face-to-face communication, evidence on debt collecting permission certified by the bank must be shown to customers. The bank also specifies the time and frequency of debt collection which is proper and conforms to the law and practice of the Bank of Thailand and related official entities.
- The disclosure of full details of products and services is factual without distortion or misleading information, detailing the simplified terms and conditions of products and operating procedures which allow customers to accept the terms and conditions before making their decisions.
- The announcement of the interest rates and fees is made in advance before the effective date of any changes in order to keep customers informed before making decisions. The announcement will be done at the bank's branches and on the website at [www.lhbank.co.th](http://www.lhbank.co.th). It clearly specifies the rate against the credit line and type of customers, details and conditions of such product so that they can consider before making decisions.

The bank provides its employees with sound knowledge of products and services' information so that they can give the information correctly and quickly. This is to ensure customers' experience in using smooth services. The bank also has a Call Center to provide advisory service available 24 hours daily at 1327.

The bank provides channels to receive complaints, suggestions and critiques by having the independent unit to handle those issues as well as resolve customers' complaints. The information was collected as to improve the standard of operation and service. The bank provides various channels to receive the complaints as follows:

- Head Office or branches
- Call Center: 1327
- Website: [www.lhbank.co.th](http://www.lhbank.co.th)
- Official Facebook Fanpage

The bank pays attention to the confidentiality of customers' data by not revealing them unless the written consent is obtained.

### Research and Customers' Satisfaction Measurement

The bank measures the customers' satisfaction in the services provided by staff at branches via random call and feedbacks from customers using services at branches. The collected information will then be used to develop and improve products and services at branches in order to increase their satisfaction.

### Providing Savings Account for Basic Financial Service Access

The bank provides many financial products under the concept of promoting inclusive financial access to stimulate economic growth sustainably and thoroughly by supporting public including the elderly and the disabled to gain easy access to financial products and services with lower cost. This important mechanism serves as an initiative on supporting all individuals to learn basic financial planning, gain access to financial services, cultivate savings attitude and expand to other products.



### Criteria for opening Basic Banking Account

- Savings account
- 1 person / 1 account
- Receive savings account's interest rate
- No minimum balance when opening an account (can start with zero balance)
- No account maintenance fees
- No fees for ATM / debit card used with the basic banking account

In case a customer applies for ATM / debit card with the aim to support individuals holding valid state welfare cards and having rights to receive benefits from state welfare cards or to foster Thai citizens with the age over 65 years old to get easy access to financial services, the bank

always recommends such customers to open a basic deposit account to support the government's policies.

#### Customer Qualifications

- Individuals holding valid state welfare cards or those with the age over 65 years old
- Individuals with child care subsidy having children from birth to 3 years of age
- Individuals with allowance for the elderly
- Individuals with disability living allowance
- Individuals with compensation for being village health volunteers
- Individuals with other social welfare benefits

The above savings account can be coupled with other services of the bank such as

- LH Bank PromptPay
- Debit card
- Mobile Application LH Bank M Choice
- Utility bill payment or ATS for utility bill payments

#### Resolution Process and Result Reporting to Complainants According to Service Level Agreement : SLA

The bank has determined the Service Level Agreement (SLA) to set the duration of processing financial services for retail customers. The agreement, covering services in the field of credits, deposits, electronic cards and general services, is intended to upgrade the financial service standards and to set the standards for receiving and handling customer's complaints, and to eventually reduce the number of complaints. It is the bank's commitment to deliver more efficient, faster and more convenient services, to respond to the customers' needs well so that they can realize the bank's operations. Moreover, the Service Level Agreement ensures the correctness and completeness of facts and / or information, the cooperation of customers and force majeure, uncontrollable situations and / or situations where the bank shall comply with the business continuity plan.

The bank has disclosed the Service Level Agreement (SLA) on the bank's website at [www.lhbank.co.th](http://www.lhbank.co.th) covering 5 areas of financial services as follows:

##### 1. Receiving and Handling Complaints consist of

- Verification of complaints through various channels
- Notification of solutions or progress on actions to cope with complaints in all channels

##### 2. Loans for Retail Customers consist of

- Release of collateral
- Ownership transfer of cars / motorcycles to borrowers once the loan has been paid off
- Credit underwriting - the bank will keep customers informed of the result

- Issuing a confirmation letter for debt settlement
- Request for credit account statement

### 3. Deposits consist of

- Cash deposit / withdrawal through ATM / CDM of the same bank or different banks with some errors occurred: no money received or incorrect balance (excluding suspected fraud cases).
- Fund transfer or e-Wallet top up via ATM, CDM, internet, mobile banking but the system malfunctioned causing no money received, the bank will check the error, notify a customer, and adjust that transaction.
- Request to check the transfers to wrong account, internal transfers or interbank transfers or e-Wallet top up to wrong account (excluding suspected fraud cases), the bank will check the error and keep a customer informed.

### 4. Electronic Cards consist of

- Freezing electronic cards such as ATM cards and debit cards
- Advising against the debit card holder's suspicious payment
- Checking the debit card's transactions at the point of sale locally and returning money to card holders

### 5. General Services consist of

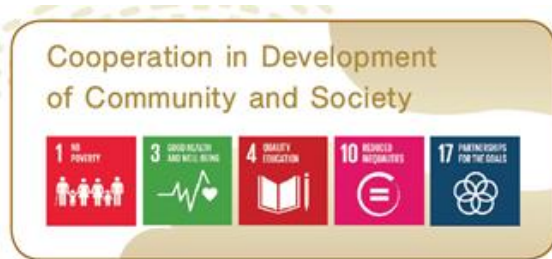
- Customers can request for various information such as the calculation of interests for credit / hire-purchase of no longer than 12 months and 6-month statements which will be given to them in writing.

## Market Conduct

All companies in the LH financial business group have been emphasizing and supporting operations according to the market conduct for sustainable operations. We expect our customers to gain confidence on:

1. Receiving sincere and fair services
2. Receiving appropriate and clear advice
3. Receiving fair prices and conditions
4. Receiving convenient services and proper solutions
5. Receiving understanding of their rights and duties





Land and Houses Financial Business Group is engaged in being part of sustainable development in accordance with good governance principles coupled with social responsibility. Land and Houses Financial Group has taken part in social activities with the emphasis on sustainability.

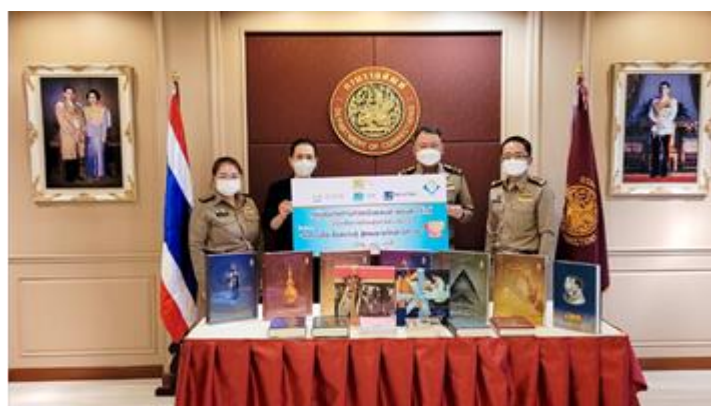
Land and Houses Financial Group has been operating its corporate social responsibility and supporting activities to promote and improve the quality of life in various fields as well as encouraging its employees to volunteer in various activities both government and private agencies with the aim of maximizing benefits to society and communities in accordance with the sustainable development goals.

Land and Houses Bank has been supporting and promoting the development of society and communities through supportive activities covering 3 areas as follows:

1. Youth Empowerment and Education
2. Society and Quality of Life Improvement
3. Arts and Culture Conservation

#### 1. Youth Empowerment and Education

Education is the foundation for all success stories, thus, the bank always realizes the significance of educational support, knowledge development and quality of Thai juveniles. For example, the bank provides the nationwide scholarship project with the purpose to support the youths who are good at study but unable to afford to pursue higher education, the project, **“Give Books and Learning Materials to the Department of Corrections”** encouraging employees and customers to donate books to promote knowledge of prisoners and the donation of old calendars to the Bangkok School for the Blind, allowing them to turn them into instructional materials such as Braille books and notebooks for students with visual impairments.



“Give Books and Learning Materials to the Department of Corrections” to promote self-development of prisoners



**“Give Books and Learning Materials to the Department of Corrections” project**

2021	2020	2019
1,030 books	1,340 books	1,625 books

● **Scholarship Project**

The bank realizes the importance of education and the development of youths who, in the future, will be the main strength and powerful driver of the nation in the long run and sets up a scholarship project to support the youths who have high academic performance, talent and determination to pursue higher education. This project can also instill juveniles to realize the values and importance of education. Moreover, it is also a sustainable way to increase the quality human resources.

**Main Objectives**

- To bring the educational stability to the 7<sup>th</sup> grade needy students with high academic records to pursue their education until 12<sup>th</sup> grade level
- To instill youths to realize the values and importance of education
- To increase the number of potential and quality human resource to society
- To carry out activities that benefit and help society and country as a whole (Corporate Social Responsibilities)

**Nature of Scholarship**

- It is a scholarship for junior high school to high school students who have excellent academic records with the average GPA above 2.60 and good behaviors.
- It is offered for youths in a wider area across 6 regions where the bank's branch networks are located.
- It is offered for the underprivileged due to poor family or lack of parents or being in the custody of another person who are poor or are under the care of welfare institutions or foundations.

**List of schools joining the 2021 scholarship project includes:**

- Anurajaprasit School, Bangkok
- Thanyarat School, Pathumthani
- Chuen Chom Pittayakarn School, Maha Sarakham
- Hua Hin Wittayakom School, Prachuap Khiri Khan
- Phuket Wittayalai School, Phuket
- Sankamphaeng School, Chiang Mai

**Youth Empowerment and Education Outcome**

- 72 continuing scholarships in 2021 for 6 schools, with the total amount of 576,000 Baht
- Two follow-up surveys and assessments for the year 2021. Most of the students under the survey were relatively poor. Parents were divorced and they live with relatives who were general labors with low incomes and education level were average to good.

Scholarship's Activity Snapshots



Thanyarat School, Pathumthani



Phuket Wittayalai School, Phuket



Sankamphaeng School, Chiang Mai



Chuen Chom Pittayakarn School, Maha Sarakham

#### Expenses for CSR Activities

Activities	2021	2020	2019
Continuing Scholarship	606,000	462,000	318,000
Environmental, Social and Governance	1,200,000	1,168,000	1,112,000

#### Used Computers Donation Project

The bank endeavors to fulfill educational gap for urban or up-country to have the same standard. The bank, therefore, arranges the used computers donation project, offering second-hand, ready-to-use computers and notebooks with good condition to disadvantaged schools as an educational resource, so that their students could fully search for knowledge and information in order to get ready for knowledge-based society.

#### Used Computers Donation Outcome

2021	2020	2019
40 computers	40 computers	30 computers



Donate used computers to the Special Learning Center in Pathumthani





Donate used computers to the Special Learning Center in Nakhonpathom



Donate used computers to the Special Learning Center in Samutprakarn

#### Old Calendar Donation Project

The bank has collected the unused desk calendars to donate to the Bangkok School for the Blind for the production of instructional materials, Braille books and notebooks for students with visual impairments.

#### Old Calendar Donation Outcome

2021	2020
1,250 pieces	1,450 pieces

## 2. Society and Quality of Life Improvement

Social activities of the bank focuses on supporting various projects which support social and environmental development and drive positive changes in communities through a wide range of supports such as providing budgets, donating materials, providing aids in an emergency, voluntary activities of employees, internal activities for employees to donate money and materials to different public charities, and sharing knowledge and skills. The bank joins forces with its alliances, network associates, customer groups and all the stakeholders nearby the bank. The group believes that delivering public activities cannot be achieved by one organization alone. It also needs concrete collaborations from related parties to help tackle problems and bring about constructive changes to society for sustainable growth, for instance, inviting employees and customers to donate money for disaster victims and participating in the anti-corruption activities to encourage Thai society to work together against all forms of corruption while promoting market conduct.

• Voluntary Activity for Social Development

Amid the COVID-19 pandemic, the bank has given priority to prevent and monitor the risks of transmission, particularly for the health and safety of employees. In order to manage this, a working group has been set up to monitor the outbreak to collect information to define the appropriate measures including allowing employees to work from home, flexible work hours and lunch breaks to ease the congestion in the workplace and social distancing in the office. In addition, workplace and health measures are in place, for example, cleaning air conditioners, installing air purifiers or ventilators for better ventilation and safe zone. Screening points have been set up consisting of alcohol-based hand sanitizers and face masks before entering into the bank's facilities.

Helping credit customers affected by the economic downturn, drought and COVID-19 outbreak, the bank has issued several measures to help customers in all business groups and retail customers who have been affected by the aforementioned situation in order to alleviate their suffering as well as to help alleviate anxiety and get them ready to continue their business, including;

• Relief measures for corporate loan customers (for non-NPL debtors) affected by the COVID-19 pandemic according to the measures of sustainable rehabilitation assistance are as follows:

- Reduce installments by extending repayment periods
- Grace period for principal repayment
- Adjust the payment terms and conditions
- Others as deemed appropriate



• Relief measures for housing loan and personal loan customers affected by the COVID-19 outbreak (For non-NPL debtors) are as follows:

- Relief measures for personal loan debtors

Reduce installments by extending repayment periods and charge interest rate of not more than 22% per annum

- Relief measures for housing loans and mortgage loans with homes as collateral

Reduce installments by extending repayment periods



From the situation of the COVID-19 outbreak that is widely spreading in many areas across the country causing government and private agencies, including hospitals to face with the shortage of beds to accommodate a large number of patients, the bank is concerned and sees that urgent need and shortage. Therefore, the paper field beds have been given to support the patients to various departments. The number of missing places in the number of 10 including:

1. Special Warfare Command, Lopburi
2. Somdet Ratchathewi Hospital at Sriracha, Chonburi
3. Sanam Phalang Paen Din 3 Hospital
4. Nakhon Pathom Aunjai Waiting Center, Nakhon Pathom
5. Sanam Hospital Samut Songkhram Province, Samut Songkhram
6. Khun Han Hospital, Sisaket
7. Phayao Provincial Administrative Organization, Phayao
8. Somdej Phrayuparaj Det Udom Hospital, Det Udom District, Ubon Ratchathani
9. Phasuk Manichak Mittraphap 116 School Waiting Center, Nonthaburi
10. Phramongkutklao Hospital Foundation



Delivery of paper field beds to the Special Warfare Center, Lopburi



Delivery of paper field beds to Sanam Phalang Paen Din 3 Hospital



Delivery of paper field beds to Nakhon Pathom Aunjai Waiting Center, Nakhon Pathom



Delivery of paper field beds to Khun Han Hospital, Sisaket





Delivery of paper field beds to Phayao Provincial Administrative Organization, Phayao



Delivery of paper field beds to Somdej Phrayuparaj Det Udom Hospital, Det Udom District Ubon Ratchathani



Delivery of paper field beds to Phramongkutklao Hospital Foundation

LH Financial Business Group cares customers partners and social including stakeholders suffered by COVID-19 pandemic and donate money donated from customers partners public and stakeholders from “ Ruamjai soopai Covid-19” in the amount of Baht 1,000,000 to 3 hospitals

- Siriraj Foundation
- Thammasat Chalm Prakiet Hospital
- King Mongkut Hospital Foundation



Donation to Siriraj Foundation



Donation to Thammasat Chalm Prakiet Hospital



Donation to King Mongkut Hospital Foundation

The bank also delivers 2,000 lunch boxes and 20,000 bottles of drinking water to express sincere appreciation and gratitude towards medical staff and other related workers who are at the frontlines in the fight against of COVID-19 at the following places.

- Thammasat University Hospital
- Bangsue Central Vaccination Center
- Klongtoei Community



Delivery of lunch boxes and bottles of drinking water to medical personnel to Thammasat University Hospital



Delivery of lunch boxes and bottles of drinking water to medical personnel to Bangsue Central Vaccination Center

Currently, blood reserves at the Thai Red Cross are inadequate for patients' urgent needs. The bank comprehends the problem and is eager to be part of supports for social activities. Thus, the bank initiates a voluntary social activity by persuading all employees to donate blood annually. In 2021, the bank urged its employees to join the "Blood Donor Volunteer: 1 Giver and 3 Receivers". The blood will be distributed to help patients in hospitals nationwide.





LH Bank joined the “Blood Donor Volunteer: 1 Giver and 3 Receivers” of The Thai Red Cross Society.

- **Youth Empowerment and Education**

The bank sees Thai youths as the future of the nation. It strives to enhance their moral sense and sharpen their academic skills. Therefore, the bank joins the Thai Bankers Association to create the financial literacy project “New Gen Cares about Monies” which is the prototype of financial literacy plan. The pilot target of the project is university students. Staff of the bank will be a trainer to share some monetary knowledge with them via activities to activate recognition and understanding leading to positive changes in their desirable financial behaviors. The bank has been conducting this project for 3 consecutive years.

**Objectives of Financial Literacy Project**

1. To drive financial literacy project for public as stipulated by 5-year strategic plan of the Thai Bankers Association.
2. To develop the expertise and personal financial management skills to the member banks’ personnel to be voluntary trainers and to conduct site visit sharing financial knowledge to students from selected or assigned universities under the idea of “1 bank, 1 university.” Activities conducted to promote financial literacy are based on contents, curriculum and practices standardized by the Thai Bankers Association.
3. To raise awareness of effective personal financial management and planning among university students.

The bank, as one of the members of the Thai Bankers' Association, has been cooperating in the implementation of the “New Gen Cares about Monies” project with the awareness of the importance of cultivating financial planning knowledge financial discipline and the morality of anti-corruption in an integrated manner for society since youth in order to build an economic foundation that is stable and sustainable for the society in the future and to create financial discipline for youths who are the leaders from various universities to develop the capacity of the leaders to play a key role in the dissemination of financial discipline campaign. This is the sharing of knowledge, expertise and skills from banking sector to create benefits for communities and society in response to the bank's commitment to the importance of creating intellectual capital for society in order to be a sustainable quality society.

### 2021 Financial Literacy Project Outcome

1. Have improved financial literacy and created financial discipline for 721 trainers from 11 member banks
2. Have shared knowledge to over 20,374 students from 45 universities
3. Have created positive attitudes towards banks among target students



Activities of the “New Gen Cares about Monies” project for knowledge sharing and financial literacy for public

### 3. Arts and Culture Conservation

The bank joins many arts and culture activities with local people living nearby the bank’s service centers, for example, supporting the Chinese New Year, Children’s Day to strengthen and promote the traditions, arts and culture with communities around the bank’s branches. Besides, the bank is engaged in caring for environment and building awareness for employees to participate in environmental conservation and energy saving.



The bank is committed to creating innovations for the benefits of business and society at the same time. Financial products and services have been being tailored as to facilitate and meet customers’ needs and move to the new era of digital transformation and the government’s policy to foster a digital economy. The bank is well aware of these significant trends and, therefore, enhances the innovations for financial products and services in the form of digital banking, helping customers save their time, reduce costs and receive more convenient services. Moreover, the bank has communicated with customers for their understanding and optimal benefits.

**Mobile Banking (LH Bank M Choice)** is a service to facilitate financial transactions via mobile phones such as money transfer, balance checking and bill payment, available every day, anywhere and anytime via mobile phones. Cardless cash withdrawal via ATMs of Siam Commercial Bank, fund trading and deposit account opening are also available here.

**Online Savings Account Opening** is an online service to keep pace with the digital era, enabling customers to conveniently do financial transactions every day, anywhere any time. It is now easy to open a new savings account online by just downloading the bank's mobile application before visiting any 7-Eleven's counter service nationwide to verify their identities with e-KYC system that meets the IAL 2.3 security standard. Apart from using a national ID card in an online self-verification process with the Department of Provincial Administration, facial recognition technology for standardized digital verification is also adopted.

**Internet Banking for Juristic Persons (LH Bank Speedy)** is a service available for more convenience in conducting financial transactions every day, anywhere and anytime. With double security system, customers can rest assured of financial transactions with the bank.



**LH Bank Debit Chip Card** is a card for processing financial transactions at ATMs of all banks. With securities by recording information into a chip card, safe from ATM skimming, customers can trust their financial transactions and use it to check the account balance and withdraw money at any UnionPay International (UPI) ATM and also pay for products and services at stores or online shopping with many privileges and special promotions from participating stores.



**LH Bank Debit Premium Card** is a card with personal accident protection of up to Baht 300,000 insured by CHUBB Samaggi Insurance PLC. No medical assessment required, customers just fill in their health profiles in the application form and the coverage will be effective immediately. The service covers for medical expenses for any accidents, just present LH Bank Premium card together with ID card to a contract infirmary.

**LH Bank PromptPay Service** is a service to transfer and receive funds without carrying cash, just register an ID card or mobile phone number with LH Bank's account. Such transactions can be made at a glance with only ID card number or mobile phone number without account number. LH Bank PromptPay is available via 3 channels as follows:



1. Mobile Banking (LH Bank M Choice)
2. LH Bank's ATMs
3. Bank's branches

**LH Bank Business PromptPay** is a new choice of fund transfer service for companies or corporates by linking their accounts with their tax ID number.

**My Portfolio Service** is an online service to check your personal data via LH Bank M Choice, including safe box, deposit, loan, securities, mutual fund, debenture, private fund and insurance.

The bank is open and encourages inventions, creativities and innovations, which will bring about continuity of crafting innovations from within the bank with social accountability.

#### Certification of IT Security Management System Standards (ISO/IEC 27001 : 2013)

Land and Houses Bank Public Company Limited received the certificate for the IT security management system standards (ISO/IEC 27001:2013) to enhance the management of IT security of payment infrastructure to international standard, consisting of BAHTNET and ICAS system to prevent the cyber threats that may cause financial loss and reputational damage which may affect the people and economy in a wider scale.

#### Raising Awareness on IT Security

The bank has organized a training course on IT security awareness for directors and executives of the Land and Houses financial business group to keep up with the changes occurred to data protection system and information system (Cyber Security) locally and internationally. This is to raise the level of cautions in preventing the threats caused by the changing trends in the digital world so that the bank will be able to cope with and prevent risks immediately and efficiently as well as provide knowledge on the Cyber Security Act B.E. 2562, Personal Data Protection Act 2562 B.E., IT risks and updates of new IT threats for employees so they can apply knowledge to work effectively and are aware of the safer use of computers which enhances the IT safety awareness within the organization.



## INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and executives value the importance of good internal control and realize the importance of risk management and sufficiency of internal control for all dimensions of operations, especially, in market conduct, banking product and cross selling. The bank directs all units to adhere to good practices regarding internal control in any business operation and any practice of staff. The bank also set up a business unit to manage risks and formulate risk management policy as guidelines.

The bank requires the review of the effectiveness and sufficiency of risk management process and internal control, conducted by the Audit Committee. The essence of the review consists of the consideration of appropriateness of the scope of responsibilities, action plan, the assessment of adequacy and quality of risk management process, internal control, corporate governance process and the compliance of regulations of official and Articles of Association. The review will be reported to the Board of Directors in the event that there are significant defects arising in order to improve and make recommendations.

The bank acknowledges the importance of good corporate governance and internal control, has policies and practical guidelines in writing, and provides trainings to broaden staff's knowledge and to sharpen their practical skills. As a result, staff are able to perform their tasks efficiently and accurately.

The bank provides staff manuals, disciplines, professional ethics and code of conduct & ethics in accordance with the guidelines of the Thai Bankers Association. Penalties for disciplinary offenses are also imposed so that staff can run the operations with efficiency, transparency and fairness to stakeholders. This helps strengthen the corporate governance and internal control to ensure consistency throughout the organization. The said issues have been included in employee training program.

The bank has specified that internal control activities are part of operational processes and all areas have appropriate structures by separating operators from auditors to ensure appropriate check and balance mechanism. Any activities with conflicts of interest shall be identified and corrected to be in accordance with regulations, business conditions and relevant rules.

The information system including financial information system has been developed. Operations are in compliance with the bank's information technology risk governance and other relevant regulations. The information system is used to monitor and evaluate internal control, promptly correct any significant defects and ensure correct, complete and updated information for decision making. Quality communication channel is also provided to ensure that executives and all employees understand policies and operational practices related to their functions.

The audit group has a duty to provide each unit that will be audited and monitored with operational advice according to the unique nature and scope of work of such unit. The objective is to increase value and improve the operations of Land and Houses financial business group. The principles of continuous audit and integrated audit have been applied.

The bank always comprehends that internal control is essential to banking operations because it ensures operational efficiency and rational confidence that the bank's operations can lead to goal achievement and can yield long term benefits. The internal control also ensures reliable financial information reporting and operation, compliance with laws, regulations and requirements, and prevents any act that may damage the bank's assets and reputation. Therefore the bank has monitored and evaluated the internal control by monitoring the ongoing operation and evaluating the performance each time to boost up confidence that the internal control is

proper and able to mitigate changing risks arising periodically. Any defects detected shall be reported to involved executives and any significant defects shall be reported to top executives, the Audit Committee and the Board of Directors as appropriate.

The Audit Committee is responsible for nominating the auditors by considering their qualifications and performances before submitting the proposal to the Board of Directors for approval on an annual basis. The audit fee will be submitted to the shareholders meeting for approval. the auditor of the bank was EY Office Limited who audited the 2021 financial statements and provided the reports with unqualified opinions. In addition, the duties of the Audit Committee cover the consideration of qualifications and suitability of the head of Internal Audit Group which has been screened by the management. The appointment, removal and transfer of the head of Audit Group shall be consented by the Audit Committee as specified in the Audit Committee's charter.

The Internal Audit Group is the independent unit to audit and monitor the bank's operations, then directly reports to the Audit Committee. The audit group is using the risk based approach which covers operations and key departments, the anti-corruption official regulation, the information technology and IT security. The auditing and monitoring processes focus on comprehensive risk management and compliance with regulatory requirements and regulations, policies, guidelines, procedures and code of conduct to assess the sufficiency of internal control, suitability of risk management, effectiveness of resources management and correctness and reliability of information. A report to the audit committee and bank's executive committee must be made regularly.

#### Profile of the Head of Internal Audit Group

<b>Name</b>	Ms. Thanawan Teekautamakorn
<b>Position</b>	Executive Vice President of Internal Audit Group
<b>Age (Years)</b>	57
<b>Education</b>	<ul style="list-style-type: none"> <li>• Master of Arts in Business Law, Chulalongkorn University</li> <li>• Master Degree in General Management, Mahidol University</li> <li>• Bachelor of Accounting, The University of the Thai Chamber of Commerce</li> <li>• Internal Auditing Certificate, Federation of Accounting</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>• Thai Accounting and International Standards</li> <li>• Management and Financial Accounting</li> <li>• Derivatives and Treasury Finance</li> <li>• Financial Disclosure Standards</li> <li>• Taxation courses VAT, Withholding tax, Corporate Income tax</li> <li>• Sell and Services guideline of the Capital Market products (Mutual Fund and Debt Instrument)</li> <li>• Credit Review Guidelines after TFRS 9 and Credit Model</li> <li>• Personal Data Protection Act-PDPA</li> <li>• Integrated Risk Management &amp; Strategy</li> <li>• Treasury &amp; Risk Management</li> <li>• IT Best Practice (Mobile Banking, E-Banking, Cyber Security)</li> <li>• Risk Management for Committee Program</li> <li>• COSO 2013 &amp; Anti-Corruption Master Class</li> <li>• Internal Audit Best Practices</li> <li>• IT Governance and Cyber Resilience Program (ITG)</li> <li>• IT Risk Management Implementation Guideline</li> <li>• AI &amp; Big Data 2019</li> </ul>

- CAE Forum 2019 Winning 5G and the 4<sup>th</sup> Industrial Revolution
- Corruption Risk and Control Workshop (CRC)
- Financial Statement Impact from TFRS 9
- PDPA for Internal Audit 2020

Shareholding proportion (%) : None

Relationship with Management : None

### Work experiences in the past 5 years

#### ❖ Current Position in 1 Listed Company on the Stock Exchange of Thailand

Period	Position	Organization/Company
2021 - Present	Executive Vice President of Internal Audit Group	LH Financial Group PLC
2018 - 2020	Executive Vice President of Internal Audit Group	Thanachart Bank PLC
2013 - 2017	Head of Internal Audit	TMB Bank PLC

#### ❖ Current Position in Non-Listed Companies on the Stock Exchange of Thailand -None-

### Audit Department, Branch Audit Department and Information Technology Audit Office

- Administrate the general audit function, branch audit function, information technology audit function and supervise the operation of internal audit officers
- Approve the audit program, evaluate the sufficiency and efficiency of internal control to mitigate risks and evaluate the quality of assigned tasks
- Sharpen the skills of auditors to be able to catch up with economic, social and technological changes
- Conduct the performance assessments for all levels of auditors
- Give advice, opinion and suggestion about the operation guidelines in accordance with rules, orders and internal control
- Report the results of special audit to the Chief Executive Officer and President and the Audit Committee
- Propose the results of special audit to the top executives of audited departments so they can find accurate guidelines
- Follow up the improvements specified in audit reports
- Perform other tasks assigned by the Audit Committee

### Number of Employees in Internal Audit Department as of December 31, 2021

There are 39 staff in the Internal Audit Department.

### Significant Penalty Charges Under Governing Laws

In 2017, there were significant penalty charges under the governing laws as follows:

Item	Charger	Section	Issue	Charge (Baht)
1	Bank of Thailand	Section 66 Financial Institutions Businesses Act B.E. 2551	Sale of debt instruments in HTM portfolio	187,500.00
		Section 71 Financial Institutions Businesses Act B.E. 2551	Reclassification of debt instruments	412,500.00
		Section 84 Financial Institutions Businesses Act B.E. 2551	Appointment of the Risk Management Committee does not comply with the Bank of Thailand's requirement	514,687.50

In 2018, there were no significant penalty charges under the governing laws.

In 2019, there were significant penalty charges under the governing laws as follows:

Item	Charger	Section	Issue	Charge (Baht)
1	Bank of Thailand	Section 37 Financial Institutions Businesses Act B.E. 2551	Operations: Offsite service	78,750.00
		Section 41 Financial Institutions Businesses Act B.E. 2551	No KYC checking (Know Your Customer : KYC)	246,250.00

In 2020, there were no significant penalty charges under the governing laws.

In 2021, there were no significant penalty charges under the governing laws.

## RELATED PARTY TRANSACTIONS

Related party transactions refer to any transactions which are similar to or competitive with one another or have any relation that may constitute conflicts of interest between the bank and related parties. In conducting any related party transactions, the bank applies policies, normal trade terms and conditions in accordance with predefined processes in an appropriate, transparent, and accurate manner, taking into consideration the utmost benefits of the bank and its shareholders.

Having related party transactions with any related person/party, the bank has policies and procedures to prevent conflicts of interest and complies with the Bank of Thailand's notification and regulators. The related party transaction is considered by the same policies with general customers and normal trade terms through the transparent approval process, taking into consideration the utmost benefits of the bank and its shareholders.

Related person or party of the bank refers to any person or company that has the control over the bank or is controlled by the bank either directly or indirectly or be under the same control over the bank. The definition includes any subsidiary or person having significant influence over the bank either directly or indirectly. Transactions with such company or person are disclosed in the notes to financial statements under the subject "Related Party Transactions."

### Necessities and Rationales of Transactions

The bank conducts related party transactions with care and takes into account the maximum benefit of the bank and its shareholders. All related party transactions conducted by the bank are either normal business operation or necessary and reasonable transactions which help support the normal business of the bank. However, the Audit Committee has frequently examined the related party transactions and commented that the transactions are under normal business operation. The bank has received and paid commission based on market price and fair price, has followed related regulations and disclosed the information completely.

Furthermore, the Audit Committee shall examine related party transactions that may occur in the future with any person having potential conflicts of interest or stake, and give opinions on the necessity and appropriateness of such transactions. In the case where the Audit Committee does not have the expertise in considering such transactions, the bank will assign independent experts or its auditors to give opinions on the transactions so that the bank or its shareholders, whichever is applicable, will base their decisions on. In any case, the bank will always disclose such transactions in the notes to audited financial statements.

### Measures / Approval Process for Related Party Transactions

The bank comprehends the importance of the prevention of conflicts of interest; therefore, approval process of such transaction is subject to due procedures based on the regulations of the bank and scrutinized by responsible committees so that related party transaction complies to principles and reasonable process and is under fair price and terms which not only does it create the highest benefits to the bank and its shareholders, as any other transactions with normal persons, but it also prevents conflicts of interest. Furthermore, the bank shall examine related party transactions that may occur in the future with any person having potential conflicts of interest or stake, and give opinions on the necessity and appropriateness of such transactions. In the case where the audit committee does not have the expertise in considering such transactions, the bank will assign independent experts or its auditors to give opinions on the transactions so that the bank or its shareholders, whichever is applicable, will base their decisions on. In any case, the bank will always disclose such transactions in its audited financial statements.

## Policies and Trends for Future Related Party Transactions

The bank has a policy for conducting current and future related party transactions with any person who potentially has conflicts of interest. The important guidelines for such transactions are that they must be conducted transparently and fairly, in line with good corporate governance, good pricing model, and normal trade terms. The commissions received or paid from such transactions are under market price and fair price. However, the bank assigns the Audit Committee or its auditors or independent experts to audit and comment on the appropriateness of the price and rationale of such transactions.

Any related party transactions which may occur in the future, the bank shall comply with the related law, requirements, announcements, orders, or regulations. The bank also takes into account on the rationale of related party transactions and the opinions of the Board of Directors and the Audit Committee.

## Directors with Vested Interest in any Contract of the Bank during the Fiscal Year

- None -

## Information Disclosure

The bank discloses related party transactions and connected transactions in the annual report.

## Related Party Transaction/Connected Person

Significant business transactions with related parties include transactions with directors, executive or other persons with equivalent position, including entities that the persons or related persons have management authorities, or entities in which the bank or directors or executives hold shares of more than 10 percent of the paid-up share capital of such entities, which were disclosed in the Note No. 41 to the financial statements of the bank. The details are as follows:

### Outstanding Balances

As at 31 December 2021, the outstanding balances of transactions between the bank and its related parties were summarized as follows:

(Unit: Million Baht)

Relationship <sup>1</sup>	Interbank and money market items (assets)	Investments - Cost	Loans to customers	Accrued interest receivables on loans to customers	Other assets	Deposits	Interbank and money market items (liabilities)	Debts issued and borrowings	Accrued interest payables	Lease liabilities	Other liabilities	Contingent liabilities - bank guarantees
1. Parent company of the bank	-	-	118.00	0.01	0.30	9.67	-	-	-	4.11	31.48	-
2. Subsidiaries of the bank's parent company	1,249.74	-	-	-	7.17	4.11	175.61	-	0.01	-	-	-
3. Major shareholders of the bank's parent company	-	-	-	-	6.79	8,113.60	661.74	-	4.96	32.66	0.35	-
4. Related companies	-	357.71	3,507.71	81.80	26.64	7,389.01	-	-	1.36	331.08	1.23	21.19
5. Directors and executives	-	-	7.51	-	-	118.97	-	-	0.16	-	0.01	-
6. Related persons	-	-	5.58	-	-	1,697.21	-	7.00	0.70	-	-	-
<b>Total</b>	<b>1,249.74</b>	<b>357.71</b>	<b>3,638.80</b>	<b>81.81</b>	<b>40.90</b>	<b>17,332.57</b>	<b>837.35</b>	<b>7.00</b>	<b>7.19</b>	<b>367.85</b>	<b>33.07</b>	<b>21.19</b>

Notes <sup>1</sup> The nature of the relationships is described in the Note No. 41 to the financial statements "Related Party Transaction/Connected Person".

### Related Party Transactions in 2021

During the year 2021, the bank had significant business transactions with its related parties. Such transactions, summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the bank and its related parties as follows:

(Unit: Million Baht)

Relationship <sup>/1</sup>	Interest income	Fees and service income	Dividend income	Other operating income	Dividends paid	Interest expenses	Other operating expenses
1. Parent company of the bank	7.22	0.24	-	-	1,040.00	1.69	317.88
2. Subsidiaries of parent company	50.52	144.81	-	3.48	-	3.48	-
3. Major shareholders of parent company	-	-	-	-	-	26.71	32.29
4. Related companies	105.73	-	1.83	-	-	14.14	98.50
5. Directors and executives	0.10	-	-	-	-	1.32	-
6. Related persons	0.82	-	-	0.89	-	13.66	-
<b>Total</b>	<b>164.39</b>	<b>145.05</b>	<b>1.83</b>	<b>4.37</b>	<b>1,040.00</b>	<b>61.00</b>	<b>448.67</b>

Notes <sup>/1</sup> The nature of relationships is described in the Note No. 41 to the financial statements "Related Party Transaction/Connected Person".



## AUDIT COMMITTEE'S REPORT

The Audit Committee consists of 4 independent directors as follows:

1. Mr. Pradit	Sawattananond	Chairman
2. Mr. Somsak	Assavapokee	Member
3. Dr. Supriya	Kuandachakupt	Member
4. Mr. Pichai	Dusdeekulchai	Member

Mrs. Thanawan Teekautamakorn, Executive Vice President of Internal Audit Group of LH Financial Group Public Company Limited, is the secretary.

The Audit Committee has performed its duties under the scope of responsibilities prescribed in the Audit Committee's charter assigned by the Board of Directors. During the year 2021, the Audit Committee had the total of 13 meetings and reported the results of each meeting to the Board of Directors with the summary as follows:

### 1. Review of Financial Report

To review the financial statements prepared under the financial reporting standards and to ensure the accuracy and completeness of information, adequacy of information disclosure, auditing results and significant risks.

In addition, the committee has reviewed the bank's performance quarterly and has arranged meetings with the auditors to ensure that they perform their duties and give opinions independently as well as report all issues identified to the Audit Committee.

### 2. Internal Control and Internal Audit

To review and evaluate the adequacy of the internal control system by scrutinizing the issues detected in the internal audit reports and auditor's reports to evaluate the adequacy, suitability and effectiveness of the internal control. The committee is also responsible for evaluating the independence of the internal audit department and the compliance to the charter of internal audit department.

### 3. External Auditor

To select, nominate and terminate the employment of auditors by considering their knowledge, ability, experience, and reliability, sufficiency of resources, independence and audit quality in the previous year. The audit fee has been set by considering the scope of responsibilities.

In the year 2021, the auditor of the bank was EY Office Limited who audited the financial statements for the year 2021 and presented the financial statements with unqualified opinions.

### 4. Related Party Transactions or Conflicts of Interest

Considering the related transactions or those with potential conflicts of interest is conducted by verifying them against laws and regulations of the Stock Exchange of Thailand to ensure transparency, rationality and protection of benefits of the bank and shareholders. The accuracy of the bank's information disclosure particularly that is potentially related to conflicts of interest is also taken into account.

## 5. Risk Management

Setting the internal control system and risk management both in overall structure and in activity levels needs to comply with international standards to ensure that the bank will achieve its goals efficiently and effectively as well as adhere to the laws properly.

## 6. Self – Assessment

The self-assessment is conducted by assessing the important activities of the Audit Committee against the Audit Committee's charter, relevant rules and regulations as well as good practices. The assessment results indicated that the Audit Committee had performed its duties and responsibilities adequately and efficiently as specified in the Audit Committee's charter, relevant rules and regulations as assigned by the Board of Directors.

The Audit Committee has fulfilled its duties as a whole and expressed its opinions that the bank's financial reports have been accurately prepared in accordance with the financial reporting standards along with the appropriate and adequate information disclosures. The external auditors have independently audited the financial reports and performed their duties as a professional. In addition, the bank has sufficient and suitable internal control suitable for business operations and conforming to the related rules and regulations and laws.



(Mr. Pradit Sawattananond)  
Chairman of Audit Committee

## NOMINATION AND REMUNERATION COMMITTEE'S REPORT

The Nomination and Remuneration Committee consists of 3 members as follows:

- |                |                |          |
|----------------|----------------|----------|
| 1. Mr. Somsak  | Assavapokee    | Chairman |
| 2. Dr. Supriya | Kuandachakupt* | Member   |
| 3. Mr. Pradit  | Sawattananond  | Member   |

Mr. Thanachai Thanasart, Executive Vice President of Human Resource Group of LH Financial Group Public Company Limited, is the secretary.

Remarks\* Dr. Supriya Kuandachakupt has been appointed as a member of Nomination and Remuneration Committee to replace Mr, Shih, Jiing-Fuh since October 25, 2021.

The Nomination and Remuneration Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2021, the Nomination and Remuneration Committee had a total of 5 meetings and reported the results of each meeting to the Board of Directors with the summary as follows:

1. Considered the nomination of executives
2. Considered the executives' position adjustment
3. Considered the employment of consultants
4. Considered the 2021 payroll adjustment for President
5. Considered the payroll adjustment for employees in case of promotion and special payroll adjustment to be compatible with market for the year 2022
6. Considered the 2021 bonus for employees
7. Consented to the directors' remuneration and meeting allowances for the year 2021 and directors' gratuity for the year 2021
8. Considered the nomination of directors to replace those retired by rotation



(Mr. Somsak Assavapokee)

Chairman of Nomination and Remuneration Committee

## BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENT'S REPORT

The Board of Directors of Land and Houses Bank Public Company Limited is responsible for the bank's financial statements and for financial information presented in this annual report. The aforementioned financial statements were prepared in accordance with the financial reporting standards, applying appropriate and consistent accounting policies with discretion. Material information regarding accounting policy and requirements for financial statements is adequately and transparently disclosed for shareholders and other investors in the notes to financial statements.

The Board of Directors has established and maintained appropriate and effective risk management and internal control in order to rationally assure that the accounting information is correctly and completely recorded and adequate to sustain assets of the bank.

The Board of Directors has appointed the Audit Committee which comprises of independent directors responsible for the quality of the financial reporting and an internal control. The Audit Committee's opinions on these issues are included in the Audit Committee Report in this annual report.

The financial statements of the bank were audited by the certified public accountant of EY Office Limited. In the audit, the bank has supported all information and documents in order that the auditor would be able to audit and address opinions to the financial reporting standards. The auditor's opinions were included in the report of independent auditor in this annual report.

In the Board of Directors' point of view, the bank has an appropriate and adequate internal control for the credibility of the financial statements of the bank as of December 31, 2021.



