

# LAND AND HOUSES BANK PLC

No. 28/2025  
20 March 2025

## FINANCIAL INSTITUTIONS

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
Tier 2 subordinated	AA
additional Tier 1 subordinated	A+
<b>Outlook:</b>	Stable

**Last Review Date:** 02/12/24

### Company Rating History:

Date	Rating	Outlook/Alert
21/03/24	AAA	Stable
21/03/23	A	Stable
15/03/22	A-	Negative
26/04/19	A-	Stable
04/10/17	A-	Positive
01/04/16	A-	Alert Positive
21/08/13	A-	Stable

### Contacts:

Pawin Thachasongtham  
pawin@trisrating.com

Jantana Taveeratanasilp  
jantana@trisrating.com

Jittrapan Pantaleard  
jittrapan@trisrating.com

Annop Supachayanont, CFA  
annop@trisrating.com



WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on Land and Houses Bank PLC (LHBANK) at “AAA”, the rating on its Basel III Tier 2 capital securities at “AA”, and the rating on its additional Tier 1 (AT1) securities at “A+” with a “stable” outlook.

The company rating is equivalent to the group credit profile (GCP) of LHFG Group, assessed at “aaa”, given its status as a “core entity” of the group. The GCP of LHFG Group reflects its group status as a “highly strategic” entity of the controlling parent, CTBC Bank Co., Ltd. (rated “A/Stable” by S&P Global Ratings).

The “AA” rating on LHBANK’s Basel III Tier 2 capital securities is two notches below the company rating on LHBANK, reflecting the subordination and the non-viability loss absorption provision of the bond indenture. Meanwhile, the “A+” rating on LHBANK’s AT1 securities is four notches below the company rating on LHBANK. The additional two notches reflect the risk of partial or untimely payment of coupons.

## KEY RATING CONSIDERATIONS

### Core entity of LHFG Group

We view LHBANK as a “core entity” of the LHFG Group. LHBANK is a wholly-owned subsidiary of LHFG, a non-operating holding company (NOHC) under the consolidated supervision of the Bank of Thailand (BOT).

LHBANK serves as a sole banking entity within the group. The bank is the predominant profit contributor, with earnings accounting for 95% of the group in 2024. LHBANK’s assets also accounts for more than 95% of LHFG’s total assets. LHBANK’s latest dividend payout ratio was at 50%, with an THB 850 million dividend paid to LHFG in 2024.

### Improving banking franchise

LHBANK operates as a small-sized commercial bank in Thailand that benefits from strong backing by CTBC Bank Co., Ltd, its ultimate parent. In our view, the bank’s franchise is expanding, especially in the Taiwanese corporate segment. However, the bank continues to face intense competition from larger Thai banks with stronger market positions. At end-2024, LHBANK held around a modest 1.4% market share in both loans and deposits within the Thai banking sector.

To strengthen its business, LHBANK has been actively diversifying its loan portfolio, expanding into SME and retail lending, wealth management, and trade finance. Also, the bank is investing in digital banking initiatives to enhance customer experience and narrow the gap with its larger competitors.

### Risk management integrated with CTBC Bank

LHBANK has fully integrated its risk management with that of CTBC Bank. The risk management department at LHBANK has a dotted reporting line to the head of CTBC’s international risk division.

This integration covers risk management policies and procedures across various risk functions including credit, market, operational, and compliance risks. CTBC Bank has also established an oversight structure for risk management that incorporates the regular review and evaluation of risk management practices.

---

### Stabilized asset quality

LHBANK has maintained relatively stable asset quality compared to the previous year, with non-performing loan (NPL) formation holding steady at 0.5% of total loans in 2024. The bank's NPL ratio (excluding interbank assets) also remained stable at 2.34% at end-2024.

However, we see a notable improvement in the bank's reduction of loans under relief programs, which decreased significantly to 3% of total loans at end-2024, down from 10% at end-2023. This substantial decline in loans under relief programs, combined with the consistent NPL formation rate, suggests improved financial health among borrowers, especially in tourism-related industries.

---

### BASE-CASE ASSUMPTIONS

Our base-case assumption is based on our expectation that LHBANK will remain a core subsidiary of the LHFG Group, and our assessment of the LHFG Group as a "highly strategic" entity of CTBC Bank will remain unchanged.

---

### RATING OUTLOOK

The "stable" outlook reflects our expectation that LHBANK will maintain its status as the core subsidiary of the LHFG Group with significant contributions of revenues and profit to the group, and that LHFG Group will remain a "highly strategic" entity of CTBC Bank.

---

### RATING SENSITIVITIES

The ratings on LHBANK could be revised downward if the LHFG Group's GCP deteriorates materially, or our assessment of LHBANK's group status changes to a lower level.

---

### COMPANY OVERVIEW

LHBANK is a 99.99%-owned subsidiary of LHFG. LHBANK held market shares of 1.3% in both loans and deposits among Thai commercial banks at the end of 2022.

On 27 July 2017, CTBC Bank made a strategic investment by buying 35.6% of LHFG. CTBC Bank became an equal partner with Land and Houses Group in LHFG. Shareholders from Land and Houses Group include Land and Houses PLC (LH) and Quality Houses PLC (QH). Their combined shareholding in LHFG dropped to 35.6% as a result of CTBC Bank's investment.

