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ธนาคารกสิกรไทย  
KASIKORNBANK 泰华农民银行



12g3-2(b) File No.62-4922

Ref. No. OS.076/2010

May 11, 2010

**SUPPL**

Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549  
U.S.A.

SEC  
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MAY 11 2010

Washington, DC  
122

Dear Sirs:

We are transmitting herewith, in accordance with our undertakings pursuant Rule 12g3-2 (b) under the United States Securities Exchange Act of 1934, an English language summary of certain information that is being made public in Thailand.

Please arrange for the attached to be placed in our Rule 12g3-2 (b) "file" with the Commission.

Yours sincerely,

*Adit Laixuthai*  
May 11, 10

*dlw*  
5/13  
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# Management Discussion and Analysis (MD&A)

For the Quarter Ending March 31, 2010

**ธนาคารกสิกรไทย**  
KASIKORNBANK 華泰農民銀行



**Executive Summary**  
**Management Discussion and Analysis**  
**For the Quarter Ending March 31, 2010**

In the first quarter of 2010, KASIKORNBANKGROUP continued to place an emphasis on satisfying the diverse needs of both corporate and individual customers in all seven segments thoroughly and effectively. We have also strived to maintain our competitiveness through differentiation of our products and services that have incorporated new innovations for more complete financial solutions.

Following our acquisition of additional ordinary shares of Muang Thai Group Holding Co., Ltd. (MTGH), the Bank's consolidated statement of income for the first quarter of 2010 fully reflected the performance of companies in the MTGH group for the entire quarter. The Bank's consolidated net income for the first quarter of 2010 totaled Baht 4,364 million, an apparent increase of Baht 696 million, or 18.99 percent, over the previous quarter, due mainly to increases in net interest and dividend income, as well as non-interest income. Meanwhile, allowances for bad debts and doubtful accounts were lower when compared to the previous quarter.

With regards to our financial position as of March 31, 2010, the Bank's consolidated assets equaled Baht 1,422,290 million, increasing by Baht 63,758 million, or 4.69 percent, over the end of 2009. These increased assets were due in part to loan growth of Baht 19,268 million, equivalent to 2.04 percent greater than in 2009 year-end, reaching Baht 962,646 million. Broad-based growth was achieved across businesses, including Corporate, SME and Retail Business loans. Meanwhile, our net and gross non-performing loans declined from 2009 year-end, mirroring improved asset quality. Despite intense competition, we continued to see our consolidated deposits growing by Baht 32,444 million, or 3.33 percent, over 2009 year-end, reaching Baht 1,007,936 million. In terms of capital strength, our capital adequacy ratio was 15.03 percent, with Tier-1 and Tier-2 capital amounting to 10.09 and 4.94 percent, respectively. These ratios remain significantly higher than the Bank of Thailand (BoT) minimum requirement, as well as being sufficient for facilitating our present and future business operations.

The success and achievements in our core business operations were a result of KASIKORNBANKGROUP's more aggressive business strategy. Efforts of note included our service expansion to serve business partners of our existing customers, while striving to better meet both financial and non-financial needs of each customer with customized products and services, as well as equipping our customers with relevant knowledge through various activities and channels.

Having always recognized the importance of risk management, we have revised our

business operations to better align with the changing economic conditions. During the most recent emergence of political tension, we have closely monitored customers' business operations, allowing us to provide some necessary assistance to them, particularly those having high exposure to risks associated with the ongoing turmoil. Preparations and various risk analyses have also been performed under different scenarios. In addition to these efforts, we continue to develop all necessary support functions, including our strategic project under "K-Transformation", as planned.

With our dedication to extensively improve our business in each and every dimension, not to mention our adherence to good corporate governance, KASIKORNBANKGROUP was widely honored by marks of recognition from both domestic and foreign institutions in the first quarter of 2010.

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## 1. Overview

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### 1.1 Overview of Economy, Banking Industry and Regulatory Changes

#### □ Thailand's Economy in the First Quarter of 2010

For the first quarter of 2010, the Thai economy is expected to grow 8.5 percent over-year, accelerating over the 5.8 percent seen in the fourth quarter of 2009, and recording the fastest pace of growth in over 14 years. In addition to having a low base of comparison, the economy in the first quarter of 2010 was also boosted by healthy export recovery, in tandem with the global economic turnaround and growing trading volume under many free-trade agreements. Expansionary fiscal and monetary policies at home also helped spur domestic activity, particularly private spending and investment. The Headline CPI averaged 3.8 percent over-year in the first quarter of 2010, compared to the 1.9 percent recorded in the fourth quarter of 2009, due to higher agricultural and oil prices. The Thai Baht, however, strengthened significantly against the greenback, as investors were more convinced that economic growth among Asian economies would be healthier than elsewhere, thereby attracting capital inflows into the region, particularly stock markets.

#### Thailand Economic Growth Forecast

(Units: Year-on-year percentage change, or as otherwise indicated)

|                                | Q1-2010 | Q4-2009 |
|--------------------------------|---------|---------|
| Private Consumption Index      | 7.7     | 2.3     |
| Private Investment Index       | 18.2    | -1.7    |
| Manufacturing Production Index | 30.8    | 14.2    |
| Agriculture Production Index   | 2.0     | -2.5    |
| Exports                        | 32.0    | 12.2    |
| Imports                        | 63.6    | 1.4     |
| Trade Balance (USD billions)   | 2,133   | 2,673   |
| Current Account (USD billions) | 5,252   | 4,274   |
| Headline CPI Inflation         | 3.8     | 1.9     |
| Gross Domestic Product (GDP)   | 8.5*    | 5.8     |

Sources: BoT, and KASIKORN RESEARCH CENTER CO., LTD.

Note: \*Forecasted Figure.

However, the Thai economy has experienced heightened political uncertainty since the second half of March 2010. Although, in the early stages where the most recent episode of unrest had not yet become violent, money and capital markets were not much affected, the growing political tension will inevitably complicate the recovery process of the Thai economy. In fact, the prolonged turmoil has recently hurt consumer confidence, along with the number of foreign tourists, while being

part of the reason for the BoT to maintain their policy rate at an ultra-eased level, at least until a clearer assessment of possible economic impacts can be made.

#### □ Banking Industry and Competition

For the first quarter of 2010, Thai commercial banks earned higher net profits (unaudited)<sup>1</sup> when compared to the previous quarter and the same quarter of last year, as well as beating consensus expectations. These higher net profits were mainly supported by economic recovery at home and abroad, thereby boosting commercial banks' core businesses which include net interest income and fee income. Net interest margins, for the first quarter of 2010, apparently rose to 3.45 percent, from 3.41 percent in the final quarter of 2009. Meanwhile, fee income continued to accelerate by more than 20.0 percent, as experienced in the final quarter.

As of the end of March 2010, net loans of the Thai commercial banking system grew 3.51 percent over-year, compared to the 0.57-percent contraction at the end of 2009. This loan growth was likely aided by both business and consumer loans, with the latter receiving some support from accelerating demand in housing loans, prior to the expiration of the government's property stimulus measures at the end of May 2010. Meanwhile, deposits expanded at 0.10 percent over-year, a continuation of the 0.29-percent growth seen at the end of 2009. Net and gross non-performing loans declined to 2.79 percent and 5.01 percent, respectively, at the end of March 2010. Capital adequacy of the Thai banking system remained strong, with a CAR ratio beyond 15.0 percent.

Amid the improving economic conditions that led to higher loan demand from the private sector and reduced customer credit risk, Thai commercial banks have adopted a more aggressive business strategy in extending loans, in order to meet the previously-set yearly targets, which are quite ambitious. Competition for deposit products has also intensified, as can be witnessed from the variety of special deposit products and campaigns, with attractive interest rates, launched early in the quarter. These deposit products have not only aimed to secure liquidity for future loan extensions, they have also helped to maintain the customer base after many previous special deposit campaigns came due during the quarter, and enhanced competitiveness against other investment alternatives. These included insurance products and mutual funds, investing in South Korean bonds wherein a significant amount of them gradually came due and, therefore, caused asset management companies to urgently launch new products to maintain their customer base and market share.

Following the escalating political tension witnessed in the latter half of March 2010, commercial banks have become more proactive, in part by monitoring the situation more closely, as well as mapping out necessary preparations — including liquidity and business contingency plans,

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<sup>1</sup> Compiled from unaudited financial statements of 12 Thai commercial banks.

along with risk analyses and stress tests under different scenarios. These aforementioned efforts are to ensure that each commercial bank will be able to effectively handle unforeseen impacts from the political unrest. In addition, commercial banks have carefully monitored business operations and debt servicing ability of customers having high exposure to political risks, in order to assist them and, at the same time, allow commercial banks to adjust their business in accordance with the changing operating environment more efficiently and promptly.

#### □ Regulatory Changes

Some important regulatory changes in the first quarter of 2010 that may affect KASIKORNBANK operations can be summarized, as below:

- **Written Clarification of Loan Application Rejection**

According to the notification of the Bank of Thailand (BoT) No. ThorPorThor. ForNorSor. (21) Wor.71/2553, issued on January 20, 2010, regarding the written clarification of loan application rejection, the BoT has asked all financial institutions to issue a written clarification of reasons and relevant details of loan rejection to an applicant. If a loan applicant asks for an explanation of loan application rejection and requests that the financial institutions return their documents submitted for loan application, the financial institution has to respond to those requests in a timely manner. This requirement came into effect on April 1, 2010.

This notification regards the practices of post-credit approval operations which require the financial institutions to set additional procedures for loan application rejection and the return of relevant documents to applicants. In fact, KASIKORNBANK has already put in place loan approval procedures that are in line with this regulation. Moreover, the Bank has already established procedures and guidelines for credit underwriting, as well as loan approval and rejection, which can be clearly stated to all customers. As a result, this notification has not affected the Bank's credit underwriting procedures and approvals.

- **Guidelines for Liquidity Risk Management Policy of Financial Institutions**

According to the notification of the BoT No. ThorPorThor. ForNorSor. (21) Wor.156/2553, issued on January 28, 2010, regarding guidelines for liquidity risk management policy of financial institutions, financial institutions are required to formulate their liquidity risk management policy, in compliance with the new principles of the "Basel Committee on Banking Supervision" issued in September 2008, in order to cope with developments of the financial market and new technologies, for both normal and stressed situations. For instance, the required policy should cover the complete identification of risks, intraday liquidity management and public disclosure of liquidity-related information of each financial institution. At present, this policy guideline is based on a qualitative



approach, but the BoT will revise its qualitative and quantitative principles when clearer standards are developed.

Regarding the impact of this policy guideline, it does not have a significant effect on the Bank, although its content is considerably changed from the prior BoT notification No. ThorPorThor. SorNorSor. 41/2551, issued on August 3, 2008, regarding liquidity risk management of financial institutions, which is currently in force. This is because the Bank has revised our procedures and strategies related to liquidity risk management, public information disclosure, as well as most qualitative principles, in compliance with the newly changed guidelines in the first quarter of 2010.

As for the quantitative principle of the liquidity risk management guidelines, the Bank is monitoring progress of such a principle, which will likely be issued by the BoT in the future. At the same time, we have initially proceeded with quantitative impact assessment, in response to the new principles of the "Basel Committee on Banking Supervision" issued in December 2009, so as to allow effective preparations and prompt adjustments of relevant procedures.

- **Relaxation of Regulations on Derivative Transactions linked to Foreign Exchange Rates**

According to the notification of the BoT No. ThorPorThor. PhorKorChor. (23) Wor.4/2553, issued on February 1, 2010, regarding the relaxation of regulations on derivative transactions linked to foreign exchange rates, commercial banks are allowed to discontinue or unwind positions of Baht-involving derivative transactions of any purpose — including foreign exchange hedging and estimation for financial derivative transactions — without asking for permission from BoT officials. So doing aims at increasing convenience for customers engaging in derivative transactions linked to Baht-related exchange rates, or financial indices calculated from Baht-related exchange rates. The BoT empowers commercial banks to verify the discontinuing or unwinding of derivative transactions involving the Baht, ensuring that customers do not have speculative purposes. In cases where margin compensation or payments are required, commercial banks and customers are allowed to proceed in the Baht only.

This notification helps enhance flexibility in risk management among commercial bank customers, particularly entrepreneurs, as they are allowed to unwind derivative transactions made with a bank, in order to effectively adjust their business operations amid tougher competitions in international trade and fast-changing business conditions. Nevertheless, this measure may increase foreign exchange volatility, causing these entrepreneurs to monitor market movements more closely. By and large, the Bank expects that this measure will cause entrepreneurs in every industry to realize the significance of sound protection from foreign exchange rate risks.

- **Regulations on Mutual Funds' Name and Investment Policy Formulation**

The Securities and Exchange Commission (SEC)'s issued notification No. KorLorTor. Nor. (Wor) 5/2553, dated February 10, 2010, regarding the details and the principles of naming mutual funds and formulating investment policy, as follows:

- 1) *Regarding a mutual fund's name*, it must reflect the main investment plan of the fund, without any content that may mislead investors. For example, if a mutual fund's name emphasizes a particular investment type in any specific asset, the management company must invest at least 80 percent of the net asset value in that asset, in that accounting year. On the other hand, if a fund's name suggests that the management company is investing in two types of assets, the company must invest at least 40 percent of the net asset value in each of those two assets, in that accounting year.
- 2) *Regarding a mutual fund's investment policy formulation*, the management company should separate the policy for the main investment from the policy for other additional investment that aims at enhancing investment returns, or parking wealth in anticipation of better investment timing. On the part of additional investment, the management company may specify the investment scope to cover all assets that can be invested in or possessed. Moreover, the company shall reserve the right to add other types of assets that can be invested in, according to additional SEC notifications that may exist in the future.

This notification helps facilitate all management companies to have common guidelines of mutual fund's names and investment policy formulation. This also reduces investor confusion, as well as providing basic information, in order to facilitate their investment decision-making. As for KASIKORN ASSET MANAGEMENT CO., LTD, this notification does not affect their business operations, because the company has already named all of its mutual funds products to clearly reflect their main investment policies, as well as separating the main investment policy from the other additional investment policy.

## **1.2 Direction of Business Operations**

In the first quarter of 2010, KASIKORNBANKGROUP continued to place an emphasis on satisfying the diverse needs of both corporate and individual customers in all seven segments thoroughly and effectively, in tandem with maintaining the Bank's competitiveness amid tougher competition in the Thai commercial banking system, following a continued trend of improvement in the Thai and global economy. To achieve such an objective, the Bank has strived to differentiate our products and services. New innovations have been added to our existing products and services, in order to offer service solutions to all customers more thoroughly. In addition, the Bank has prioritized

adjustments of our operational procedures and development of relevant systems, in order to enhance the effectiveness and swiftness of our services. Meanwhile, our operational costs continue to be maintained at an appropriate level.

Our efforts have been resulted in the continuous growth of loans. Meanwhile, we have put emphasis on effective risk management, amid lingering economic and political uncertainty, which covers the close monitoring of all involved risks, setting risk management strategies that are in line with international guidelines and practices, as well as developing effective risk management policies, tools and procedures.

With our dedication in effectively responding to the diverse need of customers, along with ongoing efforts to improve support functions, procedures and efficiency of risk management, KASIKORNBANK has achieved a satisfactory degree of success in business operations, regarding both financial and quality targets in the area of corporate and retail businesses. This has been reflected in the marks of recognition awarded to us during the first quarter of 2010, from both domestic and foreign entities including:

#### Award for Successful Bank Innovations

- **Thailand ICT Excellence Awards 2009**, presented by the Thailand Management Association (TMA).

#### Awards for Foreign Exchange Services

- **The Most Active Bank in Thailand 2009, Best Foreign Currency Liquidity Providers in Thailand 2009 and Best THB Interest Rates Contributors in Thailand 2009** awards, presented in the "Thomson Reuters FX Award 2010" ceremony, organized by Thomson Reuters.

#### Awards for Investment Banking Services

- **Best Domestic Investment Bank 2009 and Best Debt House 2009** awards, presented by *The Asset* magazine.
- **Best Bond House 2009, Best Trade Finance Bank 2009 and Best Cash Management Bank 2009** awards, presented by *FinanceAsia* magazine.
- **Best Local Currency Bond Deal of the Year in Southeast Asia** award, presented by *Alpha Southeast Asia* magazine
- **Best Market Contributor, Deal of the Year, Dealer of the Year and Best Bond House** awards, presented in the "ThaiBMA Best Bond Awards 2009" ceremony, organized by the Thai Bond Market Association.

#### Awards for SME Business

- **Best SME Bank** award, presented in the "Asset Triple A Awards Transaction Banking 2010", organized by *The Asset* magazine. KASIKORNBANK is apparently the first Thai commercial bank to receive this award.
- **Global Custodian Survey of Agent Banks in Emerging Market (Domestic Top-Rated)** award, based on a survey of local customer satisfaction conducted by *Global Custodian* magazine. KASIKORNBANK has received this award for three consecutive years.

#### Awards for Retail Business

- **Best Retail Bank in Thailand 2009** award, presented in the "Asian Banker Excellence in Retail Financial Service Awards 2010", organized by *The Asian Banker* journal.
- **Best Local Private Bank in Thailand 2009** award, presented by *Euromoney* magazine

In the first quarters of 2010, the Bank adhered to good corporate governance principles as a public company limited and a listed company in the Stock Exchange of Thailand (SET). In our 2010 Annual General Meeting (AGM) of Shareholders, the Bank followed the good corporate governance best practices in recognizing the legitimate rights of all shareholders, per the Statement of Corporate Governance Principles, in continuation from the previous year. The shareholders are allowed to submit issues for inclusion in the AGM agenda, propose qualified candidates for director election, and submit their questions for consideration prior to the AGM date. Relevant information and regulations have been disseminated via the information disclosure system of the SET, as well as the Bank's website.

## 2. Operating Performance and Financial Position Analysis

### 2.1 Operating Performance

For the first quarter of 2010, the Bank's consolidated statement of income included the performance of companies in the Muang Thai Group Holding Co., Ltd. (MTGH) for the entire quarter, following our additional investment in Muang Thai Life Assurance Company Limited ("MTL") by acquiring additional ordinary shares of the MTGH group on November 30, 2009. This was despite the inclusion of only one month of operating results of companies in the MTGH group in the Bank's consolidated statement of income for the fourth quarter of 2009.

#### Operating Performance for the First Quarter of 2010

(Units: Million Baht)

|  | Q1-2010      | Q4-2009      | Change       |              | Q1-2009      | Change       |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |              |              | Million Baht | Percent      |              | Million Baht | Percent      |
| Income from interest and dividends   | 14,581       | 13,854       | 727          | 5.25         | 15,511       | (930)        | (6.00)       |
| Interest expense   | 2,717        | 2,678        | 39           | 1.46         | 4,755        | (2,038)      | (42.86)      |
| Net income from interest and dividends   | 11,864       | 11,176       | 688          | 6.16         | 10,756       | 1,108        | 10.30        |
| Bad debts and doubtful accounts  | 105          | 1,594        | (1,489)      | (93.41)      | 1,376        | (1,271)      | (92.37)      |
| Loss on debt restructuring   | 1,593        | 684          | 909          | 132.89       | 984          | 609          | 61.89        |
| Non-interest income  | 13,568       | 9,023        | 4,545        | 50.37        | 5,671        | 7,897        | 139.25       |
| Non-interest expense   | 16,972       | 12,707       | 4,265        | 33.56        | 8,600        | 8,372        | 97.35        |
| Income tax expense   | 2,101        | 1,496        | 605          | 40.44        | 1,667        | 434          | 26.03        |
| Operating profit<br>(Before bad debts and doubtful accounts, loss on<br>debt restructuring and income tax expense) | 8,460        | 7,492        | 968          | 12.92        | 7,827        | 633          | 8.09         |
| Net income   | 4,661        | 3,718        | 943          | 25.36        | 3,800        | 861          | 22.66        |
| Net income attributable to:  |              |              |              |              |              |              |              |
| Equity holders of the Bank   | 4,364        | 3,668        | 696          | 18.99        | 3,800        | 564          | 14.85        |
| Minority interest  | 297          | 50           | 247          | 494.00       | -            | 297          | -            |
| <b>Net Income</b>  | <b>4,661</b> | <b>3,718</b> | <b>943</b>   | <b>25.36</b> | <b>3,800</b> | <b>861</b>   | <b>22.66</b> |

The Bank's consolidated net income for the first quarter of 2010 totaled Baht 4,364 million, increasing by Baht 696 million, or 18.99 percent, over the previous quarter. When compared to the first quarter of 2009, the Bank's consolidated net income rose by Baht 564 million, or 14.85 percent. The increase in net income was due primarily to increases in net interest and dividend income, as well as non-interest income. (The rise in non-interest income was mainly attributable to continued growth of fee and service income, as well as higher net premium written which was the result of consolidation of financial statements of companies in the MTGH group.) Additionally, the increase in

net income was due to lower allowances for bad debts and doubtful accounts. Meanwhile, the Bank's consolidated non-interest expense rose over-quarter and over-year, in light of underwriting expenses from life insurance business, as a result of the consolidation of MTGH.

#### Income Structure

(Units: Million Baht)

|   | Q1-2010       | Q4-2009       | Change       |              | Q1-2009       | Change         |                |  |
|---|---------------|---------------|--------------|--------------|---------------|----------------|----------------|--|
|   |               |               | Million Baht | Percent      |               | Million Baht   | Percent        |  |
| <b>Interest and Dividend Income</b>       |               |               |              |              |               |                |                |  |
| 1. Loans                                  | 11,714        | 11,637        | 77           | 0.66         | 13,142        | (1,428)        | (10.87)        |  |
| 1.1 Loans                                 | 6,820         | 6,807         | 13           | 0.19         | 7,729         | (909)          | (11.76)        |  |
| 1.2 Overdrafts                            | 2,882         | 2,834         | 48           | 1.69         | 2,803         | 79             | 2.82           |  |
| 1.3 Bills                                 | 2,012         | 1,996         | 16           | 0.80         | 2,610         | (598)          | (22.91)        |  |
| 2. Interbank and money market items       | 388           | 333           | 55           | 16.52        | 673           | (285)          | (42.35)        |  |
| 2.1 Deposits                              | 12            | 12            | -            | -            | 5             | 7              | 140.00         |  |
| 2.2 Loans                                 | 376           | 321           | 55           | 17.13        | 668           | (292)          | (43.71)        |  |
| 3. Finance leases                         | 690           | 667           | 23           | 3.45         | 609           | 81             | 13.30          |  |
| 4. Investments                            | 1,789         | 1,217         | 572          | 47.00        | 1,087         | 702            | 64.58          |  |
| <b>Total Interest and Dividend Income</b> | <b>14,581</b> | <b>13,854</b> | <b>727</b>   | <b>5.25</b>  | <b>15,511</b> | <b>(930)</b>   | <b>(6.00)</b>  |  |
| <b>Total Interest expense</b>             | <b>2,717</b>  | <b>2,678</b>  | <b>39</b>    | <b>1.46</b>  | <b>4,755</b>  | <b>(2,038)</b> | <b>(42.86)</b> |  |
| <b>Net Interest and Dividend Income</b>   | <b>11,864</b> | <b>11,176</b> | <b>688</b>   | <b>6.16</b>  | <b>10,756</b> | <b>1,108</b>   | <b>10.30</b>   |  |
| <b>Non-Interest Income</b>                |               |               |              |              |               |                |                |  |
| 1. Fee and service income                 |               |               |              |              |               |                |                |  |
| 1.1 Acceptances, avals, and guarantees    | 374           | 338           | 36           | 10.65        | 318           | 56             | 17.61          |  |
| 1.2 Others                                | 4,833         | 5,051         | (218)        | (4.32)       | 3,910         | 923            | 23.61          |  |
| 2. Gains on exchange                      | 855           | 834           | 21           | 2.52         | 1,129         | (274)          | (24.27)        |  |
| 3. Net premium written                    | 6,929         | 2,193         | 4,736        | 215.96       | -             | 6,929          | 100.00         |  |
| 4. Other income                           | 577           | 607           | (30)         | (4.94)       | 314           | 263            | 83.76          |  |
| <b>Total Non-Interest Income</b>          | <b>13,568</b> | <b>9,023</b>  | <b>4,545</b> | <b>50.37</b> | <b>5,671</b>  | <b>7,897</b>   | <b>139.25</b>  |  |
| <b>Total Income</b>                       | <b>25,432</b> | <b>20,199</b> | <b>5,233</b> | <b>25.91</b> | <b>16,427</b> | <b>9,005</b>   | <b>54.82</b>   |  |
| % Non Interest Income Ratio               | 53.35         | 44.67         |              |              | 34.52         |                |                |  |

#### □ Net Income from Interest and Dividends

The Bank's consolidated net interest and dividend income for the first quarter of 2010 increased over the previous quarter, as a consequence of a rise in interest and dividend income – in tandem with gains in interest income from investments, which came largely from return on investments in government bonds by MTL. Meanwhile, our consolidated interest expense rose over-quarter, due mainly to a Baht 106 million increase in interest expense from interbank and money

market items, equivalent to a 44.73-percent growth, in light of higher average volume of private repurchase transactions during the quarter. This led our net interest margins to equal 3.66 percent for the first quarter of 2010, close to those of the preceding quarter.

When compared to the same quarter of 2009, our consolidated interest and dividend income fell, owing mainly to a drop in interest income from loans following lower average lending rates. Meanwhile, interest expense decreased, largely attributable to a high base of comparison in deposit costs following the offering of special deposit products late in 2008. Our net interest margins for the first quarter of 2010 also stayed close to those of the first quarter of 2009.

#### **□ Non-Interest Income**

The Bank's consolidated non-interest income for the first quarter of 2010 increased over-quarter and over-year, due mainly to higher net premium written from MTL, which was resulted from consolidation of financial statements of companies in the MTGH group. Excluding this factor, our non-interest income continued to grow. Major attributors were seen from a Baht 216 million increase in the fee and service income, equivalent to a 3.88-percent rise over the previous quarter, particularly fees from sales of products and financial services, such as bancassurance and card business. When compared to the same quarter of 2009, the fee and service income rose by Baht 1,506 million, or 35.62 percent, owing mainly to fees from sales of products and financial services, as well as loan-related transactions in tandem with higher loan volume.

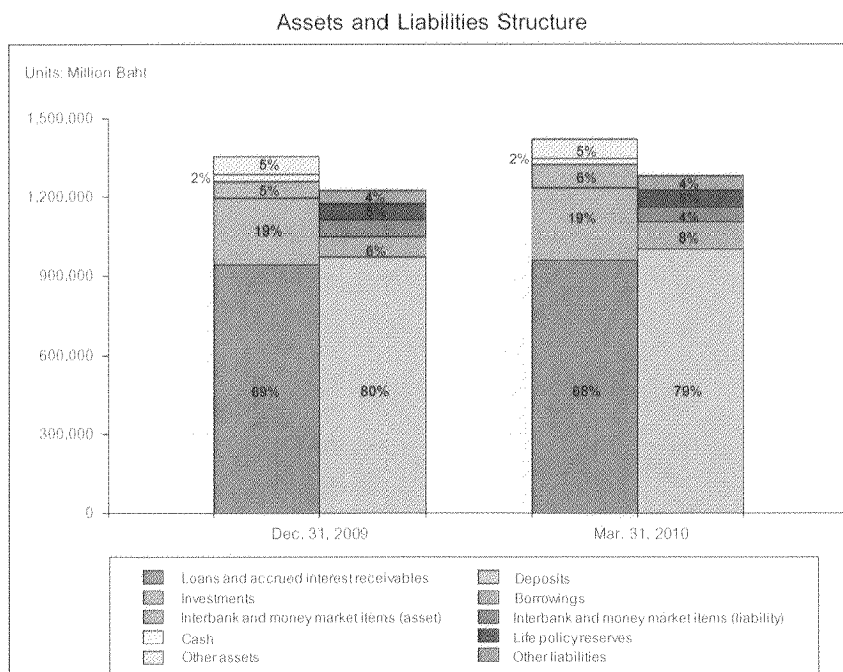
#### **□ Non-Interest Expense**

The Bank's consolidated non-interest expense for the first quarter of 2010 totaled Baht 16,972 million, up by Baht 4,265 million, or 33.56 percent over-quarter, and increasing by Baht 8,372 million, or 97.35 percent over-year. This was mainly the result of higher underwriting expenses in insurance business, following the consolidation of financial statements of companies in MTGH. Consequently, our efficiency ratio equaled 66.73 percent. Without the consolidation of MTGH, the ratio was 56.83 percent, dropping from the previous quarter, mainly attributable to lower advertising and marketing expenses. However, the ratio rose over-year, largely due to higher expenditures following our Channel Expansion and Enhancement projects, as well as an increase in advertising expenses.

#### **□ Bad Debts and Doubtful Accounts, and Loss on Debt Restructuring**

For the first quarter of 2010, the Bank and our subsidiaries set aside allowances for bad debts and doubtful accounts, as well as incurred losses on debt restructuring, totaling Baht 1,698 million, falling by Baht 580 million, or 25.46 percent, over the previous quarter. This was mainly in response to the economic recovery.

## 2.2 Financial Position Analysis



### □ Assets

As of March 31, 2010, the Bank's consolidated assets totaled Baht 1,422,290 million, increasing by Baht 63,758 million, or 4.69 percent, over the end of 2009. The increase was mainly attributable to increases in interbank and money market items, loans, and net investments, as follows:

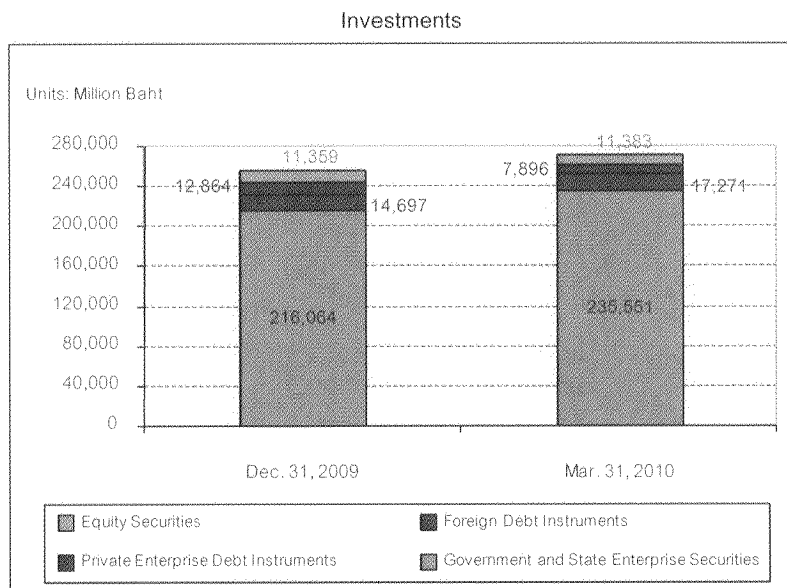
- Interbank and money market items (asset), at the end of March 2010, amounted to Baht 91,637 million, growing by Baht 28,253 million, or 44.57 percent, over the end of 2009. This was as a result of the Bank's liquidity management.
- The Bank's consolidated loans, at the end of March 2010, totaled Baht 962,646 million, up by Baht 19,268 million, or 2.04 percent, over the end of 2009, due primarily to increases in commercial and housing loans.