(Dr. Vorapol Socratyanurak)  
Chairman



(Ms. Chompoonoot Pathomporn)  
CEO & President

## Independent Auditor's Report

To the Shareholders of Land and Houses Bank Public Company Limited

### Opinion

I have audited the accompanying financial statements of Land and Houses Bank Public Company Limited (the Bank), which comprise the statement of financial position as at 31 December 2021, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Bank Public Company Limited as at 31 December 2021, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matters

Since the Coronavirus 2019 outbreak has had an impact on businesses and the Bank as described in Note 1.2 to the financial statements, especially on (a) the value of investments, which is as a result of fluctuation in market prices and has been significantly decreased as described in Note 29 to the financial statements, and (b) the value of loans to customers that the Bank has temporarily adopted the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy, as issued by the Federation of Accounting Professions, in measurement of the loans to customers on which the Bank has provided assistance in accordance with the Bank of Thailand's guidelines as described in Notes 4.2.1 and 10.1 to the financial statements. The temporary relief measures adopted by the Bank mainly relate to the loan staging and credit loss provisioning on such group of customers. My opinion is not modified in respect of these matters.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 25 February 2022



Land and Houses Bank Public Company Limited

Statements of financial position

As at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	2021	2020
<b>Assets</b>			
Cash		717,749	801,380
Interbank and money market items - net	7	35,267,727	35,925,749
Derivative assets	8	163,992	412,457
Investments - net	9	41,733,747	43,982,974
Loans to customers and accrued interest receivables - net	10	170,144,008	155,838,424
Properties foreclosed - net	13	773,350	652,527
Premises and equipment - net	14	282,746	250,225
Right-of-use assets - net	22.1	554,034	732,066
Intangible assets - net	15	274,935	338,739
Deferred tax assets	16.1	1,013,320	607,909
Accrued interest receivables on investments		144,696	187,220
Other assets - net	17	408,358	355,169
<b>Total assets</b>		<b>251,478,662</b>	<b>240,084,839</b>

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited

Statements of financial position (continued)

As at 31 December 2021 and 2020

(Unit: Thousand Baht)

	Note	2021	2020
<b>Liabilities and shareholders' equity</b>			
Deposits	19	192,513,105	182,734,964
Interbank and money market items	20	19,046,318	12,203,111
Liabilities payable on demand		189,544	949,585
Derivative liabilities	8	33,520	228,458
Debts issued and borrowings - net	21	2,397,298	5,002,522
Interest payables		338,408	480,236
Accrued expenses		454,491	308,090
Lease liabilities - net	22.2	559,514	721,923
Provisions	23	321,045	258,875
Tax payable		142,099	386,336
Revenue received in advance		246,131	266,031
Other liabilities	25	138,150	178,304
<b>Total liabilities</b>		<b>216,379,623</b>	<b>203,718,435</b>
<b>Shareholders' equity</b>			
Share capital	26		
Registered, issued and paid-up			
2,000,000,000 ordinary shares of Baht 10 each		20,000,000	20,000,000
Share premium	26	10,598,915	10,598,915
Other components of shareholders' equity	29	(1,457,412)	(844,283)
Retained earnings			
Appropriated - statutory reserve	27	924,300	889,700
Unappropriated		5,033,236	5,722,072
<b>Total shareholders' equity</b>		<b>35,099,039</b>	<b>36,366,404</b>
<b>Total liabilities and shareholders' equity</b>		<b>251,478,662</b>	<b>240,084,839</b>

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	2021	2020
<b>Profit or loss:</b>			
Interest income	31	7,751,138	7,927,193
Interest expenses	32	(2,186,531)	(2,975,216)
<b>Net interest income</b>		5,564,607	4,951,977
Fees and service income	33	389,582	352,161
Fees and service expenses	33	(72,108)	(69,721)
<b>Net fees and service income</b>		317,474	282,440
Gains (losses) on financial instruments measured at fair value			
through profit or loss	34	(8,837)	44,253
Gains on investments	35	155,651	833,921
Dividend income		801,303	494,142
Other operating income		28,064	16,660
<b>Total operating income</b>		6,858,262	6,623,393
<b>Other operating expenses</b>			
Employee's expenses		1,220,136	1,110,334
Directors' remuneration	36	18,928	20,441
Premises and equipment expenses		600,836	653,944
Taxes and duties		216,877	213,584
Advertising and promotional expenses		107,288	65,633
Amortisation on intangible assets		113,267	115,188
Supporting services expenses		316,423	288,448
Other expenses		165,232	123,502
<b>Total other operating expenses</b>		2,758,987	2,591,074
<b>Expected credit losses</b>	37	3,283,835	2,298,242
<b>Profit from operating before income tax</b>		815,440	1,734,077
Income tax	16.2	(124,602)	(326,484)
<b>Net profit for the years</b>		690,838	1,407,593

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited

Statements of comprehensive income (continued)

For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	2021	2020
<b>Other comprehensive income (loss):</b>			
Items that will be reclassified subsequently to profit or loss:			
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income		(998,475)	973,369
Income tax relating to components of other comprehensive income (loss) for items that will be reclassified subsequently to profit or loss		199,695	(194,722)
Total items that will be reclassified subsequently to profit or loss		(798,780)	778,647
Items that will not be reclassified subsequently to profit or loss:			
Losses on investments in equity instruments designated at fair value through other comprehensive income		(146,764)	(2,194,071)
Actuarial losses on defined benefit plans		(2,515)	-
Income tax relating to components of other comprehensive income (loss) for items that will not be reclassified subsequently to profit or loss		29,856	438,205
Total items that will not be reclassified subsequently to profit or loss		(119,423)	(1,755,866)
<b>Other comprehensive loss for the years</b>		(918,203)	(977,219)
<b>Total comprehensive income (loss) for the years</b>		(227,365)	430,374
		-	-
<b>Earnings per share:</b>	38		
Basic earnings per share			
Profit for the years (Baht per share)		0.35	0.70

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited  
Statements of changes in shareholders' equity  
For the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

Note	Issued and paid-up share capital	Share premium	Other components of shareholders' equity - Revaluation surplus (deficit) on investments measured at fair value through other comprehensive income	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2020</b>	20,000,000	10,598,915	41,413	819,300	4,976,402	36,436,030
27 Appropriated to statutory reserve	-	-	-	70,400	(70,400)	-
28 Dividend paid	-	-	-	-	(500,000)	(500,000)
Investments in equity instruments derecognised during the year	-	-	91,523	-	(91,523)	-
Profit for the year	-	-	-	-	1,407,593	1,407,593
Other comprehensive loss for the year	-	-	(977,219)	-	-	(977,219)
Total comprehensive income (loss) for the year	-	-	(977,219)	-	1,407,593	430,374
<b>Balance as at 31 December 2020</b>	20,000,000	10,598,915	(844,283)	889,700	5,722,072	36,366,404
<b>Balance as at 1 January 2021</b>	20,000,000	10,598,915	(844,283)	889,700	5,722,072	36,366,404
27 Appropriated to statutory reserve	-	-	-	34,600	(34,600)	-
28 Dividend paid	-	-	-	-	(1,040,000)	(1,040,000)
Investments in equity instruments derecognised during the year	-	-	303,062	-	(303,062)	-
Profit for the year	-	-	-	-	690,838	690,838
Other comprehensive loss for the year	-	-	(916,191)	-	(2,012)	(918,203)
Total comprehensive income (loss) for the year	-	-	(916,191)	-	688,826	(227,365)
<b>Balance as at 31 December 2021</b>	20,000,000	10,598,915	(1,457,412)	924,300	5,033,236	35,099,039

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited

Statements of cash flows

For the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)	
	2021	2020
<b>Cash flows from operating activities</b>		
Profit before income tax	815,440	1,734,077
Adjustments to reconcile profit before income tax		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	439,928	464,869
Expected credit losses	3,283,835	2,298,242
Provisions for employee benefits	56,193	30,635
Provisions for litigation	20,325	-
Provisions for properties foreclosed	962	-
(Gains) losses on financial instruments measured at fair value through profit or loss	(54,723)	93,651
(Gains) losses on disposal/write-off of leasehold improvements and equipment	(1,064)	2,698
Gains on lease modification	(10,208)	-
Gains on sales of investments	(155,651)	(833,921)
Net interest income	(5,564,607)	(4,951,977)
Dividend income	(801,303)	(494,142)
Cash received on interest income	5,675,940	6,070,529
Cash paid on interest expenses	(2,309,226)	(3,237,662)
Cash paid on income tax	(569,360)	(456,162)
<b>Profit from operation before changes in operating assets and liabilities</b>	<b>826,481</b>	<b>720,837</b>
(Increase) decrease in operating assets		
Interbank and money market items	656,046	(11,972,881)
Loans to customers	(16,509,777)	(5,860,915)
Properties foreclosed	(3,056)	(578,793)
Other assets	(58,922)	(77,265)
Increase (decrease) in operating liabilities		
Deposits	9,778,141	17,716,556
Interbank and money market items	6,843,207	1,699,465
Liabilities payable on demand	(760,041)	897,502
Short-term debts issued and borrowings	(906)	(10,716,559)
Accrued expenses	142,760	10,009
Provisions	(35,322)	(3,653)
Revenue received in advance	53,364	214,953
Other liabilities	(94,197)	65,322
<b>Net cash provided by (used in) operating activities</b>	<b>837,778</b>	<b>(7,885,422)</b>

The accompanying notes are an integral part of the financial statements.

Land and Houses Bank Public Company Limited

Statements of cash flows (continued)

For the years ended 31 December 2021 and 2020

	(Unit: Thousand Baht)		
	Note	2021	2020
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments in debt instruments measured at amortised cost		-	9,623,416
Proceeds from sale of investments in debt instruments measured at fair value through other comprehensive income		13,891,711	13,314,255
Proceeds from sale/capital return of investments in equity instruments designated at fair value through other comprehensive income		495,619	1,437,526
Cash received on interest on investments		1,039,169	1,362,402
Cash received on dividend on investments		801,303	494,142
Invested in investments in debt instruments measured at fair value through other comprehensive income		(12,709,352)	(14,844,995)
Invested in investments in equity instruments designated at fair value through other comprehensive income		(398,988)	(2,210,365)
Invested in investments in debt instruments measured at amortised cost		-	(180,000)
Proceeds from disposal of equipment		5,123	1,272
Cash paid for purchase of leasehold improvements and equipment		(98,001)	(110,475)
Cash paid for purchase of intangible assets		(60,880)	(73,106)
<b>Net cash provided by investing activities</b>		<b>2,965,704</b>	<b>8,814,072</b>
<b>Cash flows from financing activities</b>			
Cash paid for lease liabilities		(242,795)	(260,568)
Cash received on long-term debts issued and borrowings		2,400,000	-
Cash paid on long-term debts issued and borrowings		(5,004,318)	(1,002,153)
Dividend paid	28	(1,040,000)	(500,000)
<b>Net cash used in financing activities</b>		<b>(3,887,113)</b>	<b>(1,762,721)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(83,631)</b>	<b>(834,071)</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>801,380</b>	<b>1,635,451</b>
<b>Cash and cash equivalents as at 31 December</b>		<b>717,749</b>	<b>801,380</b>

Supplemental cash flows information

Non-cash items:

Right-of-use assets	122,734	344,793
Purchase of assets on credit	20,143	16,538
Properties foreclosed	118,730	-

The accompanying notes are an integral part of the financial statements.



## Land and Houses Bank Public Company Limited

### Notes to financial statements

#### For the years ended 31 December 2021 and 2020

#### 1. General information

##### 1.1 The Bank's information

Land and Houses Bank Public Company Limited (“the Bank”) was incorporated as a public limited company under Thai laws and has been operating a commercial bank business in Thailand. LH Financial Group Public Company Limited is the parent company, holding 99.99% of the issued and paid-up share capital of the Bank.

The Bank's registered office is located at No. 1, on the G, 1st, 5th, 6th and 32nd floors of Q-House Lumpini Building, South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok. As at 31 December 2021, the Bank had 1 head office and 77 branches in Thailand (31 December 2020, the Bank had 1 head office and 107 branches in Thailand).

##### 1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is directly and indirectly impacting various businesses and industry sectors, which results in an economic slowdown and a fluctuation in the money market and the capital market. This situation has impacted on the Bank's value of loans to customers, value of investments, operating results and cash flows at present, and is expected to do so in the future. However, the Bank's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

#### 2. Basis for preparation of financial statements

These financial statements for the year ended 31 December 2021 were prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, Accounting Guidance announced by the Federation of Accounting Professions and accounting practices generally accepted in Thailand including the relevant regulations stipulated by the Bank of Thailand (BOT). The presentation of the financial statements has been made in compliance with the BOT's notification No. Sor Nor Sor. 21/2561 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 31 October 2018.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding the summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the financial statements in Thai language.

### 3. New and revised financial reporting standards

#### 3.1 New financial reporting standards that became effective in the current year

During the year, the Bank has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on these financial statements.

#### 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Bank is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### 3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses.

The accounting guidance is effective for entities that provide assistance to debtors impacted by COVID-19 during the period from 1 January 2022 to 31 December 2023 or until the Bank of Thailand makes changes with which the entities are to comply. The guidance applies to the staging assessment and setting aside of provisions for qualified debtors, and covers all types of debtors, namely large debtors, small- and medium-sized debtors and retail debtors.

- a) In cases of debt restructuring for the purpose of reducing the debt burden of debtors that involve more than just extending the payment timeline, the applicable procedures are as follows:
  - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1) without compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
  - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
  - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
  - Loans are classified as loans that there has been a significant increase in credit risk (Under-performing or Stage 2) when principal or interest payments are more than 30 days past due or 1 month past due.
  - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
- b) In cases of the debt restructuring involving only a payment timeline extension, the applicable procedures are as follows:
  - The staging assessment and setting aside of provisions are performed in accordance with the relevant financial reporting standards.
  - The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is to move to under-performing stage or Stage 2.

- c) Expected credit losses are determined based on the outstanding balance of the drawn down portion only. No expected credit loss is calculated for unused credit lines.
- d) For retail debtors and SME debtors who are in the process of debt restructuring and unable to complete the process by 31 December 2021 in accordance with guidelines specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 594/2564 “Guidelines regarding debt restructuring to assist debtors affected by COVID-19”, classification of the debtors remains at the same stage as before restructuring until 31 March 2022 or until the Bank of Thailand makes changes with which the entities are to comply.

For debtors whose debt is restructured between 1 January 2021 and 31 December 2021, in accordance with the above clauses no. a) and b), the guidelines on staging assessment and provisioning under this accounting guidance apply from 1 January 2022 to 31 December 2023. However, for the year 2021, entities can still apply the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy.

The management of the Bank is currently evaluating the financial impact of those debtors whose debt is restructured between 1 January 2021 and 31 December 2021 in case that the Bank adopts this Accounting Guidance.

#### 4. Summary of significant accounting policies

##### 4.1 Revenue recognition

###### (a) Interest and discount

The Bank recognises interest income on amortised cost of loans to customers on an accrual basis, using the effective interest method, over the term of the contract.

The Bank calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets. When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial asset.

The effective interest rate is calculated based on the estimated contractual cash flows or on the expected life, with the cash flows including fees directly related to the loans to customers. The Bank recalculates the effective interest rate whenever there is a loan being drawn down in installments or a change in a floating interest rate.

The Bank records the difference between interest income calculated using the effective interest method and interest income calculated using the contract rate as interest income in the statement of comprehensive income, and records undue interest receivables in the statement of financial position.

When subsequent changes to the terms and conditions of contracts mean loans to customers meet the criteria for derecognition (Modification with derecognition), the Bank recognises interest income

based on the new effective interest rate over the remaining term of the contract. In addition, the Bank reverses undue interest receivables in the statement of financial position, and reverses any interest income remaining in the statement of comprehensive income on the derecognition date.

In cases where a discount is included in promissory notes or loans, the interest or the discount is recognised as deferred revenue and amortised under the effective interest method over the term of the note or loan.

(b) Fees and service income

Fees and service are recognised as revenues on an accrual basis, taking into account the stage of completion.

(c) Gains (losses) on financial instruments measured at fair value through profit or loss

Gains (losses) on securities trading and derivatives are recognised as revenues or expenses on the transaction dates. Gains (losses) on changes in fair value are recognised in profit or loss.

(d) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

(e) Dividend income

Dividend is recognised as revenues when the right to receive the dividend is established.

## 4.2 Expense recognition

(a) Interest expenses

Interest expenses are recognised on an accrual basis, using the effective interest rate. Interest on notes payable included in the face value is recorded as deferred interest expenses, which will be amortised as expenses evenly throughout the term of the notes.

(b) Commission and direct expenses charged on hire purchase

Commission and direct expenses incurred at the inception of a hire purchase contract such as commission expenses, are gradually amortised, using the effective interest method, and presented net of interest income on hire purchase.

(c) Fees and service expenses and other expenses

Fees and service expenses and other expenses are recognised as expenses on an accrual basis.

## 4.3 Cash and cash equivalents

Cash and cash equivalents are the amounts included in the statements of financial position under the caption of “Cash”, which consists of cash on hand and cheques in transit.

#### 4.4 Securities purchased under reverse repurchase agreements/securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to reverse repurchase agreements are presented as assets under the caption of “Interbank and money market items” in the statements of financial position, and the underlying securities are treated as collateral to such receivables, while securities sold subject to repurchase agreements are presented as liabilities under the caption of “Interbank and money market items” in the statements of financial position at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The differences between the purchase price and the sale considerations are recognised as interest income or expenses, as the case maybe, over the transaction periods.

#### 4.5 Derivatives

The Bank has entered into derivative financial instruments in order to manage risk of the Bank and in response to customer needs. These consist of financial derivative contracts which were originated for trading purposes and derivative contracts which were originated for risk management purposes (Banking book) and the Bank has not elected to adopt hedge accounting. Derivatives are initially recognised at fair value on trade date and subsequently remeasured at fair value.

After initial recognition, gains or losses on changes in fair value are presented as gains (losses) on financial instruments measured at fair value through profit or loss.

The fair value of the contracts is based on the quoted market prices. If the fair value of a financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models in which the variables used are derived from observable market factors and adjusted to reflect counterparty credit risk.

#### 4.6 Financial instruments

##### Recognition of financial instruments

The Bank recognises financial assets or financial liabilities, at initial recognition, when the Bank becomes a party to the contractual provisions of the financial instruments at fair value.

##### Classification and measurement of financial assets and financial liabilities

##### Financial assets - debt instruments

The Bank classifies its financial assets - debt instruments as to be subsequently measured at amortised cost or fair value in accordance with the Bank’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

(a) Financial assets measured at amortised cost

Only if both following conditions are met: the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value on trade date and subsequently measured using the effective interest method at amortised cost net of allowance for expected credit losses (if any).

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets measured at fair value through other comprehensive income

Only if both following conditions are met: the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and subsequently measured at fair value. Gains or losses on changes in fair value are presented in shareholders' equity through other comprehensive income. The cumulative change in fair value recognised in other comprehensive income is recycled to profit or loss upon derecognition of these financial assets. Gains or losses on foreign exchange, expected credit losses and interest income which are calculated using the effective interest method are recognised in profit or loss.

(c) Financial assets measured at fair value through profit or loss

The financial assets are held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows, or the contractual terms of the financial assets give rise on specified dates to contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Gains or losses on changes in fair value and gains or losses on disposal are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Financial assets - equity instruments

The Bank classifies investments in equity instruments that are not held for trading but held for strategic purpose or they are instruments with high market volatility as equity instruments designated at fair value through other comprehensive income, where an irrevocable election has been made by the management. The classification is determined on an instrument-by-instrument basis. Gains or losses on changes in fair value are recognised in other comprehensive income. Gains and losses recognised in other comprehensive income are never recycled to profit or loss, instead, they are directly transferred to retained



earnings upon disposal of the investments. Dividends on these investments are recognised in profit or loss except when the dividends clearly represent a recovery of part of the cost of the investments, in which case, the gains are recognised in other comprehensive income.

In addition, investments in equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### Financial liabilities

Except for derivative liabilities, at initial recognition, the Bank's financial liabilities are recognised at fair value and classified as liabilities to be subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

#### **Modification of financial instruments not measured at fair value**

##### Financial assets

If the terms of a financial asset are modified and the Bank assesses that cash flows of the modified financial asset are significantly different from the original financial assets. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the derecognised financial asset and the new financial asset is recognised in profit or loss as a part of the expected credit losses.

If cash flows of the modified financial asset are not substantially different, the Bank recalculates the gross carrying amount of the new financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss, which is presented as a part of the expected credit losses.

##### Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Bank adjusts the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses.

#### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Bank has transferred substantially all the risks and rewards of the asset, or the Bank has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **Write-off**

Debts that are determined to be irrecoverable are written off (either partially or in full) in the year in which the decision is taken. This is generally the case when the Bank determines that the counterparties do not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. In case of bad debt recovery, the recovered amount is recognised as revenue in the year it is recovered.

The Bank has risk related to these financial instruments and the risk management policies as described in Note 44 to the financial statements.

#### **Changes in classification of investments in debt instruments**

When there are changes in the Bank's business model for management of financial assets, the Bank has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income depending on the classification of the investments.

### **4.7 Loans to customers**

Loans to customers are presented at the principal balances, excluding accrued interest receivables and undue interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue, unearned discount and fees related to loans to customers and modification gains or losses are added or deducted from the balances of loans to customers.

Hire purchase receivables are stated at the outstanding balances under the agreements less the balances of deferred revenue, which are presented net of deferred initial direct costs.

### **4.8 Allowance for expected credit losses of financial assets**

The Bank recognises an allowance for expected credit losses on its financial assets that are debt instruments measured at fair value through other comprehensive income and measured at amortised cost such as interbank and money market items (assets), investments in debt instruments, and loans to customers, including undrawn credit limit and financial guarantee contracts, without requiring a credit-impaired event to have occurred prior to the recognition. The Bank sets allowance for expected credit losses using the General Approach on the loan amount, which consists of the outstanding loan

balance, accrued interest receivables, undue interest receivables and other related items or equivalent to the asset in the statement of financial position as the base for calculation.

The Bank classifies its financial assets into three stages based on changes in credit risk to measure the value of allowance for expected credit losses, with the classification of a financial asset determined on the basis of the changes in credit quality since initial recognition as follows:

Stage 1 (Performing): Financial assets where there has not been a significant increase in credit risk

For financial assets where there has not been a significant increase in credit risk since initial recognition, the Bank determines allowance for expected credit losses at an amount equivalent to the expected credit losses for the next 12 months.

Stage 2 (Under-performing): Financial assets where there has been a significant increase in credit risk

For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, the Bank determines allowance for expected credit losses at an amount equivalent to the expected credit losses over the expected lifetime of the financial assets.

Stage 3 (Non-performing): Financial assets that are credit-impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets. The Bank determines allowance for expected credit losses at an amount equivalent to the expected credit losses over the expected lifetime of the financial assets.

At the end of the reporting period, the Bank assesses whether there has been a significant increase in the credit risk of the financial assets since initial recognition by comparing the risk of default as at the reporting date with that as at the initial recognition date.

In assessing whether there has been a significant increase in credit risk since initial recognition, the Bank uses internal criteria and risk ratings derived from external sources to assess the decrease in credit quality of the financial assets.

The Bank assesses whether there has been a significant increase in credit risk since initial recognition on an individual or an asset group basis. In making estimates of expected credit losses on an asset group basis, the basis of the Bank's grouping of financial assets is the similarity of credit risk characteristics such as asset type, credit rating, remaining term to maturity, industry, status of the debtor and other relevant factors.

When the terms of a loan are modified because the debtor is having financial problem, it is considered to be a financial asset where there has been a significant increase in credit risk or that is credit-impaired, unless there is an evidence showing that the risk of inability to collect the contractual cash flows is significantly decreased and there are no other impairment indicators.

