

SUSTAINABLE GROWTH

Annual Report
Form 56-1
One Report
2023





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MESSAGE FROM CHAIRMAN

In 2023, Thai economy gradually began to recover, largely driven by private consumption and tourism sector. Meanwhile, exports declined following the demand from trading partners which was affected by tighter monetary policy and surging energy prices. Overall investments decelerated during the government transition while waiting to see the clarity of government policy.

Economic outlook in 2024, Thailand's economy is expected to expand continuously with many supporting factors including export sector, tourism sector, private consumption, employment in the service sector and government stimulus measures. However, economic recovery still requires monitoring of several risk factors in the period ahead, for instance, high policy rate of major economies, slowdown of Chinese economy, ongoing geopolitical problems such as the Russian-Ukrainian war, Israel-Hamas conflict, default risk of corporate bonds and high levels of household debt. All of these factors still pose challenges to the recovery of Thai economy in the next stage.

In 2023, Land and Houses Bank Public Company Limited reported good operating results, with net profit of Baht 1,693.0 million, increased by 54.84 percent from 2022, and assets of Baht 316,339.1 million, grew by 6.9 percent year on year. The bank placed importance on operating a sustainable banking by taking into account environmental, social and governance factors. The bank has, therefore, established a sustainable framework for its operations as to drive the organization's operations towards the goal of lessening greenhouse gases and lowering environmental problems according to the Sustainable Development Goals (SDGs) of the United Nations. The company has reduced greenhouse gas emissions and set the target for reducing greenhouse gas emissions by 25 percent within 2030 plus the plan to eliminate greenhouse gas emissions among customer segments by providing loans to promote their business operations with environmental sustainability consciousness and investments during their transition to a low-carbon community. The bank has an ambition to be a bank with sustainable growth through expanding the target customer base through digital channels, alliance network and deep expertise. For the strategy in 2024, the bank aims to grow the loan portfolio that generates good returns (Higher Net Interest Margin) by managing effective cost of fund and yield enhancement along with appropriate risk management, designing new products and services to expand the customer base in the target segment, increasing fee income from selling investment products, insurance and foreign exchange services, cross-selling products of the bank and enabling various digital capabilities as well as leaning work processes to be efficient and fast.

The company would like to thank our valued customers, shareholders and all stakeholders for their trust and continued support for 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 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. Apart from 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 gave its approval to operate Land and Houses Bank Retail 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 to set up a financial business group, with LH Financial PLC. acting as the parent company of financial business group, and the bank 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 the bank's business plan to upgrade to a commercial bank from a retail banking position under the name of Land and Houses Bank Public Company Limited. Officially commenced its business on December 19, 2011, the bank could provide a complete commercial banking service to a more diverse range of 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 st , 5 th , 6 th and 32 nd 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	:	Head Office Telephone : 0 2359 0000 or 1327 Fax : 0 2677 7223 E-mail : Presidentoffice@lhbank.co.th
Audit Committee	:	Mr. Pradit Sawattananond Chairman of the Audit Committee Telephone : 08 1868 1487 E-mail : pradits@lhbank.co.th Prof. Piphob Veraphong Member of the Audit Committee Telephone : 08 9206 9064 E-mail : piphobv@lhbank.co.th Dr. Supriya Kuandachakupt Member of the Audit Committee Telephone : 08 6357 3999 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. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499 and/or Ms. Wanwilai Phetsang Certified Public Accountant (Thailand), No. 5315 and/or Ms. Bongkot Kriangphanamorn Certified Public Accountant (Thailand), No. 6777 EY Office Limited 193/136-137, Lake Rajada Office Complex, 33 rd Floor Rajadapisak Road, Klongtoey, Bangkok 10110 Telephone : 0 2264 0777 Fax : 0 2264 0789-90 Website: www.ey.com/th

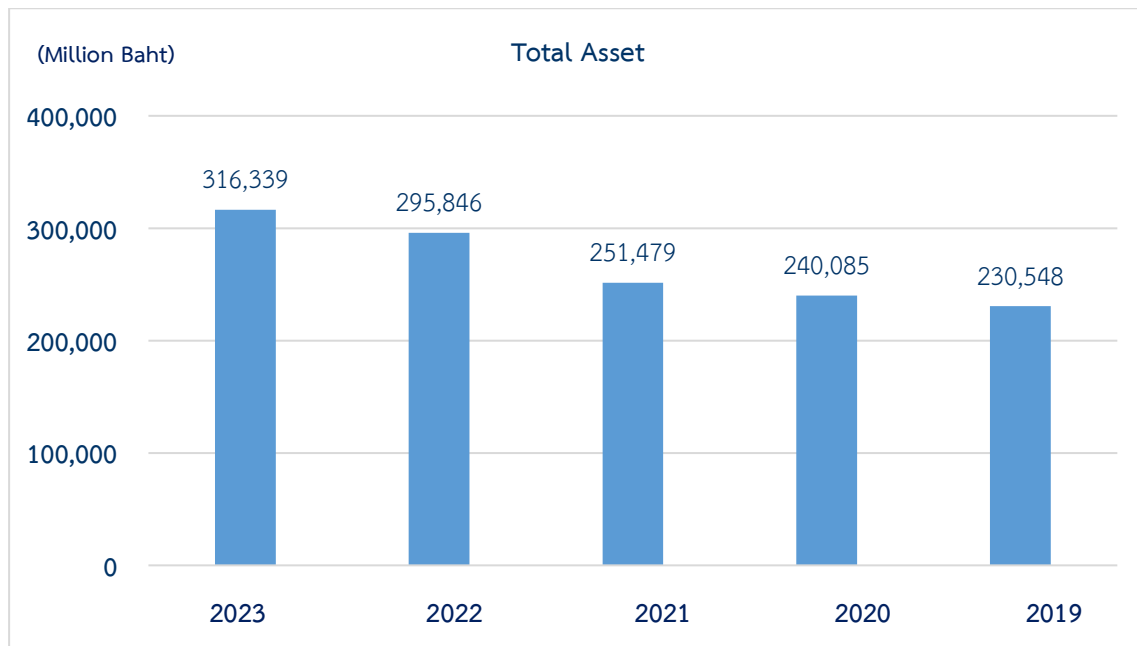


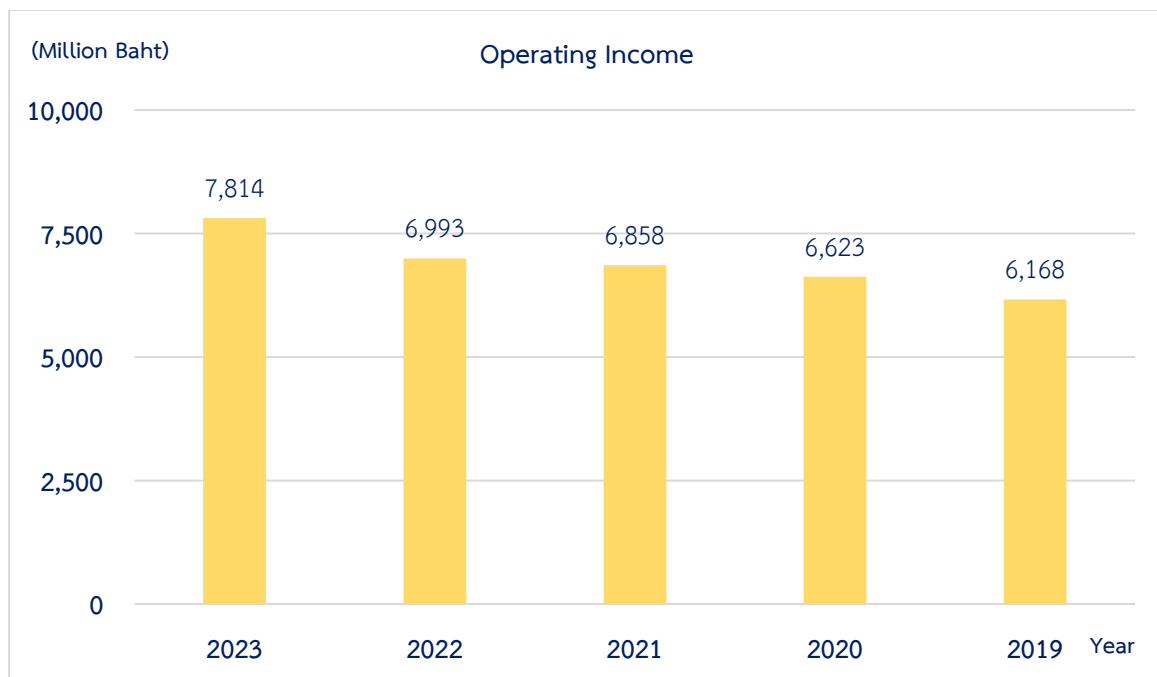
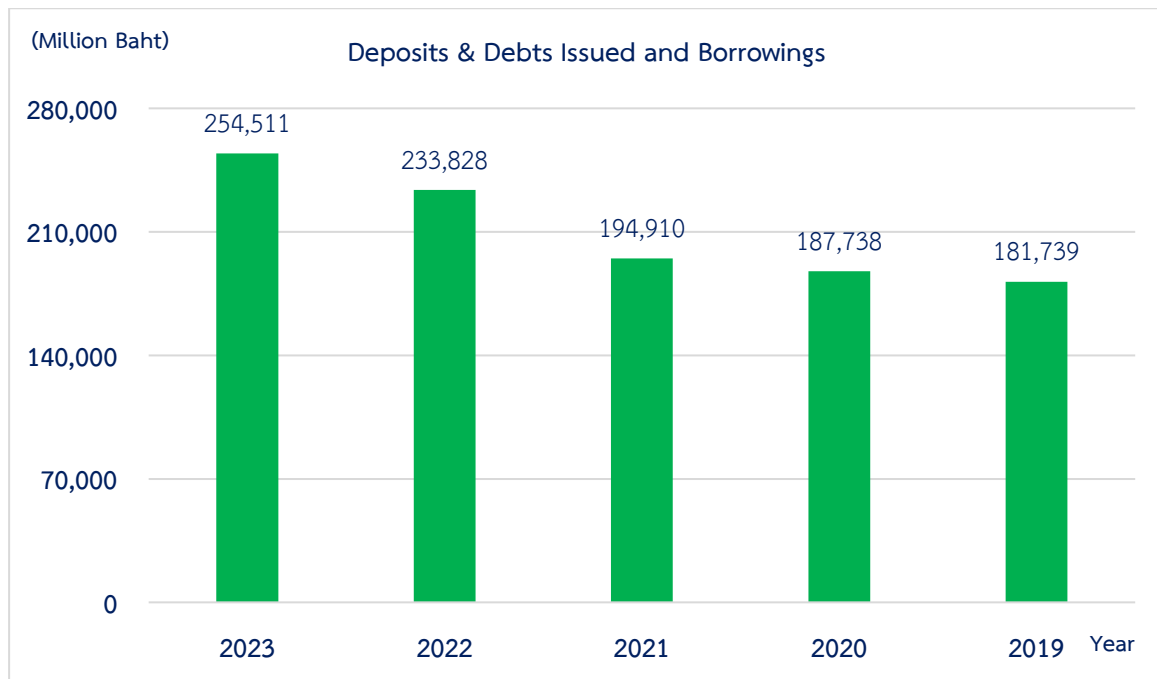


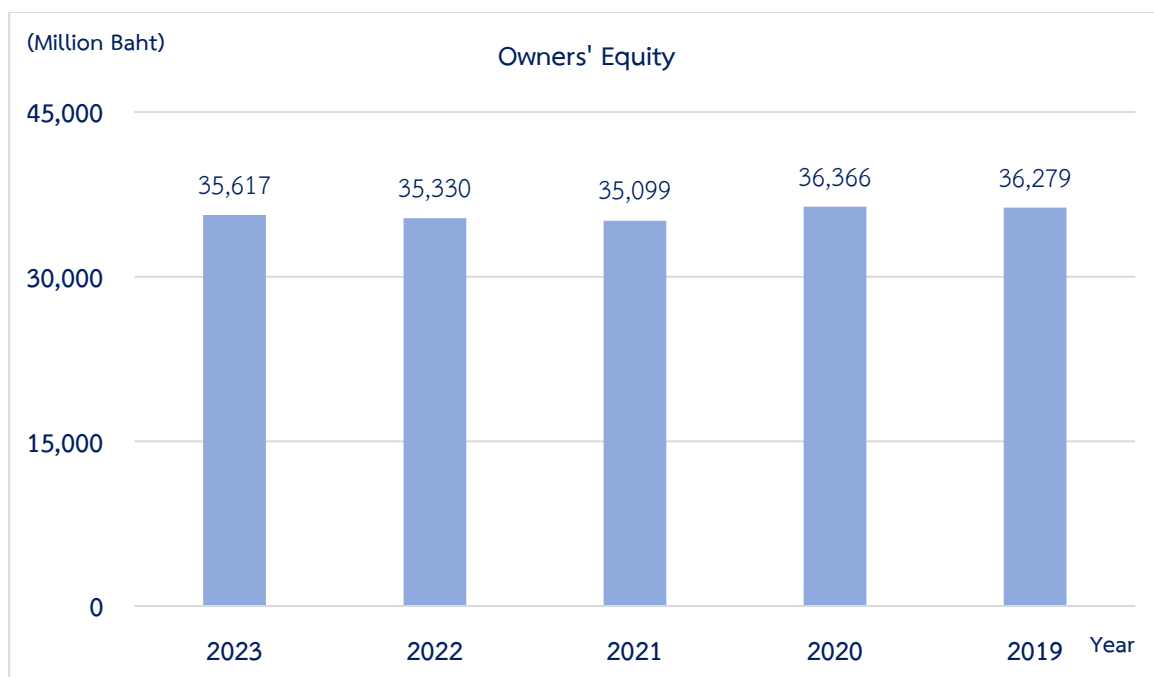
FINANCIAL HIGHLIGHTS

Items	Separate Financial Statement				
	2023	2022	2021	2020	2019
Statements of financial position : Million Baht					
Total assets	316,339	295,846	251,479	240,085	230,548
Investments	42,864	44,376	41,734	43,983	51,647
Loans to customers	236,520	218,726	177,083	160,970	155,530
Expected Credit Loss (ECL)	13,417	11,659	8,940	6,004	3,962
Non-performing loans (Gross NPLs)	6,299	5,248	5,110	5,368	2,775
Debts issued and borrowings	3,058	2,396	2,397	5,003	16,721
Deposits	251,453	231,432	192,513	182,735	165,018
Total liabilities	280,722	260,516	216,380	203,719	194,269
Total owners' equity	35,617	35,330	35,099	36,366	36,279
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
Statements of comprehensive income : Million Baht					
Interest income	11,725	8,736	7,751	7,927	8,788
Interest expenses	(4,620)	(2,452)	(2,186)	(2,975)	(4,047)
Net interest income	7,105	6,284	5,565	4,952	4,741
Non-interest income	709	709	1,293	1,671	1,427
Operating income	7,814	6,993	6,858	6,623	6,168
Non-interest expenses	(3,603)	(3,125)	(2,759)	(2,591)	(2,597)
Expected Credit Loss (ECL)	(2,130)	(2,551)	(3,284)	(2,298)	(1,090)
Profits before income tax expenses	2,081	1,317	815	1,734	2,481
Net profits	1,693	1,093	691	1,408	2,038
Ratio per share : Baht					
Basic earnings per share	0.85	0.55	0.35	0.70	1.02
Dividend per share	0.25	-	0.170	0.350	0.700
Book value per share	17.809	17.665	17.550	18.183	18.140
Financial ratio (%)					
Average Return on assets (ROA)	0.58	0.41	0.28	0.60	0.87
Average Return on equity (ROE)	4.75	3.14	1.93	3.88	5.67
Dividend payout ratio	29.53	-	49.22	49.73	68.68
Loans to deposit and borrowing	94.18	94.86	91.79	85.77	85.67
Non-interest income to total income	9.07	10.14	18.85	25.24	23.13
Non-interest expense to total income	46.11	44.69	40.23	39.12	42.10
Total capital to risk assets ratio	15.017	15.483	18.357	19.802	19.265
Tier 1 capital to risk asset ratio	12.880	13.498	16.165	17.068	16.481
Capital : Million Baht					
Tier 1 capital	32,413.20	32,961.26	33,914.86	33,959.46	34,578.32
Total capital	37,792.19	37,807.99	38,513.90	39,398.17	40,421.08











Name: Dr. Vorapol Socratyanurak

Position: Chairman

Age (Years): 68

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) 1/2003 : IOD
- Director Certification Program (DCP) 42/2004 : IOD
- Chairman Program (RCP) 10/2004 : IOD
- Chartered Director Class (CDC) 2/2007 : IOD
- Monitoring 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
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA Update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte
- None

Relationship with executives:

Work experiences in the past 5 years

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

Period	Position	Organization/Company
2022 - Present	Chairman Chairman of the Risk Management committee Independent Director	Thai Coconut PLC
2021 - Present	Chairman	LH Financial Group PLC
2019 - 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
2021 - Present	Chairman	Land and Houses Bank PLC
2014 - 2019	Member of the National Legislative Assembly Chairman of the 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. Lee, Yu-Chou
Position: Vice Chairman
Age: (Years) 69
Education:

- Master of Comparative Law, University of Illinois at Urbana-Champaign, USA
- LL.B., National Taiwan University

Training:

- Director Accreditation Program (DAP) 211/2023 : IOD
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA Update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte

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
Jul. 2023 - Present	Director	LH Financial Group PLC

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

Period	Position	Organization/Company
Jul. 2023 - Present	Vice Chairman Member of Executive Committee	Land and Houses Bank PLC
2020 - Jun. 2023	Chairman	CTBC Bank Corp. (Canada)
2015 - 2020	CEO, Retail Banking Group	CTBC Bank Co., Ltd.
2013 - 2015	Senior Advisor to Bank President	
2011 - 2013	Chairman	Threadneedle SICE Taiwan
2011 - 2012	Senior Advisor	Nomura International (Hong Kong)
2007 - 2009	Chairman and Country CEO	Merrill Lynch (Securities) Taiwan
2002 - 2007	Regional Head of Private Client Group	Merrill Lynch (Asia) Ltd.
1990 - 2002	General Manager	Merrill Lynch, Taiwan Branch
1989 - 1990	Head of Consumer Finance	Wespec Bank, Taiwan Branch
1980 - 1989	Head of Distribution Branch Manager, CSG	Citibank, N.A. Taipei Branch





Name: Mr. Pradit Sawattananond

Position: Independent Director

Chairman of the Audit Committee

Chairman of the Sustainability and Corporate Governance Committee

Member of the Nomination and Remuneration Committee

Age: (Years) 75

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 (ACP) 3/2004 : IOD

- 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

- Cyber Resilience Leadership: SMART Goal 2022 : BOT

- Director Forum I Engaging Board in ESG: IOD

- Cyber Resilience Leadership: Mission for Embracing the Future of AI & Cybersecurity : BOT

- Financial Statement Fraud, Economic Update, Direction for ESG and Co2 : EY

- Information Security Awareness Training 2023 : LH Bank

- PDPA update 2023 : LH Bank

- ESG & Climate Risk Management 2023 : Deloitte

- None

Relationship with executives:

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

❖ **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	Land and Houses Bank PLC
	Chairman of the Sustainability and Corporate Governance Committee	
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 Sustainability and Corporate Governance Committee	





Name: Professor Piphob Veraphong
Position: Independent Director
 Chairman of the Nomination and Remuneration Committee
 Member of the Audit Committee
 Member of the Sustainability and Corporate Governance Committee
Age: (Years) 61
Education:
 - LL.M., Harvard University
 - LL.M., Taxation, Boston University
 - Bachelor of Law (Honors), Chulalongkorn University
 - Barrister - at - Law, Thai Bar Association
Training:
 - Certificate of International Taxation, Harvard University
 - Director Accreditation Program (DAP) 50/2006 : IOD
 - Director Certification Program (DCP) 238/2017 : IOD
 - Information Technology Security Awareness Training 2023 : LH Bank
 - PDPA Update 2023 : LH Bank
 - ESG & Climate Risk Management 2023 : Deloitte
 - None

Relationship with executives:

Work experiences in the past 5 years

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

Period	Position	Organization/Company
2015 - Present	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Audit Committee	Land and Houses PLC
June 2022 - Present	Independent Director Chairman of the Audit Committee Chairman of the Sustainability and Corporate Governance Committee	LH Financial Group PLC
2004 - Present	Independent Director Member of the Audit Committee	Bangkok Chain Hospital PLC

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

Period	Position	Organization/Company
June 2022 - Present	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Member of the Sustainability and Corporate Governance Committee	Land and Houses Bank PLC
2002 - Present	Partner	Law Alliance Ltd.





Name: Dr. Supriya Kuandachakupt

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

Age: (Years) 70

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:

- Director Accreditation Program (DAP) 56/2006 : IOD
- Director Certification Program (DCP) 97/2007 : IOD
- Financial Statements for Directors (FSD) 10/2010 : IOD
- Audit Committee Effectiveness Program (ACE) 2012 : 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
- Risk Management Program for Corporate Leaders (RCL) 26/2022 : IOD
- Director Forum I Engaging Board in ESG : IOD
- Audit Committee Forum 2023 : IOD
- Financial Statement Fraud, Economic Update, Direction for ESG and Co2 : EY
- Information Security Awareness Training 2023: LH Bank
- PDPA update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte
- 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 Sustainability and 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
Jun. 2023 - Present	Independent Director Member of the Audit Committee	Land and Houses Securities PLC
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 Sustainability and 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 - 2021	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
Independent Director
Member of the Audit Committee
Member of the Sustainability and Corporate Governance
Member of the Risk Oversight Committee

Age: (Years) 62

Education:

- Master of Business Administration, Ashland University, Ohio, USA
- Bachelor of Arts in Mathematics and Statistics, Thammasat University

Training:

- TLCA Leadership Development Program (LDP) Class 1 : IOD
- Strategic Planning, APTD 2009
- Global Management Program, APTD 2015
- Director Certification Program (DCP) 278/2019 : IOD
- Advanced Audit Committee Program (ACCP) 38/2020 : IOD
- Cyber Resilience Leadership “Tone From the Top” 2020 : BOT
- Chairman Forum 2023 Leadership Amidst Volatility and Distrust : IOD
- Financial Statement Fraud, Economic Update, Direction for ESG and Co2 : EY
- Information Security Awareness Training 2023 : LH Bank
- PDPA Update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte

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
2022 - Present	Independent Director Chairman of the Audit Committee Chairman of the Nomination and Remuneration Committee Member of the Risk Management Committee	Kijcharoen Engineering Electric PLC
Jul. 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
May. 2021 - Present	Member of Environmental, Social and Governance Committee	Banpu PLC
Apr. 2019 - Present	Independent Director Member of the Audit Committee	

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

Period	Position	Organization/Company
Jun. 2022 - Present	Member of the Risk Oversight Committee	Land and Houses Bank PLC
Mar. 2020 - Present	Independent Director Member of the Audit Committee Member of the Sustainability and Corporate Governance Committee	
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)	





Name: Mr. Sirichai Sombutsiri
Position: Chairman of the Executive Committee
Age: (Years) 70
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 Technology Security Awareness Training 2023: LH Bank
- PDPA Update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte
- None

Relationship with executives:**Work experiences in the past 5 years****❖ Current Position in 3 Listed Companies on the Stock Exchange of Thailand**

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

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

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



**Name:****Mr. Naporn Sunthornchitcharoen****Position:**

Director

Member of Executive Committee

Age: (Years)

65

Education:

- Master of Business Administration, Thammasat University
- Bachelor of Engineering Program in Civil Engineering, Chiangmai University
- 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 2023: LH Bank
- PDPA Update 2023 : LH Bank
- None

Training:

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	Land and Houses PLC
1992 - Present	Chairman of the Executive Committee	
May 2013 - Aug. 2017	Director	
2002 - Apr. 2013	Member of the Executive Committee	
	President (Operations)	
	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
2011 - Present	Member of the Executive Committee	
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
Jun. 2013 - Present	Advisor	Land and Houses Securities PLC
Dec. 2013 - Jun 2023	Director	
2012 - Present	Director	Land and Houses USA, INC.
2012 - Present	Director	Land and Houses Property and Loan Fund - II
2005 - Present	Director	Land and Houses Bank PLC
2005 - Jul. 2018	Member of the Executive Committee	
	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. Swei, Jung-Hsin
Position: Director
 Member of the Executive Committee
Age: (Years) 61
Education: - Master MBA, University of Dallas, USA
Training: - Information Technology Security Awareness Training 2023 : LH Bank
 - PDPA update 2023 : LH Bank
 - ESG & Climate Risk Management 2023 : Deloitte

Relationship with executives: - None

Work experiences in the past 5 years:

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

Period	Position	Organization/Company
-	-	-

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

Period	Position	Organization/Company
Sep. 2023 - Present	Director Member of the Executive Committee	Land and Houses Bank PLC
2018 - Present	Head of International Retail Banking Group	CTBC Bank Co., Ltd.
2021 - 2022	Head of Wealth Management Division	
2019 - 2021	Head of Branch Channel Management Division	
2018 - 2019	Head of Private Wealth Management Division	
2011 - 2015	Head of Customer Development Division	
2010 - 2011	Head of Global Wealth Management Product Division	
2008 - 2010	Head of Product Planning Division	
2008 - 2008	Head of Wealth Management Division	
2016 - 2018	Head of Retail Banking Group	KGI Commercial Bank Co., Ltd.





Name : Mr. Vichian Amornpoonchai

Position : Director

Age : (Years) 62

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
- Director Accreditation Program (DAP) 153/2018 : IOD
- Ethical Leadership Program (ELP) 19/2020 : IOD
- Financial Statements for Directors (FSD) 47/2022 : IOD
- Cyber Resilience Leadership SMART Goal 2022 : BOT
- Cyber Resilience Leadership : Mission for Embracing the Future of AI & Cybersecurity 2023 : BOT
- Refreshment Training Program (RFP) 10/2023 : IOD
- Cyber Armor : Capital Market Board Awareness 2023 : SEC
- Hot Issue for Directors : Climate Governance 1/2023 : IOD
- Anti-money Laundering Course (AML/CTPF) 2023 : AMLO
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA Update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte

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	Executive Vice President Office of the President	
Nov. 2010 - Mar. 2016	Vice President, Office of the President	
Jan. 2014 - Present	Director	Land and Houses Advisory Co., Ltd.





Name: Mr. Shih, Jiing-Fuh
Position: Director
 CEO and President
 Member of Executive Committee
 Member of Risk Oversight Committee
Age: (Years) 59
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 Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : LH Bank
- ESG & Climate Risk Management 2023 : Deloitte
- 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	Member of the Risk Oversight Committee President	LH Financial Group PLC
Aug. 2017 - Present	Director	
Sep. 2018 - Oct. 2021	Chairman of the Risk Oversight Committee	
Mar. 2019 - Oct. 2021	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. 2023 - Present	CEO and President	Land and Houses Bank PLC
Oct. 2021 - Present	Member of the Executive Committee Member of the Risk Oversight Committee	
Aug. 2017 - Present	Director	
Sep. 2018 - Oct. 2021	Member of the Nomination and Remuneration Committee Chairman of the Risk Oversight Committee	
2017 - 2021	Head of Global Operations Group	CTBC Bank Co., Ltd.
2013 - 2017	Head of Southeast 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.





MANAGEMENT TEAM

Name:	Mr. Shih, Jiing-Fuh
Position:	Director, Member of the Executive Committee, CEO and President
Age: (Years)	59
Education:	<ul style="list-style-type: none"> • Master of Business Administration, University of Texas at Austin, USA • Bachelor of Economics, National Taiwan University, Taiwan
Training:	<ul style="list-style-type: none"> • 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 2023 : LH Bank • PDPA update 2023 : LH Bank • ESG & Climate Risk Management 2023 : Deloitte

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	Member of the Risk Oversight Committee, President	LH Financial Group PLC
Aug. 2017 - Present	Director	
Sep. 2018 - Oct. 2021	Chairman of the Risk Oversight Committee	
Mar. 2019 - Oct. 2021	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. 2023 - Present	CEO and President	Land and Houses Bank PLC
Oct. 2021 - Present	Member of the Executive Committee Member of the Risk Oversight Committee	
Aug. 2017 - Present	Director	
Sep. 2018 - Oct. 2021	Chairman of the Risk Oversight Committee Member of the Nomination and Remuneration Committee	
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. Thanee Phalawong
Position Chief Information Technology Officer
Age (Years) 60
Education:

- Public Administration (Master of Public and Private Management)
National Institute of Development Administration (NIDA)
- Bachelor of Science, Chiangmai University

Training:

- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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
Jun. 2019 - Present	Chief Information Technology Officer	Land and Houses Bank PLC
Jan. 2012 - May 2019	Executive Vice President	
	Information and Technology Group	

Name Mr. Pansalit Trakarnkitvichit
Position Chief Credit Underwriting and Credit Development Officer
Age (Years) 60
Education:

- MBA, Finance - Woodbury University
- BA, Economics - California State University, Northridge

Training:

- AML/CTPF (Anti-Money Laundering & Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing)
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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
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	Chief Credit Underwriting and Credit Development Officer	Land and Houses Bank PLC





Name Mr. Chen, Ching-Ming
 Position Chief Taiwanese Business Development Officer
 Age (Years) 55
 Education:

- M.A. Finance, University of Iowa, USA
- B.A. Public Finance, National Chengchi University, Taiwan

 Training:

- Pacific Rim Bankers Program (2011): University of Washington
- Wharton Executive (2012-2017): Wharton University of Pennsylvania
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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
Dec. 2017 - Present	Chief Taiwanese Business Development Officer	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 Chief Operations Officer
 Age (Years) 58
 Education:

- Bachelor of Economics (Finance and Banking), Ramkhamhaeng University

 Training:

- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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	Chief Operation Officer	Land and Houses Bank PLC
Aug. 2016 - Jan. 2021	Senior Executive Vice President of Operation	
Oct. 2013 - Jul. 2016	First Senior Vice President, Assets and Operation Group	





Name Ms. Wisarnsri Nilodom
Position Chief Wholesale Banking Officer
Age (Years) 60
Education:

- Doctor of Philosophy (Business Administration)
- Master of Business Administration (Marketing, Finance and International Business), SASIN, Chulalongkorn University
- Bachelor of Accounting and Finance, Chulalongkorn University

Training:

- Leadership Workshop: Project Sponsor Briefing & Coaching, DDI-ASIA/PACIFIC INTERNATIONAL, LTD
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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 - 2018	Executive Vice President, Head of Wholesales Bank, Investment Bank, Transactional Bank and Product	Thanachart Bank Public Co., Ltd

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

Period	Position	Organization/Company
2022 - Present	Chief Wholesale Banking Officer	Land and Houses Bank PLC

Name Mr. Kelvin foo yoong Tao
Position Chief Retail Banking Officer
Age (Years) 52
Education:

- B.A. Business (Marketing), Indiana University

Training:

- Leadership Workshop: Project Sponsor Briefing & Coaching, DDI-ASIA/PACIFIC INTERNATIONAL, LTD.
- “BOT Financial Landscape and Future Plan of Thai FIs and Non-bank”, Thai Hire-Purchase Association
- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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
2560 - 2022	Executive Vice President, Consumer Product Development	Bangkok Bank Public Co., Ltd.

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

Period	Position	Organization/Company
2022 - Present	Chief Retail Banking Officer	Land and Houses Bank PLC





Name Mr. Suwat Chritamara

Positions Chief Corporate Strategy & Innovation Officer

Age (Years) 52

Education:

- Doctor of Business Administration (Finance), Newcastle University Joint Award with Grenoble Ecole de Management
- Doctor of Engineering in Civil Engineering, Asian Institute of Technology
- Master of Science in Quantitative Finance, University of London
- Master of Engineering in Civil Engineering, University of Texas
- Master of Business Administration, Chulalongkorn University
- Bachelor of Engineering in Civil Engineering, Chulalongkorn University

Training:

- Information Technology Security Awareness Training 2023 : LH Bank
- PDPA update 2023 : 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
Dec. 2020 - 2022	Senior Executive Vice President of Risk Management and Corporate Strategy Group	LH Financial Group PLC
2019 - Dec. 2020	First Executive Vice President of Risk Management and Corporate Strategy Group	
2013 - 2017	First Vice President of Credit Underwriting	Kasikornbank PLC

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

Period	Position	Organization/Company
2022 - Present	Chief Corporate Strategy & Innovation Officer	Land and Houses Bank PLC
2017 - 2019	Senior Vice President of Risk Policy and Capital Market	Thanachart Bank PLC

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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 is rated by Fitch Ratings Thailand Limited and TRIS Rating Company Limited as follows:

Fitch Ratings Thailand Limited	
National Long-Term Rating	AA+(tha)
Outlook	“Stable”
National short-term rating	F1+(tha)
Basel III Tier 2 debentures	AA-(tha)
TRIS Rating Company Limited	
Company rating	A
Outlook	Stable
Basel III Tier 2 debentures	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 core values has played a key role in driving the business to sustainable growth. Therefore, the core values have been defined to catch up with the dynamic trends and adhere to good corporate principles as foundation. CDAA is the core values including C: Customer Centric, D: Dynamic and A: Accountability A: Adaptability.



**C : Customer Centric**

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

**D : Dynamic**

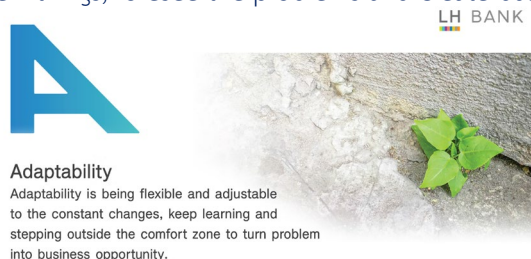
Always be resilient to developments and changes, dare to think differently, do not stick to old practices, make questions for better changes

**A : Accountability**

Have a sense of ownership and responsibilities for all dimensions not only in your own department but collaboration with others to achieve the goal

**A : Adaptability**

To have the ability to efficiently and flexibly adapt to the changing environment, dare to try and learn new things, foresee the problems and create business opportunity from them



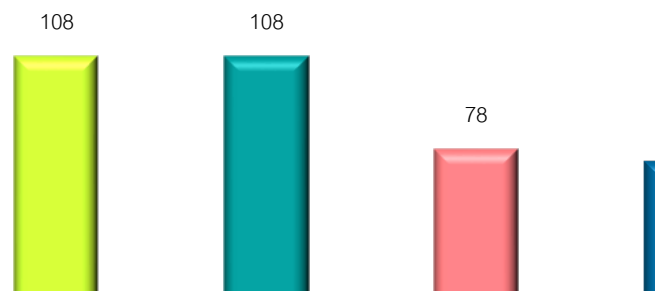


Branches of the Bank

By the end of 2023, Land and Houses Bank Public Company Limited had the total of 72 branches, decreased by 2 branches from 2022.

- Bangkok and its vicinity 33 branches
- Regional branches 39 branches

Number of the Bank's Branches



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 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 for corporate customers with high-yield interest rates paid on a monthly basis.

- Savings Super Shield 1 is for individual customers aged 15 to 70 years old. The bank offers the maximum coverage up to 25 times of the remaining balance of 1 day before accidental death. The minimum opening balance is only Baht 1,000. The more deposit, the more coverage will be where health check-ups or premium is not required.

- Savings Super Shield 2 is for individual customers aged 15 to 70 years old. The bank offers the maximum coverage up to 3 times of the remaining balance of 1 day before accidental death. The minimum opening balance is only Baht 100,000 with coverage up to Baht 15 million where health check-ups or premium is not required.

- **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 desired options of terms.

- **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 reducing the risks from currency fluctuations and it is convenient for foreign transactions. The deposit can be made through savings accounts and fixed deposit accounts.

- **Pro-Fit Digital Savings** is designed to be more convenient for customers who want to save money with no passbooks with easy deposit, withdrawal, money transfer and bill payment at any time via LHB You. Customers can open an account and transact at a glance, just register and do e-KYC at any counter of all 7-11 shops nationwide or via other banks' applications through NDID or a counter of BTS (Green Line).

Competition Strategy for Deposit

The bank continues developing and designing new financial products and services for customers as saving alternatives which can address their various demands with attractive returns and various benefits which will increase the competitive advantages. In addition, the bank arranges various campaigns to give them a pay back and maintain its customer base.

LHB You application and the bank's branches are the channel for expanding the deposit customer base, providing customers with transactional services and giving them advice to ensure their convenience and satisfaction. The bank has launched new promotions and campaigns with the aim of building relations with customers, while satisfying customers' demands, and increasing the number of customers who use services with the bank.

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, etc. However, the bank does not focus mainly on competitive interest rate, rather on offering satisfactory products and services in order to fulfill the needs of customers.

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 like machineries and vehicles and real estate investment including land purchasing for factory construction.

- Factoring Loan

It 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.

● **Loan and Trade Finance**

These are loans and services to support import and export operators through the bank's global networks with various and comprehensive services as follows:

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

- Commercial Hire Purchase

It is a lending service to purchase vehicles for commercial purposes for logistics operators, car rental 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 Advisory 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 Lending

It is a lending service for individuals or small business owners. It can be divided by types of lending purposes as follows:

- **Housing Loan** is a loan for customers who want to buy houses from any housing project, plus a 10% top-up credit limit for renovations, decorations or furniture.

- **Refinance** is a loan for customers who want to pay their existing housing loans with the existing financial institutions.

- **Home for Cash Top Up** is a multi-purpose loan related to home loan to allow additional credit for customers to improve their home or install solar cell system to save energy and sustainably reduce expenses.

- **Personal Loan** is an unsecured consumer loan to support customers' liquidity.

Furthermore, the bank sees the importance of sustainable finance (ESG Finance) that support the sustainable banking concept and, therefore, provides environmentally sustainable lending as follows:

Loans for Clean Energy Power Plant

The bank is conscious of the climate change issues caused by the release of greenhouse gases. The fossil fuel power plant emits a high proportion of greenhouse gases. Therefore, to concretely support the reduction of greenhouse gas emissions, the bank rigorously supports the transition from fossil fuels power plants to alternative power plants such as solar power and wind energy. In 2023, the bank funded the clean energy power plant of Baht 17,157 million.

Transformation Loan for Environmentally-friendly Businesses (Green) by the Bank of Thailand

The bank has an opportunity to become part of the Bank of Thailand's transformation loan program. The bank has given out transformation loan of Baht 38 million for a project to develop paper products from residue of water treatment plant which aims to reduce waste according to of zero waste target under the concept of circular economy and the installation of solar roof project to transform traditional electrical power to alternate energy source.

Competitive Strategy for Lending Service

The bank categorizes customers into different segments to grasp their unique needs with the aim to continuously foster a robust relationship with all segments of customers and to offer comprehensive financial products and services to the right customers by taking into account the loan type, interest rate, credit limit and repayment period suitable for each customer with quick underwriting process. Besides, the bank also puts the emphasis 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 offer 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 the emphasis on customers' satisfaction in its services. The bank creates a well-designed customer journey map to deliver a good experience to its customers. The journey maps out the customers' path at the first day they need some loans, perceive the bank's products, compare the products, make a decision to use services. The bank, therefore, develops products for optimal benefits of customers with a special interest rate and fast approval and add more service channel via digital banking.





The bank's lending strategy with a plan to support 2 groups of customers including SME and customers whose business is related to environmental, social and governance : ESG, by designing loan products that suit the customer's needs.

3. Electronic Services

The bank puts 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 transactions in the digital era as follows:

Financial services and investments through application is one of the services that enable quick and convenient business transaction at any day, anywhere anytime.

1. Profita investment application - Investment at the palm of your hand

- Support buy-sell orders/switch funds with other leading fund management companies 24 hours
- One-stop-shop for information, fund news update and Morningstar rating. Investors can compare up to 15 funds at the same time
- Able to set stop loss alert when investment reaches limit
- Robo Advisor supports investments such as:
 - To assist in achieving various life goals through investment such as retirement plan
 - To assist in achieving the desirable investment growth, automatic portfolio management for those without knowledge in investments or financial advisor to be able to manage their portfolio professionally



2. LHB You Application

- Money transfer and bill payment services
- Cardless ATM through SCB and BAAC ATM machines nationwide
- Transaction verification service and account statement
- Apply for direct debit service with Land and Houses Securities Public Company Limited and Land and Houses Fund Management Company Limited
- Special privileges and rewards



Internet Banking Services for Juristic Person (LH Bank Speedy) is a service to facilitate corporate customers' financial transactions, make them possible every day, anywhere anytime. The service is equipped with double security system to ensure 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 also be used for cash withdrawal abroad at any ATMs with the UnionPay International (UPI) logo and for online shopping at a glance. Customers can enjoy many special promotions from UPI at participating stores.



LH Bank Premium Card is a card with personal accident protection with the maximum coverage of Baht 300,000 insured by Chubb Samaggi Insurance PLC with no health check requirement, customers just fill in their health profiles in the application form and the protection will be effective immediately. It covers medical expenses for any accidents, just present the LH Bank Premium Card together with ID card to partnering 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 businessmen, tourists and individuals.

As of December 31, 2023, the bank had 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 ID card number or mobile phone number, such transactions can be made without the bank account number.



LH Bank Business PromptPay is a new choice of fund transfer service for corporate customers by linking their bank accounts with their 13-digit tax corporate ID number.

4. Other Services

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
2. Bulk payment
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

1. 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.

- 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. Extra health insurance, high coverage, addressing health needs

- D-Health Plus: Easy to understand, uncomplicated with one-time payment of maximum Baht 5 million.

- Elite Health Plus: 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

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

Syn Mun Kong Insurance Public Company Limited

Dhipaya Insurance Public Company Limited

Allianz Ayudhya General Insurance Public Company Limited

The Deves Insurance Public Company Limited

Thaisri Insurance Public Company Limited

Charan Insurance Public Company Limited

Krungthai Panich 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
- Travel Insurance
- First Class Car Insurance
- Second Class Car Insurance
- Third Class Car Insurance
- Compulsory Car Insurance
- Personal Accident Insurance Act

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 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 all 7-Eleven shops. Customers can do such transactions 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.

Safe Deposit Box Service

Factors Affecting Opportunities or Constraints on Business Operations

Real estate customer base of Land and Houses Public Company Limited and Quality Houses Public Company Limited is favorable for housing loan and opportunity to offer other financial products and services to such customers. Besides, the bank provides loans to trading partners of Land and Houses Public Company Limited, Quality Houses Public Company Limited and Home Product Center Public Company Limited.





Business Targets

The main targets include the expansion of loan services to new customers, expansion of deposit customer 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 and 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 2023, 2022 and 2021 is as follows:

Table: Income structure

Income Structure	Separate Financial Statements					
	2023		2022		2021	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Interest income						
Loans to customers	10,519.29	134.62	7,493.89	107.16	6,358.12	92.71
Investments in debt securities	780.16	9.98	775.07	11.08	907.81	13.24
Interbank and money market items	405.32	5.19	460.77	6.59	482.36	7.03
Hire Purchase	15.23	0.19	5.38	0.08	2.59	0.04
Others	5.10	0.07	0.90	-	0.26	-
Total interest income	11,725.10	150.05	8,736.01	124.91	7,751.14	113.02
Interest expenses						
Deposits	(3,240.06)	(41.46)	(1,696.38)	(24.26)	(1,532.22)	(22.34)
Interbank and money market items	(192.69)	(2.46)	(165.32)	(2.36)	(36.66)	(0.53)
Contributions to the Deposit Protection Agency and the Bank of Thailand	(1,070.20)	(13.70)	(486.19)	(6.95)	(461.40)	(6.73)
Debts issued	(98.22)	(1.26)	(90.42)	(1.29)	(140.48)	(2.05)
Others	(18.57)	(0.24)	(13.54)	(0.19)	(15.77)	(0.23)
Total interest expenses	(4,619.74)	(59.12)	(2,451.85)	(35.05)	(2,186.53)	(31.88)
Net interest income	7,105.36	(90.93)	6,284.16	89.86	5,564.61	81.14
Fees and service income						
Acceptances, avals and guarantees	84.58	1.08	62.67	0.90	54.20	0.79
Commission income	214.05	2.74	216.10	3.09	261.23	3.81
Other	84.37	1.08	81.90	1.17	74.15	1.08
Total fees and service income	383.00	4.90	360.67	5.16	389.58	5.68
Fees and service expenses						
Fees and charges	(23.90)	(0.31)	(78.28)	(1.12)	(64.38)	(0.94)
Others	(79.27)	(1.01)	(7.04)	(0.10)	(7.73)	(0.11)
Total fees and service expenses	(103.17)	(1.32)	(85.32)	(1.22)	(72.11)	(1.05)
Net fees and service income	279.83	3.58	275.35	3.94	317.47	4.63





Income Structure	Separate Financial Statements					
	2023		2022		2021	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Other incomes						
Gains on investments	10.86	0.14	-	-	155.65	2.27
Dividend Income	365.19	4.67	423.69	6.06	801.30	11.68
Other operating income	53.01	0.68	9.75	0.14	19.23	0.28
Total Other incomes	429.06	5.49	433.44	6.20	976.18	14.23
Total operating incomes	7,814.25	100.00	6,992.95	100.00	6,858.26	100.00

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 2023, the bank had interest income amounting to Baht 11,725.10 million, increased by Baht 2,989.09 million or 34.22% from 2022.

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 2023, the bank had interest expenses amounting to Baht 4,619.74 million, increased by Baht 2,167.89 million or 88.42% from 2022.

Net interest income is Baht 7,105.36 million or 90.93% of total operating income. Net interest income increased by Baht 821.20 million or 13.07% from 2022.

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 2023, the bank had fees and service income amounting to Baht 383.00 million, increased by Baht 22.33 million or 6.19% from 2022.

Fees and service expenses are Baht 103.17 million, increased by Baht 17.85 million or 20.92% from 2022.

Net fees and service income is Baht 279.83 million or 3.58% of total operating income, increased by Baht 4.48 million or 1.63% from 2022.

3. Other Incomes

Other incomes consist of gains on investments, dividend income and other operating incomes. In 2023, the bank had other incomes amounting to Baht 429.06 million, decreased by Baht 4.38 million or 1.01% from 2022 mainly from dividend income which has decreased by Baht 58.50 million or 13.81%.





SECURITIES AND SHAREHOLDERS INFORMATION

1. Securities information

1.1 Ordinary shares

As of December 31, 2023, 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 20,000,000,000.