On 8 September 2021, CTBC Bank acquired additional shares in LHFG, in aggregate of 10.99% of the total issued and voting shares. Consequently, CTBC Bank holds LHFG's shares in aggregate of 46.61% of the total issued and voting shares. LHFG also becomes a subsidiary of CTBC Bank after gaining the majority seats of LHFG's board of directors.

CTBC Bank is a bank subsidiary under CTBC Financial Holding Co., Ltd. (CTBC FHC). CTBC FHC is the fourth-largest financial holding company in Taiwan, with assets of TWD5.23 trillion as of September 2017. Other key subsidiaries under CTBC FHC cover life insurance, securities, venture capital, and asset management. CTBC Bank is well-positioned in wealth management and credit card services, and is well-established in the corporate banking business including trade finance, treasury services, transaction banking, and offshore finances. CTBC Bank is rated "A/stable" by S&P Global Ratings.

With CTBC Bank as a partner, LHBANK has strengthened its board and management structure. There are three new board members from CTBC Bank. In addition, managers from CTBC Bank also oversee new business units. These are 1) the Strategic Business Development Unit, in charging of Taiwanese customers, and 2) the Wealth Management Business Planning Unit.

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS<sup>1</sup>**

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total assets	340,446	316,339	295,846	251,479	240,085
Average assets	328,392	306,093	273,662	245,782	235,317
Interbank and money market items	42,391	33,154	35,934	35,268	35,926
Investments	42,728	42,864	44,376	41,734	43,983
Loans and receivables	241,882	226,668	210,256	170,144	155,838
Loan loss reserves	14,470	13,782	11,598	9,151	6,004
Deposits	279,908	251,453	231,432	192,513	182,735
Borrowings <sup>2</sup>	17,364	24,467	26,013	21,444	17,206
Shareholders' equities	37,964	35,617	35,330	35,099	36,366
Average equities	36,790	35,473	35,214	35,733	36,323
Net interest income	6,944	7,105	6,284	5,565	4,952
Net fees and service income	348	280	275	317	282
Non-interest income <sup>3</sup>	699	709	709	1,294	1,671
Total revenue	7,644	7,814	6,993	6,858	6,623
Operating expenses <sup>4</sup>	3,859	3,603	3,125	2,759	2,591
Pre-provision operating profit (PPOP)	3,785	4,211	3,868	4,099	4,032
Expected credit loss	1,283	2,130	2,550	3,284	2,298
Net income	2,010	1,693	1,093	691	1,408

- 1 Consolidated financial statements
- 2 Including interbank and money market
- 3 Net of fee and service expenses
- 4 Excluding fee and service expenses

Unit: %

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
<b>Earnings</b>					
Return on average assets	0.61	0.55	0.40	0.28	0.60
Net interest margins	2.14	2.32	2.27	2.25	2.10
Risk-adjusted net interest margins	1.74	1.63	1.35	0.92	1.12
Net interest income/average assets	2.11	2.32	2.30	2.26	2.10
Non-interest income <sup>5</sup> /average assets	0.21	0.23	0.26	0.53	0.71
Net fees and service income/total revenue	4.55	3.58	3.94	4.63	4.26
Cost-to-income	50.48	46.11	44.69	40.23	39.12
<b>Capitalization</b>					
CET-1 ratio <sup>6</sup>	13.12	12.88	13.50	16.16	17.07
Total capital ratio <sup>6</sup>	15.22	15.02	15.48	18.36	19.80
CET-1/Total capital <sup>6</sup>	86.18	85.77	87.18	88.06	86.20
<b>Asset Quality</b>					
Credit costs	53	94	1.29	1.94	1.45
Non-performing loans/total loans <sup>7</sup>	2.68	2.66	2.40	2.89	3.33
Loan loss reserves/non-performing loans <sup>7</sup>	213.93	218.81	220.99	179.10	111.85
<b>Funding &amp; Liquidity</b>					
CASA/total deposit <sup>8</sup>	21.71	24.08	37.15	50.68	50.18
Loan/total deposits <sup>8</sup>	90.07	94.06	94.51	91.99	88.09
Deposits <sup>8</sup> /total liabilities	92.54	89.57	88.84	88.97	89.70
Liquidity coverage ratio	135	165	263	131	136
Liquid assets/total assets	25.19	24.25	27.38	30.90	33.62
Liquid assets/total deposits <sup>9</sup>	30.64	30.51	31.76	36.74	41.40

5 Net of fee and service expenses

6 Bank-only

7 Based on reported NPL, excluding accrued interests and interbank assets

8 Excluding bills of exchange and interbank borrowing

9 Including bills of exchange and interbank borrowing

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Financial Institution Rating Methodology, 25 September 2024
- Group Rating Methodology, 7 September 2022
- Bank Hybrid Capital Rating Methodology, 24 December 2021

---

**Land and Houses Bank PLC (LHBANK)**

---

<b>Company Rating:</b>	AAA
<b>Issue Ratings:</b>	
LHBANK315A: THB2,400 million Tier 2 capital securities due 2031	AA
LHBANK25PA: THB5,000 million additional Tier 1 capital securities due 2125	A+
<b>Rating Outlook:</b>	Stable

---

**TRIS Rating Co., Ltd.**

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

---

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at [www.trisrating.com/rating-information/rating-criteria](http://www.trisrating.com/rating-information/rating-criteria)

---