In making estimates of expected credit losses, the Bank considers historical loss experience and adjusts it on the basis of current observable data, as well as forward-looking information that is supportable and reasonable, provided that it is shown to be statistically related, as well as exercising appropriate judgment. Macroeconomic data is used, and both the current situation and economic forecasts are evaluated.

The use of forward-looking data increases the degree of judgment required in evaluating how relevant current macroeconomic changes affect expected credit losses. However, the Bank has a review procedure, and the methods, assumptions and forecasts of future economic situations are regularly appraised. In addition, the allowance for expected credit losses also includes the Management Overlay for the factors, which are not captured by the ECL model and for the group of customers whose credit quality may be deteriorated.

In the case of investments in debt instruments measured at fair value through other comprehensive income, the Bank recognises impairment charge in profit or loss as expected credit losses and the allowance for expected credit losses with the corresponding amount in other comprehensive income, whereas the carrying amount of the investments in debt instruments in the statement of financial position is still presented at fair value.

Expected credit losses on undrawn credit limit is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. The measurement of expected credit losses on financial guarantee contracts is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

An increase or decrease in the allowance for expected credit losses is recognised as expected credit losses in profit or loss for each year.

#### 4.9 Financial assets with modifications of terms/Debt restructuring

When a financial assets' terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because the debtor is having financial problem, the Bank assesses whether to derecognise the financial asset and measures the expected credit losses, as follows:

- If the modification of terms does not result in derecognition of the financial assets, the Bank calculates the gross carrying amount of the new financial assets based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial assets. The difference between the book value and the present value of expected future cash flow is recognised as modification gains or losses of terms in profit or loss and presented as a part of the expected credit losses.
- If the modification of terms results in derecognition of the financial assets, the fair value of the new financial assets is the latest cash flows of the original financial assets on the date of derecognition. The difference between the book value and the fair value of the financial assets is recognised in profit or loss.

In addition, the Bank has redefined debt restructuring in cases where the restructuring is due to an increase in the credit risk of the debtor, in compliance with the circular of Bank of Thailand No. BOT.RPD(23)C.276/2563 dated 28 February 2020, and has accordingly modified the classification of debtors as follows:

- Debt restructuring for debtors who are performing loans, which are pre-emptive debt restructurings, made when signs of debt payment problems become evident, with the debtors classified as financial assets where there has been a significant increase in credit risk (Stage 2). If the debtors are able to

make payment in accordance with the debt restructuring agreement for 3 consecutive months or 3 installments, whichever is the longer period, this demonstrates that the debtors do not meet the criteria of a significant increase in credit risk and the Bank will classify them as financial assets where there has not been a significant increase in credit risk (Stage 1).

- Debt restructuring for debtors who are non-performing loans (NPL) is a troubled debt restructuring (TDR) regardless of whether losses are incurred. If the debt restructuring does not result in derecognition, the debtors are classified as credit-impaired (Stage 3) until they are able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or 3 installments, whichever is the longer period. The Bank can then classify them as financial assets where there has been a significant increase in credit risk (Stage 2). Following this, the Bank will continue to monitor repayment by these debtors for 9 months, and if they have no overdue balances of either principal or interest at the end of this period, making the Bank confident that they do not meet the criteria of a significant increase in credit risk, the Bank will reclassify them as financial assets where there has not been a significant increase in credit risk (Stage 1).

In addition, modifications of contract terms in line with changes in expected future cash flows, made in order to maintain good relationships with debtors with no increase in credit risk, such as reductions of interest rates related to market conditions, are not considered to be debt restructuring.

#### 4.10 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. The cost is the carrying value of debt balance of the debtor on the date the Bank is entitled to such properties foreclosed to settle debt. Net realisable value is determined with reference to the latest appraisal value less estimated selling expenses.

Gains (losses) on disposal of properties foreclosed is recognised as revenue (expenses) in profit or loss upon disposal. Impairment loss is recognised as expenses in profit or loss.

#### 4.11 Premises and equipment and depreciation

Land is stated at cost less allowance for impairment (if any). Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings	-	20 years
Leasehold improvements	-	3 and 5 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years
Vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets in progress.

An item of land, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.12 Leases

At inception of contract, the Bank assesses whether a contract is, or contains, a lease component if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank recognises and measures all leases with a term of more than 12 months, unless the underlying asset is low value. At the commencement date of the lease (the date the underlying asset is available for use), the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs on the straight-line basis over the shorter of the lease term and their estimated useful lives as follows:

Buildings	1 - 6 years
Vehicles	1 - 5 years

If ownership of the leased asset is transferred to the Bank at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the

Bank exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.

The Bank discounted the present value of the lease payments by the interest rate implicit in the lease or the Bank's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### **Short-term leases and Leases of low-value assets**

Payments under a lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets are recognised as expenses on a straight-line basis over the lease term.

#### **4.13 Intangible assets and amortisation**

Intangible assets are measured at cost upon initial recognition and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite useful lives are amortised on the straight-line basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and method for such intangible assets are reviewed at least at the end of year. The amortisation expenses and impairment losses are charged to expenses in profit or loss.

Intangible assets with finite useful lives are computer softwares and deferred membership and license fee, which have estimated useful lives of 5 and 10 years, respectively. No amortisation is provided on computer softwares under development.

#### **4.14 Impairment of non-financial assets**

At the end of each reporting period, the Bank performs impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. The Bank recognises impairment loss in profit or loss when the recoverable amount of asset, which is the higher of the asset's fair value less costs to sell or its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the calculations are based on the amount that they could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.



#### 4.15 Provisions

Provisions are recognised when the Bank has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.16 Employee benefits

##### (a) Short-term employment benefits

Salary, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### (b) Post-employment benefits

###### Defined contribution plan

The Bank and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

###### Defined benefit plan

The Bank treats the severance payments they must make to employees upon retirement under labor law as a defined benefit plan.

The Bank's obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains or losses arising from the defined benefit plan are recognised in other comprehensive income (loss) and directly charged to retained earnings.

#### 4.17 Foreign currencies

The financial statements are presented in Baht, which are also the Bank's functional currency.

Transactions in foreign currencies, which occurred during the year, are translated into Thai Baht at the reference rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the BOT's reference rates ruling at the end of the reporting periods.

Gains or losses on exchange are recognised as revenues or expenses which are presented as gains (losses) on financial instruments measured at fair value through profit or loss.

#### 4.18 Income tax

Income tax represents the sum of income tax currently payable and deferred income tax.

##### (a) Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

(b) Deferred income tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax loss carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or a part of deferred tax assets to be utilised.

The Bank records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**4.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when there is no active market of an identical assets or liabilities or when a quoted market price is not available. The Bank measures fair value using a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of inputs to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimations of future cash flows

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting periods that are measured at fair value on a recurring basis.

#### 4.20 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Bank, whether directly or indirectly, or which are under common control with the Bank.

They also include individuals which directly or indirectly own a voting interest in the Bank that give them significant influence over the Bank, key management personnel, directors, and officers with authority in the planning and direction of the Bank's operations, together with closed family members of such persons and companies which are controlled or significantly influenced by them, whether directly or indirectly.

#### 4.21 Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy

During the year 2020, The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. The Accounting Guidance is effective for entities providing assistance to debtors impacted by the aforementioned situations during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- (a) Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- (b) Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

The Bank has entered into the scheme to provide assistance to affected debtors in accordance with the BOT's guideline. For the debtors who meet the conditions under the temporary relief measures, the Accounting Guidance can be applied as follows:

- (a) In assisting a debtor that is not yet non-performing (Non-NPL), the Bank classifies it in the stage where there has not been a significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive

debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the BOT No.BOT.RPD.(01)C.380/2563, classification of the debtor remains at the same stage as before.

- (b) In assisting a debtor that is non-performing (NPL), the Bank can classify it as performing loan if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- (c) In providing additional working capital loans to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring, the Bank can classify the debtor by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- (d) The guideline specified in the appendix of circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- (e) Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
- (f) If the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan, the Bank can apply a newly calculated effective interest rate to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand. In addition, provided that the provision of assistance is in compliance with the circular of the Bank of Thailand No.BOT.RPD.(01)C.380/2563, the Bank recognises interest income on the basis of this new effective interest rate during the grace period, or in accordance with the Bank of Thailand's guidelines if there are changes.
- (g) In determining the expected credit losses, the Bank can consider placing lighter weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience.

In addition, the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 "Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 2" dated 19 June 2020, and the circular of the BOT No. BOT.DRU.C. 480/2564 "Measures to provide assistance to small-sized debtors during the Coronavirus 2019 (COVID-19) situation - Phase 3" dated 14 May 2021, in order to provide additional assistance to debtors. Because the Bank has participated in the schemes to provide assistance to affected debtors, it has also adopted the related accounting guidance.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### 5.1 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statements of financial position or disclosed in note to financial statements that are not actively traded, and for which quoted market prices are not readily available, the management exercises judgement, using valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these variables could affect the fair value reported in the statements of financial position and disclosed in the disclosure notes of the fair value hierarchy.

### 5.2 Allowance for expected credit losses

The Bank has developed a model for estimating expected credit losses of financial assets based on the Bank of Thailand's guidelines.

Judgement is used in estimating the allowance for expected credit losses of debtors who are having problems making principal and/or interest payments, with management taking into consideration analysis of debtor status performed on an individual and a group basis, the probability of default, estimated losses arising from the default, historical collection experience, collateral value, statistical data, economic factors and risk ratings derived from external sources. These are used in determining assumptions and forward-looking scenarios, as well as probability weighted outcomes. The Bank also considers factors that would result in a significant increase in the credit risk of the financial assets compared with the risk as of the initial recognition date.

The management sets aside an additional allowance for expected credit losses to account for the uncertainties around future events that have not yet been reflected in the model (Management Overlay), based on the assessment and judgement of the management.

In addition, management judgement is also used in consideration of opting the Relief Measures in classification of the debtors, in assessment of a significant increase in credit risk, in determination of expected credit loss rates and in consideration of applying a weight on forward-looking information, all of which affect the valuation of loans to customers under the circumstances that the Bank temporarily opts to adopt this Accounting Guidance.

### 5.3 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimate of the useful lives and residual value of buildings and equipment and to review estimated useful lives and residual value when circumstances change.

In addition, the management is required to review impairment for premises and equipment for on a periodical basis and records impairment loss when it is determined that their recoverable amounts are lower than their carrying values. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### 5.4 Leases

#### Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Bank is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Bank to exercise either the extension or termination option.

#### Estimating the incremental borrowing rate - The Bank as a lessee

The Bank cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### 5.5 Intangible assets

The initial recognition and measurement of intangible assets, including subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only to the extent that it is probable that taxable profit will be available against which those temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

## 5.7 Provisions for employee benefits

Provisions for employee benefits are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, staff turnover rate and mortality rate, based on their best knowledge of current events and arrangement.

## 5.8 Litigation

The Bank has contingent liabilities as a result of claim litigation. The management has used judgement to assess the outcome of the litigation cases, and in case where they believe that there will be no loss, no provisions are recognised at the end of reporting periods.

## 5.9 Recognition and derecognition of assets and liabilities

In considering whether to recognise or derecognise assets and liabilities, the management is required to make judgement on whether risks and rewards of those assets and liabilities have been transferred, based on their best knowledge of current events and arrangements.

## 6. The classification of financial assets and financial liabilities

(Unit: Thousand Baht)

	31 December 2021				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	717,749	717,749
Interbank and money market items - net	-	-	-	35,267,727	35,267,727
Derivative assets	163,992	-	-	-	163,992
Investment - net	-	34,881,957	6,851,790	-	41,733,747
Loans to customers and accrued interest receivables - net	-	-	-	170,144,008	170,144,008
<b>Total financial assets</b>	<b>163,992</b>	<b>34,881,957</b>	<b>6,851,790</b>	<b>206,129,484</b>	<b>248,027,223</b>
<u>Financial liabilities</u>					
Deposits	-	-	-	192,513,105	192,513,105
Interbank and money market items	-	-	-	19,046,318	19,046,318
Liabilities payable on demand	-	-	-	189,544	189,544
Derivative liabilities	33,520	-	-	-	33,520
Debts issued and borrowings - net	-	-	-	2,397,298	2,397,298
Lease liabilities - net	-	-	-	559,514	559,514
<b>Total financial liabilities</b>	<b>33,520</b>	<b>-</b>	<b>-</b>	<b>214,705,779</b>	<b>214,739,299</b>



(Unit: Thousand Baht)

31 December 2020

	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	801,380	801,380
Interbank and money market items - net	-	-	-	35,925,749	35,925,749
Derivative assets	412,457	-	-	-	412,457
Investment - net	-	36,887,789	7,095,185	-	43,982,974
Loans to customers and accrued interest receivables - net	-	-	-	155,838,424	155,838,424
Total financial assets	412,457	36,887,789	7,095,185	192,565,553	236,960,984
<u>Financial liabilities</u>					
Deposits	-	-	-	182,734,964	182,734,964
Interbank and money market items	-	-	-	12,203,111	12,203,111
Liabilities payable on demand	-	-	-	949,585	949,585
Derivative liabilities	228,458	-	-	-	228,458
Debts issued and borrowings - net	-	-	-	5,002,522	5,002,522
Lease liabilities - net	-	-	-	721,923	721,923
Total financial liabilities	228,458	-	-	201,612,105	201,840,563

7. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
<b>Domestic:</b>						
Bank of Thailand	1,372,099	-	1,372,099	2,452,043	-	2,452,043
Commercial banks	943,482	2,000,000	2,943,482	125,274	8,800,000	8,925,274
Specialised financial institutions	-	14,300,000	14,300,000	-	7,300,000	7,300,000
Other financial institutions	620,000	15,595,000	16,215,000	5,215,000	11,815,000	17,030,000
Total	2,935,581	31,895,000	34,830,581	7,792,317	27,915,000	35,707,317
Add: Accrued interest receivables and undue interest receivables	-	5,561	5,561	131	7,847	7,978
Less: Allowance for expected credit losses	(1,103)	(4,027)	(5,130)	(1,611)	(3,960)	(5,571)
Total domestic items	2,934,478	31,896,534	34,831,012	7,790,837	27,918,887	35,709,724
<b>Foreign:</b>						
US Dollar	403,752	-	403,752	205,371	-	205,371
Yen	9,342	-	9,342	624	-	624
Euro	7,567	-	7,567	490	-	490
Other currencies	16,054	-	16,054	9,540	-	9,540
Total foreign items	436,715	-	436,715	216,025	-	216,025
Interbank and money market items - net	3,371,193	31,896,534	35,267,727	8,006,862	27,918,887	35,925,749

8. Derivative assets/liabilities

The fair values of derivative assets and liabilities consist of derivatives held for trading and derivatives held for banking book measured at fair value.

(Unit: Thousand Baht)

Types of derivatives	31 December 2021		31 December 2020	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	46,236	33,520	135,796	228,458
Derivatives held for banking book *	117,756	-	276,661	-
Total	163,992	33,520	412,457	228,458

\* The Bank has entered into derivatives contracts for the purpose of risk management (Banking book) without selecting an option to adopt hedge accounting.

### Derivatives held for trading

As at 31 December 2021 and 2020, the fair values and the notional amounts of derivatives held for trading, classified by type of risk, were as follows:

(Unit: Thousand Baht)

Types of risk	31 December 2021			31 December 2020		
	Fair value		Notional amounts *	Fair value		Notional amounts *
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	46,236	33,520	13,188,801	135,796	228,458	21,700,033
Total	46,236	33,520	13,188,801	135,796	228,458	21,700,033

\* Disclosed only in case that the Bank has an obligation to pay.

### Derivatives held for banking book

As at 31 December 2021 and 2020, the fair values and the notional amounts of derivatives held for banking book, classified by type of risk, were as follows:

(Unit: Thousand Baht)

Types of risk	31 December 2021			31 December 2020		
	Fair value		Notional amounts *	Fair value		Notional amounts *
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate and interest rate	117,756	-	1,149,440	276,661	-	1,149,440
Total	117,756	-	1,149,440	276,661	-	1,149,440

\* Disclosed only in case that the Bank has an obligation to pay.

## 9. Investments

### 9.1 Type of investments

Investments as at 31 December 2021 and 2020 consist of:

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Investments in debt instruments measured at fair value through other comprehensive income	34,881,957	36,887,789
Investments in equity instruments designated at fair value through other comprehensive income	6,851,790	7,095,185
Total investments - net	41,733,747	43,982,974

9.1.1 Investments in debt instruments measured at fair value through other comprehensive income

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
	Fair value	Fair value
Government and state enterprise instruments	22,202,126	18,471,268
Private sector debt instruments	9,761,201	14,908,300
Other debt instruments	3,120,971	3,710,497
Total	35,084,298	37,090,065
Less: Allowance for expected credit losses	(202,341)	(202,276)
Total investments in debt instruments measured at fair value through other comprehensive income	34,881,957	36,887,789

9.1.2 Investments in equity instruments designated at fair value through other comprehensive income

	(Unit: Thousand Baht)			
	31 December 2021		31 December 2020	
	Fair value	Dividend received	Fair value	Dividend received
Domestic marketable equity instruments - investment units	6,844,887	436,645	7,088,282	483,423
Domestic non-marketable equity instruments	6,903	359	6,903	364
Total investments in equity instruments designated at fair value through other comprehensive income	6,851,790	437,004	7,095,185	483,787

During the years ended 31 December 2021 and 2020, the Bank derecognised investments in equity instruments designated at fair value through other comprehensive income as a result of the sale of such investments. Accumulated gains or losses on derecognition were recognised in retained earnings as follows:

(Unit: Thousand Baht)

For the year ended 31 December 2021				
	Fair value on derecognition date	Dividend received	Losses on derecognition net of income tax	Reason of derecognition
Derecognised investments in equity instruments				
Domestic marketable equity instruments				
- Investment units	371,753	364,299	(303,062)	Fund Dissolution
Total	371,753	364,299	(303,062)	

(Unit: Thousand Baht)

For the year ended 31 December 2020				
	Fair value on derecognition date	Dividend received	Losses on derecognition net of income tax	Reason of derecognition
Domestic marketable equity instruments				
- Investment units	461,823	10,355	(88,477)	Sale for liquidity management
Investment units <sup>(1)</sup>	796,954	-	(3,046)	Sale for liquidity management
Total	1,258,777	10,355	(91,523)	

<sup>(1)</sup> The Bank classifies and measures the investment units at fair value through other comprehensive income, which is in accordance with the BOT's notification No. Sor Nor Sor. 6/2563 regarding the investment in unit trust of fixed income fund to enhance the liquidity of the money market.

During the year ended 31 December 2020, the Bank sold investment in equity instruments designated at fair value through other comprehensive income to the subsidiary of the Bank's parent company and recognised losses in retained earnings totalling Baht 124 million (During the year ended 31 December 2021: None).

## 9.2 Investments in which the Bank holds more than 10 percent of the equity of the investees

As at 31 December 2021 and 2020, the investments in which the Bank holds more than 10 percent of the equity of the investees that were not treated as investments in subsidiaries and associates, were as follows:

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Infrastructure Fund (presented at fair value)	190,750	211,750
	190,750	211,750

## 9.3 Investments in companies having problems relating to financial position and operating results

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	Number of companies	Cost	Fair value	Number of companies	Cost	Fair value
Companies whose auditors' report indicating going concern issues	1	25	-	1	25	-
	1	25	-	1	25	-

## 10. Loans to customers and accrued interest receivables

### 10.1 Classified by loan types

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Overdrafts	3,493,111	3,519,531
Loans	132,192,303	121,969,143
Bills	41,375,087	35,410,576
Hire purchase receivables	59,992	92,631
Total loans to customers	177,120,493	160,991,881
Less: Deferred revenue	(37,114)	(21,620)
Loans to customers net of deferred revenue	177,083,379	160,970,261
Add: Accrued interest receivables and undue interest receivables	2,000,929	872,130
Total loans to customers and accrued interest receivables	179,084,308	161,842,391
Less: Allowance for expected credit losses	(8,940,300)	(6,003,967)
Loans to customers and accrued interest receivables - net	170,144,008	155,838,424

The BOT announced the relief measures for debtors impacted by situations that affect the Thai economy such as economic conditions, trade wars, drought as well as COVID-19 pandemic. The Bank referred to such guidelines as well as adopted the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy (“Accounting Guidance on Temporary Relief Measures”) in providing assistance to affected debtors, as follows:

1. During 1 January 2020 to 31 December 2021, the Bank considers provision of assistance to large, small and medium-sized debtors and retail debtors that have been directly or indirectly affected but still have the potential to continue operating their business or have the ability to settle debt in the future, at the first signs of issues with debt payment or as a pre-emptive measure. The Bank can classify debtors that are not yet non-performing (Non-NPL) as of 1 January 2020 as loans where there has not been a significant increase in credit risk or as Stage 1 immediately if the debtor is able to comply with the restructuring plan, and this is considered a pre-emptive debt restructuring, not a troubled-debt restructuring. In case that debtors are non-performing (NPL), the Bank can classify them as performing or Stage 1 immediately if the debtors are able to make debt payments in accordance with the restructuring plan for 3 consecutive months or periods, whichever is longer, and the Bank will continuously monitor and review whether these debtors are able to comply with the new terms and conditions. As at 31 December 2021, the Bank has eligible debtors under this measure amounting to Baht 43,126 million (31 December 2020: Baht 50,378 million).
2. The Bank provides additional soft loans of up to 20 percent of the outstanding loan balance as at 31 December 2019, with concessional interest rates of not more than 2 percent per annum for 2 years, in order to provide liquidity support to SMEs with loan facilities not exceeding Baht 500 million. The BOT will absorb some of the interest losses for the first 6 months. The Bank will then modify the interest rate after 2 years based on cost and risk considerations. As at 31 December 2021, the Bank has eligible debtors under this measure amounting to Baht 1,963 million (31 December 2020: Baht 1,208 million).
3. The Bank provides principal and interest moratorium or principal moratorium, installment reduction, interest rate reduction and payment period extension to retail debtors. As at 31 December 2021, the Bank has eligible debtors under this measure amounting to Baht 591 million (31 December 2020: Baht 1,071 million).
4. The Bank provides principal and interest moratorium for 3 months or 3 installments to SMEs. As at 31 December 2021, the Bank has eligible debtors under this measure amounting to Baht 764 million (31 December 2020: None).