1.2 Preferred shares

-None-

1.3 Warrants

-None-

2. Shareholders

2.1 Shareholding structure

The shareholders of the bank as of December 31, 2023 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
Total	2,000,000,000	100.00

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 in 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 October 28, 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 May 10, 2011 under symbol "LHBANK" and on April 24, 2018, the securities symbol was changed to "LHFG".





3. Issuing other securities

The bank had issued debt instruments as detailed below.

Name	Type	Amount (Million Baht)	Duration (Year)	Interest Rate	Maturity Date
Subordinated Instrument to be qualified as Tier 2 Capital of Land and Houses Bank Public Company Limited No. 1/2021. Due in 2031 which can be written off (in part or in full) if a regulator decides to grant financial assistance to the fund issuer and the fund issuer has the right to premature redemption.	Subordinated Bond	2,400	10.01	3.75%	21/05/2031
Bill of Exchange No. 1/2023 (LHBANK24111A)	Bill of Exchange	662	0.53	-	11/01/2024
Bill of Exchange (LHBANK24215A)	Bill of Exchange	500	0.54	-	15/02/2024
Bill of Exchange (LHBANK24227A)	Bill of Exchange	500	0.50	-	27/02/2024
Bill of Exchange (LHBANK24327A)	Bill of Exchange	550	0.51	-	27/03/2024
Bill of Exchange (LHBANK24618A)	Bill of Exchange	500	0.74	-	18/06/2024
Bill of Exchange (LHBANK24410A)	Bill of Exchange	300	0.51	-	10/04/2024
Bill of Exchange (LHBANK24116A)	Bill of Exchange	1,000	0.25	-	16/01/2024
Bill of Exchange (LHBANK24418A)	Bill of Exchange	120	0.50	-	18/04/2024
Bill of Exchange (LHBANK24429A)	Bill of Exchange	300	0.51	-	29/04/2024
Bill of Exchange (LHBANK24515A)	Bill of Exchange	360	0.51	-	15/05/2024





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 for Classification and Allocation of Allowances, any financial institution which has not yet written off damaged assets from its balance sheets or not yet allocated allowances in full for potentially damaged and undamaged assets and obligations. Such financial institution is not allowed to pay dividends or other forms of remuneration to its shareholders.

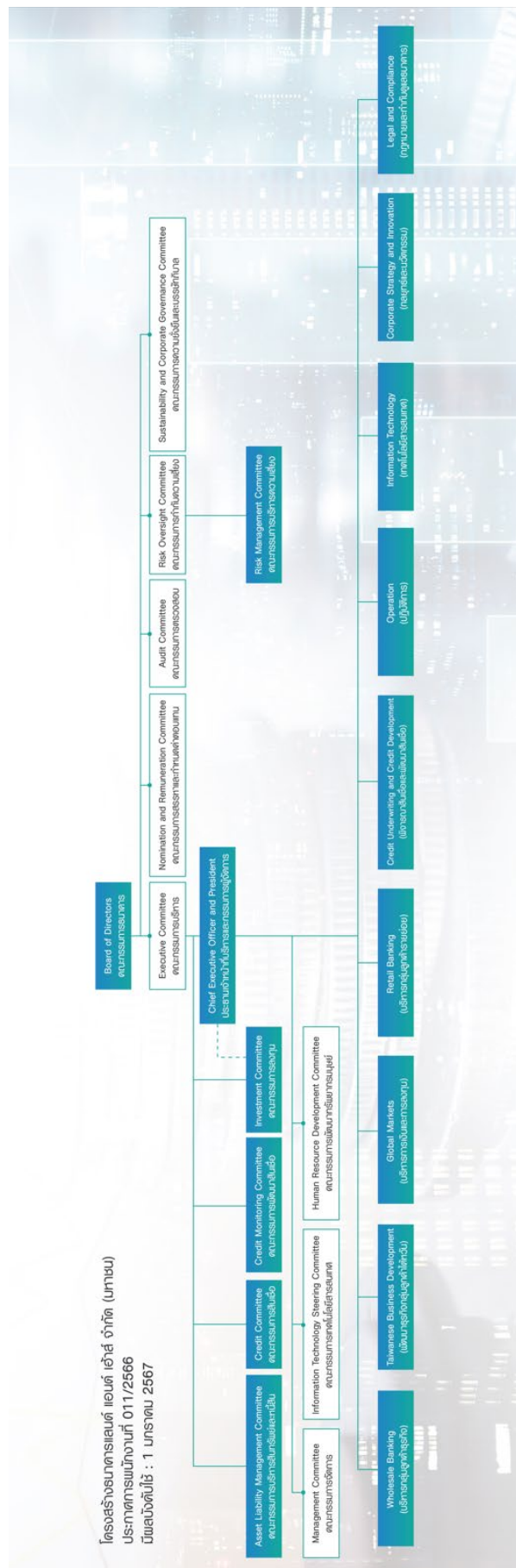
According to the Bank of Thailand's Notification on Guidelines on Accounting of Financial Institutions for dividend policy, financial institutions should not pay any dividends from the transactions that result in unrealized gains or no real cash inflows such as profits from mark-to-market of securities 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% (Direct and Indirect)

- None -



Organization Chart





Management Structure

1. Board of Directors

As of December 31, 2023, the Board of Directors consisted of 11 directors as follows:

Name	Position	Type of Director
Dr. Vorapol Socratyanurak	Chairman	Non-Executive Director
Mr. Lee, Yu-Chou	Vice Chairman Member of Executive Committee	Executive Director
Mr. Pradit Sawattananond	Chairman of Audit Committee Chairman of Sustainability and Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Dr. Supriya Kuandachakupt	Chairman of Right Oversight Committee Member of Audit Committee Member of Sustainability and Corporate Governance Committee Member of Nomination and Remuneration Committee	Independent Director
Prof. Piphob Veraphong	Chairman of Nomination and Remuneration Committee Member of Audit Committee Member of Sustainability and Corporate Governance Committee	Independent Director
Mr. Pichai Dusdeekulchai	Member of Audit Committee Member of Sustainability and Corporate Governance Committee Member of Risk Oversight Committee	Independent Director
Mr. Naporn Sunthornchitcharoen	Member of Executive Committee	Executive Director
Mr. Sirichai Sombutsiri	Chairman of Executive Committee	Executive Director
Mr. Suei, Jung-Hsin	Member of Executive Committee	Executive Director
Mr. Vichian Amornpoonchai	Director	Executive Director
Mr. Shih, Jiing-Fuh	Chief Executive Officer President Member of Executive Committee	Executive Director





2. Composition of Board of Directors

Gender	Number	Proportion
Male	10	90.91% of total number of directors
Female	1	9.09% of total number of directors
Type of Directors	Number	Proportion
Independent Director	4	36.36% of total number of directors
Executive Director	6	54.55% of total number of directors
Non-Executive Director	1	9.09% of total number of directors

Directors are qualified with 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. Naporn Sunthornchitcharoen, Mr. Vichian Amornpoonchai, Mr. Shih, Jiing-Fuh, Mr. Lee, Yu-Chou and Mr. Suei, Jung-Hsin, two of five 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: Executive Committee, Audit Committee, Sustainability and Corporate Governance Committee, Nomination and Remuneration Committee and Risk Oversight Committee. The Board of Directors and 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 Persons with Power of Management 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. Lee,*	Yu-Chou	Vice Chairman
3.	Mr. Pradit	Sawattananond	Independent Director
4.	Dr. Supriya	Kuandachakupt	Independent Director
5.	Prof. Piphob	Veraphong	Independent Director
6.	Mr. Pichai	Dusdeekulchai	Independent Director
7.	Mr. Naporn	Sunthornchitcharoen	Director
8.	Mr. Sirichai	Sombutsiri	Director
9.	Mr. Suei,**	Jung-Hsin	Director
10.	Mr. Vichian	Amornpoonchai	Director
11.	Mr. Shih,	Jiing-Fuh	Chief Executive Officer and President
	Ms. Chayawan	Budsayalap Thaidech	Secretary

Note: * Mr. Lee, Yu-Chou was appointed director on July 3, 2023.

** Mr. Suei, Jung-Hsin was appointed director on September 1, 2023.





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 the duties in compliance with laws, objectives, Articles of Association and regulations of related agencies as well as the resolutions of the shareholders meetings with integrity and care for the best interests of the bank
2. Determine the directions and strategic goals for the bank with sustainable banking including environmental, social and governance aspects, approve the policies and material transactions as well as risk management affecting financial position, performance and reputation. The strategic plan, key policies and risk oversight framework are subject to review with proper frequency or when there are material changes.
3. Supervise the management to effectively and efficiently implement the approved policies in order to protect the interests of the bank and its shareholders
4. Make provisions of the code of conduct, code of ethics as well as ethics for directors, executives and employees as organizational guidelines
5. Monitor the bank's operations at all times to ensure that the executive directors and the management adhere to the applicable laws and policies
6. Ensure that the management is capable of managing the bank's operations, including the nomination of top executives
7. Ensure that the bank has efficient internal control and organizational structure that is conducive to independent control, oversight and audit functions (Three Lines of Defense)
8. Ensure that all important matters of the bank are escalated by the management to the Board of Directors and a reporting process is implemented by the management in order to provide the Board of Directors with adequate information so that they can fulfill their duties and responsibilities
9. Ensure that the bank has the risk governance framework and risk culture and ensure that the bank complies with market conduct
10. 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 sub-committees
11. 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
12. 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
13. Ensure that each director shall attend the meeting at least 75 percent of the total meetings held each year unless a reasonable ground is provided
14. To approve any proposal, the quorum shall be at least two-thirds of total directors

In case any director or related person having interests or conflicts of interest in any matter, he/she must report to the Board of Directors for acknowledgement and he/she will not be authorized to approve such transaction according to the Articles of Association and regulatory requirements.





Roles of the Chairman

1. Supervise, monitor and ensure that the performance of the Board of Directors is effective and achieves the objectives and goals of the organization
2. Oversee and promote the organizational culture based on ethics and good corporate governance
3. Allocate sufficient time for all matters proposed by the management and for directors to discuss on significant issues by providing independent opinions
4. Strengthen good relations among the directors and management
5. Chair the Board of Directors meeting, call for the meeting, and determine agenda items
6. Chair the shareholders' meeting and ensure the meeting complies with applicable laws, regulations and the Articles of Association, allocate 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 members as follows:

1.	Mr. Sirichai	Sombutsiri	Chairman
2.	Mr. Naporn	Sunthornchitcharoen	Member
3.	Mr. Lee,*	Yu-Chou	Member
4.	Mr. Shih,	Jiing-Fuh	Member
5.	Mr. Suei,**	Jung-Hsin	Member
	Officer of Secretary Division		Secretary

Note: * Mr. Lee, Yu-Chou was appointed member of the Executive Committee on July 3, 2023.

** Mr. Suei, Jung-Hsin was appointed member of the Executive Committee on September 1, 2023.

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 policies regarding lending and investment 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 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 independent directors as follows:

1.	Mr. Pradit*	Sawattananond	Chairman
2.	Dr. Supriya*	Kuandachakupt	Member
3.	Prof. Piphob	Veraphong	Member
4.	Mr. Pichai	Dusdeekulchai	Member
	Ms. Thanawan	Theekautamakorn	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 the financial reporting of the bank to ensure that it is accurate and adequate
2. Review and evaluate whether the bank has set an appropriate and effective internal control and internal audit
3. Supervise the Internal Audit Group to conduct the internal audit effectively with appropriate number of employees and working systems, be independent from any departments to be audited, and align with the professional standard for internal audit and the Bank of Thailand's guidelines on internal audit of financial institutions.
4. Ensure that the bank complies with the laws related to securities and exchange, requirements of the Securities and Exchange of Thailand or laws related to financial institutions
5. Consider, select, and propose the appointments and terminations of auditors and their remunerations
6. Consider the accuracy and completeness of the bank's information disclosure, especially the related-party transactions or transactions with conflicts of interest
7. Provide the corporate governance's report of the Audit Committee and disclose it in the annual report
8. Determine the duties of the Audit Committee including the changes to its composition and significant changes to the performance of the Audit Committee clearly in writing as approved by the Board of Directors and disclose them to shareholders via the annual report
9. Ensure the bank has adequate internal control and complies with the whistleblower policy
10. Provide guidelines and internal control to prevent any corruption and monitor potential risks of corruption in the bank, communicate them to all employees together with training provided
11. Obtain regular updates from the Risk Oversight Committee for matters required improvements to be in line with the policies and strategies of the bank
12. 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
13. Report to the Board of Directors to correct in the time specified by the Audit Committee in case that the Audit Committee found or doubted about the following incidents or acts:
 - Transactions with conflicts of interest
 - Frauds or abnormalities or significant defects in internal control





- Violation of law relating to banking operations, Securities and Exchange Act, the Stock Exchange of Thailand's regulations, the Bank of Thailand's regulations and other laws relating to banking operations, securities 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.

14. Assess the performance of the head of Internal Audit Group
15. Perform other tasks assigned by the Board of Directors with the consent from the Audit Committee

4. Sustainability and Corporate Governance Committee

The Sustainability and Corporate Governance Committee consists of 4 independent directors as follows:

1.	Mr. Pradit	Sawattananond	Chairman
2.	Dr. Supriya	Kuandachakupt	Member
3.	Prof. Piphob	Veraphong	Member
4.	Mr. Pichai	Dusdeekulchai	Member
	Mr. Jumpon	Suwannawong	Secretary

Duties and Responsibilities of the Sustainability and Corporate Governance Committee

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

- 1) Consider policies, directions and sustainable frameworks, environment, climate change, society and governance and propose them to the Board of Directors for approval
- 2) Ensure the compliance with the policies and give recommendations and necessary supports to related working team in order to achieve the operational plans
- 3) Evaluate the performance of the bank according to the good corporate governance policy and the anti-corruption policy with the corporate governance principles to determine matters that require improvements
- 4) Evaluate the performance of the bank regarding the compliance with laws, rules, regulations, standards and operational guidelines applicable to transactions as stipulated by regulators
- 5) Represent the bank in communicating and executing corporate governance activities and preventing any act of corruption among executives, employees and external agencies
- 6) Oversee the sustainability performance
 - Supervise and monitor the sustainability performance
 - Supervise internal and external communication on sustainability of the bank as well as information disclosure in accordance with sustainability frameworks and standards
- 7) Perform other tasks assigned by the Board of Directors





5. Nomination and Remuneration Committee

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

1.	Prof. Piphob	Veraphong	Chairman
2.	Mr. Pradit	Sawattananond	Member
3.	Dr. Supriya	Kuandachakupt	Member
	Ms. Nuanprae	Sueayai	Secretary

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, criteria, qualifications, and methods for the selections of candidates for directors, persons with power of management, advisors, members of other sub-committees as well as their remunerations and other benefits including amounts that reflects the goals, their duties and responsibilities and relevant risks with the clear and transparent criteria before proposing them to the Board of Directors for approval
2. Select and nominate qualified candidates that comply with the Notification of the Bank of Thailand on Regulations on the Approval of Appointment of Directors, Managers, Persons with Power of Management, or Advisors of Financial Institutions, Financial Institutions' Parent Companies, and Subsidiaries Undertaking Financial Business to propose to the Board of Directors for approve the appointment as follows:
 - 2.1 Directors
 - 2.2 Persons with power of management
 - 2.3 Advisors
 - 2.4 Members of sub-committees
3. Supervise and ensure the Board of Directors has the members and the composition that is appropriate for the organization, adjust them according to changing environments, ensure that the mechanism or tool to support the process of selection and nomination of new directors are in place. The Board of Directors shall be composed of qualified candidates with appropriate behaviors, knowledge, abilities and experiences in various areas which are beneficial to the long-term operations, and suitable for directions and strategies of the bank. The Nomination and Remuneration Committee is also responsible for ensuring the development of a skill matrix.
4. Ensure that directors and persons with power of management receive remunerations commensurate with their duties and responsibilities
5. Consider the budget for merit increase, bonus and other benefits as follows:
 - 5.1 Consider the budget for merit increase, bonus and other benefits of employees
 - 5.2 Consider the overall remuneration structure and benefits for expatriates, such as accommodation costs, living expenses, fees and service charges relating to work as agreed upon the management's proposals
6. Oversee the formulation of succession plans for key positions to ensure the continuity of administration
7. Define the hiring criteria for retired employees
8. Determine the evaluation guideline for directors and persons with power of management as to consider adjusting annual remuneration by taking into account their duties, responsibilities and related risks and increased value of owners' equity in the long term
9. Ensure that the policy and details of the selection method for directors and persons with power of management, the remuneration policy and various form of remunerations are disclosed and prepare remuneration report, at least, containing the details about the factors used in determining the overall performance, goals and





operations as well as the opinion of the Nomination and Remuneration Committee including methods and channels for paying compensation to reflect the risks in the annual report

10. 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 by taking into account the necessity of organization and good corporate governance principles. The Nomination and Remuneration Committee shall listen to suggestions from minor shareholders who nominate qualified persons for directors or independent directors. The bank 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 bank. 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 dismissal of directors are as follows:

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 independent directors shall be at least 3 directors or one-thirds of the total directors, whichever is higher.

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 per share.
 - (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. Termination of Office and Removal of Directors
 - (A) Retirement by rotation
 - At every Annual General Meeting of Shareholders, one-thirds of the directors must vacate their offices.





- For directors who need to be retired 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 be retired.
- 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.

Nomination of Executives

The Nomination and Remuneration Committee shall select and screen persons with proper capabilities and qualifications by taking into consideration their ethics, morals and integrity to take high-ranking positions - First Senior Vice President and higher. Preliminary factors for consideration include qualifications, capabilities, and experiences. Nominated persons should have ideas and vision regarding management in line with the Board of Directors in order to ensure the accomplishment of the bank's targets. The top executive 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, 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 of independent director required by the bank and align with the good corporate governance policy which is more stringent than those announced by the Capital Market Supervisory Board and the Bank of Thailand. The qualifications of independent directors are as follows:

An independent director must not have any business or work related to the bank, which may affect their independent decision with the following qualifications.

1. Holding not more than 0.5% of the total number of voting shares of the bank, 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 bank 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 or 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 bank.

4. Neither holding nor having held any business relationship with the bank 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 bank, 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 bank's obligation or the obligation of its counterparty, to repay its debt to other parties in an amount equal to 3% or more of the net tangible asset value of the bank 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 bank 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 bank, 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 bank 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 bank and which, in any material respect, is competitive with the business of the bank 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 1% of the shares with voting rights of other companies engaging in any business the nature of which is the same as that of the bank.

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 bank, parent company, subsidiaries, associated companies, subsidiaries in the same level of the bank, 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. Pichai	Dusdeekulchai	Member
3. Mr. Shih,	Jiing-Fuh	Member
Head of Risk Management or assigned person		Secretary

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. Supervise the formulation of risk management policies on key matters such as credit risk, market risk, liquidity risk, operational risk, and reputation risk as well as determining the comprehensive framework for information technology risk management in accordance with the international standards
2. Oversee the assessment and monitoring systems to oversee risk management of the management at appropriate level according to the bank's policies and ensure the appropriate risk management of the business to be competitive and supervise the management to provide measures to protect, correct and control risks appropriately, especially for the concentration of any particular risk
3. Supervise the system or the procedure for reviewing policies, risk management strategies and overall risk management systems at least once a year or upon significant changes that may affect the bank's stability by taking into consideration overall risk profile, risk appetite and risk management strategy
4. Supervise capital forecasts under stress test by determining scenarios consistent with nature, volume and complexity of transactions





5. Supervise the organization structure that supports the risk governance
6. Supervise the IT risk management and the procedures of risk management that cover the continuous assessment and monitoring IT and cyber risks while ensuring the cyber resilience and reporting to the Board of Directors about IT and cyber risks
7. Promote the IT risk awareness culture throughout the organization by encouraging employees to be aware of IT and cyber risks and to have sufficient knowledge for risk prevention regularly
8. Provide the development of the personnel specialized in IT risk and cyber security risk management adequately
9. Supervise the risk management of conduct risk with appropriate procedures to ensure the business operation's compliance with the principles and guidelines of market conduct, as well as procedures to prevent the risk of service mistakes, procedures to handle complaints from customers, and procedures to manage the risk impact in accordance with the criteria of the regulatory agencies
10. Oversee and ensure that the top executives and head of risk management department comply with the policies and the strategies of risk management and risk appetite
11. Formulate capital and liquidity management strategies to cope with risks and control them to be in line with approved risk appetite
12. Report to the Board of Directors about the risk profile, efficiency of risk management and compliance status with the risk culture, including significant factors, challenges, and issues required improvements to align with risk policies and risk management strategies
13. Provide the Board of Directors with advice on the risk oversight framework
14. Discuss and share ideas with the Audit Committee to assess the coverage of the risk management policy and risk management strategies to ensure that they cover all types of risks, as well as emerging risks, and that the execution of such policy and strategies is effective and efficient
15. Provide comments or participate in the assessment of the effectiveness and efficiency 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

The bank regularly organizes the Board of Directors meetings. At each meeting, its agenda are determined clearly in advance. The important agenda items include the consent of quarterly financial statement, monitoring the performance of the bank. The invitation letter with agenda items and relevant supporting documents will be sent to the directors prior to the meeting date, allowing sufficient time for them to consider and study the information. The meeting minutes are well prepared and will be carefully kept for auditing purposes after being approved by the Board of Directors.

In 2023, the bank held meetings of the Board of Directors and sub-committees throughout the year. Details on directors' attendance, number of meetings and percentage of an individual director's attendance for each meeting are summarized as follows:





Name of Directors	Board of Directors			Executive Committee			Audit Committee			Sustainability and Sustainability and Corporate Governance Committee			Nomination and Remuneration Committee			Risk Oversight Committee			Shareholders Meeting		
	Total 13 Meetings			Total 27 Meetings			Total 12 Meetings			Total 12 Meetings			Total 7 Meetings			Total 12 Meetings			Total 1 Meetings		
Total Meeting (Time)	In person	Online	%	In person	Online	%	In person	Online	%	In person	Online	%	In person	Online	%	In person	Online	%	In person	Online	%
1. Dr. Vorapol Socratyanurak	13	-	100																1	-	100
2. Mr. Lee, ¹ Yu-Chou	6/7	-	85.72	2/14	9/14	78.57															
3. Mr. Pradit Sawattananond	13	-	100				-	12	100	-	12	100	-	7	100				1	-	100
4. Dr. Supriya Kuandachakupt	11	2	100				-	12	100	-	12	100	-	7	100	11	1	100	1	-	100
5. Prof. Piphob Veraphong	8	4	92.31				-	11	91.67	-	11	91.67	-	7	100				1	-	100
6. Mr. Pichai Dusdeekulchai	10	2	92.31				-	12	100	-	12	100				9	3	100	1	-	100
7. Mr. Naporn Sunthornchitharoen	8	4	92.31	11	13	88.89													1	-	100
8. Mr. Shih, Jiing-Fuh	13	-	100	13	-	100										12	-	100	1	-	100
9. Mr. Sirichai Sombutsiri	7	6	100	13	14	100													-	1	100
10. Mr. Suei, ² Jung-Hsin	3/5	2/5	100	1/10	6/10	70															
11. Mr. Vichian Amornpoonchai	13	-	100																1	-	100

Note: ¹ Mr. Lee, Yu-Chou - Acted as vice chairman and member of the Executive Committee on July 3, 2023, attended the Board of Directors Meeting No. 7/2023 on July 24, 2023 and attended the Executive Committee Meeting No. 14/2023 on July 13, 2023

² Mr. Suei, Jung-Hsin - Acted as director and member of the Executive Committee on September 1, 2023, attended the Board of Directors Meeting No. 9/2023 on September 18, 2023 and attended the Executive Committee Meeting No. 19/2023 on September 8, 2023





Executives

Land and Houses Bank Public Company Limited has 10 top executives as follows:

List of Executives	Position in the Bank
1. Mr. Shih, Jiing-Fuh	Chief Executive Officer and President
2. Mr. Thanee Phalawong	Chief Information Technology Officer
3. Mr. Pansalit Trakarnkitvichit	Chief Credit Underwriting and Credit Development Officer
4. Mr. Chen, Jing-Ming	Chief Taiwanese Business Development Officer
5. Mr. Kosol Kavayavong	Chief Operation Officer
6. Ms. Wisarnsri Nilodom	Chief Wholesale Banking Officer
7. Mr. Kelvin foo yoong Tao	Chief Retail Banking Officer
8. Mr. Suwat Chritamara	Chief Corporate Strategy & Innovation Officer
9. Mr. Jumpon Suwannawong	Head of Legal and Compliance Group
10. Mr. Jakrawarn Jakrawarnwibul	Head of Global Markets Group

8. Company Secretary

The Board of Directors has appointed Ms. Chayawan Budsayalap Thaidech, Vice President of Company Secretary and Translator Division of LH Financial Group Public Company Limited as the company secretary since April 24, 2023 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:

Name :	Ms. Chayawan Budsayalap Thaidech
Position :	Vice President, Company Secretary and Translator Company Secretary
Age : (Years)	39
Education :	- Master Degree of Public Law, Dhurakij Pundit University - Bachelor of Law, Bangkok University
Training :	- Advances for Corporate Secretaries 2015 : Thai Listed Companies Association - Board Reporting Program (BRP) 25/2018 : IOD - Effective Minutes Taking (EMT) 35/2018 : IOD - Company Reporting Program (CRP) 22/2018 : IOD - Professional Development Program for Company Secretary 2022 : Thai Listed Companies Association - ASEAN CG Scorecard Coaching 2023 : IOD
Direct Shareholding :	- None -
Number of Shared Held by Spouse and Minor Child :	- None -
Relationship with Executives :	- None -

Work Experiences in Past 5 Years :

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

Period	Position	Organization/Company
Mar. 2023 - Present	Vice President, Company Secretary and Translator	LH Financial Group PLC
2022 – Feb. 2023	Assistant Vice President, Company Secretary and Translator	
2019 - 2022	Division Manager, Company Secretary	





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

Period	Position	Organization/Company
Apr. 2023 - Present	Company Secretary	Land and Houses Bank PLC
2014 - 2019	Senior Officer, Corporate Affairs Group	

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 the bank's annual report.
 - 1.3 Invitation letter to the shareholder's meeting and minutes of shareholder's meeting
2. Retain reports on the interests declared by directors or 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 bank 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 at least five years from the date such documents or information have been 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 was 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 for 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.

Determination of remuneration shall be approved in the order of authority to avoid conflicts of interest and for transparency, i.e., shareholders will be responsible for approving the remuneration of the Board of Directors, Executive Committee, Audit Committee, Sustainability and Corporate Governance Committee, Nomination and Remuneration Committee and Risk Oversight Committee while the Nomination and Remuneration Committee shall be responsible for considering the appropriateness.

Remuneration Policy for CEO and President

The Nomination and Remuneration Committee is responsible for determining the remuneration and other benefits of CEO and president to be commensurate with his/her roles and responsibilities and propose it to the Board of Directors for approval on an annual basis under the criteria and transparent and fair processes as well as competitiveness with peers. The appropriate remuneration shall be pursuant to the bank's performance in both short and long term, bringing about optimal benefits to shareholders with KPI comparison in the financial figures, customers, process improvements to enhance the competitiveness of the bank and customers' satisfaction, sustainability, and personnel which are comparable to peers. There are both monetary remuneration and other benefits as follows:





1. Monetary remuneration includes salary, bonus (align with the performances of the bank and CEO and president), vehicles and insurance premium
2. Other benefits include contribution of provident fund, retirement benefits
3. Welfare includes annual medical checkup, insurance, accident insurance, health insurance and social security, employee loan, executive vehicle, etc.

Remuneration Policy for Senior Executives

The Nomination and Remuneration Committee is responsible for determining the remuneration and other benefits of senior executives to be commensurate with his/her roles and responsibilities according to the size and business operation, individual performance in both short and long term, bringing about optimal benefits to shareholders with KPI comparison in the financial figures, customers, process improvements to enhance the competitiveness of the bank and customers' satisfaction, sustainability, and personnel which are comparable to peers. The Nomination and Remuneration Committee shall review the appropriateness and propose it to the Board of Directors for approval. There are both monetary remuneration and other benefits as follows:

1. Monetary remuneration includes salary, bonus (align with the performances of the bank and executives), vehicles and insurance premium
2. Other benefits include contribution of provident fund, retirement benefits
3. Welfare includes annual medical checkup, insurance, accident insurance, health insurance and social security, employee loan, executive vehicle, etc.

Remuneration Payment

Components of Remuneration	Type of Remuneration	Type of Payment	Objective	Paid to			Remuneration Principle
				President	Top Executive	Executive and Employee	
Fixed Remuneration and Benefits	Salary	Cash	<ul style="list-style-type: none"> To motivate and attract talented employees To reward their performance 	✓	✓	✓	<ul style="list-style-type: none"> To reflect their performance Remuneration is based on individual performance, working experience, knowledge and skills. Annual raise is based on performances comparable to the labor market and those in the same industry.
	Company Car Car Allowance (In Cash) Telephone Allowance Cost of Living Allowance	Car Cash	<ul style="list-style-type: none"> To reward their performance 	✓	✓	✓	<ul style="list-style-type: none"> Remuneration is commensurate with position, duties and responsibilities Not relate to individual performance.
	Other Benefits	Provident Fund Life Assurance Health Insurance	<ul style="list-style-type: none"> To promote job security for employees suitable to their age, health and lifestyle. 	✓	✓	✓	<ul style="list-style-type: none"> Comply with the company's guidelines and laws Benefits other than those required by laws must align with the labor market





		Social Security					guidelines and are comparable to those in the same industry. • Not relate to individual performance.
Performance-based Compensation	Short-term incentive: performance-based bonus	Cash	• Reward that will vary depending on their achievement against the annual business plan.	✓	✓	✓	• Relate to the achievement of the company's overall performance, both financial and non-financial goals, as specified in the corporate KPI. • Relate to individual performance as specified in the annual budget
	Long-term incentive	N/A	N/A	N/A	N/A	N/A	N/A

Monetary Remuneration

The monetary remuneration of directors, determined by the shareholders meeting, includes monthly remuneration and meeting allowance. Such remuneration will be proposed by the Nomination and Remuneration Committee to the Board of Directors for consent. Remuneration for directors shall be clearly and transparently determined based on the industry practices by considering work experiences, knowledge and abilities that were commensurate with their supervisory roles and responsibilities as well as taking into account the best interests of the bank and shareholders.

The 2023 Annual General Meeting of Shareholders held on March 20, 2023 resolved to approve the remuneration as follows:

1. Remuneration of directors for 2023

Table : Remuneration of Directors for the Year 2023 and 2022

Position	Directors' Remuneration (Per month)	
	2023	2022
Chairman	300,000	300,000
Vice Chairman	100,000	100,000
Directors	40,000	40,000





2. Meeting allowances of directors for 2023

Table : Meeting Allowances of Directors for 2023 and 2022

(Unit: Baht)

Position	Allowance (per time)													
	Board of Directors		Audit Committee		Executive Committee		Sustainability and Corporate Governance Committee		Nomination and Remuneration Committee		Risk Oversight Committee		Other sub-committees*	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Chairman	50,000	50,000	30,000	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	20,000	20,000
Vice Chairman Executive Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: *Other sub-committees refer to the committees that regulators require or should have or the Board of Directors deems appropriate.

3. Directors' gratuity for the year 2022

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

As LH Financial Group Public Company Limited, the parent company of the bank, has also 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. The gratuity for directors was determined at the maximum of Baht 1,630,000 which was commensurate with their duties, responsibilities and workload. Allocation of such remuneration is subject to the discretion of the Board of Directors to 3 directors listed below.

1. Mr. Somsak Assavapokee
2. Mr. Sirichai Sombutsiri
3. Ms. Chompoonoot Pathomporn

Table: Directors' Gratuity for 2022 and 2021

Directors' Gratuity (Baht)	
2022 (3 directors)	2021 (3 directors)
1,630,000	2,100,000

4. Other non-monetary remuneration

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

Other Benefits

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 and meeting allowance.





Table : Remuneration of Directors for the Year 2023

In 2023, the bank paid the remuneration and gratuity for directors totaling Baht 11,538,180 and Baht 13,191,950 in 2022, as follows:

(Unit : Baht)

List of Directors	Appointment Date	Remuneration ¹	Meeting Allowance ¹						Gratuity (Baht)	Other Benefits ²
			Board of Directors	Audit Committee	Executive Committee	Sustainability and Corporate Governance Committee	Nomination and Remuneration Committee	Risk Oversight Committee		
1. Dr. Vorapol Socratyanurak	October 25, 2021	2,880,000	260,000	-	-	-	-	-	-	-
2. Lee, ³ Yu-Chou	July 3, 2023	358,000	-	-	200,000	-	-	-	-	-
3. Mr. Pradit Sawattananond	April 24, 2018	-	-	360,000	-	360,000	40,000	-	-	-
4. Prof. Piphob Veraphong	June 29, 2022	-	-	-	-	-	210,000	-	-	-
5. Dr. Supriya Kuandachakupt	August 1, 2017	-	-	-	-	-	40,000	360,000	-	-
6. Mr. Pichai Dusdeekulchai	June 22, 2020	-	-	-	-	240,000	-	140,000	-	-
7. Mr. Sirichai Sombutsiri	January 2, 2014	480,000	325,000	-	810,000	-	-	-	695,650	-
8. Mr. Naporn Sunthornchitcharoen	May 3, 2011	-	-	-	500,000	-	-	-	-	-
9. Mr. Sui ⁴ Jung-Hsin	September 1, 2556	160,000	125,000	-	120,000	-	-	-	-	-
10. Mr. Vichian Amornpoonchai	October 25, 2021	-	325,000	-	-	-	-	-	-	-
11. Mr. Shih Jiing-Fuh	August 1, 2017	-	200,000	-	320,000	-	-	160,000	-	-
12. Mr. Wu ⁵ Kuo-Chin	August 1, 2017	360,000	-	-	260,000	-	-	-	-	-
13. Ms. Chompoonoot ⁶ Pathomporn	June 1, 2019	360,000	-	-	-	-	-	-	695,650	-
14. Mr. Somsak ⁷ Assavapokee	October 5, 2012	-	-	-	-	-	-	-	231,880	-
Total		4,558,000	1,235,000	360,000	2,210,000	600,000	290,000	660,000	1,391,300	-

Note : ¹ Directors' remuneration and meeting allowance for the year 2023, 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.

² 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 and meeting allowance.

³ Mr. Lee, Yu-Chou's directorship started from July 3, 2023.

⁴ Mr. Sui, Jung-Hsin's directorship started from September 1, 2023.

⁵ Mr. Wu, Kuo-Chin's resigned from the directorship on July 1, 2023.

⁶ Ms. Chompoonoot Pathomporn's retired on September 1, 2023.

⁷ Mr. Somsak Assavapokee resigned from the directorship on May 1, 2022.





Remunerations of Executives

The bank paid the remuneration for 10 executives in the total amount of Baht 117.96 million as follows:

- Monetary remuneration of Baht 115.23 million, accounting for 0.98 percent of total remunerations
- Non-monetary remuneration of Baht 2.73 million, accounting for 0.02 percent of total remunerations

Other Benefits

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

Employee

As of December 31, 2023, the bank had 1,310 employees, increased by 46 persons when compared to the end of 2022 as detailed below.

	31 December 2023	31 December 2022	31 December 2021
Number of Employees (person)	1,310	1,264	1,224

Remunerations of employees

The bank paid the remuneration for employees including salary, wages, overtime, bonus, cost of living allowance and provident fund in the total amount of Baht 1,349.88 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 (CDAA)

Land and Houses Bank Public Company Limited has defined the core values for its employees to perform their duties with the same direction as to push the business to success and sustainable growth. CDAA stands for C: Customer Centric, D: Dynamic and A: Accountability and A: Adaptability.

C : Customer Centric

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



Customer Centric

ยึดลูกค้าเป็นศูนย์กลาง
เข้าใจถึงความต้องการของลูกค้า
และพัฒนาผลิตภัณฑ์
และบริการให้ตอบสนองลูกค้า
อย่างแท้จริง



LH BANK



**D : Dynamic**

Always be resilient to developments and changes, dare to think differently, do not stick 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 but collaboration with others to achieve the goal

**A: Adaptability**

To have the ability to efficiently and flexibly adapt to the changing environment, dare to try and learn new things, foresee the problems and create business opportunity from them





Welcome Newcomers and Orientation

The bank pays great attention to the first step of its employees by prioritizing their needs. Thus, the satisfaction survey during orientation has been being carried out in order to get the contents, patterns and activities improved to address their needs constantly.

In 2023, the onsite orientation and welcome newcomer event were organized to build close ties among newcomers which brought about effective cooperation. Besides, the contents and activities contain the contents necessary for employees, such as getting to know the organization, rules and practices, corporate values, welfare, learning and growth within the organization and a welcome meal with new employees of the Chief Executive Officer and President, etc. Particularly, corporate values which are the basis for working together and to achieve the goal or vision, the bank has also organized a special activity called Fun & Growth with CDAA for new employees to do activities together in the form of team building, promoting knowledge, understanding and being able to put it into practice in their work.

Remuneration and Employee Welfares

The bank has policies to take care of employees' health and safety in life so that they can work with good quality of life, security and happiness. The bank has also determined appropriate remuneration and welfares for them such as salary, bonus, provident fund, social security, medical expense, group life and accident insurances, annual health check-up, employee loans, 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 invest by selecting a master fund policy. As of December 31, 2023 and 2022, the bank paid all contributions to the provident fund in the amount of Baht 91.2 million and Baht 80.9 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 December 31, 2023 and December 31, 2022 is as follows:

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

Name of Directors	Position	31 December 2023		31 December 2022	
		Number of Shares Held		Number of Shares Held	
		Parent Company ¹	Bank ²	Parent Company ¹	Bank ²
1. Mr. Vorapol Socratyanurak	Chairman				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
2. Mr. Lee, Yu-Chou	Vice Chairman				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
3. Mr. Pradit Sawattananond	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
4. Dr. Supriya Kuandachakupt	Independent Director				





Name of Directors	Position	31 December 2023		31 December 2022	
		Number of Shares Held		Number of Shares Held	
		Parent Company ¹	Bank ²	Parent Company ¹	Bank ²
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
5. Prof. Piphob Veraphong	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
6. Mr. Pichai Dusdeekulchai	Independent Director				
- Number of direct shareholding :		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
7. Mr. Sirichai Sombutsiri	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-
8. Mr. Naporn Sunthornchitcharoen	Director				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
9. Mr. Suei, Jung-Hsin	Director				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
10. Mr. Vichian Amornpoonchai	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-
11. Mr. Shih Jiing-Fuh	CEO and President				
- Number of direct shareholding:		5,000,000 shares 0.0236%	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-

Note : Parent Company¹
Bank²

refers to LH Financial Group Public Company Limited.
refers to Land and Houses Bank Public Company Limited.





Name of Executives	Position	31 December 2023		31 December 2022	
		Number of Shares Held		Number of Shares Held	
		Parent Company ¹	Bank ²	Parent Company ¹	Bank ²
1. Mr. Shih, Jiing-Fuh	CEO & President				
- Number of direct shareholding:		5,000,000 shares	-None-	-None-	-None-
		0.0236%			
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
2. Mr. Thanee Phalawong	Chief Information Technology Officer				
- Number of direct shareholding:		1,067,230 shares	-None-	1,016,962 shares	-None-
		0.005%		0.005%	
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
3. Mr. Pansalit Trakarnkitvichit	Chief Credit Underwriting and Credit Development Officer				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
4. Mr. Chen Ching-Ming	Chief Taiwanese Business Development Officer				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
5. Mr. Kosol Kavayavong	Chief Operation Officer				
- Number of direct shareholding:		807,890 shares	-None-	764,167 shares	-None-
		0.004%		0.004%	
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
6. Ms. Wisarnsri Nilodom	Chief Wholesale Banking Officer				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
7. Mr. Kelvin yoong tao Foo	Chief Retail Banking Officer				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
8. Mr. Suwat Chritamara	Chief Corporate Strategy & Innovation Officer				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
9. Mr. Jumpon Suwannawong	Head of Legal and Compliance Group				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-
10. Mr. Jakrawarn Jakrawarnwibul	Head of Global Markets Group				
- Number of direct shareholding:		-None-	-None-	-None-	-None-
- Number of shares held by spouse and minor child:		-None-	-None-	-None-	-None-

Note : Parent Company¹ refers to LH Financial Group Public Company Limited.

Bank² 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. Pichai | Dusdeekulchai* | Member |

Ms. Apinya Pawangkanan, head of Risk Management Group, LH Financial Group Public Company Limited, is the secretary.

The Risk Oversight Committee has performed its duties in accordance with the scope of responsibilities assigned by the Board of Directors. In 2023, the Risk Oversight Committee held 12 meetings in total and reported its performance to the Board of Directors as follows:

1. Review risk management policies such as credit risk, market risk, liquidity risk, operational risk, IT risk and reputational risk, and so on by taking into account the risk governance framework, create and cultivate organization's culture that is consistent and in accordance with the risk governance guidelines prescribed by the Bank of Thailand
2. Report on the assessment and monitoring of risk management, efficiency of risk management and ensure the management has measures in place to prevent, correct and limit risks appropriately
3. Report risk status and changes to the risk appetite to assure the Board of Directors about the supervision and management of various kinds of risks

(Dr. Supriya Kuandachakupt)
Chairman of Risk Oversight Committee





Risk Factors

Risk Management Overview

The bank sets the framework and strategies for its business operation to promote growth based on the efficient risk management along with creating the sustainable returns. 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

Sustainability and Corporate Governance Committee

- Consider policies, directions and frameworks on sustainability, environmental, climate change, social and governance and ensure the compliance with the policies
- Represent the company in communicating and executing corporate governance activities and anti-corruption and oversee the sustainability performance





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

- 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 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 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, digital trend and climate change can affect the commercial banking industry.

During 2020-2022, the bank encountered the COVID-19 pandemic, The Bank of Thailand consistently launched the relief measures to assist debtors as well as measures to maintain the stability of financial market. In 2023, COVID-19 pandemic subsided. The sustainable debt restructuring measure (Orange-Blue measure) of the Bank of Thailand expired at the end of 2023 since it would normalize the policy to normal and issued the measure to solve household debt in order to control the household debt level not to rise to the point that affects the stability of the financial system and long-term economic expansion.

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 prepares business plans, annual budget and capital 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 Shortfalls

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 2.5%. As of December 31, 2023, the bank already maintained such additional buffer.

The capital maintenance under Basel III principles divides the capital into 3 types: Tier 1 capital which is Common Equity Tier 1 (CET1), Tier 1 capital that is financial instruments (Additional Tier 1), and Tier 2 capital. As of December 31, 2023, the bank maintained the capital adequacy ratio at 15.02 percent, Tier 1 capital ratio and Common Equity Tier 1 ratio stood at 12.88 percent and 12.88 percent, respectively. These ratios are higher than the minimum requirement set by the Bank of Thailand according to Basel III, which are 11 percent, 8.5 percent and 7 percent, respectively.

In addition, from the volatility of the capital market and investment strategies, the financial business group has established the guidelines for maintaining additional capital funds (Capital Add-On) to buffer the concentration risks of investment units in accordance with the capital supervisory criteria by regulators (Pillar 2) and to maintain capital funds to cover more risk based on the minimum capital maintenance criteria according to Pillar 1, where the capital adequacy ratio, Tier 1 capital ratio and Common Equity Tier 1 ratio have been set at 14.80 percent, 12.69 percent and 12.69 percent, respectively. These ratios are higher than the minimum requirement set by the Bank of Thailand.

Capital maintenance under Basel III principles of Bank of Thailand as of December 31, 2023, the bank had the statutory reserves under Basel guidelines totaled Baht 37,792.19 million, divided into Baht 32,413.20 million for Common Equity Tier 1 capital, or 85.77 percent of total capital from the paid-up share capital, legal reserve and remaining retained earnings from allocation of other items of equity, such as profit (loss) from the mark-to-market of available-for-sale investments which is considered the highest quality and strongest part of capital, and tier 2 capital of Baht 5,378.99 million, or 14.23 percent of the total capital. This is a level sufficient for business operations and able to support growth under normal and stress scenarios. In addition, the bank does not have any Additional Tier 1 for financial instruments.

Furthermore, the bank assessed the risk and capital adequacy under Internal Capital Adequacy Assessment Process (ICAAP) to cover significant risks in accordance with regulations on capital supervision (Pillar 2) of the Bank of Thailand. 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 and segments affected by various situations, for instance, economic condition, COVID-19, etc. this is to get whole of the quality of loan portfolio and potential risks including assistance provided for impacted debtors in order to protect and maintain quality loan portfolio.

Credit Risk consists of:

2.1 Risk from Credit Impairment

During 2020-2023, COVID-19 pandemic, economic impacts, climate change and geopolitical conflicts were considered significant credit risks as they comprehensively impacted all sectors of the country. This resulted in the impaired debt serviceability of customers both retail and corporate. Consequently, the bank was likely to have more risk exposure on credit impairment. However, the bank supported the customers affected by COVID-19 pandemic according to the relief measures of the Bank of Thailand and additional supports from the bank to enhance customers' liquidity so that they can continue their businesses.

The increase in non-performing loans represented a significant risk to the bank, causing the bank to put more provisions for expected credit losses, which affected its profitability and capital adequacy. However, the bank was conservative for the credit risk management as to control non-performing loans by focusing on enhancing the efficiency of credit management 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 while avoiding the discretion of employees, determination of minimum down payment and LTV for high-risk customers of housing loans, minimum requirements for borrowers and a specialized unit for debt collection.





2.2 Risk from Credit Concentration

The bank is aware of credit concentration risk in many dimensions such as big corporate customer concentration and sector concentration or any project not to exceed 25% of the bank's capital as required by the Bank of Thailand. The bank has set the risk limit and proper trigger with annual review in order to control and avoid any significant credit concentration as well as report to Credit Department, Risk Management Committee and Risk Oversight Committee on a regular basis.

2.3 Risk from Devaluation of Asset Collateral Value

The bank's secured loans were 57.62 % of total loans. Real estate collateral was accounted for 75.61 % of total collateral. When real estate market is sluggish, the bank may encounter the risks from collateral devaluation. Thus, the bank has formulated the 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.

The bank has determined the risk appetite to be the risk indicator for credit risk monitoring and report to related committees on a regular basis.

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 off 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 off-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 Exchange Rate Risk

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 off-statements of financial position and the bank's revenue.

The bank prevents the foreign exchange rate risk by setting 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 YTD loss, etc.

The bank has determined the risk appetite to be the risk indicator for market risk monitoring and report to the related committee on a regular basis.