Meanwhile, our net non-performing loans<sup>2</sup> (Net NPLs) ratio to total loans, at the end of March 2010, was at 1.77 percent, down from 1.91 percent at the end of 2009. Similarly, the gross NPL ratio to total loans equaled 3.51 percent at the end of March 2010, falling from 3.76 percent at the end of 2009. Such NPL decreases were mainly the result of loan extension and a decline in bad debts.

<sup>2</sup> Details of non-performing loans are shown in the "Non-Performing Loans and Debt Restructuring" of the "Credit Risk Management" section.



- Net investments, at the end of March 2010, equaled Baht 272,101 million, rising by Baht 17,117 million, or 6.71 percent, over the end of 2009, largely a result of investments in government bonds.



#### □ Liabilities and Equity

The consolidated liabilities of the Bank, at the end of March 2010, totaled Baht 1,284,712 million, increasing by Baht 58,136 million, or 4.74 percent, over the end of 2009. Consolidated liabilities that had changed significantly relative to the previous quarter included:

- Deposits, at the end of March 2010, amounted to Baht 1,007,936 million, growing by Baht 32,444 million, or 3.33 percent, over the end of 2009. This was mainly due to increased savings and fixed-term deposits.
- Borrowing, at the end of March 2010, was at Baht 98,707 million, up by Baht 19,736 million, or 24.99 percent, over the end of 2009. This was due largely to our bills of exchange offering.
- Life policy reserves, at the end of March 2010, equaled Baht 63,875 million, rising by Baht 3,961 million, or 6.61 percent, over the end of 2009, mainly attributable to MTL transactions from life insurance business.
- Interbank and money market items (liabilities), at the end of March 2010, amounted to Baht 43,577 million, dropping by Baht 3,408 million, or 7.25 percent, from the end of 2009. This was mainly a result of decreases in private repurchase transactions.

At the end of March 2010, total equity attributable to equity holders of the Bank equaled Baht 128,172 million, increasing by Baht 5,106 million, or 4.15 percent, over the end of 2009. This increase was the result of a Baht 4,364 million net operating income for the first quarter of 2010.

#### □ Relationship Between Sources and Uses of Funds

At the end of March 2010, the funding structure as shown in the consolidated financial statement comprised Baht 1,284,712 million in liabilities, and Baht 128,172 million in total equity attributable to equity holders of the Bank, resulting in a debt-to-equity ratio of 10.02. The major source of funds on the liabilities side was deposits, which equaled Baht 1,007,936 million, or 71.34 percent of the total. Other sources of funds included interbank and money market items, plus borrowing, which accounted for 3.08 percent and 6.99 percent of the total, respectively.

The Bank and subsidiaries' major use of funds was loans. At the end of March 2010, loans amounted to Baht 962,646 million, resulting in a loan-to-deposit ratio of 95.51 percent. As for the remaining liquidity, the Bank invested it in various selections of liquid assets, such as interbank and money market items, and investments in securities.

## 2.3 KASIKORNBANK's Loans and Deposits

#### □ Loans Classified by Business and Product Groups

##### KASIKORNBANK's Loans Classified by Business and Product Groups\*

(Units: Million Baht)

|                       | Mar. 31, 2010      |                |                 | Dec. 31, 2009      |                |                 |
|-----------------------|--------------------|----------------|-----------------|--------------------|----------------|-----------------|
|                       | Corporate Business | SME Business   | Retail Business | Corporate Business | SME Business   | Retail Business |
| <b>Loans</b>          | <b>287,507</b>     | <b>365,979</b> | <b>172,236</b>  | <b>284,405</b>     | <b>363,297</b> | <b>164,249</b>  |
| Domestic credit loans | 209,167            | 342,479        |                 | 212,607            | 340,666        |                 |
| Trade finance loans   | 73,762             | 23,500         |                 | 68,638             | 22,631         |                 |
| BIBF loans            | 4,578              |                |                 | 3,160              |                |                 |
| Housing loans         |                    |                | 137,270         |                    |                | 126,708         |
| Credit card loans     |                    |                | 23,258          |                    |                | 27,021          |
| Consumer loans        |                    |                | 11,708          |                    |                | 10,520          |

Note: \* Excluding non-performing loans and other loans, such as those to subsidiary companies and others, as well as being revised to reflect regrouped customers.

Regarding the Bank's loans classified by business and product groups, over-quarter growth was witnessed across businesses. Corporate Business loans apparently rose by Baht 3,102 million,

or 1.09 percent, over the end of 2009, due mainly to increased trade finance loans, particularly from hotels and food outlets, as well as jewelry and ornament businesses. Meanwhile, SME Business loans experienced over-quarter growth of Baht 2,682 million, or 0.74 percent, which was mainly attributable to increased domestic credit loans seen particularly in commerce, electrical appliances and electronic parts, chemicals and medical supplies. Following this was an increase in trade finance loans from hotels and food outlets, along with jewelry and ornament businesses. Our Retail Business loans also reported over-quarter growth of Baht 7,987 million, or 4.86 percent, over the end of 2009, with housing and personal loans showing the best performance in terms of volume and growth, respectively.

#### □ Deposits Classified by Type of Deposit Accounts

##### KASIKORNBANK's Deposits\*

(Units: Million Baht)

|                             | Percent<br>of Total<br>Deposits | Deposits         |                | Change          |             |
|-----------------------------|---------------------------------|------------------|----------------|-----------------|-------------|
|                             |                                 | Mar. 31, 2010    | Dec. 31, 2009  | Million<br>Baht | Percent     |
| <b>Total Deposits</b>       | <b>100.01</b>                   | <b>1,010,200</b> | <b>978,064</b> | <b>32,136</b>   | <b>3.29</b> |
| Current accounts            | 5.44                            | 54,918           | 55,613         | (695)           | (1.25)      |
| Savings accounts            | 58.67                           | 592,721          | 539,341        | 53,380          | 9.90        |
| Fixed-term deposit accounts | 35.89                           | 362,561          | 383,110        | (20,549)        | (5.36)      |

Note: \* Excluding deposits of subsidiary companies.

At the end of March 2010, total deposits — comprising deposits of our Corporate, SME and Retail Business customers — had increased by Baht 32,136 million, or 3.29 percent, over the end of 2009. This was due mainly to increases in savings deposits, which overshadowed a decline in other types of deposits, led by fixed-term deposit accounts that reached their maturity, wherein the Bank has offered other investment alternatives carrying attractive returns to customers in place of the matured deposits.

## 2.4 Treasury Operations

In the first quarter of 2010, the domestic and global economies have shown more evident signs of recovery, due mainly to ultra-eased monetary and fiscal policies pursued continually in many countries. However, the pace of recovery in different regions remained uneven, thereby inducing high volatility in global financial markets. Amid such a business environment, the Bank has analyzed, prepared, and adopted proper strategies for our liquidity and interest rate risk management. So doing has also involved efficient preparations for potential impacts from domestic political uncertainty, plus the possibility that the BoT might shift their policy rate to a more neutral stance in the future.

## Treasury Operations Income

(Units: Million Baht)

| Income Structure of Treasury Operations<br>(Banking Book) | Percent of<br>Total Income | Q1-2010      | Q4-2009      | Change       |              |
|---|----------------------------|--------------|--------------|--------------|--------------|
|   |                            |              |              | Million Baht | Percent      |
| <b>Interest and Dividend Income *</b>                     |                            |              |              |              |              |
| Interbank and money market items **                       | 25.10                      | 377          | 335          | 42           | 12.58        |
| Investments   | 74.90                      | 1,125        | 901          | 224          | 24.88        |
| <b>Total</b>  | <b>100.00</b>              | <b>1,502</b> | <b>1,236</b> | <b>266</b>   | <b>21.54</b> |

Note: \* The figures above are managerial figures.

\*\* Including loans.

In the first quarter of 2010, we earned total interest and dividend income of Baht 1,502 million from our treasury operations (banking book), increasing by Baht 266 million, or 21.54 percent over the final quarter of 2009. This was due mainly to higher dividend income from special items, as well as an increase in liquidity when compared to the previous quarter.

## 2.5 Capital Requirements and Credit Ratings

### □ Capital Funds

As of March 31, 2010, the Bank had capital funds of Baht 153,279 million, consisting of Baht 102,962 million in Tier-1 capital, and Baht 50,317 million in Tier-2 capital. The capital adequacy ratio of the Bank was 15.03 percent, significantly above the BoT's minimum requirement of 8.50 percent. Details of the capital adequacy ratio of the Bank are shown in the following table:

#### Capital Adequacy Ratio\*

(Units: Percent)

| Capital Adequacy Ratio        | Mar. 31,<br>2010 | Dec. 31,<br>2009 | Sep. 30,<br>2009 | Jun. 30,<br>2009 | Mar. 31,<br>2009 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Tier-1 Capital Ratio          | 10.09            | 10.25            | 10.90            | 10.39            | 10.17            |
| Tier-2 Capital Ratio          | 4.94             | 4.94             | 5.42             | 5.52             | 5.46             |
| <b>Capital Adequacy Ratio</b> | <b>15.03</b>     | <b>15.19</b>     | <b>16.32</b>     | <b>15.91</b>     | <b>15.63</b>     |

Note: \* These ratios do not include the net profits of each accounting period. According to BoT regulations, the net profit of the first half of the year shall be included in the institution's capital after approval by the Bank's Board of Directors. The net profit for the second half of the year shall be included in that capital after approval by a General Meeting of Shareholders. However, if there is a net loss, the loss must be deducted from capital immediately.

### Capital Adequacy Ratio

(Including the net profit of each accounting period)

(Units: Percent)

| Capital Adequacy Ratio        | Mar. 31,<br>2010 | Dec. 31,<br>2009 | Sep. 30,<br>2009 | Jun. 30,<br>2009 | Mar. 31,<br>2009 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Tier-1 Capital Ratio          | 11.16            | 10.94            | 11.24            | 11.08            | 11.29            |
| Tier-2 Capital Ratio          | 4.93             | 4.93             | 5.40             | 5.52             | 5.45             |
| <b>Capital Adequacy Ratio</b> | <b>16.09</b>     | <b>15.87</b>     | <b>16.64</b>     | <b>16.60</b>     | <b>16.74</b>     |

#### □ Credit Ratings

At the end of March 2010, the Bank's credit rating given by Moody's Investors Service, Standard & Poor's, and Fitch Ratings remained unchanged from the end of 2009. Details are shown in the following table:

#### KASIKORNBANK Credit Ratings

| Credit Ratings Agency                                    | March 31, 2010 |
|--|----------------|
| <b>Moody's Investors Service **</b>                      |                |
| <u>Foreign Currency</u>                                  |                |
| Outlook  | Negative       |
| Long-term - Debt   | n.a.*          |
| - Deposit  | Baa1           |
| Short-term - Debt/Deposit                                | P-2            |
| Subordinated Debt  | Baa1           |
| Bank Financial Strength Rating (BFSR)                    | D+             |
| Outlook for BFSR   | Stable         |
| <u>Domestic Currency</u>                                 |                |
| Outlook  | Stable         |
| Long-term - Deposit                                      | A3             |
| Short-term - Debt/Deposit                                | P-1            |
| <b>Standard &amp; Poor's **</b>                          |                |
| <u>Global Scale Ratings</u>                              |                |
| Outlook  | Stable         |
| Long-term - Debt/Certificate of Deposit                  | BBB            |
| Short-term - Debt/Certificate of Deposit                 | A-2            |
| Subordinated Debt (Foreign Currency)                     | BBB-           |
| Bank Fundamental Strength Rating (BFSR) (Local Currency) | C              |
| <u>ASEAN Regional Scale Ratings</u>                      |                |
| Long-term - Debt/Certificate of Deposit                  | axA            |
| Short-term - Debt/Certificate of Deposit                 | axA-1          |

## Fitch Ratings \*\*

International Credit Ratings (Foreign Currency)

|                                  |        |
|----------------------------------|--------|
| Outlook                          | Stable |
| Long-term Issuer Default Rating  | BBB+   |
| Short-term Issuer Default Rating | F2     |
| Subordinated Debt                | BBB    |
| Individual                       | C      |
| Support                          | 2      |

National Credit Ratings

|                   |         |
|-------------------|---------|
| Outlook           | Stable  |
| Long-term         | AA(th)  |
| Short-term        | F1+(th) |
| Subordinated Debt | AA-(th) |

Note: \* Moody's Investors Service does not assign ratings to the Bank's long-term debt.

\*\* The base levels for investment grade on long-term credit ratings for Moody's Investors Service, Standard & Poor's, and Fitch Ratings are Baa3, BBB- and BBB-, respectively. For short-term credit ratings, the base levels for investment grade as viewed by these three agencies are P-3, A-3, and F3, respectively.

## 3. Operations of Core Businesses

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### 3.1 Business Overview

In the first quarter of 2010, recovery of the Thai economy became more apparent, particularly in exports, private consumption and investment, while inflationary risk remained tame. Nevertheless, the country's intense political conflict has dampened the confidence of both business and household sectors, likely affecting the Bank's business in various dimensions, such as a possible deterioration in demand for loans and in debt servicing ability among businesses hurt by mass demonstrations.

Amid such economic circumstances, KASIKORNBANKGROUP strives to provide support to our customers' business operations, and meet each customer segment's specific needs in both financial and non-financial services. Our development of note is an extension of our "Customer-Centric" business philosophy to cover business partners of our existing customers under the same value chains. Moreover, in-depth studies have been conducted, allowing us to gain a better understanding of SME customer behaviors, characteristics and needs of loan products in different dimensions. So doing helps enhance our capability to introduce product solution packages, offering our customers complete, innovative solutions in financial products and services.

Regarding our risk management, we have revised our business operations to better align with the changing economic conditions. As for customers affected by the political uncertainty, we have closely monitored their business operations, along with providing them some necessary assistance. All of the aforementioned efforts have been reflected in our key business operations in the dimensions of customer segments, product domains and main distribution channels as follows:

### 3.2 Customer Segments

- **Multi-Corporate Business**

KASIKORNBANKGROUP has adopted more proactive business strategies to better cope with the changing operating environment and to complement our existing "Customer-Centric" business philosophy by expanding our target customers to cover business partners of our existing customers. So doing also enables us to develop and offer more comprehensive financial products and services. At the same time, value-added benefits are provided to businesses of our customers and their business partners under the Ultimate Value Chain Solution, which helps us to attain our desired market position.

Additionally, in 2010, the Bank has placed more emphasis on customers in the energy sector. Focus has been on corporate finance services for the electricity generation business, with an aim of being a market leader in serving as a lead arranger of project finance, and enhancing our expertise in the alternative energy business, particularly through

knowledge-based support in alternative energy to KGroup customers. As a result of our efforts in striving to thoroughly understand the nature of this industry, business characteristics and customer needs, the Bank has been entrusted by many customers, including the Ministry of Energy, to be their lead arranger, as well as their provider of financial services.

■ **Large Corporate Business**

The Large Corporate Business segment typically experiences rapid changes in business and intense competition. With our commitment to help enhance value-added benefits for customers' businesses, we have placed an emphasis on responding to their business needs by providing appropriate financial and non-financial solutions in a timely manner, which helps our customers to run their businesses smoothly and efficiently. Our Relationship Managers (RMs) having in-depth knowledge of each customer's business are always on hand to provide recommendations and useful financial advisory services to their customers. In addition, we have invented, developed and offered customized financial products and services that effectively meet the diverse needs of our customers in different perspectives and industries. To strengthen relationships with customers and build their relevant knowledge, the Bank's RMs regularly visit their customers, while seminars have been arranged under the "K-Corporate Synergy" program to provide useful knowledge related to sustainable family-run business management for customers, mainly management officers or business owners. The Bank has also improved our internal management procedures for increased efficiency in providing total financial service solutions.

■ **Medium Business**

Affected by the economic downturn, as evidenced from deteriorating consumer confidence and spending, amid the domestic political tension in the first quarter of 2010, SME entrepreneurs had to adjust and pursue more cautious business operations. The Bank, therefore, highlighted our strategy of offering financial product and service innovations that completely meet customers' business needs, especially in the form of a product solution package, such as "SME Customer Solution". We continued to provide knowledge-based support to our customers under the "K SME Care" project, through arrangement of activities that help enhance business knowledge and networks in both public and private sectors. Our customers not only see their business channels broadened, but are also able to grow business opportunities in the future. Major activities included "K SME Care Knowledge Week" and the "K SME Care Green Biz Matching" forum, encouraging our customers to adopt the 'Green Economy' business concept.



- **Small and Micro Business**

To better understand the nature of businesses in this customer segment, the Bank has conducted studies of their behaviors and demand for loans in different dimensions. As a result, in the first quarter of 2010, the Bank launched an array of products and sales promotional campaigns specially catering to this segment, such as "Credit to Non Credit", "Increase O/D for Empowering Business", "Refinance 0% 2 Months", "K-SMEs Buffet Package 2010" and "K-SME BizCard". In addition to the launch of the sales promotional campaigns, the Bank staged seminars to equip our customers with business management and marketing knowledge, which were well received among attendants.

- **THE WISDOM Segment**

The Bank has renamed the "Signature" service to be "THE WISDOM" service, effective since January 1, 2010. In this regard, we have adjusted qualifications for THE WISDOM customers, wherein each of them must have deposits and average investment of at least Baht 10 million with KGroup, while these customers are entitled for improved services and privileges offered by us. Determined to become a leader in the high-end consumer market segment and to improve levels of customer service satisfaction, we have developed strategies to expand our customer base, covering both new and existing customers. For new customers with business potential, we have utilized cooperation among various business divisions of the Bank and other companies in KGroup, while for existing clients, we have adopted a strategy to upgrade our Middle Income customers with potential to THE WISDOM segment through the offering of special sales promotional campaigns to promote target customers' investments in mutual funds, fixed-term deposits and life insurance products. These campaigns have apparently received a warm welcome from customers, as evidenced from increasing customers' product holding and higher fee-based income of the Bank. We also organized a "Wealth Avenue Forum" on March 23, 2010, to equip our customers with knowledge relevant to new investment trends and opportunities, as well as to strengthen ties between existing customers and our KGroup staff. To enhance customer convenience, customers participating in this forum were also encouraged to purchase unit trusts of mutual funds via THE WISDOM card of the Bank.

- **Middle Income Segment**

The Bank continues to put an emphasis on improving satisfaction of our Middle Income customers, in order to increase the number of customers and sales volume of our financial products. To achieve such objectives, we have, for instance, offered “K-Salary Benefits” — which were jointly developed by various business divisions of the Bank to offer special benefits to customers using our payroll services. This campaign aims at meeting the needs of both business owners and their employees, especially in high-growth industries with a large number of Middle Income clients. In cooperation with our business partners, the Bank has launched various marketing campaigns to offer an integrated customer experience, covering both financial and non-financial needs with superior quality of services. This helps differentiate our services from those of our peers, allowing us to become the ‘Bank of Choice’ for more customers.

- **Mass Segment**

The Bank has adhered to our goal of being the main bank for customers in the Mass segment with potential to be upgraded to the Middle Income segment in the future, especially those among university students. To this end, we have emphasized our strategy to increase our fee-based income and reduce costs of services through the launch of marketing promotional activities, aimed at encouraging our customers to conduct financial transactions via the Bank’s electronic channels. We have also communicated more with our customers via social media, such as KBank Live on Facebook. As a way to increase the number of new customers and financial products via cross-selling, the Bank organized marketing campaigns to promote the use of debit card products that offer both functional and emotional benefits under the “K-My Debit Card: Valentine” program in February 2010. New debit card applicants joining this program were entitled to receive an additional debit card free of charge. Moreover, KBank joined hands with GMM Thai Hub Co., Ltd. (GTH) to launch “GTH is me” by KBank – a debit card for movie lovers with special features that enable cardholders to design their own cards on a website by selecting pictures of actors or actresses from GTH movies to put on the cards.

### **3.3 Product Domains and Sales Channels**

#### **3.3.1 Product Domains**

In the first quarter of 2010, the Bank not only offered new products and services, but also developed them to better serve the needs of our customers. Furthermore, we have enhanced efficiency of our working process and operations, and continuously launched sales

and marketing promotional programs. In this regard, our efforts of note can be classified into four domains, namely Operation & Transaction, Saving & Investing, Funding & Borrowing, and Protection & Information.

■ Operation & Transaction

| Details                             |  |
|-------------------------------------|--|
| New Products and Services           | <ul style="list-style-type: none"> <li>● <i>Cargo e-Payment</i> features e-payment services for warehouse handling charges for importers, airline agencies, or freight forwarders with Thai Airways International Plc. via auto debit, aiming to help customers discharge their cargo more swiftly and enhance their business operation efficiency.</li> <li>● <i>Payroll Service Solution</i> offers payroll management for our corporate clients in different dimensions. The service — launched on February 25, 2010 — is aimed at reducing costs in human resource management, while increasing business operation efficiency for our target customers, particularly Small and Micro Business customers. The Bank also customized the service to better meet the needs of our Multi-Corporate and Large Corporate Business customers.</li> <li>● <i>'GTH is me' by KBank Debit Card</i>: KBank joined hands with GMM Thai Hub Co., Ltd. (GTH), a movie production company, in launching this debit card on February 24, 2010, to attract the new generation of Thai movie lovers.</li> </ul> |
| Product and Service Enhancement     | <ul style="list-style-type: none"> <li>● <i>International Funds Transfer</i>: In cooperation with JP Morgan Chase Bank, we developed a USD-denominated funds transfer service to designated banks in China within one day, as part of our effort to provide risk management services for international trade transactions and greater convenience for our customers who have trading partners in China.</li> <li>● <i>Business development of card-accepting merchants</i>: To boost our competitiveness, the Bank is in the process of developing the Dynamic Currency Conversion system to accommodate multi-currency payment in up to 35 currencies. The system is expected to be implemented in the second quarter of 2010.</li> <li>● <i>K-SMEs Buffet Package 2010</i>: The Bank developed the "K-SMEs Buffet Package 2010" program, which offered SME customers a special monthly fee program for specified financial transactions under as many as five different sets of pricing, fitting the different needs of each customer.</li> </ul>  |
| Process and Operational Enhancement | <ul style="list-style-type: none"> <li>● <i>Mutual fund supervisory service</i>: The Bank continued to develop our mutual fund supervisory services, while strengthening our service network in international markets to ensure the highest efficiency in accommodating demands of our customers, especially asset management companies seeking to invest abroad. As a result, we were able to</li> </ul>  |

| Details                                  |   |
|--|---|
|  | maintain our leadership in this service.  |
| Sales and Marketing Promotional Programs | <ul style="list-style-type: none"> <li>● <i>Marketing activities for retail customers:</i> The Bank organized marketing campaigns to promote the use of debit card products under the “K-My Debit Card: Valentine” program, wherein new debit card applications submitted in February 2010 were entitled to receive an additional debit card free of charge. To promote the use of the K-Max Debit Card, we also launched more marketing media and special sales promotional programs, including revision of annual fees for card applications submitted from January 16 to March 15, 2010. Marketing promotional activities were also staged during March 1-May 31, 2010, to encourage customers to use our K-ATM, K-MOBILE BANKING and K-Cyber Banking for mobile top-up.</li> <li>● <i>Marketing activities for card-accepting merchants:</i> The Bank launched sales promotional activities for new merchants applying for the Bank’s EDC services during January to April 2010. Eligible merchants with card acceptance value meeting the required level are entitled to receive a gift voucher offered by the Bank. The program has so far been well-received by our customers.</li> <li>● <i>New marketing activities for SME customers:</i> We launched the “Convenient SME Account -Strong Business” program, wherein customers are entitled to receive special privileges when conducting transactions under the established conditions and applying for our Transaction Alert services.</li> </ul> |

▪ Saving & Investing

| Details                   |  |
|---------------------------|--|
| New Products and Services | <ul style="list-style-type: none"> <li>● <i>Introduction of Bond Put Note:</i> This new product offers yields higher than market rate. Upon maturity of the note, the Bank has an option to repay investors in cash in the established amount, or in government bonds with maturities, face value and strike price as earlier agreed in accordance with the contract. Due to its high-risk characteristics, investors may face losses incurred from the mark-to-market pricing assessment of the bonds. The product is therefore suitable for institutional investors with investment expertise. For individual investors, we offered after-sale services, especially for those who want to switch to a fixed-interest rate regime from floating rates.</li> <li>● <i>New fixed-term deposit products</i> include “Fixed Deposit 5-5-5 with Pro Education”, which bundles the products of a five-month fixed-term deposit account — with an interest rate of five percent p.a., and a minimum deposit of Baht 10,000 up to five times the insurance premium — and ‘Pro Education’ life insurance for children’s education. Other new products</li> </ul> |

| Details                                  |   |
|--|---|
|  | <p>were also introduced to replace deposit products that came due. These products included "Fixed Deposit Special 4 Months", plus deposits under seasonal promotional programs, such as "New Year's Taweessup Deposit to Earn Taweessuk (Enhanced Happiness)" and "Fixed Deposit 6 Months with Special Interest Rate to Celebrate the Chinese New Year".</p> <ul style="list-style-type: none"> <li>● <i>New fund issuances:</i> The Bank, in cooperation with KAsset, issued a variety of 39 new funds in the first quarter of 2010, most of which invested in South Korean bonds, to replace the funds that came to due. In addition, two new funds investing in debentures of Thailand's leading firms were offered, including "K Fixed Income 38 Months A Fund" and "K Fixed Income 39 Months A Fund". For the remaining funds, their investment policies mainly focused on domestic and foreign bonds with acceptable risk appetites.</li> </ul> |
| Sales and Marketing Promotional Programs | <ul style="list-style-type: none"> <li>● <i>Sales promotions for mutual funds:</i> In cooperation with KAsset, fees were reduced for purchase/sale of investment units under K-GOLD Fund and K-OIL Fund, as well as management fees of K-GOLD Fund and K GOLD RMF, with the purpose of reducing investors' costs, enhancing the Bank's competitiveness and showcasing our leadership in these kinds of funds. In addition, investors holding THE WISDOM credit card of KBank were allowed to purchase K-GOLD Fund investment units using their credit cards in the "Wealth Avenue Forum", so as to promote card usage and introduce K-GOLD Fund to THE WISDOM card holders.</li> </ul>  |

▪ Funding & Borrowing

| Details                   |  |
|---------------------------|--|
| New Products and Services | <ul style="list-style-type: none"> <li>● <i>The SMEs Loan of Your Choice</i> is a service that enhances management flexibility of entrepreneurs and offers choices for liquidity management that are consistent with their business positions. Customers are able to choose the types of repayment, and to convert the repaid amount into working capital.</li> <li>● <i>Customer Solution</i> provides a discount of service fees to customers conducting transactions through the electronic channels, or through Bank branches, based on specified conditions. These services include information alerts via e-mail, payroll services via Bank branches, special cheque collection, inter-bank fund transfers via the BAHTNET system, as well as fund transfer to KBank accounts via KBank counters. Customer Solution helps enhance our customers' business flexibility through savings in time and costs, while customers are ensured of service security, based upon our secured network and database systems in line with international standards.</li> <li>● <i>THE WISDOM and THE PREMIER credit cards</i> were introduced to enlarge the Bank's</li> </ul> |

| Details  |  |
|--|--|
|  | <p>base of customers in the premium class. These cards were issued to target customers according to their qualifications in terms of deposit and investment. Customers can enjoy special privileges that come with each card.</p>  |
| <p><b>Product and Service Enhancement</b></p>          | <ul style="list-style-type: none"> <li>● <i>Funding arrangement services:</i> As part of our corporate finance services, we have provided funding arrangement services for customers via debentures, short-term B/E and syndicated loans, in addition to financial advisory services. A number of customers have entrusted the Bank with the underwriting of their debentures. We also offered syndicated loans to customers in major industries, including transportation, energy and public utilities, petrochemical and chemical products, finance and securities, real estate, as well as agri-business. The main objective of the financing is to support customers' business operations and expansion, as well as loan repayments.</li> <li>● <i>Development of pricing tools for corporate customers:</i> This tool developed by the Bank allows us to set pricing that reflects relevant risks of customers more accurately, by taking into account such factors as the Bank's operating costs, customer risk, selected product types, and collateral value. The Bank has already implemented this tool with the Multi-Corporate and Large Corporate Business segments, while planning to expand its scope to cover other customer segments in the future.</li> </ul>  |
| <p><b>Sales and Marketing Promotional Programs</b></p> | <ul style="list-style-type: none"> <li>● <i>Marketing activities for housing loan with Bank's allies:</i> The Bank, in cooperation with Sansiri Plc., has launched a new program to stimulate credit volume and increase market share – the "Super Jaew" home loan. This campaign offers special financial conditions and four other privileges in car service ("Super Car"), tourism service ("Super Fast Track"), as well as advisory services related to home and financial matters ("Super Home Innovation Advisory" and "Super Financial Advisory"). This program follows the successful first program launched in 2009, the "K-Home Loan Plus Home Decoration &amp; Travel Package" program, and emphasizes the Bank's policy of expanding our base of high-quality customers. In addition, the Bank organized other activities with our allies, such as booth arrangement and participation in various marketing events to provide special discounts and privileges for the Bank's housing loan customers who are also members of the K Home Smiles Club. As a result, the volume of new housing loans extended during the first quarter of 2010 was twice the original target, and achieved a 200-percent growth compared to the same period of 2009.</li> <li>● <i>Marketing activities for unsecured personal loan:</i> The Bank continued to offer K-Express Cash under the "K-Express Cash – Relaunch" program across all target customer segments, ranging from proprietors to individual customers, who applied for the service</li> </ul> |

| Details |   |
|---------|---|
|         | <p>within the promotion period. In order to stand out in the market, a special zero-percent interest rate for three years has been offered for the amount of loans exceeding 70 percent of the approved limit. Additionally, the Bank has launched the “Combined Application for K-Credit Card and K-Express Cash” program, incorporating the application forms and other related documents for the two products in a single set, to provide added convenience for those interested in both products.</p> <ul style="list-style-type: none"> <li>● <i>Marketing activities for credit card loan and spending:</i> The Bank has emphasized the creation of brand awareness through mass media, in order to publicize information to a wide range of target groups. So doing should encourage cardholders to realize the significance and the privileges of each type of card, thereby promoting greater spending volume. These activities have been staged in addition to many special privileges given to customers participating in activities at expos arranged by KBank and our allies. Meanwhile, special benefits were continually offered to Carrefour customers using KBank payroll services and applying for our personal loan products under the “Carrefour-KBank Personal Loan for Better Life” campaign. This campaign has been continued from the previous year, following the high customer participation rate.</li> <li>● <i>Marketing activities for SME loans:</i> The Bank has joined with Workpoint Entertainment Pcl. to produce the “SMEs Tee Tak” TV show, in order to support SME businesses during their start-up stage through the provision of complete business guidelines. In addition, the Bank has collaborated with the Office of Small and Medium Enterprise Promotion (OSMEP), and College of Management, Mahidol University, to give awards based on five categories to role-model entrepreneurs selected from SME firms nationwide. The award categories include: 1) Best SMEs Applying Self-Sufficient Economy in their Business Operation; 2) Best Branding; 3) Best Innovation; 4) Best CSR; and 5) Best Business Owner. Each award category is divided into three levels, including Platinum, Gold and Silver. Furthermore, the Bank has introduced other sales promotions under many campaigns, aimed at spurring loan growth, expanding the cardholder base of the K-SME Bizcard, as well as increasing the number of K-SME All-in-1 Account applicants.</li> </ul> |