The Bank has applied the Accounting Guidance on Temporary Relief Measures for the group of debtors as listed in no. 1 - 4 above whose loan staging and credit loss provisioning have temporarily been relieved until 31 December 2021. Therefore, the Bank is currently evaluating whether or not the assistance provided to such group of debtors will continue to correspond to those requirements under the measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 as described in Note 3.3 to the financial statements in order to be able to apply the new Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective from 1 January 2022 to 31 December 2023. However, the Bank has set some additional provisions of Baht 1,000 million on those debtors in 2021.

## 10.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	173,445,903	-	173,445,903	158,841,756	-	158,841,756
US Dollar	3,521,102	-	3,521,102	2,046,487	-	2,046,487
Other currencies	116,374	-	116,374	82,018	-	82,018
Total	<u>177,083,379</u>	<u>-</u>	<u>177,083,379</u>	<u>160,970,261</u>	<u>-</u>	<u>160,970,261</u>

## 10.3 Classified by loan classification

(Unit: Thousand Baht)

	31 December 2021		31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	168,856,006	2,831,820	151,561,757	944,581
Financial assets where there has been a significant increase in credit risk (Under-performing)	4,867,105	1,096,662	4,781,681	869,397
Financial assets that are credit-impaired (Non-performing)	<u>5,361,197</u>	<u>2,812,773</u>	<u>5,498,953</u>	<u>2,762,044</u>
Total	<u>179,084,308</u>	<u>6,741,255</u>	<u>161,842,391</u>	<u>4,576,022</u>
General provision		<u>2,199,045</u>		<u>1,427,945</u>
Total		<u>8,940,300</u>		<u>6,003,967</u>

#### 10.4 Loans to customers that have repayment problems or defaulted payments

As at 31 December 2021 and 2020, the Bank had loans to customers and accrued interest receivables due from companies and persons, which had repayment problems or defaulted payments, against which allowance for expected credit losses, were made as follows:

(Unit: Thousand Baht)

	31 December 2021		
	Number of debtors	Debt balances	Allowance for expected credit losses
Companies and persons that have repayment problems or defaulted payments	628	10,228,302	3,909,435

(Unit: Thousand Baht)

	31 December 2020		
	Number of debtors	Debt balances	Allowance for expected credit losses
Companies and persons that have repayment problems or defaulted payments	579	10,280,634	3,631,441

The Bank has inadequate information to disclose transactions in respect of companies whose auditors' reports indicate that there is substantial doubt about their ability to continue their business as a going concern, and unlisted companies whose financial position and results of operations are the same as those of listed companies delisting criteria. However, the Bank has already considered the loan classification and set allowance for expected credit losses of those debtors.

#### 10.5 Troubled debt restructuring

As at 31 December 2021 and 2020, the Bank had restructured debtors with outstanding debt balances as follows:

(Unit: Thousand Baht)

	Total debts		Restructured debts	
	Number of debtors	Debt balances (principal and accrued interest receivables)	Number of debtors	Debt balances (principal and accrued interest receivables)
31 December 2021	11,148	179,084,308	271	6,027,360
31 December 2020	9,969	161,842,391	268	4,160,494

As at 31 December 2021 and 2020, the Bank had no outstanding commitments to provide additional loan facilities after restructuring.

## 10.6 Hire purchase receivables

As at 31 December 2021 and 2020, the Bank had hire purchase receivables, on which the terms of the agreements were generally between 2 to 7 years and 3 to 8 years, respectively, and they carried interest at fixed rates as stipulated in the agreements.

(Unit: Thousand Baht)

31 December 2021				
Amounts due under the contracts				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	33,363	26,629	-	59,992
Less: Deferred revenue	(1,976)	(1,787)	-	(3,763)
Present value of minimum lease payments	31,387	24,842	-	56,229
Less: Allowance for expected credit losses				(8,169)
Hire purchase receivables - net				48,060

(Unit: Thousand Baht)

31 December 2020				
Amounts due under the contracts				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	74,726	17,905	-	92,631
Less: Deferred revenue	(2,898)	(1,811)	-	(4,709)
Present value of minimum lease payments	71,828	16,094	-	87,922
Less: Allowance for expected credit losses				(5,427)
Hire purchase receivables - net				82,495

# 11. Allowance for expected credit losses

(Unit: Thousand Baht)

For the year ended 31 December 2021

	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit-impaired (Non-performing)	General provision	Total
<b>Interbank and money market items (assets)</b>					
Balances - beginning of the year	5,571	-	-	-	5,571
Changes due to revaluation of loss allowance	(17,033)	-	-	-	(17,033)
New financial assets purchased or acquired	40,317	-	-	-	40,317
Financial assets derecognised	(23,725)	-	-	-	(23,725)
Balances - end of the year	5,130	-	-	-	5,130
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Balances - beginning of the year	2,276	200,000	-	-	202,276
Changes due to revaluation of loss allowance	(37)	-	-	-	(37)
New financial assets purchased or acquired	177	-	-	-	177
Financial assets derecognised	(75)	-	-	-	(75)
Balances - end of the year	2,341	200,000	-	-	202,341
<b>Loans to customers and accrued interest receivables</b>					
Balances - beginning of the year	944,581	869,397	2,762,044	1,427,945	6,003,967
Changes due to transfers of loan classification	297,422	(372,733)	75,311	-	-
Changes due to revaluation of loss allowance	1,342,547	753,472	346,005	771,100	3,213,124
New financial assets purchased or acquired	1,345,065	352,201	1,018,814	-	2,716,080
Financial assets derecognised	(1,097,795)	(505,675)	(1,389,401)	-	(2,992,871)
Balances - end of the year	2,831,820	1,096,662	2,812,773	2,199,045	8,940,300
<b>Other assets</b>					
Balances - beginning of the year	746	318	36,076	-	37,140
Changes due to transfers of loan classification	162	112	(274)	-	-
Changes due to revaluation of loss allowance	348	(21)	3,699	-	4,026
New financial assets purchased or acquired	917	192	19,504	-	20,613
Financial assets derecognised	(1,096)	(335)	(17,217)	-	(18,648)
Balances - end of the year	1,077	266	41,788	-	43,131

As at 31 December 2021, the general provision of Baht 2,199 million consisted of (a) the Management Overlay provision amounting to Baht 1,317 million, arising from the first-time adoption of Thai Financial Reporting Standards No. 9 on 1 January 2020, which was reserved for the factors not captured by the ECL model and for the group of debtors whose credit quality may be further deteriorated as informed in the Bank's letter to the BOT dated 15 May 2020, and (b) a general provision amounting to Baht 882 million, which was reserved for the group of debtors that the Bank has provided assistance under the relief measures to affected debtors as described in Note 10.1 to the financial statements.

(Unit: Thousand Baht)

For the year ended 31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non- performing)	General provision	Total
<b>Interbank and money market items (assets)</b>					
Balances - beginning of the year	5,576	-	-	-	5,576
Changes due to revaluation of loss allowance	(11,169)	-	-	-	(11,169)
New financial assets purchased or acquired	31,666	-	-	-	31,666
Financial assets derecognised	(20,502)	-	-	-	(20,502)
Balances - end of the year	5,571	-	-	-	5,571
<b>Investments in debt instruments measured at amortised cost</b>					
Balances - beginning of the year	6,060	-	-	-	6,060
Changes due to revaluation of loss allowance	(866)	-	-	-	(866)
New financial assets purchased or acquired	32	-	-	-	32
Financial assets derecognised	(412)	-	-	-	(412)
Reclassification	(4,814)	-	-	-	(4,814)
Balances - end of the year	-	-	-	-	-
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Balances - beginning of the year	240	-	-	-	240
Changes due to transfers of loan classification	(2,764)	2,764	-	-	-
Changes due to revaluation of loss allowance	(753)	197,236	-	-	196,483
New financial assets purchased or acquired	928	-	-	-	928
Financial assets derecognised	(189)	-	-	-	(189)
Reclassification	4,814	-	-	-	4,814
Balances - end of the year	2,276	200,000	-	-	202,276

(Unit: Thousand Baht)

For the year ended 31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non- performing)	General provision	Total
<b>Loans to customers and accrued interest receivables</b>					
Balances - beginning of the year	433,905	972,271	1,414,149	1,317,125	4,137,450
Changes due to transfers of loan classification	583,032	(1,105,760)	522,728	-	-
Changes due to revaluation of loss allowance	(187,093)	938,086	1,007,610	110,820	1,869,423
New financial assets purchased or acquired	444,239	364,732	90,265	-	899,236
Financial assets derecognised	(329,502)	(299,932)	(272,708)	-	(902,142)
Balances - end of the year	944,581	869,397	2,762,044	1,427,945	6,003,967
<b>Other assets</b>					
Balances - beginning of the year	791	249	26,105	-	27,145
Changes due to transfers of loan classification	(21)	38	(17)	-	-
Changes due to revaluation of loss allowance	33	26	11,132	-	11,191
New financial assets purchased or acquired	718	776	26,292	-	27,786
Financial assets derecognised	(775)	(771)	(27,436)	-	(28,982)
Balances - end of the year	746	318	36,076	-	37,140

During the years ended 31 December 2021 and 2020, the Bank had significant changes in the book value of financial assets to the changes in allowances for expected credit losses as follows:

(Unit: Thousand Baht)

For the year ended 31 December 2021				
Financial instruments	Description of significant change in book value	Increase (decrease) in allowance for expected credit losses		
		Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit-impaired (Non-performing)
Loans to customers	Corporate loans increased by Baht 11,720 million	1,804,267	238,902	914
Loans to customers	Retail loans increased by Baht 5,522 million	82,972	(11,637)	49,815

(Unit: Thousand Baht)

For the year ended 31 December 2020

		Increase (decrease) in allowance for expected credit losses		
Financial instruments	Description of significant change in book value	Financial assets		
		where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit-impaired (Non-performing)
	Corporate loans increased by			
Loans to customers	Baht 3,779 million	442,778	(112,404)	1,282,150

## 12. Disposals of non-performing loans

For the year ended 31 December 2020, the Bank has entered into the sale and purchase agreements, as a seller, to sell non-performing loans, which were summarised as follows:

(Unit: Million Baht)

For the year ended 31 December 2020

Batch	Month sold	Outstanding balances	
		(including other relevant assets)	Selling price
1	May	187	121
		187	121

The Bank already received full payments under such non-performing loans sale and purchase agreements. Under the agreements, the buyer can cancel the transfer of any particular asset by no later than May 2021 (for the sale in May 2020). In the event that the rights over the debt and the collateral of the sold assets cannot be transferred to the buyer because the documentation with respect to the debt and collateral is absent or incomplete, the collateral is evicted, or the courts do not permit the buyer to assume the rights of litigant from the Bank, the transfer of any assets shall be cancelled. The buyer is to receive the money back equivalent to the purchase price as settled on the settlement date while the Bank is to receive any income generated on such assets, after deducting any costs, during the period of cancellation.

During the year ended 31 December 2021, the buyer has yet to cancel any assets sold up to the authorisation date of these financial statements.



13. Properties foreclosed

(Unit: Thousand Baht)

For the year ended 31 December 2021					
	31 December 2020	Increase	Disposal/ decrease	Appraiser change	31 December 2021
<b>Properties foreclosed - Immovable assets</b>					
Appraised by external appraisers:					
Cost	607,817	132,142	(10,550)	43,041	772,450
Allowance for impairment	-	-	-	-	-
Net book value	607,817	132,142	(10,550)	43,041	772,450
Appraised by internal appraisers:					
Cost	42,848	193	-	(43,041)	-
Allowance for impairment	-	-	-	-	-
Net book value	42,848	193	-	(43,041)	-
Properties foreclosed - Immovable assets	650,665	132,335	(10,550)	-	772,450
<b>Properties foreclosed - Movable assets</b>					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(1,698)	(962)	-	-	(2,660)
Net book value	1,862	(962)	-	-	900
Properties foreclosed - Movable assets	1,862	(962)	-	-	900
<b>Total properties foreclosed</b>	<b>652,527</b>	<b>131,373</b>	<b>(10,550)</b>	<b>-</b>	<b>773,350</b>

(Unit: Thousand Baht)

For the year ended 31 December 2020					
	31 December 2019	Increase	Disposal/ decrease	Appraiser change	31 December 2020
<b>Properties foreclosed - Immovable assets</b>					
Appraised by external appraisers:					
Cost	9,474	580,659	-	17,684	607,817
Allowance for impairment	-	-	-	-	-
Net book value	9,474	580,659	-	17,684	607,817
Appraised by internal appraisers:					
Cost	62,398	364	(2,230)	(17,684)	42,848
Allowance for impairment	-	-	-	-	-
Net book value	62,398	364	(2,230)	(17,684)	42,848
Properties foreclosed - Immovable assets	71,872	581,023	(2,230)	-	650,665
<b>Properties foreclosed - Movable assets</b>					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(1,698)	-	-	-	(1,698)
Net book value	1,862	-	-	-	1,862
Properties foreclosed - Movable assets	1,862	-	-	-	1,862
<b>Total properties foreclosed</b>	<b>73,734</b>	<b>581,023</b>	<b>(2,230)</b>	<b>-</b>	<b>652,527</b>

As at 31 December 2021 and 2020, the Bank's properties foreclosed totalling Baht 500 million were obligated under the agreements to sell to the former debtors as the first refusal rights within the specified periods.

#### 14. Premises and equipment

(Unit: Thousand Baht)

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Assets in progress	Total
<b>Cost</b>								
1 January 2020	40,589	10,211	401,940	145,865	635,924	20,508	2,200	1,257,237
Addition	-	-	5,161	3,798	91,175	-	8,652	108,786
Write-off/disposal	-	-	(7,922)	(5,584)	(92,896)	(4,818)	-	(111,220)
Transfer in (out)	-	-	3,138	-	7,616	-	(10,754)	-
31 December 2020	40,589	10,211	402,317	144,079	641,819	15,690	98	1,254,803
Addition	-	-	15,847	5,900	72,218	3,709	15,342	113,016
Write-off/disposal	-	-	(79,066)	(18,579)	(70,402)	(10,254)	(98)	(178,399)
Transfer in (out)	-	-	15,342	-	-	-	(15,342)	-
31 December 2021	40,589	10,211	354,440	131,400	643,635	9,145	-	1,189,420
<b>Accumulated depreciation</b>								
1 January 2020	-	3,518	358,861	131,111	535,029	11,921	-	1,040,440
Accumulated depreciation on write-off/disposal	-	-	(7,429)	(5,257)	(90,631)	(4,818)	-	(108,135)
Depreciation charged for the year	-	511	16,267	6,016	46,922	2,557	-	72,273
31 December 2020	-	4,029	367,699	131,870	491,320	9,660	-	1,004,578
Accumulated depreciation on write-off/disposal	-	-	(78,343)	(18,039)	(70,164)	(7,704)	-	(174,250)
Depreciation charged for the year	-	511	15,244	5,645	53,145	1,801	-	76,346
31 December 2021	-	4,540	304,600	119,476	474,301	3,757	-	906,674
<b>Net book value</b>								
31 December 2020	40,589	6,182	34,618	12,209	150,499	6,030	98	250,225
31 December 2021	40,589	5,671	49,840	11,924	169,334	5,388	-	282,746
<b>Depreciation for the years</b>								
2020								72,273
2021								76,346

As at 31 December 2021 and 2020, the Bank had certain items of leasehold improvements, equipment and vehicles, which were fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets totalled Baht 727 million and Baht 843 million, respectively.

15. Intangible assets

	(Unit: Thousand Baht)			
	Computer softwares	Deferred membership and license fee	Computer softwares under development	Total
<b>Cost</b>				
1 January 2020	993,554	39,428	12,683	1,045,665
Addition	39,951	-	24,115	64,066
Write-off	(2,253)	-	(682)	(2,935)
Adjustment	(1,679)	-	-	(1,679)
Transfer in (out)	26,377	-	(26,377)	-
31 December 2020	1,055,950	39,428	9,739	1,105,117
Addition	30,974	-	18,496	49,470
Write-off	(1,669)	-	-	(1,669)
Transfer in (out)	6,957	-	(6,957)	-
31 December 2021	1,092,212	39,428	21,278	1,152,918
<b>Accumulated amortisation</b>				
1 January 2020	626,474	27,550	-	654,024
Accumulated amortisation on write-off	(2,216)	-	-	(2,216)
Accumulated amortisation on adjustment	(618)	-	-	(618)
Amortisation charged for the year	111,245	3,943	-	115,188
31 December 2020	734,885	31,493	-	766,378
Accumulated amortisation on write-off	(1,662)	-	-	(1,662)
Amortisation charged for the year	111,259	2,008	-	113,267
31 December 2021	844,482	33,501	-	877,983
<b>Net book value</b>				
31 December 2020	321,065	7,935	9,739	338,739
31 December 2021	247,730	5,927	21,278	274,935
<b>Amortisation for the years</b>				
2020				115,188
2021				113,267
<b>Remaining amortisation periods (years)</b>	0 - 5	3, 4, 7, 8	-	

As at 31 December 2021 and 2020, the Bank had certain items of computer softwares, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 550 million and Baht 487 million, respectively.

## 16. Deferred tax assets/liabilities and income tax

### 16.1 Deferred tax assets/liabilities

The components of deferred tax assets/liabilities included deferred income tax arose from the following transactions:

(Unit: Thousand Baht)

	31 December		Changes in deferred income tax for the years ended	
	2021	2020	31 December 2021	31 December 2020
Deferred tax assets (liabilities) arose from:				
Investments	480,587	251,526	229,061	239,810
Loans to customers and accrued interest receivables	449,348	295,151	154,197	121,392
Properties foreclosed	532	340	192	-
Right-of-use assets	7,845	5,940	1,905	5,940
Other assets	8,626	7,428	1,198	1,999
Provisions	53,890	42,257	11,633	10,625
Others	12,492	5,267	7,225	4,323
Deferred tax assets	<u>1,013,320</u>	<u>607,909</u>		
Total			<u>405,411</u>	<u>384,089</u>
Changes in deferred income tax:				
Recognised in retained earnings as at 1 January 2020 <sup>(1)</sup>			-	(22,010)
Recognised in profit or loss			175,860	162,616
Recognised in other comprehensive income (loss)			229,551	243,483
Total			<u>405,411</u>	<u>384,089</u>

<sup>(1)</sup> The effect of changes in accounting policies due to the adoption of new financial reporting standards.

## 16.2 Income tax

Income tax expenses reported in profit or loss for the years ended 31 December 2021 and 2020 were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Current income tax:</b>		
Corporate income tax for the years	(300,462)	(489,100)
<b>Deferred income tax:</b>		
Deferred income tax from temporary differences and reversal of temporary differences	175,860	162,616
Income tax expenses reported in profit or loss	(124,602)	(326,484)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2021 and 2020 multiplied by the applicable tax rate were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Accounting profits before income tax expenses	815,440	1,734,077
Applicable tax rate	20%	20%
Income tax calculated based on accounting profits	(163,088)	(346,815)
Tax effects of:		
Tax-exempted revenues	41,892	42,238
Additional expense deductions allowed	3,124	4,324
Non-deductible expenses	(5,965)	(15,271)
Others	(565)	(10,960)
Income tax expenses reported in profit or loss	(124,602)	(326,484)

The weighted average income tax rates for the years ended 31 December 2021 and 2020 was 15.28% and 18.83%, respectively.

The amounts of income tax recognised in other comprehensive income (loss) for the years ended 31 December 2021 and 2020 were summarised below:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Deferred income tax relating to:		
(Gains) losses on revaluation of investment in debt securities measured at fair value through other comprehensive income	199,695	(194,722)
Losses on revaluation of investment in equity instruments designated at fair value through other comprehensive income	29,353	438,205
Actuarial losses	503	-
Income tax reported in other comprehensive income (loss)	229,551	243,483

#### 17. Other assets

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Suspense accounts - debtors	200,943	93,738
Deposits and guarantees	91,741	94,527
Receivables on disposals of properties foreclosed auctions	58,288	74,648
Prepaid expenses	42,165	43,638
Token money	30,810	30,810
Accrued income	23,212	32,982
Other receivable per Credit Support Annex	1,114	18,306
Others	3,216	3,660
Total	451,489	392,309
Less: Allowance for expected credit losses	(43,131)	(37,140)
Other assets - net	408,358	355,169

## 18. Quality of assets

As at 31 December 2021 and 2020, the Bank had assets categorised in compliance with the BOT's regulations as follows:

(Unit: Thousand Baht)

	31 December 2021				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
<u>Classification of assets</u>					
Financial assets where there has not been a significant increase in credit risk (Performing)	35,272,857	31,963,327	168,856,006	3,224	236,095,414
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,120,971	4,867,105	521	7,988,597
Financial assets that are credit- impaired (Non-performing)	-	-	5,361,197	41,788	5,402,985
Total	<u>35,272,857</u>	<u>35,084,298</u>	<u>179,084,308</u>	<u>45,533</u>	<u>249,486,996</u>

(Unit: Thousand Baht)

	31 December 2020				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
<u>Classification of assets</u>					
Financial assets where there has not been a significant increase in credit risk (Performing)	35,931,320	33,379,568	151,561,757	2,141	220,874,786
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	3,710,497	4,781,681	360	8,492,538
Financial assets that are credit- impaired (Non-performing)	-	-	5,498,953	36,076	5,535,029
Total	<u>35,931,320</u>	<u>37,090,065</u>	<u>161,842,391</u>	<u>38,577</u>	<u>234,902,353</u>



## 19. Deposits

### 19.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Demand deposits	5,628,435	3,938,090
Savings deposits	91,933,340	87,765,526
Time deposits	59,552,549	60,726,266
Fixed deposit receipts	35,398,781	30,305,082
Total deposits	192,513,105	182,734,964

### 19.2 Classified by currency and residency of depositors

	31 December 2021			31 December 2020		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	191,749,414	52	191,749,466	181,594,378	52	181,594,430
US Dollar	516,064	242,457	758,521	101,658	1,038,194	1,139,852
Other currencies	5,118	-	5,118	682	-	682
Total	192,270,596	242,509	192,513,105	181,696,718	1,038,246	182,734,964

## 20. Interbank and money market items (liabilities)

	31 December 2021			31 December 2020		
	At call	Term	Total	At call	Term	Total
<b>Domestic:</b>						
Bank of Thailand	-	1,975,440	1,975,440	-	1,208,340	1,208,340
Commercial banks	8,062	5,294,846	5,302,908	6,954	1,000	7,954
Specialised financial institutions	-	5,859,992	5,859,992	-	4,132,268	4,132,268
Other financial institutions	1,132,930	4,113,308	5,246,238	1,817,074	4,354,475	6,171,549
Total domestic items	1,140,992	17,243,586	18,384,578	1,824,028	9,696,083	11,520,111
<b>Foreign:</b>						
US Dollar	10,052	651,688	661,740	7,166	675,834	683,000
Total foreign items	10,052	651,688	661,740	7,166	675,834	683,000
Total interbank and money market items	1,151,044	17,895,274	19,046,318	1,831,194	10,371,917	12,203,111

## 21. Debts issued and borrowings

(Unit: Thousand Baht)

	31 December 2021					31 December 2020				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Subordinated debentures <sup>(1)</sup>	3.75%	2031	2,400,000	-	2,400,000	5.125%	2025	4,000,000	-	4,000,000
Unsubordinated and unsecured debentures	-	-	-	-	-	1.99%	2021	1,000,000	-	1,000,000
Borrowings from Department of Alternative Energy Development and Efficiency	0%	2022	1,658	-	1,658	0%	2021 - 2022	5,976	-	5,976
Total			2,401,658	-	2,401,658			5,005,976	-	5,005,976
Less: Deferred expenses			(4,360)	-	(4,360)			(3,454)	-	(3,454)
Debts issued and borrowings - net			<u>2,397,298</u>	<u>-</u>	<u>2,397,298</u>			<u>5,002,522</u>	<u>-</u>	<u>5,002,522</u>

<sup>(1)</sup> Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BOT's notification.