4. Liquidity Risk

Liquidity risk means the risks arising 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.

The bank has determined the risk appetite to be the risk indicator for liquidity risk monitoring and report to the related committee on a regular basis.

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 the business partner policy and new product policy guiding all units that need to use services from business partners or launch new products to study and run the data analysis, risk assessment, and new product evaluation. The Operational, Market and IT Risk Management Department needs to give consent before using services from business partners 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.

The bank has determined the risk appetite to be the risk indicator for operational risk monitoring and report to the related committee on a regular basis.

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.

The bank has determined the risk appetite to be the risk indicator for IT risk monitoring and report to the related committee on a regular basis.

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 risks as follows:

Emerging Risk	Description	Impact that May Affect the Company	Risk Monitoring	Mitigation Plan	Target
7.1 Climate Risk	Climate change situations in the form of various natural disasters that tend to increase in the future, such as storms, floods, and droughts	Impact of climate change that may affect the business of the customers that the bank supports. It may affect the performance and	Determine the risk appetite and monitor risks in loan portfolios and/or investment portfolios in private bonds to report to top executives and	- Upgrade risk management guidelines from climate change that affects customers' costs. If they do not have proper adjustment, it will	- In 2023, the bank aimed to offset carbon credits to be neutral (Carbon Neutral) - Reduce





	that may affect inflation and economic growth	financial position of the bank's customers as well. In addition, this impact poses a risk to the bank's reputation and creditability and can cause financial damage to the bank.	the related committees for acknowledgement.	<p>affect their competitiveness and debt serviceability. As a result, it will also impact the bank's asset quality. Setting up the credit policy and risk assessment for environmental and social risks of customers' businesses can mitigate impacts arising from lending.</p> <p>- Use guidelines for sustainable banking operations in terms of responsible lending by managing loan portfolios of customers who operate businesses with a high level of environmental impact to a low level in accordance with the criteria specified by the bank.</p>	<p>greenhouse gas emissions from its operations by 25 percent, from that of the base year 2020 within 2030*</p> <p>* Scope 1 and 2 from own operations of head office</p> <p>- Net Zero within 2065</p>
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Emerging Risk	Description	Impact that may affect the company	Mitigation plan
7.2 Cyber Security Risk and Personal Data Protection	The bank tends to be affected by disruptions to sensitive data, financials, and online business including providing certain services related to banking business and serving the general public. Generally, cyber risk involves events that may result in a data breach, data theft or data destruction so that services cannot be provided. Cyber risk is, therefore, considered a security threat to the bank's business operations.	<ul style="list-style-type: none"> - Financial fraud such as financial hacking - Ransomware (Malware) - Money-laundering like fraudster account - An attack on the bank's computer system causes system failure and customers are unable to do any transactions. - Disclosure of customers' personal data without consent - Damage or change customers' information or lose information in business operations - Recovery cost after cyber attack. including cost for protection and enhancement of security measures - Customers lack confidence in the bank's security system - The breach of data security may affect the bank's reputation and creditability 	<ul style="list-style-type: none"> - Risk assessment - Determine policy and work process to prevent cyber attack - Provide trainings for employees or officers to understand policies and operating procedures and processes - Determine the duties and responsibilities to align with policy and process - Provide proper technology to detect and prevent attack - Prepare the response plan to be current - Rehearse, test and evaluate the response plan - Update plan regularly - Execute the project to improve personal data management to be in line with Cybersecurity Act and Personal Data Protection Act and related guidelines. The bank has determined the privacy policy and set up the specific unit in charge of personal data protection and management
7.3 Pandemic Risk	The epidemic of the virus is considered significant risk. It has been prevalent around the world with the spread of several strains such as SARS, Avian Influenza, Influenza, Middle East Respiratory	The bank's services, employees' travel to office and limitations arising from government's practical guidelines.	The bank has set up the response measures in the Business Continuity Plan (BCP) to reduce risks and impact of such epidemic and to enable employees to work and provides continuous services as





Emerging Risk	Description	Impact that may affect the company	Mitigation plan
	Syndrome or MERS, Zika virus outbreak in the America, Latin America and Caribbean countries. Most recently, there has been an epidemic of coronavirus diseases (COVID-19) since 2020. Many epidemics have spread into Thailand, particularly, COVID-19 are still spreading widely.		<p>follows:</p> <ul style="list-style-type: none"> - Management of office space and branches complies with the measures prescribed by the Department of Disease Control, the Ministry of Public Health, 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, etc. - Define the employees who can work at office and work from home in order to mitigate the risk of travelling to work and ensure that all employees are vaccinated against COVID-19

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 against Corruption (CAC). And on September 30, 2021, the membership was renewed for the 3rd time. And on December 8, 2023, the executives and employees expressed their intention to combat any form of corruption along with the Anti-Corruption Organization of Thailand on the anti-corruption day celebration to promote transparent business operations under the good corporate governance principles.





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 to prevent problems on the health and safety of customers, visitors and its employees. The company provides annual health checks, vaccinations such as influenza vaccine to prevent any possible risks to customers and visitors, trainings on health and self-protection from work-related diseases prevalent in employees such as office syndrome, fire prevention plan and fire drills under the supervision of the Occupational Safety, Health and Environment Committee.

8.4 Risk from Human Right

The bank takes steps to prevent and alleviate the impacts that may arise risk from human right by strictly treating employees under the employment agreements, Labour Protection Act and Personal Data Protection Act to protect personal data of both applicants and employees. The bank has taken into consideration the survey result from employees regarding employment conditions and working environment for improvement and good relationship between employees and the bank.





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. Lee,	Yu-Chou*	Member
4. Mr. Shih,	Jiing-Fuh	Member
5. Mr. Suei,	Jung-Hsin*	Member

Officer of Secretary Division, LH Financial Group Public Company Limited, is the secretary.

Note: * Mr. Lee, Yu-Chou was appointed member of the Executive Committee on July 3, 2023 to replace Mr. Wu, Kuo-Chin.

* Mr. Suei, Jung-Hsin was appointed member of the Executive Committee on September 1, 2023 to replace Ms. Chompoonoot Pathomporn.

The Executive Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2023, the Executive Committee arranged the total of 27 meetings and reported the result of each meeting to the Board of Directors as follows:

1. Propose the strategic plan and directions on the bank's operations for the year 2023 to the Board of Directors
2. Monitor, assess and analyze the monthly operations to analyze the strengths, weaknesses and solutions
3. Support, advise and coordinate with management to ensure the execution of strategic plan
4. Monitor cyber threats and assess the risk of cyber threats
5. Manage and develop the organization to enhance its effectiveness
6. Consider loans
7. Screen any task prior to proposing to the Board of Directors
8. Consider projects to support the bank's business expansion

(Mr. Sirichai Sombutsiri)
Chairman of the Executive Committee





Management Discussion and Analysis

2023 Economic Overview and 2024 Outlook

2023 Economic Overview

According to the Office of the National Economic and Social Development Council (NESDC) (Data as of November 2023), Thailand's economy was expected to grow by around 2.5% while LH Bank was estimated to expand by 2.3%. The key supporting factors were a recovery in private consumption following the labor market and easing inflation. Total investment slowed down during the government transition period as investors delayed their investment decisions pending clarity on the government policies. Tourism sector continued to recover. Merchandise exports tended to weaken, partly due to China's economic slowdown and fading demand from trading partners affected by rising energy prices and tight monetary policy. Meanwhile, Thailand's policy interest rate has been gradually raised to its highest level in ten years at 2.5% in order to control inflation to be within the target range and maintain the capability of monetary policy to absorb uncertainty in the period ahead.

2024 Economic Outlook

In 2024, the NESDC expects the Thai economy to expand by 3.2% (Data as of November 2023) with the same pace as LH Bank. The key supporting factors are the export sector which tends to expand following the global economy and the number of tourists is likely to gradually increase, driven by the government's ongoing measures to promote tourism, such as the visa-free policy for tourists from China, Kazakhstan, Russia, India, and Taiwan. Overseas demand is expected to see a better recovery, leading to a further widening of current account balances. Domestic demand is set to improve as the private consumption is expected to grow thanks to easing inflationary pressures, rising consumer confidence boosted by the government's economic stimulus measures, and better employment in the service sector along with the minimum wage increase. Investment is likely to recover driven by the government's investment promotion measures, especially in the electrical appliances, electronics, agricultural, food processing, automotive and auto parts industries, which have seen a steady increase in investment promotion applications over the past 3 years.

However, the Thai economy still faces several risks in the period ahead, including high policy interest rates in major economies which put pressure on the purchasing power of trading partners, Thai exports are likely to be pressured by the economic sluggishness in China and the prolonged geopolitical issues such as the Russia-Ukraine war and Israel-Hamas conflict, that may cause energy prices and Thai Baht to be more volatile. Meanwhile a series of Thai policy rate hikes leads to the escalations in business operators' costs, corporate bond default risk in the bond market, and high household debt that impedes consumer spending. These factors pose challenges to Thailand's economic recovery in 2024.

Overview of Commercial Banks and Competition in 2023 and Outlook in 2024

Overview of Commercial Banks and Competition in 2023

The performance of commercial banks improved from the previous year. Operating profit grew in line with loan growth and net interest income. Meanwhile, non-performing loans were not expected to increase significantly. Commercial banks' income grew well due to interest income, following the policy interest rate hike. Meanwhile, the expenses increased due to interest expenses on deposits and provisioning expenses.





Loan growth in the commercial banking system was expanding in a low range, driven mainly by consumer loans from mortgage loans, auto loans, and personal loans, while credit card loans continued to contract. Corporate loans also declined partly due to credit quality management and cautious lending by commercial banks as well as debt repayments by the private and public sectors. Credit quality was stable compared to the previous year. Commercial banks were also closely monitoring the credit situation by assessing the ability to repay debts and assisting in debt restructuring and accelerating the management of non-performing loans (NPLs), especially among SMEs and small households amid high interest rates and a highly uncertain economic outlook.

Commercial banks' deposits continued to grow. This was partly due to the increase in deposit interest rates and fluctuations in money and capital markets. As a result, liquidity in the commercial banking system remained high.

Overall, the commercial banking system was stable and reflecting the strong capital adequacy and reserves. Liquidity was high and sufficient to meet the demand for credit, which was expected to increase as the economy recovered. Financial institutions continued to monitor the development of the debt serviceability of SMEs and households, which remains fragile due to higher debt burdens and slow income recovery.

Business Trends and Competition of Commercial Banks in 2024

In 2024, commercial banking business is likely to continue to expand in line with the economic recovery, which is expected to support the favorable expansion of loan balance. In particular, corporate loans are likely to expand due to the increased demand for working capital as investment policies become clearer and exports tend to recover in line with the global economy. Meanwhile, retail loans are expected to grow at a slower pace due to high interest rates, which will affect debt serviceability and BOT's measures to address the household debt problem in a sustainable manner, which will be implemented gradually from early 2024, including;

- 1) Responsible lending
- 2) Persistent debt management
- 3) Risk-based pricing (RBP)

4) Determination of debt service ratio (DSR), which may make commercial banks more cautious in lending and interest income will be lower because of faster debt repayment.

The performance of the commercial banks is expected to improve in line with loan growth and higher net interest income. On the expenditure side, commercial banks may slightly increase their provisioning in line with non-performing loans, which are expected to rise to some extent in support of debt relief measures and close monitoring of vulnerable debtors. However, the continued increase in the policy interest rate from last year will lead to higher funding costs. This will put pressure on overall credit growth and debt servicing ability. In addition, the commercial banks continue to face fierce competition from both traditional banks and new financial service providers vying for market share.

In terms of competition, commercial banks continue to expand their digital lending businesses and place importance on other business developments, such as businesses related to environment, social and governance (ESG), digital assets, trade finance and other non-financial businesses in order to support stability and long-term profitability.





Comparative Performance of Land and Houses Bank Public Company Limited and Commercial Banks

As of December 31, 2023

(Unit : Million Baht)

Items	31 December 2023	31 December 2022	31 December 2021	Growth (YoY)		Growth (YoY)
				2023	2022	2-year Average
Commercial Banks						
Asse	21,740,126	21,413,245	20,596,888	1.5%	4.0%	2.7%
Loan ^{/1}	13,762,444	13,735,635	13,353,600	0.2%	2.9%	1.5%
Deposit	15,805,818	15,771,392	15,121,224	0.2%	4.3%	2.2%
Land and Houses						
Bank Public Company						
Limited						
Asset	316,339	295,846	251,531	6.9%	17.6%	12.1%
Loan ^{/1}	226,668	210,256	170,144	7.8%	23.6%	15.4%
Deposit	251,453	231,432	192,513	8.7%	20.2%	14.3%
Market Share of Land						
and Houses Bank						
Public Company						
Limited						
Asset (%)	1.46	1.38	1.22			
Loan ^{/1} (%)	1.65	1.53	1.27			
Deposit (%)	1.59	1.47	1.27			

Note : ^{/1} Loans to customers and accrued interest receivables - net

Source : The Bank of Thailand and 14 commercial banks registered in Thailand (Separate Financial Statement)

Credit Rating

Fitch Ratings (Thailand) Limited	
National long-term rating	AA+(tha)
Outlook	"Stable"
National short-term rating	F1+(tha)
Basel III Tier 2 debentures	AA-(tha)
TRIS Rating Company Limited	
Company rating	A
Outlook	"Stable"
Basel III Tier 2 debentures	BBB+





Overall Performance

The analysis of the operating results of Land and Houses Bank Public Company Limited is a comparative performances of the year 2023 and 2022.

In 2023, the bank had a net profit of Baht 1,692.96 million, increased by Baht 599.61 million or 54.84 percent from 2022 as a result of an increase in net interest income of 13.07 percent and a decrease in expected credit losses in the amount of Baht 420.18 million or 16.48 percent from 2022.

Operating income amounted to Baht 7,814.24 million, increased by Baht 821.29 million or 11.74 percent from 2022.

Other operating expenses amounted to Baht 3,603.11 million, increased Baht 477.77 million or 15.29 percent from 2022, largely from the increase in employee expenses.

Operating profit before expected credit losses to total revenue in 2023 was 53.89 percent, decreased from 55.31 percent in 2022.

Basic earnings per share (EPS) was Baht 0.85 per share, increased from Baht 0.55 per share in the previous year. Returns on equity ratio (ROE) and returns on asset (ROA) in 2023 were 4.75 percent and 0.58 percent, respectively.

Operating Results

Operating Results	Separate Financial Statement			Change (2023 vs 2022)	
	2023	2022	2021	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	7,105.36	6,284.16	5,564.61	821.20	13.07
Net fees and service income	279.83	275.35	317.47	4.48	1.63
Total other incomes	429.06	433.43	976.18	(4.37)	(1.01)
Total operating income	7,814.25	6,992.95	6,858.26	821.29	11.74
Other operating expenses	(3,603.11)	(3,125.34)	(2,758.99)	(477.77)	15.29
Operating profits	4,211.13	3,867.61	4,099.27	343.53	8.88
Expected credit losses	(2,130.20)	(2,550.38)	(3,283.83)	(420.18)	(16.48)
Profits before income tax expenses	2,080.94	1,317.23	815.44	763.71	57.98
Income tax	(387.97)	(223.88)	(124.60)	(164.09)	73.29
Annual profits	1,692.97	1,093.35	690.84	599.62	54.84
Earnings per share (EPS) (Baht)	0.85	0.55	0.35		
Returns on equity ratio (ROE) (%)	4.75	3.14	1.93		
Returns on assets ratio (ROA) (%)	0.58	0.41	0.28		





2.1 Structure of Operating Income

The structure of operating income is as follows:

Operating Income

Operating income was Baht 7,814.24 million, increased by Baht 821.29 million or 11.74 percent from 2022.

Table : Operating Income

Operating Income	Separate Financial Statement			Change (2023 vs 2022)	
	2023	2022	2021	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Interest income					
Loans to customers	10,519.29	7,493.89	6,358.12	3,025.40	40.37
Investments in debt securities	780.16	775.07	907.81	5.09	0.66
Interbank and money market items	405.32	460.77	482.36	(55.45)	(12.03)
Hire purchase	15.23	5.38	2.59	9.85	183.09
Others	5.10	0.90	0.26	4.20	466.67
Total interest income	11,725.10	8,736.01	7,751.14	2,989.09	34.22
Interest expenses	(4,619.74)	(2,451.85)	(2,186.53)	(2,167.89)	88.42
Net interest income	7,105.36	6,284.16	5,564.61	821.20	13.07
Fees and service income	383.00	360.67	389.58	22.33	6.19
Fees and service expenses	(103.17)	(85.32)	(72.11)	(17.85)	20.92
Net fees and service income	279.83	275.35	317.47	4.48	1.63
Gains on investments	10.86	-	155.65	10.86	100.00
Dividend income	365.19	423.69	801.30	(58.50)	(13.81)
Other operating incomes	53.01	9.75	19.23	43.26	443.69
Total other incomes	429.06	433.44	976.18	(4.38)	(1.01)
Total operating income	7,814.25	6,992.95	6,858.26	821.30	11.74

Net Interest Income

Net interest income was Baht 7,105.36 million, increased by Baht 821.20 million or 13.07 percent from 2022, due mainly to the increase in interest income.





Interest income was Baht 11,725.10 million, increased by Baht 2,989.09 million or 34.22 percent from 2022 as a result of the loan expansion and interest rate hikes. However, the bank raised loan interest rates for both retail and corporate clients, offered loans with special interest rates and other supports for customers affected by different situations such as economic situation and severe drought under the relief measures of the Bank of Thailand.

Interest expenses were Baht 4,619.74 million, increased by Baht 2,167.89 million or 88.42 percent from 2022, due mainly to the loan expansion and the bank had distributed the benefits from the increased contributions to the Financial Institutions Development Fund (FIDF) from 0.23 percent to 0.46 percent 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 (gains on investments, dividend income and other operating incomes).

Non-interest income was Baht 708.89 million, decreased by Baht 0.10 million or 0.01 percent from 2022. Details are as follows:

- Net Fees and Service Income

Net fees and service income were Baht 279.83 million, increased by Baht 4.48 million or 1.63 percent from 2022, as a result of the increase in the brokerage fee income from financial products.

- Other Incomes

Other incomes were Baht 429.06 million, decreased by Baht 4.38 million or 1.01 percent from 2022, due mainly to the decrease in gains on investments.

Net Interest Income after Expected Credit Losses

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.

Net interest income after expected credit losses was Baht 4,975.16 million, increased by Baht 1,241.38 million or 33.25 percent from 2022.

Expected credit losses

Expected credit losses was Baht 2,130.20 million, decreased by Baht 420.18 million or 16.48 percent from 2022.





Table : Net Interest Income after expected credit losses

Net Interest Income after expected credit losses	Separate Financial Statements			Change (2023 vs 2022)	
	2023	2022	2021	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Net interest income	7,105.36	6,284.16	5,564.61	821.20	13.07
Expected credit losses	(2,130.20)	(2,550.38)	(3,283.83)	(420.18)	(16.48)
Net Interest Income after expected credit losses	4,975.16	3,733.78	2,280.78	1,241.38	33.25

Other Operating Expenses

Other operating expenses consisted of employees' expenses, directors' remuneration, premises and equipment expenses, taxes and duties, advertising and promotional expenses, amortization for intangible assets, supporting service expenses and other expenses.

Other operating expenses were Baht 3,603.11 million, increased by Baht 477.77 million or 15.29 percent from 2022, due mainly to the increase in employees' expenses and taxes. Other operating expenses to total income ratio in 2023 was 46.11 percent, increased from 44.69 percent in 2022.

Table : Other Operating Expenses

Other Operating Expenses	Separate Financial Statements			Change (2023 vs 2022)	
	2023	2022	2021	Increase (Decrease)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Employees' expenses	1,644.07	1,485.53	1,220.13	158.54	10.67
Directors' remuneration	11.54	12.81	18.93	(1.27)	(9.91)
Premises and equipment expenses	698.89	619.18	600.84	79.71	12.87
Taxes and duties	361.64	255.47	216.88	106.17	41.56
Advertising and promotional expenses	183.01	156.63	107.29	26.38	16.84
Amortisation and intangible assets	120.75	113.08	113.27	7.67	6.78
Supporting service expenses	343.23	316.27	316.42	26.96	8.52
Other expenses	239.98	166.37	165.23	73.61	44.24
Total other operating expenses	3,603.11	3,125.34	2,758.99	477.77	15.29
Total operating expenses to total operating income ratio (%)	46.11	44.69	40.23		





- Employees' Expenses

Employees' expenses were Baht 1,644.07 million, increased by Baht 158.54 million or 10.67 percent from 2022.

As of 31 December 2023, the bank had a total of 1,310 employees, increased by 46 from 2022.

Table : Number of Employees

	31 December 2023	31 December 2022	31 December 2021
Number of employees (person)	1,310	1,264	1,266

Note: In the year 2022, the structure of LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited was revised.

- Premises and Equipment Expenses

Premises and equipment expenses were Baht 698.89 million, increased by Baht 79.71 or 12.87 percent from 2022.

- Advertising and Promotional Expenses

Advertising and promotional expenses were Baht 183.01 million, increased by Baht 26.38 million or 16.84 percent from 2022.

- Supporting Service Expenses

Supporting service expenses were Baht 343.23 million increased by Baht 26.96 million or 8.52 percent from 2022.

- Other Expenses

Other expenses were Baht 239.98 million, increased by Bath 73.61 million or 44.24 percent from 2022

2.2 Asset Management Efficiency

Analysis of Financial Positions

The analysis of financial positions of Land and Houses Bank Public Company Limited is the comparison of financial positions as of 31 December 2023 and 31 December 2022.





Table : Total Assets

Total Assets	Separate Financial Statements			Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023	31 December 2022	31 December 2021		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Assets					
Cash	691.37	704.94	717.75	(13.57)	(1.92)
Interbank and money market items – net	33,153.77	35,933.71	35,267.73	(2,779.94)	(7.74)
Investments – net	42,864.25	44,375.84	41,733.75	(1,511.59)	(3.41)
Loans to customers and accrued interest					
Loans to customers	236,605.10	218,791.82	177,120.49	17,813.28	8.14
Accrued interest and undue interest income	3,564.25	3,189.71	2,000.93	374.54	11.74
Total loans to customers and accrued interest	240,169.35	221,981.53	179,121.42	18,187.82	8.19
Less: Deferred revenue	(84.62)	(66.23)	(37.11)	(18.39)	27.77
Allowance for expected credit losses	(13,416.80)	(11,658.88)	(8,940.30)	(1,757.92)	15.08
Loans to customers and accrued interest – net	226,667.93	210,256.42	170,144.01	16,411.51	7.81
Properties foreclosed – net	8,304.68	786.42	773.35	7,518.26	956.01
Premises and equipment – net	352.03	308.71	282.75	43.32	14.03
Right-of-use assets – net	662.91	497.04	554.03	165.87	33.37
Intangible assets – net	310.30	261.77	274.93	48.53	18.54
Deferred tax assets	1,683.18	1,297.53	1,013.32	385.65	29.72
Accrued interest on investments	100.05	116.80	144.69	(16.75)	(14.34)
Other assets – net	1,548.61	1,306.97	572.35	241.64	18.49
Total assets	316,339.08	295,846.15	251,478.66	20,492.93	6.93

Total Assets

The core assets consisted of loans to customer and net accrued interest, accounting for 71.65 percent of total assets, followed by net investments accounting for 13.55 percent of total assets.

Total assets were Baht 316,339.08 million, increased by Baht 20,492.93 million or 6.93 percent from 2022, due mainly to the increase in loans to customers and accrued interest - net.





Net Investments

Net investments had a book value of Baht 42,864.25 million, decreased by Baht 1,511.59 million or 3.41 percent from 2022, due mainly to the decrease in investments in equity instruments measured at fair value through other comprehensive income.

Table : Investments Classified by Type of Investments Measured at Book Value

Investments – Net	Separate Financial Statements			Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023	31 December 2022	31 December 2021		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Investments in debt instruments measured at amortised cost					
Government and state enterprise debt securities	1,466.10	-	-	1,466.10	100.00
Private sector debt instruments	1,251.17	669.30	-	581.87	86.94
Less: Allowance for expected credit losses	(0.87)	(0.11)	-	(0.76)	690.91
Total Investments in debt instruments measured at amortised cost	2,716.40	669.19	-	2,047.21	305.92
Investment in debt instruments measured at fair value through other comprehensive income					
Government and state enterprise securities	29,607.42	26,874.88	22,202.13	2,732.54	10.17
Private sector debt securities	3,797.59	7,735.95	9,761.20	(3,938.36)	(50.90)
Other debt securities	3,029.05	3,282.60	3,120.97	(253.55)	(7.72)
Total investment in debt instruments measured at fair value through other comprehensive income	36,434.06	37,641.77	34,881.96	(1,207.71)	(3.21)
Allowance for expected credit losses	(871.65)	(251.66)	(202.34)	(619.99)	246.36
Investment in securities instruments measured at fair value through other comprehensive income					
Domestic marketable equity securities	3,706.89	6,057.98	6,844.89	(2,351.09)	(38.81)
Domestic non-marketable equity securities	6.90	6.90	6.90	-	-
Total investment in equity instruments designated at fair value through other comprehensive income	3,713.79	6,064.88	6,851.79	(2,351.09)	(38.77)
Investments – net	42,864.25	44,375.84	41,733.75	(1,511.59)	(3.41)





Loans to Customers

Net loans to customers of deferred revenue (Interbank and money market items included) were Baht 213,957.40 million, decreased by Baht 37,138.00 million or 14.79 percent from the year 2022. Most of them came from conglomerate & corporate loans accounting for 43.98 percent, followed by commercial & SME loans accounting for 36.05 percent of total loans.

Loans classified by business sector consist of conglomerate & corporate, commercial & SME and retail loans.

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

Loans Classified by Business Sector	Separate Financial Statements						Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023		31 December 2022		31 December 2021			
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Conglomerate & Corporate	117,580.72	43.98	109,286.77	43.52	103,997.36	49.62	8,293.93	7.59
Commercial & SME	96,376.74	36.05	99,425.97	39.60	76,218.44	36.36	(3,049.27)	(3.07)
Retail loans	53,390.03	19.97	42,382.66	16.88	29,382.58	14.02	11,007.34	25.97
Loans net of deferred revenue	267,347.49	100.00	251,095.40	100.00	209,598.38	100.00	(37,138.00)	(14.79)
Add : Accrued interest and undue interest income	3,575.35		3,197.44		2,006.49		377.91	11.82
Total loans and accrued interest net of deferred revenue	270,922.84		254,292.84		211,604.87		(36,760.09)	(14.46)

Loans classified by type of loans are mostly financial intermediary loan and loans for the manufacturing and commercial sectors , accounting for 25.29 and 24.16 percent of total loans, respectively.

Table : Loans Classified by Type of Loans (Interbank and Money Market Items Included)

Loans Classified by Type of Loans	Separate financial statements						Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023		31 December 2022		31 December 2021			
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Housing loans	50,559.96	18.91	39,665.56	15.80	27,765.46	13.25	(38,905.16)	(98.08)
Manufacturing and commerce	64,594.23	24.16	61,882.31	24.64	51,699.46	24.67	2,711.92	4.38
Public utilities and services	43,975.91	16.45	46,228.25	18.41	41,544.22	19.82	(15,982.01)	(34.57)
Real estate and construction	30,246.24	11.31	25,667.50	10.22	20,408.12	9.74	18,308.41	71.33
Agricultural and mining	760.40	0.28	347.61	0.14	1,335.47	0.64	50,212.35	14,445.02
Financial intermediation	67,606.93	25.29	60,711.42	24.18	51,586.56	24.61	6,895.51	11.36
Saving cooperative	6,760.00	2.53	13,902.81	5.54	13,615.00	6.49	(7,142.81)	(51.38)
Others	2,843.82	1.06	2,689.94	1.07	1,644.09	0.78	153.88	5.72
Total loans net of deferred revenue	267,347.49	100.00	251,095.40	100.00	209,598.38	100.00	16,252.09	6.47





Asset Quality

The classified assets consisted of interbank and money market items and accrued interest, investments, loans to customers and accrued interest and other assets. Assets are categorized in compliance with the regulations of the Bank of Thailand.

Table : Assets Classified by Type of Assets

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2023				
	Interbank and Money Market Items and Accrued Interest	Investments	Loans to Customers and Accrued Interest	Other Assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets with no significant increases in credit risk	33,165.40	36,122.28	226,139.29	3.05	295,430.02
- Financial assets with significant increases in credit risk	-	3,029.05	7,009.61	1.08	10,039.74
- Financial assets with credit impairments	-	-	6,935.84	51.45	6,987.29
Total	33,165.40	39,151.33	240,084.74	55.58	312,457.05

Assets Classified by Type of Assets	Separate Financial Statement				
	31 December 2022				
	Interbank and Money Market Items and Accrued Interest	Investments	Loans to Customers and Accrued Interest	Other Assets	Total
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
- Financial assets with no significant increases in credit risk	35,945.65	35,278.47	205,340.49	2.72	276,567.33
- Financial assets with significant increases in credit risk	-	3,032.60	10,926.07	2.67	13,961.34
- Financial assets with credit impairments	-	-	5,648.74	46.67	5,695.41
Total	35,945.65	38,311.07	221,915.30	52.06	296,224.08





Allowance for Expected Credit Losses

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

Allowance for expected credit losses was Baht 13,416.80 million, increased by Baht 1,757.92 million or 15.08 percent from the year 2022 to support the 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 at 218.81 percent in 2023 and 200.99 percent in 2022.

Table : Allowance for Expected Credit Losses Classified by Debtor Classification (Interbank and Money Market Items Excluded)

Classified by Debtor Classification	31 December 2023			
	Loans to Customers and Accrued Interest		Allowance for Expected Credit Losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets with no significant increases in credit risk	226,139.29	94.19	4,546.19	33.88
Financial assets with significant increases in credit risk	7,009.61	2.92	1,637.60	12.21
Financial assets with credit impairments	6,935.84	2.89	4,197.07	31.28
Total	240,084.74	100.00	10,380.86	77.37
General provision			3,035.94	22.63
Total	240,084.74	100.00	13,416.80	100.00

Classified by Debtor Classification	31 December 2022			
	Loans to customers and accrued interest		Allowance for expected credit losses	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Financial assets with no significant increases in credit risk	205,340.49	92.53	3,959.52	33.96
Financial assets with significant increase in credit risk	10,926.07	4.92	2,012.22	17.26
Financial assets with credit impairments	5,648.74	2.55	3,240.41	27.79
Total	221,915.30	100.00	9,212.15	79.01
General provision			2,446.73	20.99
Total	221,915.30	100.00	11,658.88	100.00





Table : Loans to Customers Classified by Maturity

Loans to Customers	Separate Financial Statements			Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023	31 December 2022	31 December 2021		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
At call ^{/1}	10,998.72	13,236.07	9,140.28	(2,237.35)	(16.90)
Less than 1 years	87,747.63	80,011.35	66,109.97	7,736.28	9.67
1 – 5 years	71,713.97	75,409.21	54,931.20	(3,695.24)	(4.90)
Over 5 years	66,144.78	50,135.19	46,939.04	16,009.59	31.93
Total	236,605.10	218,791.82	177,120.49	17,813.28	8.14

Note: ^{/1} Loans to customers maturing at call included defaulted loans and non-performing loans.

Troubled Debt Restructuring

As of 31 December 2023, there were 31,949 debtors, 288 under debt restructuring with total outstanding balance of Baht 4,979.26 million.

Table : Troubled Debt Restructuring

Debtors	Separate Financial Statement			Change (2023 vs 2022) Increase (Decrease)	
	31 December 2023	31 December 2022	31 December 2021		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Total debtors					
- Number of accounts	31,949	44,035	11,148	(12,086)	(27.45)
- Outstanding balance (principal and interest receivables)	240,084.73	221,915.30	179,084.31	18,169.43	8.19
Debtors under debt restructuring					
- Number	288	283	271	5	1.77
- Outstanding balance (principal and interest receivables)	4,979.26	5,806.25	6,027.36	(826.99)	(14.24)

Non-Performing Loans

Non-performing loans (gross) were Baht 6,298.82 million, increased by Baht 1,050.61 million or 20.02 percent from 2022 and non-performing loans to total loans ratio were 2.36 percent, increased from 2.09 percent in 2022.





Total Liabilities

Total liabilities were Baht 280,721.84 million, increased by Baht 20,205.44 million or 7.76 percent from 2022, mainly from the increase in deposits and the decrease in interbank and money market items.

Table : Liabilities Classified by Type of Liabilities

Liabilities Classified by Type of Liabilities	Separate Financial Statement			Change	
	31 December 2023	31 December 2022	31 December 2021	(2023 vs 2022)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Liabilities					
Deposits	251,453.39	231,432.04	192,513.10	20,021.35	8.65
Interbank and money market items	21,409.33	23,616.79	19,046.32	(2,207.46)	(9.35)
Liabilities payable on demand	422.82	100.51	189.54	322.31	320.67
Debts issued and borrowings	3,058.08	2,396.06	2,397.30	662.02	27.63
Others	4,378.22	2,971.00	2,233.36	1,407.22	47.37
Total liabilities	280,721.84	260,516.40	216,379.62	20,205.44	7.76

Deposits

The bank recorded deposits of Baht 251,453.39 million, increased by Baht 20,021.35 million or 8.65 percent from 2022, due mainly to the increase in time deposits.

Table : Deposits Classified by Type of Deposits

Deposits Classified by Type of Deposits	Separate Financial Statements			Change	
	31 December 2023	31 December 2022	31 December 2021	(2023 vs 2022)	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Demand deposits	2,707.03	2,676.74	5,628.43	(30.29)	(1.13)
Savings deposits	57,842.38	83,296.35	91,933.34	(25,453.97)	(30.56)
Time deposits	146,555.19	104,437.24	59,552.55	41,917.95	40.14
Fixed deposit receipt	44,548.79	41,021.71	35,398.78	3,527.08	8.60
Total deposits	251,453.39	231,432.04	192,513.10	20,021.35	8.65





Owners' Equity

Owners' equity was Baht 35,617.24 million, increased by Baht 287.48 million or 0.81 percent from 2022.

Table : Owners' Equity

Owners' Equity	Seperate Financial Statement			Change	
	31 December	31 December	31 December	(2023 vs 2022)	
	2023	2022	2021	Increase (Decrease)	
	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	(2,779.46)	(2,287.85)	(1,457.41)	(491.61)	21.49
Retained earnings - statutory reserve	1,064.00	979.00	924.30	85.00	8.68
Retained earnings - unappropriated	6,733.78	6,039.69	5,033.23	694.09	11.49
Total owners' equity	35,617.24	35,329.76	35,099.04	287.48	0.81

2.3 Capital Adequacy

Sources and Uses of Fund

Capital structure consists of liabilities totalling Baht 280,721.84 million and owners' equity of Baht 35,617.24 million, or 7.88 times of D/E ratio. The composition of sources of fund in terms of liabilities include deposits, interbank and money market items, debts issued and borrowings, liabilities payable on demand and others and owners' equity, accounting for 79.49, 6.77, 0.97, 1.56 and 11.25 percent, respectively.

Correlation Between Sources and Uses of Fund

Loans to deposit ratio was 95.48 percent. For the excess liquidity, the bank invested in liquid assets such as interbank and money market items.

As of 31 December 2023, significant sources and uses of fund could be classified by contract maturity. Deposits with a maturity of less than 1 year were Baht 245,541.21 million or 97.65 percent of total deposits while loans with a maturity of less than 1 year were Baht 98,746.35 million or 41.73 percent. Deposits with a maturity of more than 1 year were Baht 5,912.18 million or 2.35 percent while loans with a maturity of more than 1 year were Baht 137,858.75 million or 58.27 percent.





Table : Sources and Uses of Fund

Periods	Deposits				Loans to Customers			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Less than 1 year	245,541.21	97.65	210,959.51	91.15	98,746.35	41.73	93,247.42	42.62
More than 1 year	5,912.18	2.35	20,472.53	8.85	137,858.75	58.27	125,544.40	57.38
Total	251,453.39	100.00	231,432.04	100.00	236,605.10	100.00	218,791.82	100.00

2.4 Cashflow Movement

Cash was Baht 691.37 million, decreased by Baht 13.57 million from 2022. Net cash provided and used from various activities was detailed as follows:

- Net cash provided from operating activities was Baht 79.61 million, which came from the operating profits before the changes in operating assets and liabilities of Baht 2,432.49 million and significant changes in operating assets and liabilities such as loans to customers increased by Baht 24,215.01 million, deposits increased by Baht 20,021.35 million and interbank and money market items (liabilities) decreased by Baht 2,785.62 million.

- Net cash provided from investment activities was Baht 640.40 million, due mainly to cash paid for investments in debt instruments measured at amortised cost net of Baht 2,047.89 million, proceeds from sale of investments in debt instruments measured at fair value through other comprehensive income net of Baht 793.45 million, cash received from sale/capital return of investments in equity instruments net of Baht 900.19 million and cash received from interest income on investments of Baht 897.39 million and cash received from dividend on investments of Baht 365.19 million.

- Net cash used in fund-raising activities was Baht 733.58 million. Most of them came from repayment of lease liability of Baht 233.58 million and dividend payment of Baht 500.00 million

2.5 Liquidity Adequacy

Liquid assets consists of cash, interbank and money market-net items (Assets) and net investments.

Liquid assets were Baht 69,954.20 million, increased by Baht 2,840.82 million or 4.23 percent from 2022.

Items	31 December 2023	31 December 2022
	Amount (Million Baht)	Amount (Million Baht)
Total assets	316,339.08	295,846.15
Deposits	251,453.39	231,432.04
Loans to customers (net deferred revenue)	236,520.48	218,725.59
Liquid assets	69,954.20	67,113.38
Loans/deposits (%)	95.48	95.89
Liquid assets/total assets (%)	22.11	22.69
Liquid assets/deposits (%)	27.82	29.00





2.6 Maintenance of Deposits

The bank is required to maintain the average deposits of not less than 1.00 percent of average deposits and borrowings according to the regulations of the Bank of Thailand. In case the bank maintains cash at the cash center, the bank may include it as part of the reserve balance maintenance by no more than, on average, 0.20 percent of the average sum of deposits and borrowings.

As of 31 December 2023, the bank had cash at the cash center and cash deposited at the Bank of Thailand totalling Baht 2,117.76 million.

2.7 Capital Adequacy and Capital Adequacy Ratio

As of 31 December 2023, the bank had the capital adequacy ratio at 15.017 percent, which was higher than the minimum rate of 11.000 percent required by the Bank of Thailand. It also decreased from the capital adequacy ratio of 15.483 percent as of 31 December 2022.

The bank's Tier 1 capital ratio to risk assets was 12.880 percent, which was higher than the minimum rate of 8.500 percent required by the Bank of Thailand.

Table : Capital Adequacy Ratio

Capital Adequacy Ratio	31 December 2023		31 December 2022		31 December 2021	
	Amount (Million Baht)	Ratio* (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Common Equity Tier 1 Capital						
The bank	32,413.20	12.880	32,961.26	13.498	33,914.86	16.165
Minimum Rates Required by law**		7.000		7.000		7.000
The Difference		5.880		6.498		9.165
Tier 1 Capital						
The bank	32,413.20	12.880	32,961.26	13.498	33,914.86	16.165
Minimum Rates Required by law**		8.500		8.500		8.500
The Difference		4.380		5.498		7.665
Total capital						
The bank	37,792.19	15.017	37,807.99	15.483	38,513.90	18.357
Minimum Rates Required by law**		11.000		11.000		11.000
The Difference		4.017		4.483		7.4357

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

Off-Balance Sheet Commitments

The bank had off-balance sheet commitments at Baht 38,744.40 million, decreased by Baht 57.92 million or 0.15 percent from the year 2022.





Table : Off-Balance Sheet Commitments

Off-Balance Sheet Commitments	Separate Financial Statements			Change	
	31 December 2023	31 December 2022	31 December 2021	(2023 vs 2022)	
	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Amount (million Baht)	Ratio (%)
Avals to bills	101.39	137.20	28.19	(35.81)	(26.10)
Under unmatue import bills	303.37	165.08	165.34	138.29	83.77
Letters of credit	1,181.51	661.05	414.45	520.46	78.73
Guarantee - others	4,050.07	4,680.68	6,088.93	(630.61)	(13.47)
Undrawn overdrafts	9,786.63	9,213.35	4,931.97	573.28	6.22
Other commitments	23,221.43	23,944.96	29,178.18	(723.53)	(2.60)
Total	38,744.40	38,802.32	40,807.06	(57.92)	(0.15)

2.8 Factors Affecting Future Operations

Factors that may affect future operations include interest rate hikes in major economies which affect their ability to service debt and cause higher volatility in the global money market, China's economic slowdown that may put pressure on Thailand's economic recovery, and prolonged geopolitical issues such as the Russia-Ukraine war and the Israel-Hamas conflict that lead to greater volatility in Thai Baht. In addition, domestic risks include the continuous policy interest rate hikes over the past year resulted in higher financial costs which will put more pressure on overall loan growth and the debt servicing ability of vulnerable debtors, corporate bond default risk in the bond market and regulations announced by BOT on sustainable management of household debts, which may cause commercial banks to be more cautious in lending personal loans.

In addition to economic factors, the banking business must encounter climate change issues and the drive towards sustainability in terms of both opportunities and threats in the areas of environmental, social and governance (ESG), as well as diversity and human rights, in order to achieve a sustainable banking. This encompasses 4 key dimensions: economic, social, environmental and corporate governance under the good governance principles for the best interest of stakeholders. This is because ESG performance is linked to the financial performance of the business in terms of risk, competitiveness and stakeholder acceptance, which correlate with the ability towards sustainable growth of business in the long run.





Sustainability and Corporate Governance Committee's Report

The Sustainability and Corporate Governance Committee consists of 4 independent directors as follows:

- | | | |
|-----------------|---------------|----------|
| 1. Mr. Pradit | Sawattananond | Chairman |
| 2. Prof. Piphob | Veraphong | Member |
| 3. Dr. Supriya | Kuandachakupt | Member |
| 4. Mr. Pichai | Dusdeekulchai | Member |

Mr. Jumpon Suwannawong, head of Legal and Compliance Group, is the secretary.

The Corporate Governance Committee was renamed as the Sustainability and Corporate Governance Committee and its roles and responsibilities was also adjusted on December 18, 2023.

The Sustainability and Corporate Governance Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. In 2023, The Sustainability and 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 corporate governance policy to be in accordance with the corporate governance code (CG Code) of the Securities and Exchange Commission (SEC). By putting emphasis on the good corporate governance and good code of conduct of business to increase the competitiveness and confidence for shareholders, investors, stakeholders and all parties involved. These are the fundamental for operating the business with efficiency, transparency and reliability.
2. Review the social responsibility policy for sustainable business development. The bank had participated in social responsibility activities in accordance with the guidelines of the Corporate Social Responsibility Institute (CSRI), the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
3. Review the compliance policy and compliance charter so that executives and operators are aware of the scope, power, roles and responsibilities of compliance with related laws and regulations, operational guidelines and codes of conduct of the Compliance Group
4. Foster a concrete anti-corruption culture both inside and outside the organization, review the anti-corruption policy with the commitment to conduct the business under the rules of law, integrity and ethic in compliance with good corporate governance principles as well as participation in various activities of agencies to express the bank's intention and determination to fight against all forms of corruption
5. Review the whistleblower policy to ensure that effective supporting system is in place and the protection and support for the whistleblower are aware of and such policy has been communicated to all employees on a yearly basis
6. Review the policy on the anti-money laundering and counter terrorism and proliferation of weapon of mass destruction financing (AML/CTPF) in order to ensure that its operations are in line with laws and regulations of related government agencies and international standards as well as the bank's codes of conduct and good corporate governance principles
7. Act as the bank's representative to communicate, oversee and promote the practice to be in line with corporate governance policy and conflicts of interest policy





8. Encourage the bank to take concrete actions for taking into account the environment and climate change, society and good governance (ESG) by considering the sustainable framework and sustainable goal that the bank has the intention to support the sustainable development goal of the UN as part of the drive to net zero GHG emissions according to the Bank of Thailand's policy

The bank is committed to operating its business under the good corporate governance principles which are transparent and verifiable. Moreover, the bank 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 Sustainability and Corporate Governance Committee





Message from CEO and President



Land and Houses Bank Public Company Limited continued to deliver relatively strong business growth thanks to the efforts of all colleagues and strong support from our Board of Directors. As a result, the bank had the satisfactory net profit in 2023. Our retail and wholesale customer base continued to grow in the direction we have planned and our revenue mix continued to diversify with new products and services.

In addition, CTBC Bank, the largest private bank in Taiwan and the parent company of Land and Houses financial business group, provides strong support for LH Financial Group Public Company Limited and its subsidiaries so that they can enhance their overall business as well as risk management, products and services' competitiveness and cross-border banking services with CTBC international network across 14 countries. These together provide a solid foundation for our future growth. Since our

market share is still small, room for our growth is enormous. Therefore, we will continue to have the ambitious business growth plans.

Land and Houses Bank Public Company Limited has managed its internal resources to be environmentally friendly in order to save energy and reduce greenhouse gas emissions through various projects such as say no to plastic campaign, waste separation, mangrove forest conservation project, changing petrol cars to hybrids, etc. These are our critical missions to get ready to achieve the goal of carbon neutrality and strive to be an organization with net zero greenhouse gas emission (Net Zero Emission) in the future. In addition, the bank gives priority to improving the quality of life for the surrounding communities and societies, for instance, promoting education through the "LH Bank Scholarship Project to assist youths in need to have the opportunity to complete their high school, "Learning Library" to instill reading habits in juveniles and We are Family... RUN for LIFE Project to encourage our employees to engage in social activities and promote good health by "running" together as to convert mileage into donations to the Foundation for Slum Child Care.

We are very grateful for the supports from our valuable customers, trade partners, regulators and shareholders. On behalf of the bank, I would like to take this opportunity to wish all stakeholders another healthy and prosperous year ahead. As we continue to aim for ambitious growth, we look forward to your continuous support and trust going forward

(Mr. Shih, Jiing-Fuh)

President





3. Driving Business for Sustainability

3.1 Policies and Goals of Sustainability Management

The bank believes that sustainable growth results from conducting the business with accountability on economic, social and environmental dimensions based on the good corporate governance principles for the best interests of all 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, Chief Executive Officer and President perform their duties as the representatives for driving the organization to sustainable development. The Sustainability and 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.