■ Protection & Information

| Details                          |  |
|----------------------------------|--|
| <b>New Products and Services</b> | <ul style="list-style-type: none"> <li>● <i>“Fixed Deposit 5-5-5 with Pro Education”</i> bundles two products: the Pro Education life insurance product with savings plan — wherein policy returns will be paid in accordance with the education needs of policyholders’ children — and a five-month fixed-term deposit</li> </ul> |

| Details                                |   |
|--|---|
|  | <p>product carrying a five-percent interest rate p.a. under a minimum deposit amount of Baht 10,000 or up to five times the insurance premium.</p> <ul style="list-style-type: none"> <li>● <i>Perfect Business Guarantee</i> provides protection for L/I line, catering to our SME customers. This product provides a minimum sum insured of Baht 500,000, and customers are required to pay a single premium for up to three years of coverage, according to the specified conditions. Meanwhile, the Bank continues to put emphasis on equipping our sales representative teams with knowledge about types of insurance and sales techniques, while the sales teams have been encouraged to have life and non-life insurance licenses to strengthen their capability and readiness for market expansion.</li> </ul>  |
| <b>Product and Service Enhancement</b> | <ul style="list-style-type: none"> <li>● <i>Insurance Product Enhancement:</i> The Bank has expanded our insurance services to cover a broader range of businesses, and increased the maximum sum insured for our Perfect Business Functions product, in order to increase selling opportunities for our sales forces.</li> <li>● <i>Risk management products for foreign exchange, interest rate and commodity price risks:</i> Regarding <u>foreign exchange risk management products</u>, the Bank launched many new types of the Options to increase risk management tools for customers. So doing also helps enhance the Bank's competitiveness in this market, allowing us to enjoy higher fee income from risk management products. Besides this effort, we have expanded the "Night Shift" after-hours service for risk protection transactions, wherein foreign exchange transactions are allowed until 11.00 p.m. of every business day. Meanwhile, the Bank is Thailand's first commercial bank to provide risk management products for Yuan-denominated transactions. <p style="margin-left: 40px;">Regarding <u>interest rate risk management products</u>, we continue to see high demand for our interest rate swap products from Baht-denominated loan customers who prefer to switch from the currently fixed interest rates to floating interest rates linked to the MLR, or FD. So doing reflects their intent to reduce borrowing costs, after they become convinced that neither the MLR nor FD would record a drastic increase in the next few years. Meanwhile, another group of customers sought swap products to switch from floating to fixed interest rates, in order to reduce their interest rate risks after the Ministry of Finance and the BoT sent strong signals supporting the possibility of policy rate hikes by year-end. In addition, the Bank continued to conduct transactions of cross-currency swap products, especially asset swap, to hedge against volatility in foreign exchange and interest rates in investment in foreign securities, albeit with a thinner volume of transactions.</p> </li> </ul> |



| Details |  |
|---------|--|
|         | Regarding <u>risk management products for commodity prices</u> , consumers and producers in the energy and metals industries continued to drive demand for our risk management products, aiming at locking in low prices of raw material purchased for long-term use, and selling prices of inventory for improved revenue management. |

### 3.3.2 Sales and Service Channels

In addition to expansion of branches, financial service centers, as well as electronic banking services and machines during the first quarter of 2010, we continued to enhance service and operational efficiency of our major sales and service channels. Developments of note are highlighted as follows:

#### Sales and Service Channels

| Major Sales and Service Channels    | Number of Locations |               |
|-------------------------------------|---------------------|---------------|
|                                     | Mar. 31, 2010       | Dec. 31, 2009 |
| Branch Network                      | 784                 | 782           |
| Foreign Exchange Booths             | 97                  | 92            |
| International Trade Service Offices | 60                  | 60            |
| Cheque Direct Service Offices       | 22                  | 21            |
| Corporate Business Centers          | 12                  | 12*           |
| SME Business Centers**              | 87                  | 87            |

Note: \* Revised Figures, due to adjustment in the Bank's business strategy during 2009.

\*\* Excluding International Trade Service Offices.

#### K-Contact Center

| Key Implementations in the First Quarter of 2010 |   |
|--|---|
| K-Contact Center                                 | <p>In the first quarter of 2010, the Bank continued to improve our service efficiency. Developments of note included:</p> <ul style="list-style-type: none"> <li>● Increased service channels and efficiency for THE PREMIER customers, through the special phone number 0 2888 8877, for their enhanced convenience, effective in February 2010.</li> <li>● Launched the "KBank. Leave Everything in Our Hands via K-Contact Center" project, aiming at emphasizing the "Customer-Centric" philosophy, as well as enhancing our service capability for effective response to customers' requests and in providing them with useful information. Due to these efforts, the ratio of services that were</li> </ul> |

**Key Implementations in the First Quarter of 2010**

completed in the first contact of customers increased to 94.35 percent.

**Electronic Banking Services**

| Major Sales and Service Channels      | Numbers of Units |               |
|---------------------------------------|------------------|---------------|
|                                       | Mar. 31, 2010    | Dec. 31, 2009 |
| <b>Electronic Banking Services</b>    |                  |               |
| ● K-ATM                               | 7,162            | 6,955         |
| ● K-CDM<br>(Cash Deposit Machines)    | 981              | 973           |
| ● K-PUM<br>(Passbook Update Machines) | 872              | 865           |

**Key Implementations in the First Quarter of 2010**

|   |  |
|---|--|
| <b>Internet Banking</b>   |  |
| ● K-Cyber Banking   | <ul style="list-style-type: none"> <li>Expanded a paper-less channel for applying for this service, through our K-ATMs, for increased efficiency, convenience and speed.</li> <li>Increased maximum transaction limits to Baht 2 million per day.</li> </ul>   |
| <b>K-MOBILE BANKING</b>   |  |
| <ul style="list-style-type: none"> <li>K-MOBILE BANKING SMS</li> <li>K-MOBILE BANKING ATM SIM</li> <li>K-MOBILE BANKING PLUS</li> </ul> | <ul style="list-style-type: none"> <li>Coordinated with Samart iMobile to develop menus for mobile top-up and balance checking on iMobile phones for greater customer convenience.</li> <li>Enhanced efficiency of our online bill payment services via mobile phone, under the "Push Bill Online" service, by increasing the number and variety of participating merchants, as well as expanding the interbank fund-transfer network to cover more partner commercial banks.</li> <li>Developed systems to be more compatible with a greater variety of smart phone models, including BlackBerry, Windows Mobile and HTC.</li> <li>Enhanced our service efficiency under the "K NOW" project, particularly offering of knowledge and privileges in the form of a mobile magazine, which helps emphasize our ability to provide services beyond conventional mobile-banking services.</li> </ul> |
| <b>K-Payment Gateway</b>  |  |
| ● K-Payment Gateway   | <ul style="list-style-type: none"> <li>Increased security level for internet-based transactions by implementation of the "Verified by VISA" (VbV) service that generates one-time password sent via SMS to customers' mobile phones. KASIKORNBANK is the first commercial bank in Southeast Asia that has jointly developed and launched this service with VISA Worldwide PTC Limited.</li> </ul>  |

Key Implementations in the First Quarter of 2010

- K-Payment Gateway

- Developed the "Refund Online" menu option of the Online Merchant Report system for card holders, for greater customer convenience.
- Developed related systems to accommodate multi-currency payment in up to 35 currencies, aimed at facilitating payments for international goods and services.
- Continued to offer advisory services related to online-payment enquiries of customers through our K-Payment Gateway Clinic.

## 4. Risk Management and Risk Factors<sup>3</sup>

### 4.1 Credit Risk Management

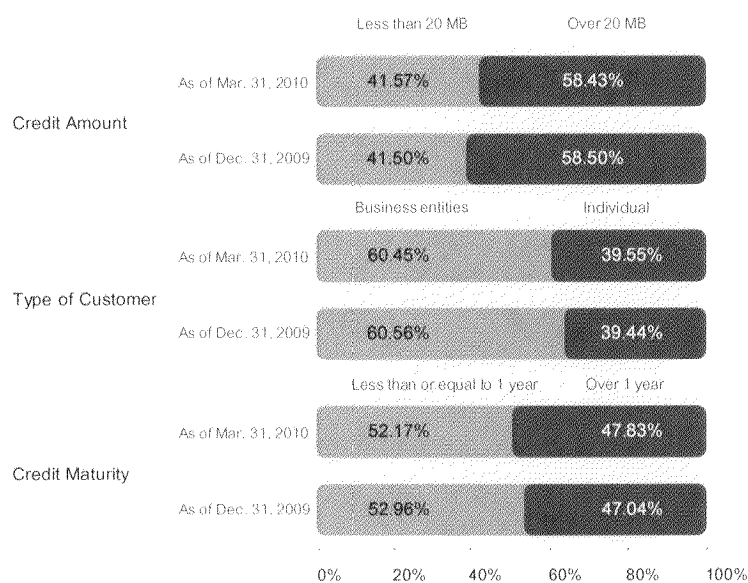
#### Credit Risk Position

##### — Outstanding loans with accrued interest receivables included

As of March 31, 2010, the Bank's consolidated outstanding loans, including accrued interest receivables, stood at Baht 963,821 million, increasing by Baht 19,392 million, or 2.05 percent, over Baht 944,429 million at the end of 2009.

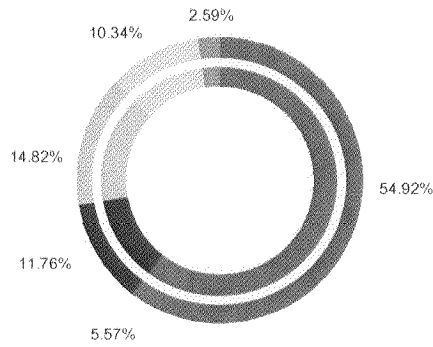
As of March 31, 2010, 58.43 percent of the Bank's outstanding loans to customers were loans exceeding Baht 20 million. Credit extended to the 20 largest borrowers, excluding Phethai Asset Management Company Limited and the companies in KGroup, accounted for Baht 51,998 million, or 5.46 percent of the Bank's total loan portfolio, which is a small ratio. Classified by customer type, juristic persons accounted for Baht 576,146 million, or 60.45 percent of outstanding loans; while sole proprietorships and individual customer credit accounted for the remaining 39.55 percent. In terms of maturity, credit with maturities of less than or equal to 1 year accounted for 52.17 percent of the Bank's total loans.

The Bank's Consolidated Lending Portfolio – Profile



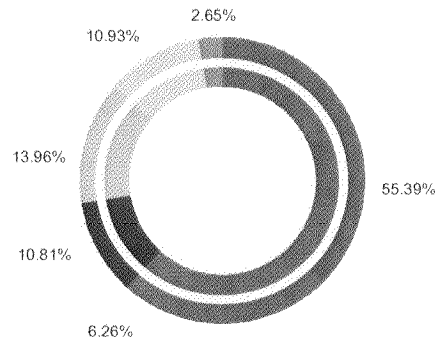
<sup>3</sup> The details of Overall Risk Management, as well as management of each type of risks and Capital Management, can be viewed in the MD&A report for the year ended December 31, 2009.

The Bank's Consolidated Lending Portfolio  
(Including Accrued Interest Receivables)



As of Mar. 31, 2010

- Manufacturing & Commerce
- Real Estate & Construction
- Utilities & Services
- Housing Loans
- Others
- Agricultural & Mining

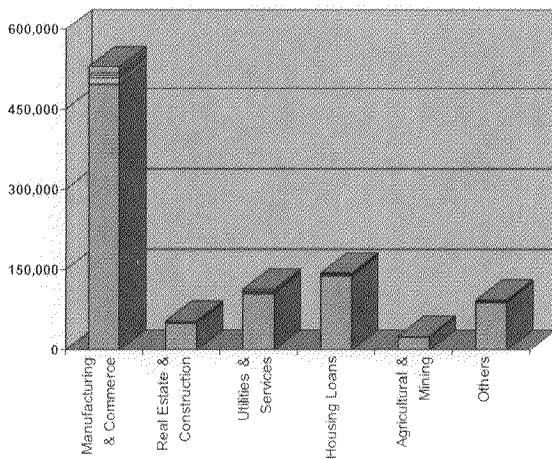


As of Dec. 31, 2009

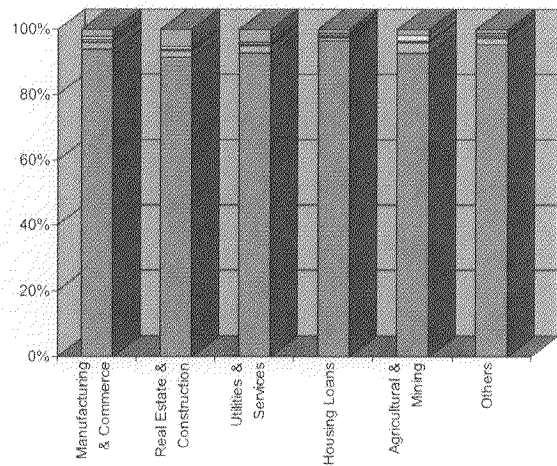
- Manufacturing & Commerce
- Real Estate & Construction
- Utilities & Services
- Housing Loans
- Others
- Agricultural & Mining

As of Mar. 31, 2010

Consolidated Loans  
(Including Accrued Interest Receivables)  
Classified by Type of  
Business and Loan Classification



Percent of Consolidated Loans  
(Including Accrued Interest Receivables)  
Classified by Type of  
Business and Loan Classification



■ Normal ■ Special Mention ■ Sub-Standard ■ Doubtful ■ Doubtful and Loss

Of the Bank's consolidated lending portfolio, including accrued interest receivables, 93.39 percent was classified as 'Normal' loans. Classified by type of business, Manufacturing & Commerce accounted for 54.92 percent of total consolidated lending, including accrued

interest receivables, which was the highest ratio. Of this figure, 93.81 percent was classified as 'Normal' loans.

— **Non-Performing Loans and Debt Restructuring**

*Non-Performing Loans*

As of March 31, 2010, the Bank's consolidated NPLs stood at Baht 36,521 million, equal to 3.51 percent of the total outstanding credit, including that of financial institutions. For Bank-only NPLs, the amount totaled Baht 34,155 million, accounting for 3.29 percent of the total outstanding credit, including that of financial institutions, which decreased from the end of 2009. These NPL figures are shown in the table below:

**Non-Performing Loans**

(Units: Million Baht)

| Quarter Ending   | Mar. 31, 2010 | Dec. 31, 2009 |
|--|---------------|---------------|
| The Bank's consolidated NPLs   | 36,521        | 37,152        |
| Percent of total outstanding credit, including that of financial institutions        | 3.51          | 3.76          |
| <b>The Bank-only NPLs</b>  | <b>34,155</b> | <b>35,072</b> |
| <b>Percent of total outstanding credit, including that of financial institutions</b> | <b>3.29</b>   | <b>3.56</b>   |

*Net Non-Performing Loans*

As of March 31, 2010, the Bank's consolidated net NPLs stood at Baht 18,078 million, equal to 1.77 percent of the total outstanding credit, including that of financial institutions. For the Bank-only net NPLs, the amount totaled Baht 16,493 million, accounting for 1.62 percent of the total outstanding credit, including that of financial institutions, which decreased from the end of 2009. The net NPL figures are shown in the table below:

**Net Non-Performing Loans**

(Units: Million Baht)

| Quarter Ending   | Mar. 31, 2010 | Dec. 31, 2009 |
|--|---------------|---------------|
| The Bank's consolidated net NPLs   | 18,078        | 18,473        |
| Percent of total outstanding credit, including that of financial institutions        | 1.77          | 1.91          |
| <b>The Bank-only net NPLs</b>  | <b>16,493</b> | <b>17,145</b> |
| <b>Percent of total outstanding credit, including that of financial institutions</b> | <b>1.62</b>   | <b>1.77</b>   |

*Debt Restructuring*

In the first quarter of 2010, the Bank's consolidated pre-written-off, restructured debts totaled Baht 18,181 million, decreasing by Baht 4,533 million when compared to the same period of 2009. Losses from debt restructuring stood at Baht 1,545 million, or 8.50 percent of total restructured debts, an increase of Baht 533 million over the first quarter of 2009, or 2.93 percent of total restructured debts.

### *Non-Performing Loans of Asset Management Company, and Foreclosed Properties*

#### Non-Performing Loans of Phethai Asset Management Company Limited

As of March 31, 2010, Phethai AMC had resolved and/or restructured NPLs amounting to Baht 72,641 million, or 98.00 percent of the total initial unpaid principal balance, with an expected recovery rate of 48.00 percent.

The details of NPL resolution and/or restructuring over the past five quarters are shown in the table below:

#### **Loans Resolved/ Restructured at Phethai Asset Management Company Limited**

(Units: Million Baht)

| Quarter Ending  | Mar. 31,<br>2010 | Dec. 31,<br>2009 | Sep. 30,<br>2009 | Jun. 30,<br>2009 | Mar. 31,<br>2009 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Phethai Asset Management Company Limited</b>       |                  |                  |                  |                  |                  |
| Cumulative loans resolved/restructured                | 72,641           | 72,616           | 72,565           | 72,448           | 72,324           |
| Percent of the total initial unpaid principal balance | 98.00            | 98.00            | 98.00            | 98.00            | 98.00            |

#### Foreclosed Properties

As of March 31, 2010, the Bank's consolidated foreclosed properties had a cost value of Baht 15,491 million, accounting for 1.09 percent of total assets.

Meanwhile, consolidated allowances for impairment of foreclosed properties stood at Baht 1,444 million, equivalent to 9.32 percent of the cost value of those foreclosed properties, which is believed to be sufficient to cover holding, maintenance and disposal expenses, as well as losses on the liquidation of foreclosed properties.

#### Allowance for Doubtful Accounts and Allowance for Impairment of Assets

As of March 31, 2010, the Bank's consolidated allowances for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 35,263 million. This amount was equivalent to 139.09 percent of the level required by the Bank of Thailand.

## **4.2 Liquidity Risk Management**

Since the global foreign exchange market encountered significant volatility in the final quarter of 2009, the Bank, in the first quarter of 2010, saw the increasing necessity to review and improve our foreign currency liquidity risk management in various dimensions — including risk monitoring, analysis, and management procedures — in order to better align with changing market conditions, asset and liabilities structures of foreign currencies, as well as the Bank's business strategy. One development of note was the establishment of minimum liquidity requirement in foreign

currencies, applied as part of our strategy to help enhance the sufficiency and effectiveness of foreign currency liquidity management.

In addition to the aforementioned efforts, the Bank has identified primary factors that may affect our liquidity and interest rate risk management in the future. These include:

- Possible impacts from domestic political uncertainty on the Thai economy.
- Credit growth prospects influenced by the economic recovery, which may put pressure on commercial banks' liquidity conditions.
- Possible timing of the BoT's policy rate increases.
- Competition in fund mobilization driven by savings and investment products offered by other financial institutions — including asset management and securities companies — which may affect the future liquidity condition of the Bank.
- Possible downturn in foreign direct investment, following diminished investor confidence hurt by the above-mentioned political tension at home.
- Likely ongoing cash deficits of the Thai government, following their various mega-project investments.
- Aggressive business strategies adopted by other commercial banks, such as introduction of new deposit campaigns, or merger and acquisition activities.

The Bank will consistently monitor these factors and conduct relevant impact assessments, which will allow us to adjust our liquidity and interest rate risk management in a more effective and timely manner.



## 5. Operations of Support Groups

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### □ Human Resource Management for the Highest Business Efficiency of KASIKORNBANKGROUP

In the first quarter of 2010, the Bank continued to develop human resource management, so as to enhance our competitive potential in doing business in the People's Republic of China, and our preparedness for KASIKORNBANGKGROUP's business strategies to meet our goals. In detail:

- **Support of Business Operations in China:** The Bank adjusted business strategies to support our business growth in China. To this end, a co-lending program was jointly launched with China Minsheng Banking Corporation, while our Shenzhen Branch was restructured as a center to oversee business operations of the Bank's branches and representative offices in China. A plan for staff recruitment both in China and Thailand was also mapped out, in addition to personnel development plans to increase staff competency for long-term business operations.
- **Recruitment and Allocation of Staff:** The Bank recruited new staff, in response to our business plan. On March 19-20, 2010, we participated in a job fair organized by the Ministry of Labour, wherein a large number of participants submitted job applications with the Bank. Following this step, qualified applicants will be further selected to work with KASIKORNBANKGROUP.
- **Performance Management:** The Bank has placed significance on retaining staff with high potential, as well as recruiting new staff. In achieving such objective, our executives had to meet individual goals for staff retention, in order to reduce the employee turnover rate. The Bank also urged department heads to provide on-the-spot coaching to staff under their supervision as part of our effort to improve work efficiency of staff in a timely manner, in addition to giving them recognition to boost their morale.
- **Internal Communications:** The Bank organized knowledge- and health-related activities to promote good quality of life among our staff via such communication channels as the K-Life Balance eMagazine and "Light Talk on Friday Evenings" internal radio program, as well as corporate social responsibility (CSR) activities. Noteworthy activities included donations to disabled people in remote areas, plus communications regarding major events — i.e., the reemergence of influenza A (H1N1) — to provide our staff with safe working guidelines and ensure that they can follow the Bank's business continuity management (BCM) plan.

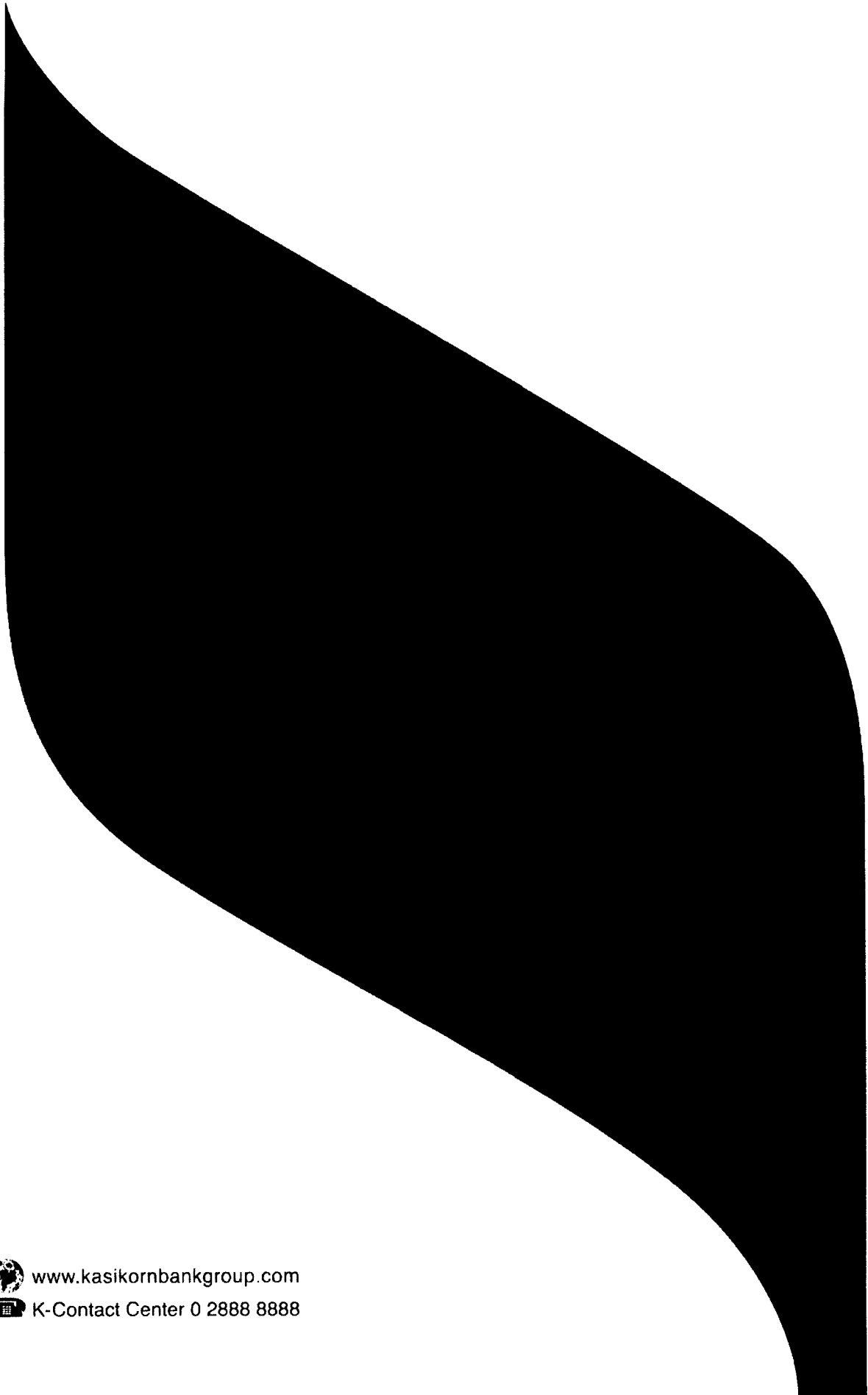
## □ K-Transformation

As of March 31, 2010, the Bank's strategic project under "K-Transformation" had progressed as planned. Major progress was seen in **the Multi-Channel Sales and Services (MSS) project**, which has achieved over 90 percent of the plan. The User Acceptance Testing (UAT) is over 98 percent complete, while we continue to install the infrastructure system at KBank branches, prior to its complete rollout, planned to begin in the second quarter of 2010. Regarding **the IT Capital (ITC) program**, ongoing efforts were made in the development and linkage testing between infrastructure systems — particularly the new core banking and centralized payment systems — and other IT systems. These improved infrastructure systems, once completed, will help enhance the Bank's competitiveness, along with facilitating our business needs more completely and efficiently. As for **the Financial Information System (FIS) project**, the Bank has developed the 'Procure to Pay' solution, aiming at standardizing our purchasing procedures through a specified set of standard products, and enhancing accuracy and effectiveness of budgetary disbursement procedures. This solution development is expected to be completed by April 2010.

**Disclaimer**

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Certain statements shown in this document are forward-looking statements in respect of financial position or performance of KASIKORNBANK Public Company Limited ("KBank"). KBank has prepared such statements based on several assumptions, and has relied on the financial and other information made available from public sources as of the date these statements were made. Statements with words such as "expect", "believe", "estimate", etc., are types of forward-looking statements involving uncertainties and subject to change at any time due to future events, including but not limited to, changes in the global/national economic, political and regulatory environment. KBank is under no obligation to update these forward-looking statements to correspond to the current situation. Thus, recipients shall carefully review these statements and make an independent decision prior to investing or entering into any transaction.



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Section

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122

**KASIKORNBANK PUBLIC COMPANY LIMITED**  
**and Its Subsidiaries**

**Interim financial statements**  
**and**  
**Review Report of Certified Public Accountant**

**For the three-month period ended**  
**31 March 2010**

## **Review Report of Certified Public Accountant**

### **To the Board of Directors of KASIKORNBANK PUBLIC COMPANY LIMITED**

I have reviewed the accompanying consolidated and the Bank-only balance sheets as at 31 March 2010, and the related statements of income, changes in equity and cash flows for the three-month periods ended 31 March 2010 and 2009 of **KASIKORNBANK PUBLIC COMPANY LIMITED** and its subsidiaries, and of **KASIKORNBANK PUBLIC COMPANY LIMITED**, respectively. The Bank's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard on review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated and Bank-only financial statements for the year ended 31 December 2009 of **KASIKORNBANK PUBLIC COMPANY LIMITED** and its subsidiaries, and of **KASIKORNBANK PUBLIC COMPANY LIMITED**, respectively, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements in my report dated 18 February 2010. I have not performed any auditing procedures since that date. The consolidated and Bank-only balance sheets as at 31 December 2009, which are included in the accompanying financial statements for comparative purposes, are components of those financial statements.