### 21.1 Subordinated debentures

On 21 May 2015, the Bank issued 4 million units with a par value of Baht 1,000 each, totalling Baht 4,000 million of the subordinated debentures No.1/2558, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which mature in 2025 and carry interest at a fixed rate of 5.125% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions. During the year ended 31 December 2021, the Bank early redeemed the subordinated debentures No.1/2558 totalling Baht 4,000 million.

On 21 May 2021, the Bank issued 2.4 million units with a par value of Baht 1,000 each, totalling Baht 2,400 million of the subordinated debentures No.1/2564, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which mature in 2031 and carry interest at a fixed rate of 3.75% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions.

## 22. Leases

The Bank has entered into the lease agreements for rental of buildings and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 to 6 years.

## 22.1 Right-of-use assets

	(Unit: Thousand Baht)		
	Buildings	Vehicles	Total
<b>Cost</b>			
1 January 2020	631,537	47,538	679,075
Addition	334,743	10,050	344,793
Contract termination	(38,267)	(3,706)	(41,973)
31 December 2020	928,013	53,882	981,895
Addition	113,588	9,146	122,734
Contract termination	(177,742)	(12,854)	(190,596)
31 December 2021	863,859	50,174	914,033
<b>Accumulated depreciation</b>			
1 January 2020	-	-	-
Accumulated depreciation on contract termination	(34,247)	(2,862)	(37,109)
Depreciation charged for the year	266,078	20,860	286,938
31 December 2020	231,831	17,998	249,829
Accumulated depreciation on contract termination	(128,062)	(11,986)	(140,048)
Depreciation charged for the year	233,466	16,752	250,218
31 December 2021	337,235	22,764	359,999
<b>Net book value</b>			
31 December 2020	696,182	35,884	732,066
31 December 2021	526,624	27,410	554,034

## 22.2 Lease liabilities

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Lease Liabilities	584,547	759,995
Less: Deferred interest	(25,033)	(38,072)
Total lease liabilities	559,514	721,923

The maturity analysis of lease payments is disclosed in Note 44.3 to the financial statements under the liquidity risk.

## 22.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Depreciation of right-of-use assets	250,218	276,728
Interest expenses lease liabilities	14,966	12,837
Expenses relating to leases of low-value assets/ short-term leases/variable lease payments that do not depend on an index or a rate	24,362	28,315
Total	289,546	317,880

## 22.4 Others

The Bank had total cash outflows for leases during the years ended 31 December 2021 and 2020 of Baht 267 million and Baht 289 million, respectively including the cash outflow related to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

## 23. Provisions

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts	53,237	26,821
Provisions for employee benefits	208,114	185,233
Provisions for decommissioning cost	39,369	46,821
Other provisions	20,325	-
Total	321,045	258,875

### 23.1 Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts

As at 31 December 2021 and 2020, allowance for expected credit losses of undrawn credit limit and financial guarantee contracts classified by loan classification were as follows.

(Unit: Thousand Baht)

	31 December 2021		31 December 2020	
	Undrawn credit limit and financial guarantee contracts	Allowance for expected credit losses	Undrawn credit limit and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	35,594,118	50,018	35,119,223	18,568
Financial assets where there has been a significant increase in credit risk (Under-performing)	63,242	1,134	67,495	55
Financial assets that are credit-impaired (Non-performing)	22,510	2,085	34,220	8,198
Total	35,679,870	53,237	35,220,938	26,821

Movements of allowance for expected credit losses of undrawn credit limit and financial guarantee contracts were as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under-performing)	Financial assets that are credit-impaired (Non-performing)	Total
Balances - beginning of the year	18,568	55	8,198	26,821
Changes due to transfers of loan classification	4,536	(348)	(4,188)	-
Changes due to revaluation of loss allowance	7,478	1,428	6,613	15,519
New loan commitments/guarantee contracts issued	32,013	-	-	32,013
Financial assets derecognised	(12,577)	(1)	(8,538)	(21,116)
Balances - end of the year	50,018	1,134	2,085	53,237

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(Unit: Thousand Baht)

For the year ended 31 December 2020

	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit-impaired (Non- performing)	Total
Balances - beginning of the year	33,195	4,701	8,141	46,037
Changes due to transfers of loan classification	494	(797)	303	-
Changes due to revaluation of loss allowance	(16,962)	(3,756)	580	(20,138)
New loan commitments/guarantee contracts issued	17,282	240	452	17,974
Financial assets derecognised	(15,441)	(333)	(1,278)	(17,052)
Balances - end of the year	18,568	55	8,198	26,821

## 23.2 Provisions for employee benefits

The Bank had post-employment benefits and termination benefits as follows:

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Post-employment benefits	200,114	185,233
Termination benefits	8,000	-
Total	208,114	185,233

Movements of provisions for employee benefits were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Provisions for employee benefits at the beginning of the years	185,233	158,161
Current service costs	31,313	28,138
Interest costs	2,553	2,497
Actuarial (gains) losses arose from:		
Financial assumption changes	(4,366)	-
Experience adjustments	6,881	-
Benefits paid during the years	(21,500)	(3,563)
Provisions for employee benefits at the end of the years	200,114	185,233

Employee benefit expenses recognised in profit or loss are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Current service costs	31,313	28,138
Interest costs	2,553	2,497
Total employee benefit expenses	33,866	30,635

As at 31 December 2021 and 2020, the Bank expected to pay approximately Baht 23.0 million and Baht 6.2 million, respectively on employee benefits payable within the next 1-year period.

As at 31 December 2021 and 2020, the Bank's weighted average durations of employee benefit payments were estimated at 10 years.

The principal assumptions used in actuarial valuation as at the revaluation dates were summarised below.

	31 December	
	2021	2020
	(% per annum)	(% per annum)
Future salary incremental rates	5.00	5.50
Turnover rates	0 - 40	0 - 40
Discount rates	1.36	1.57



The impacts from changes in significant assumptions on provisions for employee benefits as at 31 December 2021 and 2020 were summarised below.

Significant assumptions	(Unit: Thousand Baht)			
	31 December 2021		31 December 2020	
	Increase (decrease) in provisions for employee benefits		Increase (decrease) in provisions for employee benefits	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	11,711	(10,996)	11,065	(10,359)
Discount rates	(10,325)	11,093	(9,232)	9,926

#### 24. Advances received from electronic transactions

The BOT's notification No. Sor Nor Chor 2/2562, dated 20 December 2019, regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" requires the Bank to disclose advances received from electronic fund transfer transactions. These advances are to be presented under other liabilities. As at 31 December 2021 and 2020, the Bank had advances received from electronic fund transfer transactions amounting to Baht 0.005 million and Baht 0.02 million, respectively.

In addition, the Bank has deposits of Baht 10 million to support electronic transactions, which are presented under interbank and money market items (assets) in the statements of financial position as at 31 December 2021 and 2020.

#### 25. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Suspense accounts - creditors	92,417	131,557
Accounts payable on acquisition of equipment and intangible assets	20,143	16,538
Other payable per Credit Support Annex	6,300	5,800
Deposits received	6,234	6,282
Account payable - Revenue Department	1,382	2,743
Others	11,674	15,384
Total other liabilities	138,150	178,304

26. Share capital/share premium

Reconciliation of issued and paid-up share capital and share premium during the years ended 31 December 2021 and 2020 as follows:

	For the year ended 31 December 2021		
	Share capital		Share premium
	Number of shares	Thousand Baht	Thousand Baht
<u>Issued and paid-up share capital</u>			
Ordinary share capital at beginning of the year	2,000,000,000	20,000,000	10,598,915
Ordinary share capital at end of the year	2,000,000,000	20,000,000	10,598,915

	For the year ended 31 December 2020		
	Share capital		Share premium
	Number of shares	Thousand Baht	Thousand Baht
<u>Issued and paid-up share capital</u>			
Ordinary share capital at beginning of the year	2,000,000,000	20,000,000	10,598,915
Ordinary share capital at end of the year	2,000,000,000	20,000,000	10,598,915

27. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Bank is required to set aside a statutory reserve at least 5 percent of its net profits for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. This statutory reserve is not available for dividend distribution.

## 28. Dividend paid

During the years ended 31 December 2021 and 2020, the Bank paid dividend as follows:

Dividend	Approved by	Dividend paid (Thousand Baht)	Dividend paid per share (Baht per share)
From its operating results for the year ended 31 December 2019	The Annual General Meeting of the Bank's shareholders held on 23 March 2020	500,000 <sup>(1)</sup>	0.25 <sup>(1)</sup>
Total dividend paid during the year 2020		500,000	0.25
From its operating results for the year ended 31 December 2020	The Annual General Meeting of the Bank's shareholders held on 22 March 2021	700,000	0.35
From its operating results for the six-month period ended 30 June 2021	The Board of Directors Meeting of the Bank's on 27 September 2021	340,000	0.17
Total dividend paid during the year 2021		1,040,000	0.52

<sup>(1)</sup> Net of interim dividend payment during the year 2019.

## 29. Other components of shareholders' equity

As at 31 December 2021 and 2020, revaluation surplus (deficit) on investments measured at fair value through other comprehensive income consisted of:

	31 December 2021	31 December 2020
(Unit: Thousand Baht)		
<b>Revaluation surplus on the reclassified investments</b>		
Debt instruments	511,708	775,299
Total	511,708	775,299
<b>Revaluation surplus on investments</b>		
Debt instruments	127,585	390,352
Equity instruments	5,501	-
Total	133,086	390,352
<b>Revaluation deficit on investments</b>		
Debt instruments	(608,596)	(136,480)
Equity instruments	(1,857,963)	(2,084,525)
Total	(2,466,559)	(2,221,005)
Revaluation deficit on investments measured at fair value through other comprehensive income	(1,821,765)	(1,055,354)
Add: Income tax	364,353	211,071
<b>Revaluation deficit on investments measured at fair value through other comprehensive income - net of income tax</b>	<b>(1,457,412)</b>	<b>(844,283)</b>

### 30. Capital fund and liquid assets

The primary objectives of the Bank's capital management are to maintain its ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking Business B.E. 2551.

As at 31 December 2021 and 2020, capital fund of the Bank calculated under Basel III consisted of the following:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<u>Common Equity Tier 1 capital fund</u>		
Issued and fully paid-up share capital	20,000,000	20,000,000
Share premium	10,598,915	10,598,915
Statutory reserve	924,300	889,700
Net profit after appropriation	5,333,851	4,473,125
Revaluation deficit on investments measured at fair value through other comprehensive income	(1,653,952)	(1,055,629)
Deduction items on Common Equity Tier 1 capital fund	(1,288,255)	(946,648)
Total Common Equity Tier 1 capital fund	33,914,859	33,959,463
Total Tier 1 capital fund	33,914,859	33,959,463
<u>Tier 2 capital fund</u>		
Subordinated debentures	2,400,000	3,173,000
General provision	2,199,045	2,265,711
Total Tier 2 capital fund	4,599,045	5,438,711
Total capital fund	38,513,904	39,398,174

	(Unit: Percentage)			
	31 December 2021		31 December 2020	
	Minimum and additional rates required		Minimum and additional rates required	
	The Bank	by law	The Bank	by law
	(Revised)			
The ratio of Common Equity Tier 1 capital fund to risk assets	16.165	7.000	17.068	7.000
The ratio of Tier 1 capital fund to risk assets	16.165	8.500	17.068	8.500
The ratio of total capital fund to risk assets	18.357	11.000	19.802	11.000

The Bank disclosed its capital adequacy and capital risk exposure information as of 31 December 2020 through the Bank's website at [www.lhbank.co.th](http://www.lhbank.co.th) on 30 April 2021 and will disclose its capital adequacy and capital risk exposure information as of 31 December 2021 by April 2022.

The Bank disclosed its Liquidity Coverage Ratio as of 31 December 2020 through the Bank's website at [www.lhbank.co.th](http://www.lhbank.co.th) on 30 April 2021 and will disclose its Liquidity Coverage Ratio as of 31 December 2021 by April 2022.

### 31. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Interbank and money market items	482,363	490,552
Investments in debt instruments	907,813	1,222,486
Loans to customers	6,358,114	6,207,921
Hire purchase	2,592	6,101
Others	256	133
Total interest income	7,751,138	7,927,193

### 32. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Deposits	1,532,218	2,119,305
Interbank and money market items	36,660	90,565
Contributions to the Deposit Protection Agency and the Bank of Thailand	461,404	447,916
Debts issued		
- Subordinated debentures	137,753	206,232
- Unsubordinated and unsecured debentures	2,731	49,798
- Others	-	47,344
Others	15,765	14,056
Total interest expenses	2,186,531	2,975,216

Moreover, the Bank of Thailand announced a reduction in the contribution rate to the Financial Institutions Development Fund (FIDF) from 0.46 percent to 0.23 percent per year, which is effective from 1 January 2020 to 31 December 2022.

33. Fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Fees and service income</b>		
Acceptances, avals and guarantees	54,203	40,539
Commission income	261,234	209,728
Others	74,145	101,894
Total fees and service income	389,582	352,161
<b>Fees and service expenses</b>		
Fees and charges	64,381	58,765
Others	7,727	10,956
Total fees and service expenses	72,108	69,721
Net fees and service income	317,474	282,440

34. Gains (losses) on financial instruments measured at fair value through profit or loss

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Gains (losses) on trading and foreign exchange transactions:</b>		
Foreign exchange and derivatives contracts relating to foreign exchange	(8,837)	44,253
Total gains (losses) on financial instruments measured at fair value through profit or loss	(8,837)	44,253

35. Gains on investments

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Gains (losses) on derecognition:</b>		
Investments in debt instruments measured at amortised cost	-	418,567
Investments in debt instruments measured at fair value through other comprehensive income	155,651	415,354
Total gains on investments	155,651	833,921

### 36. Directors' remuneration

Directors' remuneration represents the benefits, exclusive of salaries and related benefits payable to executive directors, paid to the directors of the Bank in accordance with Section 90 of the Public Company Limited Act.

### 37. Expected credit losses

Expected credit losses and modification gains or losses of financial assets for the years ended 31 December 2021 and 2020 were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
<b>Expected credit losses (reversal)</b>		
Interbank and money market items	(441)	(5)
Investments in debt instruments measured at amortised cost	-	(6,060)
Investments in debt instruments measured at fair value through other comprehensive income	65	202,036
Loans to customers and accrued interest receivables		
- Expected credit losses	2,936,333	1,932,848
- Modification losses	318,924	177,434
Other assets	5,991	9,995
Undrawn credit limit and financial guarantee contracts	22,963	(18,006)
Total expected credit losses	3,283,835	2,298,242

### 38. Earnings per share

Basic earnings per share is calculated by dividing profits for the years (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares in issue during the years.

### 39. Provident fund

The Bank and its employees have jointly established provident funds as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees at the rate of 3 - 15% of basic salaries, and the Bank contributes at rates ranging from 3 - 7%, depending on the number of years of service of each employee. The fund will be paid to employees upon termination in accordance with the rules of the funds. During the years ended 31 December 2021 and 2020, the Bank contributed Baht 41.0 million and Baht 39.3 million, respectively to the provident fund.



#### 40. Commitments and contingent liabilities

##### 40.1 Contingent liabilities

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills	28,188	-	28,188	106,303	-	106,303
Liabilities under unmatured import bills	-	165,339	165,339	-	141,047	141,047
Letters of credit	9,901	404,547	414,448	-	228,952	228,952
Other commitments						
- Undrawn bank overdrafts	4,931,974	-	4,931,974	4,737,470	-	4,737,470
- Others guarantees	6,070,256	18,672	6,088,928	5,215,523	-	5,215,523
- Others	29,178,178	-	29,178,178	30,357,558	-	30,357,558
Total	40,218,497	588,558	40,807,055	40,416,854	369,999	40,786,853

##### 40.2 Commitments under long-term lease agreements

- (a) The Bank has entered into various service agreements which the remaining terms of the agreements were between 1 - 5 years. As at 31 December 2021 and 2020, the Bank is obligated to pay further Baht 129 million and Baht 165 million, respectively.
- (b) The Bank has entered into various consultancy service agreements relating to software development and installation services. As at 31 December 2021 and 2020, the Bank is obligated to pay further Baht 57 million and Baht 16 million, respectively.
- (c) As at 31 December 2021 and 2020, the Bank has entered into a 5-year service and support agreement with the parent company, under which the service fees are calculated based on a core service fee and administrative costs as stipulated in the agreement.

##### 40.3 Litigation

As at 31 December 2021 and 2020, the Bank has been sued in many litigation cases being claimed for compensations totalling Baht 349 million and Baht 1,161 million, respectively. Final judgements have not yet been reached in respect of these cases.

#### 41. Related party transactions

The Bank had significant business transactions with its related parties, including transactions with directors, executives or other persons with equivalent position, including entities that the persons or related persons have management authorities, or entities in which the Bank or directors or such executives hold in aggregate of more than 10 percent of the paid-up share capital of those entities.

Relationship with its related parties can be summarised as follows:

1. The Bank's parent company is LH Financial Group Public Company Limited.
2. The subsidiaries of the Bank's parent company are as follows:
  - 2.1 Land and Houses Securities Public Company Limited
  - 2.2 Land and Houses Fund Management Company Limited
  - 2.3 Land and Houses Advisory Company Limited (the subsidiary of the company as stated in No. 2.1 above)
3. Any persons or companies who hold more than 10 percent of shares in the Bank's parent company ("the major shareholders of the Bank's parent company") are as follows:
  - 3.1 CTBC Bank Company Limited
  - 3.2 Land and Houses Public Company Limited
  - 3.3 Quality Houses Public Company Limited
  - 3.4 Ms. Piengjai Harnpanich <sup>(1)</sup>
4. Related companies include companies related by way of the following:
  - 4.1 The subsidiaries of the major shareholders of the Bank's parent company (shareholders as stated in No. 3 above)
  - 4.2 The associates of the major shareholders of the Bank's parent company (shareholders as stated in No. 3 above)
  - 4.3 The companies that are related to the Bank's directors
  - 4.4 The companies that are related to the major shareholders of the Bank's parent company (shareholders as stated in No. 3 above)
  - 4.5 The companies that are controlled by the Bank's related persons

<sup>(1)</sup> As at 31 December 2021, Ms. Piengjai Harnpanich was no longer defined as related person of the Bank since CTBC Bank Company Limited acquired all shares of the Bank's parent company from Ms. Piengjai Harnpanich on 8 September 2021 (As at 31 December 2020: held 10.43% of the shares of the Bank's parent company).

5. Directors and executives who are the Bank's directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent
6. Related persons who are the directors and executives of the parent company, the directors of the major shareholders of the parent company (shareholders as stated in No. 3 above) and persons with close relationship with related persons and directors and executives

#### 41.1 Transactions during the years

During the years, the Bank had significant business transactions with its related parties. Such transactions, which were summarised below, arose in the ordinary course of business or were concluded on commercial terms and bases agreed upon between the Bank and its related parties.