To enhance the sustainable management of the bank to be more effective and systematically linked with policies, as well as to show the determination to support the Sustainable Development Goals (SDGs) of the United Nations as to be a part of concrete development of Thailand's greenhouse gas reduction targets according to the Bank of Thailand's policy and support solving climate change and environment issues, in 2023, the bank revised the duties and responsibilities of the Corporate Governance Committee to encompass the supervision of sustainability operations and changed the name of Corporate Governance Committee to the Sustainability and Corporate Governance Committee. Moreover, the bank has appointed the Sustainable Banking Committee to push the bank's operations by taking into account environmental dimension and climate change, which will promote the transition to a green economy of business sectors and support the achievement of Thailand's environmental commitments. The Sustainable Banking Committee is responsible for overseeing the implementation of the sustainability framework and achievement of the sustainable goals as well as reporting to the Sustainability and Corporate Governance Committee and Board of Directors.

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 operates 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 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 -in -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. In addition, the bank expresses the intention of driving Thailand's greenhouse gas reduction and the Board of Directors has approved the sustainability framework with 3 main pillars as follows:





Pillar 1 Organization Sustainability	Pillar 2 Sustainable Finance	Pillar 3 Responsible to Stakeholder
<p>1. Ethical Governance</p> <p>The Board of Directors has appointed the Sustainable Banking Committee to gear the bank's business operations toward sustainability pathway. The Sustainable Banking Committee reports to the Sustainability and Corporate Governance Committee and the Board of Directors.</p> <p>2. Employee Empowerment</p> <p>It is crucial to build awareness on climate change and environment impacts as well as employee empowerment to drive the Pillar 2 of sustainable finance to materialize the reduction of greenhouse gas emissions.</p> <p>3. Green Organization</p> <p>To improve energy and resource utilization in operational processes to the most efficient practice in reducing greenhouse gas emissions from own operations and lowering negative impacts on environment.</p>	<p>1. Responsible Finance</p> <p>This encompasses the development of financial products and services to support green business activities as well as entrepreneurs who are willing to reduce emission from their business operations to progress national transition to a low-carbon economy.</p> <p>2. ESG Risk Management</p> <p>The bank incorporates environmental factors, especially climate change, into business opportunity assessment and risk management process for the bank to be able to effectively respond to new type of risks.</p> <p>3. Innovative Digital Finance</p> <p>Leverage digital technologies to develop easily accessible financial services with security standards.</p>	<p>1. Community Investment</p> <p>Cover social work in 5 CSR aspects, including charitable donations, sports, anti-drug activities, education, arts and culture as well as sustainable volunteer activities of employees</p> <p>2. Collaborative Stakeholder Engagement</p> <p>To develop partnerships on sustainability aspect with public and private agencies as well as international organizations to expand collaboration network in driving Sustainable Development Goals of the United Nations.</p> <p>3. Transparency Disclosure</p> <p>To disclose complete, accurate and adequate information in accordance with regulatory standards and in line with the international standards for sustainability disclosure of financial sector.</p>

Sustainability Operation Plan

The Board of Directors has endorsed the sustainability action plan to drive the implementation of sustainability framework of relevant business units in 2024. The sustainability action plan consists of 3 groups as follows:





Group 1 Sustainable Organization	Group 2 ESG Risk Management	Group 3 ESG Finance Development
<ul style="list-style-type: none"> - The greenhouse gas emissions reduction plan from operations - Building environmental awareness and culture - Enhancing financial ability of employees for sustainability - Developing cooperation with sustainability networks - Information disclosure according to the Task Force on Climate-Related Financial Disclosure (TCFD) standard - Overseeing the operations to drive government sustainability policies 	<ul style="list-style-type: none"> - Improvement of ESG risk management process - Pollution emission assessment from financial services - Climate risk appetite setting - Environment & climate risk policies and framework setting - Improvement of financial criteria to align with Thailand taxonomy - Developing greenwashing prevention process - Scenario analysis and stress testing - Environmental risk monitoring - Environmental data collection & usage of customer data - Assessment of threats & opportunities from climate change 	<ul style="list-style-type: none"> - Development of financial products, services and financial innovations to support ESG, especially the development for lessening environmental issues and investment scheme in sustainable projects

The Sustainable Banking Committee will continuously monitor the implementation of the operational plan, evaluate the performance according to the sustainability framework and report to the Sustainability and Corporate Governance Committee and the Board of Directors.

Move Forward to Sustainable Business

Economic Dimension Operate business with responsibility (Responsible Finance)	Social Dimension Support social development (Community Investment) and use digital innovation to develop financial products and services (Innovative Digital Finance) that are easy to access, convenient, safe	Environmental Dimension Conduct eco-friendly business, reduce negative impacts on the environment caused by business activities	Governance Dimension Operate business to be in line with corporate governance principles by covering the sustainable governance mechanism and ESG risk management
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Target and Sustainable Development Strategy

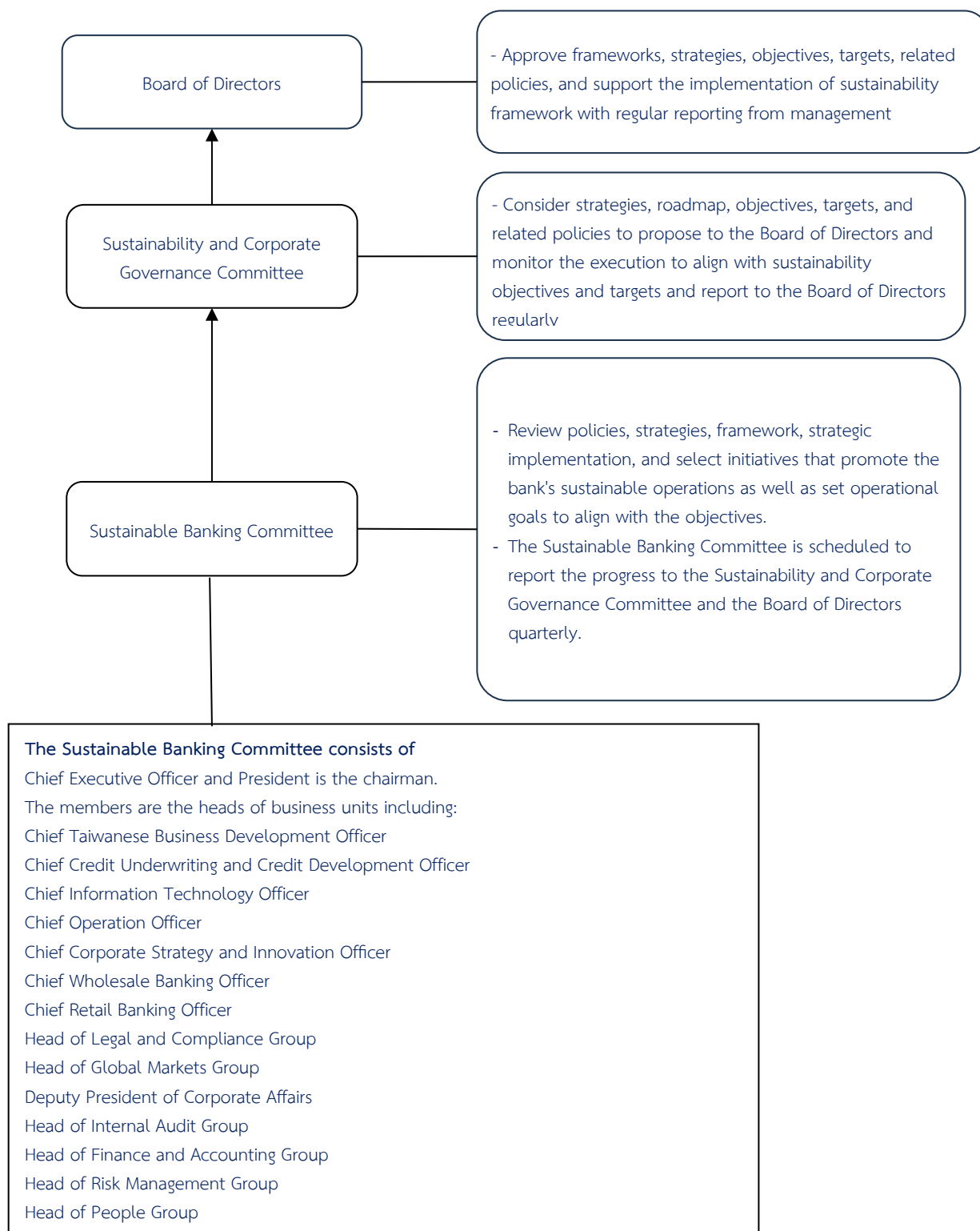
Sustainable Development Framework	Environmental	Social	Economic
Target	Reduce greenhouse gas emissions from own operations by 25 percent, compared to that of the base year 2020 within 2030* * Scope 1 and 2 from own operations of the head office	<ul style="list-style-type: none"> - Support investments in businesses for sustainable development - Use digital innovation to develop financial products and services (Innovative Digital Finance) 	Encourage the transition to a green economy
Strategy	Improve the utilization of energy and resources in operation process to be more effective and reduce negative effects on the environment caused by business activities in both head office and branches	<ul style="list-style-type: none"> - Develop financial products and services to support customer transition to green business - Create the system that provides financial services and innovations that are easy to access and safe and encourage the provision of financial knowledge to customers and public 	Set governance mechanism in operating business to be in line with corporate governance principles and regulatory requirements to support the bank's sustainable growth and drive operations according to sustainability framework operations

Governance Structure for Sustainable Operation

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 are in line with the UN's goals.

The bank has established a governance structure for sustainable operation by assigning the Sustainability and Corporate Governance Committee to oversee and monitor sustainable business operations and the Sustainable Banking Committee, chaired by the Chief Executive Officer and President, to push, follow up and evaluate the implementation of the framework and sustainability 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 certified 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

Environmental Dimension	Social Dimension	Economic Dimension
<p>Amount of credit outstanding granted to the green energy companies in 2023 was about Baht 12,214 million.</p>	<p>Number of complaints from employees regarding labor operations in 2022 was 0.00 percent which remained the same as in 2021.</p>	<p>Level of satisfaction of customers who received services from branches in 2023 was 96.70 percent, increased by 0.60 percent when compared to 96.10 percent in 2022.</p>
<p>Carbon Credits According to the assessment result of GHG emissions arising from various activities in 2022, the bank has succeeded in offsetting corporate carbon footprint of 2,378 tons of carbon dioxide equivalent (tCO₂e), accounting for 100 percent of carbon dioxide levels emitted from scope 1, 2 and 3 sources and equivalent to planting 158,534 perennial trees.</p> <p><u>Proportion of greenhouse gas emissions</u> (Scope 1-2) to operating income in 2022 rose to 26 percent, increased by 6.5 percent compared to 21 percent in 2021. Note: the bank is in the process of preparing a report requesting for carbon footprint verification and certification from an external verifier. The result will be submitted for consideration for registration in the 2024 meeting of the Thailand Greenhouse Gas management Organization (Public Organization) which is the evaluation result for 2023.</p> <p>Reduction in greenhouse gas emissions with paper management</p>	<p>The rate of employees who got injured while working in 2023 was 0.00 percent which remained the same as in 2022.</p> <p>Support for the development of society, community and environment in 2023 valued at about Baht 2.5 million.</p>	





<p>In 2023, the bank used 12,511 reams of paper, increasing by 6 percent from 11,771 reams in 2022 since the bank added more varieties of financial products with more customers. Nevertheless, the bank still set out the plan to reduce paper consumption by 5 percent of the total amount of paper consumed each year by applying technologies to provide more electronic service channels.</p> <p>Energy Management</p> <p>In 2023, total electricity of 1,972,718 kWh was consumed, an increase of 16 percent compared to 2022. The situation of COVID-19 pandemic returned to a normal state. The bank had a greater number of employees working in the office.</p> <p><u>The proportion of electricity consumption to operating income in 2023</u> was 0.022 percent, an increase of 0.002 from 0.020 percent in 2022.</p> <p>Waste Management</p> <p>The bank campaigns for engagement in environmental conservation in everyday life, such as Reuse, Recycle and Reduce. As a result, the amount of waste from business operations was reduced from 28,323 kg in 2021 to 12,251.59 kg in 2022 or 57 percent and the amount of recycled waste decreased from 8,320 kg in 2021 to 6,447 kg in 2022 or 23 percent.</p> <p>The proportion of business waste to revenue from operations in 2022 was 0.0001 percent, decreased by 0.0002 percent compared to 2021 at 0.0003 percent.</p> <p><u>The proportion of recycled waste to municipal waste in 2022</u> was 111.07 percent, an increase of 69.47 percent compared to 41.59 percent in 2021.</p> <p>Note: Waste management information for the year 2023, the bank is in the process of preparing a report requesting for verification and certification from an external verifier.</p>		
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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

The bank has published the details of Corporate Social Responsibility for Business Sustainability Policy on the bank's website (www.lhbank.co.th).

Objectives of Corporate Social Responsibility for Sustainable Business Development Policy

- To raise awareness and inculcate a sense of accountability 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

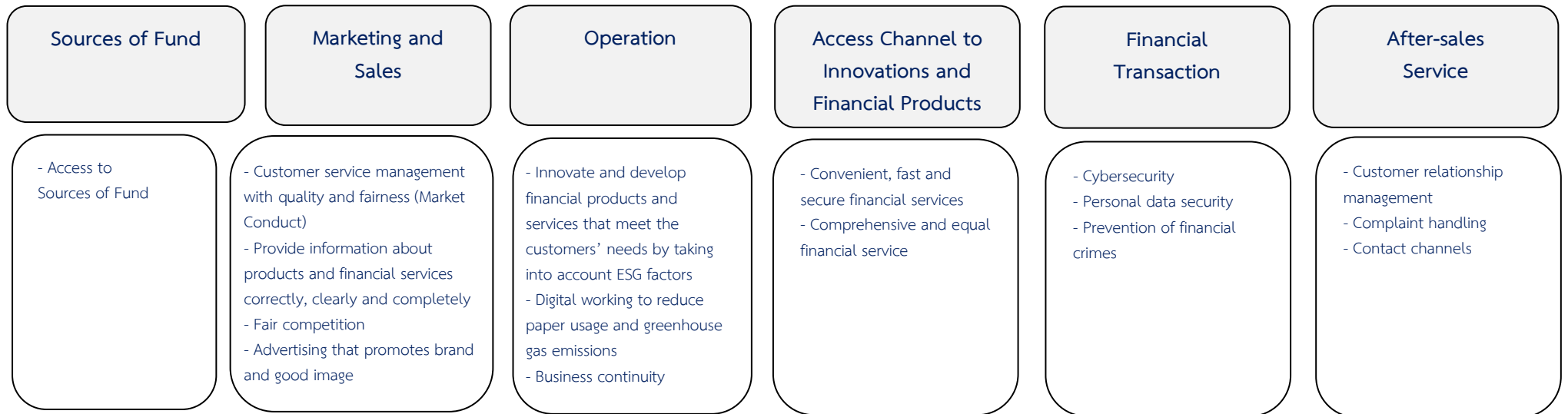
3.2 Value chain management

The bank is aware of the importance of stakeholders in business value chain from upstream to downstream, focusing on sustainable business operations, which do not impact society and environment throughout the value chain coupled with analyzing the needs of both internal and external stakeholders as to respond to their expectations and reflect social and environmental responsibility for sustainable business development.





Value Chain
Main Activities



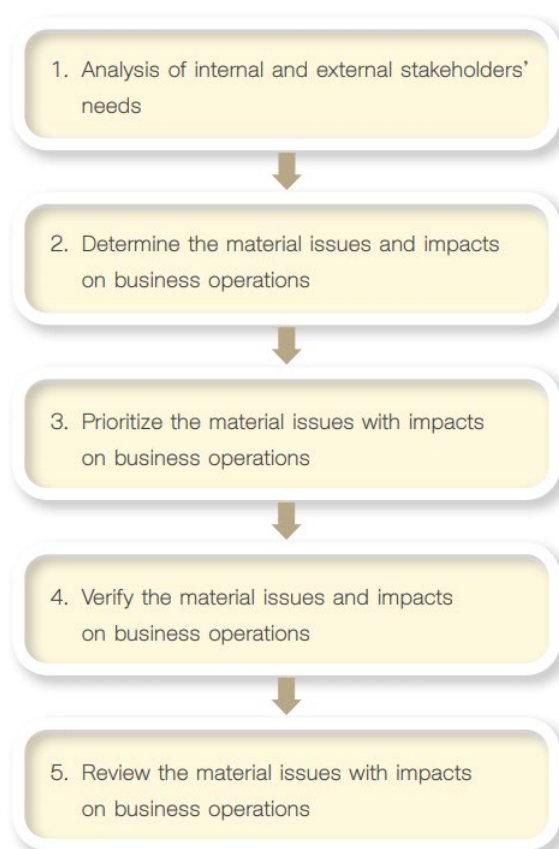
Supporting Activities





The bank puts priority to the sustainable business development reporting as part of the annual report for through communication with stakeholders to know the policy, management guidelines and the outcome of social and environmental responsibilities under the reporting framework of the Corporate Social Responsibility Institute, the Securities and Exchange Commission, and the Stock Exchange of Thailand. The content of the report covers the bank's performance by collecting data from responsible departments from January 1, to December 31, 2023.

The bank presented the content of the sustainable business development report with the analysis for the needs of both internal and external stakeholders. The result was then applied to determine material issues and impacts on business operations under the social responsibility for sustainable business development policy as follows:



1. Analysis of Stakeholders' Needs

The bank puts the emphasis on the rights of all groups of stakeholders by providing the process to analyze the needs of both internal and external stakeholders with the process for analyzing and prioritizing stakeholders by considering various related factors such as the context of relationships with stakeholders, relationship to creating added value throughout the supply chain, stakeholder expectations, impacts on the bank's operations in terms of society, economy, environment and corporate governance, interdependence, ethics and responsibility to stakeholders, etc. These aim to create positive impacts for all groups of stakeholders in the value chain through organizing various activities and communication channels. For instance, the survey of employees' engagement towards





the bank has been done so that the bank will make use of the information to determine the practical guidelines consistent with the good 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 for appropriate practices.



Engagement of Stakeholders

The bank pays attention to both internal and external stakeholders with equality and fairness. The bank is aware that engaging with stakeholders is a foundation of good corporate governance. Therefore, the bank has determined the practical guideline for stakeholders in writing in the code of conduct and the code of ethics for employees and properly build engagement with stakeholders by considering the issues that stakeholders provided expectations and perspectives on the bank's business operations, impacts from business operations throughout supply chain to determine the guidelines and procedures with stakeholders appropriately and efficiently. These processes enable the bank to reduce negative effects while enlarging positive effects constantly and efficiently. As a result, the organization can develop towards sustainable growth.





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

Stakeholders' Engagement Process

Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
1. Shareholders	<ul style="list-style-type: none"> - Appropriate compensation and sustainable growth - Good business performance, stable growth under appropriate risk - Work with transparency, fairness and accountability - Prudent risk management - Operate business ethically and considering in social, economy, environment and governance - Qualification and experience of directors and executives. The proportion of independent director - Disclose information with correctness, equality and transparency - Prevent personal right violations of shareholders and personal data of shareholders 	<ul style="list-style-type: none"> - Organize the Annual General Meeting of Shareholders once a year - Hold a press conference and analyst meeting twice a year - Publish the annual report - Disclose correct and complete information through various channels in a timely manner for equitable and transparent information access - Provide channels for inquiries via the bank's website - Provide the channels for suggestion, whistleblowing and complaint through the channels provided by the bank 	<ul style="list-style-type: none"> - Business operations under good corporate governance principles - Anti-Corruption - Shareholders' personal data protection - Respect for shareholders' right equally - Generate good performance under proper risk management - Disclose correct and complete information through various channels in a timely manner for equitable and transparent information access - Provide a chance for minority shareholders to propose material issues useful for business operation via the bank's website and the Stock Exchange of Thailand to consider adding them into the agenda of the Annual General Meeting of Shareholders with the following rights: <ol style="list-style-type: none"> 1. To propose the agenda for AGM 2. To nominate qualified candidates for directorship election 3. To propose questions in advance - Invite shareholders to attend AGM and share their opinions - Provide the channels for whistleblowing about fraud, corruption and complaint
2. Board of Directors	<ul style="list-style-type: none"> - Perform duties with transparency following the corporate governance principles 	<ul style="list-style-type: none"> - Organize the Board of Directors meeting every month - Establish sub-committees to consider and screen proposals 	<ul style="list-style-type: none"> - Business operations under good corporate governance principles - Management with efficient, transparency in line with the corporate governance





Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
	<p>for sustainable growth of the organization</p> <ul style="list-style-type: none"> - Treat all stakeholders on the basis of fairness for the best interest of the bank and shareholders by taking into account all groups of stakeholders. - Sustainable growth of performance 	<p>before submitting to the board</p> <ul style="list-style-type: none"> - Provide self-assessment for directors as follows: <ol style="list-style-type: none"> 1. Self-assessment of the Board of Directors and sub-committees on a collective basis 2. Self-assessment of the Board of Directors and sub-committees on an individual basis 3. Cross-assessment of directors 4. Good corporate governance self-assessment 	<p>and sustainable development guidelines</p> <ul style="list-style-type: none"> - Business operations by taking into account all group of stakeholders - Provide sufficient and complete information in a timely manner - Engage in good governance activities - Promote, support and develop knowledge related to the duties of directors and the bank's business - Provide orientation program for new directors - Use the results of self-evaluation to improve work to be more efficient
3. Employees	<ul style="list-style-type: none"> - Arrange trainings and seminars for knowledge and potential development - Improve knowledge and skills in daily life - Always keep a workplace hygienic, clean and safe - Provide appropriate tools and equipment at work - Provide suitable remunerations, right positions with proper benefits - Allow enough time for work-life balance of employees 	<ul style="list-style-type: none"> - Arrange welcome the newcomers on the first day at work - Provide orientation for new employees - Arrange capacity building learning for all levels of employees and increase the learning channels via the intranet and PacD, enabling them to learn anywhere anytime to enhance their capability - Arrange activities to enhance teamwork - Introduce activities to build employees' engagement and morale - Provide channels to receive complaints, grievances, opinions and suggestions - Establish the Safety, Health and Environment Committee for driving the policy and the plan for occupational health, safety and environment in a workplace - Hire people with disabilities to pursue their career and live in the society with pride 	<ul style="list-style-type: none"> - Encourage employees to instill corporate values - Prepare succession plans for executives and key positions - Survey market rate of compensation on a regular basis as to improve to align with proper industrial standard or reasonable standard of living - Protect and do not persecute or impose any disciplinary proceedings against an employee who reports any wrongdoings with integrity to executives or public agencies - Improve working environment to align with occupational health and safety guidelines - No discriminations on employments regardless of ethnic, race, gender, status, religion, political views or age - Promote employment for vulnerable labors, such as providing opportunities to employ people with disabilities - Develop human resources by providing skill trainings and capacity building for employees by creating opportunities for learning and promotions for career progress - Do not lay off or terminate any





Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
		<ul style="list-style-type: none"> - Provide learning and communication channels to promote learning - Prepare the occupational health and safety policy as well as analyze and determine the measures for risk control on occupational health and safety at work 	<ul style="list-style-type: none"> - employee which is solely based on the management's decision or discrimination - Promote and respect human right protection by not supporting labor coercion - Respect for the rights to freely express opinions of employees and comments without interventions and provide channels for the voice of employees - 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 standard or reasonable standard of living
4. Customers	<ul style="list-style-type: none"> - Customers relationship management - Provide services for customers with quality and fairness (Market Conduct) - Satisfaction for a wide variety of quality products and excellent services - Promptness in hearing and responding to customers' requirements - Maintain customer confidentiality - Equal treatment of customers 	<ul style="list-style-type: none"> - Conduct the customers' satisfaction survey for branch services - Offer products that can satisfy customers' needs, 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 data - Publicize products and services completely and transparently - Provide channels for customers to give recommendations, comments or complaints - Conduct a customer satisfaction survey regularly 	<ul style="list-style-type: none"> - Apply the survey results of customers' satisfaction to improve its services and products - Study customers behaviors as to improve services and strengthen relationship - Give product information accurately, clearly and easily-to-understand - Collect suggestions or feedbacks for improvements - Innovate and create products and services that meet consumers' needs - Publicize full information of products and services through various channels easily accessible by consumers to support their decisions - Provide assistance and answer customers' enquiries to promote good understanding on products and services - Collect complaints and cope with them promptly - Arrange activities to create good relationship with customers - Have customers' data security measure in place





Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
5. Community, Environment and Society	<ul style="list-style-type: none"> - Support communities' activities - Promote and enhance learning and knowledge - Develop quality of life and promote income generation to community through various CSR activities - Promote and support government's policies - Preserve environments and effective use of resources - Social and environmental impacts that might arise from the bank's operations. - Collect the voice of neighboring communities 	<ul style="list-style-type: none"> - Organize the Green Office project to reduce electricity and paper use as well as shift to use environmentally-friendly office automations - Hold the Children's Day activities to pass on smile to kids - "LH Bank Support Scholarship" project provides scholarships for students with good records and commitment to further their study until high school level - Donate used computers project to promote learning among youths in needs - "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 - "The Dolls for Children" project to fulfill smile and happiness for children - "Save the Mangrove Forest, Reforestation" project planted 1,717 mangrove trees to increase the area of absorbing carbon dioxide - "Learning Library" project to instill reading habits in youth and create an environment conducive to learning along with giving books for skill enhancements and sports equipment to various schools - "Give Books and Learning Materials to the Department of Corrections" to promote knowledge of prisoners - Voluntary blood donation project, 1 Giver 3 Receivers, to 	<ul style="list-style-type: none"> - Perform business with ethics in parallel with environmental and social responsibilities - Support social activities and promote employees' engagement - Support and promote education to improve educational quality and accessibility - Promote cultural, traditional and religious activities - Promote effective use of resources - Listen to the opinions of nearby communities as to improve or support social activities - Support the cultural, traditional and religious activities - Provide appropriate emergency plan to prevent losses and damages on environment - Open a chance and facilitate all related parties to express their creative ideas which are the foundation for creating innovations leading to continuous creation of innovations - Promote and cooperate with the stakeholders, such as trade partners, to develop innovations - 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.





Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
		<p>help patients in hospitals from their illnesses nationwide</p> <ul style="list-style-type: none"> - “RUN for LIFE” project for employees to engage in social activities together by running an accumulated distance of 30 kilometers within 30 days, convert it into donations for underprivileged children of the Foundation for Slum Child Care - Financial and non-financial donations, debt restructuring by reducing installment, giving more loans for victims or customers impacted by natural disasters - Prepare proper emergency plan to mitigate loss 	
6. Business Partners	<ul style="list-style-type: none"> - Perform business with transparency and fairness - Treat all business partners with fairness and equality - Receive accurate, sufficient and equal information - Fair selection business partners - Transparent procurement process with fair compensation - Facility and process sharing: refer customers in Land and Houses financial business group to partners - Information sharing: exchange business data - Network extension: 	<ul style="list-style-type: none"> - Meet with trade partners. - Conduct marketing campaign with business partners of Land and Houses financial business group - Collect suggestions or complaints - Set up the Procuring Committee in order to manage procurement process appropriate and fair for business partners - Communication about Anti-corruption with the Thai Private Sector’s Coalition via various channels of the bank - Post the No Gift Policy through various channels of the bank 	<ul style="list-style-type: none"> - Create partnerships with potential business partners so that they can refer other customers to use our services - Make payment for products and service in a timely fashion - Transparent selection of service providers - Comply with trade terms and conditions and agreements - Create partnerships with potential business partners - Fair business practices - No trade barriers - Customer data security





Stakeholders	Interests and Expectations	Engagement and Communication Channels	Practice and Response
	extend networks together with partners - Keep customers' information confidential		
7. Competitors	- Perform business with transparency and fairness and comply with the rules of honest and fair competition	- Comply with the rules of fair competition without dishonest method	- Fair competition - No monopoly agreements with competitors - No agreements with competitors which reduce competition in the market - No seeking for competitors' confidential information through dishonest means
8. Creditors	- Pay interest and payback when due	- Comply with the contract or terms and conditions in the agreements and duties	- Comply with the contract or any conditions in the agreements and duties - Collect suggestions or complaints

2. Determining Material Issues Affecting Business Operations

The bank takes into account all critical issues, opinions, suggestions and expectations affecting business operations, derived from the analysis of internal and external stakeholders' demand 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 as 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, 10 issues in total. The issues were then prioritized in materiality matrix. The vertical axis represents the key issues critical for stakeholders and the horizontal axis shows the issues critical for the bank.



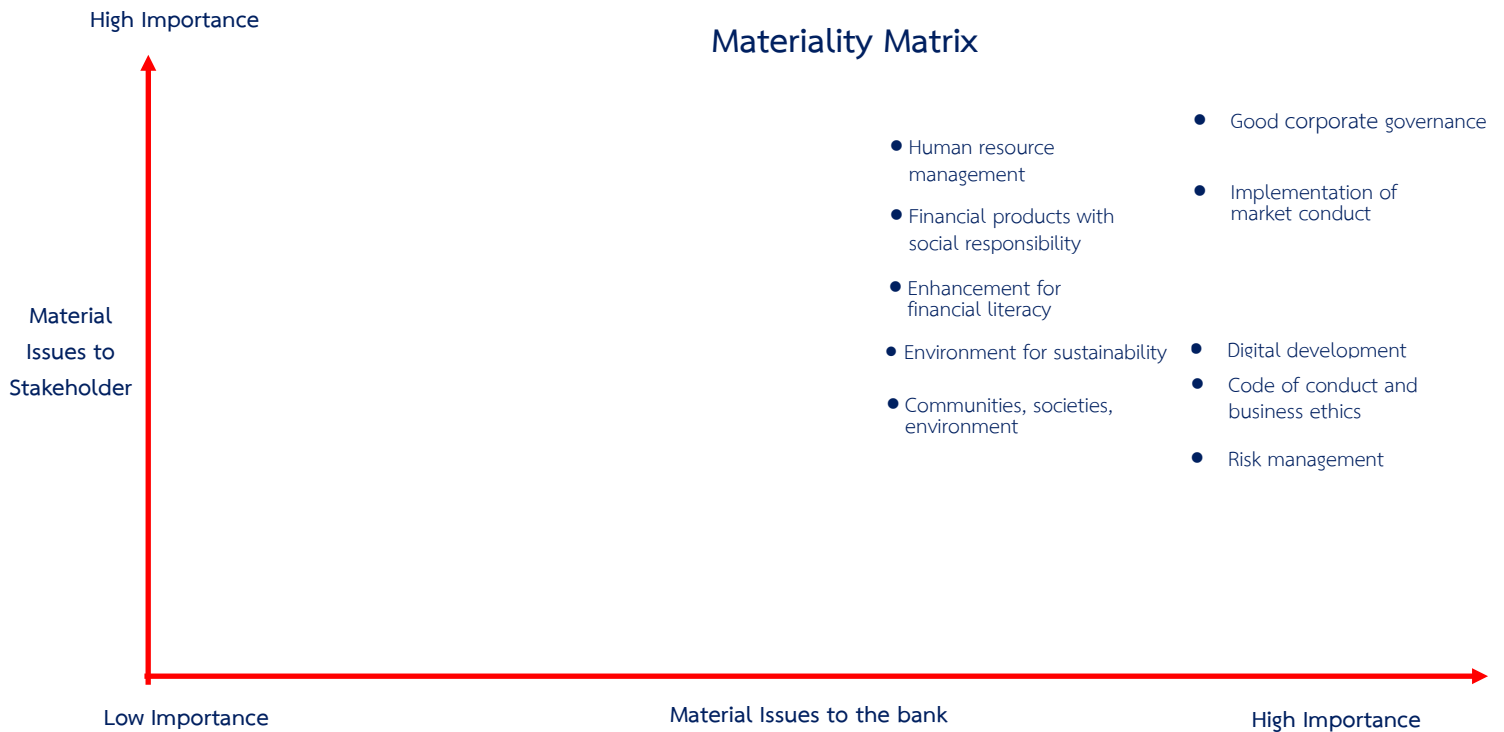
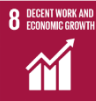




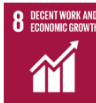



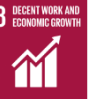



Table : Analysis of Material Issues Affecting Business Operations

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	- Companies in the financial business group - Directors, executives and employees	- Shareholders - Customers - Business Partners	Good corporate governance	16 PEACE AND JUSTICE: STRONG INSTITUTIONS
Market Conduct	GRI 102-43 GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1	- Companies in the financial business group - Directors, executives and employees	- Customers	- Sustainable business operations - Responsibilities towards customers	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION





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)
Digital Development	GRI 203-2	- Companies in the financial business group	- Customers	- Innovations and Dissemination of innovative social responsibilities	   
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	- Companies in the financial business group - Directors, executives and employees	- Shareholders - Customers - Business 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	- Companies in the financial business group - Directors, executives and employees	- Shareholders - Customers - Business 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	- Companies in the financial business group - Directors and executives	- Business Partners	- Fair treatment of labors - Respect for human rights	     





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)
Financial Products with Social Responsibility	GRI 2-6 GRI 201-1 GRI 203-1 GRI 203-2 GRI 417-1	- Companies in the financial business group - Directors, executives and employees	- Customers - Community, Environment and Society	- Enhancing accessibility to financial services	     
Enhancement for 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	- Companies in the financial business group	- Customers - Communities, Societies and Environment	- Development of Communities and Societies	    
Environment for Sustainability	GRI 305-1 GRI 305-2	- Companies in the group	- Customers - Communities, Societies and Environment	- Environmental Sustainability Management	   
Communities, Societies and Environment	GRI 201-1 GRI 203-1 GRI 203-2 GRI 413-1 GRI 419-1	- Companies in the financial business group	- 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 Sustainability and Corporate Governance Committee for acknowledgement and operational guidelines. These material issues have also 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.

Checking Quality of Report

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

Persuading 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 encouraged 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 the bank's employees.

Responsible Lending and Investment

The bank has determined the responsible lending guidelines to concrete implementation for the credit team and to be aware of credit offering that might lead to risk and impacts on the environment, social, and governance (Environmental, Social and Governance Risk : ESG Risk). If they are not managed appropriately, it may have both direct and indirect effects on the reputation and performance as well as the quality of life, community economies and country. To prevent the bank from being used as a tool for money laundering by fraudsters or culprits in accordance with the AML law, the bank has provided the AML/CFT compliance program, anti-money laundering and countering terrorism and proliferation of weapon of mass destruction financing (AML/CTPF) policy which prohibits the bank from accepting customers or providing financial transactions to persons who are specially designated national (SDN) announced by the Anti-Money Laundering Office (AMLO) and those announced by other countries. The bank has implemented a filtering system to detect designated persons. Moreover, the bank has a customer acceptance process including Know Your Customer (KYC), Customer Due Diligence (CDD) according to AMLO's criteria and guidelines, screening customer lists on a daily basis and reviewing customer information (Periodic KYC Review) throughout the period of being a bank customer according to the money-laundering risk rating to ensure that the bank's customers are not designated persons.





Credit Underwriting Following Environmental, Social and Corporate Governance Risks

For credit underwriting, the bank is aware of the importance of environment, society and good governance. However, credit approval lies upon the strict and prudent approval processes. If the businesses of customers bring about negative side effects on economy, society and environment, the bank will not support any loan for them.

Customer Relationship Management

Land and Houses financial business group is committed to upgrading the level of service quality by conducting a customer satisfaction survey in order to deeply understand their requirements in order to improve the service quality. Besides, service standard is regularly revised to ensure effective and timely delivery of services to customers and communicate it to employees to be aware of the importance of providing high-standard services with constant quality check of services.

Supply Chain Management

The bank is aware of the importance of growing businesses that do not affect 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 elevation of the standard on environmental and social operations according to the bank's code of conduct.

Moreover, to manage the risks of business partners not to have impacts on business, community and environment, the bank selects business partners with potential to conduct business with ethics, promptly adapt to changes that affect sustainability under the risk management plan and develop partners to be able to conduct sustainable business and grow together in the long term

The bank has also determined the practical guidelines for procurements and receiving services so that quality supplies and services can be obtained with appropriate price. The process for procurements and receiving 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 Procurement Committee. For fairness and equality, the selection of suppliers or vendors, the bank has determined the selection criteria by choosing from business stability, product specification, service and price.

Selection of suppliers or vendors comprises the steps as follows:

1. Acquire the lists of suppliers and vendors to meet the needs of users
2. Select the suppliers and vendors who do not involve in bribe, fraud and corruption 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 quality products at appropriate price with sellers who have no records of corruptions, or operate illegal businesses, no illegal labor policy, treat the business partners with transparency and fairness, take care of occupational safety in the workplace, and save environment in order to create a supply chain for mutual business operations which will benefit employees, community, society and environment.

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

In the year 2023, the bank had 546 business partners, decreasing by 19.7 percent when compared to 680 in the year 2022 due to the current update. And the bank informed them of procurement rules for their understanding and compliance with the procurement procedures with accuracy and transparency.

Monitoring, Checking 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 inspect 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 turning down their service.

Tax Management

The bank is part of 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 for 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 and provided seminars and trainings for related employees to improve their knowledge by taking into consideration the risks, 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 Sustainability and 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 Sustainability and 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 within the timeframe specified.

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

- Executive Committee
- Audit Committee
- Sustainability and 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, 2023. 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 and manage resources to achieve the target
- Formulate business strategies with the sustainable banking concept including environment, social and governance
- 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 directors and executives to perform their duties with responsibility, duty of care, integrity and compliance with laws, regulations and resolutions of shareholders meeting and Board of Directors as well as corporate governance disclosure; clearly determines the scope of duties and responsibilities and assignments for the CEO and president; and monitors the 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 agenda 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. In addition, the chairman has the duties to promote the culture of open session for sharing ideas during meeting and directors can discuss, argue and exchange ideas in a creative and straightforward manner.

- 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.

- The 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 an invitation letter of the meeting to all directors not less than 7 days before the meeting date, together with supporting documents at least 5 business 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 the CEO and 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 the CEO and President for acknowledgement.

7. The annual performance evaluation of the CEO and 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.

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 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 appropriate, sufficient and fair for business operations, consisting of at least 5 members and in line with the Articles of Association. For the sake of maintaining the independence of the chairman and division of powers, the chairman of the Board of Directors shall not be the same person as the Chief Executive Officer and 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 performance.

- The Board of Directors must have at least 3 independent directors or one-thirds of total directors, whichever is higher.

- All directors of the bank and independent directors shall have the qualifications in conformity to related laws, regulations of regulators, and the Articles of Association with regards to directors and good corporate governance principles, and possess intensive knowledge, experience, skills, expertise and integrity which are beneficial to the bank including independence for expressing their opinion, understanding of banking and no gender discriminations. Moreover, they shall pass the consideration by the Nomination and Remuneration Committee.





- 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 performance.

- 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 staff 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 regarding the directors and good corporate governance principles. Their knowledge, experience, skill, a wide range of expertise, honesty, specific competences useful for 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 appointment of directors shall be conducted transparently and clearly according to the specified agenda. Nominating any persons or 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.

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 Banks

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, executive director or authorized director in other companies of not more than 3 business groups and not more than 5 listed companies on the Stock Exchange of Thailand or abroad. The Board of Directors shall carefully consider the performance of directors who hold positions in other companies, ensuring that their sufficient time will be devoted to performing the bank's duties

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.

5. Number of Directors to Retire by Rotation

Directors who have held office for the longest term or one-thirds of the Board of Directors must retire by rotation at every Annual General Meeting of Shareholders. 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
- Sustainability and Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Oversight Committee

However, the chairman of the Audit Committee, chairman of the Sustainability and Corporate Governance Committee, chairman of the Nomination and Remuneration Committee and chairman of the Risk Oversight 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. Chayawan Budsayalap Thaidech, Vice President of Company Secretary and Translator Division, as the company secretary since April 24, 2023. 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 her to act with responsibility, duty of care 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 policy, method and criteria on remunerations of directors and the President has been defined reasonably and transparently in conformity to the their' duties and responsibility, the bank's performance, and their individual performance, aligned with the industry and sufficient to retain qualified directors. Directors' remuneration shall be proposed to the shareholders meeting for approval.

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. Self-assessment forms of the Stock Exchange of Thailand and the Thai Institute of Directors have 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 : For the Board of Directors, Nomination and Remuneration Committee and Risk Oversight Committee, 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

Scoring : For the Audit Committee and Sustainability and Corporate Governance Committee, the assessment form provides a check list for each topic "complied or not complied" as follows:

- If complied, please check (√) in the "Yes" box.
- If not yet complied or incomplete, please check (√) in the "No" box.

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.

Self-assessment results of the Board of Directors, Nomination and Remuneration Committee and Risk Oversight Committee for the year 2023, most items were marked in 4.

Self-assessment results of the Audit Committee and Sustainability and Corporate Governance Committee for the year 2023, most items were checked "Yes".

- **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
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 director in which they hold an office. The completed forms will then be returned to the secretary of each committee.

Self-assessment results of the Board of Directors and sub-committees on an individual basis for the year 2023, most items were marked in 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.

Result of cross-assessment for the year 2023, 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 Sustainability and Corporate Governance Committee collectively conducted the evaluation and proposed the results to the Board of Directors for consent.

Assessment Results of good corporate governance, 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.

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 2023

Name of Directors	Training and Seminar Program
1. Dr. Vorapol Socatiyanurak Chairman	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
2. Mr. Lee, Yu-Chou Vice Chairman	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
3. Mr. Pradit Sawattananond Independent Director	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023





<p>4. Prof. Piphob Veraphong Independent Director</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
<p>5. Dr. Supriya Kuandachakup Independent Director</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
<p>6. Mr. Pichai Dusdeekulchai Independent Director</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023





<p>7. Mr. Sirichai Sombutsiri Director</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
<p>8. Mr. Naporn Sunthornchitcharoen Director</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023
<p>9. Mr. Suei, Jung-Hsin Director (Appointed since September 1, 2023)</p>	<ul style="list-style-type: none"> ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023 ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: December 18, 2023





<p>10. Mr. Vichian Amornpoonchai</p> <p>Director</p> <p>Deputy President of Corporate Affairs Group</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Executive Reverse Pitch Organized by RISE Accel Co., Ltd Date: September 21, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023 ● Hackathon (Final Pitching) Organized by RISE Accel Co., Ltd Date: December 16, 2023
<p>11. Mr. Shih, Jiing-Fuh</p> <p>CEO and President</p>	<ul style="list-style-type: none"> ● IT Security Awareness Organized by ACIS Professional Center Co., Ltd. Date: June 19, 2023 and December 18, 2023 ● AML/CTPF Organized by Land and Houses Bank Public Company Limited Date: July 24, 2023 ● Personal Data Protection Act PDPA Overview Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: August 28, 2023 ● Executive Reverse Pitch Organized by RISE Accel Co., Ltd Date: September 21, 2023 ● Introduction to Climate Risk: Regulatory Requirements and Impacts on Banking Operation and Portfolio Organized by Deloitte Touche Tohmatsu Jaiyos Co., Ltd Date: October 26, 2023





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.

The total number of employees having the provident in 2023,

	Total Employee	Total Employee Having Provident Fund	Percentage
Land and Houses Bank Public Company Limited	1,326 persons	1,193 persons	90 persons

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 successors to maintain continuous and smooth business operations and to ensure that appropriate personnel are ready for the key positions crucial to the bank and determine the appropriate qualifications to be successors. Then, the plan has been set as to get them trained for preparedness such as Core and Leadership Competency and Coaching by the supervisor, and external experts such as Motivation & Purpose Discussion, Collect Development Progress Evidence, Networking Plan, Delegated Work Scope and Development Opportunities. In this regard, the succession plan, criteria and list of potential successors will be reviewed on an annual basis, and reported to the Board of Directors.





Personnel Development Guidelines for Succession to the Positions of President and Top Executives

1. Define Scope: Set the scope and timeframe for preparing the succession plan
2. Define Key & Critical Position: Define the key positions of the organization (N and N-1X positions) and determine the urgency of recruiting a successor. The urgency is divided into 3 phases:
 - Most urgent (Wave 1) means those currently holding the position aged 57 years of age or older
 - Moderately urgent (Wave 2) means those currently holding the position aged between 55 - 57 years
 - Less urgent (Wave 3) means those currently holding the position aged less than 55 years old
3. Identify Successor: Consider assigning a successor through the taking stock analysis assessment process, which evaluates the competencies required in the position (Leadership and Functional Competency)
4. Competency Gap Analysis: Conduct a 360-degree assessment to analyze strengths and weaknesses for development
5. Development & Monitor: Set development plans through a workshop process along with coaching by supervisors to transfer knowledge and create important connections necessary for taking over the position
6. Evaluate & Career Management Process: Evaluate the successor's readiness and assign him to act/succeed in the position

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 Nomination and Remuneration Committee will propose the Board of Directors to consider appointing directors and/or independent directors. In the case where the position of director is vacant for reasons other than retirement at the end of the term or propose the shareholders meeting to select directors and/or independent directors when a director vacates a position upon completion of term or appoint additional new directors based on the board skill matrix in order to find qualified directors with extensive experience suitable for the bank's nature of business, strategies and directions.

Board Skill Matrix

- Business Administration/Management	- Economics/Commerce/Finance/Accounting
- Strategic Planning/Business Strategies	- Internal Control
- Risk Management	- Marketing
- Fiscal Economics	- Human Resource Management
- Sustainable Development	- Information Technology
- Tax Law and Other Laws	





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 bank and be in accordance with the notification of the Capital Market Supervisory Board and good corporate governance principles. Also for recruiting and appointing individuals to serve as non-executive directors, they must have work experience related to the bank's business.

In addition, in 2023, the Nomination and Remuneration Committee selected qualified director with appropriate qualifications in line with the business strategy to hold the position of director in place of the resigned directors by nominating Mr. Lee, Yu-Chou and Mr. Suei, Jung-Hsin who possess sound knowledge, ability and experience related to the business and will be a great help to determine the direction and business plan of the bank. This has been approved by the Board of Directors and become effective on July 3, 2023 and September 1, 2023, respectively.

The details of criteria for the nomination of independent directors and qualifications of independent directors are disclosed in the topic of the Management Structure, Remuneration for Directors and Executives.

According to the recruitment criteria for the bank'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 2023 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, 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 determined a whistleblower policy to ensure the effectiveness of whistleblowing. The bank provides channels of receiving and handling complaints or other significant matters for both internal and external complaint, for example, whistleblowing via independent directors and bank's website. Moreover, the whistleblower shall be protected from any impact or damage.
- 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 employees 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.