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(Somboon Supasiripinyo)  
Certified Public Accountant  
Registration No. 3731

KPMG Phoomchai Audit Ltd.  
Bangkok  
11 May 2010

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 MARCH 2010 AND 31 DECEMBER 2009

|               |  | Thousand Baht                |                  |                              |                  |
|---------------|--|------------------------------|------------------|------------------------------|------------------|
|               |  | Consolidated                 |                  | The Bank                     |                  |
| Note          |  | 31 March 2010<br>(Unaudited) | 31 December 2009 | 31 March 2010<br>(Unaudited) | 31 December 2009 |
| <b>ASSETS</b> |  |                              |                  |                              |                  |
|               | Cash   | 23,118,752                   | 26,674,351       | 23,117,564                   | 26,673,193       |
|               | Interbank and money market items                           |                              |                  |                              |                  |
|               | Domestic items   |                              |                  |                              |                  |
|               | Interest bearing   | 85,800,184                   | 51,485,376       | 84,829,517                   | 50,859,166       |
|               | Non-interest bearing                                       | 1,165,039                    | 2,081,084        | 1,066,982                    | 1,974,761        |
|               | Foreign items  |                              |                  |                              |                  |
|               | Interest bearing   | 4,185,046                    | 8,875,160        | 4,185,046                    | 8,875,160        |
|               | Non-interest bearing                                       | 486,341                      | 942,052          | 486,341                      | 942,052          |
|               | Total Interbank and Money Market Items - net               | 91,636,610                   | 63,383,672       | 90,567,886                   | 62,651,139       |
|               | Investments  |                              |                  |                              |                  |
|               | Current investments - net                                  | 158,848,648                  | 108,155,210      | 154,723,017                  | 105,642,492      |
|               | Long-term investments - net                                | 113,118,080                  | 146,681,827      | 48,142,038                   | 84,748,287       |
|               | Investments in subsidiaries and associated companies - net | 134,256                      | 146,883          | 17,055,310                   | 17,055,310       |
|               | Total Investments - net                                    | 272,100,984                  | 254,983,920      | 219,920,365                  | 207,446,089      |
|               | Loans and accrued interest receivables                     |                              |                  |                              |                  |
|               | Loans  | 962,645,967                  | 943,377,995      | 953,029,959                  | 933,888,523      |
|               | Accrued interest receivables                               | 1,174,512                    | 1,051,070        | 972,275                      | 1,009,721        |
|               | Total Loans and Accrued Interest Receivables               | 963,820,479                  | 944,429,065      | 954,002,234                  | 934,898,244      |
|               | Less Allowance for doubtful accounts                       | (30,288,887)                 | (29,526,489)     | (29,061,548)                 | (28,346,633)     |
|               | Less Revaluation allowance for debt restructuring          | (4,973,587)                  | (4,518,401)      | (4,973,382)                  | (4,493,038)      |
|               | Total Loans and Accrued Interest Receivables - net         | 928,558,005                  | 910,384,175      | 919,967,304                  | 902,058,573      |
|               | Properties foreclosed - net                                | 14,046,774                   | 14,958,668       | 11,629,177                   | 11,877,926       |
|               | Customers' liability under acceptances                     | 433,537                      | 573,763          | 433,537                      | 573,763          |
|               | Premises and equipment - net                               | 38,209,073                   | 37,819,694       | 32,943,579                   | 32,442,001       |
|               | Leasehold - net  | 706,722                      | 698,655          | 706,704                      | 698,508          |
|               | Intangible assets - net                                    | 14,352,556                   | 13,455,432       | 11,001,723                   | 10,123,217       |
|               | Derivative assets  | 25,229,511                   | 21,640,274       | 25,229,128                   | 21,640,274       |
|               | Other assets - net   | 13,897,598                   | 13,959,483       | 9,898,174                    | 10,329,268       |
|               | Total Assets   | 1,422,290,122                | 1,358,532,087    | 1,345,415,141                | 1,286,513,951    |

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**BALANCE SHEETS**

**AS AT 31 MARCH 2010 AND 31 DECEMBER 2009**

|  | Thousand Baht                |                  |                              |                  |
|--|------------------------------|------------------|------------------------------|------------------|
|  | Consolidated                 |                  | The Bank                     |                  |
|  | 31 March 2010<br>(Unaudited) | 31 December 2009 | 31 March 2010<br>(Unaudited) | 31 December 2009 |
| <b>LIABILITIES AND EQUITY</b>          |                              |                  |                              |                  |
| Deposits                               |                              |                  |                              |                  |
| Deposits in baht                       | 992,567,804                  | 962,552,861      | 994,831,120                  | 965,125,274      |
| Deposits in foreign currencies         | 15,368,436                   | 12,939,061       | 15,368,436                   | 12,939,061       |
| Total Deposits                         | 1,007,936,240                | 975,491,922      | 1,010,199,556                | 978,064,335      |
| Interbank and money market items       |                              |                  |                              |                  |
| Domestic items                         |                              |                  |                              |                  |
| Interest bearing                       | 35,922,731                   | 39,508,227       | 37,164,076                   | 40,526,584       |
| Non-interest bearing                   | 2,646,925                    | 2,316,183        | 2,630,834                    | 2,319,058        |
| Foreign items                          |                              |                  |                              |                  |
| Interest bearing                       | 4,597,389                    | 4,679,906        | 4,597,389                    | 4,679,906        |
| Non-interest bearing                   | 410,327                      | 481,069          | 410,327                      | 481,069          |
| Total Interbank and Money Market Items | 43,577,372                   | 46,985,385       | 44,802,626                   | 48,006,617       |
| Liabilities payable on demand          | 13,343,918                   | 12,755,625       | 13,342,884                   | 12,747,902       |
| Borrowings                             |                              |                  |                              |                  |
| Short-term borrowings                  | 59,259,592                   | 37,403,727       | 58,776,282                   | 37,327,431       |
| Long-term borrowings                   | 39,447,176                   | 41,567,027       | 39,447,176                   | 41,567,027       |
| Total Borrowings                       | 98,706,768                   | 78,970,754       | 98,223,458                   | 78,894,458       |
| Bank's liability under acceptances     | 433,537                      | 573,763          | 433,537                      | 573,763          |
| Provisions                             | 5,027,681                    | 6,372,265        | 4,831,821                    | 4,810,081        |
| Derivative liabilities                 | 27,272,226                   | 25,109,236       | 27,271,716                   | 25,109,142       |
| Life policy reserve                    | 63,874,807                   | 59,914,391       | -                            | -                |
| Other liabilities                      | 24,539,690                   | 20,402,656       | 19,557,503                   | 16,351,179       |
| Total Liabilities                      | 1,284,712,239                | 1,226,575,997    | 1,218,663,101                | 1,164,557,477    |

The accompanying notes are an integral part of these financial statements.



KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 MARCH 2010 AND 31 DECEMBER 2009

|   |   | Thousand Baht                |                  |                              |                  |
|---|---|------------------------------|------------------|------------------------------|------------------|
|   |   | Consolidated                 |                  | The Bank                     |                  |
| Note                                    |   | 31 March 2010<br>(Unaudited) | 31 December 2009 | 31 March 2010<br>(Unaudited) | 31 December 2009 |
| Equity                                  |   |                              |                  |                              |                  |
| Share capital                           |   |                              |                  |                              |                  |
| Authorized share capital                |   |                              |                  |                              |                  |
|   | 3,048,614,697 ordinary shares, Baht 10 par value        | 30,486,147                   | 30,486,147       | 30,486,147                   | 30,486,147       |
| Issued and paid-up share capital        |   |                              |                  |                              |                  |
|   | 2,393,260,193 ordinary shares, Baht 10 par value        | 23,932,602                   | 23,932,602       | 23,932,602                   | 23,932,602       |
|   | Premium on ordinary shares                              | 18,103,110                   | 18,103,110       | 18,103,110                   | 18,103,110       |
|   | Appraisal surplus on asset revaluation                  | 10,726,312                   | 10,766,987       | 10,726,312                   | 10,766,987       |
|   | Revaluation surplus on investments                      | 5 2,229,716                  | 1,486,967        | 1,967,473                    | 1,367,828        |
| Retained earnings                       |   |                              |                  |                              |                  |
| Appropriated                            |   |                              |                  |                              |                  |
|   | Legal reserve   | 3,050,000                    | 3,050,000        | 3,050,000                    | 3,050,000        |
|   | Unappropriated  | 70,130,364                   | 65,726,723       | 68,972,543                   | 64,735,947       |
|   | Total equity attributable to equity holders of the Bank | 128,172,104                  | 123,066,389      | 126,752,040                  | 121,956,474      |
|   | Minority interests                                      | 9,405,779                    | 8,889,701        | -                            | -                |
|   | Total Equity  | 137,577,883                  | 131,956,090      | 126,752,040                  | 121,956,474      |
|   | Total Liabilities and Equity                            | 1,422,290,122                | 1,358,532,087    | 1,345,415,141                | 1,286,513,951    |
| Off-balance sheet items - contingencies |   |                              |                  |                              |                  |
|   | Aval to bills and guarantees of loans                   | 3,598,930                    | 2,454,273        | 3,598,930                    | 2,454,273        |
|   | Liability under unmatured import bills                  | 7,983,078                    | 7,542,167        | 7,983,078                    | 7,542,167        |
|   | Letters of credit                                       | 22,162,638                   | 21,152,003       | 22,162,638                   | 21,152,003       |
|   | Other contingencies                                     | 2,655,707,887                | 2,779,690,361    | 2,655,776,583                | 2,779,609,550    |



(Pol.Gen. Pow Sarasin)

Vice Chairman

The accompanying notes are an integral part of these financial statements.

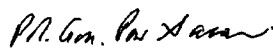


(Dr. Prasam Trairatvorakul)

President

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2010 AND 2009**  
**(UNAUDITED)**

|  | Note | Thousand Baht     |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
|  |      | Consolidated      |                   | The Bank          |                   |
|  |      | 2010              | 2009              | 2010              | 2009              |
| Interest and dividend income   |      |                   |                   |                   |                   |
| Loans  |      | 11,714,769        | 13,141,884        | 11,972,601        | 13,461,733        |
| Interbank and money market items   |      | 388,065           | 672,863           | 384,640           | 672,688           |
| Finance leases   |      | 689,914           | 608,656           | -                 | -                 |
| Investments  |      | 1,788,717         | 1,086,924         | 1,417,328         | 1,418,015         |
| Total interest and dividend Income   |      | <u>14,581,465</u> | <u>15,510,327</u> | <u>13,774,569</u> | <u>15,552,436</u> |
| Interest expense   |      |                   |                   |                   |                   |
| Deposits   |      | 1,683,574         | 3,519,918         | 1,682,551         | 3,520,038         |
| Interbank and money market items   |      | 342,603           | 59,855            | 344,292           | 60,707            |
| Short-term borrowings  |      | 183,577           | 555,595           | 185,673           | 560,355           |
| Long-term borrowings   |      | 507,357           | 619,394           | 515,749           | 618,412           |
| Total interest expense   |      | <u>2,717,111</u>  | <u>4,754,762</u>  | <u>2,728,265</u>  | <u>4,759,512</u>  |
| Net income from interest and dividends   |      | <u>11,864,354</u> | <u>10,755,565</u> | <u>11,046,304</u> | <u>10,792,924</u> |
| Bad debt and doubtful accounts   |      | 105,655           | 1,376,155         | 73,076            | 1,340,717         |
| Loss on debt restructuring   |      | 1,593,023         | 983,768           | 1,592,799         | 983,737           |
| Net income from interest and dividends after bad debt and doubtful accounts and loss on debt restructuring |      | <u>10,165,676</u> | <u>8,395,642</u>  | <u>9,380,429</u>  | <u>8,468,470</u>  |
| Non-interest income  |      |                   |                   |                   |                   |
| Gain on investments  | 5    | 221,485           | 175,605           | 124,470           | 174,133           |
| Share of profit from investments on equity method  |      | 1,573             | 5,089             | -                 | -                 |
| Fees and service income  |      |                   |                   |                   |                   |
| Acceptances, aval and guarantees   |      | 374,420           | 317,947           | 374,420           | 317,947           |
| Others   |      | 4,832,689         | 3,910,298         | 4,740,470         | 3,445,117         |
| Gain on exchanges  |      | 854,976           | 1,128,598         | 857,012           | 1,128,645         |
| Net premium written  |      | 6,928,985         | -                 | -                 | -                 |
| Other income   |      | 353,601           | 133,794           | 237,177           | 134,205           |
| Total non-interest income  |      | <u>13,567,729</u> | <u>5,671,331</u>  | <u>6,333,549</u>  | <u>5,200,047</u>  |
| Non-interest expenses  |      |                   |                   |                   |                   |
| Personnel expenses   |      | 3,954,130         | 3,329,018         | 3,014,754         | 2,753,612         |
| Premises and equipment expenses  |      | 2,517,408         | 1,858,933         | 2,496,121         | 2,020,986         |
| Taxes and duties   |      | 582,566           | 548,075           | 516,141           | 534,541           |
| Fees and service expenses  |      | 1,395,019         | 1,024,013         | 1,420,534         | 981,637           |
| Directors' remuneration  |      | 15,497            | 14,401            | 13,087            | 14,401            |
| Contributions to Deposit Protection Agency   |      | 978,311           | 873,184           | 978,311           | 873,184           |
| Underwriting expenses  |      | 5,936,687         | -                 | -                 | -                 |
| Other expenses   |      | 1,592,343         | 952,199           | 1,393,081         | 1,045,067         |
| Total non-interest expenses  |      | <u>16,971,961</u> | <u>8,599,823</u>  | <u>9,832,029</u>  | <u>8,223,428</u>  |
| Income before income tax   |      | <u>6,761,444</u>  | <u>5,467,150</u>  | <u>5,881,949</u>  | <u>5,445,089</u>  |
| Income tax expense   |      | 2,100,815         | 1,667,392         | 1,686,028         | 1,562,148         |
| Net income   |      | <u>4,660,629</u>  | <u>3,799,758</u>  | <u>4,195,921</u>  | <u>3,882,941</u>  |
| Net income (loss) attributable to:   |      |                   |                   |                   |                   |
| Equity holders of the Bank   |      | 4,363,912         | 3,799,760         | 4,195,921         | 3,882,941         |
| Minority interest  |      | 296,717           | (2)               | -                 | -                 |
| Net income   |      | <u>4,660,629</u>  | <u>3,799,758</u>  | <u>4,195,921</u>  | <u>3,882,941</u>  |
| Basic earnings per share (Baht)  |      | <u>1.82</u>       | <u>1.59</u>       | <u>1.75</u>       | <u>1.62</u>       |
| Weighted average number of ordinary shares (shares)  |      | <u>2,393,260</u>  | <u>2,393,260</u>  | <u>2,393,260</u>  | <u>2,393,260</u>  |



(Pol. Gen. Pow Sarasin)



(Dr. Prasam Trairatvorakul)

President

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2010 AND 2009**  
**(UNAUDITED)**

|   | Thousand Baht                          |                             |  |  |                   |                   |  |                       |                    |
|---|--|-----------------------------|--|--|-------------------|-------------------|--|-----------------------|--------------------|
|   | Consolidated                           |                             |  |  |                   |                   |  |                       |                    |
|   | Issued and<br>Paid-up Share<br>Capital | Premium on<br>Share Capital | Appraisal<br>Surplus on Asset<br>Revaluation | Revaluation<br>Surplus on<br>Investments | Retained Earnings |                   | Total equity<br>attributable<br>to equity holders of<br>the Bank | Minority<br>Interests | Total              |
|   |  |                             |  | Appropriated<br>Legal Reserve            | Unappropriated    |                   |  |                       |                    |
| <b>Balance as of 1 January 2009</b>                   | 23,932,602                             | 18,103,110                  | 10,941,913                                   | 2,207,073                                | 3,050,000         | 55,427,843        | 113,662,541  | 53                    | 113,662,594        |
| Appraisal surplus on asset revaluation                | -                                      | -                           | (42,274)                                     | -  | -                 | 42,274            | -  | -                     | -                  |
| Others  | -                                      | -                           | (6,891)                                      | -  | -                 | 7,986             | 1,095  | -                     | 1,095              |
| Revaluation surplus on investments                    | -                                      | -                           | -  | 150,767                                  | -                 | -                 | 150,767  | -                     | 150,767            |
| <b>Income (expense) recognised directly in equity</b> | -                                      | -                           | (49,165)                                     | 150,767                                  | -                 | 50,260            | 151,862  | -                     | 151,862            |
| Net income  | -                                      | -                           | -  | -  | -                 | 3,799,760         | 3,799,760  | (2)                   | 3,799,758          |
| <b>Total recognised income and expense</b>            | -                                      | -                           | (49,165)                                     | 150,767                                  | -                 | 3,850,020         | 3,951,622  | (2)                   | 3,951,620          |
| Others  | -                                      | -                           | -  | -  | -                 | -                 | -  | 156                   | 156                |
| <b>Ending balance as of 31 March 2009</b>             | <u>23,932,602</u>                      | <u>18,103,110</u>           | <u>10,892,748</u>                            | <u>2,357,840</u>                         | <u>3,050,000</u>  | <u>59,277,863</u> | <u>117,614,163</u>   | <u>207</u>            | <u>117,614,370</u> |
| <b>Balance as of 1 January 2010</b>                   | 23,932,602                             | 18,103,110                  | 10,766,987                                   | 1,486,967                                | 3,050,000         | 65,726,723        | 123,066,389  | 8,889,701             | 131,956,090        |
| Appraisal surplus on asset revaluation                | -                                      | -                           | (40,675)                                     | -  | -                 | 40,675            | -  | -                     | -                  |
| Revaluation surplus on investments                    | -                                      | -                           | -  | 742,749                                  | -                 | -                 | 742,749  | 217,626               | 960,375            |
| <b>Income (expense) recognised directly in equity</b> | -                                      | -                           | (40,675)                                     | 742,749                                  | -                 | 40,675            | 742,749  | 217,626               | 960,375            |
| Net income  | -                                      | -                           | -  | -  | -                 | 4,363,912         | 4,363,912  | 296,717               | 4,660,629          |
| <b>Total recognised income and expense</b>            | -                                      | -                           | (40,675)                                     | 742,749                                  | -                 | 4,404,587         | 5,106,661  | 514,343               | 5,621,004          |
| Dividend paid   | -                                      | -                           | -  | -  | -                 | -                 | -  | (500,012)             | (500,012)          |
| Ordinary shares                                       | -                                      | -                           | -  | -  | -                 | -                 | -  | 501,747               | 501,747            |
| Others  | -                                      | -                           | -  | -  | -                 | (946)             | (946)  | -                     | (946)              |
| <b>Ending balance as of 31 March 2010</b>             | <u>23,932,602</u>                      | <u>18,103,110</u>           | <u>10,726,312</u>                            | <u>2,229,716</u>                         | <u>3,050,000</u>  | <u>70,130,364</u> | <u>128,172,104</u>   | <u>9,405,779</u>      | <u>137,577,883</u> |

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2010 AND 2009**  
**(UNAUDITED)**

|   | Thousand Baht                          |                             |  |  |                               |                   |   |
|---|--|-----------------------------|--|--|-------------------------------|-------------------|---|
|   | The Bank                               |                             |  |  |                               |                   |   |
|   | Issued and<br>Paid-up Share<br>Capital | Premium on<br>Share Capital | Appraisal<br>Surplus on Asset<br>Revaluation | Revaluation<br>Surplus on<br>Investments | Retained Earnings             |                   | Total equity<br>attributable to equity<br>holders of the Bank |
|   |  |                             |  |  | Appropriated<br>Legal Reserve | Unappropriated    |   |
| <b>Balance as of 1 January 2009</b>                   | 23,932,602                             | 18,103,110                  | 10,941,913                                   | 2,207,793                                | 3,050,000                     | 55,070,531        | 113,305,949   |
| Appraisal surplus on asset revaluation                | -                                      | -                           | (42,274)                                     | -  | -                             | 42,274            | -   |
| Others  | -                                      | -                           | (6,891)                                      | -  | -                             | -                 | (6,891)   |
| Revaluation surplus on investments                    | -                                      | -                           | -  | 150,417                                  | -                             | -                 | 150,417   |
| <b>Income (expense) recognised directly in equity</b> | -                                      | -                           | (49,165)                                     | 150,417                                  | -                             | 42,274            | 143,526   |
| Net income  | -                                      | -                           | -  | -  | -                             | 3,882,941         | 3,882,941   |
| <b>Total recognised income and expense</b>            | -                                      | -                           | (49,165)                                     | 150,417                                  | -                             | 3,925,215         | 4,026,467   |
| <b>Ending balance as of 31 March 2009</b>             | <u>23,932,602</u>                      | <u>18,103,110</u>           | <u>10,892,748</u>                            | <u>2,358,210</u>                         | <u>3,050,000</u>              | <u>58,995,746</u> | <u>117,332,416</u>  |
| <b>Balance as of 1 January 2010</b>                   | 23,932,602                             | 18,103,110                  | 10,766,987                                   | 1,367,828                                | 3,050,000                     | 64,735,947        | 121,956,474   |
| Appraisal surplus on asset revaluation                | -                                      | -                           | (40,675)                                     | -  | -                             | 40,675            | -   |
| Revaluation surplus on investments                    | -                                      | -                           | -  | 599,645                                  | -                             | -                 | 599,645   |
| <b>Income (expense) recognised directly in equity</b> | -                                      | -                           | (40,675)                                     | 599,645                                  | -                             | 40,675            | 599,645   |
| Net income  | -                                      | -                           | -  | -  | -                             | 4,195,921         | 4,195,921   |
| <b>Total recognised income and expense</b>            | -                                      | -                           | (40,675)                                     | 599,645                                  | -                             | 4,236,596         | 4,795,566   |
| <b>Ending balance as of 31 March 2010</b>             | <u>23,932,602</u>                      | <u>18,103,110</u>           | <u>10,726,312</u>                            | <u>1,967,473</u>                         | <u>3,050,000</u>              | <u>68,972,543</u> | <u>126,752,040</u>  |

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2010 AND 2009**  
**(UNAUDITED)**

|  | Thousand Baht |              |              |              |
|--|---------------|--------------|--------------|--------------|
|  | Consolidated  |              | The Bank     |              |
|  | 2010          | 2009         | 2010         | 2009         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |               |              |              |              |
| Income before income tax   | 6,761,444     | 5,467,150    | 5,881,949    | 5,445,089    |
| Add (Less) Adjustments to reconcile income before income tax to net cash from operating activities |               |              |              |              |
| Depreciation and amortization  | 957,345       | 687,369      | 803,436      | 627,275      |
| Bad debt and doubtful accounts   | 118,303       | 1,376,155    | 85,724       | 1,340,717    |
| Loss on debt restructuring   | 1,593,023     | 983,768      | 1,592,799    | 983,737      |
| Interest income from amortization of revaluation allowance for debt restructuring                  | (75,037)      | (71,043)     | (74,938)     | (70,987)     |
| (Gain) loss foreign exchange translation of long-term borrowings                                   | (216,706)     | 116,640      | (216,706)    | 116,640      |
| Loss (gain) on revaluation of investments  | 11,344        | 42,486       | 11,435       | 42,486       |
| Gain on disposal of securities for investment  | (152,809)     | (102,546)    | (58,231)     | (101,072)    |
| Amortization of discount on debt instruments   | (173,418)     | (359,592)    | (245,200)    | (267,177)    |
| Loss on impairment of investments in receivables   | -             | 1,302        | -            | 403          |
| Loss on impairment of properties foreclosed  | 123,487       | 110,507      | 112,006      | 111,039      |
| Loss on impairment of other assets   | 1,459         | 9,695        | 1,459        | 9,783        |
| Gain on sales of loans   | -             | (3,107)      | -            | (3,107)      |
| (Gain) loss on disposal of premises and equipment  | (5,028)       | (393)        | 131          | (255)        |
| Reversal of loss on impairment of premises and equipment   | (2,604)       | (10,996)     | (2,604)      | (10,996)     |
| Gain on transfer of financial assets   | -             | (2,546)      | -            | -            |
| Share of profit from investments on equity method  | (1,573)       | (5,089)      | -            | -            |
| Dividend income from associated companies  | 4,200         | 75,000       | -            | -            |
| Amortization of discount on promissory note receivables  | (5,775)       | (5,231)      | (1,904)      | -            |
| Amortization of discount on debentures   | 800           | 890          | 800          | 890          |
| (Decrease) increase in other accrued expenses  | (141,129)     | 880,861      | 52,082       | (322,535)    |
| (Decrease) increase in other reserves  | (1,344,584)   | (117,469)    | 21,740       | (117,469)    |
|  | 7,452,742     | 9,073,811    | 7,963,978    | 7,784,461    |
| Net income from interest and dividends   | (11,864,354)  | (10,755,565) | (11,046,304) | (10,792,924) |
| Proceeds from interest and dividends   | 14,159,994    | 15,897,469   | 14,057,959   | 18,367,802   |
| Interest paid  | (2,369,302)   | (4,229,137)  | (2,378,998)  | (4,230,639)  |
| Income tax paid  | (189,453)     | (140,932)    | (100,770)    | (97,099)     |
| Income from operations before changes in operating assets and liabilities                          | 7,189,627     | 9,845,646    | 8,495,865    | 11,031,601   |
| (Increase) decrease in operating assets  |               |              |              |              |
| Interbank and money market items (assets)  | (28,268,500)  | 122,983,114  | (27,930,676) | 122,963,883  |
| Investment for trading   | (966,979)     | 2,542,962    | (969,126)    | 2,450,550    |
| Loans  | (19,821,058)  | 24,383,431   | (20,412,167) | 24,097,875   |
| Properties foreclosed  | 1,727,325     | 759,600      | 975,802      | 682,917      |
| Other assets   | (3,874,369)   | 10,006,346   | (3,246,304)  | 7,437,842    |

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2010 AND 2009**  
**(UNAUDITED)**

|      |   | Thousand Baht       |                     |                     |                     |
|------|---|---------------------|---------------------|---------------------|---------------------|
|      |   | Consolidated        |                     | The Bank            |                     |
| Note |   | 2010                | 2009                | 2010                | 2009                |
|      | Increase (decrease) in operating liabilities                  |                     |                     |                     |                     |
|      | Deposits  | 32,444,318          | (53,843,322)        | 32,135,221          | (53,729,482)        |
|      | Interbank and money market items (liabilities)                | (3,408,013)         | (3,714,090)         | (3,203,991)         | (3,723,481)         |
|      | Liabilities payable on demand                                 | 588,293             | 1,506,175           | 594,982             | 1,506,288           |
|      | Short-term borrowings   | 21,855,865          | (27,289,513)        | 21,448,851          | (26,984,046)        |
|      | Other liabilities   | 8,908,525           | (11,462,245)        | 4,150,374           | (10,094,360)        |
|      | Net cash provided by operating activities                     | <u>16,375,034</u>   | <u>75,718,104</u>   | <u>12,038,831</u>   | <u>75,639,587</u>   |
|      | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                     |                     |                     |                     |
|      | Proceeds from disposal of available for sale investments      | 64,778,883          | 36,414,981          | 62,424,936          | 36,379,894          |
|      | Proceeds from redemption of held to maturity debt instruments | 12,196,465          | 3,132,758           | 103,443             | 3,132,754           |
|      | Proceeds from disposal of general investments                 | 10,607              | 11,460              | 10,607              | 8,260               |
|      | Proceeds from collection of investments in receivables        | 5,956               | 5,430               | 5,956               | 5,430               |
|      | Purchase of available for sale investments                    | (75,460,090)        | (127,373,322)       | (73,177,583)        | (127,330,142)       |
|      | Purchase of held to maturity debt instruments                 | (16,549,644)        | (110,134)           | (100,357)           | (110,134)           |
|      | Purchase of general investments                               | (191)               | (8,800)             | (191)               | -                   |
|      | Proceeds from disposal of premises and equipment              | 8,853               | 452                 | 2,936               | 257                 |
|      | Purchase of premises and equipment                            | (1,895,561)         | (1,598,111)         | (1,843,877)         | (1,535,070)         |
|      | Purchase of leasehold   | (39,497)            | -                   | (39,626)            | -                   |
|      | Purchase of intangible assets                                 | (1,084,205)         | (819,262)           | (1,076,760)         | (817,625)           |
|      | Net cash used in investing activities                         | <u>(18,028,424)</u> | <u>(90,344,548)</u> | <u>(13,690,516)</u> | <u>(90,266,376)</u> |
|      | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                     |                     |                     |                     |
|      | (Decrease) increase in long-term borrowings                   | (1,903,944)         | 2,170,532           | (1,903,944)         | 2,170,532           |
|      | Increase in minority interests' share capital                 | 501,747             | -                   | -                   | -                   |
|      | Dividend paid to minority interests                           | (500,012)           | -                   | -                   | -                   |
|      | Net cash (used in) provided by financing activities           | <u>(1,902,209)</u>  | <u>2,170,532</u>    | <u>(1,903,944)</u>  | <u>2,170,532</u>    |
|      | Net decrease in cash and cash equivalents                     | (3,555,599)         | (12,455,912)        | (3,555,629)         | (12,456,257)        |
|      | Cash and cash equivalents at the beginning of the period      | 4 26,674,351        | 27,751,133          | 26,673,193          | 27,749,840          |
|      | Cash and cash equivalents at the end of the period            | 4 <u>23,118,752</u> | <u>15,295,221</u>   | <u>23,117,564</u>   | <u>15,293,583</u>   |

The accompanying notes are an integral part of these financial statements.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

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**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

These notes form an integral part of the financial statements.

**1 GENERAL INFORMATION**

KASIKORNBANK PUBLIC COMPANY LIMITED, (“the Bank”), is a registered public company located in the Kingdom of Thailand and listed on the Stock Exchange of Thailand on 9 February 1976. The registered office of the Bank is at 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok.

The principal activity of the Bank is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and certain major cities overseas.

The consolidated financial statements of the Bank consist of the Bank and its subsidiaries. Details of the Bank’s subsidiaries are as follows:

|  | % Shareholding of the Bank |                      |
|--|----------------------------|----------------------|
|  | <u>Direct and Indirect</u> |                      |
|  | <u>31 March 2010 and</u>   | <u>31 March 2009</u> |
|  | <u>31 December 2009</u>    |                      |
| KASIKORN ASSET MANAGEMENT CO., LTD. (“KAsset”)   | 100.00                     | 100.00               |
| KASIKORN RESEARCH CENTER CO., LTD. (“KResearch”) | 100.00                     | 100.00               |
| KASIKORN SECURITIES PCL (“KSecurities”)          | 99.99                      | 99.99                |
| KASIKORN LEASING CO., LTD. (“KLeasing”)          | 100.00                     | 100.00               |
| KASIKORN FACTORY & EQUIPMENT CO., LTD. (“KF&E”)  | 100.00                     | 100.00               |
| Phethai Asset Management Co., Ltd.               | 100.00                     | 100.00               |
| KHAO KLA Venture Capital Management Co., Ltd.    | 100.00                     | 100.00               |
| K-SME Venture Capital Co., Ltd.                  | 100.00                     | 100.00               |
| Progress Software Co., Ltd.                      | 100.00                     | 100.00               |
| Progress Plus Co., Ltd.                          | 100.00                     | 100.00               |
| Progress Appraisal Co., Ltd.                     | 100.00                     | 100.00               |
| Progress Gunpai Co., Ltd.                        | 100.00                     | 100.00               |
| Progress Management Co., Ltd.                    | 100.00                     | 100.00               |
| Progress Facilities Management Co., Ltd.         | 100.00                     | 100.00               |
| Progress Service Co., Ltd.                       | 100.00                     | 100.00               |
| Progress Land and Buildings Co., Ltd.            | 100.00                     | 100.00               |
| Progress Storage Co., Ltd.                       | 100.00                     | 100.00               |
| Progress HR Co., Ltd.                            | 100.00                     | 100.00               |
| Progress Service Support Co., Ltd.               | 100.00                     | 100.00               |
| Progress Collection Co., Ltd.                    | 100.00                     | 100.00               |
| Progress Training Co., Ltd.                      | 100.00                     | -                    |



**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

|  | % Shareholding of the Bank |                      |
|--|----------------------------|----------------------|
|  | <u>Direct and Indirect</u> |                      |
|  | <u>31 March 2010 and</u>   | <u>31 March 2009</u> |
|  | <u>31 December 2009</u>    |                      |
| Thanyathanathavee Co., Ltd.*                       | 100.00                     | -                    |
| Thanyathamrongkij Co., Ltd.*                       | 100.00                     | -                    |
| Thanyanithiwattana Co., Ltd.*                      | 100.00                     | -                    |
| Ruang Khao Phuean Thai Joint Investment Agreement* | 100.00                     | -                    |
| Muangthai Group Holding Co., Ltd.* (“MTGH”)        | 51.00                      | -                    |
| Muang Thai Life Assurance Co., Ltd.* (“MTL”)       | 38.25                      | -                    |
| Muangthai Broker Co., Ltd.* (“MTB”)                | 49.98                      | -                    |

\* See Notes 5.6

**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The interim financial statements are prepared in accordance with the Thai Accounting Standard No. 41 (revised 2007), regarding Interim Financial Statements, related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP), and the regulations of the Stock Exchange of Thailand (SET), dated 22 January 2001, regarding the “Preparation and Filing of Financial Statements and Reports Concerning the Financial Status and Results of Business Operations of Listed Companies” (B.E. 2544), and with the Bank of Thailand (BoT) notification number SOR NOR SOR 70/2551, directive dated 3 August 2008, regarding the “Preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services”.

