

Land and Houses Bank PLC

Financial Institution | Banking

19 March 2026

Issuer Credit Rating: AAA/Stable

Issue Ratings:

Basel III Tier-2: AA/Stable

Hybrid Tier 1: A+/Stable

Rating Action

TRIS Rating affirms the issuer credit 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 issuer credit 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. (CTBC Bank, 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 issuer credit 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 assess LHBANK as a core entity of the LHFG Group. LHBANK serves as the sole banking subsidiary of the LHFG Group, a non-operating holding company under the consolidated supervision of the Bank of Thailand. The bank's significance to the group is evidenced by its substantial financial contributions, accounting for 92% of total earnings and 99% of consolidated assets in 2025. Furthermore, LHBANK increased its dividend payout ratio to 60% in 2025 from 42% in 2024, representing a THB1.6 billion distribution to LHFG.

Moderate market position

LHBANK operates as a small-scale commercial bank in Thailand, with a modest market share of approximately 1.8%–1.9% in both loans and deposits. Despite its size, the bank leverages significant support from its ultimate parent, CTBC Bank to effectively expand its franchise. This strategic relationship has specifically strengthened LHBANK’s presence within the Taiwanese corporate segment and enhanced its capacity to capture Taiwanese Foreign Direct Investment (FDI) into Thailand.

Despite this support, LHBANK faces intense competition from larger Thai institutions with more established market positions. To address these pressures and achieve its goal of becoming a mid-sized bank, LHBANK is actively diversifying its portfolio by scaling SME segments through tailored programs and capturing structural growth within the manufacturing and trading sectors. Leveraging its global connectivity, the bank is also building a specialized FDI portfolio focused on the global tech supply chain. Furthermore, LHBANK seeks to enhance fee income, particularly

in trade finance and foreign exchange, while strengthening its market presence in housing loans and accelerating personal loan growth within targeted segments.

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. Furthermore, LHBANK has bolstered its internal controls by adopting advanced Early Warning Systems and Post-Lending Monitoring Systems, facilitating more proactive risk mitigation and portfolio oversight.

Deteriorating asset quality within manageable limits

LHBANK’s asset quality has shown signs of deterioration, with the non-performing loan (NPL) ratio (excluding interbank assets) increasing to 2.88% from 2.68% in 2024. Stage 2 loans also rose significantly to 6.2% of total loans, up from 3.6% at year-end 2024. We anticipate a slight further weakening of asset quality, with the NPL ratio expected to hover above 3% throughout 2026–2028. This trend is driven by the bank’s strategy to expand into higher-risk, higher-return SME and personal loan segments, which may offset the benefits of a growing loan base.

Despite these headwinds, we expect overall asset quality to remain manageable. This outlook is supported by our expectation that the bank will expand its lending selectively and cautiously, utilizing robust monitoring and control systems to mitigate risk. In 2025, LHFG’s credit costs were lower than anticipated, declining to 0.24% from 0.53% in 2024, as the bank utilized a management overlay totaling THB1.1 billion. This shift resulted in the coverage ratio normalizing to 158% in 2025, compared to 187% in 2024.

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 1.8%-1.9% in both loans and deposits among Thai commercial banks at the end of 2025.

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 TWD9.33 trillion as of December 2025. 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, LH Bank has strengthened its board and management structure. There are six board members from CTBC Bank. In addition, CTBC sends expatriates to LHFG and LH Bank across all areas, such as Business Units, Finance, and Risk Management.

Financial Statistics and Key Financial Ratios¹

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2025	2024	2023	2022	2021
Total assets	392,915	340,446	316,339	295,846	251,479
Average assets	366,681	328,392	306,093	273,662	245,782
Interbank and money market items	53,703	42,391	33,154	35,934	35,268
Investments	50,191	42,728	42,864	44,376	41,734
Loans and receivables	273,651	241,882	226,668	210,256	170,144
Loan loss reserves	14,758	14,470	13,782	11,598	9,151
Deposits	318,013	279,908	251,453	231,432	192,513
Borrowings ²	24,906	17,364	24,467	26,013	21,444
Shareholders' equities	41,055	37,964	35,617	35,330	35,099
Average equities	39,509	36,790	35,473	35,214	35,733
Net interest income	6,906	6,944	7,105	6,284	5,565
Net fees and service income	467	348	280	275	317
Non-interest income ³	1,433	699	709	709	1,294
Total revenue	8,339	7,644	7,814	6,993	6,858
Operating expenses ⁴	4,403	3,859	3,603	3,125	2,759
Pre-provision operating profit (PPOP)	3,936	3,785	4,211	3,868	4,099
Expected credit loss	641	1,283	2,130	2,550	3,284
Net income	2,655	2,010	1,693	1,093	691

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 -----				
	2025	2024	2023	2022	2021
Earnings					
Return on average assets	0.72	0.61	0.55	0.40	0.28
Net interest margins	1.91	2.14	2.32	2.27	2.25
Risk-adjusted net interest margins	1.73	1.74	1.63	1.35	0.92
Net interest income/average assets	1.88	2.11	2.32	2.30	2.26
Non-interest income ⁵ /average assets	0.39	0.21	0.23	0.26	0.53
Net fees and service income/total revenue	5.60	4.55	3.58	3.94	4.63
Cost-to-income	52.80	50.48	46.11	44.69	40.23
Capitalization					
CET-1 ratio ⁶	13.47	13.12	12.88	13.50	16.16
Total capital ratio ⁶	17.27	15.22	15.02	15.48	18.36
CET-1/Total capital ⁶	78.00	86.18	85.77	87.18	88.06
Asset Quality					
Credit costs	24	53	94	129	194
Non-performing loans/total loans ⁷	2.88	2.68	2.66	2.40	2.89
Loan loss reserves/non-performing loans ⁷	158	187	194	207	167
Funding & Liquidity					
CASA/total deposit ⁸	33.89	21.71	24.08	37.15	50.68
Loan/total deposits ⁸	89.09	90.07	94.06	94.51	91.99
Deposits/total liabilities	90.38	92.54	89.57	88.84	88.97
Liquidity coverage ratio	146	135	165	263	131
Liquid assets/total assets	26.59	25.19	24.25	27.38	30.90
Liquid assets/total deposits ⁹	32.85	30.64	30.51	31.76	36.74

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

- Group Rating Methodology, 25 August 2025
- Issue Rating Criteria, 26 December 2024
- Financial Institution Rating Methodology, 25 September 2024
- Bank Hybrid Capital Rating Methodology, 24 December 2021

Land and Houses Bank PLC (LHBANK)

Issuer Credit Rating:	AAA
Issue Ratings:	
LHBANK315A: THB2,400 million Tier 2 capital securities due 2031	AA
LHBANK25PA: THB5,000 million additional Tier 1 capital securities due 2125	A+
Rating Outlook:	Stable

Rating History

Last Review Date: 20 March 2025

Date	Rating	Outlook/Alert
21-Mar-24	AAA	Stable
21-Mar-23	A	Stable
15-Mar-22	A-	Negative
26-Apr-19	A-	Stable
04-Oct-17	A-	Positive
01-Apr-16	A-	Alert Positive
21-Aug-13	A-	Stable

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