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. Customers' personal information shall be collected, stored and used properly.
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 and its customers 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 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 following channels.

- 1) Mr. Pradit Sawattananond Chairman of Sustainability and Corporate Governance Committee
Email: WhistleblowingFG@lhbank.co.th
- 2) Mr. Jumpon Suwannawong Secretary of Sustainability and Corporate Governance Committee
Email: WhistleblowingFG@lhbank.co.th
- 3) The bank's website www.lhbank.co.th
- 4) Letter to Chairman of Sustainability and Corporate Governance Committee
1 Q.House Lumpini Building, South Sathon Rd.
Thungmahamek, Sathon, Bangkok 10120
- 5) Intranet for internal use

4. Procedure for handling whistleblowing reports or complaints

The Whistleblowing Handling Working Group was assigned by the Sustainability and Corporate Governance Committee which consists of head of People Group, Internal Audit Group, Legal and Compliance Group and related departments, as the case may be, in charge of scrutinizing internal facts from whistleblowing reports about wrongdoing or corruption, including reporting and following up on consequences and presenting to the CEO and president and the Sustainability and Corporate Governance Committee.

5. 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.

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
Email: pradits@lhbanks.co.th		
Dr. Supriya	Kuandechakupt	Member of the Audit Committee
Email: supriyak@lhbanks.co.th		
Prof. Piphob	Veraphong	Member of the Audit Committee
Email: piphobv@lhbanks.co.th		
Mr. Pichai	Dusdeekulchai	Member of the Audit Committee
Email: pichaid@lhbanks.co.th		

Bank's website	:	www.lhbanks.co.th
E-mail	:	presidentoffice@lhbanks.co.th
Call Center	:	1327





In 2023, the bank took actions to whistleblowing procedures as follows:

1. The bank communicated the whistleblower policy for executives and employees through PacD application.



2. The bank did not receive any whistleblowing complaints on corruption.

Preventive Measures for Whistleblowing

The bank has the preventive measures by adopting guidelines for risk management and good internal control based on the 3 lines of defense guidelines for supervision as follows:

First Line of Defense includes executives and employees by campaigning for strict compliance with the code of conduct, rules, regulations, and related policies and communicate and emphasize the policy on an annual basis to acknowledge the guidelines, nature of misconducts, whistleblowing channels and punishment.

Second Line of Defense is the risk management by evaluating the efficiency of the banks risk management system and supervision of legal compliance and related regulations.

Third Line of Defense is the inspection and review of operations to ensure that the bank has a good internal control.

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 employees 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.





- Disclose the implementation of the social responsibility policy for sustainable business development in various activities of the bank as well as promote employee participation in compliance with the policy and instill awareness of social responsibility among employees of the organization continuously
- Prepare the report on sustainable business development for social responsibilities

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 all 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 the 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 employees, 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 as a mechanism to drive the policy to a success.

5. Reinforcing Fair Treatments of Stakeholders

Fair Treatments of Employees

The bank reinforces the fair treatment of employees based on human right principles and considers their needs to aim for a good relationship between employees and the organization by strictly adhering to work regulations and employment laws, promoting skill development, continuously enhancing potential, stability and career advancement. The bank evaluates the performance and manages the compensation and benefits that are commensurate with the duties, responsibilities, and abilities of employees. A provident fund has been established to provide employees with a good quality of life for retirement, including life insurance and health insurance for employees to provide security for their families.

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. The bank does not seek confidential information of competitors through inappropriate methods or dishonest means, such as bribing competitors' employees, and will not destroy the reputation of business competitors by making malicious accusations. In 2023, there were no disputes and lawsuits among the bank and its partners, competitors, and creditors.



**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 companies 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 its operations have complied with supervisory regulations, provides the procedure for related party transactions with performance report, data storage and booking according to financial reporting standards.

In 2023, the bank has not committed any offenses or violations of the law until criminal proceedings have been taken or civil sanctions or administrative action.

Head of Compliance Division

Name	: Mr. Narongpol Chotset
Position	: Head of Compliance Division
Age (Years)	: 42
Education	- Master of Engineering, Electrical Engineering, California State University, Long Beach, U.S.A. - Bachelor of Engineering, Electrical Engineering, Kasetsart University
Trainings	- Compliance Course, Land and Houses Bank PLC - Personal Data Protection Act, B.E. 2562 - Anti-Money Laundering and Combating the Financing of Terrorism: AML/CFT - Information Technology Security Awareness Training 2023 : LH Bank





- PDPA update 2023 : LH Bank
- Compliance : External Parties
- ASCO Compliance Training Program
- Training on Securities Business Operations for Head of Compliance

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
May 2022 - Present	Head of Compliance Division	Land and Houses Bank PLC
2020 - 2022	Head Compliance	ICBC (Thai) Leasing Co., Ltd.
2014 - 2019	Senior Bank Examiner	The Bank of Thailand

Duties and Responsibilities:

Regulatory and Corporate Compliance Department

- To be a center of rules, regulations and regulatory requirements regarding commercial banking business
- To oversee, monitor and control the bank's operations in compliance with the Financial Institutions Business Act, B.E. 2551, Securities and Exchange Act, B.E. 2535, their amendments as well as relevant regulatory requirements
- To analyze the notifications and regulatory requirements, 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 relating to wholesales banking business
- To evaluate appropriateness of processes and practices on compliance when new products/services or new businesses relating to wholesales banking business are launched
- To give advice and recommendation on regulations of the Bank of Thailand and other regulatory requirements relating to wholesales banking business
- To be a center for the preparation of permission/approval letters, request for waivers and consultations, and report to the Bank of Thailand, relating to wholesales banking business
- To provide the compliance actions and annual plans regarding wholesales banking business as required or requested by regulators

Compliance Testing Department

- To be center of retail product regulations
- To supervise the bank's operations in accordance with the Financial Institutions Business Act B.E. 2551 and its amendment as well as related regulations





- To analyze announcements and regulations, and determine operational plans in accordance with business units, such as the formulation of policies, regulations, operational manuals on retail banking products
- To assess the effectiveness of the process or new product launching guidelines relating to retail banking products
- To provide advice on regulations of the Bank of Thailand and other government regulations relating to retail banking products
- To be the center for the preparation of permission letters, request for waivers and advice, and report to the Bank of Thailand and other government regulations relating to retail banking business
- To provide plans, ensure the implementation of such plans in line with the business plans and supervise the regulatory compliance on matters relating to retail banking products
- To prepare an annual report concerning retail banking business for submission to the Bank of Thailand, the Securities and Exchange Commission and the Office of Insurance Commission
- To regularly organize trainings for employees at all levels on relevant laws and regulations
- To supervise, monitor and review information related to customer complaints and handle such complaints effectively

Data and Information Technology Compliance Department

- To be a data center of information technology by setting up supervisory guidelines or regulations and work process in compliance with international standards, rules and regulations, randomly review operations to comply with regulations, monitor identified defects and propose solutions
- To request for permission, waiver, consultation and acknowledgement of IT-related matters
- To oversee IT operations to comply with laws, policies, rules and regulations
- To oversee the use of IT outsourcing services by supervising and reviewing the draft contract of IT outsourcing services as required by the Bank of Thailand
- To oversee the review of policies, charter, rules and regulations and IT and FATCA operation manuals according to the specified period
- To renew the license of smart card reader software
- To compile data set reports used for IT compliance tasks and other reports as required by the Bank of Thailand and the Securities and Exchange Commission
- To report significant events (Incident Report) and temporary shut down of IT system to the Bank of Thailand and the Securities and Exchange Commission
- To compile the statistical records of IT system failures from 4 channels: mobile banking, internet banking, ATM/ADM and branches, and disclose such failures affecting critical services
- To prepare and submit the annual report to the Bank of Thailand and the Securities and Exchange Commission



**AML/CTPF Compliance Department**

- To oversee the operations relating to FATF standards in terms of the Anti-Money Laundering and Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing: AML/CTPF and Foreign Account Tax Compliance Act. (FATCA) to align with relevant laws, policies and regulations, to be a center of official data for the said standards and to assess the compliance with relevant laws, policies and regulations
- To randomly review the AML/CTPF operations against regulations and monitor identified defects and propose solutions
- To inspect financial transactions according to orders of regulators
- To verify information according to 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, the Counter-Terrorism Financing Act, B.E. 2556 and the guidelines on Customer Due Diligence for Financial Institutions, banking and their amendments as well as relevant regulatory rules and regulations for all employees
- To prepare and submit the annual report to the Bank of Thailand and the Office of Securities and Exchange Commission

Compliance Division

- To prepare strategic plans for compliance as the guideline for operations to comply with policies
- To provide the annual compliance report to the Bank of Thailand, the Securities and Exchange Commission and other regulators as required

Number of Personnel in the Compliance Division as of December 31, 2023

There were 27 staffs in the Compliance Division in total consisting of 4 in Regulatory and Corporate Compliance Office, 4 in the Compliance Testing Office, 5 in the Data and Information Technology Compliance Office, 10 in the AML/CFT Compliance Office and 4 in the Compliance Office.

4. Prevention of Conflicts of Interest

The Board of Directors takes heed of transactions with potential conflicts of interest, inappropriate connected transactions and connected transactions whose pricing and conditions should be determined similarly to those of external parties. In addition, the disclosure of information shall conform to rules, regulations and laws.





Conflicts of Interest Prevention Policy

To run the business, the Board of Directors places importance on building credibility and trust and considering the best interests of the bank's shareholders and all related parties while preventing any loss and damage to the bank's reputation and image. The bank then determines the conflicts of interest policy to be adhered to as the operational guideline. Its principle and practical guideline are as follows:

Conflicts of Interest Principle

1. The bank's transactions shall be conducted by eliminating conflicts of interest with prudence and rationale within a good ethical framework for the best interests of the bank, shareholders and all groups of stakeholders. Therefore, directors and executives who may have benefits related to the bank's transactions shall be prohibited from perusal process or approval process.
2. Transactions between the bank and companies in the financial business group shall be conducted at arm's length with those of other individuals who possess a similar risk level, as required by policies, regulations and laws.
3. Any related-party transaction, connected transaction and information disclosure shall comply with rules, regulations and related laws.
4. Directors and executives shall strictly follow the insider trading policy.
5. Directors and executives shall disclose the information about transactions with companies in the financial business group accurately and adequately for the purpose of making decisions, consideration and approval of the said transactions of the bank or companies in the same 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 emphasizes 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 of measures

The bank has disclosed the details of transactions with potential conflicts of interest or connected transactions as regulated by the Securities and Exchange Commission and Capital Market Supervisory Board in the annual report. The disclosure of related party transactions has also been made to the Stock Exchange of Thailand and connected transactions have also been revealed in the notes to the financial statements.

Directors shall immediately inform the bank when having conflicts of interest both directly and indirectly in any contracts of the bank or in case of any doubts over conflicts of interest.





At the Board of Directors' meetings or shareholders meetings, the bank's directors, executives, or shareholders who hold stakes in any agenda items shall promptly inform their stake information and related persons' stake information to the meeting for acknowledgment. They shall have no rights to vote in such agenda so that the meeting can consider and make decisions for the benefits of the bank.

Any directors or persons who may have stakes or conflicts of interest in any agenda items shall not participate in the consideration and have no authority to approve the operations or cast votes for such agenda items as required by the Securities and Exchange Commission and/or the Stock Exchange of Thailand. The details of stakes and conflicts of interest shall be recorded in the resolution of that agenda in the meeting minutes.

Directors are responsible for reporting their securities trading and changes in their securities holding in the bank to the Board of Directors.

The Board of Directors is aware of transactions with potential conflicts of interest, inappropriate related party transactions or connected transactions whose pricing and conditions shall be set at arm's length with external parties. In addition, the disclosure of information shall conform to laws and regulations.

In 2023, the bank posted the conflicts of interest policy through the bank's intranet with 100% acknowledgement by executives and employees.

Anti-corruption Policy

The bank is determined to operate its business in line with laws, honesty, moral, code of conduct and business ethics, as defined in organizational values. The bank also aims to perform business together with social responsibility and good corporate governance. The bank then formulates the anti-corruption policy to be used as the operational guideline and joined the Thailand's Private Sector Collective Action Against Corruption (CAC). Key executions are as follows:

1. The bank places an emphasis on the anti-corruption as follows:

1.1 Gifts, Hospitality and Benefits

Do not give or accept any gifts or presents including other benefits that motivate employees to perform or neglect their duties unlawfully or may cause any inappropriate relaxation in business agreement. It is required to follow the requirements stipulated in the code of conduct and business ethics, the code of ethics for directors and for employees.

1.2 Bribes and Incentives

Do not give or accept all forms of bribes and incentives, and do not assign others to give or take any forms of bribes and incentives on one's behalf

1.3 Charitable Donations and Sponsorship

Charitable donations and sponsorship must be transparent and not contrary to laws and morals.



**1.4 Political Activities and 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, unless the sponsorship is permitted by law for democracy promotion. Such support needs approval from the Board of Directors before proceeding.

2. A director 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. A director shall not ignore or neglect when seeing any actions that are related to corruption in the bank. It must be reported to the responsible persons or units and they must collaborate with the investigation process.

4. The bank shall provide proper supervision for the operations of the companies in the financial business group with standard internal control mechanisms; significant risk assessment; efficient control activities; and delegate duties and responsibilities appropriately. Besides, reliable and sufficient information system is required to regularly monitor and evaluate the internal control.

5. The bank requires companies in the financial business group to publicize its anti-corruption policy via both internal and external channels such as intranet, bank's website and annual report. Such policy is the practice under Thailand's law regarding anti-corruption.

6. Any actions in accordance with the anti-corruption policy are required to follow the guidelines as given in the "good corporate governance policy", "the code of conduct manual", the related bank's policies and regulations, and other guidelines that the bank will subsequently set up.

7. In case employees violate the rules and regulations by performing corruptive actions, which are considered as an offense against the bank, they are subject to disciplinary actions specified by the bank's regulations. If the actions break the laws, they must be investigated and face penalties.

Principle 7: Ensure Disclosure and Financial Integrity

The Board of Directors oversees and assures complete, timely and transparent disclosure of its financial and non-financial information via easily accessible, equal and reliable channels.

1. Disclosure of Financial Information and Non-financial Information

The bank has disclosed its material information to shareholders, investors and public with transparency, accuracy, completeness, timeliness and accountability in compliance with related laws and regulations in both Thai and English version via various channels which are easily accessible, equal and regularly updated as follows:

1. The bank's website (www.lhbank.co.th) where information is available in 2 languages: Thai and English
2. IR / PR news of the bank
3. Press conferences and PR news distribution
4. Postal delivery to shareholders





5. Announcement in newspapers

The Board of Directors places an emphasis on the quality of financial statements and adequate disclosure of financial information. Disclosures are in line with the Bank of Thailand, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and Financial Reporting Standards. The financial statements are reviewed / audited by certified public accountants and endorsed by the Audit Committee and the Board of Directors before disclosure.

In addition, the bank has disclosed financial statements on a quarterly, half-year and yearly basis, coupled with significant information in notes to financial statements, management discussion and analysis (MD&A) and capital requirement disclosure (Pillar III Report) of the financial business group, allowing investors to know the information and understand changes in the bank's financial position and operating result which will be beneficial to shareholders, investors and public.

The Board of Directors provides the report on its responsibilities towards the bank's financial statements and financial information. The report is submitted together with auditor's report in the annual report. The bank's financial statements must be made in accordance with the financial reporting standards by utilizing proper accounting policies with regular practice.

The bank published the 2022 annual report within 120 days from the end of the fiscal year through the bank's website on March 9, 2023.

The bank's communication channels and contact:

Address	:	1 Q.House Lumpini Building, 5 th Floor, South Sathon Rd., Thungmahamek, Sathon, Bangkok 10120
Telephone	:	0 2359 0000 Ext. 2020, 2021, 2024
Fax	:	0 2677 7223
Email	:	presidentoffice@lhbank.co.th
Website	:	www.lhbank.co.th

The bank has disclosed the shareholding structure and shareholding information of directors and executives together with direct and indirect shareholding of their spouses and minor children in the annual report.

The bank has assigned a department to be responsible for disclosing information, receiving requests and providing information as well as building good relationships with shareholders, investors, analysts and other related organizations.

The bank prepared several reports to be disclosed to the public on a fair and straightforward basis with clear explanations of its performance including significant events occurred throughout the year for shareholders' acknowledgement.

The Board of Directors has assigned the Audit Committee to review the financial reports of the bank to ensure their compliance with financial reporting standards with adequate information disclosure.





The bank has disclosed the reports of sub-committees, Board of Directors and lists of directors and their authority, total number of meetings; attendance of individual director, remuneration of directors, profiles of directors and executives, the bank's information, and reports of certified public accountants in the annual report and the bank's website.

The bank notifies the details and supporting documents of the shareholders meetings in Thai and English to investors in advance through the bank's website. This way, shareholders can have enough time to study the supporting documents beforehand. Besides, the bank advertises the notices of shareholders meetings in the newspaper for 3 consecutive days at least 3 days prior to the meeting date. Each item 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 has assigned the company secretary to be responsible for investor relations to publicize the bank's financial and general information to shareholders, investors, analysts and related regulators through the following channels: the Stock Exchange of Thailand, the Securities and Exchange Commission and the bank's website under the topic of "Investor Relations", enabling interested persons to study the information with ease.

In 2023, 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 Auditors and 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 same external auditor which currently is EY Office Limited.

The remuneration that was paid to EY Office Limited was as follows:

1. Audit Fee

Table: Audit fee in 2023 and 2022

Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2023	2022	Amount (Baht)	Rate (%)
1. Review Fee				
• 1 st quarter ended 31 st March	800,000	800,000	-	-
• 3 rd quarter ended 30 th September	800,000	800,000	-	-





Scope of Work	Audit Fee (Baht)		Changes Addition (Reduction)	
	2023	2022	Amount (Baht)	Rate (%)
2. Review Fee				
• For the 6-month period ended 30 th June	2,100,000	2,000,000	100,000	5.00
• Fiscal year ended 31 st December	2,100,000	2,000,000	100,000	5.00
Total	5,800,000	5,600,000	200,000	3.57

2. Non-Audit Fee

- None -

Principle 8: Ensure engagement and communication with shareholders

1. Rights of Shareholders

Never conduct any acts of infringements or deprivations of shareholders' rights and all shareholders are encouraged to exercise their fundamental rights as stipulated by law.

2. Protection of Shareholders Rights and Equitable 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 information via easily accessible communication channels.

The Board of Directors places an emphasis on the rights of all stakeholders, whether they are internal stakeholders: directors, executives and employees of the bank or external stakeholders: all shareholders, competitors, government sector and other related agencies. The bank has a policy of transparency in conducting its business operations, and encourages active collaboration between the bank and its stakeholders for mutual benefits, while ensuring all stakeholders are well protected and treated.

The Board of Directors recognizes the importance of accurate, complete, timely and transparent disclosure through the bank's website, www.lhbank.co.th, in both Thai and English to ensure that stakeholders have easy access to the bank's information and news.

The bank encourages shareholders to fully exercise their rights by providing them with convenient access to participate in shareholders meetings and cast their vote. The bank shall refrain from any action that may limit shareholders' opportunities of attending the meeting and voting. The voting is required to be conducted with simple procedures, for instance, providing relevant information via the bank's website, assigning the company secretary to directly communicate with shareholders, and facilitating the attendance of shareholders meetings, etc.





3. Shareholders Meeting

Before the Annual General Meeting of Shareholders, with the aim of encouraging and supporting all groups of shareholders, including institutional shareholders to pay attention to the meeting attendance, the bank provides the invitation letter to inform shareholders of the meeting schedule, agenda and supporting documents in both Thai and English, which clearly specifies whether the matters are for acknowledgement, approval or consideration including directors' opinions, facts and reasons of each agenda sufficient for making decisions. Such information and materials are disclosed to the public on the bank's website at www.lhbank.co.th 7 days prior to the meeting date, enabling the shareholders to have sufficient time to study the information. In addition, the bank will disseminate the notice together with supporting documents to the shareholders not less than 7 days before the date of the shareholders meeting as specified by the law. The bank will also advertise the notice of shareholders meeting in the newspaper for 3 consecutive days at least 3 days prior to the meeting date. The invitation letter sent to shareholders are as follows:

1. Invitation letter including the 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 identification documents before the meeting, proxy appointment, voting and method of vote counting
5. Articles of Association of the bank, 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 from for a print 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 encourages and promotes all groups of shareholders including institutional shareholders to attend the shareholders meeting as the shareholders have the right to own the bank by appointing a director to act on their behalf and have the right to make decisions on the significant changes of the bank.





As the 2023 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 carefully conducts the shareholders meeting in order to make it fast and accurate, starting from the preparation for participants' information, attendance registration, processing of voting results on each agenda and summary report.
- On the date of the shareholders meeting, the shareholders can register 2 hours 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 2023 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' proxies. 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 2023 Annual General Meeting of Shareholders, all 11 directors attended the meeting in person.

4. Open Session for Shareholders' Queries and Comments

- At the shareholders meeting, the chairman of the meeting shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and queries.

Conducting the Meeting and Voting

- **Before the meeting starts**, the chairman welcomes and opens the meeting by presenting the number and proportion of shareholders and proxies attending the meeting as well as clarifying rules, voting rights required for each agenda item, voting procedures and vote counting.
- **Conducting the Meeting**
 - The bank accommodates the shareholder's meeting by keeping the process correct following the related law, regulations and the good corporate governance principles.





- The bank allows shareholders sufficient time to consider the meeting agenda in the order specified the invitation letter, unless 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 the meeting to consider other matters in addition to those specified in the invitation letter.
- The 2023 Annual General Meeting of Shareholders was conducted according to the Articles of Association and arranged in the order as identified in the invitation letter. There was no addition or switch of agenda items as well as changes in material information without prior notice to shareholders.

- **Voting Process**

- For each agenda, a shareholder who attended the meeting present in person or being represented by proxy carries one vote per share. Regarding the agenda of the appointment of directors, the voting shall be done on an individual basis. 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. Minutes Preparation and Resolution Disclosure

- **After the Shareholders Meeting**

- The bank carefully prepared the minutes of shareholders meeting both in Thai and English, containing the comprehensive important information such as the list of directors attending and absent from the meeting, executives attending the meeting, resolutions of the meeting, voting results for each agenda item divided into “Approved”, “Disapproved”, “Abstained” and “Voided Ballot”, queries and answers as well as 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 2023 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.

6. Equitable Treatment of Shareholders

The bank is fully aware of its duty to ensure 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 Insider Information

• Insider Trading Policy

The Board of Directors realizes to keep and protect the use of internal information, the bank has set up the 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 misuse of internal information for benefits of directors, executives and employees, including their spouses and minor children so that they can perform 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, employees are not allowed to use internal data for personal gain in order to enhance good corporate governance as follows:

1. To prohibit directors, executives, employees, and their spouses, minor children, who are aware of material information and financial statements of the bank that is yet to be disclosed to the public both internal and external, especially insider information. This includes information between business units to prevent pre-mature non-public information disclosure, except the business units that required to know by nature and assigned as custodian same as the information owner.

This does not include providing information to regulatory authorities such as the Bank of Thailand and Securities and Exchange Commission.

2. To prohibit directors, executives, employees, and their spouses, minor children, who are aware of material information and financial statements of the bank from trading or transferring LH Financial Group Public Company Limited's securities within 30 days before financial statements disclosed to the public.

3. Policy review

To review policies once per year or at any material change

In 2023, the company secretary sent email to all related parties regarding the blackout period in advance and there was no insider violation from directors, executives, or employees.

The bank has published the related party policy, insider trading policy, anti-corruption policy and whistleblower policy through the bank's intranet system for directors, executives and employees for acknowledgement and compliance.





SUSTAINABILITY MANAGEMENT IN ENVIRONMENTAL DIMENSION

The bank has awareness and intention to play part in solving the global warming and promote a goal of carbon-neutral organization. The bank was invited to be a member of Thailand Carbon Neutral Network : TCNN and a member of the Climate Finance Sub-committee. They aim at promoting collaboration among government agencies, private sectors and local communities to enhance further reductions in greenhouse gas (GHG) emissions as well as build sustainable growth for a climate-friendly society and achieve net-zero carbon emissions in line with global communities' intention reflected in the Paris Agreement on 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 actions 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 to tackle 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 Public Company Limited financial business group signed the memorandum of understanding with Thailand Carbon Offsetting Program (TCOP 8) to promote the voluntary national carbon markets for the 8th year, hosted by VRGREEN, Faculty of Environment, Kasetsart University, a pilot voluntary organization to quantify its GHG emissions and consider effective ways to alleviate GHG emission for sustainable development of organization and employees.

In 2023, the bank maintained the policy to generate the report on direct and indirect GHG emissions arising from its business activities throughout the supply chain in compliance with the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO in 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 2022. Based on the TGO's verification guideline on the organizational carbon footprint, these reports were reviewed and verified for the data's accuracy and reliability by the independent verifier, Greenhouse Gas Management and Certification Unit, University of Phayao. 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 May 24, 2022.





Table: Assessment results on GHG emissions arising from various activities in the bank in 2022

Table: Total scope 1 of GHG emission

Scope	Corporate GHG Emissions (tCO ₂ e/yr)	Percentage of Scope 1 & 2	Percentage of Scope 1, 2 and 3
Scope 1	349.00	19.02	14.68
Scope 2	1,486.00	80.98	62.49
Scope 3	543.00		22.83
Other	71.00		
Total Scope 1 & 2	1,835.00	100.00	
Total Scope 1 & 2 & 3	2,378.00		100.00
Carbon intensity (Scope 1+2)			
		0.153416934	TonCO ₂ e/sq.m
Carbon intensity (Scope 1+2+3)			
		0.198814969	TonCO ₂ e/sq.m

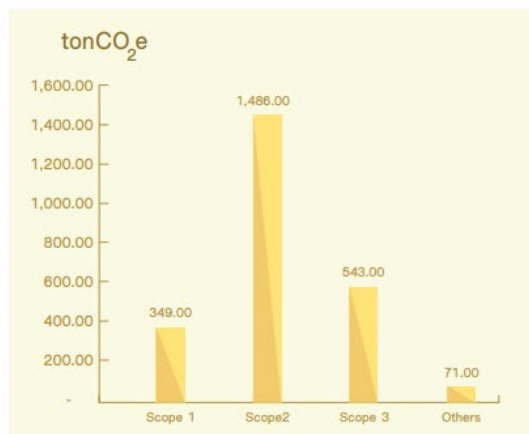


Table: Total scope 2 of GHG emission

Source of GHG Emission		Amount of GHG Emission (TonCO ₂ e)								Total GHG (TonCO ₂ e)
		CO ₂	Fossil CH ₄	CH ₄	N ₂ O	SF ₆	NF ₃	HFCs	PFCs	
1	Use of diesel for fire pump	0.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.41
2	Use of diesel for generator	1.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.29
3	Use of diesel: Fleet card	72.00	0.11	0.00	1.00	0.00	0.00	0.00	0.00	73.12
4	Use of gasoline: Fleet card	157.98	1.71	0.00	4.83	0.00	0.00	0.00	0.00	164.52
5	Use of diesel: Vehicle expense	0.38	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.38
6	Use of gasoline: Vehicle expense	10.14	0.11	0.00	0.31	0.00	0.00	0.00	0.00	10.56
7	Methane emission from septic tank system	0.00	0.00	98.41	0.00	0.00	0.00	0.00	0.00	98.41
8	Fire extinguishing agent: FM200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Use of fire extinguishing agent: Carbon dioxide	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Refrigerant: R410a in air conditioner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Refrigerant: R407c in air conditioner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Refrigerant: R134a in air conditioner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		242.19	1.94	98.41	6.16	0.00	0.00	0.00	0.00	348.69





Table: Total scope 3 of GHG emission

Source of GHG Emission	Amount of GHG Emission (tonCO ₂ e)
Electricity consumption	1,485.74
Grand Total	1,485.74

Source of GHG Emission	Amount of GHG Emission (tonCO ₂ e)
1) Acquisition of A4 paper in organization	67.01
2) Use of tap water	15.39
3) Use of electricity	293.34
4) Waste management in communities	38.14
5) Recycling waste management	0.10
6) Business trip by plane	124.63
7) Business stay	3.59
Grand Total	542.20

In 2022, the percentage of GHG emission (Scope 1 & 2) per operating income was equal to 26 percent.

At present, the bank is preparing the 2023 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 to the organizational carbon footprint provided by TGO as in 2021. The bank filed a request for data verification and certification of carbon footprint for organization with an external verifier. The assessment result will then be proposed to the TGO meeting for carbon footprint registration for 2023.

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 and to generate demand for carbon credits in the Clean Development Mechanism (CDM) and the Thailand Voluntary Emission Reduction Program (T-VER) which support and enhance the local voluntary carbon market, leading to a greater drive to reduce GHG emissions in the overall sectors.

The bank recognizes the importance of the mentioned mechanism and support the Voluntary National Carbon Markets with a policy to create carbon neutrality. In 2022, the bank offset corporate carbon footprint of 2,378 tons of carbon dioxide equivalent to the carbon dioxide levels emitted from scope 1, 2 and 3 sources equivalent to planting 158,534 perennial trees or equivalent to absorbing a significant amount of carbon dioxide in 4,756 rai of forest areas by choosing carbon credit from 133.6 MW BIOMASS THERMAL GENERATION AT MITR PHOL BIO-POWER, PHU KHIAO (BLOCK 2) with the credit number TH-21-4899381-4901758-1-1-103. Moreover, on May 31, 2023, the company was authorized to use the Carbon Neutral logo by TGO. In 2023, the bank targeted to continue its carbon neutrality.





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 saves the office space from office automation arrangements.
- The bank has replaced the single-functioned printers with the multi-functioned 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-efficient 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 replaced fluorescent tubes with LED tubes since 2016, totaling 2,775, consisting 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.CO₂e over its lifetime. That was equivalent to planting 39,995 large trees to absorb carbon dioxide (CO₂).

Replacement of 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 ₂ e
Number of large trees equivalent (absorbing carbon dioxide gas)	39,995 trees

- The bank has measured wind velocity of air conditioners, adjusted the wind speed to meet the standard suitable for working environment, increased air conditioners' efficiency, and reduced the cost from energy loss.

GHG Emissions Reduction

The bank takes into account 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 discussed with all relevant business units to map out improved guidelines on how to reduce GHG emissions more concretely and has planned to reach net-zero emissions in 2065*.

* Scope 1 and 2 from Own Operation Head Office

GHG Emissions Goal

The bank targets to reduce GHG emissions from its own operations by 25 percent, compared to that of the base year 2020 within 2030*, equivalent to GHG emission per one employee at 2.31 TonCO₂e.

* Scope 1 and 2 from the own operation head office





In 2023, the bank had its employees attend the following trainings provided by various institutions, both public and private.

Training/Seminar	Organizer	Number of Participants
Climate Finance Sub-committee meeting	Thailand Carbon Neutral Network	2
Panel discussion on “Leadership Role and Driving Business towards Sustainability”	The Securities and Exchange Commission	3
“Carbon Footprint for Organization” Workshop	Thailand Greenhouse Gas Management Organization (Public Organization)	3
Online seminar on “Carbon Footprint Calculation of ISO14067”	BSI Thailand	3
Meeting on CFO Calculation Guidelines for Scope 3, Item 15: Company Investment	The Securities and Exchange Commission	3
TCNN network seminar on “Climate Action Policy”	Thailand Carbon Neutral Network	2
Online seminar on “Green Technology for Resource Waste Reduction”	BSI Thailand	3
Public hearing on draft criteria for registration of carbon footprint reporting and draft guidelines for net-zero certification	Thailand Greenhouse Gas Management Organization (Public Organization)	2
“Climate Change Management Role Model 2023” project (FIN)	Stock Exchange of Thailand	8
Workshop: Performance Reporting for Climate Action Leading Organization: CALO”	Thailand Carbon Neutral Network	5
TCNN network seminar on “Carbon Market: Climate Action Tool for Carbon Neutral-Net Zero Future”	Thailand Carbon Neutral Network	5
Seminar on “How to Kickstart Net-Zero Journey and Greenhouse Gas Reporting?”	KPMG Thailand	3
Seminar on “Go Green 2023: Business Goal to the Next Era”	Krungthep Turakij	2
TCNN network seminar on “Innovative Climate Change Technology for Net-Zero Goal”	Thailand Carbon Neutral Network	2
Seminar on “Plastics Industry Adaptation towards Net-Zero”	Plastics Institute of Thailand	5





Seminar on “Challenges towards Low Carbon and Sustainable Businesses”	Thailand Environment Institute	2
The 3 rd workshop on “Net-Zero Emissions Business Opportunity under Bangkok – Yokohama City-to-City program”	Bangkok Metropolitan Administration	5
Climate Care Forum 2023 : Time To REDUCE	Stock Exchange of Thailand and Thailand Greenhouse Gas Management Organization (Public Organization)	2
Press conference to announce TCNN’s 2023 achievement and CALO award presentation ceremony	Thailand Carbon Neutral Network	5
Seminar on “True Facts about Carbon Credit”	Thailand Greenhouse Gas Management Organization (Public Organization)	5
ESG Indicator workshop	Thai Bankers’ Association	5
Carbon footprint for organization platform: CFO platform	Thailand Greenhouse Gas Management Organization (Public Organization)	5

Waste Management

The waste issue in Thailand is exponentially growing, particularly accumulated garbage. According to the Pollution Control Department’s report in 2022, there were 7.10 million tons of waste that wasn’t disposed properly or 27 percent of total wastes in that year. This waste created various problems including a breeding ground for diseases, some floated into an open sea or the accumulation of micro-plastic in seafoods. Thailand has, therefore, created a roadmap in waste management for the year 2018 – 2030 with the aim to reuse 100 percent of the plastic waste within 2027.

The bank reduced the waste from its business activities from 28,323 kg in 2021 to 12,251.59 kg in 2022 or 57 percent and recycled waste lowered from 8,320 kg to 6,447 kg or 23 percent.

In 2022, the percentage of waste per operating income was equivalent to 0.0001 percent.

In 2022, the percentage of recycled waste per community waste was 111.07 percent.

The bank defines the waste management goals by launching paperless campaign in various forms such as reuse, recycle and reduce with social accountability. The campaign was also made for employees to be part of environmental conservation effort in their daily life including reuse, recycle, and reduce.

Waste Management Goal for 2024

In 2023, the bank joined waste sorting project to reduce GHG emission of the Thai Listed Companies Association to sort out wastes in the office into separate categories: wet, general, recycled and dangerous. The campaign was also made for employees to sort wastes before discarding. In 2024, the bank has a plan to sort out wastes into proper category with regular campaign for employees before disposing.

The bank is committed to conducting businesses environmentally friendly and places importance on promoting environmental awareness among staff by encouraging them to actively participate in environment-related events and campaigns, including supporting the “Ting To Trash” waste sorting project co-operated by the Thai Listed Companies Association and the Securities and Exchange Commission with the aim of encouraging listed companies to do business operations with environmental responsibility, particularly end-to-end waste management that leads to effective data collection and evaluation.





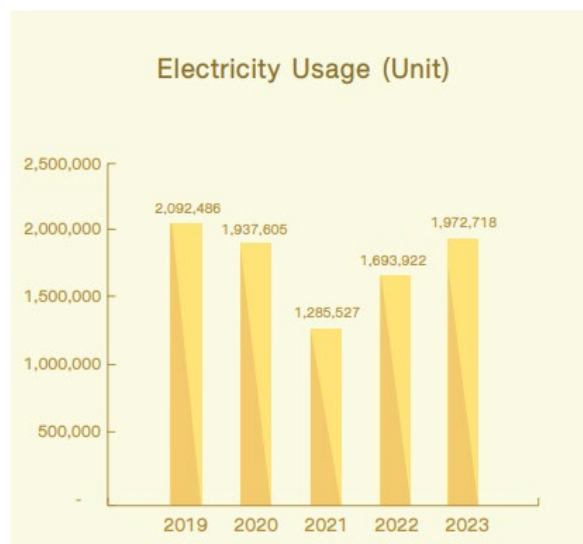
Non-hazardous waste reduction target in 2023

In 2023, non-hazardous waste management target of the bank was expected to increase by 40% from the previous year as the bank has a policy to bring staff back to the office following the subsiding of COVID-19 situation. However, the bank continues to campaign for environment preservation in everyday life in support of the circular economy principles, including reuse, recycle and eliminate non-hazardous materials from its business operations.

Electricity Management

The bank has focused on environment, economy and society, management of cost reduction, especially energy cost. As a financial service provider, the bank 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.

In 2023, the bank had the total electricity consumption of 1,972,718 kWh, increasing by 16 percent from 2022, as the COVID-19 situation began to subside, all operations returned to normal, and the bank also encouraged its employees to get back into the office.



In 2023, the percentage of electricity usage per operating income was 0.022 percent.

Electricity Management Goal for 2024

In 2024, the bank targeted the electricity usage to increase by 16 percent from 2023 as the COVID-19 pandemic was normal and the bank has a policy to bring their staff back to the office from working at home. However, the bank has campaigned for its employees to reduce their electricity use such as turning off the lights during lunch breaks, turning off the computer screen when not in use, proper temperature control of air conditioner, etc.

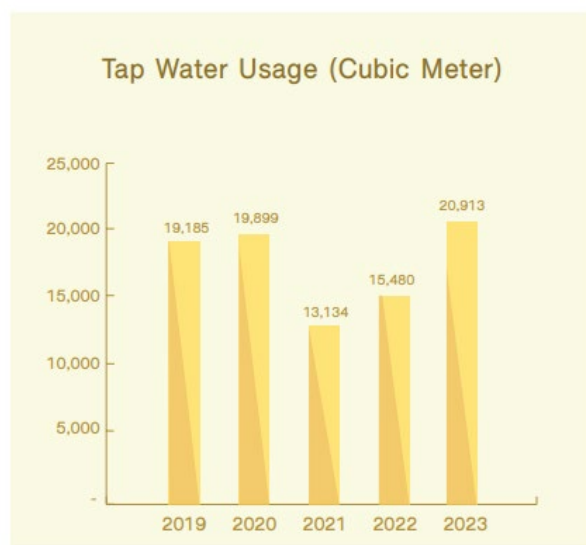
Water Management

The bank has used water from the Metropolitan Waterworks Authority and Provincial Waterworks Authority for the whole business operation of which the most consumption is in an office, washing and tree watering. The bank has a plan to use water efficiently 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 2023, the tap water usage totaled 20,913 cubic meters, increased by 35 percent when compared with 2022. As COVID-19 situation is starting to subside and all operation is returning to normal. As a result, the bank reduces the number of employees working from home.



Water Management Target for 2024

In 2024, the bank estimates that the water usage will increase by 35 percent from 2023 as the COVID-19 pandemic is back to normal and the bank has a policy to bring its staff back to the office. However, the bank will continue to promote water saving in the workplace, for example, regularly checking for leaks in the water supply system and raising awareness among employees to use water efficiently.

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 rubbish from used papers. Therefore, campaigns and activities are conducted to raise awareness among employees to use paper economically and effectively and learn to sort paper waste according to the 3Rs principle.

1. Reduce
2. Reuse
3. Recycle

Other initiatives include:

Changing Paper Form of Invitation Letters to Various Meetings into Electronic-based Platform

The bank has changed the process of preparing the meeting materials for many committees from papers to e-documents. This process can help reduce paper consumption by approximately 20,000 pieces a month.

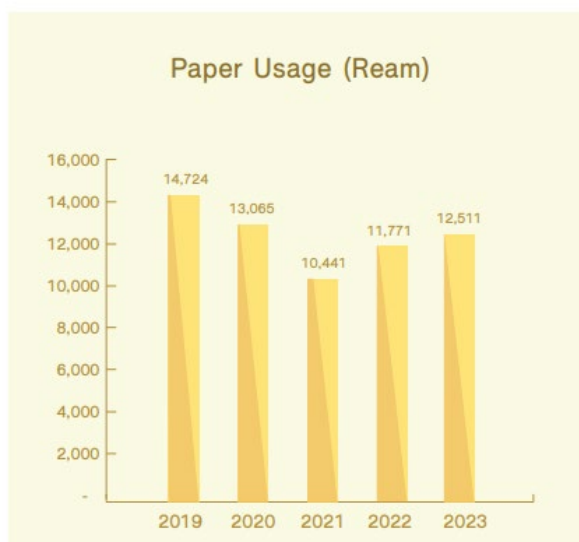
Transforming Financial Services to Be More Digital : This enables financial transactions to be performed every day, anytime anywhere. Not only can it reduce the cost and the amount of paper used, it also helps reduce the use of ink, amount of wastes from paper usage and enhance work efficiency due to time saving in preparing documents, putting them into envelopes and posting them via postal service.





Paper Usage

In 2023, 12,511 reams of papers were used, increased by 6 percent when compared to 11,771 reams in 2022. That was because the bank has issued new varieties of financial products and saw the increase in customers.



Paperless guidelines

The bank provides the following paperless guidelines with the aim to ensure that saving the papers and reducing the paper usage are systematic and concrete.

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 percent of the total number of papers used each year.

2. Application of Technologies by Increasing Electronic Channels

The bank has supported and encouraged employees to adopt more information technologies in the operations such as:

- Meeting material packs for each committee have been changed from the paper pack of invitation letter to an electronic form.
- Trainings with a lot of training materials are suggested to send them by e-mail.
- Correspondence is made via email such as circulars.
- Storage of scanned correspondences and documents instead of photocopies





3. Efficient Use of Papers

Effective use of papers can start from having one-sided papers separated before proceeding with the following steps:

- Set up common areas for everyone to use one-sided papers and encourage employees to reuse them.
- Inform all employees of where the common areas of one-sided papers are
- Reuse them as notes
- Use the reused papers to note the informal messages or 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 each department to find ways to reduce paper usage. The information is also 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 to have responsible attitudes and collaborative practice as follows:

- Separate used papers and sort them into the 3R principles as follows:
 1. Reduce
 2. Reuse
 3. Recycle / disposal
- Use one-sided papers for review 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 papers to save trees. The operation manual on document storage and disposal by recycling expired documents has been set as detailed in the table below:

	2023	2022	2021	2020
Number of documents due to be destroyed (Box)	2,467	5,804	1,217	1,868
Weight of documents (Kilogram)	22,690	61,313	15,620	27,280
Number of trees that can compensate the cut down trees to produce papers per 1 ton ¹ of used papers (Tree)	340	920	234	409

Note:¹ 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

Paper Management Target for 2024

The bank sets the guideline to reduce paper usage by pushing the use of information technology in work such as using electronic documents instead of paper. In 2024, the bank plans to reduce paper usage by 5 percent of the total usage in 2023.





Measurement of Intensity of Light in Workplace

The bank pays attention to the dangers of light that may impact employees. In case of insufficient/over 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 an appropriate 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.

7S Activity

The bank has applied the 7S activity which consists of Sort (Seiri), Set in order (Seiton), Shine (Seiso), Standardize (Seiketsu), Sustain (Shitsuke), Scenic and Surrounding. The activity helps keep a workplace and environment neat and clean. Employees 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 7S activity gains good cooperation from employees and the bank has a continued implementing this activity.

7S 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.





6. Results of **Scenic**
 - Create work-friendly environment.
 - Have safe environment at work
7. Results of **Surrounding**
 - Urge employees to change their behaviors for resource usage and consumption with value
 - Save energy and preserve environment

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 of transaction slips from ATM machine.

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 employees 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 7S 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

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

Green Procurement

With the environmentally friendly business practices in mind, the bank has chosen to deal with eco-conscious suppliers and green products as follows:

1. Use cleaning products that contain natural ingredients free of synthetic cleaning agents that are easily biodegradable and economically friendly
2. Rent hybrid cars that have better fuel economy with lower emission and fuel consumption rate of about 30 percent lower than internal combustion engine vehicles. The rent of electric cars is also in the pipeline in 2024.
3. Environmentally-friendly paper that contained not less than 50 percent of recycled pulp. The paper was produced from the trees that grew on rice farm dikes that absorb carbon dioxide for 12.5 kilograms per ream. This helps with the global warming issue and creates renewable energy by using the wood leftover from production to produce electricity. The paper has received green label.
4. Choose a copy machine and ink that is environmentally friendly which was certified by the Pollution Control Department
5. Choose products from suppliers that meet industry standards or have environmental certifications such as ISO 14001 and green label

To allow the purchasing operation to be aligned with the main policy with concrete operation, the bank has set policy, rules and practical guidelines as follows:

1. Procure, use/circulate product/asset economically with maximum benefit
2. Procure according to the procedures and procurement methods that are fair and equal to all organizations
3. Procure in a cost-effective, transparent, efficient and verifiable manner

Promotion of Environmentally Sustainable Lending

The climate change issue has caused many countries to become more active, including Thailand with the aim for Thailand to move towards clean energy and reduce its GHG emission (Carbon Dioxide) to the net zero emission within 2065. The banking sector played a crucial role in promoting the policy through financial mechanism. Therefore, LH Financial Group Public Company Limited financial business group 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 do not have any adverse effects on communities such as loans for renewable energy. This is just the beginning. The bank also considers issuing green loan with an enticing interest rate for industrial sector to reduce the carbon emission and to support and speed up the change towards green economy.





Lending for Sustainability Related Projects and Businesses

The bank has provided credit support for power plants from renewable energy sources including sunlight and wind in an effort to promote the use of renewable energy. With the determination to drive the transition to a green economy, the bank has also introduced green products and services to reduce greenhouse gas emissions in the household and business sectors.

In 2023, the bank supported the total loans worth Baht 1,214.5 million for 27 solar-energy generating projects and joining the Bank of Thailand's Transformation Loan scheme for green businesses by lending Baht 38.0 million to a green project aiming at developing paper products from sewage sludge in the wastewater treatment system which could help promote the strive for zero-waste goal and advance further to a circular economy, together with a solar rooftop installation project to promote the renewable energy transition.





SUSTAINABILITY MANAGEMENT IN SOCIAL DIMENSION

Fair Business Operation



Risk	Opportunity
<p>The bank does not adhere to the good corporate governance principles in operating its business, not considering the best interests of the bank, customers, and stakeholders, which may create a risk of conflict of interest, complaints from customers and business partners.</p> <p>If the bank does not promote free trade competition, social responsibility in the value chain, respect for property rights and does not avoid actions that may cause conflicts of interest, including not promoting employees to be aware of the importance of complying with competition laws and fair competition, it will result in legal problems and cause reputational risk to the business.</p>	<p>The bank adheres to the good corporate governance principles in operating its business by taking into account the best interests of the bank, customers and stakeholders, having fair competition and promoting environmental and social responsibility; respects property rights and avoids taking any action that may cause conflicts of interest. Consequently, it creates a good image for the bank. The customers and business partners have confidence that the bank operates its business with honesty, integrity, transparency, and fairness.</p>

The bank operates its business with good corporate governance principles which have been specified in writing as a guideline for directors, executives and all employees to adhere to. Consequently, it will result in fair business without seeking other interests, avoiding any operations which may cause conflicts of interest while 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 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.