The interim financial statements have been prepared for the purpose of providing an update on the financial statements for the year ended 31 December 2009. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2009.

The interim financial statements are presented in Thai Baht, rounded in the notes to the interim financial statements to the nearest million.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

**3 SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies and methods of computation applied by the Bank and its subsidiaries in the interim financial statements for the three - month period ended 31 March 2010 are consistent with those applied in the financial statements for the year ended 31 December 2009.

**4 SUPPLEMENTARY INFORMATION OF CASH FLOWS**

**4.1 Non-cash significant items**

Non-cash significant items for the three-month periods ended 31 March as follows:

|  | (Million Baht)      |             |                 |             |
|--|---------------------|-------------|-----------------|-------------|
|  | <u>Consolidated</u> |             | <u>The Bank</u> |             |
|  | <u>2010</u>         | <u>2009</u> | <u>2010</u>     | <u>2009</u> |
| Revaluation surplus on investments                                 | 743                 | 151         | 600             | 150         |
| The realized portion of the appraised surplus on asset revaluation | 41                  | 42          | 41              | 42          |
| Foreclosed properties arising from auction and debt settlement     | 939                 | 1,113       | 839             | 1,009       |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

**5 INVESTMENTS**

**5.1 Type of investments**

Investments consisted of:

(Million Baht)

|   | <u>Consolidated</u>                        |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 March 2010</u>                       |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>I. Current Investments</b>                     |  |                        |                        |                   |
| 1.1 Trading investments                           |  |                        |                        |                   |
| 1.1.1 Government and state enterprises securities | 8,584                                      | 2                      | (17)                   | 8,569             |
| 1.1.2 Private enterprises debt instruments        | 495  | -                      | -                      | 495               |
| 1.1.3 Marketable equity securities - domestic     | <u>292</u>                                 | <u>23</u>              | <u>-</u>               | <u>315</u>        |
| Total   | 9,371                                      | 25                     | (17)                   | 9,379             |
| <u>Add</u> Allowance for revaluation              | <u>8</u>                                   |                        |                        | <u>-</u>          |
| Total   | <u>9,379</u>                               |                        |                        | <u>9,379</u>      |
| 1.2 Available-for-sale investments                |  |                        |                        |                   |
| 1.2.1 Government and state enterprises securities | 142,782                                    | 562                    | (4)                    | 143,340           |
| 1.2.2 Private enterprises debt instruments        | 995  | 15                     | -                      | 1,010             |
| 1.2.3 Foreign debt instruments                    | 259  | -                      | (4)                    | 255               |
| 1.2.4 Marketable equity securities - domestic     | 513  | 760                    | (170)                  | 1,103             |
| 1.2.5 Marketable equity securities - overseas     | -  | 480                    | -                      | 480               |
| 1.2.6 Others                                      | <u>5</u>                                   | <u>-</u>               | <u>-</u>               | <u>5</u>          |
| Total   | 144,554                                    | 1,817                  | (178)                  | 146,193           |
| <u>Add</u> Allowance for revaluation              | 1,787                                      |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(148)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>146,193</u>                             |                        |                        | <u>146,193</u>    |
| 1.3 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 1.3.1 Government and state enterprises securities | 1,085                                      | 1                      | -                      | 1,086             |
| 1.3.2 Private enterprises debt instruments        | 2,092                                      | 5                      | -                      | 2,097             |
| 1.3.3 Foreign debt instruments                    | <u>100</u>                                 | <u>-</u>               | <u>-</u>               | <u>100</u>        |
| Total   | <u>3,277</u>                               | 6                      | -                      | <u>3,283</u>      |
| Total Current Investments - net                   | <u>158,849</u>                             |                        |                        | <u>158,855</u>    |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

(Million Baht)

|   | <u>Consolidated</u>                        |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 March 2010</u>                       |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>2. Long-term Investments</b>                   |  |                        |                        |                   |
| 2.1 Available-for-sale investments                |  |                        |                        |                   |
| 2.1.1 Government and state enterprises securities | 38,581                                     | 284                    | (29)                   | 38,836            |
| 2.1.2 Private enterprises debt instruments        | 219  | 5                      | (46)                   | 178               |
| 2.1.3 Foreign debt instruments                    | 6,106                                      | 92                     | (11)                   | 6,187             |
| 2.1.4 Marketable equity securities - domestic     | <u>5,941</u>                               | <u>1,423</u>           | <u>(77)</u>            | <u>7,287</u>      |
| Total   | 50,847                                     | 1,804                  | (163)                  | 52,488            |
| <u>Add</u> Allowance for revaluation              | 1,689                                      |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(48)</u>                                |                        |                        | <u>-</u>          |
| Total   | <u>52,488</u>                              |                        |                        | <u>52,488</u>     |
| 2.2 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 2.2.1 Government and state enterprises securities | 43,717                                     | 3,386                  | (6)                    | 47,097            |
| 2.2.2 Private enterprises debt instruments        | 14,094                                     | 558                    | (603)                  | 14,049            |
| 2.2.3 Foreign debt instruments                    | <u>1,353</u>                               | <u>22</u>              | <u>(7)</u>             | <u>1,368</u>      |
| Total   | 59,164                                     | 3,966                  | (616)                  | 62,514            |
| <u>Less</u> Allowance for impairment              | <u>(599)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>58,565</u>                              |                        |                        | <u>62,514</u>     |
| 2.3 General investments                           |  |                        |                        |                   |
| 2.3.1 Non-marketable equity securities - domestic |  |                        |                        |                   |
|   | 2,113                                      | 68                     | (454)                  | 1,727             |
| 2.3.2 Non-marketable equity securities - overseas |  |                        |                        |                   |
|   | 347  | -                      | (276)                  | 71                |
| 2.3.3 Investments in receivables                  |  |                        |                        |                   |
|   | <u>621</u>                                 | <u>-</u>               | <u>(288)</u>           | <u>333</u>        |
| Total   | 3,081                                      | 68                     | (1,018)                | 2,131             |
| <u>Less</u> Allowance for impairment              | <u>(1,016)</u>                             |                        |                        | <u>-</u>          |
| Total   | <u>2,065</u>                               |                        |                        | <u>2,131</u>      |
| Total Long-term Investments - net                 | <u>113,118</u>                             |                        |                        | <u>117,133</u>    |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

(Million Baht)

|   | <u>Consolidated</u>                        |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 December 2009</u>                    |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>I. Current Investments</b>                     |  |                        |                        |                   |
| 1.1 Trading investments                           |  |                        |                        |                   |
| 1.1.1 Government and state enterprises securities | 8,091                                      | 9                      | (7)                    | 8,093             |
| 1.1.2 Private enterprises debt instruments        | 14   | -                      | -                      | 14                |
| 1.1.3 Marketable equity securities - domestic     | <u>296</u>                                 | <u>17</u>              | <u>-</u>               | <u>313</u>        |
| Total   | 8,401                                      | 26                     | (7)                    | 8,420             |
| <u>Add</u> Allowance for revaluation              | <u>19</u>                                  |                        |                        | <u>-</u>          |
| Total   | <u>8,420</u>                               |                        |                        | <u>8,420</u>      |
| 1.2 Available-for-sale investments                |  |                        |                        |                   |
| 1.2.1 Government and state enterprises securities | 92,896                                     | 555                    | -                      | 93,451            |
| 1.2.2 Private enterprises debt instruments        | 1,195                                      | 20                     | (46)                   | 1,169             |
| 1.2.3 Foreign debt instruments                    | 2,269                                      | -                      | (1)                    | 2,268             |
| 1.2.4 Marketable equity securities - domestic     | 420  | 575                    | (178)                  | 817               |
| 1.2.5 Others                                      | <u>214</u>                                 | <u>-</u>               | <u>-</u>               | <u>214</u>        |
| Total   | 96,994                                     | 1,150                  | (225)                  | 97,919            |
| <u>Add</u> Allowance for revaluation              | 1,119                                      |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(194)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>97,919</u>                              |                        |                        | <u>97,919</u>     |
| 1.3 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 1.3.1 Government and state enterprises securities | 459  | 5                      | -                      | 464               |
| 1.3.2 Private enterprises debt instruments        | 1,254                                      | 4                      | -                      | 1,258             |
| 1.3.3 Foreign debt instruments                    | <u>103</u>                                 | <u>-</u>               | <u>-</u>               | <u>103</u>        |
| Total   | <u>1,816</u>                               | 9                      | -                      | <u>1,825</u>      |
| Total Current Investments - net                   | <u>108,155</u>                             |                        |                        | <u>108,164</u>    |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

(Million Baht)

|   | <u>Consolidated</u>                        |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 December 2009</u>                    |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>2. Long-term Investments</b>                   |  |                        |                        |                   |
| 2.1 Available-for-sale investments                |  |                        |                        |                   |
| 2.1.1 Government and state enterprises securities | 71,137                                     | 280                    | (102)                  | 71,315            |
| 2.1.2 Private enterprises debt instruments        | 319  | 5                      | (2)                    | 322               |
| 2.1.3 Foreign debt instruments                    | 8,883                                      | 118                    | (11)                   | 8,990             |
| 2.1.4 Marketable equity securities - domestic     | <u>6,883</u>                               | <u>1,200</u>           | <u>(81)</u>            | <u>8,002</u>      |
| Total   | 87,222                                     | 1,603                  | (196)                  | 88,629            |
| <u>Add</u> Allowance for revaluation              | <u>1,407</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>88,629</u>                              |                        |                        | <u>88,629</u>     |
| 2.2 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 2.2.1 Government and state enterprises securities | 42,746                                     | 2,010                  | (227)                  | 44,529            |
| 2.2.2 Private enterprises debt instruments        | 12,321                                     | 293                    | (693)                  | 11,921            |
| 2.2.3 Foreign debt instruments                    | <u>1,503</u>                               | <u>16</u>              | <u>(24)</u>            | <u>1,495</u>      |
| Total   | 56,570                                     | 2,319                  | (944)                  | 57,945            |
| <u>Less</u> Allowance for impairment              | <u>(599)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>55,971</u>                              |                        |                        | <u>57,945</u>     |
| 2.3 General investments                           |  |                        |                        |                   |
| 2.3.1 Non-marketable equity securities -          |  |                        |                        |                   |
| domestic  | 2,123                                      | 68                     | (454)                  | 1,737             |
| 2.3.2 Non-marketable equity securities - overseas | 307  | -                      | (265)                  | 42                |
| 2.3.3 Investments in receivables                  | <u>669</u>                                 | <u>-</u>               | <u>(301)</u>           | <u>368</u>        |
| Total   | 3,099                                      | 68                     | (1,020)                | 2,147             |
| <u>Less</u> Allowance for impairment              | <u>(1,017)</u>                             |                        |                        | <u>-</u>          |
| Total   | <u>2,082</u>                               |                        |                        | <u>2,147</u>      |
| Total Long-term Investments - net                 | <u>146,682</u>                             |                        |                        | <u>148,721</u>    |

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(Million Baht)

|   | <u>The Bank</u>                            |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 March 2010</u>                       |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>1. Current Investments</b>                     |  |                        |                        |                   |
| 1.1 Trading investments                           |  |                        |                        |                   |
| 1.1.1 Government and state enterprises securities | 8,584                                      | 2                      | (17)                   | 8,569             |
| 1.1.2 Private enterprises debt instruments        | 495  | -                      | -                      | 495               |
| 1.1.3 Marketable equity securities - domestic     | <u>265</u>                                 | <u>20</u>              | <u>-</u>               | <u>285</u>        |
| Total   | 9,344                                      | 22                     | (17)                   | 9,349             |
| <u>Add</u> Allowance for revaluation              | <u>5</u>                                   |                        |                        | <u>-</u>          |
| Total   | <u>9,349</u>                               |                        |                        | <u>9,349</u>      |
| 1.2 Available-for-sale investments                |  |                        |                        |                   |
| 1.2.1 Government and state enterprises securities | 141,987                                    | 538                    | (4)                    | 142,521           |
| 1.2.2 Private enterprises debt instruments        | 951  | 15                     | -                      | 966               |
| 1.2.3 Foreign debt instruments                    | 259  | -                      | (4)                    | 255               |
| 1.2.4 Marketable equity securities - domestic     | 462  | 760                    | (170)                  | 1,052             |
| 1.2.5 Marketable equity securities - overseas     | <u>-</u>                                   | <u>480</u>             | <u>-</u>               | <u>480</u>        |
| Total   | <u>143,659</u>                             | <u>1,793</u>           | <u>(178)</u>           | <u>145,274</u>    |
| <u>Add</u> Allowance for revaluation              | 1,763                                      |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(148)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>145,274</u>                             |                        |                        | <u>145,274</u>    |
| 1.3 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 1.3.1 Foreign debt instruments                    | <u>100</u>                                 | <u>-</u>               | <u>-</u>               | <u>100</u>        |
| Total   | <u>100</u>                                 | <u>-</u>               | <u>-</u>               | <u>100</u>        |
| Total Current Investments - net                   | <u>154,723</u>                             |                        |                        | <u>154,723</u>    |

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**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

(Million Baht)

|   | <u>The Bank</u>                            |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 March 2010</u>                       |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>2. Long-term Investments</b>                   |  |                        |                        |                   |
| 2.1 Available-for-sale investments                |  |                        |                        |                   |
| 2.1.1 Government and state enterprises securities | 36,472                                     | 152                    | (29)                   | 36,595            |
| 2.1.2 Private enterprises debt instruments        | 147  | 2                      | (46)                   | 103               |
| 2.1.3 Foreign debt instruments                    | <u>6,006</u>                               | <u>89</u>              | <u>(11)</u>            | <u>6,084</u>      |
| Total   | <u>42,625</u>                              | <u>243</u>             | <u>(86)</u>            | <u>42,782</u>     |
| <u>Add</u> Allowance for revaluation              | 203  |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(46)</u>                                |                        |                        | <u>-</u>          |
| Total   | <u>42,782</u>                              |                        |                        | <u>42,782</u>     |
| 2.2 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 2.2.1 Government and state enterprises securities | 3,498                                      | 78                     | -                      | 3,576             |
| 2.2.2 Private enterprises debt instruments        | <u>583</u>                                 | <u>-</u>               | <u>(583)</u>           | <u>-</u>          |
| Total   | 4,081                                      | 78                     | (583)                  | 3,576             |
| <u>Less</u> Allowance for impairment              | <u>(583)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>3,498</u>                               |                        |                        | <u>3,576</u>      |
| 2.3 General investments                           |  |                        |                        |                   |
| 2.3.1 Non-marketable equity securities - domestic | 1,821                                      | -                      | (335)                  | 1,486             |
| 2.3.2 Non-marketable equity securities - overseas | 307  | -                      | (264)                  | 43                |
| 2.3.3 Investments in receivables                  | <u>621</u>                                 | <u>-</u>               | <u>(288)</u>           | <u>333</u>        |
| Total   | 2,749                                      | -                      | (887)                  | 1,862             |
| <u>Less</u> Allowance for impairment              | <u>(887)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>1,862</u>                               |                        |                        | <u>1,862</u>      |
| Total Long-term Investments - net                 | <u>48,142</u>                              |                        |                        | <u>48,220</u>     |



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(Million Baht)

|   | <u>The Bank</u>                            |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 December 2009</u>                    |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>I. Current Investments</b>                     |  |                        |                        |                   |
| 1.1 Trading investments                           |  |                        |                        |                   |
| 1.1.1 Government and state enterprises securities | 8,091                                      | 9                      | (7)                    | 8,093             |
| 1.1.2 Private enterprises debt instruments        | 14   | -                      | -                      | 14                |
| 1.1.3 Marketable equity securities - domestic     | <u>267</u>                                 | <u>15</u>              | <u>-</u>               | <u>282</u>        |
| Total   | 8,372                                      | 24                     | (7)                    | 8,389             |
| <u>Add</u> Allowance for revaluation              | <u>17</u>                                  |                        |                        | <u>-</u>          |
| Total   | <u>8,389</u>                               |                        |                        | <u>8,389</u>      |
| 1.2 Available-for-sale investments                |  |                        |                        |                   |
| 1.2.1 Government and state enterprises securities | 92,451                                     | 549                    | -                      | 93,000            |
| 1.2.2 Private enterprises debt instruments        | 1,136                                      | 19                     | (46)                   | 1,109             |
| 1.2.3 Foreign debt instruments                    | 2,269                                      | -                      | (2)                    | 2,267             |
| 1.2.4 Marketable equity securities - domestic     | <u>377</u>                                 | <u>575</u>             | <u>(178)</u>           | <u>774</u>        |
| Total   | 96,233                                     | 1,143                  | (226)                  | 97,150            |
| <u>Add</u> Allowance for revaluation              | 1,111                                      |                        |                        | -                 |
| <u>Less</u> Allowance for impairment              | <u>(194)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>97,150</u>                              |                        |                        | <u>97,150</u>     |
| 1.3 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 1.3.1 Foreign debt instruments                    | <u>103</u>                                 | <u>-</u>               | <u>-</u>               | <u>103</u>        |
| Total   | <u>103</u>                                 | <u>-</u>               | <u>-</u>               | <u>103</u>        |
| Total Current Investments - net                   | <u>105,642</u>                             |                        |                        | <u>105,642</u>    |

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(Million Baht)

|   | <u>The Bank</u>                            |                        |                        |                   |
|---|--|------------------------|------------------------|-------------------|
|   | <u>31 December 2009</u>                    |                        |                        |                   |
|   | Cost Value/<br><u>Amortized Cost Value</u> | <u>Unrealized Gain</u> | <u>Unrealized Loss</u> | <u>Fair Value</u> |
| <b>2. Long-term Investments</b>                   |  |                        |                        |                   |
| 2.1 Available-for-sale investments                |  |                        |                        |                   |
| 2.1.1 Government and state enterprises securities | 69,786                                     | 149                    | (102)                  | 69,833            |
| 2.1.2 Private enterprises debt instruments        | 243  | 4                      | -                      | 247               |
| 2.1.3 Foreign debt instruments                    | 8,883                                      | 119                    | (12)                   | 8,990             |
| 2.1.4 Marketable equity securities - domestic     | <u>85</u>                                  | <u>100</u>             | <u>-</u>               | <u>185</u>        |
| Total   | 78,997                                     | 372                    | (114)                  | 79,255            |
| <u>Add Allowance for revaluation</u>              | <u>258</u>                                 |                        |                        | <u>-</u>          |
| Total   | <u>79,255</u>                              |                        |                        | <u>79,255</u>     |
| 2.2 Held-to-maturity debt instruments             |  |                        |                        |                   |
| 2.2.1 Government and state enterprises securities | 3,614                                      | 73                     | -                      | 3,687             |
| 2.2.2 Private enterprises debt instruments        | <u>583</u>                                 | <u>-</u>               | <u>(583)</u>           | <u>-</u>          |
| Total   | 4,197                                      | 73                     | (583)                  | 3,687             |
| <u>Less Allowance for impairment</u>              | <u>(583)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>3,614</u>                               |                        |                        | <u>3,687</u>      |
| 2.3 General investments                           |  |                        |                        |                   |
| 2.3.1 Non-marketable equity securities - domestic | 1,832                                      | -                      | (335)                  | 1,497             |
| 2.3.2 Non-marketable equity securities - overseas | 307  | -                      | (264)                  | 43                |
| 2.3.3 Investments in receivables                  | <u>627</u>                                 | <u>-</u>               | <u>(288)</u>           | <u>339</u>        |
| Total   | 2,766                                      | -                      | (887)                  | 1,879             |
| <u>Less Allowance for impairment</u>              | <u>(887)</u>                               |                        |                        | <u>-</u>          |
| Total   | <u>1,879</u>                               |                        |                        | <u>1,879</u>      |
| Total Long-term Investments - net                 | <u>84,748</u>                              |                        |                        | <u>84,821</u>     |

As of 31 March 2010 and 31 December 2009, investments in held-to-maturity debt instruments, which are government or state enterprises securities, included promissory notes from Thai Asset Management Corporation of Baht 2,498 million and Baht 2,614 million, respectively.

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**5.2 Gain on investments**

Gain on investments presented in the statements of income for the three-month periods ended 31 March 2010 and 2009 consisted of:

|                                      | (Million Baht)      |             |                 |             |
|--------------------------------------|---------------------|-------------|-----------------|-------------|
|                                      | <u>Consolidated</u> |             | <u>The Bank</u> |             |
|                                      | <u>2010</u>         | <u>2009</u> | <u>2010</u>     | <u>2009</u> |
| Gain on disposal of investments      |                     |             |                 |             |
| Held for trading investments         | 96                  | 178         | 94              | 178         |
| Available-for-sale investments       | 163                 | 102         | 64              | 101         |
| General investments                  | <u>-</u>            | <u>1</u>    | <u>-</u>        | <u>-</u>    |
| Total                                | <u>259</u>          | <u>281</u>  | <u>158</u>      | <u>279</u>  |
| Loss on disposal of investments      |                     |             |                 |             |
| Held for trading investments         | (16)                | (62)        | (16)            | (62)        |
| Available-for-sale investments       | <u>(10)</u>         | <u>-</u>    | <u>(6)</u>      | <u>-</u>    |
| Total                                | <u>(26)</u>         | <u>(62)</u> | <u>(22)</u>     | <u>(62)</u> |
| Loss from revaluation of investments | (12)                | (42)        | (12)            | (42)        |
| Loss on impairment                   |                     |             |                 |             |
| Investments in receivables           | <u>-</u>            | <u>(1)</u>  | <u>-</u>        | <u>(1)</u>  |
| Total                                | <u>-</u>            | <u>(1)</u>  | <u>-</u>        | <u>(1)</u>  |
| Total gain on investments            | <u>221</u>          | <u>176</u>  | <u>124</u>      | <u>174</u>  |

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**5.3 Revaluation surplus on investments**

Revaluation surplus on investments consisted of:

|                                    | (Million Baht)       |                         |                      |                         |
|------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                                    | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|                                    | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Revaluation surplus on investments |                      |                         |                      |                         |
| Debt instruments                   | 760                  | 723                     | 750                  | 724                     |
| Equity securities                  | <u>1,470</u>         | <u>764</u>              | <u>1,217</u>         | <u>644</u>              |
| Total                              | <u>2,230</u>         | <u>1,487</u>            | <u>1,967</u>         | <u>1,368</u>            |

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**5.4 Maturity for debt instruments**

A maturity analysis for debt instruments resulted in the following:

(Million Baht)

|   | <u>Consolidated</u>      |                     |               |                |                          |                     |               |                |
|---|--------------------------|---------------------|---------------|----------------|--------------------------|---------------------|---------------|----------------|
|   | <u>31 March 2010</u>     |                     |               |                | <u>31 December 2009</u>  |                     |               |                |
|   | <u>Maturity</u>          |                     |               |                | <u>Maturity</u>          |                     |               |                |
|   | <u>Over</u>              |                     | <u>Over</u>   |                | <u>Over</u>              |                     | <u>Over</u>   |                |
| <u>1 year</u>                                   | <u>1 year to 5 years</u> | <u>Over 5 years</u> | <u>Total</u>  | <u>1 year</u>  | <u>1 year to 5 years</u> | <u>Over 5 years</u> | <u>Total</u>  |                |
| 1. Available-for-sale investments               |                          |                     |               |                |                          |                     |               |                |
| 1.1 Government and state enterprises securities | 136,582                  | 38,495              | 6,286         | 181,363        | 86,143                   | 71,242              | 6,648         | 164,033        |
| 1.2 Private enterprises debt instruments        | 995                      | 113                 | 106           | 1,214          | 1,195                    | 254                 | 66            | 1,515          |
| 1.3 Foreign debt instruments                    | <u>259</u>               | <u>6,006</u>        | <u>100</u>    | <u>6,365</u>   | <u>2,269</u>             | <u>8,883</u>        | <u>-</u>      | <u>11,152</u>  |
| Total   | 137,836                  | 44,614              | 6,492         | 188,942        | 89,607                   | 80,379              | 6,714         | 176,700        |
| <u>Add</u> Allowance for revaluation            | 210                      | 312                 | 388           | 910            | 325                      | 249                 | 288           | 862            |
| <u>Less</u> Allowance for impairment            | <u>-</u>                 | <u>(46)</u>         | <u>-</u>      | <u>(46)</u>    | <u>(46)</u>              | <u>-</u>            | <u>-</u>      | <u>(46)</u>    |
| Total   | <u>138,046</u>           | <u>44,880</u>       | <u>6,880</u>  | <u>189,806</u> | <u>89,886</u>            | <u>80,628</u>       | <u>7,002</u>  | <u>177,516</u> |
| 2. Held-to-maturity debt instruments            |                          |                     |               |                |                          |                     |               |                |
| 2.1 Government and state enterprises securities | 1,085                    | 5,304               | 38,413        | 44,802         | 459                      | 5,370               | 37,376        | 43,205         |
| 2.2 Private enterprises debt instruments        | 2,092                    | 1,650               | 12,444        | 16,186         | 1,254                    | 1,609               | 10,712        | 13,575         |
| 2.3 Foreign debt instruments                    | <u>100</u>               | <u>517</u>          | <u>836</u>    | <u>1,453</u>   | <u>103</u>               | <u>361</u>          | <u>1,142</u>  | <u>1,606</u>   |
| Total   | 3,277                    | 7,471               | 51,693        | 62,441         | 1,816                    | 7,340               | 49,230        | 58,386         |
| <u>Less</u> Allowance for impairment            | <u>-</u>                 | <u>(583)</u>        | <u>(16)</u>   | <u>(599)</u>   | <u>-</u>                 | <u>-</u>            | <u>(599)</u>  | <u>(599)</u>   |
| Total   | <u>3,277</u>             | <u>6,888</u>        | <u>51,677</u> | <u>61,842</u>  | <u>1,816</u>             | <u>7,340</u>        | <u>48,631</u> | <u>57,787</u>  |
| Total Debt Instruments                          | <u>141,323</u>           | <u>51,768</u>       | <u>58,557</u> | <u>251,648</u> | <u>91,702</u>            | <u>87,968</u>       | <u>55,633</u> | <u>235,303</u> |

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(Million Baht)

|   | <u>The Bank</u>      |               |               |                |                         |               |               |                |
|---|----------------------|---------------|---------------|----------------|-------------------------|---------------|---------------|----------------|
|   | <u>31 March 2010</u> |               |               |                | <u>31 December 2009</u> |               |               |                |
|   | <u>Maturity</u>      |               |               |                | <u>Maturity</u>         |               |               |                |
|   | <u>Over</u>          |               | <u>Over</u>   |                | <u>Over</u>             |               | <u>Over</u>   |                |
| <u>1 year</u>                                   | <u>1 year to 5</u>   | <u>years</u>  | <u>Over 5</u> | <u>1 year</u>  | <u>1 year to 5</u>      | <u>years</u>  | <u>Over 5</u> | <u>Total</u>   |
| 1. Available-for-sale investments               |                      |               |               |                |                         |               |               |                |
| 1.1 Government and state enterprises securities | 135,787              | 38,372        | 4,300         | 178,459        | 85,697                  | 70,786        | 5,754         | 162,237        |
| 1.2 Private enterprises debt instruments        | 951                  | 101           | 46            | 1,098          | 1,136                   | 243           | -             | 1,379          |
| 1.3 Foreign debt instruments                    | <u>259</u>           | <u>6,006</u>  | <u>-</u>      | <u>6,265</u>   | <u>2,269</u>            | <u>8,883</u>  | <u>-</u>      | <u>11,152</u>  |
| Total   | 136,997              | 44,479        | 4,346         | 185,822        | 89,102                  | 79,912        | 5,754         | 174,768        |
| <u>Add</u> Allowance for revaluation            | 186                  | 304           | 258           | 748            | 317                     | 217           | 190           | 724            |
| <u>Less</u> Allowance for impairment            | <u>-</u>             | <u>(46)</u>   | <u>-</u>      | <u>(46)</u>    | <u>(46)</u>             | <u>-</u>      | <u>-</u>      | <u>(46)</u>    |
| Total   | <u>137,183</u>       | <u>44,737</u> | <u>4,604</u>  | <u>186,524</u> | <u>89,373</u>           | <u>80,129</u> | <u>5,944</u>  | <u>175,446</u> |
| 2. Held-to-maturity debt instruments            |                      |               |               |                |                         |               |               |                |
| 2.1 Government and state enterprises securities | -                    | 3,483         | 15            | 3,498          | -                       | 3,599         | 15            | 3,614          |
| 2.2 Private enterprises debt instruments        | -                    | -             | 583           | 583            | -                       | -             | 583           | 583            |
| 2.3 Foreign debt instruments                    | <u>100</u>           | <u>-</u>      | <u>-</u>      | <u>100</u>     | <u>103</u>              | <u>-</u>      | <u>-</u>      | <u>103</u>     |
| Total   | 100                  | 3,483         | 598           | 4,181          | 103                     | 3,599         | 598           | 4,300          |
| <u>Less</u> Allowance for impairment            | <u>-</u>             | <u>(583)</u>  | <u>-</u>      | <u>(583)</u>   | <u>-</u>                | <u>-</u>      | <u>(583)</u>  | <u>(583)</u>   |
| Total   | <u>100</u>           | <u>2,900</u>  | <u>598</u>    | <u>3,598</u>   | <u>103</u>              | <u>3,599</u>  | <u>15</u>     | <u>3,717</u>   |
| Total Debt Instruments                          | <u>137,283</u>       | <u>47,637</u> | <u>5,202</u>  | <u>190,122</u> | <u>89,476</u>           | <u>83,728</u> | <u>5,959</u>  | <u>179,163</u> |

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**5.5 Investment in other companies having a going concern**

Investments held by the Bank and its subsidiaries in financial institutions that were closed on 8 December 1997, or investments in listed companies which meet SET's criteria for delisting, and are in default on debt instruments, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting or investments in receivables with uncertainty in settlement or in default, were as follows:

|  | (Million Baht)                    |                   |                                     |                                   |                   |                                     |
|--|-----------------------------------|-------------------|-------------------------------------|-----------------------------------|-------------------|-------------------------------------|
|  | <u>31 March 2010</u>              |                   |                                     |                                   |                   |                                     |
|  | <u>Consolidated</u>               |                   |                                     | <u>The Bank</u>                   |                   |                                     |
|  | <u>Cost Value/<br/>Book Value</u> | <u>Fair Value</u> | <u>Allowance for<br/>Impairment</u> | <u>Cost Value/<br/>Book Value</u> | <u>Fair Value</u> | <u>Allowance for<br/>Impairment</u> |
| 1. Closed financial institutions   |                                   |                   |                                     |                                   |                   |                                     |
| - Debt Instrument  | 130                               | -                 | (130)                               | 130                               | -                 | (130)                               |
| 2. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments  |                                   |                   |                                     |                                   |                   |                                     |
| - Debt Instrument  | 46                                | -                 | (46)                                | 46                                | -                 | (46)                                |
| 3. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting |                                   |                   |                                     |                                   |                   |                                     |
| - Equity Securities  | 293                               | -                 | (293)                               | 293                               | -                 | (293)                               |
| - Debt Instrument  | 453                               | -                 | (453)                               | 453                               | -                 | (453)                               |
| 4. Investment in receivables with uncertainty in settlement or in default  |                                   |                   |                                     |                                   |                   |                                     |
| Total  | <u>1,578</u>                      | <u>357</u>        | <u>(1,221)</u>                      | <u>1,538</u>                      | <u>328</u>        | <u>(1,210)</u>                      |

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(Million Baht)

|  | 31 December 2009                  |                   |                                     |                                   |                   |                                     |
|--|-----------------------------------|-------------------|-------------------------------------|-----------------------------------|-------------------|-------------------------------------|
|  | Consolidated                      |                   |                                     | The Bank                          |                   |                                     |
|  | <u>Cost Value/<br/>Book Value</u> | <u>Fair Value</u> | <u>Allowance for<br/>Impairment</u> | <u>Cost Value/<br/>Book Value</u> | <u>Fair Value</u> | <u>Allowance for<br/>Impairment</u> |
| 1. Closed financial institutions   |                                   |                   |                                     |                                   |                   |                                     |
| - Debt Instrument  | 130                               | -                 | (130)                               | 130                               | -                 | (130)                               |
| 2. Listed companies which meet<br>SET's criteria for delisting, and<br>are in default on debt instruments  |                                   |                   |                                     |                                   |                   |                                     |
| - Debt Instrument  | 46                                | -                 | (46)                                | 46                                | -                 | (46)                                |
| 3. Companies whose ability to<br>continue as a going concern is<br>uncertain, or unlisted companies<br>whose financial position and<br>operating results are the same as<br>companies which meet<br>SET's criteria for delisting |                                   |                   |                                     |                                   |                   |                                     |
| - Equity Securities  | 293                               | -                 | (293)                               | 293                               | -                 | (293)                               |
| - Debt Instrument  | 453                               | -                 | (453)                               | 453                               | -                 | (453)                               |
| 4. Investment in receivables with<br>uncertainty in settlement<br>or in default  | <u>664</u>                        | <u>363</u>        | <u>(301)</u>                        | <u>622</u>                        | <u>334</u>        | <u>(288)</u>                        |
| Total  | <u>1,586</u>                      | <u>363</u>        | <u>(1,223)</u>                      | <u>1,544</u>                      | <u>334</u>        | <u>(1,210)</u>                      |



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**5.6 Business acquisition**

The general meeting of shareholders of KBank No.97 dated 3 April 2009, has approved KBank to make additional investment in Muang Thai Life Assurance Co., Ltd., by acquiring additional ordinary shares of Muangthai Group Holding Co., Ltd. (Formerly: Muangthai Fortis Holding Co., Ltd.) for KBank to hold approximately 51% of the total shares issued by Muangthai Group Holding Co., Ltd.