		(Unit: Thousand Baht)	
		For the years ended 31 December	
		2021	2020
<b>Interest income</b>			
Parent company		7,224	27,625
Subsidiaries of the Bank's parent company		50,522	79,001
Related companies		105,726	106,597
Directors and executives		102	207
Related persons		815	1,172
		<u>164,389</u>	<u>214,602</u>
<b>Fees and service income</b>			
Parent company		242	110
Subsidiaries of the Bank's parent company		144,805	107,931
		<u>145,047</u>	<u>108,041</u>
<b>Dividend income</b>			
Related companies		1,829	10,627
		<u>1,829</u>	<u>10,627</u>
<b>Other operating income</b>			
Subsidiaries of the Bank's parent company		3,479	1,073
Directors and executives		-	4
Related persons		888	-
		<u>4,367</u>	<u>1,077</u>
<b>Dividend paid</b>			
Parent company		1,040,000	500,000
		<u>1,040,000</u>	<u>500,000</u>

(Unit: Thousand Baht)

For the years ended 31 December

	2021	2020
<b>Interest expenses</b>		
Parent company	1,686	4,690
Subsidiaries of the Bank's parent company	3,480	5,329
The major shareholders of the Bank's parent company	26,706	29,887
Related companies	14,144	41,411
Directors and executives	1,320	1,910
Related persons	13,659	17,518
	<u>60,995</u>	<u>100,745</u>
<b>Other operating expenses</b>		
Parent company	317,875	289,900
The major shareholders of the Bank's parent company	32,295	32,848
Related companies	98,499	107,899
	<u>448,669</u>	<u>430,647</u>

#### 41.2 The outstanding balances

As at 31 December 2021 and 2020, the outstanding balances of significant transactions between the Bank and its related parties can be summarised as follows:

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
<b>Interbank and money market items (assets)</b>		
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	1,249,744	3,589,569
	<u>1,249,744</u>	<u>3,589,569</u>
<b>Investments - cost</b>		
<u>Related companies/persons</u>		
Related companies	357,706	357,706
	<u>357,706</u>	<u>357,706</u>
<b>Loans to customers</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	118,000	745,000
<u>Related companies/persons</u>		
Related companies	3,507,708	3,511,312
Directors and executives	7,510	8,683
Related persons	5,582	59,448
	<u>3,638,800</u>	<u>4,324,443</u>

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b>Accrued interest receivables on loans to customers</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	5	35
<u>Related companies/persons</u>		
Related companies	81,806	2,423
Directors and executives	2	3
Related persons	1	97
	<u>81,814</u>	<u>2,558</u>
<b>Other assets</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	300	300
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	850	24
Land and Houses Fund Management Company Limited	6,318	19,379
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	6,793	6,793
<u>Related companies/persons</u>		
Related companies	26,636	30,470
	<u>40,897</u>	<u>56,966</u>
<b>Deposits</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	9,666	10,755
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Advisory Company Limited	4,105	4,370
<u>The major shareholders of the Bank's parent company</u>		
Land and Houses Public Company Limited	7,087,805	4,111,526
Quality Houses Public Company Limited	1,025,797	660,710
Ms. Piengjai Harnpanich	-	16,480
<u>Related companies/persons</u>		
Related companies	7,389,011	6,237,220
Directors and executives	118,973	114,078
Related persons	1,697,213	3,021,956
	<u>17,332,570</u>	<u>14,177,095</u>
<b>Interbank and money market items (liabilities)</b>		
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	43,029	20,434
Land and Houses Fund Management Company Limited	132,580	45,901
<u>The major shareholder of the Bank's parent company</u>		
CTBC Bank Company Limited	661,740	592,889
	<u>837,349</u>	<u>659,224</u>

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
<b>Debts issued and borrowings</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	-	84,100
<u>Related companies/persons</u>		
Directors and executives	-	20,000
Related persons	7,000	18,400
	<u>7,000</u>	<u>122,500</u>
<b>Accrued interest payables</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	-	484
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Advisory Company Limited	4	6
<u>The major shareholders of the Bank's parent company</u>		
CTBC Bank Company Limited	456	404
Land and Houses Public Company Limited	4,503	2,313
Ms. Piengjai Harnpanich	-	30
<u>Related companies/persons</u>		
Related companies	1,361	3,071
Directors and executives	159	161
Related persons	711	1,748
	<u>7,194</u>	<u>8,217</u>
<b>Lease liabilities</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	4,114	4,114
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	32,656	59,241
<u>Related companies/persons</u>		
Related companies	331,078	400,543
	<u>367,848</u>	<u>463,898</u>
<b>Other liabilities</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	31,474	32,000
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Fund Management Company Limited	3	3
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	351	503
<u>Related companies/persons</u>		
Related companies	1,229	852
Directors and executives	14	10
	<u>33,071</u>	<u>33,368</u>

	31 December 2021	(Unit: Thousand Baht) 31 December 2020
<b>Contingent liabilities - bank guarantees</b>		
<u>Related companies/persons</u>		
Related company	21,186	21,186
	<u>21,186</u>	<u>21,186</u>

The significant outstanding balances during the years ended 31 December 2021 and 2020 were presented at the average balance at the end of each month as follows:

	(Unit: Thousand Baht) For the years ended 31 December	
	2021	2020
<u>Parent company</u>		
Loans to customers	414,250	1,251,334
Deposits	11,001	40,400
Debts issued and borrowings	35,042	84,100
<u>Subsidiaries of the Bank's parent company</u>		
Interbank and money market items (assets)	2,385,417	3,383,750
Deposits	4,198	4,483
Interbank and money market items (liabilities)	114,282	161,131
<u>The major shareholders of the Bank's parent company</u>		
Deposits	7,892,403	2,895,390
Interbank and money market items (liabilities)	887,166	1,670,110
<u>Related companies/persons</u>		
Loans to customers	3,543,261	3,551,667
Deposits	10,792,042	10,067,738
Debts issued and borrowings	19,000	49,800

#### 41.3 Directors' and executives' compensation

During the years ended 31 December 2021 and 2020, compensations incurred on directors and executives of the Bank, which were recognised in profit or loss, were classified as follows.

	(Unit: Million Baht) For the years ended 31 December	
	2021	2020
Short-term employee benefits	139	124
Post-employment benefits	12	9
Termination benefits	17	-
Total	<u>168</u>	<u>133</u>

Directors and executives of the Bank are directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent.



42. Interest in unconsolidated structured entity arising in the normal course of business

The Bank has transactions with unconsolidated structured entities, through various activities such as involvement in the establishment process, fund management, acting as the trustee, as well as providing source of funds. These structured entities are normally in the form of mutual funds and some investment funds, which were summarised as follows:

	31 December 2021		31 December 2020	
	Carrying value	Maximum exposure to loss	Carrying value	Maximum exposure to loss
<u>Assets</u>				
Investments	6,844,887	6,844,887	7,088,282	7,088,282
Loans to customers and accrued interest receivables	7,181,392	7,184,583	6,685,649	6,689,716
<u>Liabilities</u>				
Deposits	121,596	121,596	414,936	414,936
Interest payables	31	31	374	374

Maximum exposure to loss of loans to customers and accrued interest receivables, deposits and interest payables is presented at carrying value, and maximum exposure to loss of investments is presented at fair value.

43. Operating segments

The Bank has two principal operating segments: lending segment and other segments, and they operate their businesses in Thailand. For management purposes of the banking business, the Executive Board of Directors of the Bank has been identified as the chief operating decision maker, and the operating segment is divided into the lending segment: housing and retail, and commercial loans.

The Executive Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Bank measures segment performance based on operating profit or loss and total assets, and on a basis consistent with that used to measure operating profit or loss in the financial statements. In addition, recording for inter-segment (if any) is reported on a basis in consistent with external customers.

Operating segment information of the Bank was as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2021			
	Lending		Other segments	Total
	Housing and retail	Commercial loans		
Interest income from external customers	1,204,519	5,638,209	908,410	7,751,138
Total operating income - net				6,858,262
Other operating expenses				(2,758,987)
Expected credit losses				(3,283,835)
Income tax				(124,602)
Profit for the year				690,838

(Unit: Thousand Baht)

	For the year ended 31 December 2020			
	Lending		Other segments	Total
	Housing and retail	Commercial loans		
Interest income from external customers	1,107,144	5,596,943	1,223,106	7,927,193
Total operating income - net				6,623,393
Other operating expenses				(2,591,074)
Expected credit losses				(2,298,242)
Income tax				(326,484)
Profit for the year				1,407,593

(Unit: Thousand Baht)

	As at 31 December 2021			
	Lending		Other segments	Total
	Housing and retail	Commercial loans		
Loans to customers/interbank and money market items	29,011,365	180,587,014	-	209,598,379
Total assets				251,478,662
Total liabilities				216,379,623

(Unit: Thousand Baht)

	As at 31 December 2020			
	Lending		Other segments	Total
	Housing and retail	Commercial loans		
Loans to customers/interbank and money market items	23,880,244	170,220,017	-	194,100,261
Total assets				240,084,839
Total liabilities				203,718,435

The Bank operates in Thailand only. As a result, all of the revenues, profits and assets as reflected in these financial statements pertain to the aforementioned geographical reportable. Moreover, during the years ended 31 December 2021 and 2020, the Bank had no major customer with revenue of 10 percent or more of total revenues.

#### 44. Risk management

The Bank's risk management policies are principally focused on maintaining various risks within acceptable levels. The policies, which are annually reviewed so that they reflect any changes in the environment in which the Bank operates and in the risks arising from internal and external factors, are as follows:

##### 44.1 Credit risk

Credit risk is the risk that debtors or counterparties may not be able to meet their obligations, as well as the likelihood of the credit rating of counterparties being downgraded and the risk of investment or credit quality deteriorating while prices cannot be adjusted to compensate for the resulting increase in risk, which may affect the revenues and capital funds of the Bank.

Credit risk is recognised as highly significant to financial institutions, especially the risk associated with credit transactions, which are the core transactions of the Bank, both in terms of loans, investments and commitments and in terms of credit-like transactions. The Bank's maximum exposure to credit loss is the carrying value of loans to customers, including commitments related to guarantees, avals or other similar items.

The Bank manages credit risk by setting guidelines for granting credit in order to control, prevent and mitigate the risks associated with credit transactions. Decisions on granting credit have to take into account a range of criteria such as the target market, type of business, type of loan and activity, the credit limits set for each debtor in order to mitigate credit concentration risk, the collateral obtained in order to reduce credit risk and persons or corporates that are not supported by the Bank. In addition, the Bank's key risk management processes are as follows:

(a) Risk identification

The Bank considers factors that are relevant to a borrower and the borrower/ counterparty's business, and external factors that may adversely impact the revenues and the operations of the borrower/counterparty. It also monitors changes in credit quality and historical payment trends, which help provide a picture of asset quality and credit risk. In addition, the Bank conducts reviews of borrower risk levels and their alignment with the identified risk factors.

(b) Risk measurement

The Bank has developed tools to measure credit quality. These are Credit Rating Model, which is used to assign credit ratings to corporate banking customers, and Credit Scoring Model which is used for personal banking customers. Both tools were developed by the Credit Risk Management and Capital Department in order to reduce the use of judgement by credit approvers during the credit approval process.

(c) Risk monitoring and reporting

The Bank has developed a process of monitoring counterparties' credit risk, so that it is aware of the current size and level of risk associated with its borrowers. Financial reviews and customer visits are required to be carried out at least annually, and the value and liquidity of collateral is appraised. The status of borrowers and their compliance with conditions are also reported to executives on a regular basis.

(d) Risk control and mitigation

The Bank sets credit concentration limits at both the industry level and individual client level, in order to ensure the Bank's risk exposure to a particular industry or client is not excessive. If a limit is reached, the responsible department is to investigate the reason for the abnormality, in order to maintain risk exposure within acceptable parameters. The Bank also has internal controls and audit procedures in place to ensure that its risk management is in accordance with the frameworks and processes laid down by the Bank.

Furthermore, the Bank conducts stress testing that covers credit risk at least annually, in order to forecast potential losses on individual accounts or counterparties and on different types of credit in its portfolio, and consider whether the resulting deterioration in credit quality within its portfolio would affect its capital adequacy and its allowance for expected credit losses, so the Bank will be able to take timely action to mitigate the risk.

### The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at the gross value before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statements of financial position, the maximum exposure to credit risk equals their carrying value.

For financial guarantee contracts, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees are called upon. For undrawn credit limits that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2021 and 2020, the maximum exposure to credit risk are as follows:

	(Unit: Thousand Baht)	
	31 December 2021	31 December 2020
Interbank and money market items (assets)	35,272,857	35,931,320
Investments in debt instruments measured at fair value through other comprehensive income	35,084,298	37,090,065
Loans to customers and accrued interest receivables	179,237,167	162,025,501
Accrued interest receivables not related to loans to customers	144,696	187,220
Total financial assets	249,739,018	235,234,106
Undrawn credit limit	34,110,152	35,095,028
Financial guarantee contracts	1,569,718	125,910
Total	35,679,870	35,220,938
Total maximum exposure to credit risk	285,418,888	270,455,044

### Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting that the return may not be as expected. The Bank has adopted a policy to mitigate this risk, whereby credit analysis is performed based on customer information and the status of customers is followed up consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are the gross carrying amount (before netting allowance for expected credit losses). The amounts presented for undrawn credit limits and financial guarantee contracts are the amounts committed or guaranteed, respectively.

Explanations of the 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses - credit impaired are included in Notes 4 and 5 to the financial statements.

(Unit: Thousand Baht)

	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	Total
<b>Interbank and money market items (assets)</b>				
Investment grade*	20,602,689	-	-	20,602,689
No overdue	14,670,168	-	-	14,670,168
Total	35,272,857	-	-	35,272,857
Less: Allowance for expected credit losses	(5,130)	-	-	(5,130)
Net carrying value	35,267,727	-	-	35,267,727
<b>Investments in debt instruments measured fair value through other comprehensive income</b>				
Investment grade*	31,963,327	3,120,971	-	35,084,298
Total	31,963,327	3,120,971	-	35,084,298
Less: Allowance for expected credit losses	(2,341)	(200,000)	-	(202,341)
Net carrying value	31,960,986	2,920,971	-	34,881,957
<b>Loans to customers and accrued interest receivables - net</b>				
0 - 30 days overdue	168,856,006	4,681,749	1,881,353	175,419,108
31 - 90 days overdue	-	185,356	40,879	226,235
Over 90 days overdue	-	-	3,438,965	3,438,965
Total	168,856,006	4,867,105	5,361,197	179,084,308
Less: Allowance for expected credit losses	(2,831,820)	(1,096,662)	(2,812,773)	(6,741,255)
Net carrying value	166,024,186	3,770,443	2,548,424	172,343,053
<b>Other assets</b>				
0 - 30 days overdue	3,224	389	369	3,982
31 - 90 days overdue	-	132	87	219
Over 90 days overdue	-	-	41,332	41,332
Total	3,224	521	41,788	45,533
Less: Allowance for expected credit losses	(1,077)	(266)	(41,788)	(43,131)
Net carrying value	2,147	255	-	2,402

\* Rating of external credit risk rating agency

(Unit: Thousand Baht)

31 December 2021

	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	Total
<b>Undrawn credit limit</b>				
0 - 30 days overdue	34,024,759	63,242	3,270	34,091,271
Over 90 days overdue	-	-	18,881	18,881
Total	34,024,759	63,242	22,151	34,110,152
Less: Allowance for expected credit losses	(45,768)	(1,134)	(2,082)	(48,984)
Net carrying value	33,978,991	62,108	20,069	34,061,168
<b>Financial guarantee contracts</b>				
0 - 30 days overdue	1,569,359	-	-	1,569,359
Over 90 days overdue	-	-	359	359
Total	1,569,359	-	359	1,569,718
Less: Allowance for expected credit losses	(4,250)	-	(3)	(4,253)
Net carrying value	1,565,109	-	356	1,565,465

(Unit: Thousand Baht)

31 December 2020

	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	Total
<b>Interbank and money market items (assets)</b>				
Investment grade*	18,633,770	-	-	18,633,770
No overdue	17,297,550	-	-	17,297,550
Total	35,931,320	-	-	35,931,320
Less: Allowance for expected credit losses	(5,571)	-	-	(5,571)
Net carrying value	35,925,749	-	-	35,925,749
<b>Investments in debt instruments measured fair value through other comprehensive income</b>				
Investment grade*	33,379,568	3,710,497	-	37,090,065
Total	33,379,568	3,710,497	-	37,090,065
Less: Allowance for expected credit losses	(2,276)	(200,000)	-	(202,276)
Net carrying value	33,377,292	3,510,497	-	36,887,789

\* Rating of external credit risk rating agency



(Unit: Thousand Baht)

31 December 2020

	Financial assets where there has not been a significant increase in credit risk (Performing)	Financial assets where there has been a significant increase in credit risk (Under- performing)	Financial assets that are credit- impaired (Non-performing)	Total
<b>Loans to customers and accrued interest receivables - net</b>				
0 - 30 days overdue	151,561,757	4,356,312	380,440	156,298,509
31 - 90 days overdue	-	425,369	54,054	479,423
Over 90 days overdue	-	-	5,064,459	5,064,459
Total	151,561,757	4,781,681	5,498,953	161,842,391
Less: Allowance for expected credit losses	(944,581)	(869,397)	(2,762,044)	(4,576,022)
Net carrying value	150,617,176	3,912,284	2,736,909	157,266,369
<b>Other assets</b>				
0 - 30 days overdue	2,141	127	1,640	3,908
31 - 90 days overdue	-	233	18	251
Over 90 days overdue	-	-	34,418	34,418
Total	2,141	360	36,076	38,577
Less: Allowance for expected credit losses	(746)	(318)	(36,076)	(37,140)
Net carrying value	1,395	42	-	1,437
<b>Undrawn credit limit</b>				
0 - 30 days overdue	34,993,672	66,388	16,042	35,076,102
31 - 90 days overdue	-	1,107	-	1,107
Over 90 days overdue	-	-	17,819	17,819
Total	34,993,672	67,495	33,861	35,095,028
Less: Allowance for expected credit losses	(17,796)	(55)	(8,194)	(26,045)
Net carrying value	34,975,876	67,440	25,667	35,068,983
<b>Financial guarantee contracts</b>				
0 - 30 days overdue	125,551	-	-	125,551
Over 90 days overdue	-	-	359	359
Total	125,551	-	359	125,910
Less: Allowance for expected credit losses	(772)	-	(4)	(776)
Net carrying value	124,779	-	355	125,134

### Collateral and any operations to increase creditability

The Bank holds collateral and any operations to increase the creditability of its exposure to credit risk. Details of the collateral held by the Bank for each type of financial asset are as follows:

(Unit: Thousand Baht)

	Exposure to risk with collateral		Type of collateral
	31 December 2021	31 December 2020	
Interbank and money market items	15,500,614	8,800,239	Bonds
Loans to customers and accrued interest receivables	96,718,214	83,373,512	Lands and buildings, machinery and equipment, deposits

### 44.2 Market risk

Market risk is the risk that changes in interest rate, foreign exchange rates and securities prices in money markets/equity markets may negatively affect the revenues and capital funds of the Bank. The Bank's market risk consists of interest rate risk, foreign exchange risk and equity position risk.

#### (a) Interest rate risk

Interest rate risk is the risk that volatility in market interest rates will result in changes in the value of financial instruments, or fluctuations in income or the value of financial assets and liabilities. Interest rate risk is a consequence of the structure and the nature of asset, liability and equity items, and mismatches between the maturities and the repricing terms of assets and liabilities.

Most of the Bank's assets consist of deposits at financial institutions, loans to customers and investments in debt instruments measured at fair value through other comprehensive income, and its liabilities mainly consist of deposits from individuals. These key items may be affected by interest rate fluctuations, and whenever such fluctuations occur the Bank is exposed to the risk that its income, expenses and/or economic value (equity value) may be affected. The Bank therefore needs to manage interest rate risk in its banking books in order to mitigate the impact.

Interest rate risk in the banking books is a risk that income or capital of the Bank may be negatively affected as fluctuations in interest rates impact rate-sensitive assets, liabilities and commitments. The main causes are maturity mismatches and repricing risks for assets and liabilities presented in the Bank's statement of financial position.

The nature of the Bank's exposures to interest rate risk in the banking books are as follows:

(1) Repricing Risk

This arises due to mismatches between the maturities or interest rate reset dates of assets and liabilities.

(2) Basis Risk

This arises because of mismatches between changes in the reference interest rates used for assets and liabilities.

(3) Option Risk

The Bank is exposed to risk as a result of options embedded in its financial contracts, whether as debtor or creditor, which grant the Bank's counterparties a right to change the original payment or redemption plans when market interest rates change. The option holders will often exercise these if the original payment plan puts them in an unfavorable position, whereby interest costs, returns or net interest income, as well as the structure of assets and liabilities in the statement of financial position, would change for the worse.

The Bank has developed interest rate risk measurement and assessment tools to evaluate the impact of interest rate risk in the banking books. The Bank sets risk ceilings in order to keep risk levels within stipulated parameters and reports risk levels to the Asset and Liability Committee on a monthly basis.

Moreover, the Bank performs stress tests by simulating an interest rate crisis, using simulations provided by the BOT and/or appropriate simulations it has established itself.

As at 31 December 2021 and 2020, financial assets and liabilities, classified by types of interest rate, were as follows:

(Unit: Thousand Baht)

31 December 2021					
Transactions	Floating interest rates	Fixed interest rates	Non-interest bearing	Non- performing loans	Total
<b>Financial assets</b>					
Cash	-	-	717,749	-	717,749
Interbank and money market items	1,686,717	31,265,000	2,315,579	-	35,267,296
Derivative assets	-	-	163,992	-	163,992
Investments	1,081,943	34,002,355	6,851,790	-	41,936,088
Loans to customers <sup>(1)</sup>	116,681,009	55,329,121	-	5,110,363	177,120,493
<b>Financial liabilities</b>					
Deposits	95,583,455	96,561,839	367,811	-	192,513,105
Interbank and money market items	1,099,982	17,901,428	51,062	-	19,052,472
Liabilities payable on demand	-	-	189,544	-	189,544
Derivative liabilities	-	-	33,520	-	33,520
Debts issued and borrowings	-	2,400,000	1,658	-	2,401,658
Lease liabilities	-	584,547	-	-	584,547

<sup>(1)</sup> In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates.

(Unit: Thousand Baht)

31 December 2020					
Transactions	Floating interest rates	Fixed interest rates	Non-interest bearing	Non- performing loans	Total
<b>Financial assets</b>					
Cash	-	-	801,380	-	801,380
Interbank and money market items	1,500,004	31,630,000	2,793,338	-	35,923,342
Derivative assets	-	-	412,457	-	412,457
Investments	1,071,098	36,018,967	7,095,185	-	44,185,250
Loans to customers <sup>(1)</sup>	108,773,956	46,849,290	-	5,368,635	160,991,881
<b>Financial liabilities</b>					
Deposits	91,066,208	91,485,161	183,595	-	182,734,964
Interbank and money market items	1,585,065	10,371,917	246,129	-	12,203,111
Liabilities payable on demand	-	-	949,585	-	949,585
Derivative liabilities	-	-	228,458	-	228,458
Debts issued and borrowings	-	5,000,000	5,976	-	5,005,976
Lease liabilities	-	759,995	-	-	759,995

<sup>(1)</sup> In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates.

Financial instruments which bear interest rate at fixed rates are classified below by the period from 31 December 2021 and 2020 to the repricing date or maturity date (whichever is sooner).