Respect for Human Rights



Risk	Opportunity
The bank does not respect human rights, violates basic rights, not respect for life and human dignity. It will bring about a risk of whistleblowing and complaint regarding violations or unfair treatment.	The bank treats all groups of stakeholders with fairness, equality, respect for human dignity, does not violate basic rights, respect for life, occupational health safety and human dignity. As a result, the bank gains credibility and reputation, whistleblowing and complaints resulting from violations or unfair treatment will lessen.

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 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.
- Hire staff regardless of gender, race and religion





The bank has preventative measures for the violation of human right, equality and unfair treatment of employees which is defined in the code of conduct for employees' discipline and whistleblowing methods when employees feel they have not been treated fairly. In 2023, it was reported that the bank had no violations of human rights, equality, and unfair treatment of employees, or not received any complaint regarding violations of human rights, equality, and unfair treatment of labors.

Remedy in cases of violations of human rights, equality, and unfair treatment of employees

The bank has remedial guidelines for employees who may be affected when there is change in employment policy, restructuring of the bank or moving the business location to the extent that it affects the normal living of employees and their families, which may affect their employment. The bank has considered paying compensation and allowance to employees fairly, including cases of illness or danger resulting from work, which the bank will not consider this as sick leave for employees and the bank has also joined the Workmen's Compensation Fund and Social Security Fund so that employees will entitle to receive compensation and it is considered another employment security for employees.

Fair Treatment of Employees



Risk	Opportunity
The bank does not treat employees as agreed in the conditions of employment, fails to strictly comply with the Labor Protection Act and Personal Data Protection Policy accordingly, discriminate in employment, exploit the forced labor, not consider health and safety in work environment, which may cause the risk of complaints from employees, decreased engagement of employees and increased turnover rate, causing business discontinuity and higher resource management costs.	The bank treats employees as agreed in the conditions of employment, Labor Protection Act and Personal Data Protection Policy seriously, creating good labor relationship between employees and the bank. If employees are treated with fairness, equality, respect for life, occupational health safety in the work environment, and human dignity, it will encourage employees to work with dedication for career development and efficiency. This will result in the bank's stability and sustainable growth.

The bank places the priority on human resource management by setting as its mission in developing and supporting human resource management in terms of knowledge and benefits of employees. The employment conditions have been set for working days and working hours, holidays and leaves, working overtime and working on holidays, right to receive compensation, overtime pay and holiday pay according to the Labor Protection Act. The bank has established the Human Resources Development Committee to manage and develop the human resources effectively, efficiently and in consistent with the bank's strategies. Besides, the Welfare Committee has been set up for employees to discuss with management regarding appropriate welfare arrangement, open an opportunity for employees to express their demands and listen to the management opinions whether the demands can be met or not. This is to promote labor relations and reduce labor disputes and complaints.





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.

The bank has applied the corporate value of “CDAA” in every work process to strengthen sustainable organization culture leading to the same goal.

Candidate Hunting

The bank builds trustworthiness, confidence and good image and propose to the candidates by having influencers to give straightforward reviews of the bank's work experiences including the actual working atmosphere, for the interested persons to get thorough understanding before applying for the job with the bank. Because the bank believes that if they can see the corporate image first, it can encourage and drive them to feel more motivated to join the bank.



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. The bank also offers work opportunities for persons with disabilities.





Hiring Persons 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.

The bank hired a proper number of persons with disabilities required by laws as follows:

	Hired via Thai Red Cross Society	Hired directly
Land and Houses Bank Public Company Limited	13	1
The bank has contributed the required amount of money by law to the fund for empowerment of persons with disabilities.		

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

	2023	2022	2021
Accumulative number of retired employees getting hired (Person)	4	3	0
Number of retired employees per year (Person)	8	3	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

The bank puts a high value on the first step of becoming an employee by focusing on their needs and conducting a satisfaction survey towards the orientation activities to improve and develop the activities to meet their needs.

In 2023, the bank adjusted the format of Orientation for Newcomers from online activities to onsite activities to align with the current situation with the objective of creating positive impression to new employees, which will result in working together effectively. The orientation activities include necessary information for employees, such as the bank's profile, employee rules and practices, corporate values, employee welfare, learn and growth, recommendations of restaurants nearby the office and working environment. In this event, the Chief Executive Officer and President gave a welcoming speech and shared a meal with the new employees. Moreover, a special joint activity for the new employee group "Fun & Growth with CDAA" was also organized for employees to participate in the form of team building in order to enhance knowledge and understanding, and building relationships among colleagues.

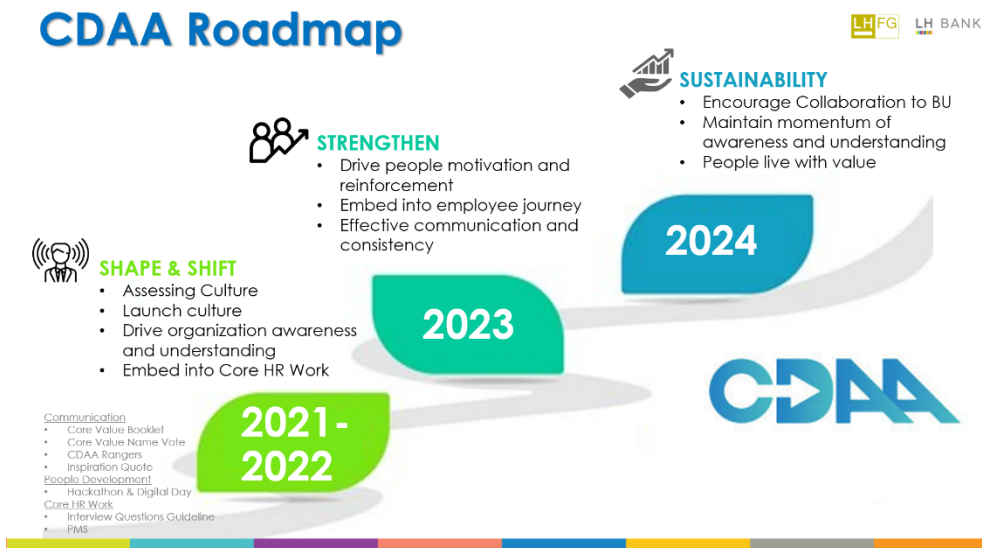




Promoting Sustainability in Corporate Values

The bank is committed to promoting the CDAA organizational values among employees, covering all dimensions including awareness, understanding, implementation and being a role model. The bank has prepared a 4-year roadmap to serve as a guideline for implementing and carrying out various projects to create engagement in the bank's corporate values.

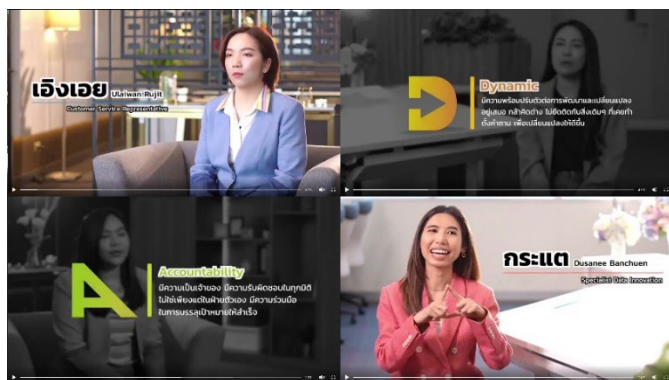
CDAA Roadmap



- Spotlight of the Year: Giving opportunities to employees who get praise for their performance by both customers and friends through appreciation post and rewards to employees who receive the highest praise for each behavior according to CDAA values.



- Communication and other engagement activities: Q&A, CDAA story telling through cartoons, creating video clips to share colleagues who work with CDAA, etc.





Employees' Development

Employees are a critical factor to drive the bank to a success. Consequently, the bank has employed the development plan to enhance the employees' knowledge, abilities and skills so they can professionally fulfill their job functions. The bank also offers opportunities for them to maximize their full potential, self-development and participation in various training courses provided.

In 2023, the bank developed the Learning Management System by adding the competency assessment feature to assess the competency of employees in every position.

- Core Competency
- Leadership Competency
- Functional Competency

To make employees aware of their strengths and weaknesses as a guideline for individual development planning (IDP), including employees own learning path as well as setting goals for application in work which is the creation of mechanisms for systematic development and the results can be traced.

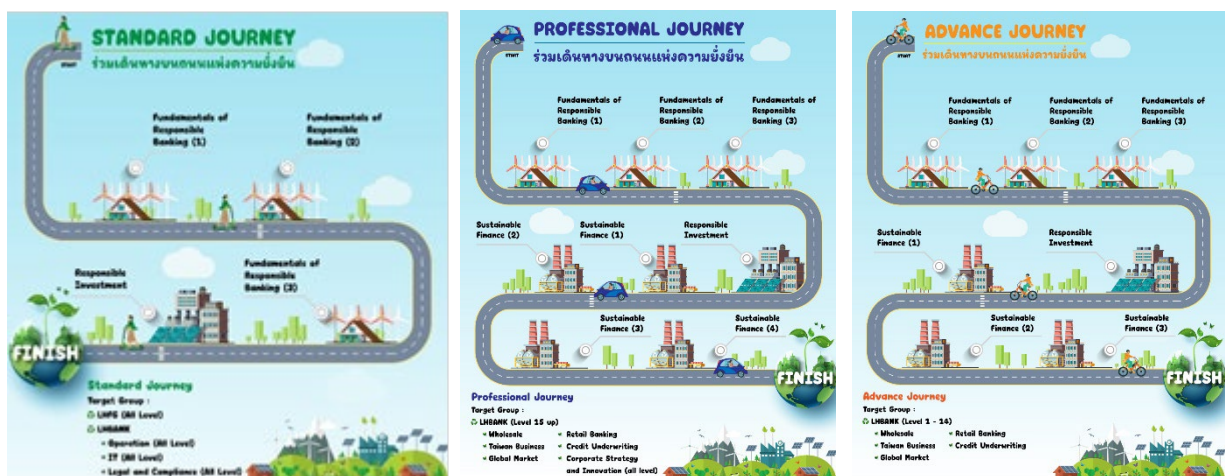
The bank has reinforced new skills for work efficiency such as reskill and upskill through hybrid learning platforms via trainings and drills in both online and onsite, and practicing skills through workshops such as:

- Leadership & Transformation
- Data-Driven Enterprise: Dashboard Design and Data Visualization (Python)
- Unlock Insight with Power BI
- DG Lab Training
- Lean Six Sigma: Yellow Belt Level



The bank gives importance to a sustainable business based on ESG principles. Therefore, it has designed a learning path to raise awareness among employees. The learning packs from the Thai Banking Academy (TBAC) has been applied to set a path for lessons for employees by selecting courses to align with their duties and responsibilities. This project had 1,211 participants out of 1,446 employees and completed as planned, accounting for 84 percent of total employees.





Human Resources Development - Executives and Key Successors for Key Positions

The bank highlights the importance of top executive development as successors for key positions. The leadership development path courses are designed to develop executives at the beginner, middle and senior levels, and a 360 degree feedback evaluation form is used as one of the key processes to gather opinions from all parties involved related to executives. It is a tool that helps analyze leadership competency (Core & Leadership Capability) assessed by managers, peers, subordinates and self-assessment in order for them to know their strengths and weaknesses as to create the development succession plan for key positions.

Development of junior and middle executives: The bank has a development program that emphasizes the core competencies of leaders, namely, team maximizer and excellence execution, which focuses on team management and productivity enhancement with a hybrid learning process that combines both theory and practice in classroom learning, e-Learning through application PacD, practice doing, peer learning and group coaching. Furthermore, there is an action plan to implement and goal setting with the supervisor, which is considered a systematic development mechanism. This ensures that the participants will improve their skills while practicing in real situations and be able to bring the skillset back to manage the team and increase work efficiency.

Employee development: The bank has a program to develop the potential of employees according to their positions, prepare a competency assessment plan for supervisors and employees to evaluate, plan and organize courses together for employees to learn through many channels, such as in-house training, public training and e-Learning, etc.





The development of a group of high potential (Talent) is designed to enhance knowledge, create a collaborative process, encourage employees to think, experiment, listen and ask questions to create an exchange of opinions to drive change, create new things or “Innovation” through working agility under the “LH Bank Hackathon” project. Besides, various projects presented by talents through the pitching stage can be used to complement business operations and instigate competitive business opportunities.

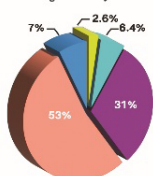


Average training hours for employees and executives of 2023 are as follows:

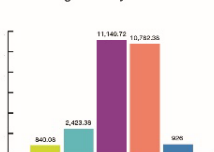
Training attendance categorized by levels

Level	Number of employees	Percentage %	Average period (hours)	Average period (days)
Executive (Level 18-24)	40	2.6%	840.08	2.6
Management (Level 15-17)	100	6.4%	2,423.38	3.6
Middle Management (Level 10-14)	482	31%	11,149.72	3.3
Supervisor (Level 6-9)	828	53%	10,782.38	1.8
Operation (Level 1-5)	101	7%	926	1
Total	1,551	100%	5,224.31	2.46

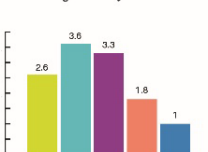
Training attendance categorized by levels



Average training period (hours) categorized by levels



Average training period (days) categorized by levels



Training data in 2023

Curriculum	Number of Curriculum	Number of Training attendance
In-house learning	195	6,250
External learning	123	430
E-Learning	344	27,534
total	662	34,214



Number of curriculum



Training attendance





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 set their KPI and communicate SMART KPIs setting process to align with the goals of organization.

The factors used in the annual performance assessment consist of two main components; the expected behaviors of the organization (Potential) and the performance (KPI). The two factors have been determined in proper proportion for each level of employees and have been considered by the Human Resources Development Committee.

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 operating result and performance. Special payroll 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 of the bank.

Compensation Ratio by Gender

The compensation ratio of male to female 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 2023, the bank presented an honorary pin to 70 employees who have completed their 10 years of the bank.

Table: Number of employees who have been working for 10 years.

2023	2022	2021	2020
61	70	59	44



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; the bank, therefore, sets up various internal communication channels to facilitate easy access and ensure comprehensive communication. The internal communication channels consist of 2 modes as follows:

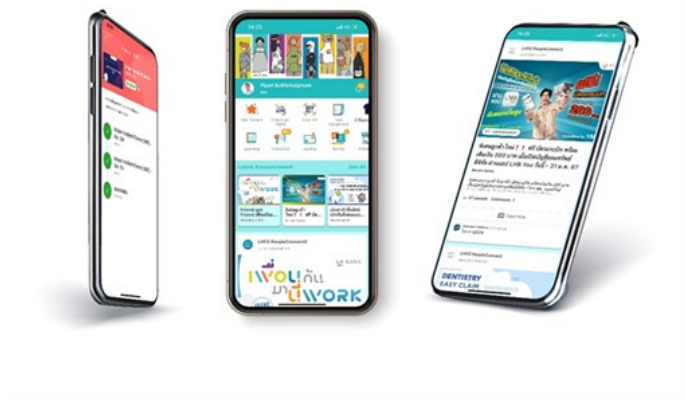




1. **Online Media** consists of Website, LINE, Facebook, YouTube, LHFG People Connect Intranet and LHFG People Connect Application (PacD).
2. **Offline Media and Events** such as print press and on-site development activities

Internal Communication with Learning Process of Anytime, Anywhere and Employees' Engagement

The bank uses PacD application to communicate. The application can be accessed via every employees' mobile phone which can be used to communicate and learn anytime, anywhere as well as facilitate team building activities such as sending stars to colleagues or comments on things they do



each day to help their colleagues or things that they have done that reflect organization values. This helps promote behaviors that reflect organization culture.

Welfare and Employee Participations

The bank wishes all employees good health both physical and mental by providing health promotion activities, preventing work-related diseases such as office syndrome, annual health check, influenza vaccination and offering special discounts to family members of employees who want to receive vaccinations or health checkup.

ยึดได้ยึดดี
3 ทำยึดกล้านเนื้อ
ป้องกันออฟฟิศซินโดรม
ตอนที่ 3

กัศ 1: ยึดได้ยึดดี
กัศ 2: ยึดได้ยึดดี
กัศ 3: ยึดได้ยึดดี

หลังจากฝึกยึดเหยียดแล้วเรามาเล่นเกมกันดีกว่า
กติกาในการเล่นเกม

1. ถ่ายภาพตัวเองโดยทำตามยึดเหยียดกัศที่ 1 ทำ
2. ส่งรูปถ่ายกลับไปที่ PacD โดยเลือกหัวข้อ Task Assignment

- กด Create Task
- ใส่ Title : ยึดได้ยึดดี พิชิตออฟฟิศซินโดรม
- ใส่ Description : ภารกิจนี้
- ใส่ Attach file : แผนรูปภาพของคุณ
- ใส่ Assign to เลือก Add more มาที่ Suphata Pannum และกดปุ่ม Create

เพียงแค่นี้ส่งรูปมา รับลูกบอลบริการมือได้เลย
ยังมีกัศยึดเหยียดป้องกันออฟฟิศซินโดรมอื่นๆ อีกหลายกัศเพื่อบำรุง
รอติดตามได้ในครั้งถัดไปนะจ๊ะ

LHFG LH BANK LH Fund LH Securities People Group

ได้สุดท้าย!
ตรวจสุขภาพ
ประจำปี 2566
ถึงวันที่ 31 ตุลาคมนี้

พนักงาน LHFG, LH BANK, LH Fund, LH Securities
ติดต่อนัดหมายวัน และเวลาที่ต้องการเข้ารับการตรวจสุขภาพ
ได้ที่ศูนย์ตรวจสุขภาพแผนกโรงพยาบาล ADDLIFE
หรือโรงพยาบาลใกล้เคียง
ได้ตั้งแต่วันที่ - 31 ตุลาคม 2566

Mother's Day
Happy Healthy Mom

ชวนคุณแม่และคนที่คุณรัก
มีสุขภาพแข็งแรงไปด้วยกัน
กับโปรแกรมตรวจสุขภาพราคาพิเศษ
ที่ รพ. เปาโลทุกสาขา และ ADDLIFE
(ดูรายละเอียดรายการตรวจได้ที่เว็บไซต์)

LHFG LH BANK LH Fund LH Securities People Group





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:

- Additional annual leaves
- Housing allowance for employees who have been transferred outside their domicile
- Financial assistance in the event of any employee suffered from natural disaster
- 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
- Staff uniform

Employee Engagement

The bank gives importance to building bonds between the bank and employees, and peer relationship. In 2022, the bank surveyed the employees' engagement and the satisfaction or commitment of employees towards the organization. From the number of respondents, 80 percent of all employees, they showed satisfied or committed to the organization at 78.3 percent and, in 2023, the bank used comments and suggestions from the 2022 survey to develop and improve their engagement and will survey again in 2024.

The bank organized activities to promote engagement between organization and employees in the form of team building. The total participant was 98 percent of total employees.





Building Relationship and Communication with Employees

The bank organized the Town Hall Meeting 2023 to communicate the organization's vision and strategic plan with its employees to make sure that everyone is in the same direction and achieve the bank's goal.



Encouraging Employees to Participate in Corporate Development

The bank has organized a qualitative contest to give employees a platform to show off their potential by using the concept of RPA (Robotic Process Automation) to replace human repetitive tasks to process with automation.



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 drive the policies and plans for occupational safety as detailed below:

- Educate and create understanding about occupational safety in the workplace through various communication channels





- Organize annual fire drill
- Establish the SHE hotline to receive reports on unsafe incidents and coordinate with related agencies as to provide immediate assistance. In 2023, no employees were injured while working

Table : Number of employees injured while working

	2023	2022	2021	2020
Number of employees injured while working (Person)	0	0	0	0

Target of accidents and injuries at work in 2024

The bank has set a target zero accidents and injuries at work in 2024

Working environment

The bank has renovated the office areas to be co-working space corresponding to the “Fun and Grow Together” concept including the color, amenities and lightings so that employees can work together seamlessly and create a good tie, know each other well and create a happier workplace.

**Responsibilities towards Consumers**

Risk	Opportunity
The bank violates consumer rights, distorts information about products and services, exaggerates advertisement, inadequate information about products and services for making decisions, sets unreasonable prices for products and services, fails to manage customer relationships both before and after sales. This will cause the risk of complaints of infringement or deprivation of consumer rights and potential reputational risk.	The bank takes into account consumer rights, provides adequate information to consumers for their decision making to buy products and services, manages customer relationships both before and after sales, improves products and services by taking into account the benefits for society and environment as well as market conduct. As result, the bank has good image and more customers with sustainable growth.





Financial business is related to the economic and financial conditions of the country; therefore, the business operation can likewise impact the national economic drive and investments in a wider range than any other business. The bank, therefore, has been operating effectively coupled with social responsibility, especially towards consumers on which the bank puts the first priority.

The bank 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.

Basic Rights of Consumers

The bank announces the basic 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"> ● Consumers shall receive clear explanation about the differences between the main products of bank and the securities and insurance products. ● 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. ● Consumers shall receive the information of an advertisement or other marketing media in sales promotions correctly and appropriately. 	<ul style="list-style-type: none"> ● 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.
2. Right to choose the products and financial services freely		<ul style="list-style-type: none"> ● Consumers have the right to freely invest and can deny buying any securities and insurance products. ● 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. ● 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.





Rights of Consumers	Products	Personnel or Processes
3. Right to claim for fairness		<ul style="list-style-type: none"> ● 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. ● Consumers shall be able to ask for more information for better understanding of the products from the call center of the bank.
4. Right to claim for compensation		<ul style="list-style-type: none"> ● 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.

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 regulators.
- 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. 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 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.

Customer Satisfaction Improvement Plan

- Focus on providing a full range of services and create sustainable tie with customers
- Improve work process and upgrade service quality to be speedy and convenient
- Follow up and evaluate the effectiveness of customer service
- Build customer relationship and constantly provide up-to-date product information to customers

Quantitative Goals to Improve Customer Satisfaction

In 2023, the bank sets a target for customer satisfaction level of at least 95 percent.

Customer Satisfaction Evaluation Results

Customer satisfaction stood at 96.70 percent, increased by 0.60 percent compared to 96.10 percent of the year 2022.

The bank places importance on customer satisfaction through providing services based on customer centric principles by developing and offering products and services along with solutions that meet various needs of each customer segment. The bank plans to deliver a better financial life and design products that meet customer needs.

Providing Deposit Account for Basic Financial Service Accessibility

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 are as follows:

- Savings account
- 1 person / 1 account
- Receive savings account's interest rate
- No minimum balance when opening an account (zero balance)
- No account maintenance fees
- No fees for ATM / debit card used with the basic banking account

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 processing time for 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 incidents and / or incidents 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 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

- Requesting for various information such as calculation of interests for credit / hire-purchase. For 12-month and 6-month statements, the bank will notify them in writing.

Market Conduct

The bank has 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

Enhancing Accessibility to Financial Services

Risk	Opportunity
People do not have access to financial products and services or have access but not at full efficiency. It may cause financial inequality and a risk of inequality in financial accessibility and lead to loan shark, household debt issue, increased risk to asset quality of the bank and may affect the wider range of economic system.	Creating channels to access financial services for all groups and all levels of customers to reduce inequality in financial service accessibility are part of improving the quality of life, adding savings opportunities, obtaining fund, increasing opportunity to start or expand the business. The bank has developed various channels for public to access financial services in several forms such as digital banking through LHB You application of Land and Houses Bank, which allows access to financial services every day, anytime anywhere to help provide customers with equal financial accessibility and be part of the country's economic development.





The bank has continuously focused on developing its digital platform and digital products and services because digital channels are channels that allow customers to easily and conveniently access various products and services of the bank. In 2023, the bank developed loan products and easy access to products through the bank's application, which is part of reducing inequality in access to financial resources for people who live in remote areas and are unable to travel to a bank branch to complete transactions and apply for loans by themselves.

Risk	Opportunity
Nowadays, CSR activities are expected to create benefits, develop, and strengthen communities, society and environment as well as yield the benefits for the bank. If the bank does not give importance to the implementation of social responsibility and neglect supporting, helping, promoting and developing the quality of life of society in various aspects, it may affect the image and credibility of the bank and shareholders.	The bank's participation in community and social development under the readiness and available resources with clear goals and guidelines for implementation will play part in raising the quality of society, strengthening the community to have good immunity. This will lead to a good image and credibility for the bank, bring in opportunities to expand new customer base in the future and result in the bank to have good economic and social environments as well.

Products and Services to Create Financial Accessibility Cooperation in Development of Community and Society



The bank is engaged in being part of sustainable development in accordance with good governance principles coupled with social responsibility by supporting activities to promote and improve the quality of life in various fields as well as encouraging its employees to volunteer in various activities with the aim of maximizing benefits to society and communities sustainably. This also creates good ties among companies in the financial business group according to the Sustainable Development Goals (SDGs) of the United Nations.

Products/Services	Details of Accessible Channels	Performance
Personal loan application service on LHB You	The bank has added channels for customers to access personal loan products more easily and conveniently through LHB You application. Customers can apply for personal loans by themselves by filling out information, identity authentication, giving consent for credit bureau check, uploading income statement and receiving the results and drawing down the approved amount. This is a financial transaction that customers can do by themselves every day, anywhere anytime without the need to go to a branch.	<ul style="list-style-type: none"> Personal loan application service on LHB You was launched on July 30, 2023. As of December 31, 2023, there were 127 customers applying for personal loans and getting approved on LHB You, with the loan amount of Baht 10.0 million in total.





Land and Houses Bank Public Company Limited 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

The bank has a policy to support sustainable educational activities as 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 such as.

- "Scholarship" project is to support youth across the country who study well, possess talents and determine to study at a higher education but lacking funds, has the opportunity to continue studying
- "Library Renovation" project is to create a pleasant library atmosphere to study and promote good reading habit, which is the starting point for cultivating a learning culture. This library is designed to be open and cute to make young people want to visit and learn more.
- "Book Donation to the Department of Corrections for Prisoners" project is where employees and customers join in donating books to promote education and self-improvement for prisoners.
- "Old Calendar Donation Project" is to give old calendar to the Bangkok School for the Blind for using in media production, teaching braille books and notepads for visually impaired students
- "RUN for LIFE" project is for employees to participate in social activities together by running an accumulated distance of 30 kilometers in 30 days and converting it into donations for underprivileged children, Foundation for Slum Children
- "Donate dolls" project to pass on happiness to underprivileged children by giving dolls to encourage them to be strong and grow up with quality.

● 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 in order to alleviate the household spending. This project also instills juveniles to realize the values and importance of education and increase quality human resource. Furthermore, the bank has donated sport and gym equipment that will allow the youth to grow and become the main driving force for the nation in future.

Main Objectives

- To bring the educational stability to the 7th grade needy students with high academic records to pursue their education until 12th grade
- To instill youths the values and importance of education
- To increase the number of potential and quality human resources 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 good academic records with the average GPA above 2.50 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 other persons who are poor or are under the care of welfare institutions or foundations.

List of schools joining the 2023 scholarship project includes:

- Anurajprasit School Bangkok
- Ratniyom School Nonthaburi
- Thanyarat School Pathum Thani
- San Kamphaeng School Chiang Mai
- Chuenchom Pittayakarn School, Maha Sarakham
- Hua Hin Witthayakhom School Prachuap Khiri Khan
- Phuket Wittayalai School Phuket

Youth Empowerment and Education Outcome

- 106 continuing scholarships for 7 schools from 7th grade to 12th grade, with the total amount of Baht 897,000.
- Two follow-up surveys and assessments for the year 2022. Most of the students under the survey were relatively poor. Parents were divorced and they lived with relatives who were general labors with low incomes and education level were average to good.
- The youths were willing to study and striving to finish their high school.

Scholarship's Activity Snapshots



Thanyarat School, Pathum Thani





Phuket Wittayalai School, Phuket



Sankamphaeng School, Chiang Mai



Chuen Chom Pittayakarn School, Maha Sarakham

Expenses for CSR Activities

Activities	2023	2022	2021
Continuing Scholarship	908,000	750,000	606,000
Environmental, Social and Governance	1,092,000	1,150,000	1,200,000





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 conditions 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

In 2023, the bank delivered 1,159 items of used computer equipment to Phra Dabos School, Samut Prakan.



Old Calendar Donation Project

The bank has collected the unused desk calendars from executives and employees 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

2023	2022	2021
1,820 pieces	1,800 pieces	1,250 pieces



Old Calendar Donation Project at the Skill Development Centre for the Blind





Old Book Donation Outcome

2023	2022	2021
1,100 pieces	960 pieces	1,030 pieces



Donate Books to the Department of Corrections for Prisoners' Education and Self-improvement

2. Society and Quality of Life Improvement

The bank has been supporting various projects which promote 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 stakeholders nearby the bank. The bank believes that delivering public activities cannot be achieved 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, persuading 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. We are Family... RUN for LIFE project was organized to allow employees to participate in social activities and to promote good health, which is a combined force to "run" to convert mileage into donations. There were 380 employees participating in the activity, with a total of Baht 260,000 donated to the Foundation for Slum Children under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra that works to improve the quality of life of children from birth to 5 years old. The foundation takes care of 4 houses: Baan Som Wai, Baan Suea Yai, House of Hope and Baan Srinakarin. The bank also donated sports uniforms and school shoes to 110 students at Ban Khun Nam Nan School in Nan for kindergarten and primary education, to promote exercise, provide protection against cold and risks from accidents and various diseases caused by wearing old and worn-out shoes.





- Voluntary Activities for Social Development



LH Bank Blood Donation, “1 Giver 3 Receivers” with the Thai Red Cross Society



International Anti-Corruption Day activities (Thailand) under the concept of "Zero Tolerance. Thai people do not tolerate corruption, "join force in expressing the intention to fight against all forms of corruption and promote transparent business operations under corporate governance principles.





We are Family... RUN for LIFE project: Run to accumulate mileage and convert it into donations for the Foundation for Slum Children



“Doll Donation” Project





Donated sports uniforms and shoes to students at Ban Khun Nam Nan School, Nan

● Youth Empowerment and Education

The “Library Renovation” project creates a library with reading-friendly atmosphere and a good reading habit. The library was designed to be spacious and lovely so that the youth would come in and enjoy looking for information using computers. This is one way to instill sustainable learning culture.

List of schools in the project "Learning Library" as follows:

1. Wat Khlong Toei School, Bangkok
2. Wat Khlong Mai School, Bangkok
3. Wat Sang Krachai School (Cham Wicha Teaching), Bangkok
4. Thaweethaphisek Primary School, Bangkok
5. Bang Rahong Temple School (Phirom Siri), Nonthaburi
6. Wat Prayurawong School, Bangkok
7. Pamaiuthid 9 Primary School, Nonthaburi
8. Wat Pho Ban Oi School, Nonthaburi
9. Wat Salut School, Samut Prakan
10. Wat Bang Chalok Nok School (Prasit Bamrung), Samut Prakan





“Library Renovation” Project

3. Arts and Culture Conservation

The bank recognizes the importance in joining many arts and cultural activities with local people living nearby, 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.



National Children's Day activities at Wat Ruak School, Nonthaburi



National Children's Day Activities at Lumpini Park





Innovation and Dissemination of Innovative Corporate Social Responsibilities



Risk	Opportunity
Today, consumer behaviors and technological developments are changing rapidly. In addition, consumer behaviors have changed more towards digital. If the bank is unable to create or invent new innovations or not adjusting strategies to be in line with consumer needs, it may cause the number of customers or service users to decrease and have a financial impact on the bank.	The bank develops and creates financial innovations that meet customer needs, positive creativity, and social responsibility which brings business opportunities, adds value for the business and develops the economy, society and environment at the same time.

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 correct understanding and optimal benefits.

Financial services and investments through mobile banking application is one of the services that enables quick and convenient business transaction at any day, anywhere, anytime via mobile phone.

1. Profita, a new investment application - investment on the palm of your hand
 - Open an account to trade mutual funds online anywhere, anytime
 - Support buy-sell/switch fund orders with other leading fund management companies 24 hours including the automatic management of investment portfolio, facilitate investors who have not much knowledge on investment or investors who do not have any advisor to be able to professionally plan and manage their portfolio.
2. LHB You Mobile Banking Application
 - 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 anytime.
 - Loan application
 - Withdraw cash without a card from ATM machines of Siam Commercial Bank (SCB) and Bank for Agriculture and Agricultural Cooperatives (BAAC)





Results and Benefits of Innovations

The total number of users in mobile banking surged from 110,000 users in 2022 to 190,000 users in 2023, accounting for 75 percent. The active users increased from 57 percent in 2022 to 59 percent in 2023. In 2023, the bank was able to provide services without significant disruptions, reflecting the bank's commitment towards facilitating customers transaction in a convenient, timely and safe manner.

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 ICS 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.

Information Technology Operations and Data Security

1. The Board of Directors has roles and duties to oversee IT security, approve strategies and policies, supervise and monitor cyber security. For supervision and monitoring, the board may assign other committees to act on its behalf by clearly defining the roles and duties in writing. The board has assigned other committees to supervise and follow up on IT Security functions as follows:

- Risk Oversight Committee has the duties and responsibilities as follows:
 - (1) Supervise the preparation of risk management policies in various areas, such as credit risk, market risk, liquidity risk, operational risk and reputational risks and define IT risk management policy that is sufficient, comprehensive and consistent with international standards.
 - (2) Supervise IT risk management and risk management process covering IT risk and cyber risk assessment and readiness to deal with cyber threats (Cyber Security), supervise and report key IT risk and cyber risk to the board for acknowledgement.

● Information Technology Steering Committee has the duties and responsibilities to set policies, strategies and master plan for the IT Group in line with the bank's business plan, IT changes, risk management and regulatory requirements.

2. Establish an IT security policy that covers cyber security and aligns with international standards: ISO/IEC 27001:2022 and ISO/IEC 27002:2022 as to be a guideline for ensuring security and safety in processing transactions, able to determine the expected information system security response in a systematic and efficient manner. Moreover, it can ensure communication between departments, maintain security in various aspects and systems, regular maintenance, clear action plan to ensure maximum safety, leading to a mitigation of damage to operations and personnel as well as higher level of security in various business units.





3. Arrange for a regular review of the IT security policy at least once a year when there are significant changes to keep the policy updated and be consistent with environments, events, and legislative changes.

Performance of Information Technology and Data Security in 2023

1. The bank has reviewed its IT security policy which has been approved by Executive Committee No. 24/2023 on November 24, 2023.

2. The bank has communicated IT security policy to executives and employees via the bank's intranet, with 100 percent of executives and employees receiving the communication.

3. The bank has organized trainings for directors, executives, and employees to share knowledge and build awareness of cyber security for personnel in the organization on a regular basis both in the form of providing knowledge and organizing activities that promote cyber security so that personnel understand and can act correctly. 100% of directors and 20.14% of executives and employees received trainings.

4. The bank has implemented IT security policy by controlling, monitoring, reporting operations, including preparing reports, watching out for threats and studying cyber threats trend that may occur and affect the bank and continuously reporting to the assigned committee and relevant senior executives. As a result, the bank has had no cyber threats that significantly disrupted the bank's operational systems from providing services. The IT system is highly secure and supports its business operations well.

Corrective Measures in the Event of a Cyber Threat Incident

The bank has established a process for monitoring incident events on the information system to be a guideline for resolving incident events to respond to information security incidents in a timely manner and collect information about information security incidents in order to plan and prevent them from recurring.

The bank has prepared a cyber threat response plan in abnormal cyber events (Cyber Incident Response Plan) by creating a plan, investigating and analyzing causes and assess the impact so that it can be used as a reference in dealing with threats, responding to events and retrieving systems and data quickly in a timely manner. The bank also has a Security Operation Center (SOC) to monitor when a cyber threat occurs.

The cyber incident response plan has been designed to be in line with the IT Disaster Recovery Plan (IT DRP) and Business Continuity Plan (BCP) that covers incidents, cyber threats and there is a sequence of system restoration by taking into account the priorities of each system and the plan is subject to testing annually.

Implementation of Security and Protection of Customer Data

The bank is aware of the importance of personal data protection and compliance with the Personal Data Protection Act 2019 and related laws or regulations by setting the personal data protection policy to promote personal data protection and to be a guideline for protecting personal data of data subjects collected, stored, used or disclosed. The policies cover the following areas:

1. Accuracy: To ensure that personal information collected, used or disclosed on behalf of the bank is accurate and complete. This is especially the case where personal data is likely to be used to make decisions concerning the owner either by the bank or by the bank's personal data processors.

2. Storage and Retention Period: The bank keeps records and determines the retention period for personal information according to the relevant laws or regulations or appropriate retention period that is necessary considering for legal purposes.





3. Confidentiality and Integrity: The bank has prepared appropriate security measures, including organizational measure and technical measure to prevent message counterfeiting and unauthorized collection, use, access or alteration. The bank has established the procedures for dealing with incidents of personal data breaches and will notify data subject in accordance with legal requirements.

4. Personal Data Breach Notification: The bank has a process to support reporting of personal data leaks, including remedial measures and reporting to Thai Personal Data Protection Committee and data subject in accordance with legal requirements.

In addition, the bank has internal control measures regarding the security system of information technology and personal information such as the information security policy, data classification standard and guidelines for protecting personally identifiable information, data security and privacy guidelines and operating procedures regarding the collection, use and/or disclosure of personal information of the bank's customers, etc.

Performance of Security and Customer Data Protection in 2023

1. The bank has reviewed the personal data protection policy which was approved by the Executive Committee No. 20/2023 on September 22, 2023.

2. The bank has fully communicated the personal data protection policy to executives and employees via the bank's intranet (100 percent), including dispersing knowledge about Personal Data Protection Act and related internal operating procedures through all channels of the bank on a monthly basis.

3. The bank provides knowledge about Personal Data Protection Act and related internal operating procedures to directors, executives, and employees.

Corrective Measures in the Event of a Personal Data Leak or Misuse of Customers' Data

The bank has established the operating procedures in the event of a leak or breach of personal information within the organization. It is required that those who know the incident must report it to the personal data protection officer as soon as possible to investigate and find the cause of breaches and take corrective action, and consider remedial measures and report incidents of violations to Thai Personal Data Protection Committee and data subjects for acknowledgement in accordance with legal requirements.

Promoting the Internal Development of Business, Social, and Environmental Innovations

The bank encourages its employees throughout the organization to participate in innovation development to maximize the benefits for customers by organizing Beyond Transformation Awards project, which is a project to create participation in presenting innovations throughout the organization. The employees can present ideas using RPA to support the development of various work processes, with 93% participation of employees. The project not only allows its employees to get to know technology and apply innovations to work but it is about creating awareness of technology leading to improvement, increasing work efficiency, reducing amount of time, saving paper usage and lowering greenhouse gas emissions.





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, market conduct, banking product and other processes relating to products, services and customer data security. The bank directs all units to adhere to the best practices regarding internal control in any business operation and any practice of staff. The bank also sets up a business unit to manage risks and formulates risk management policy as practical 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 with 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 correct them and make recommendations.

The bank acknowledges the importance of good corporate governance and internal control, creates the policies and practical guidelines in writing, and provides trainings to broaden staff's knowledge and to sharpen their practical skills so that they can be 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 matters have been included in employee training program.

The bank has specified that internal control activities as part of operational process with appropriate structures for all departments by separating the duties of operators and auditors to ensure appropriate check and balance mechanism. Any activities with potential 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. Effective communication channel is also provided to ensure that executives and all employees truly understand policies and operational practices related to their functions.

The Internal Audit Group has a duty to assess the adequacy of internal control procedures including risk management as well as providing each unit with operational advices according to their unique nature and scope of work. 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 efficient operation 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 to ensure that the





internal control is proper and able to handle changing risks arising in each period of time. Any defects detected shall be reported to involved executives and any significant defects shall be reported to top executives, Audit Committee and Board of Directors as appropriate.

The Audit Committee is responsible for nominating the auditors by considering their qualifications, performances and audit fee before submitting the proposal to the Board of Directors each year. Then, the audit fee will be submitted to the shareholders meeting for approval. The Audit Committee also reviews the financial statement by calling the auditor to attend the meeting and present the key issues relating to internal control environment and financial statement. The auditor of the bank was EY Office Limited who audited the 2023 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 Internal Audit Group shall be consented by the Audit Committee as specified in the Audit Committee Charter.

The Internal Audit Group is independent and directly reports to the Audit Committee. The Internal Audit Group has the duties to audit, assess the sufficiency of internal control, risk management system and compliance with policies, guidelines, procedures, code of conduct and regulatory requirements, and evaluate the effectiveness of resources management, accuracy and reliability of information, customer data security, anti-corruption and fraud, propose the guideline for improvement and report the audit result to the Audit Committee and Board of Directors on a regular basis.

Profile of the Head of Internal Audit Group

Name	Ms. Thanawan Teekautamakorn
Position	Executive Vice President of Internal Audit Group
Age (Years)	59
Education	<ul style="list-style-type: none"> • Master of Arts in Business Law, Chulalongkorn University • Master Degree in General Management, Mahidol University • Bachelor of Accounting, The University of the Thai Chamber of Commerce • Internal Auditing Certificate, Federation of Accounting
Training	<ul style="list-style-type: none"> • Thai Accounting and International Standards • International Financial Disclosure Standards • Credit Review Guidelines after TFRS 9 and Credit Model • Personal Data Protection Act-PDPA 2562 B.E. • Integrated Risk Management & Strategy • IT Best Practice (Mobile Banking, E-Banking, Cyber Security) • COSO 2013 & Anti-Corruption Master Class • Internal Audit Best Practices • IT Governance and Cyber Resilience Program (ITG) • IT Risk Management Implementation Guideline • CAE Forum 2023 • Corruption Risk and Control Workshop (CRC) • PDPA for Internal Audit 2020 • Information Technology Security Awareness Training 2023 : LH Bank





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- Roles and Responsibilities for General Audit, Branch Audit and IT Audit

Define the objectives, goals, audit scope and audit plan to align with corporate goal covering key activities and regulatory requirements.

- Set the objectives, goals, audit scope and audit plan
- Adjust the strategy for audit functions to align with the regulatory requirements, risk management and changes in business
- Prepare and revise the audit manual to align with the regulatory requirements, international accounting standards for internal audit, code of conduct for auditor and monitor the compliance with standards, manuals and codes of conduct
- Manage the general audit, branch audit, IT audit functions and supervise the compliance with policies, plans and procedures
- Evaluate the sufficiency and efficiency of internal control
- Assess the reliability and accuracy of operational and financial information
- Give advice, opinion and suggestion about internal control guidelines and best practices
- Report the audit results to the head of audited units, Chief Executive Officer and President, Audit Committee and Board of Directors as appropriate
- Develop the capability of auditors to have knowledge and skills to catch up with business changes, technologies and emerging risks
- Evaluate the performance of all levels of auditors
- Monitor transactions and detect irregular ones (Transaction Monitoring)
- Conduct special investigation
- Follow up the progress of corrections against audit report
- Perform other tasks assigned by the Audit Committee

As of December 31, 2023, the Internal Audit Group had 29 employees in total.



**Significant Penalty Charges Under 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 check (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.

In 2022, there were no significant penalty charges under the governing laws.

In 2023, 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. 40 to the financial statements of the bank. The details are as follows:

Outstanding Balances

As at December 31, 2023, the outstanding balances of transactions between the bank and its related parties were summarized as follows:

(Unit: Million Baht)

Relationship ¹	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	Contingent liabilities - undrawn credit limit
1. Parent company of the bank	-		80.00	0.01	0.30	13.21	-	-	-	4.11	28.59	-	30.00
2. Subsidiaries of the bank's parent company	2,564.81			-	1.89	3.59	105.15	-	0.01	54.73	1.81	-	4,035.00
3. Major shareholders of the bank's parent company	-			-	7.58	1,286.02	0.55	-	-	-	0.55	-	-
4. Related companies	-	482.01	6,224.09	17.67	26.30	3,123.23	-	-	5.36	399.42	12.69	106.22	-
5. Directors and executives	-		3.44	-	-	190.09	-	-	0.29	-	0.10	-	-
6. Related persons	-		22.41	0.64	-	1,712.27	-	7.00	0.88	-	-	-	-
Total	2,564.81	482.01	6,329.94	18.32	36.07	6,328.41	105.70	7.00	6.54	458.26	43.74	106.22	4,065.00

Notes ¹ The nature of the relationships is described in the Note No. 40.2 to the financial statements "Related Party Transaction/Connected Person".





Related Party Transactions in 2023

During the year 2023, 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 ¹	Interest income	Fees and service income	Dividend income	Other operating income	Dividends paid	Interest expenses	Fees and service expenses	Other operating expenses
1. Parent company of the bank	113.41	0.13	-	-	500.00	0.06	-	344.68
2. Subsidiaries of parent company	80.69	27.35	-	1.01	-	1.51	-	-
3. Major shareholders of parent company	0.06	-	-	-	-	24.74	-	38.16
4. Related companies	248.53	7.41	27.76	-	-	20.71	0.21	96.52
5. Directors and executives	0.07	-	-	-	-	1.40	-	-
6. Related persons	1.29	-	-	-	-	9.15	-	-
Total	444.05	34.89	27.76	1.01	500.00	57.57	0.21	479.36

Notes ¹ The nature of relationships is described in the Note No. 40.1 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. Dr. Supriya	Kuandachakupt	Member
3. Mr. Pichai	Dusdeekulchai	Member
4. Prof. Piphob	Veraphong	Member

Mrs. Thanawan Teekautamakorn, head of Internal Audit Group of LH Financial Group Public Company Limited, is the secretary.

The Audit Committee has fulfilled its duties and responsibilities as assigned by the Board of Directors. In 2023, the Audit Committee held 12 meetings in total and reported its performance to the Board of Directors as follows:

1. Review of Financial Reports

Review the financial statements prepared in accordance with the financial reporting standards to ensure the accuracy and completeness of information, adequacy of disclosures, audit results and significant risks. In addition, the bank's operating results are considered on a quarterly basis and a meeting with the auditors is arranged to discuss the independence of their duties and opinions. In this regard, auditors report all issues found from their inspection to the Audit Committee for consideration.