As part of the acquisition of the additional shares of Muangthai Group Holding Co., Ltd. by KBank, KBank established 3 limited companies, which incorporate under the laws of Thailand, in order to comply with the regulations stipulated in the Life Insurance Act B.E. 2535, as amended pursuant to the Office of Insurance Commission approval. Such companies consist of:

1. Thanyathanathavee Co., Ltd. - 100% held by KBank
2. Thanyathamrongkij Co., Ltd. - 100% held by KBank
3. Thanyanithiwattana Co., Ltd. - 25.50% held by Thanyathanathavee Co., Ltd. and 25.50% held by Thanyathamrongkij Co., Ltd. which both companies held investment through Ruang Khao Phuean Thai Joint Investment Agreement, pursuant to the regulations under the Life Insurance Act B.E. 2535, as amended.  
- 49% held by KBank

On 30 November 2009, KBank and Thanyanithiwattana Co., Ltd. acquired 7,725,147 and 11,466,488 ordinary shares in MTGH respectively. The total 19,191,635 additional ordinary shares acquisition in Muangthai Group Holding Co., Ltd. valued Baht 7,529 million in total, resulted in KBank holding 51% of total issued shares. In other words, KBank holds directly 26% and indirectly 25% of total issued shares in Muangthai Group Holding Co., Ltd.

Muangthai Group Holding Co., Ltd. holds 75% and 98% of the total shares issued by Muang Thai Life Assurance Co., Ltd. and Muangthai Broker Co., Ltd. respectively. Consequently, KBank holds 38.25% and 49.98% of the total shares issued by Muang Thai Life Assurance Co., Ltd. and Muangthai Broker Co., Ltd. respectively.

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**5.7 Investments in subsidiaries and associated companies**

Investments in ordinary shares of subsidiaries and associated companies were as follows:

(Million Baht)

|  | Type of Business              | Type of Share | Consolidated        |             | Cost method |            | Equity method |            |      |      |
|--|-------------------------------|---------------|---------------------|-------------|-------------|------------|---------------|------------|------|------|
|  |                               |               | % Shareholding      |             | 31 March    |            | 31 December   |            |      |      |
|  |                               |               | Direct and indirect |             | 2010        | 2009       | 2010          | 2009       | 2010 | 2009 |
|  |                               |               | 31 March            | 31 December | 2010        | 2009       | 2010          | 2009       | 2010 | 2009 |
| <u>Associated companies</u>                  |                               |               |                     |             |             |            |               |            |      |      |
| Goco Co., Ltd. <sup>11</sup>                 | Information and communication |               |                     |             |             |            |               |            |      |      |
|  | System                        |               |                     |             |             |            |               |            |      |      |
|  | Development                   | Ordinary      | 32.35%              | 32.35%      | 6           | 6          | 6             | 6          |      |      |
| Processing Center Co., Ltd.                  | Service                       | Ordinary      | 30.00%              | 30.00%      | 15          | 15         | 104           | 107        |      |      |
| Rural Capital Partners Co., Ltd.             | Venture Capital               | Ordinary      | 27.50%              | 27.50%      | 2           | 2          | 2             | 2          |      |      |
| Lawson-Marsh Events Co., Ltd. <sup>11</sup>  | Venture Capital               | Ordinary      | 35.71%              | 35.71%      | 5           | 5          | 5             | 5          |      |      |
| Sukhothai Land Co., Ltd. <sup>11</sup>       | Venture Capital               | Ordinary      | 20.00%              | 20.00%      | 10          | 10         | 10            | 10         |      |      |
| Humanica Co., Ltd. <sup>11</sup>             | Software design               |               |                     |             |             |            |               |            |      |      |
|  | and development               | Ordinary      | 21.60%              | 21.60%      | 13          | 13         | 13            | 13         |      |      |
| 2Spot Communications Co., Ltd. <sup>11</sup> | Information and communication |               |                     |             |             |            |               |            |      |      |
|  | System                        |               |                     |             |             |            |               |            |      |      |
|  | Development                   | Ordinary      | 20.17%              | 20.17%      | <u>5</u>    | <u>5</u>   | <u>5</u>      | <u>5</u>   |      |      |
| Total  |                               |               |                     |             | 56          | 56         | 145           | 148        |      |      |
| <u>Less</u> Allowance for impairment         |                               |               |                     |             | <u>(1)</u>  | <u>(1)</u> | <u>(11)</u>   | <u>(1)</u> |      |      |
| Investments in Associated Companies - Net    |                               |               |                     |             | <u>55</u>   | <u>55</u>  | <u>134</u>    | <u>147</u> |      |      |

<sup>11</sup> The Bank holds shares indirectly through K-SME Venture Capital Co., Ltd.

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(Million Baht)

|   | Type of Business              | Type of Share | The Bank            |                     |                  |                     |                  |                     |
|---|-------------------------------|---------------|---------------------|---------------------|------------------|---------------------|------------------|---------------------|
|   |                               |               | % Shareholding      |                     | Cost method      |                     | Dividend income  |                     |
|   |                               |               | Direct and indirect |                     |                  |                     |                  |                     |
|   |                               |               | 31 March<br>2010    | 31 December<br>2009 | 31 March<br>2010 | 31 December<br>2009 | 31 March<br>2010 | 31 December<br>2009 |
| <u>Subsidiary companies</u>                   |                               |               |                     |                     |                  |                     |                  |                     |
| KASIKORN ASSET MANAGEMENT CO., LTD.           | Mutual Fund<br>Management     | Ordinary      | 100.00%             | 100.00%             | 2,003            | 2,003               | 226              | 650                 |
| KASIKORN RESEARCH CENTER CO., LTD             | Service                       | Ordinary      | 100.00%             | 100.00%             | 6                | 6                   | -                | -                   |
| KASIKORN SECURITIES PCL                       | Securities<br>Business        | Ordinary      | 99.99%              | 99.99%              | 1,312            | 1,312               | -                | -                   |
| KASIKORN LEASING CO., LTD.                    | Lending                       | Ordinary      | 100.00%             | 100.00%             | 900              | 900                 | -                | -                   |
| KASIKORN FACTORY & EQUIPMENT CO., LTD.        | Lending                       | Ordinary      | 100.00%             | 100.00%             | 237              | 237                 | -                | -                   |
| Phethai Asset Management Co., Ltd.            | Asset<br>Management           | Ordinary      | 100.00%             | 100.00%             | 5,998            | 5,998               | -                | -                   |
| KHAO KLA Venture Capital Management Co., Ltd. | Venture Capital<br>Management | Ordinary      | 100.00%             | 100.00%             | -                | -                   | -                | -                   |
| K-SME Venture Capital Co., Ltd.               | Venture Capital               | Ordinary      | 100.00%             | 100.00%             | 200              | 200                 | -                | -                   |
| Progress Software Co., Ltd.                   | Service                       | Ordinary      | 100.00%             | 100.00%             | 19               | 19                  | -                | 20                  |
| Progress Plus Co., Ltd.                       | Service                       | Ordinary      | 100.00%             | 100.00%             | 4                | 4                   | -                | 4                   |
| Progress Appraisal Co., Ltd.                  | Service                       | Ordinary      | 100.00%             | 100.00%             | 5                | 5                   | -                | 15                  |
| Progress Gunpai Co., Ltd.                     | Service                       | Ordinary      | 100.00%             | 100.00%             | 21               | 21                  | -                | 110                 |
| Progress Management Co., Ltd.                 | Service                       | Ordinary      | 100.00%             | 100.00%             | 6                | 6                   | -                | 6                   |
| Progress Facilities Management Co., Ltd.      | Service                       | Ordinary      | 100.00%             | 100.00%             | 5                | 5                   | -                | 5                   |
| Progress Service Co., Ltd.                    | Service                       | Ordinary      | 100.00%             | 100.00%             | 2                | 2                   | -                | 12                  |
| Progress Land and Buildings Co., Ltd.         | Property<br>Development       | Ordinary      | 100.00%             | 100.00%             | 639              | 639                 | -                | -                   |
| Progress Storage Co., Ltd.                    | Service                       | Ordinary      | 100.00%             | 100.00%             | 3                | 3                   | -                | 7                   |
| Progress HR Co., Ltd.                         | Service                       | Ordinary      | 100.00%             | 100.00%             | 1                | 1                   | -                | 18                  |
| Progress Service Support Co., Ltd.            | Service                       | Ordinary      | 100.00%             | 100.00%             | 4                | 4                   | -                | 7                   |
| Progress Collection Co., Ltd.                 | Service                       | Ordinary      | 100.00%             | 100.00%             | 5                | 5                   | -                | -                   |
| Progress Training Co., Ltd.                   | Service                       | Ordinary      | 100.00%             | 100.00%             | 2                | 2                   | -                | -                   |

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(Million Baht)

|  | Type of Business              | Type of Share | The Bank       |          | Cost method    |                | Dividend income |             |
|--|-------------------------------|---------------|----------------|----------|----------------|----------------|-----------------|-------------|
|  |                               |               | % Shareholding |          |                |                |                 |             |
|  |                               |               | Direct         | Indirect | 31 March       | 31 December    | 31 March        | 31 December |
|  |                               |               | 2010           | 2009     | 2010           | 2009           | 2010            | 2009        |
| <u>Subsidiary companies</u>                                |                               |               |                |          |                |                |                 |             |
| Thanyathanathavee Co., Ltd.                                | Investment in Other Companies | Ordinary      | 100.00%        | 100.00%  | 1,149          | 1,149          | -               | -           |
| Thanyathamrongkij Co., Ltd.                                | Investment in Other Companies | Ordinary      | 100.00%        | 100.00%  | 1,149          | 1,149          | -               | -           |
| Thanyanithiwattana Co., Ltd.                               | Investment in Other Companies | Ordinary      | 100.00%        | 100.00%  | 2,204          | 2,204          | -               | -           |
| Ruang Khao Phuean Thai Joint Investment Agreement          | Investment in Other Companies | Ordinary      | 100.00%        | 100.00%  | -              | -              | -               | -           |
| <u>Muangthai Group</u>                                     |                               |               |                |          |                |                |                 |             |
| Holding Co., Ltd.  | Holding                       | Ordinary      | 51.00%         | 51.00%   | 3,077          | 3,077          | 141             | -           |
| <u>Muang Thai Life</u>                                     |                               |               |                |          |                |                |                 |             |
| Assurance Co., Ltd.  | Life Insurance                | Ordinary      | 38.25%         | 38.25%   | -              | -              | -               | -           |
| Muangthai Broker Co., Ltd.                                 | Insurance Broker              | Ordinary      | 49.98%         | 49.98%   | -              | -              | -               | -           |
| <u>Associated companies</u>                                |                               |               |                |          |                |                |                 |             |
| Processing Center Co., Ltd.                                | Service                       | Ordinary      | 30.00%         | 30.00%   | 15             | 15             | 4               | 75          |
| Rural Capital Partners Co., Ltd.                           | Venture Capital               | Ordinary      | 27.50%         | 27.50%   | <u>2</u>       | <u>2</u>       | -               | -           |
| Total  |                               |               |                |          | 18,968         | 18,968         | 371             | 929         |
| <u>Less Allowance for impairment</u>                       |                               |               |                |          | <u>(1,913)</u> | <u>(1,913)</u> | -               | -           |
| Investments in Subsidiaries and Associated Companies – Net |                               |               |                |          | <u>17,055</u>  | <u>17,055</u>  | <u>371</u>      | <u>929</u>  |

The recording of investments in associated companies using the equity method in the consolidated financial statements is based on financial information obtained from audited or reviewed financial statements and from management information that has not been audited or reviewed by the auditors.

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**5.8 Investments over 10% held by the Banks and its subsidiaries**

Investments held by the Bank and its subsidiaries, that were more than 10% of those companies' shares and were not investments in subsidiaries and associated companies, classified by industry were as follows:

(Million Baht)

|                                       | <u>Consolidated</u> |                    | <u>The Bank</u> |                    |
|---------------------------------------|---------------------|--------------------|-----------------|--------------------|
|                                       | <u>31 March</u>     | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
|                                       | <u>2010</u>         | <u>2009</u>        | <u>2010</u>     | <u>2009</u>        |
| Manufacturing and commerce            | 118                 | 118                | 17              | 17                 |
| Property development and construction | 514                 | 522                | 514             | 522                |
| Infrastructure and services           | 271                 | 271                | 271             | 271                |
| Others                                | <u>586</u>          | <u>670</u>         | <u>329</u>      | <u>328</u>         |
| Total                                 | <u>1,489</u>        | <u>1,581</u>       | <u>1,131</u>    | <u>1,138</u>       |

**5.9 Financial position and results of operations of the Bank's subsidiaries**

The summary of financial position and results of operations of the Bank's subsidiaries are set out below:

(Million Baht)

|   | Balance Sheets       |                    |               |                         |                    |               |
|---|----------------------|--------------------|---------------|-------------------------|--------------------|---------------|
|   | <u>31 March 2010</u> |                    |               | <u>31 December 2009</u> |                    |               |
|   | <u>Total</u>         | <u>Total</u>       | <u>Total</u>  | <u>Total</u>            | <u>Total</u>       | <u>Total</u>  |
|   | <u>Assets</u>        | <u>Liabilities</u> | <u>Equity</u> | <u>Assets</u>           | <u>Liabilities</u> | <u>Equity</u> |
| <b>Subsidiary Companies</b>   |                      |                    |               |                         |                    |               |
| K Companies   | 55,832               | 52,295             | 3,537         | 54,307                  | 50,864             | 3,443         |
| Companies in MTGH Group   | 79,208               | 67,484             | 11,724        | 73,660                  | 62,792             | 10,868        |
| Phethai – AMC   | 4,432                | 38                 | 4,394         | 4,463                   | 47                 | 4,416         |
| A Support Service Provider to<br>KASIKORNBANK GROUP<br>(P Companies) and others | <u>10,943</u>        | <u>526</u>         | <u>10,417</u> | <u>11,029</u>           | <u>679</u>         | <u>10,350</u> |
| Total   | <u>150,415</u>       | <u>120,343</u>     | <u>30,072</u> | <u>143,459</u>          | <u>114,382</u>     | <u>29,077</u> |
| <b>Associated Companies</b>   | <u>425</u>           | <u>78</u>          | <u>347</u>    | <u>402</u>              | <u>43</u>          | <u>359</u>    |

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(Million Baht)

|   | Statements of Income                       |              |                      |              |              |            |
|---|--|--------------|----------------------|--------------|--------------|------------|
|   | For the Three-Month Periods Ended 31 March |              |                      |              |              |            |
|   | 2010                                       |              |                      | 2009         |              |            |
|   | Revenue                                    | Expenses     | Net Profit<br>(Loss) | Revenue      | Expenses     | Net Profit |
| <b>Subsidiary Companies</b>   |  |              |                      |              |              |            |
| K Companies   | 1,564                                      | 1,247        | 317                  | 1,256        | 1,091        | 165        |
| Companies in MTGH Group   | 8,038                                      | 7,486        | 552*                 | -            | -            | -          |
| Phethai – AMC   | 16   | 38           | (22)                 | 28           | 11           | 17         |
| A Support Service Provider to<br>KASIKORNBANK GROUP (P Companies)<br>and others | <u>845</u>                                 | <u>786</u>   | <u>59</u>            | <u>704</u>   | <u>648</u>   | <u>56</u>  |
| Total   | <u>10,463</u>                              | <u>9,557</u> | <u>906</u>           | <u>1,988</u> | <u>1,750</u> | <u>238</u> |
| <b>Associated Companies</b>   | <u>49</u>                                  | <u>44</u>    | <u>5</u>             | <u>58</u>    | <u>45</u>    | <u>13</u>  |

\* Excluding inter-group transactions

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**5.10 Disclosure of The Statements of Cash Flows of The Asset Management Company (“AMC”)**

In accordance with the Bank of Thailand’s notification number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the operational regulations of the asset management company, the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Phethai Asset Management Company Limited are as follows:

Phethai Asset Management Company Limited

Statements of Cash Flows

For the Three-Month Periods Ended 31 March 2010 and 2009

(Unaudited)

|   | <u>Million Baht</u> |             |
|---|---------------------|-------------|
|   | <u>2010</u>         | <u>2009</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |                     |             |
| (Loss) Income before income tax   | (22)                | 17          |
| Add (Less) Adjustments to reconcile income before income tax to net cash      |                     |             |
| Gain on investment in securities  | -                   | (1)         |
| Loss on impairment of properties foreclosed                                   | 15                  | -           |
| Reversal of loss on impairment of other assets                                | (1)                 | -           |
| Gain on transfer of changing account  | -                   | (3)         |
| Amortization of discount on promissory note receivables                       | (4)                 | (3)         |
| Increase in accrued expenses  | <u>2</u>            | <u>4</u>    |
|   | (10)                | 14          |
| Net income from interest and dividends  | (10)                | (11)        |
| Interest and dividends received   | 10                  | 14          |
| Interest paid   | -                   | (4)         |
| Income tax received (paid)  | <u>15</u>           | <u>(1)</u>  |
| Net profit from operations before changes in operating assets and liabilities | 5                   | 12          |

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Phethai Asset Management Company Limited  
 Statements of Cash Flows (Continued)  
 For the Three-Month Periods Ended 31 March 2010 and 2009  
 (Unaudited)

|  | <u>Million Baht</u> |             |
|--|---------------------|-------------|
|  | <u>2010</u>         | <u>2009</u> |
| Decrease in operating assets                             |                     |             |
| Investments in receivables                               | 3                   | -           |
| Loans and receivables                                    | 20                  | 28          |
| Properties foreclosed                                    | 363                 | 71          |
| Other assets   | 24                  | 53          |
| (Decrease) increase in operating liabilities             |                     |             |
| Other liabilities  | (11)                | 20          |
| Net Cash Provided by Operating Activities                | <u>404</u>          | <u>184</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                     |             |
| Proceeds from disposal of investments in securities      | -                   | <u>3</u>    |
| Net Cash Provided by Investing Activities                | <u>-</u>            | <u>3</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |                     |             |
| Cash paid for repayment of borrowings from the Bank      | -                   | (185)       |
| Net Cash Used in Financing Activities                    | <u>-</u>            | (185)       |
| Net increase in cash and cash equivalents                | 404                 | 2           |
| Cash and cash equivalents at the beginning of the period | <u>560</u>          | <u>24</u>   |
| Cash and cash equivalents at the end of the period       | <u>964</u>          | <u>26</u>   |



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**6 LOANS AND ACCRUED INTEREST RECEIVABLES**

**6.1 Classified by Account Status**

|   | (Million Baht)                                      |  |   |   |
|---|---|--|---|---|
|   | <u>Consolidated</u>                                 |  |   |   |
|   | <u>31 March 2010</u>                                |  |   |   |
|   | Loans and<br>Accrued Interest<br><u>Receivables</u> | Outstanding Debt<br>after Deduction of<br>Collateral Value/<br>NPV of Cash Flow from<br><u>Debtors or Sale of Collateral</u> | % Used for<br>Calculating<br><u>the Allowance</u> | Allowance for<br><u>Doubtful Accounts</u> |
| Pass  | 900,102   | 300,987  | 1   | 3,010                                     |
| Special Mention   | 19,974  | 5,345  | 2   | 107                                       |
| Sub-Standard  | 6,777   | 1,929  | 100   | 1,929                                     |
| Doubtful  | 8,152   | 2,919  | 100   | 2,919                                     |
| Doubtful of Loss  | <u>21,768</u>                                       | <u>12,413</u>  | 100   | <u>12,413</u>                             |
| Total   | 956,773   | <u>323,593</u>   |   | 20,378                                    |
| Allowance established in<br>excess of BoT's regulations |   |  |   | 9,770                                     |
| Credit balance transaction                              | 1,857   |  |   | -   |
| Loan from Life Insurance business                       | <u>5,191</u>  |  |   | <u>141</u>                                |
| Total   | <u>963,821</u>                                      |  |   | <u>30,289</u>                             |

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(Million Baht)

|   | <u>Consolidated</u>                    |  |                      |                          |
|---|--|--|----------------------|--------------------------|
|   | <u>31 December 2009</u>                |  |                      |                          |
|   | Outstanding Debt<br>after Deduction of |  |                      |                          |
|   | Loans and<br>Accrued Interest          | Collateral Value/<br>NPV of Cash Flow from | % Used for           | Allowance for            |
|   | <u>Receivables</u>                     | <u>Debtors or Sale of Collateral</u>       | <u>the Allowance</u> | <u>Doubtful Accounts</u> |
| Pass  | 879,546                                | 282,937                                    | 1                    | 2,829                    |
| Special Mention   | 20,194                                 | 3,956                                      | 2                    | 79                       |
| Sub-Standard  | 9,240                                  | 3,065                                      | 100                  | 3,061                    |
| Doubtful  | 7,805                                  | 3,020                                      | 100                  | 3,020                    |
| Doubtful of Loss  | <u>20,281</u>                          | <u>11,261</u>                              | 100                  | <u>11,261</u>            |
| Total   | 937,066                                | <u>304,239</u>                             |                      | 20,250                   |
| Allowance established in<br>excess of BoT's regulations |  |  |                      | 9,141                    |
| Credit balance transaction                              | 2,676                                  |  |                      | -                        |
| Loan from Life Insurance business                       | <u>4,687</u>                           |  |                      | <u>135</u>               |
| Total   | <u>944,429</u>                         |  |                      | <u>29,526</u>            |

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(Million Baht)

|   | <u>The Bank</u>                        |  |                           |                          |
|---|--|--|---------------------------|--------------------------|
|   | <u>31 March 2010</u>                   |  |                           |                          |
|   | Outstanding Debt<br>after Deduction of |  |                           |                          |
|   | Loans and<br>Accrued Interest          | Collateral Value/<br>NPV of Cash Flow from | % Used for<br>Calculating | Allowance for            |
|   | <u>Receivables</u>                     | <u>Debtors or Sale of Collateral</u>       | <u>the Allowance</u>      | <u>Doubtful Accounts</u> |
| Pass  | 902,403                                | 346,020                                    | 1                         | 3,460                    |
| Special Mention   | 17,297                                 | 5,176                                      | 2                         | 104                      |
| Sub-Standard  | 6,453                                  | 1,902                                      | 100                       | 1,902                    |
| Doubtful  | 7,954                                  | 2,900                                      | 100                       | 2,900                    |
| Doubtful of Loss  | <u>19,895</u>                          | <u>11,678</u>                              | 100                       | <u>11,678</u>            |
| Total   | <u>954,002</u>                         | <u>367,676</u>                             |                           | 20,044                   |
| Allowance established in<br>excess of BoT's regulations |  |  |                           | <u>9,018</u>             |
| Total   |  |  |                           | <u>29,062</u>            |

(Million Baht)

|   | <u>The Bank</u>                        |  |                           |                          |
|---|--|--|---------------------------|--------------------------|
|   | <u>31 December 2009</u>                |  |                           |                          |
|   | Outstanding Debt<br>after Deduction of |  |                           |                          |
|   | Loans and<br>Accrued Interest          | Collateral Value/<br>NPV of Cash Flow from | % Used for<br>Calculating | Allowance for            |
|   | <u>Receivables</u>                     | <u>Debtors or Sale of Collateral</u>       | <u>the Allowance</u>      | <u>Doubtful Accounts</u> |
| Pass  | 882,611                                | 325,962                                    | 1                         | 3,260                    |
| Special Mention   | 17,070                                 | 3,716                                      | 2                         | 74                       |
| Sub-Standard  | 9,012                                  | 3,057                                      | 100                       | 3,057                    |
| Doubtful  | 7,594                                  | 3,001                                      | 100                       | 3,001                    |
| Doubtful of Loss  | <u>18,611</u>                          | <u>10,531</u>                              | 100                       | <u>10,531</u>            |
| Total   | <u>934,898</u>                         | <u>346,267</u>                             |                           | 19,923                   |
| Allowance established in<br>excess of BoT's regulations |  |  |                           | <u>8,424</u>             |
| Total   |  |  |                           | <u>28,347</u>            |

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**6.2 Unearned interest**

|                   |                      |                         |                      |                         |
|-------------------|----------------------|-------------------------|----------------------|-------------------------|
|                   | (Million Baht)       |                         |                      |                         |
|                   | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|                   | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Unearned interest | 5,185                | 5,185                   | 268                  | 280                     |

**6.3 Non-performing loans (NPL)**

According to the BoT's directive number SOR NOR SOR 68/2551, dated 3 August 2008, titled "Preparation and announcement of condensed report of assets and liabilities of commercial banks" non-performing loans (NPL gross) are defined as sub-standard quality loans, being outstanding loans of sub-standard, doubtful, doubtful of loss and loss loan accounts in accordance with the BoT's directive number SOR NOR SOR 31/2551, dated 3 August 2008, titled "Classification and provision criteria of financial institution".

Non-performing loans, net (NPL net) refers to the non-performing loan value, net of total allowances for doubtful accounts.

In accordance with the BoT's regulations, commercial banks are required to report the following information:

- Non-performing loans (NPL gross).
- The ratio of NPL to total loans.
- Non-performing loans, net (NPL net).
- The ratio of total loans, net of allowances for doubtful accounts, which is referred to the ratio of NPL net, to total loans after deduction of allowances for doubtful accounts.

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The Bank and subsidiaries showed non-performing loans (including financial institutions) to comply with BoT's regulations can be summarized as follows:

|   | (Million Baht)           |                         |                      |                         |
|---|--------------------------|-------------------------|----------------------|-------------------------|
|   | <u>Consolidated</u>      |                         | <u>The Bank</u>      |                         |
|   | <u>31 March 2010</u>     | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| <u>Non-performing loans, gross</u>                              |                          |                         |                      |                         |
| Non-performing loans  | 36,521                   | 37,152                  | 34,155               | 35,072                  |
| Total loans used for NPL gross ratio calculation <sup>(1)</sup> | 1,041,067 <sup>(2)</sup> | 987,203 <sup>(2)</sup>  | 1,038,333            | 985,067                 |
| Ratio of total loans  | 3.51                     | 3.76                    | 3.29                 | 3.56                    |
| <u>Non-performing loans, net</u>                                |                          |                         |                      |                         |
| Non-performing loans  | 18,078                   | 18,473                  | 16,493               | 17,145                  |
| Total loans used for NPL net ratio calculation <sup>(1)</sup>   | 1,022,623 <sup>(2)</sup> | 968,524 <sup>(2)</sup>  | 1,020,671            | 967,141                 |
| Ratio of total loans  | 1.77                     | 1.91                    | 1.62                 | 1.77                    |

<sup>(1)</sup> Excluding loans from KSecurites and MTL.

<sup>(2)</sup> Excluding loans to and from subsidiaries, as of 31 March 2010 and 31 December 2009 amounting to Baht 49,637 million and Baht 47,533 million, respectively.

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**6.4 Non-accrual loans based on the accrual basis**

The Bank and subsidiaries showed non-accrual loans, gross, (including financial institutions) based on the accrual basis to comply with BoT's regulations can be summarized as follows:

|                            | <u>Consolidated</u>      |                         | <u>The Bank</u>      |                         |
|----------------------------|--------------------------|-------------------------|----------------------|-------------------------|
|                            | <u>31 March 2010</u>     | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Non-accrual loans          | 69,092                   | 68,769                  | 66,592               | 66,315                  |
| Total loans used for ratio |                          |                         |                      |                         |
| Calculation <sup>(1)</sup> | 1,041,067 <sup>(2)</sup> | 987,203 <sup>(2)</sup>  | 1,038,333            | 985,067                 |
| Percentage of total loans  | 6.64                     | 6.97                    | 6.41                 | 6.73                    |

<sup>(1)</sup> Excluding loans from KSecurites and MTL.

<sup>(2)</sup> Excluding loans to and from subsidiaries, as of 31 March 2010 and 31 December 2009 amounting to Baht 49,637 million and Baht 47,533 million, respectively.