(Unit: Thousand Baht)

	31 December 2021						
	Repricing or maturity date						
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Interest rates (% p.a.)
<b>Financial assets</b>							
Interbank and money market items	620,000	30,345,000	300,000	-	-	31,265,000	0.45 - 3.20
Investments	-	3,007,471	3,486,782	19,408,177	8,099,925	34,002,355	0.51 - 5.00
Loans to customers	727,938	23,081,189	16,097,688	14,195,706	1,226,600	55,329,121	1.00 - 6.00
<b>Financial liabilities</b>							
Deposits	4,138,650	39,699,298	47,057,870	5,666,021	-	96,561,839	0.15 - 1.85
Interbank and money market items	-	10,806,329	6,200,691	894,408	-	17,901,428	0.01 <sup>(1)</sup> , 0.1 <sup>(2)</sup> , 0.20 - 0.85
Debts issued and borrowings	-	-	-	-	2,400,000	2,400,000	3.75
Lease liabilities	-	54,824	152,683	377,040	-	584,547	1.37 - 2.90

<sup>(1)</sup> The interest rate of 0.01% is charged on the balance of Baht 3,704 million which the Bank obtained for financial assistance to debtors impacted by situations that affect the Thai economy.

<sup>(2)</sup> The interest rate of 0.1% is charged on the balance of Baht 2,131 million which the Bank obtained for financial assistance to SMEs that lack of liquidity.

(Unit: Thousand Baht)

	31 December 2020						
	Repricing or maturity date						
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Interest rates (% p.a.)
<b>Financial assets</b>							
Interbank and money market items	5,215,000	26,415,000	-	-	-	31,630,000	0.42 - 3.65
Investments	-	1,473,815	7,269,939	15,603,423	11,671,790	36,018,967	1.585 - 5.00
Loans to customers	1,204,274	15,869,994	12,334,853	15,886,570	1,553,599	46,849,290	1.40 - 5.125
<b>Financial liabilities</b>							
Deposits	2,777,503	38,012,925	42,893,892	7,800,841	-	91,485,161	0.15 - 2.50
Interbank and money market items	-	5,857,821	2,799,908	1,714,188	-	10,371,917	0.01 <sup>(1)</sup> , 0.1 <sup>(2)</sup> , 0.22 - 1.35
Debts issued and borrowings	-	1,000,000	-	4,000,000	-	5,000,000	1.99, 5.125
Lease liabilities	-	67,720	183,890	465,294	43,091	759,995	1.65 - 2.90

<sup>(1)</sup> The interest rate of 0.01% is charged on the balance of Baht 3,003 million which the Bank obtained for financial assistance to debtors impacted by situations that affect the Thai economy.

<sup>(2)</sup> The interest rate of 0.1% is charged on the balance of Baht 2,337 million which the Bank obtained for financial assistance to SMEs that lack of liquidity.

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues/incurred expenses, calculated based on the average balances outstanding during the years, and the average interest rate for the years ended 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December					
	2021			2020		
	Average balances	Interest income/expenses	Average rate (% per annum)	Average balances	Interest income/expenses	Average rate (% per annum)
<b>Performing financial assets</b>						
Interbank and money market items	30,495,698	482,619	1.58	30,675,753	490,685	1.60
Investments in debt instruments	36,679,226	907,813	2.48	39,372,674	1,222,486	3.10
Loans to customers	168,356,687	6,360,706	3.78	157,941,824	6,214,022	3.93
<b>Performing financial liabilities</b>						
Deposits	188,210,117	1,977,274	1.05	174,758,868	2,536,585	1.45
Interbank and money market items	13,179,766	68,453	0.52	14,612,538	109,049	0.75
Debts issued and borrowings	3,173,016	140,804	4.44	9,314,349	315,526	3.39

#### Interest rate sensitivity analysis

Analysis of sensitivity to changes in interest rates shows the impact of potential changes in interest rates on profit or loss and shareholders' equity of the Bank when other variables are set to constant values.

The sensitivity of profit or loss is the effect of changes in interest rates to profit or loss of the year. For financial assets and financial liabilities at the end of the reporting period, the sensitivity of shareholders' equity is calculated by measuring the fair value as at 31 December 2021 and 2020 of financial assets and financial liabilities measured at fair value through other comprehensive income, including the effect of hedging cash flow risk by assuming a 1 percent change in the interest rate. The methods used in sensitivity analysis are unchanged from the previous year.

The effect of change in interest rates on profit or loss and shareholders' equity as of 31 December 2021 and 2020 can be summarised as follows:

(Unit: Thousand Baht)

	31 December 2021		31 December 2020	
	Effect on Profit or loss	Effect on Shareholders' equity	Effect on Profit or loss	Effect on Shareholders' equity
Increased by 1 percent	209,127	209,127	83,429	83,429
Decreased by 1 percent	(312,145)	(312,145)	(230,046)	(230,046)

Note: The estimation of the effect of increase (decrease) in interest rates on profit or loss within the next 1 year.

(b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and gains or losses on foreign exchange result in fluctuations in revenues or the values of financial assets and liabilities.

The Bank engages in foreign currency trading, provision of trade finance services to support customers engaged in foreign trade, buying and selling foreign currency exchange services including fund transfers. As a result of these transactions, the Bank has foreign currency positions and has, therefore, established a risk management framework to mitigate the foreign exchange risk, and also set maximum risk ceilings for foreign exchange risk, using statistical tools, namely the Value-at-Risk (VaR Model), and other tools, such as net open position and year to date loss limits, in order to closely monitor operations in order to maintain foreign exchange risk at acceptable levels.

As at 31 December 2021 and 2020, foreign currency positions equivalent to Thai Baht of the Bank, were as follows:

(Unit: Thousand Baht)

	31 December 2021				
	USD	EUR	JPY	HKD	Others
<b><u>Foreign currency in the statements of financial position</u></b>					
Interbank and money market items	403,752	7,567	9,342	-	16,054
Investments	1,081,943	-	-	-	-
Loans to customers and accrued interest receivables	3,522,928	22,080	6,273	-	88,074
Other assets	1	3	-	-	-
Total assets	5,008,624	29,650	15,615	-	104,128
Deposits	758,521	-	4,360	-	758
Interbank and money market items	661,740	-	-	-	-
Accrued interest payables	1,005	-	-	-	-
Other liabilities	20,979	-	-	-	-
Total liabilities	1,442,245	-	4,360	-	758
Items recognised in the statements of financial position - net	3,566,379	29,650	11,255	-	103,370
<b><u>Foreign currency not recognised in the statements of financial position - net</u></b>					
(Forward contracts, cross currency and interest rate swap contracts)	(3,381,053)	(9,474)	(42,091)	-	(91,300)



(Unit: Thousand Baht)

	31 December 2020				
	USD	EUR	JPY	HKD	Others
<b>Foreign currency in the statements of financial position</b>					
Interbank and money market items	205,371	490	624	-	9,540
Investments	1,071,098	-	-	-	-
Loans to customers and accrued interest receivables	2,047,228	19,922	-	-	62,366
Other assets	1	1	-	-	-
<b>Total assets</b>	<b>3,323,698</b>	<b>20,413</b>	<b>624</b>	<b>-</b>	<b>71,906</b>
Deposits	1,139,852	-	-	-	682
Interbank and money market items	683,000	-	-	-	-
Accrued interest payables	4,912	-	-	-	-
Other liabilities	7,407	-	-	-	-
<b>Total liabilities</b>	<b>1,835,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>682</b>
Items recognised in the statements of financial position - net	1,488,527	20,413	624	-	71,224

**Foreign currency not recognised in the statements of financial position - net**

(Forward contracts, cross currency and interest rate swap contracts)	(1,475,021)	(20,282)	54,253	-	(63,457)
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**Foreign exchange rate sensitivity analysis**

Analysis of sensitivity to changes in foreign exchange rates shows the impact of potential changes in foreign exchange rates on profit or loss and the shareholders' equity of the Bank when other variables are set to constant values. The risks encountered, and methods used for sensitivity analysis are unchanged from the previous period.

The effect of change in exchange rate on profit or loss and shareholders' equity as of 31 December 2021 and 2020 can be summarised as follows:

	31 December 2021		31 December 2020	
	Effect on		Effect on	
	Profit or loss	Shareholders' equity	Profit or loss	Shareholders' equity
Increased by 5 percent	156,150	156,150	74,759	74,759
Decreased by 5 percent	(155,469)	(155,469)	(74,759)	(74,759)

Note: The effect of increase (decrease) in exchange rate is the appreciation (depreciation) of foreign currencies compared to US Dollar.

(c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity instruments or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The Bank closely manages equity position risk, with a policy to invest in equity instruments with a lower risk than those in equity markets. Moreover, the Bank monitors risks related to investments in equity instruments to ensure that the risk is still lower than that of the market.

Equity security price sensitivity analysis

The following table demonstrates the sensitivity of a reasonably possible change in equity security price on the Bank's profit or loss and shareholders' equity as at 31 December 2021 and 2020 when other variables are set to constant values.

		(Unit: Thousand Baht)	
31 December 2021		31 December 2020	
Effect on		Effect on	
Profit or loss	Shareholders' equity	Profit or loss	Shareholders' equity
Increased by 10 percent	- 339,492	- 344,103	
Decreased by 10 percent	- (339,492)	- (344,103)	

Note: The estimation of increase (decrease) is a percentage change of SET Index.

(d) Commodity price risk

This is the risk that income or capital may be adversely affected by changes in commodity prices. The Bank has no policy to hold such positions.

### 44.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank manages its liquidity risk by preparing net liquidity status reports or liquidity gap reports. The Bank's analysis has two components, namely a Contractual Liquidity Gap report and a Behavior Liquidity Gap report, which analyse the net liquidity status at each point in time and consider the cash flow adequacy over the next year. Moreover, the Bank assesses liquidity risk based on accumulated outstanding net liquidity by maturity, adjusted to reflect depositor behavior, in order to maintain liquidity risk at the appropriate levels stipulated by the Bank.

The Bank conducts studies of the effect on liquidity of various factors, such as early deposit withdrawal and deposit rollover, by creating simulations incorporating normal scenarios and stress scenarios and these include the effects on liquidity management of the Bank. The Market Risk Management Department is responsible for carrying out the studies and reporting the results to the Asset and Liability Committee, for assessment of liquidity requirements under each scenario and to provide a framework for establishing contingency plans for liquidity crisis.

In addition, the Bank monitors its liquidity risk based on regulations relating to the maintenance of liquid assets to handle a severe liquidity crisis situation (Liquidity Coverage Ratio: LCR), which is based on the assumption that total cash inflows and outflows reflect the differing withdrawal behaviors of various counterparties and both on and off-balance sheet items, which are affected by different cash flow indicators. The assumptions also reflect the business group structure, which may require the group's commercial banks to provide liquidity assistance in the event of a severe and continuous cash outflow crisis. The Bank sets risk limits in order to monitor liquidity risk levels and maintain them within appropriate levels, and enable the Bank to maintain appropriate amounts of liquid assets and efficiently cope with fluctuations in cash inflows and outflows.

The periods to maturity, counting from the financial position dates, of financial instruments outstanding as at 31 December 2021 and 2020 were as follows:

(Unit: Thousand Baht)

	31 December 2021					
Transactions	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b><u>Financial assets</u></b>						
Cash	717,749	-	-	-	-	717,749
Interbank and money market items	3,372,296	31,895,000	-	-	-	35,267,296
Derivative assets	-	46,236	117,756	-	-	163,992
Investments	-	6,494,253	20,490,120	8,099,925	6,851,790	41,936,088
Loans to customers <sup>(1)</sup>	9,140,280	66,109,975	54,931,202	46,939,036	-	177,120,493
<b><u>Financial liabilities</u></b>						
Deposits	97,561,775	88,262,882	6,683,183	5,265	-	192,513,105
Interbank and money market items	1,151,044	17,007,020	894,408	-	-	19,052,472
Liabilities payable on demand	189,544	-	-	-	-	189,544
Derivative liabilities	-	33,520	-	-	-	33,520
Debts issued and borrowings	-	1,658	-	2,400,000	-	2,401,658
Lease liabilities	-	207,507	377,040	-	-	584,547

<sup>(1)</sup> Loans to customers due at call included default loans and non-performing loans.

(Unit: Thousand Baht)

	31 December 2020					
Transactions	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial assets</b>						
Cash	801,380	-	-	-	-	801,380
Interbank and money market items	8,008,342	27,915,000	-	-	-	35,923,342
Derivative assets	-	135,796	276,661	-	-	412,457
Investments	-	8,743,754	16,674,521	11,671,790	7,095,185	44,185,250
Loans to customers <sup>(1)</sup>	9,908,767	48,753,368	50,827,969	51,501,777	-	160,991,881
<b>Financial liabilities</b>						
Deposits	91,703,616	82,187,264	8,838,774	5,310	-	182,734,964
Interbank and money market items	1,831,194	8,657,729	1,714,188	-	-	12,203,111
Liabilities payable on demand	949,585	-	-	-	-	949,585
Derivative liabilities	-	228,458	-	-	-	228,458
Debts issued and borrowings	-	1,001,431	4,004,545	-	-	5,005,976
Lease liabilities	-	251,610	465,294	43,091	-	759,995

<sup>(1)</sup> Loans to customers due at call included default loans and non-performing loans.

In addition, as at 31 December 2021 and 2020, the Bank had the following commitments as summarised by the periods to maturity, counting from the financial report dates, of the contracts:

(Unit: Thousand Baht)

	31 December 2021			31 December 2020		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
Avals to bills	28,188	-	28,188	96,303	10,000	106,303
Liabilities under						
unmatured import bills	165,339	-	165,339	141,047	-	141,047
Letters of credit	414,448	-	414,448	228,952	-	228,952
Undrawn bank overdrafts	4,931,974	-	4,931,974	4,737,470	-	4,737,470
Guarantee - others	4,675,284 <sup>(1)</sup>	1,413,644	6,088,928	4,721,477 <sup>(1)</sup>	494,046	5,215,523
Other commitments	-	29,178,178	29,178,178	-	30,357,558	30,357,558

<sup>(1)</sup> As at 31 December 2021 and 2020, these amounts included contracts with no maturity date amounting to Baht 2,778 million and Baht 2,474 million, respectively.

#### 45. Fair value of financial instruments

##### 45.1 Financial assets and liabilities measured at fair value

As at 31 December 2021 and 2020, the Bank had financial assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2021				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Derivative assets	163,992	-	163,992	-	163,992
Investments in debt instruments measured at fair value through other comprehensive income	34,881,957	-	34,881,957	-	34,881,957
Investments in equity instruments designated at fair value through other comprehensive income	6,851,790	6,844,887	-	6,903	6,851,790
<u>Financial liabilities</u>					
Derivative liabilities	33,520	-	33,520	-	33,520

(Unit: Thousand Baht)

	31 December 2020				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Derivative assets	412,457	-	412,457	-	412,457
Investments in debt instruments measured at fair value through other comprehensive income	36,887,789	-	36,887,789	-	36,887,789
Investments in equity instruments designated at fair value through other comprehensive income	7,095,185	7,088,282	-	6,903	7,095,185
<u>Financial liabilities</u>					
Derivative liabilities	228,458	-	228,458	-	228,458

During the current year, the methods and assumptions used by the Bank in estimating the fair value of financial instruments have not been changed and no transfers are made between the fair value hierarchy.

#### 45.2 Financial assets and liabilities for which fair values are disclosed

As at 31 December 2021 and 2020, the Bank had financial assets and liabilities that were measured at cost, and for which fair values were disclosed using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Cash	717,749	717,749	-	-	717,749
Interbank and money market items - net	35,267,727	2,752,296	-	32,546,709	35,299,005
Loans to customers - net	170,144,008	-	-	169,847,739	169,847,739
<u>Financial liabilities</u>					
Deposits	192,513,105	95,951,266	96,537,337	-	192,488,603
Interbank and money market items	19,052,472	1,151,044	17,902,046	-	19,053,090
Liabilities payable on demand	189,544	189,544	-	-	189,544
Debts issued and borrowings	2,401,658	1,658	2,292,168	-	2,293,826
Lease liabilities	584,547	-	561,063	-	561,063

(Unit: Thousand Baht)

	31 December 2020				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Cash	801,380	801,380	-	-	801,380
Interbank and money market items - net	35,925,749	2,793,343	-	33,117,161	35,910,504
Loans to customers - net	155,838,424	-	-	155,993,270	155,993,270
<u>Financial liabilities</u>					
Deposits	182,734,964	91,249,803	91,514,768	-	182,764,571
Interbank and money market items	12,203,111	1,831,194	10,375,900	-	12,207,094
Liabilities payable on demand	949,585	949,585	-	-	949,585
Debts issued and borrowings	5,005,976	5,976	5,053,452	-	5,059,428
Lease liabilities	759,995	-	727,602	-	727,602

The Bank estimates fair values for financial instruments as follows:

- (a) For financial assets and liabilities which have short-term maturities, including cash and liabilities payable on demand, the carrying value in the statement of financial position approximates their fair value.
- (b) The fair value of investments in debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association.
- (c) The fair value of investments in non-marketable equity instruments is calculated using discounted future cash flows techniques and/or determined by comparing with information of similar companies.
- (d) The fair value of loans to customers and interbank and money market items (assets) that bear floating interest rates is assumed to approximate their carrying values, net of allowance for expected credit losses. The fair value of loans to customers and interbank and money market items (assets) that bear fixed interest rates is the present value of the expected future cash flows, discounted by the interest rates the Bank offers on similar loans.
- (e) The fair value of deposits and interbank and money market items (liabilities) that are payable on demand or bear floating interest rates is assumed to approximate their carrying value. The fair value of deposits and interbank and money market items (liabilities) that bear fixed interest rates is determined by discounting the expected future cash flows at the Bank's announced interest rates for instruments having similar characteristics.
- (f) The fair value of derivatives is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty's credit risk.
- (g) The fair value of debts issued and borrowings that are both subordinated and unsubordinated debentures is determined using yield rates quoted by Thai Bond Market Association. The fair value of debts issued and borrowings that bear fixed interest rates is determined by discounting the expected future cash flows by market interest rates on borrowings with similar conditions.
- (h) The fair value of lease liabilities is determined by discounting the expected future cash flows by the Bank's incremental borrowing rate with similar conditions.

#### 46. Approval of financial statements

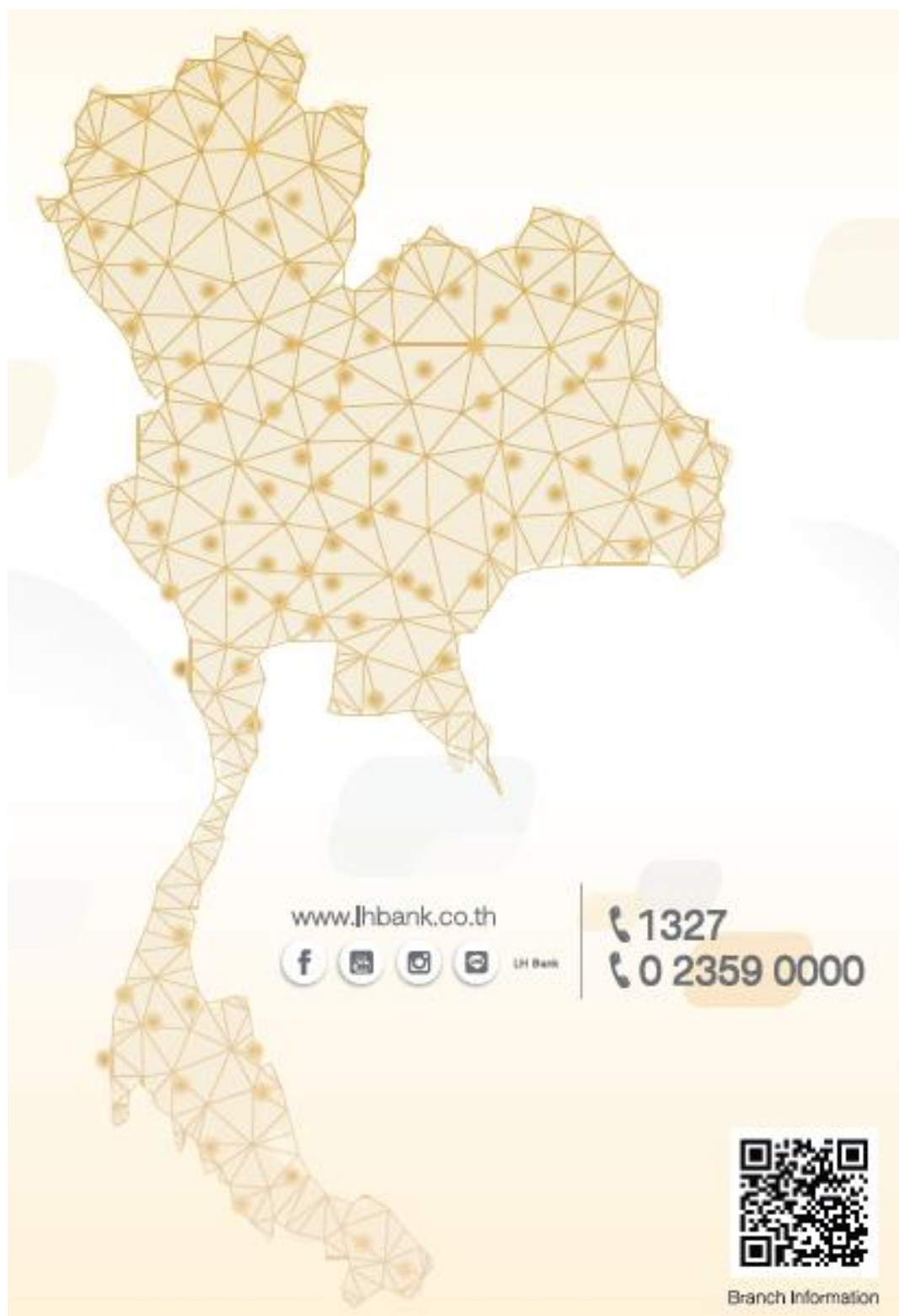
These financial statements were authorised for issue by the Bank's Board of Directors on 25 February 2022.



## REFERENCE INFORMATION

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