2. Internal Control and Internal Audit

Review and assess the sufficiency of the internal control by considering the observations from the internal audit report and monitoring for appropriate corrections as well as auditor's reports to assess the adequacy and effectiveness of the internal control as well as evaluating the independence of the internal audit unit including the charter of internal audit unit.

3. External Auditor

Consider the selection of auditors by considering knowledge, ability, experience, credibility and the sufficiency of resources including the assessment results of the independence and quality of audit tasks in the past year. For the auditor's remuneration, the scope of the auditor's responsibility is taken into account.

In 2023, the bank's auditor was EY Office Company Limited auditing the financial statements for the year 2023 and providing the unqualified reports of the financial statements.

4. Connected Transactions or Transactions with Potential Conflicts of Interest

Ensure that the connected transactions or transactions with potential conflicts of interest comply with laws and regulations of the Stock Exchange of Thailand, transparency, reasonableness and protection of the interests of the bank and shareholders; and disclosure of the bank's information relating to connected transactions or transactions with potential conflicts of interest is accurate.





5. Risk Management

Review the risk management system at the holistic level of the company to the activity level to align with best practices and ensure that the bank can achieve its goals with efficiency and effectiveness and comply with laws.

6. Self-assessment

The self-assessment is conducted by comparing the key activities of the Audit Committee with the Audit Committee Charter, related regulations and best practices. The evaluation results reflected that the Audit Committee have performed their duties and responsibilities adequately and appropriately as specified in the Audit Committee Charter, relevant regulations, and as assigned by the Board of Directors.

The Audit Committee has performed its roles and duties as assigned by the board and deemed that the bank's financial reports have been properly prepared in accordance with financial reporting standards with sufficient and appropriate disclosure of information. The auditor is independent in auditing financial statements and performing professionally. The bank has adequate and suitable internal control for business operations, complied with laws, rules and regulations related to business operations.

(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. Prof. Piphob Veraphong | Chairman |
| 2. Dr. Supriya Kuandachakupt | Member |
| 3. Mr. Pradit Sawattananond | Member |

Ms. Nuanprae Sueayai, Head of People Group of LH Financial Group Public Company Limited, is the secretary.

The Nomination and Remuneration Committee has performed its duties under the scope of responsibilities assigned by the Board of Directors. During the year 2023, the Nomination and Remuneration Committee had a total of 7 meetings and reported the result of each meeting to the Board of Directors as follows:

1. Consider the nomination of directors and executives
2. Consent to the position adjustment of senior executives
3. Consider the employment of advisors
4. Consent to the restructuring of business units
5. Consent to the succession plan
6. Consider the performance and consent to the 2022 bonus and 2023 merit increase for Chief Executive Officer and President and propose to the Board of Directors for approval
7. Consent to the 2023 bonus and merit increase for employees in case of promotion and special adjustment to be compatible with market for the year 2024 and propose to the Board of Directors for approval
8. Consent to the directors' remuneration and meeting allowances for the year 2023 and directors' gratuity for the year 2022
9. Consent to the revision of the roles and responsibilities of the Nomination and Remuneration Committee
10. Conduct the individual and collective self-assessment of the Nomination and Remuneration Committee for the year 2023

(Prof. Piphob Veraphong)

Chairman of the Nomination and Remuneration Committee





BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTS

The Board of Directors of Land and Houses Bank Public Company Limited is responsible for the bank's financial statements and financial information presented in the annual report. The aforementioned financial statements have been 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 to shareholders and 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 correct and complete and adequate to sustain assets of the bank.

The Board of Directors has appointed the Audit Committee which comprises independent directors responsible for the quality of the financial reporting and 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 have been 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 have been included in the report of 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, 2023.

(Dr. Vorapol Socratyanurak)
Chairman

(Mr. Shih, Jiing-Fuh)
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 2023, 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 2023, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

Bongkot Kriangphanamorn

Certified Public Accountant (Thailand) No. 6777

EY Office Limited

Bangkok: 23 February 2024





Land and Houses Bank Public Company Limited

Statements of financial position

As at 31 December 2023 and 2022

(Unit: Thousand Baht)

	Note	2023	2022
Assets			
Cash		691,375	704,935
Interbank and money market items - net	7	33,153,769	35,933,706
Derivative assets	8	703,326	389,925
Investments - net	9	42,864,249	44,375,845
Loans to customers and accrued interest receivables - net	10	226,667,930	210,256,423
Properties foreclosed - net	12	8,304,680	786,422
Premises and equipment - net	13	352,028	308,711
Right-of-use assets - net	21.1	662,909	497,039
Intangible assets - net	14	310,299	261,766
Deferred tax assets	15.1	1,683,183	1,297,534
Accrued interest receivables on investments		100,050	116,802
Receivables on disposals of properties foreclosed through auctions		127,848	430,024
Other assets - net	16	717,434	487,017
Total assets		316,339,080	295,846,149

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 2023 and 2022

(Unit: Thousand Baht)

	Note	2023	2022
Liabilities and shareholders' equity			
Deposits	18	251,453,387	231,432,038
Interbank and money market items	19	21,409,328	23,616,785
Liabilities payable on demand		422,819	100,507
Derivative liabilities	8	578,628	187,900
Debts issued and borrowings - net	20	3,058,076	2,396,060
Interest payables		752,743	395,070
Accrued expenses		905,623	617,666
Lease liabilities - net	21.2	676,897	505,535
Provisions	22	455,591	368,844
Tax payable		236,207	362,133
Revenue received in advance		242,170	260,486
Other liabilities	24	530,369	273,372
Total liabilities		280,721,838	260,516,396
Shareholders' equity			
Share capital	25		
Registered, issued and paid-up			
2,000,000,000 ordinary shares of Baht 10 each		20,000,000	20,000,000
Share premium	25	10,598,915	10,598,915
Other components of shareholders' equity	28	(2,779,459)	(2,287,852)
Retained earnings			
Appropriated - statutory reserve	26	1,064,000	979,000
Unappropriated		6,733,786	6,039,690
Total shareholders' equity		35,617,242	35,329,753
Total liabilities and shareholders' equity		316,339,080	295,846,149

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 2023 and 2022

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	2023	2022
Profit or loss:			
Interest income	30	11,725,103	8,736,008
Interest expenses	31	(4,619,742)	(2,451,853)
Net interest income		7,105,361	6,284,155
Fees and service income	32	383,003	360,672
Fees and service expenses	32	(103,169)	(85,315)
Net fees and service income		279,834	275,357
Losses on financial instruments measured at fair value			
through profit or loss	33	(18,597)	(12,849)
Gains on investments	34	10,856	-
Dividend income		365,193	423,689
Other operating income		71,604	22,594
Total operating income		7,814,251	6,992,946
Other operating expenses			
Employee's expenses		1,644,069	1,485,527
Directors' remuneration	35	11,536	12,812
Premises and equipment expenses		698,886	619,176
Taxes and duties		361,639	255,471
Advertising and promotional expenses		183,014	156,633
Amortisation on intangible assets	14	120,747	113,078
Supporting services expenses		343,233	316,266
Other expenses		239,984	166,373
Total other operating expenses		3,603,108	3,125,336
Expected credit losses	36	2,130,197	2,550,383
Profit from operating before income tax		2,080,946	1,317,227
Income tax	15.2	(387,968)	(223,878)
Net profit for the years		1,692,978	1,093,349

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 2023 and 2022

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	2023	2022
Other comprehensive income (loss):			
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		307,999	(548,405)
Income tax relating to components of other comprehensive income (loss)			
for items that will be reclassified subsequently to profit or loss	15.2	(61,600)	109,681
Total items that will be reclassified subsequently to profit or loss		246,399	(438,724)
Items that will not be reclassified subsequently to profit or loss:			
Losses on investments in equity instruments designated to be measured at fair value through other comprehensive income		(1,450,907)	(539,010)
Actuarial gains on defined benefit plans		11,047	9,121
Income tax relating to components of other comprehensive income (loss)			
for items that will not be reclassified subsequently to profit or loss	15.2	287,972	105,978
Total items that will not be reclassified subsequently to profit or loss		(1,151,888)	(423,911)
Other comprehensive loss for the years		(905,489)	(862,635)
Total comprehensive income for the years		787,489	230,714
Earnings per share:	37		
Basic earnings per share			
Profit for the years (Baht per share)		0.85	0.55

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 2023 and 2022

(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	
Balance as at 1 January 2022		20,000,000	10,598,915	(1,457,412)	924,300	5,033,236	35,099,039
Appropriated to statutory reserve	26	-	-	-	54,700	(54,700)	-
Investments in equity instruments derecognised during the year	9.1	-	-	39,492	-	(39,492)	-
Net profit for the year		-	-	-	-	1,093,349	1,093,349
Other comprehensive income (loss) for the year		-	-	(869,932)	-	7,297	(862,635)
Total comprehensive income (loss) for the year		-	-	(869,932)	-	1,100,646	230,714
Balance as at 31 December 2022		20,000,000	10,598,915	(2,287,852)	979,000	6,039,690	35,329,753
Balance as at 1 January 2023		20,000,000	10,598,915	(2,287,852)	979,000	6,039,690	35,329,753
Appropriated to statutory reserve	26	-	-	-	85,000	(85,000)	-
Dividend paid	27	-	-	-	-	(500,000)	(500,000)
Investments in equity instruments derecognised during the year	9.1	-	-	422,720	-	(422,720)	-
Net profit for the year		-	-	-	-	1,692,978	1,692,978
Other comprehensive income (loss) for the year		-	-	(914,327)	-	8,838	(905,489)
Total comprehensive income (loss) for the year		-	-	(914,327)	-	1,701,816	787,489
Balance as at 31 December 2023		20,000,000	10,598,915	(2,779,459)	1,064,000	6,733,786	35,617,242

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 2023 and 2022

(Unit: Thousand Baht)

	2023	2022
Cash flows from operating activities		
Profit before income tax	2,080,946	1,317,227
Adjustments to reconcile profit before income tax		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	446,971	421,443
Expected credit losses	2,130,197	2,550,383
Provisions for employee benefits	42,981	39,804
Provisions for litigation	38,539	1,040
(Gains) losses on financial instruments measured at fair value through profit or loss	88,180	(108,115)
(Gains) losses on disposal/write-off of leasehold improvements and equipment	2,357	(415)
(Gains) losses on lease modification	(550)	227
Gains on sales of investments	(10,856)	-
Net interest income	(7,105,361)	(6,284,155)
Dividend income	(365,193)	(423,689)
Cash received on interest income	9,732,072	6,718,078
Cash paid on interest expenses	(3,946,403)	(2,358,430)
Cash paid on income tax	(701,387)	(132,143)
Profit from operation before changes in operating assets and liabilities	2,432,493	1,741,255
(Increase) decrease in operating assets		
Interbank and money market items	2,785,619	(670,626)
Loans to customers	(24,215,013)	(41,675,323)
Properties foreclosed	19,464	(13,072)
Other assets	69,799	(167,218)
Increase (decrease) in operating liabilities		
Deposits	20,021,349	38,918,933
Interbank and money market items	(2,207,457)	4,570,467
Liabilities payable on demand	322,312	(89,037)
Short-term debts issued and borrowings	653,792	420
Accrued expenses	(2,892)	139,188
Provisions	(2,473)	(12,628)
Revenue received in advance	86,671	69,355
Other liabilities	115,944	139,067
Net cash provided by operating activities	79,608	2,950,781

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 2023 and 2022

(Unit: Thousand Baht)

	Note	2023	2022
Cash flows from investing activities			
Proceeds from redemption of investments in debt instruments			
measured at amortised cost		100,090	575
Proceeds from sales of investments in debt instruments measured at fair value			
through other comprehensive income		6,582,461	6,438,356
Proceeds from sales/capital return of investments in equity instruments designated			
to be measured at fair value through other comprehensive income		1,024,489	247,898
Cash received on interest on investments		897,390	900,734
Cash received on dividend on investments		365,193	423,689
Invested in investments in debt instruments measured at amortised cost		(2,147,979)	(669,875)
Invested in investments in debt instruments measured at fair value			
through other comprehensive income		(5,789,016)	(9,857,105)
Invested in investments in equity instruments designated to be measured at fair value			
through other comprehensive income		(124,302)	-
Proceeds from disposal of equipment		1,182	1,733
Cash paid for purchase of leasehold improvements and equipment		(137,208)	(120,812)
Cash paid for purchase of intangible assets		(131,894)	(98,353)
Net cash provided by (used in) investing activities		640,406	(2,733,160)
Cash flows from financing activities			
Cash paid for lease liabilities		(233,574)	(228,777)
Cash paid on long-term debts issued and borrowings		-	(1,658)
Dividend paid	27	(500,000)	-
Net cash used in financing activities		(733,574)	(230,435)
Net decrease in cash and cash equivalents		(13,560)	(12,814)
Cash and cash equivalents as at 1 January		704,935	717,749
Cash and cash equivalents as at 31 December		691,375	704,935
		-	-
Supplemental cash flows information			
Non-cash items:			
Right-of-use assets		418,374	168,840
Purchase of assets on credit		66,271	16,036
Increase in other receivables from sale of collateral for loan repayment		-	346,091
Increase in properties foreclosed from transferring of assets for loan settlement		7,537,722	-

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 2023 and 2022****1. General 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 2023, the Bank had 1 head office and 71 branches in Thailand (31 December 2022: the Bank had 1 head office and 73 branches in Thailand).

2. Basis for preparation of financial statements

These financial statements for the year ended 31 December 2023 were prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, Accounting Guidances 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 Financial reporting standards that became effective in the current year**

During the year, the Bank has adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. 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 the Bank's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

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 2024. 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 management of the Bank believes that adoption of these amendments will not have any significant impact on the Bank's financial statements.

3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions announced the Accounting Guidance on guidelines regarding provision of financial assistance to debtors affected by the 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 as specified in the circular of the Bank of Thailand No. BoT.RPD2.C. 802/2564 "Guidelines regarding provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)" or any other measures additionally 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.

This Accounting Guidance is effective for entities that provide assistance to debtors impacted by the COVID-19 during the period as from 1 January 2022 to 31 December 2023 or until further change in made by the Bank of Thailand requiring entities to comply. The guidance applies to staging assessment and setting aside of provisions for qualified debtors, and cover all types of debts, 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 repayment schedules (Assistance type 1), 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 restructuring compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtors are assessed that they are 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 its use as additional working capital or liquidity enhancement to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the Bank considers that the debtor is able to comply with repayment conditions under the new 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 or 1 month past due.
 - A new effective interest rate can be applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to be no longer reflect the estimated cash inflows from the loan.
- b) In cases of the debt restructuring involving only a repayment schedule extension (Assistance type 2), the applicable procedures are as follows:
- The staging assessment and provisioning are to be made in accordance with 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 in relation to provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)” relating to assessment of whether there has been a significant increase in credit risk are to be applied for preliminary assessment as to whether or not 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 and SME loans, which are in process of debt restructuring but 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 in relation to debt restructuring to assist debtors affected by the COVID-19”, such loans can continue to be remained at the same stage no longer than 31 March 2022 or until future changes are made by the Bank of Thailand requiring the entities 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.

The Bank provides both types of assistance to debtors. For assistance type 1, the Bank has elected to apply all temporary relief measures under this accounting guidance relating to staging assessment and setting aside of provisions.

The management of the Bank has assessed and believes that the expiration of this accounting guidance will not have a significant impact on the Bank's financial statements, and the Bank is required to comply with Thai Financial Reporting Standard No. 9.

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 43 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.

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 judgement. Macroeconomic data is used, and both the current situation and economic forecasts are evaluated. The use of forward-looking data increases the degree of judgement 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 the Bank of Thailand No. BoT.RPD2.C.802/2564 “Guidelines regarding provision of assistance to debtors affected by the COVID-19 (the sustainable debt resolution measures)” dated 3 September 2021 as follows:

- Debt restructuring for debtors who are performing loans (non-NPL), which are pre-emptive debt restructurings, made when signs of debt payment problems become evident. Therefore, the debtor is not yet classified as a non-performing debt (NPL).
- Debt restructuring for debtors who are non-performing loans (NPL) is a troubled debt restructuring (TDR).

In additionn, 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.

The Bank has instruction for debt restructuring of all debtors who affected by COVID-19 pandemic as appropriate with current situation by taking into consideration on the highest benefit of all debtors. However, the Bank are considered the debt restructuring process as align with debtor’s ability of repay and forecast future cash flow. In this regard, the Bank are segregated instruction for debt restructuring by adjusting the debt classification in order to comply with debt restructuring process as follows:

- (1) The debt restructuring is stipulated conditions for reducing debt repayment obligation, rather than extending repayment period only such as accrued interest reduction and reducing contract interest rate that will impact to the decrease in effective interest rate (EIR) or contractual average interest rate, receiving collateral assets for debt repayment, debt to equity conversion, extension debt repayment term from short-term to be long-term, increase an additional credit and etc.





- The debt restructuring for debtors who are performing loans (Non-NPL), the Bank will classify them as the debtors has not been a significant increase in credit risk (Stage 1) immediately if the Bank assess that the debtors are able to comply with the debt restructuring agreement without any requires the results of compliance monitoring.
 - The debt restructuring for debtors who are non-performing loans (NPL), the Bank will classify them as the debtors has not been a significant increase in credit risk (Stage 1) 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.
- (2) The debt restructuring by extending repayment period only are consist of extending repayment period, providing grace period for principle and/or interest and including extension debt repayment term from short-term to be long-term.
- The debt restructuring for debtors who are performing loans (Non-NPL), 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 reflects the status of debtors that do not indicate the significant increase in credit risk, As a results, the Bank will classify them as the debtors has not been a significant increase in credit risk (Stage 1).
 - The debt restructuring for debtors who are non-performing loans (NPL), 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, as a results, the debtors will be classified 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).

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.





In compliance with the regulations outlined in the BOT's notification No. Sor Nor Sor.4/2564, pertaining to the Measures to support the receipt of transferred collateral assets for debt repayment under the Royal Decree for provision of assistance and rehabilitation of business entrepreneurs affected by the Coronavirus Disease 2019 outbreak, assets are transferred to the Bank for repayment. These transfers fall under Classification 2 No.4.5 Principle, which pertains to properties foreclosed based on agreed prices with buy-back conditions not exceeding five years, as well as rent-back conditions for business operations. Upon transfer, the Bank derecognises loans to customers and presents the transferred assets as properties foreclosed, adhering to the ownership rights associated with the transferred assets. The measurement of the transferred assets aligns with that of other properties foreclosed by the Bank. Any rental income received by the Bank has been recorded as other income.

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 years 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.

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 2023				
	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	-	-	-	691,375	691,375
Interbank and money market items - net	-	-	-	33,153,769	33,153,769
Derivative assets	703,326	-	-	-	703,326
Investment - net	-	36,434,063	3,713,788	2,716,398	42,864,249
Loans to customers and accrued interest receivables - net	-	-	-	226,667,930	226,667,930
Accrued interest receivables on investments	-	-	-	100,050	100,050
Receivables on disposals of properties foreclosed through auctions	-	-	-	127,848	127,848
Collateral receivables under the Credit Support Annex agreements	-	-	-	153,373	153,373
Total financial assets	703,326	36,434,063	3,713,788	263,610,743	304,461,920
<u>Financial liabilities</u>					
Deposits	-	-	-	251,453,387	251,453,387
Interbank and money market items	-	-	-	21,409,328	21,409,328
Liabilities payable on demand	-	-	-	422,819	422,819
Derivative liabilities	578,628	-	-	-	578,628
Debts issued and borrowings - net	-	-	-	3,058,076	3,058,076
Lease liabilities - net	-	-	-	676,897	676,897
Collateral payables under the Credit Support Annex agreements	-	-	-	249,094	249,094
Total financial liabilities	578,628	-	-	277,269,601	277,848,229





(Unit: Thousand Baht)

	31 December 2022				
	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	-	-	-	704,935	704,935
Interbank and money market items - net	-	-	-	35,933,706	35,933,706
Derivative assets	389,925	-	-	-	389,925
Investment - net	-	37,641,773	6,064,882	669,190	44,375,845
Loans to customers and accrued interest receivables - net	-	-	-	210,256,423	210,256,423
Accrued interest receivables on investments	-	-	-	116,802	116,802
Receivables on disposals of properties foreclosed through auctions	-	-	-	430,024	430,024
Collateral receivables under the Credit Support Annex agreements	-	-	-	59,042	59,042
Total financial assets	389,925	37,641,773	6,064,882	248,170,122	292,266,702
<u>Financial liabilities</u>					
Deposits	-	-	-	231,432,038	231,432,038
Interbank and money market items	-	-	-	23,616,785	23,616,785
Liabilities payable on demand	-	-	-	100,507	100,507
Derivative liabilities	187,900	-	-	-	187,900
Debts issued and borrowings - net	-	-	-	2,396,060	2,396,060
Lease liabilities - net	-	-	-	505,535	505,535
Collateral payables under the Credit Support Annex agreements	-	-	-	164,634	164,634
Total financial liabilities	187,900	-	-	258,215,559	258,403,459





7. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	1,757,912	-	1,757,912	3,101,103	-	3,101,103
Commercial banks	200,332	13,000,000	13,200,332	111,932	6,000,000	6,111,932
Specialised financial institutions	-	7,300,000	7,300,000	-	6,537,000	6,537,000
Other financial institutions	1,685,000	8,842,012	10,527,012	2,523,000	17,309,812	19,832,812
Total	3,643,244	29,142,012	32,785,256	5,736,035	29,846,812	35,582,847
Add: Accrued interest receivables and undue interest receivables	-	11,091	11,091	677	7,053	7,730
Less: Allowance for expected credit losses	(2,038)	(9,596)	(11,634)	(5,360)	(6,586)	(11,946)
Total domestic items	3,641,206	29,143,507	32,784,713	5,731,352	29,847,279	35,578,631
Foreign:						
US Dollar	309,199	-	309,199	235,619	-	235,619
Yen	5,167	-	5,167	14,629	-	14,629
Euro	17,346	-	17,346	75,708	-	75,708
Other currencies	37,344	-	37,344	29,119	-	29,119
Total foreign items	369,056	-	369,056	355,075	-	355,075
Interbank and money market items - net	4,010,262	29,143,507	33,153,769	6,086,427	29,847,279	35,933,706

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 2023		31 December 2022	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading	703,326	578,628	354,526	187,900
Derivatives held for banking book *	-	-	35,399	-
Total	703,326	578,628	389,925	187,900

* 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 2023 and 2022, 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 2023			31 December 2022		
	Fair value		Notional amounts *	Fair value		Notional amounts *
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	703,326	578,628	57,397,127	354,526	187,900	20,467,196
Total	703,326	578,628	57,397,127	354,526	187,900	20,467,196

* Disclosed only in case that the Bank has an obligation to pay.

Derivatives held for banking book

As at 31 December 2023 and 2022, 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 2023			31 December 2022		
	Fair value		Notional amounts *	Fair value		Notional amounts *
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
and interest rate	-	-	-	35,399	-	1,149,440
Total	-	-	-	35,399	-	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 2023 and 2022 consist of:

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Investments in debt instruments measured at amortised cost	2,716,398	669,190
Investments in debt instruments measured at fair value through other comprehensive income	36,434,063	37,641,773
Investments in equity instruments designated to be measured at fair value through other comprehensive income	3,713,788	6,064,882
Total investments - net	42,864,249	44,375,845





9.1.1 Investments in debt instruments measured at amortised cost

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
	Amortised cost	Amortised cost
Government and state enterprise instruments	1,466,103	-
Private sector debt instruments	1,251,165	669,300
Total	2,717,268	669,300
Less: Allowance for expected credit losses	(870)	(110)
Total investments in debt instruments measured at amortised cost	2,716,398	669,190

9.1.2 Investments in debt instruments measured at fair value through other comprehensive income

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
	Fair value	Fair value
Government and state enterprise instruments	29,607,422	26,874,882
Private sector debt instruments	3,797,590	7,734,287
Other debt instruments	3,029,051	3,032,604
Total investments in debt instruments measured at fair value through other comprehensive income	36,434,063	37,641,773
Allowance for expected credit losses	(871,649)	(251,663)

9.1.3 Investments in equity instruments designated to be measured at fair value through other comprehensive income

	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	Fair value	Dividend received	Fair value	Dividend received
Domestic marketable equity instruments - investment units	3,706,885	333,076	6,057,979	422,550
Domestic non-marketable equity instruments	6,903	427	6,903	364
Total investments in equity instruments designated to be measured at fair value through other comprehensive income	3,713,788	333,503	6,064,882	422,914





During the years ended 31 December 2023 and 2022, the Bank derecognised investments in equity instruments designated to be measured 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 2023			
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	798,853	31,690	(422,720)
			Sale for liquidity management
Total	798,853	31,690	(422,720)

(Unit: Thousand Baht)

For the year ended 31 December 2022			
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	65,812	775	(39,492)
			Sale for liquidity management
Total	65,812	775	(39,492)

9.2 Investments in which the Bank holds more than 10 percent of the equity of the investees

As at 31 December 2023 and 2022, 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 2023	31 December 2022
Infrastructure Fund (presented at fair value)	107,100	168,700
	107,100	168,700





9.3 Investments in companies having problems relating to financial position and operating results

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	Number of companies	Cost	Fair value	Number of companies	Cost	Fair value
Companies whose auditors' report indicating going concern issues	2	200,025	-	1	25	-
	2	200,025	-	1	25	-

10. Loans to customers and accrued interest receivables

10.1 Classified by loan types

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Overdrafts	4,476,645	4,135,215
Loans	179,583,549	161,510,317
Bills	51,893,344	52,845,686
Hire purchase receivables	651,559	300,599
Total loans to customers	236,605,097	218,791,817
Less: Deferred revenue	(84,623)	(66,229)
Loans to customers net of deferred revenue	236,520,474	218,725,588
Add: Accrued interest receivables and undue interest receivables	3,564,259	3,189,712
Total loans to customers and accrued interest receivables	240,084,733	221,915,300
Less: Allowance for expected credit losses	(13,416,803)	(11,658,877)
Loans to customers and accrued interest receivables - net	226,667,930	210,256,423

As at 31 December 2023, the Bank's loans to customers include restructured loans, for which the Bank has elected to apply the Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 (Sustainable debt resolution) where this assistance is the 1st type of financial assistance amounting to Baht 10,929 million and the 2nd type of financial assistance amounting to Baht 7,008 million (31 December 2022: the 1st type amounting to Baht 15,888 million and the 2nd type amounting to Baht 19,437 million).





10.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	232,971,219	-	232,971,219	215,057,012	-	215,057,012
US Dollar	3,305,139	-	3,305,139	3,620,001	-	3,620,001
Other currencies	244,116	-	244,116	48,575	-	48,575
Total	<u>236,520,474</u>	<u>-</u>	<u>236,520,474</u>	<u>218,725,588</u>	<u>-</u>	<u>218,725,588</u>

10.3 Classified by loan classification

(Unit: Thousand Baht)

	31 December 2023		31 December 2022	
	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)	226,139,285	4,546,186	205,340,493	3,959,523
Financial assets where there has been a significant increase in credit risk (Under-performing)	7,009,606	1,637,603	10,926,064	2,012,217
Financial assets that are credit-impaired (Non-performing)	6,935,842	4,197,072	5,648,743	3,240,405
Total	<u>240,084,733</u>	<u>10,380,861</u>	<u>221,915,300</u>	<u>9,212,145</u>
General provision		<u>3,035,942</u>		<u>2,446,732</u>
Total		<u>13,416,803</u>		<u>11,658,877</u>





10.4 Loans to customers that have repayment problems or defaulted payments

As at 31 December 2023 and 2022, 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 2023		
	Number of debtors	Debt balances	Allowance for expected credit losses
Companies and persons that have repayment problems or defaulted payments	4,543	13,945,448	5,834,675

(Unit: Thousand Baht)

	31 December 2022		
	Number of debtors	Debt balances	Allowance for expected credit losses
Companies and persons that have repayment problems or defaulted payments	1,625	16,574,807	5,252,622

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 2023 and 2022, 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 2023	31,949	240,084,733	288	4,979,259
31 December 2022	44,035	221,915,300	283	5,806,248

As at 31 December 2023 and 2022, the Bank had no outstanding commitments to provide additional loan facilities after restructuring.





10.6 Hire purchase receivables

As at 31 December 2023 and 2022, the Bank had hire purchase receivables, on which the terms of the agreements were generally between 2 to 7 years, and they carried interest at fixed rates as stipulated in the agreements.

(Unit: Thousand Baht)

31 December 2023				
Amounts due under the contracts				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	169,143	482,416	-	651,559
Less: Deferred revenue	(16,356)	(33,754)	-	(50,110)
Present value of minimum lease payments	152,787	448,662	-	601,449
Less: Allowance for expected credit losses				(55,409)
Hire purchase receivables - net				546,040

(Unit: Thousand Baht)

31 December 2022				
Amounts due under the contracts				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Aggregate initial investments under the hire purchase agreements	81,824	218,775	-	300,599
Less: Deferred revenue	(9,390)	(13,840)	-	(23,230)
Present value of minimum lease payments	72,434	204,935	-	277,369
Less: Allowance for expected credit losses				(26,794)
Hire purchase receivables - net				250,575





11. Allowance for expected credit losses

(Unit: Thousand Baht)

	For the year ended 31 December 2023				
	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
Interbank and money market items (assets)					
Balances - beginning of the year	11,946	-	-	-	11,946
Changes due to revaluation of loss allowance	(7,693)	-	-	-	(7,693)
New financial assets purchased or acquired	51,519	-	-	-	51,519
Financial assets derecognised	(44,138)	-	-	-	(44,138)
Balances - end of the year	11,634	-	-	-	11,634
Investments in debt instruments measured at amortised cost					
Balances - beginning of the year	110	-	-	-	110
Changes due to revaluation of loss allowance	1	-	-	-	1
New financial assets purchased or acquired	1,669	-	-	-	1,669
Financial assets derecognised	(910)	-	-	-	(910)
Balances - end of the year	870	-	-	-	870
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	1,663	250,000	-	-	251,663
Changes due to transfers of classification	(76)	(201,075)	201,151	-	-
Changes due to revaluation of loss allowance	(432)	622,075	(1,151)	-	620,492
Financial assets derecognised	(506)	-	-	-	(506)
Balances - end of the year	649	671,000	200,000	-	871,649
Loans to customers and accrued interest receivables					
Balances - beginning of the year	3,959,523	2,012,217	3,240,405	2,446,732	11,658,877
Changes due to transfers of loan classification	56,042	(464,051)	408,009	-	-
Changes due to revaluation of loss allowance	(736,844)	843,386	580,136	589,210	1,275,888
New financial assets purchased or acquired	3,438,248	428,538	198,941	-	4,065,727
Financial assets derecognised	(2,170,783)	(1,182,487)	(221,775)	-	(3,575,045)
Write-off	-	-	(8,644)	-	(8,644)
Balances - end of the year	4,546,186	1,637,603	4,197,072	3,035,942	13,416,803





(Unit: Thousand Baht)

For the year ended 31 December 2023

	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
Accrued interest receivables on investments					
Balances - beginning of the year	-	-	-	-	-
Changes due to revaluation of loss allowance	-	-	1,726	-	1,726
Balances - ending of the year	-	-	1,726	-	1,726

Other assets

Balances - beginning of the year	918	239	46,670	-	47,827
Changes due to transfers of loan classification	(6)	242	(236)	-	-
Changes due to revaluation of loss allowance	73	(138)	56	-	(9)
New financial assets purchased or acquired	230	244	15,719	-	16,193
Financial assets derecognised	(373)	(225)	(10,761)	-	(11,359)
Balances - end of the year	842	362	51,448	-	52,652

As at 31 December 2023, the general provision of Baht 3,036 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 1,719 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 2022

	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
Interbank and money market items (assets)					
Balances - beginning of the year	5,130	-	-	-	5,130
Changes due to revaluation of loss allowance	(26,644)	-	-	-	(26,644)
New financial assets purchased or acquired	68,896	-	-	-	68,896
Financial assets derecognised	(35,436)	-	-	-	(35,436)
Balances - end of the year	11,946	-	-	-	11,946





(Unit: Thousand Baht)

For the year ended 31 December 2022

	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
Investments in debt instruments measured at amortised cost					
Balances - beginning of the year	-	-	-	-	-
New financial assets purchased or acquired	115	-	-	-	115
Financial assets derecognised	(5)	-	-	-	(5)
Balances - end of the year	110	-	-	-	110
Investments in debt instruments measured at fair value through other comprehensive income					
Balances - beginning of the year	2,341	200,000	-	-	202,341
Changes due to revaluation of loss allowance	(742)	50,000	-	-	49,258
New financial assets purchased or acquired	123	-	-	-	123
Financial assets derecognised	(59)	-	-	-	(59)
Balances - end of the year	1,663	250,000	-	-	251,663
Loans to customers and accrued interest receivables					
Balances - beginning of the year	2,831,820	1,096,662	2,812,773	2,199,045	8,940,300
Changes due to transfers of loan classification	(896,635)	633,295	263,340	-	-
Changes due to revaluation of loss allowance	1,069,846	370,791	236,724	247,687	1,925,048
New financial assets purchased or acquired	3,050,881	883,797	201,099	-	4,135,777
Financial assets derecognised	(2,096,389)	(972,328)	(273,531)	-	(3,342,248)
Balances - end of the year	3,959,523	2,012,217	3,240,405	2,446,732	11,658,877
Other assets					
Balances - beginning of the year	1,077	266	41,788	-	43,131
Changes due to transfers of loan classification	243	495	(738)	-	-
Changes due to revaluation of loss allowance	(263)	(307)	12,033	-	11,463
New financial assets purchased or acquired	749	250	12,637	-	13,636
Financial assets derecognised	(888)	(465)	(19,050)	-	(20,403)
Balances - end of the year	918	239	46,670	-	47,827





During the year ended 31 December 2023 and 2022, 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 2023				
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			
	6,334 million	540,990	(603,841)	796,291
Loans to customers	Retail loans increased by Baht			
	11,835 million	45,673	229,228	160,375

(Unit: Thousand Baht)

For the year ended 31 December 2022				
Financial instruments	Description of significant change in book value	Increase 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			
	29,383 million	1,057,079	866,754	384,283
Loans to customers	Retail loans increased by Baht			
	13,448 million	70,624	48,801	43,349





12. Properties foreclosed

(Unit: Thousand Baht)

	For the year ended 31 December 2023				31 December 2023
	31 December 2022	Increase	Disposal/ decrease	Appraiser change	
Properties foreclosed - Immovable assets					
Appraised by external appraisers:					
Cost	778,905	7,548,697	(28,799)	3,382	8,302,185
Allowance for impairment	-	-	-	-	-
Net book value	778,905	7,548,697	(28,799)	3,382	8,302,185
Appraised by internal appraisers:					
Cost	6,617	1,002	(1,742)	(3,382)	2,495
Allowance for impairment	-	-	-	-	-
Net book value	6,617	1,002	(1,742)	(3,382)	2,495
Properties foreclosed - Immovable assets	785,522	7,549,699	(30,541)	-	8,304,680
Properties foreclosed - Movable assets					
Appraised by external appraisers:					
Cost	3,560	-	(3,560)	-	-
Allowance for impairment	(2,660)	-	2,660	-	-
Net book value	900	-	(900)	-	-
Properties foreclosed - Movable assets	900	-	(900)	-	-
Total properties foreclosed	786,422	7,549,699	(31,441)	-	8,304,680





(Unit: Thousand Baht)

	For the year ended 31 December 2022				
	31 December		Disposal/	Appraiser	31 December
	2021	Increase	decrease	change	2022
Properties foreclosed - Immovable assets					
Appraised by external appraisers:					
Cost	772,450	6,895	(6,573)	6,133	778,905
Allowance for impairment	-	-	-	-	-
Net book value	772,450	6,895	(6,573)	6,133	778,905
Appraised by internal appraisers:					
Cost	-	12,797	(47)	(6,133)	6,617
Allowance for impairment	-	-	-	-	-
Net book value	-	12,797	(47)	(6,133)	6,617
Properties foreclosed - Immovable assets	772,450	19,692	(6,620)	-	785,522
Properties foreclosed - Movable assets					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	(2,660)	-	-	-	(2,660)
Net book value	900	-	-	-	900
Properties foreclosed - Movable assets	900	-	-	-	900
Total properties foreclosed	773,350	19,692	(6,620)	-	786,422

As at 31 December 2023 and 2022, the Bank's properties foreclosed totaling Baht 7,528 million and Baht 500 million, respectively, were obligated under the agreements to sell to the former debtors as the first refusal rights within the specified periods.

As of 31 December 2023, the Bank holds properties that have been foreclosed as part of the BOT's Asset Warehousing program, which aims to provide assistance and rehabilitation to business entrepreneurs impacted by the COVID-19 outbreak. Under this program, debtors have entered into agreements to transfer legal ownership rights of their collateral assets to settle loans totaling Baht 7,456 million. The participating debtors have further entered into contracts to lease these assets for use in their operations. Additionally, they have been granted the rights to repurchase the assets within a period of 3 to 5 years. The repurchase price includes the original transferred price, the cost of maintaining the assets, other expenses associated with their upkeep net off any rental payments made during the lease period.





13. Premises and equipment

	(Unit: Thousand Baht)						
	Land	Buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Assets in progress
Cost							
1 January 2022	40,589	10,211	354,440	131,400	643,635	9,145	-
Addition	-	-	13,902	11,423	68,225	-	21,599
Write-off/disposal	-	-	(14,722)	(20,225)	(56,481)	-	-
Transfer in (out)	-	-	19,022	-	-	-	(19,022)
31 December 2022	40,589	10,211	372,642	122,598	655,379	9,145	2,577
Addition	-	-	15,543	13,307	89,112	-	29,142
Write-off/disposal	-	-	(12,638)	(14,535)	(47,463)	-	-
Transferred type of asset	-	-	1,906	8,378	(10,466)	-	-
Transfer in (out)	-	-	15,914	962	7,598	-	(24,474)
31 December 2023	40,589	10,211	393,367	130,710	694,160	9,145	7,245
Accumulated depreciation							
1 January 2022	-	4,540	304,600	119,476	474,301	3,757	-
Accumulated depreciation on write-off/disposal	-	-	(14,380)	(19,546)	(56,184)	-	-
Depreciation charged for the year	-	510	17,969	4,887	63,016	1,484	-
31 December 2022	-	5,050	308,189	104,817	481,133	5,241	-
Transferred type of asset	-	-	1,906	8,378	(10,466)	-	-
Accumulated depreciation on write-off/disposal	-	-	(12,596)	(14,161)	(47,293)	-	-
Depreciation charged for the year	-	511	23,743	6,854	70,610	1,483	-
31 December 2023	-	5,561	321,242	105,888	493,984	6,724	-
Net book value							
31 December 2022	40,589	5,161	64,453	17,781	174,246	3,904	2,577
31 December 2023	40,589	4,650	72,125	24,822	200,176	2,421	7,245
Depreciation for the years ended							
31 December 2022							87,866
31 December 2023							103,201

As at 31 December 2023 and 2022, 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 totaled Baht 675 million and Baht 700 million, respectively.





14. Intangible assets

	(Unit: Thousand Baht)			
	Computer softwares	Deferred membership and license fee	Computer softwares under development	Total
Cost				
1 January 2022	1,092,212	39,428	21,278	1,152,918
Addition	50,180	-	49,729	99,909
Write-off	(1,014)	-	-	(1,014)
Transfer in (out)	39,150	-	(39,150)	-
31 December 2022	1,180,528	39,428	31,857	1,251,813
Addition	38,902	-	133,331	172,233
Write-off	(32)	-	(2,953)	(2,985)
Transferred type of asset	182	-	-	182
Transfer in (out)	70,339	-	(70,339)	-
31 December 2023	1,289,919	39,428	91,896	1,421,243
Accumulated amortisation				
1 January 2022	844,482	33,501	-	877,983
Accumulated amortisation on write-off	(1,014)	-	-	(1,014)
Amortisation charged for the year	111,810	1,268	-	113,078
31 December 2022	955,278	34,769	-	990,047
Accumulated depreciation on write-off	(32)	-	-	(32)
Transferred type of asset	182	-	-	182
Amortisation charged for the year	119,480	1,267	-	120,747
31 December 2023	1,074,908	36,036	-	1,110,944
Net book value				
31 December 2022	225,250	4,659	31,857	261,766
31 December 2023	215,011	3,392	91,896	310,299
Amortisation for the years ended				
31 December 2022				113,078
31 December 2023				120,747
Remaining amortisation periods (years)	0 - 5	1,2,5,6	-	

As at 31 December 2023 and 2022, the Bank had certain items of intangible assets, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 715 million and Baht 608 million, respectively.





15. Deferred tax assets/liabilities and income tax

15.1 Deferred tax assets/liabilities

The components of deferred tax assets/liabilities included deferred income tax arose from the following transactions:

	31 December 2023	31 December 2022	(Unit: Thousand Baht) Changes in deferred income tax for the years ended 31 December	
			2023	2022
Deferred tax assets (liabilities) arose from:				
Investments	945,134	698,062	247,072	217,475
Loans to customers and accrued interest receivables	616,528	498,701	117,827	49,353
Properties foreclosed	-	532	(532)	-
Right-of-use assets	8,973	8,048	925	203
Other assets	10,876	9,565	1,311	939
Provisions	79,146	62,364	16,782	8,474
Others	22,526	20,262	2,264	7,770
Deferred tax assets	<u>1,683,183</u>	<u>1,297,534</u>		
Total			<u>385,649</u>	<u>284,214</u>
Changes in deferred income tax:				
Recognised in profit or loss			159,277	68,555
Recognised in other comprehensive income			226,372	215,659
Total			<u>385,649</u>	<u>284,214</u>

15.2 Income tax

Income tax expenses reported in profit or loss for the years ended 31 December 2023 and 2022 were as follows:

	(Unit: Thousand Baht) For the years ended 31 December	
	2023	2022
Current income tax:		
Corporate income tax for the years	(540,269)	(292,054)
Adjustment in corporate income tax expenses in the prior year	(6,976)	(379)
Deferred income tax:		
Deferred income tax from temporary differences and reversal of temporary differences	159,277	68,555
Income tax expenses reported in profit or loss	<u>(387,968)</u>	<u>(223,878)</u>





Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2023 and 2022 multiplied by the applicable tax rate were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Accounting profits before income tax expenses	2,080,946	1,317,227
Applicable tax rate	20%	20%
Income tax calculated based on accounting profits	(416,189)	(263,445)
Adjustment in corporate income tax expenses in the prior year	(6,976)	(379)
Tax effects of:		
Tax-exempted revenues	30,979	40,080
Additional expense deductions allowed	5,834	1,049
Non-deductible expenses	(1,616)	(1,183)
Income tax expenses reported in profit or loss	(387,968)	(223,878)

The weighted average income tax rates for the years ended 31 December 2023 and 2022 was 18.64% and 17.00%, respectively.

The amounts of income tax recognised in other comprehensive income (loss) for the years ended 31 December 2023 and 2022 were summarised below:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Deferred income tax relating to:		
(Gains) losses on revaluation of investment in debt securities measured at fair value through other comprehensive income	(61,600)	109,681
Losses on revaluation of investment in equity instruments designated at fair value through other comprehensive income	290,181	107,802
Actuarial gains	(2,209)	(1,824)
Income tax reported in other comprehensive income (loss)	226,372	215,659





16. Other assets

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Suspense accounts - debtors	361,118	256,227
Collateral receivables under the Credit Support Annex agreements	153,373	59,042
Prepaid expenses	103,057	80,332
Deposits and guarantees	86,724	82,966
Token money	30,810	30,810
Accrued income	25,028	19,446
Others	9,976	6,021
Total	770,086	534,844
Less: Allowance for expected credit losses	(52,652)	(47,827)
Other assets - net	717,434	487,017

17. Quality of assets

As at 31 December 2023 and 2022, the Bank had assets categorised in compliance with the BOT's regulations as follows:

	(Unit: Thousand Baht)					
	31 December 2023					
	Interbank and money market items and accrued interest receivables	Investments in debt instruments measured at amortised cost	Investments in debt instruments measured at fair value through other comprehensive income	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)	33,165,403	2,717,268	33,405,012	226,139,285	3,055	295,430,023
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	-	3,029,051	7,009,606	1,079	10,039,736
Financial assets that are credit-impaired (Non-performing)	-	-	-	6,935,842	51,448	6,987,290
Total	33,165,403	2,717,268	36,434,063	240,084,733	55,582	312,457,049





(Unit: Thousand Baht)

	31 December 2022					
	Interbank and money market items and accrued interest receivables	Investments in debt instruments measured at amortised cost	Investments in debt instruments measured at fair value through other comprehensive income	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)	35,945,652	669,300	34,609,169	205,340,493	2,724	276,567,338
Financial assets where there has been a significant increase in credit risk (Under-performing)	-	-	3,032,604	10,926,064	2,671	13,961,339
Financial assets that are credit-impaired (Non-performing)	-	-	-	5,648,743	46,670	5,695,413
Total	<u>35,945,652</u>	<u>669,300</u>	<u>37,641,773</u>	<u>221,915,300</u>	<u>52,065</u>	<u>296,224,090</u>

18. Deposits**18.1 Classified by type of deposits**

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Demand deposits	2,707,033	2,676,737
Savings deposits	57,842,380	83,296,352
Time deposits	146,355,189	104,437,245
Fixed deposit receipts	44,548,785	41,021,704
Total deposits	<u>251,453,387</u>	<u>231,432,038</u>

18.2 Classified by currency and residency of depositors

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	248,350,351	52	248,350,403	230,677,338	52	230,677,390
US Dollar	2,697,431	398,456	3,095,887	463,370	291,141	754,511
Other currencies	7,097	-	7,097	137	-	137
Total	<u>251,054,879</u>	<u>398,508</u>	<u>251,453,387</u>	<u>231,140,845</u>	<u>291,193</u>	<u>231,432,038</u>





19. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	-	8,188,722	8,188,722	-	798,500	798,500
Commercial banks	60,062	12,114,746	12,174,808	3,098	17,176,384	17,179,482
Specialised financial institutions	-	14,976	14,976	-	209,184	209,184
Other financial institutions	521,709	508,561	1,030,270	1,216,785	2,138,537	3,355,322
Total domestic items	581,771	20,827,005	21,408,776	1,219,883	20,322,605	21,542,488
Foreign:						
US Dollar	552	-	552	553	2,073,744	2,074,297
Total foreign items	552	-	552	553	2,073,744	2,074,297
Total interbank and money market items	582,323	20,827,005	21,409,328	1,220,436	22,396,349	23,616,785

20. Debts issued and borrowings

(Unit: Thousand Baht)

	31 December 2023					31 December 2022				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	2.35%	2024	662,000	-	662,000			-	-	-
Subordinated debentures ⁽¹⁾	3.75%	2031	2,400,000	-	2,400,000	3.75%	2031	2,400,000	-	2,400,000
Total			3,062,000	-	3,062,000			2,400,000	-	2,400,000
Less: Deferred expenses			(3,924)	-	(3,924)			(3,940)	-	(3,940)
Debts issued and borrowings - net			3,058,076	-	3,058,076			2,396,060	-	2,396,060

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BOT's notification.