**6.5 Listed companies that meet SET's criteria for delisting**

Loans to listed companies that meet SET's criteria for delisting were as follows:

|  | <u>Consolidated and The Bank</u> |                   |                  |                         |                   |                  |
|--|----------------------------------|-------------------|------------------|-------------------------|-------------------|------------------|
|  | <u>31 March 2010</u>             |                   |                  | <u>31 December 2009</u> |                   |                  |
|  | <u>Loans and</u>                 | <u>Collateral</u> | <u>Allowance</u> | <u>Loans and</u>        | <u>Collateral</u> | <u>Allowance</u> |
|  | <u>Accrued</u>                   | <u>Value</u>      | <u>for</u>       | <u>Accrued</u>          | <u>Value</u>      | <u>for</u>       |
|  | <u>Interest</u>                  | <u>Value</u>      | <u>Doubtful</u>  | <u>Interest</u>         | <u>Value</u>      | <u>Doubtful</u>  |
|  | <u>Receivable</u>                | <u>Value</u>      | <u>Accounts</u>  | <u>Receivable</u>       | <u>Value</u>      | <u>Accounts</u>  |
| Listed companies which meet SET's criteria for delisting | 499                              | 35                | 406              | 421                     | 30                | 334              |

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**6.6 Transferring of Sub-Standard Quality Assets to Thai Asset Management Corporation (“TAMC”)**

In accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, on 12 October 2001, the Bank signed an Asset Transfer Agreement with TAMC to transfer eligible sub-standard quality assets outstanding as of 31 December 2000 to TAMC. All rights and duties associated with each transferred sub-standard quality asset were transferred to TAMC at a price determined by the appraised value of the underlying collateral assets, provided that the price did not exceed the book value of credits extended, less existing provisions outstanding, as required by law on the transfer date. TAMC has 180 days from the date of each transfer to examine any transferred assets. TAMC will then quote the transfer price within 7 days after the end of the examination period. After confirming the price, TAMC will issue non-transferable 10-year callable promissory notes guaranteed by FIDF. The notes bear interest equal to the weighted average of the deposit rates of five major banks, and are paid at the end of each year by cheque. The rights to these notes and the received notes are included in investments in held-to-maturity debt instruments.

In accordance with the Emergency Decree B.E. 2544 and the Asset Transfer Agreement, TAMC and the Bank will share jointly the profits and responsibility for any losses on transferred assets, which are payable on the fifth and the tenth anniversaries of the transfers, starting from 1 July 2001. In the case of losses, the Bank will first be responsible for any loss, not exceeding 20% of the transfer price. The second portion of losses, again not exceeding 20% of the transfer price, will be equally shared by TAMC and the Bank. Any remaining loss would then be absorbed by TAMC. In addition, expenses of TAMC are included in the calculation of the gain or loss sharing. In the case of profit, the first portion of profits up to 20% of the transfer price is to be shared equally by TAMC and the Bank. Should there be any profit over and above this, the Bank is entitled to the remainder up to the gross book value of the assets, less the transfer price and the Bank's share in the first portion of the profits. As of 31 March 2010 and 31 December 2009, the Bank has set up an estimate for loss sharing amounting to Baht 1,100 million.

For the three-month periods ended 31 March 2010, the Bank did not transfer any sub-standard quality assets to TAMC. The gross book value of the assets transferred before deducting allowance for doubtful accounts up to 31 March 2010 was Baht 14,557 million and the estimated total transfer price up to 31 March 2010 was Baht 10,072 million, for which the Bank received promissory notes from TAMC.

The Bank was informed that loss sharing at the end of the fifth year amounting to Baht 29 million was allocated to the Bank from TAMC. Such allocation is an approximation as the TAMC will calculate the actual profit or loss at the end of the tenth year.

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**7 TROUBLED DEBT RESTRUCTURING**

During the three-month periods ended 31 March 2010 and 2009 the Bank and its subsidiaries engaged in debt restructuring contracts as follows:

|                              | (Million Baht)       |               |                      |               |                      |               |                      |               |
|------------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                              | <u>Consolidated</u>  |               |                      |               | <u>The Bank</u>      |               |                      |               |
|                              | <u>2010</u>          |               | <u>2009</u>          |               | <u>2010</u>          |               | <u>2009</u>          |               |
|                              | Total                | Outstanding   | Total                | Outstanding   | Total                | Outstanding   | Total                | Outstanding   |
| Debt Before                  |                      | Debt Before   |                      | Debt Before   |                      | Debt Before   |                      |               |
| <u>Cases</u>                 | <u>Restructuring</u> | <u>Cases</u>  | <u>Restructuring</u> | <u>Cases</u>  | <u>Restructuring</u> | <u>Cases</u>  | <u>Restructuring</u> |               |
| Debt restructuring contracts |                      |               |                      |               |                      |               |                      |               |
| that incurred losses         | 256                  | 7,628         | 355                  | 7,197         | 254                  | 7,616         | 353                  | 7,194         |
| Debt restructuring contracts |                      |               |                      |               |                      |               |                      |               |
| that incurred no losses      | <u>8,334</u>         | <u>10,553</u> | <u>9,507</u>         | <u>15,517</u> | <u>8,325</u>         | <u>10,535</u> | <u>9,499</u>         | <u>15,504</u> |
| Total                        | <u>8,590</u>         | <u>18,181</u> | <u>9,862</u>         | <u>22,714</u> | <u>8,579</u>         | <u>18,151</u> | <u>9,852</u>         | <u>22,698</u> |



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Losses on debt restructuring for the three-month periods ended 31 March 2010 and 2009 were as follows:

(Million Baht)

| <u>Types of Restructuring</u>       | <u>Cases</u> | <u>Outstanding Debt</u> |                      | <u>Transferred Assets</u>                  |                   | <u>Loss on Debt Restructuring</u> |
|-------------------------------------|--------------|-------------------------|----------------------|--|-------------------|-----------------------------------|
|                                     |              | <u>Before</u>           | <u>After</u>         | <u>Types</u>                               | <u>Fair Value</u> |                                   |
|                                     |              | <u>Restructuring</u>    | <u>Restructuring</u> |  |                   |                                   |
| Transfers of assets                 | 12           | 100                     | -                    | Cash, land,<br>premises<br>and investments | 70                | 30                                |
| Changes of repayment conditions     | 216          | 4,218                   | 4,217                | -  | -                 | 794                               |
| Debt restructuring in various forms | 28           | 3,310                   | 3,096                | Cash, land,<br>premises<br>and investments | 215               | 721                               |
| <b>Total</b>                        | <b>256</b>   | <b>7,628</b>            | <b>7,313</b>         |  | <b>285</b>        | <b>1,545</b>                      |

(Million Baht)

| <u>Types of Restructuring</u>       | <u>Cases</u> | <u>Outstanding Debt</u> |                      | <u>Transferred Assets</u>                  |                   | <u>Loss on Debt Restructuring</u> |
|-------------------------------------|--------------|-------------------------|----------------------|--|-------------------|-----------------------------------|
|                                     |              | <u>Before</u>           | <u>After</u>         | <u>Types</u>                               | <u>Fair Value</u> |                                   |
|                                     |              | <u>Restructuring</u>    | <u>Restructuring</u> |  |                   |                                   |
| Transfers of assets                 | 32           | 218                     | -                    | Cash, land,<br>premises<br>and investments | 169               | 49                                |
| Changes of repayment conditions     | 296          | 4,266                   | 4,266                | -  | -                 | 730                               |
| Debt restructuring in various forms | 27           | 2,713                   | 2,372                | Cash, land,<br>premises<br>and investments | 341               | 233                               |
| <b>Total</b>                        | <b>355</b>   | <b>7,197</b>            | <b>6,638</b>         |  | <b>510</b>        | <b>1,012</b>                      |

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(Million Baht)

| <u>The Bank</u>                     |                   |                         |                      |  |                           |                      |
|-------------------------------------|-------------------|-------------------------|----------------------|--|---------------------------|----------------------|
| <u>31 March 2010</u>                |                   |                         |                      |  |                           |                      |
| <u>Types of Restructuring</u>       | <u>Cases</u>      | <u>Outstanding Debt</u> |                      | <u>Types</u>                               | <u>Transferred Assets</u> | <u>Loss on</u>       |
|                                     |                   | <u>Before</u>           | <u>After</u>         |  | <u>Fair Value</u>         | <u>Debt</u>          |
|                                     |                   | <u>Restructuring</u>    | <u>Restructuring</u> |  | <u>Fair Value</u>         | <u>Restructuring</u> |
| Transfers of assets                 | 12                | 100                     | -                    | Cash, land,<br>premises<br>and investments | 70                        | 30                   |
| Changes of repayment conditions     | 214               | 4,206                   | 4,206                | -  | -                         | 794                  |
| Debt restructuring in various forms | 28                | 3,310                   | 3,096                | Cash, land,<br>premises<br>and investments | 215                       | 721                  |
| <b>Total</b>                        | <b><u>254</u></b> | <b><u>7,616</u></b>     | <b><u>7,302</u></b>  |  | <b><u>285</u></b>         | <b><u>1,545</u></b>  |

(Million Baht)

| <u>The Bank</u>                     |                   |                         |                      |  |                           |                      |
|-------------------------------------|-------------------|-------------------------|----------------------|--|---------------------------|----------------------|
| <u>31 March 2009</u>                |                   |                         |                      |  |                           |                      |
| <u>Types of Restructuring</u>       | <u>Cases</u>      | <u>Outstanding Debt</u> |                      | <u>Types</u>                               | <u>Transferred Assets</u> | <u>Loss on</u>       |
|                                     |                   | <u>Before</u>           | <u>After</u>         |  | <u>Fair Value</u>         | <u>Debt</u>          |
|                                     |                   | <u>Restructuring</u>    | <u>Restructuring</u> |  | <u>Fair Value</u>         | <u>Restructuring</u> |
| Transfers of assets                 | 32                | 218                     | -                    | Cash, land,<br>premises<br>and investments | 169                       | 49                   |
| Changes of repayment conditions     | 296               | 4,266                   | 4,266                | -  | -                         | 730                  |
| Debt restructuring in various forms | 25                | 2,710                   | 2,369                | Cash, land,<br>premises<br>and investments | 341                       | 233                  |
| <b>Total</b>                        | <b><u>353</u></b> | <b><u>7,194</u></b>     | <b><u>6,635</u></b>  |  | <b><u>510</u></b>         | <b><u>1,012</u></b>  |

The Bank and its subsidiaries measure the expected recoverable amounts of loans restructured by changing repayment conditions by using the present value of future cash flows discounted by the market rate.

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The terms of debt restructuring agreements with debts which were restructured by changing the repayment conditions and restructured in various other ways and which resulted in losses on debt restructuring during the three-month periods ended 31 March 2010 and 2009 were as follows:

(Million Baht)

|                          |            | <u>Consolidated</u>     |               |              |                         |               |               |              |
|--------------------------|------------|-------------------------|---------------|--------------|-------------------------|---------------|---------------|--------------|
|                          |            | <u>2010</u>             |               |              | <u>2009</u>             |               |               |              |
|                          |            | <u>Outstanding Debt</u> |               |              | <u>Outstanding Debt</u> |               |               |              |
| Terms of debt            |            | Before                  | After         | End of       | Before                  | After         | End of        |              |
| restructuring agreements | Cases      | Restructuring           | Restructuring | Period       | Cases                   | Restructuring | Restructuring | Period       |
| Less than 5 years        | 226        | 4,353                   | 4,138         | 4,088        | 246                     | 2,457         | 2,171         | 2,348        |
| 5 to 10 years            | 8          | 880                     | 880           | 878          | 51                      | 4,420         | 4,365         | 4,362        |
| Over 10 years            | <u>10</u>  | <u>2,295</u>            | <u>2,295</u>  | <u>2,294</u> | <u>26</u>               | <u>102</u>    | <u>102</u>    | <u>102</u>   |
| Total                    | <u>244</u> | <u>7,528</u>            | <u>7,313</u>  | <u>7,260</u> | <u>323</u>              | <u>6,979</u>  | <u>6,638</u>  | <u>6,812</u> |

(Million Baht)

|                          |            | <u>The Bank</u>         |               |              |                         |               |               |              |
|--------------------------|------------|-------------------------|---------------|--------------|-------------------------|---------------|---------------|--------------|
|                          |            | <u>2010</u>             |               |              | <u>2009</u>             |               |               |              |
|                          |            | <u>Outstanding Debt</u> |               |              | <u>Outstanding Debt</u> |               |               |              |
| Terms of debt            |            | Before                  | After         | End of       | Before                  | After         | End of        |              |
| restructuring agreements | Cases      | Restructuring           | Restructuring | Period       | Cases                   | Restructuring | Restructuring | Period       |
| Less than 5 years        | 224        | 4,341                   | 4,127         | 4,079        | 244                     | 2,454         | 2,168         | 2,145        |
| 5 to 10 years            | 8          | 880                     | 880           | 878          | 51                      | 4,420         | 4,365         | 4,362        |
| Over 10 years            | <u>10</u>  | <u>2,295</u>            | <u>2,295</u>  | <u>2,294</u> | <u>26</u>               | <u>102</u>    | <u>102</u>    | <u>102</u>   |
| Total                    | <u>242</u> | <u>7,516</u>            | <u>7,302</u>  | <u>7,251</u> | <u>321</u>              | <u>6,976</u>  | <u>6,635</u>  | <u>6,609</u> |

The Bank and its subsidiaries recognized interest income from debt restructuring for the three-month periods ended 31 March 2010 and 2009 were as follows:

(Million Baht)

|   | <u>Consolidated</u> |             | <u>The Bank</u> |             |
|---|---------------------|-------------|-----------------|-------------|
|   | <u>2010</u>         | <u>2009</u> | <u>2010</u>     | <u>2009</u> |
| Debt restructuring contracts that incurred losses | 196                 | 238         | 195             | 238         |

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The Bank had commitments to extend additional loans to these borrowers as follows:

|   | (Million Baht)                   |                         |
|---|----------------------------------|-------------------------|
|   | <u>Consolidated and The Bank</u> |                         |
|   | <u>31 March 2010</u>             | <u>31 December 2009</u> |
| Debt restructuring contracts that incurred losses | 434                              | 402                     |

The Bank and its subsidiaries had outstanding balances on debtors which were restructured during the period/year as follows:

|  | (Million Baht)       |                         |                      |                         |
|--|----------------------|-------------------------|----------------------|-------------------------|
|  | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|  | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Debt restructuring contracts that incurred losses    | 7,260                | 14,968                  | 7,251                | 14,963                  |
| Debt restructuring contracts that incurred no losses | <u>9,025</u>         | <u>26,156</u>           | <u>9,020</u>         | <u>26,133</u>           |
| Total  | <u>16,285</u>        | <u>41,124</u>           | <u>16,271</u>        | <u>41,096</u>           |

The Bank and its subsidiaries had outstanding balances relating to all restructured debtors which had been performing in accordance with debt restructuring agreements as follows:

|  | (Million Baht)       |                         |                      |                         |
|--|----------------------|-------------------------|----------------------|-------------------------|
|  | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|  | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Debt restructuring contracts that incurred losses    | 23,976               | 24,224                  | 23,960               | 23,979                  |
| Debt restructuring contracts that incurred no losses | <u>36,471</u>        | <u>36,177</u>           | <u>36,388</u>        | <u>36,088</u>           |
| Total  | <u>60,447</u>        | <u>60,401</u>           | <u>60,348</u>        | <u>60,067</u>           |

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**8 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The movements in the allowance for doubtful accounts during the period/year were as follows:

(Million Baht)

|  | <u>Consolidated</u>  |                |                 |                 |                 |                        |                   |               |
|--|----------------------|----------------|-----------------|-----------------|-----------------|------------------------|-------------------|---------------|
|  | <u>31 March 2010</u> |                |                 |                 |                 |                        |                   |               |
|  | <u>Pass</u>          | <u>Special</u> | <u>Sub-</u>     | <u>Doubtful</u> | <u>Doubtful</u> | <u>Allowances</u>      | <u>Allowances</u> | <u>Total</u>  |
|  |                      | <u>Mention</u> | <u>Standard</u> | <u>Doubtful</u> | <u>of Loss</u>  | <u>excess of BoT's</u> | <u>from</u>       |               |
|  |                      |                |                 |                 |                 | <u>Regulations</u>     | <u>Business</u>   |               |
| Balance at the beginning of the period | 2,829                | 79             | 3,061           | 3,020           | 11,261          | 9,141                  | 135               | 29,526        |
| Doubtful accounts (reversal)           | 181                  | 28             | (1,132)         | (101)           | 652             | 616                    | (2)               | 242           |
| Bad debt written off                   | -                    | -              | -               | -               | (554)           | -                      | -                 | (554)         |
| Others                                 | -                    | -              | -               | -               | 1,054           | 13                     | 8                 | 1,075         |
| Balance at the end of the period       | <u>3,010</u>         | <u>107</u>     | <u>1,929</u>    | <u>2,919</u>    | <u>12,413</u>   | <u>9,770</u>           | <u>141</u>        | <u>30,289</u> |

(Million Baht)

|                                      | <u>Consolidated</u>     |                |                 |                 |                 |                        |                   |               |
|--------------------------------------|-------------------------|----------------|-----------------|-----------------|-----------------|------------------------|-------------------|---------------|
|                                      | <u>31 December 2009</u> |                |                 |                 |                 |                        |                   |               |
|                                      | <u>Pass</u>             | <u>Special</u> | <u>Sub-</u>     | <u>Doubtful</u> | <u>Doubtful</u> | <u>Allowances</u>      | <u>Allowances</u> | <u>Total</u>  |
|                                      |                         | <u>Mention</u> | <u>Standard</u> | <u>Doubtful</u> | <u>of Loss</u>  | <u>excess of BoT's</u> | <u>from</u>       |               |
|                                      |                         |                |                 |                 |                 | <u>Regulations</u>     | <u>Business</u>   |               |
| Balance at the beginning of the year | 3,031                   | 219            | 2,350           | 2,437           | 11,954          | 6,403                  | -                 | 26,394        |
| Transfer from business combination   | -                       | -              | -               | -               | -               | -                      | 149               | 149           |
| Doubtful accounts (reversal)         | (202)                   | (139)          | 711             | 583             | 3,278           | 2,804                  | (14)              | 7,021         |
| Bad debt written off                 | -                       | (1)            | -               | -               | (5,469)         | -                      | -                 | (5,470)       |
| Others                               | -                       | -              | -               | -               | 1,498           | (66)                   | -                 | 1,432         |
| Balance at the end of the year       | <u>2,829</u>            | <u>79</u>      | <u>3,061</u>    | <u>3,020</u>    | <u>11,261</u>   | <u>9,141</u>           | <u>135</u>        | <u>29,526</u> |

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(Million Baht)

|  | <u>The Bank</u>      |                |                 |                 |                 |                        |               |
|--|----------------------|----------------|-----------------|-----------------|-----------------|------------------------|---------------|
|  | <u>31 March 2010</u> |                |                 |                 |                 |                        |               |
|  | <u>Pass</u>          | <u>Special</u> | <u>Sub-</u>     | <u>Doubtful</u> | <u>Doubtful</u> | <u>Allowances</u>      |               |
|  |                      | <u>Mention</u> | <u>Standard</u> | <u>Doubtful</u> | <u>of Loss</u>  | <u>Regulations</u>     | <u>Total</u>  |
|  |                      |                |                 |                 |                 | <u>excess of BoT's</u> |               |
|  |                      |                |                 |                 |                 |                        |               |
| Balance at the beginning of the period | 3,260                | 74             | 3,057           | 3,001           | 10,531          | 8,424                  | 28,347        |
| Doubtful accounts (reversal)           | 200                  | 30             | (1,155)         | (101)           | 618             | 594                    | 186           |
| Bad debt written off                   | -                    | -              | -               | -               | (511)           | -                      | (511)         |
| Others                                 | <u>-</u>             | <u>-</u>       | <u>-</u>        | <u>-</u>        | <u>1,040</u>    | <u>-</u>               | <u>1,040</u>  |
| Balance at the end of the period       | <u>3,460</u>         | <u>104</u>     | <u>1,902</u>    | <u>2,900</u>    | <u>11,678</u>   | <u>9,018</u>           | <u>29,062</u> |

(Million Baht)

|                                      | <u>The Bank</u>         |                |                 |                 |                 |                        |               |
|--------------------------------------|-------------------------|----------------|-----------------|-----------------|-----------------|------------------------|---------------|
|                                      | <u>31 December 2009</u> |                |                 |                 |                 |                        |               |
|                                      | <u>Pass</u>             | <u>Special</u> | <u>Sub-</u>     | <u>Doubtful</u> | <u>Doubtful</u> | <u>Allowances</u>      |               |
|                                      |                         | <u>Mention</u> | <u>Standard</u> | <u>Doubtful</u> | <u>of Loss</u>  | <u>Regulations</u>     | <u>Total</u>  |
|                                      |                         |                |                 |                 |                 | <u>excess of BoT's</u> |               |
|                                      |                         |                |                 |                 |                 |                        |               |
| Balance at the beginning of the year | 3,371                   | 216            | 2,332           | 2,384           | 11,089          | 5,733                  | 25,125        |
| Doubtful accounts (reversal)         | (111)                   | (142)          | 725             | 617             | 3,093           | 2,691                  | 6,873         |
| Bad debt written off                 | -                       | -              | -               | -               | (5,189)         | -                      | (5,189)       |
| Others                               | <u>-</u>                | <u>-</u>       | <u>-</u>        | <u>-</u>        | <u>1,538</u>    | <u>-</u>               | <u>1,538</u>  |
| Balance at the end of the year       | <u>3,260</u>            | <u>74</u>      | <u>3,057</u>    | <u>3,001</u>    | <u>10,531</u>   | <u>8,424</u>           | <u>28,347</u> |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**9 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING**

The movements in the revaluation allowance for debt restructuring during the period/year were as follows:

|   | (Million Baht)       |                         |                      |                         |
|---|----------------------|-------------------------|----------------------|-------------------------|
|   | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|   | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Balance at the beginning of the period/year | 4,518                | 3,378                   | 4,493                | 3,378                   |
| Increase                                    | 1,563                | 2,890                   | 1,563                | 2,877                   |
| Change of classification                    | (13)                 | 15                      | -                    | -                       |
| Amortization to interest income             | (75)                 | (276)                   | (75)                 | (272)                   |
| Others                                      | <u>(1,019)</u>       | <u>(1,489)</u>          | <u>(1,008)</u>       | <u>(1,490)</u>          |
| Balance at the end of the period/year       | <u>4,974</u>         | <u>4,518</u>            | <u>4,973</u>         | <u>4,493</u>            |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**10 CLASSIFIED ASSETS**

Assets of the Bank and its subsidiaries, classified as investments, loans and accrued interest receivables (including financial institutions), properties foreclosed and other assets, were categorized by quality in compliance with the BoT's regulations, taking into account analyses of each loan and appraisal of the financial standing of each borrower, as follows:

(Million Baht)

|                  | <u>Consolidated</u>  |  |                                  |                     |                  |
|------------------|----------------------|--|----------------------------------|---------------------|------------------|
|                  | <u>31 March 2010</u> |  |                                  |                     |                  |
|                  | <u>Investments</u>   | <u>Loans and Accrued<br/>Interest Receivable</u> | <u>Properties<br/>Foreclosed</u> | <u>Other Assets</u> | <u>Total</u>     |
| Pass             | -                    | 984,666  | -                                | -                   | 984,666          |
| Special Mention  | -                    | 19,889   | -                                | -                   | 19,889           |
| Sub-Standard     | -                    | 6,777  | -                                | -                   | 6,777            |
| Doubtful         | -                    | 8,152  | -                                | -                   | 8,152            |
| Doubtful of Loss | <u>3,678</u>         | <u>21,768</u>                                    | <u>589</u>                       | <u>1,185</u>        | <u>27,220</u>    |
| Total            | <u>3,678</u>         | <u>1,041,252</u>                                 | <u>589</u>                       | <u>1,185</u>        | <u>1,046,704</u> |

(Million Baht)

|                  | <u>Consolidated</u>     |  |                                  |                     |                |
|------------------|-------------------------|--|----------------------------------|---------------------|----------------|
|                  | <u>31 December 2009</u> |  |                                  |                     |                |
|                  | <u>Investments</u>      | <u>Loans and Accrued<br/>Interest Receivable</u> | <u>Properties<br/>Foreclosed</u> | <u>Other Assets</u> | <u>Total</u>   |
| Pass             | -                       | 929,946  | -                                | -                   | 929,946        |
| Special Mention  | -                       | 20,109   | -                                | -                   | 20,109         |
| Sub-Standard     | -                       | 9,240  | -                                | -                   | 9,240          |
| Doubtful         | -                       | 7,805  | -                                | -                   | 7,805          |
| Doubtful of Loss | <u>3,745</u>            | <u>20,281</u>                                    | <u>872</u>                       | <u>1,190</u>        | <u>26,088</u>  |
| Total            | <u>3,745</u>            | <u>987,381</u>                                   | <u>872</u>                       | <u>1,190</u>        | <u>993,188</u> |



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(Million Baht)

|                  | <u>The Bank</u>      |                            |                   |                     |                  |
|------------------|----------------------|----------------------------|-------------------|---------------------|------------------|
|                  | <u>31 March 2010</u> |                            |                   |                     |                  |
|                  |                      | Loans and Accrued          | Properties        |                     |                  |
|                  | <u>Investments</u>   | <u>Interest Receivable</u> | <u>Foreclosed</u> | <u>Other Assets</u> | <u>Total</u>     |
| Pass             | -                    | 986,967                    | -                 | -                   | 986,967          |
| Special Mention  | -                    | 17,212                     | -                 | -                   | 17,212           |
| Sub-Standard     | -                    | 6,453                      | -                 | -                   | 6,453            |
| Doubtful         | -                    | 7,954                      | -                 | -                   | 7,954            |
| Doubtful of Loss | <u>3,665</u>         | <u>19,895</u>              | <u>399</u>        | <u>1,184</u>        | <u>25,143</u>    |
| Total            | <u>3,665</u>         | <u>1,038,481</u>           | <u>399</u>        | <u>1,184</u>        | <u>1,043,729</u> |

(Million Baht)

|                  | <u>The Bank</u>         |                            |                   |                     |                |
|------------------|-------------------------|----------------------------|-------------------|---------------------|----------------|
|                  | <u>31 December 2009</u> |                            |                   |                     |                |
|                  |                         | Loans and Accrued          | Properties        |                     |                |
|                  | <u>Investments</u>      | <u>Interest Receivable</u> | <u>Foreclosed</u> | <u>Other Assets</u> | <u>Total</u>   |
| Pass             | -                       | 933,012                    | -                 | -                   | 933,012        |
| Special Mention  | -                       | 16,984                     | -                 | -                   | 16,984         |
| Sub-Standard     | -                       | 9,012                      | -                 | -                   | 9,012          |
| Doubtful         | -                       | 7,594                      | -                 | -                   | 7,594          |
| Doubtful of Loss | <u>3,730</u>            | <u>18,611</u>              | <u>501</u>        | <u>1,188</u>        | <u>24,030</u>  |
| Total            | <u>3,730</u>            | <u>985,213</u>             | <u>501</u>        | <u>1,188</u>        | <u>990,632</u> |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**11 CAPITAL REQUIREMENTS**

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 March 2010 and 31 December 2009 were calculated from the financial statements of the Bank. The Bank has chosen to adopt the Standardized Approach in compliance with Basel II Accord, which is consistent with the BoT requirements.

|   | (Million Baht)       |                         |
|---|----------------------|-------------------------|
|   | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Tier 1 Capital  |                      |                         |
| Issued and fully paid up share capital, premiums on share capital   | 42,036               | 42,036                  |
| Legal reserves  | 3,050                | 3,050                   |
| Net income after appropriation  | 57,876               | 57,876                  |
| <u>Less</u> Investments in subordinated debt of other financial institutions (Already included in their capital requirements) | <u>(1)</u>           | <u>(1)</u>              |
| Total Tier 1 Capital Base   | <u>102,961</u>       | <u>102,961</u>          |
| Tier 2 Capital  |                      |                         |
| Surplus on land revaluation   | 4,585                | 4,585                   |
| Surplus on premises revaluation   | 2,086                | 2,106                   |
| Surplus on marketable equity securities revaluation   | 290                  | 290                     |
| Provision for normal assets   | 12,506               | 11,698                  |
| Subordinated debentures   | 30,852               | 30,852                  |
| <u>Less</u> Investments in subordinated debt of other financial institutions (Already included in their capital requirements) | <u>(1)</u>           | <u>(1)</u>              |
| Total Tier 2 Capital Base   | <u>50,318</u>        | <u>49,530</u>           |
| Total Capital   | <u>153,279</u>       | <u>152,491</u>          |

The BoT's regulations requires that banks registered in Thailand maintain a capital adequacy ratio of not less than 8.5% and that tier-1 capital ratio must not be less than 4.25% of such assets and contingencies. Capital adequacy ratios maintained by the Bank were as follows:

|                        | Percentage           |                         |
|------------------------|----------------------|-------------------------|
|                        | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Capital adequacy ratio | 15.03                | 15.19                   |
| Tier-1 Capital ratio   | 10.09                | 10.25                   |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**12 ASSETS PLEDGED AS COLLATERAL**

Assets pledged as collateral as consisted of:

|                         | (Million Baht)       |                         |                      |                         |
|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                         | <u>Consolidated</u>  |                         | <u>The Bank</u>      |                         |
|                         | <u>31 March 2010</u> | <u>31 December 2009</u> | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Deposits                | 1,254                | 1,024                   | 1,156                | 926                     |
| Government bonds        | 40,082               | 43,699                  | 28,899               | 32,517                  |
| State enterprises bonds | <u>411</u>           | <u>411</u>              | <u>101</u>           | <u>101</u>              |
| Total                   | <u>41,747</u>        | <u>45,134</u>           | <u>30,156</u>        | <u>33,544</u>           |

The Bank has pledged these assets as collateral for derivatives, for electricity consumption, for court collateral and for repurchase agreements.

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**13 COMMITMENTS**

Commitments consisted of:

(Million Baht)

|                          | <u>Consolidated</u>  |                           |                  |                         |                           |                  |
|--------------------------|----------------------|---------------------------|------------------|-------------------------|---------------------------|------------------|
|                          | <u>31 March 2010</u> |                           |                  | <u>31 December 2009</u> |                           |                  |
|                          | <u>Baht</u>          | <u>Foreign Currencies</u> | <u>Total</u>     | <u>Baht</u>             | <u>Foreign Currencies</u> | <u>Total</u>     |
| Avals on bills           | 3,464                | -                         | 3,464            | 2,314                   | -                         | 2,314            |
| Letters of indemnity-    |                      |                           |                  |                         |                           |                  |
| borrowing                | 13                   | 122                       | 135              | 7                       | 133                       | 140              |
| Other guarantees         | 98,460               | 7,330                     | 105,790          | 92,885                  | 8,397                     | 101,282          |
| Letters of credit        | 1,706                | 20,457                    | 22,163           | 1,312                   | 19,840                    | 21,152           |
| Exchange rate agreements |                      |                           |                  |                         |                           |                  |
| Purchase agreements      | 47,588               | 341,151                   | 388,739          | 41,279                  | 392,680                   | 433,959          |
| Sale agreements          | 157,601              | 368,326                   | 525,927          | 170,529                 | 437,840                   | 608,369          |
| Interest rate agreements |                      |                           |                  |                         |                           |                  |
| Purchase agreements      | 666,175              | 64,993                    | 731,168          | 668,217                 | 66,792                    | 735,009          |
| Sale agreements          | 665,721              | 64,993                    | 730,714          | 667,763                 | 66,792                    | 734,555          |
| Credit Default Swap      | 100                  | -                         | 100              | 100                     | -                         | 100              |
| Unused credit line of    |                      |                           |                  |                         |                           |                  |
| overdraft                | 155,242              | -                         | 155,242          | 149,339                 | -                         | 149,339          |
| Others                   | <u>3,745</u>         | <u>22,266</u>             | <u>26,011</u>    | <u>3,007</u>            | <u>21,612</u>             | <u>24,619</u>    |
| Total                    | <u>1,799,815</u>     | <u>889,638</u>            | <u>2,689,453</u> | <u>1,796,752</u>        | <u>1,014,086</u>          | <u>2,810,838</u> |

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(Million Baht)

|                          | <u>The Bank</u>         |                           |                         |                         |                           |                         |
|--------------------------|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
|                          | <u>31 March 2010</u>    |                           |                         | <u>31 December 2009</u> |                           |                         |
|                          | <u>Baht</u>             | <u>Foreign Currencies</u> | <u>Total</u>            | <u>Baht</u>             | <u>Foreign Currencies</u> | <u>Total</u>            |
| Avals on bills           | 3,464                   | -                         | 3,464                   | 2,314                   | -                         | 2,314                   |
| Letters of indemnity-    |                         |                           |                         |                         |                           |                         |
| borrowing                | 13                      | 122                       | 135                     | 7                       | 133                       | 140                     |
| Other guarantees         | 98,443                  | 7,301                     | 105,744                 | 92,885                  | 8,397                     | 101,282                 |
| Letters of credit        | 1,706                   | 20,457                    | 22,163                  | 1,312                   | 19,840                    | 21,152                  |
| Exchange rate agreements |                         |                           |                         |                         |                           |                         |
| Purchase agreements      | 47,588                  | 341,272                   | 388,860                 | 41,279                  | 392,690                   | 433,969                 |
| Sale agreements          | 157,601                 | 368,326                   | 525,927                 | 170,529                 | 437,840                   | 608,369                 |
| Interest rate agreements |                         |                           |                         |                         |                           |                         |
| Purchase agreements      | 666,175                 | 64,993                    | 731,168                 | 668,217                 | 66,792                    | 735,009                 |
| Sale agreements          | 665,721                 | 64,993                    | 730,714                 | 667,763                 | 66,792                    | 734,555                 |
| Credit Default Swap      | 100                     | -                         | 100                     | 100                     | -                         | 100                     |
| Unused credit line of    |                         |                           |                         |                         |                           |                         |
| overdraft                | 155,242                 | -                         | 155,242                 | 149,339                 | -                         | 149,339                 |
| Others                   | <u>3,737</u>            | <u>22,267</u>             | <u>26,004</u>           | <u>2,959</u>            | <u>21,569</u>             | <u>24,528</u>           |
| <b>Total</b>             | <b><u>1,799,790</u></b> | <b><u>889,731</u></b>     | <b><u>2,689,521</u></b> | <b><u>1,796,704</u></b> | <b><u>1,014,053</u></b>   | <b><u>2,810,757</u></b> |

Under normal business operations, the Bank is a defendant in various litigation against the Bank. These include cases of wrongful acts brought against the Bank, with total claims amounting to Baht 9,665 million and Baht 9,613 million as of 31 March 2010 and 31 December 2009, respectively. The Management believes that any liability resulting from this litigation will not be material to the Bank's financial position or on the results of its operations.

As of 31 March 2010 and 31 December 2009, Muang Thai Life Assurance Company Limited has been sued as insurer, with claims amounting to approximately Baht 135 million and Baht 129 million, The Management believes that any liability resulting from this litigation will not be material to the company financial position or on the results of its operations.

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**14 RELATED PARTY TRANSACTIONS AND BALANCES**

14.1 Loans and contingencies made to officers<sup>(1)</sup> and to business entities where the Bank and its subsidiaries, their directors or officers, hold 10% or more of their paid-up capital, in which market price as charged as with other normal business, are summarized as follows:

(Million Baht)

|  | <u>Consolidated</u>  |                         |
|--|----------------------|-------------------------|
|  | <u>31 March 2010</u> | <u>31 December 2009</u> |
|  | <u>End of Period</u> | <u>End of Year</u>      |
| <u>Loans</u>   |                      |                         |
| 1. Officers  | 8                    | 18                      |
| 2. Business entities where the Bank and subsidiaries,<br>their directors or officers, hold 10% or more<br>of the paid - up capital | <u>841</u>           | <u>849</u>              |
| Total  | <u>849</u>           | <u>867</u>              |
| <u>Contingencies</u>   |                      |                         |
| 1. Officers  | -                    | -                       |
| 2. Business entities where the Bank and subsidiaries,<br>their directors or officers, hold 10% or more<br>of the paid - up capital | <u>-</u>             | <u>-</u>                |
| Total  | <u>-</u>             | <u>-</u>                |

(Million Baht)

|   | <u>The Bank</u>      |                         |
|---|----------------------|-------------------------|
|   | <u>31 March 2010</u> | <u>31 December 2009</u> |
|   | <u>End of Period</u> | <u>End of Year</u>      |
| <u>Loans</u>  |                      |                         |
| 1. Officers   | 8                    | 18                      |
| 2. Business entities where the Bank,<br>its directors or officers, hold 10% or more<br>of the paid - up capital | <u>49,938</u>        | <u>47,826</u>           |
| Total   | <u>49,946</u>        | <u>47,844</u>           |
| <u>Contingencies</u>  |                      |                         |
| 1. Officers   | -                    | -                       |
| 2. Business entities where the Bank,<br>its directors or officers, hold 10% or more<br>of the paid - up capital | <u>32</u>            | <u>31</u>               |
| Total   | <u>32</u>            | <u>31</u>               |

<sup>(1)</sup> Officers include directors and those who hold management positions (department head level and above) in the Financial Accounting Management and Financial Planning Departments.

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14.2 Related Parties

Relationships between the Bank and other business entities where control exists for the period/year ended 31 March 2010 and 31 December 2009 are explained in Note 5.7

14.3 Significant transactions occurring between the Bank and the Phethai Asset Management Company Limited are summarized as follows:

|                              | (Million Baht)       |                         |
|------------------------------|----------------------|-------------------------|
|                              | <u>The Bank</u>      |                         |
|                              | <u>31 March 2010</u> | <u>31 December 2009</u> |
| Loans                        |                      |                         |
| Beginning of the period/year | -                    | 530                     |
| Deduction                    | <u>-</u>             | <u>(530)</u>            |
| End of the period/year       | <u>-</u>             | <u>-</u>                |
| Accrued interest receivables | -                    | 3                       |
| Unearned interest            | 3                    | -                       |
| Deposits                     | 962                  | 561                     |

|                 | (Million Baht)                                    |             |
|-----------------|---|-------------|
|                 | <u>The Bank</u>                                   |             |
|                 | <u>For the Three-Month Periods Ended 31 March</u> |             |
|                 | <u>2010</u>                                       | <u>2009</u> |
| Interest income | -   | 3           |
| Other income    | 2   | 4           |

Loans to Phethai Asset Management Company Limited are 3-month bills with interest rates equal to the interest rate of a 3-month fixed deposit. Deposits were pledged as collateral. As of 31 December 2008, the pledged deposits were Baht 18 million. There is no loan to Phethai Asset Management Company Limited as of 31 March 2010.

Income and expenses shared between the Bank and Phethai Asset Management Company Limited are charged at cost, except for fee income, which is charged at market price.

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14.4 Additional transactions occurring between the Bank and related business entities, which are charged at market price as with other normal business or the price as stipulated in the agreement, are as follows:

14.4.1 Assets, liabilities and contingencies between the Bank, its subsidiary and associated companies excluding Phethai Asset Management Company are summarized as follows:

(Million Baht)

|   | <u>Consolidated</u> |                    | <u>The Bank</u> |                    |
|---|---------------------|--------------------|-----------------|--------------------|
|   | <u>31 March</u>     | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
|   | <u>2010</u>         | <u>2009</u>        | <u>2010</u>     | <u>2009</u>        |
| <u>Loans</u>                                |                     |                    |                 |                    |
| Subsidiary Companies                        |                     |                    |                 |                    |
| - KASIKORN LEASING CO., LTD.                | -                   | -                  | 45,218          | 43,115             |
| - KASIKORN FACTORY & EQUIPMENT<br>CO., LTD. | -                   | -                  | 3,876           | 3,860              |
| <u>Other Assets</u>                         |                     |                    |                 |                    |
| Subsidiary Companies                        |                     |                    |                 |                    |
| - KASIKORN ASSET MANAGEMENT<br>CO., LTD.    | -                   | -                  | 64              | 48                 |
| - KASIKORN LEASING CO., LTD.                | -                   | -                  | 9               | 10                 |
| - Muang Thai Life Assurance Co., Ltd.       | -                   | -                  | -               | 117                |



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(Million Baht)

|   | <u>Consolidated</u> |                    | <u>The Bank</u> |                    |
|---|---------------------|--------------------|-----------------|--------------------|
|   | <u>31 March</u>     | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
|   | <u>2010</u>         | <u>2009</u>        | <u>2010</u>     | <u>2009</u>        |
| <u>Deposits</u>                             |                     |                    |                 |                    |
| Subsidiary Companies                        |                     |                    |                 |                    |
| - Muang Thai Life Assurance Co., Ltd.       | -                   | -                  | 659             | 636                |
| - KASIKORN ASSET MANAGEMENT<br>CO., LTD.    | -                   | -                  | 355             | 1,073              |
| - KASIKORN LEASING CO., LTD.                | -                   | -                  | 210             | 400                |
| - Progress Gunpai Co., Ltd.                 | -                   | -                  | 180             | 176                |
| - Progress Software Co., Ltd.               | -                   | -                  | 83              | 105                |
| - KASIKORN FACTORY & EQUIPMENT<br>CO., LTD. | -                   | -                  | 70              | 139                |
| - Progress Appraisal Co., Ltd.              | -                   | -                  | 64              | 59                 |
| - Progress Service Co., Ltd.                | -                   | -                  | 51              | 52                 |
| - Progress Land and Buildings Co., Ltd.     | -                   | -                  | 39              | 39                 |
| - Progress HR Co., Ltd                      | -                   | -                  | 38              | 30                 |
| - KASIKORN RESEARCH CENTER<br>CO., LTD.     | -                   | -                  | 35              | 47                 |
| - Progress Facilities Management Co., Ltd.  | -                   | -                  | 32              | 35                 |
| - Progress Plus Co., Ltd.                   | -                   | -                  | 31              | 53                 |
| - K-SME Venture Capital Co., Ltd            | -                   | -                  | 28              | 29                 |
| - Progress Storage Co., Ltd.                | -                   | -                  | 24              | 24                 |
| - Progress Management Co., Ltd.             | -                   | -                  | 23              | 27                 |
| - Progress Service Support Co., Ltd.        | -                   | -                  | 22              | 46                 |
| - Muangthai Group Holding Co., Ltd.         | -                   | -                  | 16              | 411                |
| - Progress Training Co.,Ltd.                | -                   | -                  | 7               | 10                 |
| Associated Company                          |                     |                    |                 |                    |
| - Processing Center Co., Ltd.               | 17                  | 4                  | 17              | 4                  |

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(Million Baht)

|   | <u>Consolidated</u> |                    | <u>The Bank</u> |                    |
|---|---------------------|--------------------|-----------------|--------------------|
|   | <u>31 March</u>     | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
|   | <u>2010</u>         | <u>2009</u>        | <u>2010</u>     | <u>2009</u>        |
| <u>Interbank and Money Market Items (Liabilities)</u> |                     |                    |                 |                    |
| Subsidiary Company                                    |                     |                    |                 |                    |
| - KASIKORN SECURITIES PCL                             | -                   | -                  | 1,228           | 1,018              |
| <u>Borrowings</u>                                     |                     |                    |                 |                    |
| Subsidiary Companies                                  |                     |                    |                 |                    |
| - KASIKORN ASSET MANAGEMENT<br>CO., LTD.              | -                   | -                  | 503             | 578                |
| - Muangthai Group Holding Co., Ltd.                   | -                   | -                  | -               | 1,517              |
| <u>Other Liabilities</u>                              |                     |                    |                 |                    |
| Subsidiary Companies                                  |                     |                    |                 |                    |
| - KASIKORN LEASING CO., LTD.                          | -                   | -                  | 569             | 539                |
| - Progress Software Co., Ltd.                         | -                   | -                  | 163             | 169                |
| - Progress Plus Co., Ltd.                             | -                   | -                  | 54              | 46                 |
| - Progress Management Co., Ltd.                       | -                   | -                  | 14              | 9                  |
| - Progress Appraisal Co., Ltd.                        | -                   | -                  | 14              | 14                 |
| - Progress Service Support Co., Ltd.                  | -                   | -                  | 11              | -                  |
| - Progress HR Co., Ltd.                               | -                   | -                  | 6               | 29                 |
| <u>Contingencies</u>                                  |                     |                    |                 |                    |
| Subsidiary Companies                                  |                     |                    |                 |                    |
| - KASIKORN FACTORY & EQUIPMENT<br>CO., LTD.           | -                   | -                  | 128             | 17                 |
| - KASIKORN LEASING CO., LTD.                          | -                   | -                  | 14              | -                  |
| - KASIKORN SECURITIES PCL                             | -                   | -                  | 9               | 11                 |

Certain subsidiaries and associated companies have entered into 1-2 year building lease and service agreements with the Bank. Rentals are charged at cost plus increment from additional administration and maintenance expenditures incurred. As of 31 March 2010 and 31 December 2009, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 51 million and Baht 30 million, respectively.

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The Bank has entered into 5-year car leasing agreements with KASIKORN LEASING CO., LTD. Such agreements are classified as finance lease agreements, charged at market rates. As of 31 March 2010 and 31 December 2009, the book value of finance lease liabilities, before elimination, amounts to Baht 568 million and 538 million, respectively.

The Bank entered into an Information Technology Service Agreement with Progress Software Co., Ltd. under which the service will be provided until 31 December 2010. As of 31 March 2010 and 31 December 2009, the Bank is committed to pay total service fees of Baht 2 Million and Baht 11 Million, respectively.

14.4.2 Revenue and expenses occurring between the Bank, its subsidiary and associated companies for the three-month periods ended 31 March are summarized as follows:

|                      | (Million Baht)      |             |                 |             |
|----------------------|---------------------|-------------|-----------------|-------------|
|                      | <u>Consolidated</u> |             | <u>The Bank</u> |             |
|                      | <u>2010</u>         | <u>2009</u> | <u>2010</u>     | <u>2009</u> |
| Subsidiary Companies |                     |             |                 |             |
| Revenue:             |                     |             |                 |             |
| Interest income      | -                   | -           | 424             | 404         |
| Dividend income      | -                   | -           | 226             | 250         |
| Fee income           | -                   | -           | 164             | 115         |
| Other income         | -                   | -           | 19              | 14          |
| Expenses:            |                     |             |                 |             |
| Interest expenses    | -                   | -           | 5               | 13          |
| Personnel expenses   | -                   | -           | 166             | 204         |
| Other expenses       | -                   | -           | 646             | 498         |

The Bank has entered into a staff secondment agreement with KASIKORN SECURITIES PUBLIC COMPANY LIMITED, commencing from January 2006. The agreement shall be terminated at any time by the Bank giving notice 60 days prior to the termination date. The Bank is responsible for salaries, welfare and other benefits and any liabilities that arise or may arise from the actions of the employees.

For the three-month periods ended 31 March 2010 and 2009, the Bank incurred expenses amounting to Baht 166 million and Baht 204 million, respectively, presented as personnel expenses in the statements of income.

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14.4.3 Assets, liabilities and contingencies between the Bank and other business entities in which the directors, key executive officers and close members of their families have significant were summarized as follows:

|   | (Million Baht)                   |                         |
|---|----------------------------------|-------------------------|
|   | <u>Consolidated and The Bank</u> |                         |
|   | <u>31 March 2010</u>             | <u>31 December 2009</u> |
| <u>Loans</u>                              |                                  |                         |
| - Charoen Pokphand Foods Public Co., Ltd. | 1,001                            | 1,000                   |
| - Bangkok Glass Industry Co., Ltd.        | 922                              | 847                     |
| - Fuel Pipeline Transportation Ltd.       | 741                              | -                       |
| - Yip In Tsoi & Jacks Ltd.                | -                                | 34                      |
| <u>Deposits</u>                           |                                  |                         |
| - Serm Suk Public Co., Ltd.               | 467                              | 360                     |
| - Muang Thai Insurance Public Co., Ltd.   | 306                              | 301                     |
| - Mitsubishi Elevator Asia Co., Ltd.      | 92                               | 90                      |
| - Serm Suk Beverage Co., Ltd.             | 78                               | 55                      |
| - Nithi Thamrong Co., Ltd.                | 38                               | 34                      |
| - Bangkok Glass Industry Co., Ltd.        | 31                               | 63                      |
| - National ITMX Co., Ltd.                 | 20                               | 30                      |
| - Dole Thailand Co., Ltd.                 | 15                               | -                       |
| - Charoen Pokphand Foods Public Co., Ltd  | 13                               | 20                      |
| - Smithithada Co., Ltd.                   | 13                               | 13                      |
| - Quality Houses Public Co., Ltd.         | 10                               | 10                      |
| - Pruetthada Co., Ltd.                    | 5                                | 18                      |

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|   | (Million Baht)                   |                         |
|---|----------------------------------|-------------------------|
|   | <u>Consolidated and The Bank</u> |                         |
|   | <u>31 March 2010</u>             | <u>31 December 2009</u> |
| <u>Contingencies</u>                      |                                  |                         |
| - Charoen Pokphand Foods Public Co., Ltd. | 1,680                            | 1,344                   |
| - Quality Houses Public Co., Ltd.         | 144                              | 147                     |
| - Dole Thailand Co., Ltd.                 | 79                               | 128                     |
| - Bangkok Glass Industry Co., Ltd.        | 44                               | 53                      |
| - Yip In Tsoi & Jacks Ltd.                | 28                               | 11                      |

14.4.4 Assets, liabilities and contingencies between the Bank and its directors and key executive officers or the Bank's employees who have authority and responsibility for planning, directing and controlling the activities of the Bank and close members of their families are summarized as follows:

|          | (Million Baht)                   |                         |
|----------|----------------------------------|-------------------------|
|          | <u>Consolidated and The Bank</u> |                         |
|          | <u>31 March 2010</u>             | <u>31 December 2009</u> |
| Loans    | 12                               | 21                      |
| Deposits | 744                              | 958                     |

**15 EVENTS AFTER THE REPORTING PERIOD**

On 7 April 2010, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2009 at the rate of Baht 2.50 per share, totaling Baht 5,983 million. The interim dividend was paid at the rate of Baht 0.50 per share, totaling Baht 1,197 million on 24 September 2009 and the remaining dividend was paid at the rate of Baht 2.00 per share, totaling Baht 4,786 million, on 30 April 2010.

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**16 THE FINANCIAL POSITIONS AND RESULTS OF OPERATIONS DIFFERENTIATED BY DOMESTIC AND FOREIGN BUSINESS**

The financial positions and results of operations differentiated by domestic and foreign business can be summarized as follows:

**16.1 Financial Position Classified by Types of Business**

(Million Baht)

|   | <u>Consolidated</u>  |                 |              |                     |              |
|---|----------------------|-----------------|--------------|---------------------|--------------|
|   | <u>31 March 2010</u> |                 |              |                     |              |
|   | <u>Domestic</u>      | <u>Foreign</u>  | <u>Total</u> | <u>Eliminated</u>   | <u>Total</u> |
|   | <u>Business</u>      | <u>Business</u> |              | <u>Transactions</u> |              |
| Total assets                                    | 1,414,064            | 9,600           | 1,423,664    | (1,374)             | 1,422,290    |
| Interbank and money market items - net (assets) | 89,086               | 2,551           | 91,637       | -                   | 91,637       |
| Investments - net                               | 265,662              | 6,439           | 272,101      | -                   | 272,101      |
| Loans   | 962,166              | 480             | 962,646      | -                   | 962,646      |
| Deposits  | 1,007,927            | 9               | 1,007,936    | -                   | 1,007,936    |
| Interbank and money market items (liabilities)  | 43,577               | -               | 43,577       | -                   | 43,577       |
| Borrowings                                      | 92,792               | 5,915           | 98,707       | -                   | 98,707       |
| Contingencies                                   | 2,713,190            | 11,869          | 2,725,059    | (35,606)            | 2,689,453    |

(Million Baht)

|   | <u>Consolidated</u>     |                 |              |                     |              |
|---|-------------------------|-----------------|--------------|---------------------|--------------|
|   | <u>31 December 2009</u> |                 |              |                     |              |
|   | <u>Domestic</u>         | <u>Foreign</u>  | <u>Total</u> | <u>Eliminated</u>   | <u>Total</u> |
|   | <u>Business</u>         | <u>Business</u> |              | <u>Transactions</u> |              |
| Total assets                                    | 1,349,828               | 14,628          | 1,364,456    | (5,924)             | 1,358,532    |
| Interbank and money market items - net (assets) | 60,690                  | 2,694           | 63,384       | -                   | 63,384       |
| Investments - net                               | 243,623                 | 11,361          | 254,984      | -                   | 254,984      |
| Loans   | 942,952                 | 426             | 943,378      | -                   | 943,378      |
| Deposits  | 975,482                 | 10              | 975,492      | -                   | 975,492      |
| Interbank and money market items (liabilities)  | 46,985                  | -               | 46,985       | -                   | 46,985       |
| Borrowings                                      | 72,874                  | 6,097           | 78,971       | -                   | 78,971       |
| Contingencies                                   | 2,835,305               | 12,234          | 2,847,539    | (36,701)            | 2,810,838    |

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(Million Baht)

|   | <u>The Bank</u>      |                 |                   |                     |              |
|---|----------------------|-----------------|-------------------|---------------------|--------------|
|   | <u>31 March 2010</u> |                 |                   |                     |              |
|   | <u>Domestic</u>      | <u>Foreign</u>  | <u>Eliminated</u> |                     |              |
|   | <u>Business</u>      | <u>Business</u> | <u>Total</u>      | <u>Transactions</u> | <u>Total</u> |
| Total assets                                    | 1,337,189            | 9,600           | 1,346,789         | (1,374)             | 1,345,415    |
| Interbank and money market items - net (assets) | 88,017               | 2,551           | 90,568            | -                   | 90,568       |
| Investments - net                               | 213,481              | 6,439           | 219,920           | -                   | 219,920      |
| Loans   | 952,550              | 480             | 953,030           | -                   | 953,030      |
| Deposits  | 1,010,191            | 9               | 1,010,200         | -                   | 1,010,200    |
| Interbank and money market items (liabilities)  | 44,803               | -               | 44,803            | -                   | 44,803       |
| Borrowings                                      | 92,308               | 5,915           | 98,223            | -                   | 98,223       |
| Contingencies                                   | 2,713,259            | 11,869          | 2,725,128         | (35,607)            | 2,689,521    |

(Million Baht)

|   | <u>The Bank</u>         |                 |                   |                     |              |
|---|-------------------------|-----------------|-------------------|---------------------|--------------|
|   | <u>31 December 2009</u> |                 |                   |                     |              |
|   | <u>Domestic</u>         | <u>Foreign</u>  | <u>Eliminated</u> |                     |              |
|   | <u>Business</u>         | <u>Business</u> | <u>Total</u>      | <u>Transactions</u> | <u>Total</u> |
| Total assets                                    | 1,277,810               | 14,628          | 1,292,438         | (5,924)             | 1,286,514    |
| Interbank and money market items - net (assets) | 59,957                  | 2,694           | 62,651            | -                   | 62,651       |
| Investments - net                               | 196,085                 | 11,361          | 207,446           | -                   | 207,446      |
| Loans   | 933,463                 | 426             | 933,889           | -                   | 933,889      |
| Deposits  | 978,054                 | 10              | 978,064           | -                   | 978,064      |
| Interbank and money market items (liabilities)  | 48,007                  | -               | 48,007            | -                   | 48,007       |
| Borrowings                                      | 72,797                  | 6,097           | 78,894            | -                   | 78,894       |
| Contingencies                                   | 2,835,224               | 12,234          | 2,847,458         | (36,701)            | 2,810,757    |

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**16.2 Results of Operations Classified by Types of Business**

(Million Baht)

|  | <u>Consolidated</u>                                   |                 |               |                     |               |
|--|---|-----------------|---------------|---------------------|---------------|
|  | <u>For the Three-Month Period Ended 31 March 2010</u> |                 |               |                     |               |
|  | <u>Domestic</u>                                       | <u>Foreign</u>  |               | <u>Eliminated</u>   |               |
|  | <u>Business</u>                                       | <u>Business</u> | <u>Total</u>  | <u>Transactions</u> | <u>Total</u>  |
| Interest and dividend income                     | 14,564  | 45              | 14,609        | (28)                | 14,581        |
| Interest expenses                                | <u>2,602</u>  | <u>143</u>      | <u>2,745</u>  | <u>(28)</u>         | <u>2,717</u>  |
| Net income (expenses) from interest and dividend | 11,962  | (98)            | 11,864        | -                   | 11,864        |
| Non-interest income                              | 13,568  | -               | 13,568        | -                   | 13,568        |
| Non-interest expenses                            | <u>18,633</u>   | <u>38</u>       | <u>18,671</u> | <u>-</u>            | <u>18,671</u> |
| Income (loss) before income tax                  | <u>6,897</u>  | <u>(136)</u>    | <u>6,761</u>  | <u>-</u>            | <u>6,761</u>  |

(Million Baht)

|  | <u>Consolidated</u>                                   |                 |               |                     |               |
|--|---|-----------------|---------------|---------------------|---------------|
|  | <u>For the Three-Month Period Ended 31 March 2009</u> |                 |               |                     |               |
|  | <u>Domestic</u>                                       | <u>Foreign</u>  |               | <u>Eliminated</u>   |               |
|  | <u>Business</u>                                       | <u>Business</u> | <u>Total</u>  | <u>Transactions</u> | <u>Total</u>  |
| Interest and dividend income                     | 15,499  | 86              | 15,585        | (75)                | 15,510        |
| Interest expenses                                | <u>4,654</u>  | <u>175</u>      | <u>4,829</u>  | <u>(75)</u>         | <u>4,754</u>  |
| Net income (expenses) from interest and dividend | 10,845  | (89)            | 10,756        | -                   | 10,756        |
| Non-interest income                              | 5,482   | 189             | 5,671         | -                   | 5,671         |
| Non-interest expenses                            | <u>10,925</u>   | <u>35</u>       | <u>10,960</u> | <u>-</u>            | <u>10,960</u> |
| Income before income tax                         | <u>5,402</u>  | <u>65</u>       | <u>5,467</u>  | <u>-</u>            | <u>5,467</u>  |



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(Million Baht)

The Bank

For the Three-Month Period Ended 31 March 2010

|  | Domestic<br><u>Business</u> | Foreign<br><u>Business</u> | <u>Total</u>  | Eliminated<br><u>Transactions</u> | <u>Total</u>  |
|--|-----------------------------|----------------------------|---------------|-----------------------------------|---------------|
| Interest and dividend income                     | 13,758                      | 45                         | 13,803        | (28)                              | 13,775        |
| Interest expenses                                | <u>2,613</u>                | <u>143</u>                 | <u>2,756</u>  | <u>(28)</u>                       | <u>2,728</u>  |
| Net income (expenses) from interest and dividend | 11,145                      | (98)                       | 11,047        | -                                 | 11,047        |
| Non-interest income                              | 6,333                       | -                          | 6,333         | -                                 | 6,333         |
| Non-interest expenses                            | <u>11,460</u>               | <u>38</u>                  | <u>11,498</u> | <u>-</u>                          | <u>11,498</u> |
| Income (loss) before income tax                  | <u>6,018</u>                | <u>(136)</u>               | <u>5,882</u>  | <u>-</u>                          | <u>5,882</u>  |

(Million Baht)

The Bank

For the Three-Month Period Ended 31 March 2009

|  | Domestic<br><u>Business</u> | Foreign<br><u>Business</u> | <u>Total</u>  | Eliminated<br><u>Transactions</u> | <u>Total</u>  |
|--|-----------------------------|----------------------------|---------------|-----------------------------------|---------------|
| Interest and dividend income                     | 15,541                      | 87                         | 15,628        | (75)                              | 15,553        |
| Interest expenses                                | <u>4,659</u>                | <u>176</u>                 | <u>4,835</u>  | <u>(75)</u>                       | <u>4,760</u>  |
| Net income (expenses) from interest and dividend | 10,882                      | (89)                       | 10,793        | -                                 | 10,793        |
| Non-interest income                              | 5,010                       | 190                        | 5,200         | -                                 | 5,200         |
| Non-interest expenses                            | <u>10,512</u>               | <u>36</u>                  | <u>10,548</u> | <u>-</u>                          | <u>10,548</u> |
| Income before income tax                         | <u>5,380</u>                | <u>65</u>                  | <u>5,445</u>  | <u>-</u>                          | <u>5,445</u>  |

**KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)**

**17 BUSINESS AND RISK MANAGEMENT POLICIES RELATING TO TRANSACTIONS AMONG GROUP OF COMPANIES OFFERING FINANCIAL SERVICES**

In accordance with the Bank of Thailand's notification number Sor Nor Sor 66/2008, dated 3 August 2008, regarding "Consolidated Supervision", the Bank is required to disclose policies relating to business and risk management policies relating to transactions among group of companies offering financial services, summarised as follows:

- For business transactions among group of companies offering financial services, requirements for type of transactions, including relevant criteria and limitations have been established. They follow the same process, as applied to other parties.
- For business transactions and services among group of companies, there are supervision to ensure that appropriate market prices are used, that level of transactions among the companies and level of guarantee for third parties are in compliance with applicable rules and regulations.
- Risk management policies for transactions among group of companies offering financial services have been established and included on the consolidated risk management policies, which have been approved by the Bank's Board of Directors.

See Note 14 for related party transactions and balances for transactional information, which are in compliance with the above policies.

**18 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved for issue by the Audit Committee on 11 May 2010.