20.1 Subordinated debentures

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.1/2, 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.





21. 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.

21.1 Right-of-use assets

	(Unit: Thousand Baht)		
	Buildings	Vehicles	Total
Cost			
1 January 2022	863,859	50,174	914,033
Addition	153,664	15,176	168,840
Contract termination	(81,310)	(8,816)	(90,126)
31 December 2022	936,213	56,534	992,747
Addition	402,276	16,098	418,374
Contract termination	(139,181)	(12,064)	(151,245)
31 December 2023	1,199,308	60,568	1,259,876
Accumulated depreciation			
1 January 2022	337,235	22,764	359,999
Accumulated depreciation on contract termination	(76,241)	(8,549)	(84,790)
Depreciation charged for the year	207,613	12,886	220,499
31 December 2022	468,607	27,101	495,708
Accumulated depreciation on contract termination	(109,766)	(11,998)	(121,764)
Depreciation charged for the year	210,553	12,470	223,023
31 December 2023	569,394	27,573	596,967
Net book value			
31 December 2022	467,606	29,433	497,039
31 December 2023	629,914	32,995	662,909

21.2 Lease liabilities

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Lease liabilities	725,459	527,154
Less: Deferred interest	(48,562)	(21,619)
Total lease liabilities	676,897	505,535

The maturity analysis of lease payments is disclosed in Note 43.3 to the financial statements under the liquidity risk.



**21.3 Expenses relating to leases that are recognised in profit or loss**

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Depreciation of right-of-use assets	223,023	220,499
Interest expenses lease liabilities	16,323	12,465
Expenses relating to leases of low-value assets/ short-term leases/variable lease payments that do not depend on an index or a rate	22,574	25,491
Total	261,920	258,455

21.4 Others

The Bank had total cash outflows for leases during the years ended 31 December 2023 and 2022 of Baht 256 million and Baht 254 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.

22. Provisions

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts	124,216	92,350
Provisions for employee benefits	242,649	225,439
Provisions for decommissioning cost	36,502	37,370
Other provisions	52,224	13,685
Total	455,591	368,844





22.1 Allowance for expected credit losses of undrawn credit limit and financial guarantee contracts

As at 31 December 2023 and 2022, 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 2023		31 December 2022	
	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)	29,735,131	102,576	31,530,991	83,184
Financial assets where there has been a significant increase in credit risk (Under-performing)	240,889	19,367	284,804	6,705
Financial assets that are credit-impaired (Non-performing)	31,152	2,273	28,783	2,461
Total	30,007,172	124,216	31,844,578	92,350

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 2023			
	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	83,184	6,705	2,461	92,350
Changes due to transfers of loan classification	2,526	(2,300)	(226)	-
Changes due to revaluation of loss allowance	(47,711)	16,363	118	(31,230)
New loan commitments/guarantee contracts issued	87,630	-	40	87,670
Financial assets derecognised	(23,053)	(1,401)	(120)	(24,574)
Balances - end of the year	102,576	19,367	2,273	124,216





(Unit: Thousand Baht)

	For the year ended 31 December 2022			
	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	50,018	1,134	2,085	53,237
Changes due to transfers of loan classification	(689)	196	493	-
Changes due to revaluation of loss allowance	(21,906)	6,091	46	(15,769)
New loan commitments/guarantee contracts issued	73,116	2	15	73,133
Financial assets derecognised	(17,355)	(718)	(178)	(18,251)
Balances - end of the year	83,184	6,705	2,461	92,350

22.2 Provisions for employee benefits

Movements of provisions for employee benefits were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Provisions for employee benefits at the beginning of the years	225,439	200,114
Current service costs	37,514	34,450
Interest costs	5,467	5,354
Employees transferred among the Group	-	8,281
Actuarial (gains) losses arose from:		
Demographic assumption changes	-	733
Financial assumption changes	(9,699)	(19,933)
Experience adjustments	(1,348)	10,079
Benefits paid during the years	(14,724)	(13,639)
Provisions for employee benefits at the end of the years	242,649	225,439





Employee benefit expenses recognised in profit or loss are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Current service costs	37,514	34,450
Interest costs	5,467	5,354
Total employee benefit expenses	42,981	39,804

As at 31 December 2023 and 2022, the Bank expected to pay approximately Baht 24.5 million and Baht 18.7 million, respectively on employee benefits payable within the next 1-year period.

As at 31 December 2023 and 2022, the Bank's weighted average durations of employee benefit payments were estimated at 9 years

The principal assumptions used in actuarial valuation as at the revaluation dates were summarised below.

	31 December 2023	31 December 2022
	(% per annum)	(% per annum)
Future salary incremental rates	5.00	5.00
Turnover rates	0 - 40	0 - 40
Discount rates	3.00	2.53

The impacts from changes in significant assumptions on provisions for employee benefits as at 31 December 2023 and 2022 were summarised below.

Significant assumptions	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	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	10,086	(9,539)	9,929	(9,376)
Discount rates	(9,674)	10,339	(9,550)	10,227



**23. 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 2023 and 2022, the Bank had advances received from electronic fund transfer transactions amounting to Baht 0.04 million and Baht 4.00 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 2023 and 2022.

24. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Collateral payables under the Credit Support Annex agreements	249,094	164,634
Suspense accounts - creditors	173,306	58,563
Accounts payable on acquisition of equipment and intangible assets	66,271	16,036
Accounts payable on advertising and promotional	12,492	13,876
Accrued expenses on premises and equipment	7,267	4,662
Deposits received	6,381	6,273
Others	15,558	9,328
Total other liabilities	530,369	273,372

25. Share capital/share premium

Reconciliation of issued and paid-up share capital and share premium during the year ended 31 December 2023 and 2022 as follows:

	For the year ended 31 December 2023		
	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 2022

	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

26. 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.

27. Dividend paid

During the year ended 31 December 2023, the Bank paid dividend (During the year ended 31 December 2022: None) as follows:

Dividend	Approved by	Dividend paid (Thousand Baht)	Dividend paid per share (Baht per share)
From its operating results	The Board of Directors		
for the nine-month period ended	meeting of the Bank on		
30 September 2023	18 December 2023	500,000	0.25
Total dividend paid during the year ended 31 December 2023		500,000	0.25

28. Other components of shareholders' equity

As at 31 December 2023 and 2022, revaluation surplus (deficit) on investments measured at fair value through other comprehensive income consisted of:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Revaluation surplus on the reclassified investments		
Debt instruments	291,960	305,568
Total	291,960	305,568
Revaluation surplus on investments		
Debt instruments	493,926	67,700
Equity instruments	10,846	-
Total	504,772	67,700





	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Revaluation deficit on investments		
Debt instruments	(995,595)	(890,976)
Equity instruments	(3,275,461)	(2,342,107)
Total	(4,271,056)	(3,233,083)
Revaluation deficit on investments measured at fair value through other comprehensive income	(3,474,324)	(2,859,815)
Add: Income tax	694,865	571,963
Revaluation deficit on investments measured at fair value through other comprehensive income - net of income tax	(2,779,459)	(2,287,852)

29. 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 2023 and 2022, capital fund of the Bank calculated under Basel III consisted of the following:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
<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	1,064,000	979,000
Net profit after appropriation	6,483,263	5,472,493
Revaluation deficit on investments measured at fair value through other comprehensive income	(3,316,779)	(2,489,183)
Deduction items on Common Equity Tier 1 capital fund	(2,416,201)	(1,599,970)
Total Common Equity Tier 1 capital fund	32,413,198	32,961,255
Total Tier 1 capital fund	32,413,198	32,961,255
<u>Tier 2 capital fund</u>		
Subordinated debentures	2,400,000	2,400,000
General provision	2,978,994	2,446,732
Total Tier 2 capital fund	5,378,994	4,846,732
Total capital fund	37,792,192	37,807,987





(Unit: Percentage)

	31 December 2023		31 December 2022	
	Minimum and additional rates required		Minimum and additional rates required	
	The Bank	by law	The Bank	by law
The ratio of Common Equity Tier 1 capital fund to risk assets	12.880	7.000	13.498	7.000
The ratio of Tier 1 capital fund to risk assets	12.880	8.500	13.498	8.500
The ratio of total capital fund to risk assets	15.017	11.000	15.483	11.000

The Bank disclosed its capital adequacy and capital risk exposure information as of 31 December 2022 through the Bank's website at www.lhbank.co.th on 27 April 2023 and will disclose its capital adequacy and capital risk exposure information as of 31 December 2023 by April 2024.

The Bank disclosed its Liquidity Coverage Ratio as of 31 December 2022 through the Bank's website at www.lhbank.co.th on 27 April 2023 and will disclose its Liquidity Coverage Ratio as of 31 December 2023 by April 2024.

30. Interest income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Interbank and money market items	405,316	460,753
Investments in debt instruments	780,161	775,072
Loans to customers	10,519,294	7,493,907
Hire purchase	15,231	5,380
Others	5,101	896
Total interest income	11,725,103	8,736,008





31. Interest expenses

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Deposits	3,240,057	1,696,384
Interbank and money market items	192,688	165,323
Contributions to the Deposit Protection Agency and the Bank of Thailand	1,070,202	486,190
Debts issued		
- Subordinated debentures	90,437	90,421
- Bills of exchange	7,787	-
Others	18,571	13,535
Total interest expenses	4,619,742	2,451,853

32. Fees and service income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Fees and service income		
Acceptances, avals and guarantees	84,580	62,672
Commission income	214,047	216,104
Others	84,376	81,896
Total fees and service income	383,003	360,672
Fees and service expenses		
Fees and charges	95,308	78,278
Others	7,861	7,037
Total fees and service expenses	103,169	85,315
Net fees and service income	279,834	275,357

33. Net losses on financial instruments measured at fair value through profit or loss

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Losses on trading and foreign exchange transactions:		
Foreign exchange and derivatives contracts relating to foreign exchange	(18,597)	(12,849)
Total net losses on financial instruments measured at fair value through profit or loss	(18,597)	(12,849)



**34. Gains on investments**

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Gains on derecognition:		
Investments in debt instruments measured at fair value through other comprehensive income	10,856	-
Total gains on investments	10,856	-

35. 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.

36. Expected credit losses

Expected credit losses and modification gains or losses of financial assets for the years ended 31 December 2023 and 2022 were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2023	2022
Expected credit losses (reversal)		
Interbank and money market items	(312)	6,816
Investments in debt instruments measured at amortised cost	760	110
Investments in debt instruments measured at fair value through other comprehensive income	619,986	49,322
Loans to customers and accrued interest receivables		
- Expected credit losses	1,766,570	2,718,577
- Modification gains	(291,520)	(261,103)
Accrued interest receivables on investments	1,726	-
Other assets	4,825	4,696
Undrawn credit limit and financial guarantee contracts	28,162	31,965
Total expected credit losses	2,130,197	2,550,383

37. 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.



**38. 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 2023 and 2022, the Bank contributed Baht 49.6 million and Baht 45.9 million, respectively to the provident fund.

39. Commitments and contingent liabilities**39.1 Contingent liabilities**

(Unit: Thousand Baht)

	31 December 2023			31 December 2022		
	Baht	Foreign		Baht	Foreign	
		currency	Total		currency	Total
Avals to bills	101,386	-	101,386	137,201	-	137,201
Liabilities under unmatured						
import bills	24,301	279,072	303,373	-	165,084	165,084
Letters of credit	15,535	1,165,977	1,181,512	33,569	627,479	661,048
Other commitments						
- Undrawn bank overdrafts	4,050,069	-	4,050,069	4,680,677	-	4,680,677
- Others guarantees	9,589,717	196,916	9,786,633	9,212,488	864	9,213,352
- Others	23,321,426	-	23,321,426	23,944,955	-	23,944,955
Total	37,102,434	1,641,965	38,744,399	38,008,890	793,427	38,802,317

39.2 Commitments under long-term agreements

- (a) As at 31 December 2023 and 2022, the Bank has entered into various service agreements which the remaining terms of the agreements were between 1 - 3 years. The Bank is obligated to pay further Baht 98 million and Baht 111 million, respectively.
- (b) The Bank has entered into various consultancy service agreements relating to software development and installation services. As at 31 December 2023 and 2022, the Bank is obligated to pay further Baht 62 million and Baht 39 million, respectively.
- (c) As at 31 December 2023 and 2022, 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.





39.3 Litigation

As at 31 December 2023 and 2022, the Bank has been sued in many litigation cases being claimed for compensations totalling Baht 634 million and Baht 273 million, respectively. Final judgements have not yet been reached in respect of these cases.

40. 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
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





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

40.1 Transactions during the year

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		
	2023	2022
Interest income		
Parent company	113,406	70,316
Subsidiaries of the Bank's parent company	80,694	53,646
The major shareholders of the Bank's parent company	59	-
Related companies	248,531	182,334
Directors and executives	68	77
Related persons	1,288	471
	<u>444,046</u>	<u>306,844</u>
Fees and service income		
Parent company	131	132
Subsidiaries of the Bank's parent company	27,350	39,926
Related companies	7,408	7,690
	<u>34,889</u>	<u>47,748</u>
Dividend income		
Related companies	27,757	6,347
	<u>27,757</u>	<u>6,347</u>
Other operating income		
Subsidiaries of the Bank's parent company	1,011	951
	<u>1,011</u>	<u>951</u>
Dividend paid		
Parent company	500,000	-
	<u>500,000</u>	<u>-</u>





(Unit: Thousand Baht)

For the years ended 31 December

	2023	2022
Interest expenses		
Parent company	60	28
Subsidiaries of the Bank's parent company	1,514	2,950
The major shareholders of the Bank's parent company	24,740	32,207
Related companies	20,712	11,402
Directors and executives	1,399	963
Related persons	9,146	8,197
	<u>57,571</u>	<u>55,747</u>
Fees and service expenses		
Related companies	210	163
	<u>210</u>	<u>163</u>
Other operating expenses		
Parent company	344,685	318,138
The major shareholders of the Bank's parent company	38,161	32,666
Related companies	96,516	101,109
	<u>479,362</u>	<u>451,913</u>

40.2 The outstanding balances

As at 31 December 2023 and 2022, the outstanding balances of significant transactions between the Bank and its related parties can be summarised as follows:

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Interbank and money market items (assets)		
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	2,564,813	2,929,852
	<u>2,564,813</u>	<u>2,929,852</u>
Investments - cost		
<u>Related companies/persons</u>		
Related companies	482,008	357,706
	<u>482,008</u>	<u>357,706</u>
Loans to customers		
<u>Parent company</u>		
LH Financial Group Public Company Limited	80,000	4,908,699
<u>Related companies/persons</u>		
Related companies	6,224,084	5,005,569
Directors and executives	3,443	4,963
Related persons	22,412	23,755
	<u>6,329,939</u>	<u>9,942,986</u>





	31 December 2023	(Unit: Thousand Baht) 31 December 2022
Accrued interest receivables on loans to customers		
<u>Parent company</u>		
LH Financial Group Public Company Limited	8	309
<u>Related companies/persons</u>		
Related companies	17,671	85,895
Directors and executives	1	1
Related persons	644	112
	<u>18,324</u>	<u>86,317</u>
Other assets		
<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	6	186
Land and Houses Fund Management Company Limited	1,883	2,717
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	7,585	7,585
<u>Related companies/persons</u>		
Related companies	26,296	26,007
Directors and executives	-	3
	<u>36,070</u>	<u>36,798</u>
Deposits		
<u>Parent company</u>		
LH Financial Group Public Company Limited	13,207	19,851
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Advisory Company Limited	3,591	3,837
<u>The major shareholders of the Bank's parent company</u>		
Land and Houses Public Company Limited	1,054,985	1,099,044
Quality Houses Public Company Limited	231,040	401,254
<u>Related companies/persons</u>		
Related companies	3,123,228	3,152,521
Directors and executives	190,086	131,337
Related persons	1,712,273	1,855,123
	<u>6,328,410</u>	<u>6,662,967</u>
Interbank and money market items (liabilities)		
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	18,836	13,855
Land and Houses Fund Management Company Limited	86,315	179,049
<u>The major shareholder of the Bank's parent company</u>		
CTBC Bank Company Limited	552	2,074,297
	<u>105,703</u>	<u>2,267,201</u>





	31 December 2023	(Unit: Thousand Baht) 31 December 2022
Debts issued and borrowings		
<u>Related companies/persons</u>		
Related persons	7,000	7,000
	<u>7,000</u>	<u>7,000</u>
Accrued interest payables		
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Fund Management Company Limited	-	117
Land and Houses Advisory Company Limited	11	3
<u>The major shareholders of the Bank's parent company</u>		
CTBC Bank Company Limited	-	21,580
<u>Related companies/persons</u>		
Related companies	5,360	1,234
Directors and executives	284	341
Related persons	880	860
	<u>6,535</u>	<u>24,135</u>
Lease liabilities		
<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	54,727	17,088
<u>Related companies/persons</u>		
Related companies	399,416	281,850
	<u>458,257</u>	<u>303,052</u>
Other liabilities		
<u>Parent company</u>		
LH Financial Group Public Company Limited	28,591	25,297
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Fund Management Company Limited	1,811	3
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	547	469
<u>Related companies/persons</u>		
Related companies	12,689	6,377
Directors and executives	101	34
Related persons	-	2
	<u>43,739</u>	<u>32,182</u>
Contingent liabilities - bank guarantees		
<u>Related companies/persons</u>		
Related company	106,217	21,186
	<u>106,217</u>	<u>21,186</u>





(Unit: Thousand Baht)

31 December 2023

31 December 2022

Contingent liabilities - undrawn credit limitParent company

LH Financial Group Public Company Limited	30,000	30,000
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Subsidiaries of the Bank's parent company

Land and Houses Securities Public Company Limited	3,935,000	3,570,000
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Land and Houses Fund Management Company Limited	100,000	100,000
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	<u>4,065,000</u>	<u>3,700,000</u>
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The significant outstanding balances during the years ended 31 December 2023 and 2022 were presented at the average balance at the end of each month as follows:

(Unit: Thousand Baht)

For the years ended 31 December

2023

2022

Parent company

Loans to customers	3,842,783	3,970,225
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Deposits	32,165	9,377
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Subsidiaries of the Bank's parent company

Interbank and money market items (assets)	2,407,917	2,422,083
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Deposits	3,692	3,945
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Interbank and money market items (liabilities)	84,147	157,993
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The major shareholders of the Bank's parent company

Deposits	1,125,183	2,695,406
----------	-----------	-----------

Interbank and money market items (liabilities)	255,651	704,484
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Related companies/persons

Loans to customers	5,461,559	4,997,629
--------------------	-----------	-----------

Deposits	4,563,428	7,593,992
----------	-----------	-----------

Debts issued and borrowings	7,000	7,000
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40.3 Directors' and executives' compensation

During the years ended 31 December 2023 and 2022, 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

2023

2022

Short-term employee benefits	204	186
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Post-employment benefits	19	17
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Total	<u>223</u>	<u>203</u>
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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.

41. 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 2023		31 December 2022	
	Carrying value	Maximum exposure to loss	Carrying value	Maximum exposure to loss
<u>Assets</u>				
Investments	3,706,885	3,706,885	6,057,979	6,057,979
Loans to customers and accrued interest receivables	7,812,022	7,812,022	6,908,704	6,908,704
<u>Liabilities</u>				
Deposits	95,264	95,264	130,175	130,175
Interest payables	73	73	33	33

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.

42. 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 2023			
	Lending			Total
	Housing and retail	Commercial loans	Other segments	
Interest income from external customers	2,365,129	8,570,942	789,032	11,725,103
Total operating income - net				7,814,251
Other operating expenses				(3,603,108)
Expected credit losses				(2,130,197)
Income tax				(387,968)
Net profit for the year				1,692,978

(Unit: Thousand Baht)

	For the year ended 31 December 2022			
	Lending			Total
	Housing and retail	Commercial loans	Other segments	
Interest income from external customers	1,499,470	6,459,810	776,728	8,736,008
Total operating income - net				6,992,946
Other operating expenses				(3,125,336)
Expected credit losses				(2,550,383)
Income tax				(223,878)
Net profit for the year				1,093,349

(Unit: Thousand Baht)

	As at 31 December 2023			
	Lending			Total
	Housing and retail	Commercial loans	Other segments	
Loans to customers/interbank and money market items	53,074,459	214,273,027	-	267,347,486
Total assets				316,339,080
Total liabilities				280,721,838





(Unit: Thousand Baht)

		As at 31 December 2022			
		Lending		Other segments	Total
		Housing and retail	Commercial loans		
Loans to customers/interbank and money market items		41,981,398	209,114,002	-	251,095,400
Total assets					295,846,149
Total liabilities					260,516,396

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 2023 and 2022, the Bank had no major customer with revenue of 10 percent or more of total revenues.

43. Risk management

The Bank's risk management policies are principally focused on maintaining various risks within acceptable levels with adequate and effective internal control in accordance with risk management policies and also, comply with regulation of Bank of Thailand and any other regulator. 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:

43.1 Credit risk

Credit risk is the risk that debtors or counterparties may not be able to comply with repayment condition on their agreement, as well as the likelihood of the credit rating of debtors being downgraded, which may affect the revenues and capital funds of the Bank due to external risk factors i.e. changes in the economy, changes in law and regulation and internal risk factors i.e. lack of monitoring control, lack of tracking the debtor to comply with condition on their agreement, ineffective credit assessment process. The transactions that related to credit risk are consist of the borrowing transaction and any equivalent borrowing transaction, transaction that related to the counterparties are obligated to deliver collateral asset or repayment debt to the Bank, transaction that related to investment in debt instrument.

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 moderate and identify the risk level of the debtors for assessing the credit risk effectively. These are Credit Rating Model, which is used to assign credit ratings to corporate banking customers and Credit Scoring model, which is used to assign credit scoring to retail 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 2023 and 2022, the maximum exposure to credit risk are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Interbank and money market items (assets)	33,165,403	35,945,652
Investments in debt instruments measured at amortised cost	2,717,268	669,300
Investments in debt instruments measured at fair value		
through other comprehensive income	36,434,063	37,641,773
Loans to customers and accrued interest receivables	240,084,733	221,915,300
Accrued interest receivables not related to loans		
to customers	100,050	116,802
Receivables on disposals of properties foreclosed		
through auctions	127,848	430,024
Other assets - collateral receivables under the		
Credit Support Annex agreements	153,373	59,042
Total financial assets	312,782,738	296,777,893
Undrawn credit limit	27,371,496	28,625,632
Financial guarantee contracts	2,635,676	3,218,946
Total	30,007,172	31,844,578
Total maximum exposure to credit risk	342,789,910	328,622,471





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 2023			
	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
Interbank and money market items (assets)				
Investment grade*	25,199,716	-	-	25,199,716
No overdue	7,965,687	-	-	7,965,687
Total	33,165,403	-	-	33,165,403
Less: Allowance for expected credit losses	(11,634)	-	-	(11,634)
Net carrying value	33,153,769	-	-	33,153,769
Investments in debt instruments measured at amortised cost				
Investment grade*	2,632,103	-	-	2,632,103
Non-investment grade*	85,165	-	-	85,165
Total	2,717,268	-	-	2,717,268
Less: Allowance for expected credit losses	(870)	-	-	(870)
Net carrying value	2,716,398	-	-	2,716,398
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	33,405,012	3,029,051	-	36,434,063
Net carrying value	33,405,012	3,029,051	-	36,434,063
Allowance for expected credit losses	(649)	(671,000)	(200,000)	(871,649)

* Rating of external credit risk rating agency





(Unit: Thousand Baht)

31 December 2023

	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
Loans to customers and accrued interest receivables - net				
No overdue	223,167,703	5,384,648	1,980,872	230,533,223
1 - 30 days overdue	2,971,582	176,858	77,662	3,226,102
31 - 90 days overdue	-	1,448,100	109,098	1,557,198
Over 90 days overdue	-	-	4,768,210	4,768,210
Total	226,139,285	7,009,606	6,935,842	240,084,733
Less: Allowance for expected credit losses	(4,546,186)	(1,637,603)	(4,197,072)	(10,380,861)
Net carrying value	221,593,099	5,372,003	2,738,770	229,703,872
Accrued interest receivables on investment				
Investment grade*	94,098	5,227	-	99,325
Non-investment grade*	725	-	1,726	2,451
Total	94,823	5,227	1,726	101,776
Less: Allowance for expected credit losses	-	-	(1,726)	(1,726)
Net carrying value	94,823	5,227	-	100,050
Receivables on disposals of properties foreclosed through auctions				
No maturity	127,848	-	-	127,848
Total	127,848	-	-	127,848
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	127,848	-	-	127,848
Other assets - collateral receivables under the Credit Support Annex agreements				
No overdue	153,373	-	-	153,373
Total	153,373	-	-	153,373
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	153,373	-	-	153,373
Other assets - others				
No overdue	2,592	725	509	3,826
1 - 30 days overdue	463	161	262	886
31 - 90 days overdue	-	193	125	318
Over 90 days overdue	-	-	50,552	50,552
Total	3,055	1,079	51,448	55,582
Less: Allowance for expected credit losses	(842)	(362)	(51,448)	(52,652)
Net carrying value	2,213	717	-	2,930





(Unit: Thousand Baht)

31 December 2023

	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
Undrawn credit limit				
No overdue	27,077,166	218,350	17,517	27,313,033
1 - 30 days overdue	22,744	10	-	22,754
31 - 90 days overdue	-	22,433	-	22,433
Over 90 days overdue	-	-	13,276	13,276
Total	27,099,910	240,793	30,793	27,371,496
Less: Allowance for expected credit losses	(87,403)	(19,367)	(2,270)	(109,040)
Net carrying value	27,012,507	221,426	28,523	27,262,456
Financial guarantee contracts				
No overdue	2,635,221	96	-	2,635,317
Over 90 days overdue	-	-	359	359
Total	2,635,221	96	359	2,635,676
Less: Allowance for expected credit losses	(15,173)	-	(3)	(15,176)
Net carrying value	2,620,048	96	356	2,620,500

(Unit: Thousand Baht)

31 December 2022

	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
Interbank and money market items (assets)				
Investment grade*	21,636,120	-	-	21,636,120
No overdue	14,309,532	-	-	14,309,532
Total	35,945,652	-	-	35,945,652
Less: Allowance for expected credit losses	(11,946)	-	-	(11,946)
Net carrying value	35,933,706	-	-	35,933,706
Investments in debt instruments measured at amortised cost				
Investment grade*	666,000	-	-	666,000
Non-investment grade*	3,300	-	-	3,300
Total	669,300	-	-	669,300
Less: Allowance for expected credit losses	(110)	-	-	(110)
Net carrying value	669,190	-	-	669,190

* Rating of external credit risk rating agency





(Unit: Thousand Baht)

31 December 2022

	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
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	34,604,564	3,032,604	-	37,637,168
Non-investment grade*	4,605	-	-	4,605
Net carrying value	34,609,169	3,032,604	-	37,641,773
Allowance for expected credit losses	(1,663)	(250,000)	-	(251,663)
Loans to customers and accrued interest receivables - net				
No overdue	203,453,956	8,959,381	1,802,323	214,215,660
1 - 30 days overdue	1,886,537	1,352,531	38,726	3,277,794
31 - 90 days overdue	-	614,152	179,813	793,965
Over 90 days overdue	-	-	3,627,881	3,627,881
Total	205,340,493	10,926,064	5,648,743	221,915,300
Less: Allowance for expected credit losses	(3,959,523)	(2,012,217)	(3,240,405)	(9,212,145)
Net carrying value	201,380,970	8,913,847	2,408,338	212,703,155
Accrued interest receivables on investment				
Investment grade*	112,668	4,004	-	116,672
Non-investment grade*	130	-	-	130
Total	112,798	4,004	-	116,802
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	112,798	4,004	-	116,802
Receivables on disposals of properties foreclosed through auctions				
No maturity	430,024	-	-	430,024
Total	430,024	-	-	430,024
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	430,024	-	-	430,024
Other assets - collateral receivables under the Credit Support Annex agreements				
No overdue	59,042	-	-	59,042
Total	59,042	-	-	59,042
Less: Allowance for expected credit losses	-	-	-	-
Net carrying value	59,042	-	-	59,042

* Rating of external credit risk rating agency





(Unit: Thousand Baht)

	31 December 2022			
	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
Other assets - others				
No overdue	2,040	2,455	447	4,942
1 - 30 days overdue	684	74	185	943
31 - 90 days overdue	-	142	95	237
Over 90 days overdue	-	-	45,943	45,943
Total	2,724	2,671	46,670	52,065
Less: Allowance for expected credit losses	(918)	(239)	(46,670)	(47,827)
Net carrying value	1,806	2,432	-	4,238
Undrawn credit limit				
No overdue	28,302,069	251,810	13,351	28,567,230
1 - 30 days overdue	10,431	8,970	-	19,401
31 - 90 days overdue	-	23,928	13	23,941
Over 90 days overdue	-	-	15,060	15,060
Total	28,312,500	284,708	28,424	28,625,632
Less: Allowance for expected credit losses	(71,727)	(6,704)	(2,458)	(80,889)
Net carrying value	28,240,773	278,004	25,966	28,544,743
Financial guarantee contracts				
No overdue	3,218,491	96	-	3,218,587
Over 90 days overdue	-	-	359	359
Total	3,218,491	96	359	3,218,946
Less: Allowance for expected credit losses	(11,457)	(1)	(3)	(11,461)
Net carrying value	3,207,034	95	356	3,207,485

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 2023	31 December 2022	
Interbank and money market items	20,307,602	-	Bonds
Loans to customers and accrued interest receivables	128,140,986	122,334,183	Lands and buildings, machinery and equipment, deposits





43.2 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 2023 and 2022, financial assets and liabilities, classified by types of interest rate, were as follows:

(Unit: Thousand Baht)

Transactions	31 December 2023				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Non-performing loans	Total
Financial assets					
Cash	-	-	691,375	-	691,375
Interbank and money market items	1,374,536	29,827,012	1,952,764	-	33,154,312
Derivative assets	-	-	703,326	-	703,326
Investments	-	39,151,331	3,713,788	-	42,865,119
Loans to customers ⁽¹⁾	155,872,295	74,433,736	-	6,299,066	236,605,097
Receivables on disposals of properties foreclosed through auctions	-	-	127,848	-	127,848
Collateral receivables under the Credit Support Annex agreements	153,373	-	-	-	153,373
Financial liabilities					
Deposits	60,516,139	190,227,356	709,892	-	251,453,387
Interbank and money market items	353,065	20,943,259	229,258	-	21,525,582
Liabilities payable on demand	-	-	422,819	-	422,819
Derivative liabilities	-	-	578,628	-	578,628
Debts issued and borrowings	-	3,062,000	-	-	3,062,000
Lease liabilities	-	725,459	-	-	725,459
Collateral payables under the Credit Support Annex agreements	249,094	-	-	-	249,094

- (1) 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 2022					
Transactions	Floating interest rates	Fixed interest rates	Non-interest bearing	Non-performing loans	Total
Financial assets					
Cash	-	-	704,935	-	704,935
Interbank and money market items	1,456,705	31,269,812	3,211,405	-	35,937,922
Derivative assets	-	-	389,925	-	389,925
Investments	1,107,917	37,203,156	6,064,882	-	44,375,955
Loans to customers ⁽¹⁾	139,756,336	73,787,030	-	5,248,451	218,791,817
Receivables on disposals of properties foreclosed through auctions	-	-	430,024	-	430,024
Collateral receivables under the Credit Support Annex agreements	59,042	-	-	-	59,042
Financial liabilities					
Deposits	86,985,501	143,879,941	566,596	-	231,432,038
Interbank and money market items	1,187,145	22,430,965	33,291	-	23,651,401
Liabilities payable on demand	-	-	100,507	-	100,507
Derivative liabilities	-	-	187,900	-	187,900
Debts issued and borrowings	-	2,400,000	-	-	2,400,000
Lease liabilities	-	527,154	-	-	527,154
Collateral payables under the Credit Support Annex agreements	164,634	-	-	-	164,634

⁽¹⁾ 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 2023 and 2022 to the repricing date or maturity date (whichever is sooner).

(Unit: Thousand Baht)

	31 December 2023					
	Repricing or maturity date					
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets						
Interbank and money market items	1,685,000	27,840,000	302,012	-	-	29,827,012
Investments	-	372,079	11,068,463	17,565,803	10,144,986	39,151,331
Loans to customers	3,566,391	32,739,624	19,902,001	18,029,674	196,046	74,433,736
Financial liabilities						
Deposits	834,982	70,451,729	113,452,631	5,488,014	-	190,227,356
Interbank and money market items	-	4,850,000	7,903,537	8,189,722	-	20,943,259
Debts issued and borrowings	-	662,000	-	-	2,400,000	3,062,000
Lease liabilities	-	55,977	170,338	456,053	43,091	725,459





(Unit: Thousand Baht)

	31 December 2022					
	Repricing or maturity date					
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets						
Interbank and money market items	2,523,000	28,446,812	300,000	-	-	31,269,812
Investments	-	7,905	4,730,058	24,995,730	7,469,463	37,203,156
Loans to customers	6,889,566	25,713,488	15,296,832	25,753,964	133,180	73,787,030
Financial liabilities						
Deposits	637,919	72,641,834	50,836,221	19,763,967	-	143,879,941
Interbank and money market items	-	13,570,341	8,041,642	818,982	-	22,430,965
Debts issued and borrowings	-	-	-	-	2,400,000	2,400,000
Lease liabilities	-	54,213	133,354	339,581	6	527,154

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 year, and the average interest rate for the years ended 31 December 2023 and 2022 were as follows:

(Unit: Thousand Baht)						
For the years ended 31 December						
	2023			2022		
	Average balances	Interest income/expenses	Average rate (% per annum)	Average balances	Interest income/expenses	Average rate (% per annum)
Performing financial assets						
Interbank and money market items	16,311,026	410,417	2.52	25,200,362	461,649	1.83
Investments in debt instruments	39,301,625	780,161	1.99	37,733,718	775,072	2.05
Loans to customers	222,568,838	10,534,525	4.73	193,894,018	7,499,287	3.87
Performing financial liabilities						
Deposits	228,222,298	4,298,661	1.88	201,471,101	2,169,854	1.08
Interbank and money market items	19,235,052	221,336	1.15	21,605,298	191,577	0.89
Debts issued and borrowings	2,754,153	99,745	3.62	2,400,495	90,422	3.77



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 2023 and 2022 of financial assets and financial liabilities measured at fair value through other comprehensive income 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 2023 and 2022 can be summarised as follows:

	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 1 percent	698,195	698,195	466,965	466,965
Decreased by 1 percent	(700,247)	(700,247)	(564,624)	(564,624)

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 2023 and 2022, foreign currency positions equivalent to Thai Baht of the Bank, were as follows:

	(Unit: Thousand Baht)			
	31 December 2023			
	USD	EUR	JPY	Others
<u>Foreign currency in the statements of financial position</u>				
Interbank and money market items	309,199	17,346	5,167	42,822
Investments	1,077,899	-	-	-
Loans to customers and accrued interest receivables	3,309,478	188,375	4,815	51,198
Other assets	9	-	-	2
Total assets	4,696,585	205,721	9,982	94,022
Deposits	3,095,887	7,015	7	75
Interbank and money market items	552	-	-	-
Accrued interest payables	15,343	-	-	-
Other liabilities	183,191	8	-	3,349
Total liabilities	3,294,973	7,023	7	3,424
Items recognised in the statements of financial position - net	1,401,612	198,698	9,975	90,598
<u>Foreign currency not recognised in the statements of financial position - net</u>				
(Forward contracts, cross currency and interest rate swap contracts)	(1,100,656)	(191,136)	(8,480)	6,931
(Unit: Thousand Baht)				
	31 December 2022			
	USD	EUR	JPY	Others
<u>Foreign currency in the statements of financial position</u>				
Interbank and money market items	235,619	75,708	14,629	30,746
Investments	1,107,917	-	-	-
Loans to customers and accrued interest receivables	3,624,726	23,661	13,951	10,998
Total assets	4,968,262	99,369	28,580	41,744
Deposits	754,511	-	137	-
Interbank and money market items	2,074,297	-	-	-
Accrued interest payables	22,166	-	-	-
Other liabilities	21,358	13	-	555
Total liabilities	2,872,332	13	137	555
Items recognised in the statements of financial position - net	2,095,930	99,356	28,443	41,189
<u>Foreign currency not recognised in the statements of financial position - net</u>				
(Forward contracts, cross currency and interest rate swap contracts)	(1,868,354)	(97,686)	(62,156)	(21,299)



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 year.

The effect of change in exchange rate on profit or loss and shareholders' equity as of 31 December 2023 and 2022 can be summarised as follows:

	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 5 percent	45,370	45,370	46,445	46,445
Decreased by 5 percent	(46,134)	(46,134)	(46,523)	(46,523)

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 2023 and 2022 when other variables are set to constant values.

	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	Effect on		Effect on	
	Shareholders'		Shareholders'	
	Profit or loss	equity	Profit or loss	equity
Increased by 10 percent	-	143,884	-	301,271
Decreased by 10 percent	-	(143,884)	-	(301,271)

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.

(e) Interest rate benchmark reform

In preparation for interest rate benchmark reform, the Bank has coordinated internally, considering the implications for related systems, operating procedures, valuation models, risk management, and accounting and tax practices.

Interest rate benchmark reform will affect measurement of fair value, risk management tools, and changes in contractual cash flows. The management of the Bank is currently evaluating the impact of the interest rate benchmark reform on the financial statements.

43.3 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 2023 and 2022 were as follows:

(Unit: Thousand Baht)

	31 December 2023					
Transactions	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
<u>Financial assets</u>						
Cash	691,375	-	-	-	-	691,375
Interbank and money market items	4,012,300	29,142,012	-	-	-	33,154,312
Derivative assets	-	703,326	-	-	-	703,326
Investments	-	11,440,542	17,565,803	10,144,986	3,713,788	42,865,119
Loans to customers ⁽¹⁾	10,998,720	87,747,633	71,713,968	66,144,776	-	236,605,097
Receivables on disposals of properties foreclosed through auctions	-	-	-	-	127,848	127,848
Collateral receivables under the Credit Support Annex agreements	153,373	-	-	-	-	153,373
<u>Financial liabilities</u>						
Deposits	60,549,413	184,991,793	5,907,091	5,090	-	251,453,387
Interbank and money market items	582,323	12,753,537	8,189,722	-	-	21,525,582
Liabilities payable on demand	422,819	-	-	-	-	422,819
Derivative liabilities	-	578,628	-	-	-	578,628
Debts issued and borrowings	-	662,000	-	2,400,000	-	3,062,000
Lease liabilities	-	226,315	456,053	43,091	-	725,459
Collateral payables under the Credit Support Annex agreements	249,094	-	-	-	-	249,094

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.





(Unit: Thousand Baht)

Transactions	31 December 2022					
	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	704,935	-	-	-	-	704,935
Interbank and money market items	6,091,110	29,846,812	-	-	-	35,937,922
Derivative assets	-	354,526	35,399	-	-	389,925
Investments	-	4,737,963	26,103,647	7,469,463	6,064,882	44,375,955
Loans to customers ⁽¹⁾	13,236,070	80,011,348	75,409,208	50,135,191	-	218,791,817
Receivables on disposals of properties foreclosed through auctions	-	-	-	-	430,024	430,024
Collateral receivables under the Credit Support Annex agreements	59,042	-	-	-	-	59,042
Financial liabilities						
Deposits	85,973,089	124,986,418	20,467,266	5,265	-	231,432,038
Interbank and money market items	1,220,436	21,611,983	818,982	-	-	23,651,401
Liabilities payable on demand	100,507	-	-	-	-	100,507
Derivative liabilities	-	187,900	-	-	-	187,900
Debts issued and borrowings	-	-	-	2,400,000	-	2,400,000
Lease liabilities	-	187,567	339,581	6	-	527,154
Collateral payables under the Credit Support Annex agreements	164,634	-	-	-	-	164,634

⁽¹⁾ Loans to customers due at call included default loans and non-performing loans.

In addition, as at 31 December 2023 and 2022, 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 2023			31 December 2022		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Avals to bills	101,386	-	101,386	137,201	-	137,201
Liabilities under unmatured import bills	303,373	-	303,373	165,084	-	165,084
Letters of credit	1,181,512	-	1,181,512	661,048	-	661,048
Undrawn bank overdrafts	4,050,069	-	4,050,069	4,680,677	-	4,680,677
Guarantee - others	7,241,495 ⁽¹⁾	2,545,138	9,786,633	7,203,902 ⁽¹⁾	2,009,450	9,213,352
Other commitments	-	23,321,426	23,321,426	-	23,944,955	23,944,955

⁽¹⁾ As at 31 December 2023 and 2022, these amounts included contracts with no maturity date amounting to Baht 3,401 million and Baht 4,462 million, respectively.





44. Fair value of financial instruments

44.1 Financial assets and liabilities measured at fair value

As at 31 December 2023 and 2022, 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 2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Derivative assets	703,326	-	703,326	-	703,326
Investments in debt instruments measured at value through other comprehensive income	36,434,063	-	36,434,063	-	36,434,063
Investments in equity instruments designated to be measured at fair value through other comprehensive income	3,713,788	3,706,885	-	6,903	3,713,788
<u>Financial liabilities</u>					
Derivative liabilities	578,628	-	578,628	-	578,628

(Unit: Thousand Baht)

	31 December 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Derivative assets	389,925	-	389,925	-	389,925
Investments in debt instruments measured at fair value through other comprehensive income	37,641,773	-	37,637,168	4,605	37,641,773
Investments in equity instruments designated to be measured at fair value through other comprehensive income	6,064,882	6,057,979	-	6,903	6,064,882
<u>Financial liabilities</u>					
Derivative liabilities	187,900	-	187,900	-	187,900

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.





44.2 Financial assets and liabilities for which fair values are disclosed

As at 31 December 2023 and 2022, 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 2023				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	691,375	691,375	-	-	691,375
Interbank and money market items - net	33,153,769	2,327,301	999,613	29,815,812	33,142,726
Investments in debt instruments measured at amortised cost	2,716,398	-	2,632,023	84,375	2,716,398
Loans to customers - net	226,667,930	-	158,764,712	69,825,794	228,590,506
Accrued interest receivables on investments	100,050	-	100,050	-	100,050
Receivables on disposals of properties foreclosed through auctions	127,848	-	-	127,848	127,848
Collateral receivables under the Credit Support Annex agreements	153,373	-	153,373	-	153,373
<u>Financial liabilities</u>					
Deposits	251,453,387	61,226,031	190,241,447	-	251,467,478
Interbank and money market items	21,409,328	582,323	20,814,090	-	21,396,413
Liabilities payable on demand	422,819	422,819	-	-	422,819
Debts issued and borrowings	3,058,076	-	3,021,069	-	3,021,069
Lease liabilities	676,897	-	676,487	-	676,487
Collateral payables under the Credit Support Annex agreements	249,094	-	249,094	-	249,094





(Unit: Thousand Baht)

	31 December 2022				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Cash	704,935	704,935	-	-	704,935
Interbank and money market items - net	35,933,706	3,568,110	1,099,533	31,261,963	35,929,606
Investments in debt instruments measured					
at amortised cost	669,190	-	665,921	3,269	669,190
Loans to customers - net	210,256,423	-	142,675,324	66,251,043	208,926,367
Accrued interest receivables on investments	116,802	-	116,802	-	116,802
Receivables on disposals of properties					
foreclosed through auctions	430,024	-	-	430,024	430,024
Collateral receivables under the					
Credit Support Annex agreements	59,042	-	59,042	-	59,042
<u>Financial liabilities</u>					
Deposits	231,432,038	87,552,097	144,074,849	-	231,626,946
Interbank and money market items	23,616,785	1,220,436	22,403,339	-	23,623,775
Liabilities payable on demand	100,507	100,507	-	-	100,507
Debts issued and borrowings	2,396,060	-	2,141,324	-	2,141,324
Lease liabilities	505,535	-	504,106	-	504,106
Collateral payables under the					
Credit Support Annex agreements	164,634	-	164,634	-	164,634

The Bank estimates fair values for financial instruments as follows:

- For financial assets and liabilities which have short-term maturities, including cash, accrued interest receivables on investments, collateral receivables under the Credit Support Annex agreements, liabilities payable on demand and collateral payables under the Credit Support Annex agreements, the carrying value in the statement of financial position approximates their fair value.
- The fair value of investments in debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association.
- 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.
- 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.

45. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 23 February 2024.





REFERENCE INFORMATION

Auditor	:	EY Office Limited
List of Auditors		Ms. Somjai Khunapasut Certified Public Accountant (Thailand), Registration No. 4499 and/or Ms. Wanwilai Phetsang Certified Public Accountant (Thailand), Registration No. 5315 and/or Ms. Bongkot Kriangphanamorn Certified Public Accountant (Thailand), Registration No. 6777
Address:		193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110
Tel:		0 2264 0777
Fax:		0 2264 0789-90
Website		www.ey.com/th





BRANCH INFORMATION

Land and Houses Bank Public Company Limited



ธนาคารแลนด์ แอนด์ เฮ้าส์ จำกัด (มหาชน)

1 อาคารคิวเฮ้าส์ ลุมพินี ถนนสาทรใต้

แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพมหานคร 10120

โทรศัพท์ : 0 2359 0000 โทรสาร : 0 2677 7223

LAND AND HOUSES BANK PUBLIC COMPANY LIMITED

1 Q.HOUSE LUMPINI BUILDING,

SOUTH SATHON RD., THUNGMAHAMEK, SATHON, BANGKOK 10120

TEL : 0 2359 0000 FAX : 0 2677 7223

www.lhbank.co.th



☎ 1327

☎ 0 2359 0000

