



Product & Service Update: July 2004

KBANK to boost SME loan growth in 2H04

- In the first six months of 2004, KBANK has added Bt16.45bn to its SME portfolio. The outstanding loan totaled Bt243bn at the end of June 2004 with YTD net loan growth of 7.26% vs. the full-year target of 15%.

KBANK's SME loan portfolio

Business Group	KBANK's SME Portfolio	Annual Sales (Bt mn)	Outstanding Loans ¹ (end of Jun 2004)
Retail	Business & Professional (B&P) ²	< 50mn	Bt 183.9bn
Corporate	Business Banking (BB)	50 – 400	Bt 59.0bn
Total SME		< 50 – 400	Bt 242.9bn

- KBANK currently has about 130,000 SME customers.
- Most of the SME loan growth concentrates in the provinces, particularly in the trading and manufacturing segments, which accounts for 70% of the net new loans, of which Bt3bn were from the trading sector and Bt2.6bn were from the manufacturing sector.
- The top-three industries with highest new loans extended include: Rice, Automotive Vehicles & Automotive Parts, and Electrical Machines and Appliances.
- The Bank is planning new products for the B&P segment, including special credit for Jewelry business, Printing Mold business, Franchise business as well as a new credit facility called Credit Plus. The Bank will start using credit scoring model to approve SME loan applications, which is expected to help speed up the approval process to only 1 day.
- The target industries in the second half of 2004 include Chemical, Automotive Vehicles & Automotive Parts, Electrical Machines and Appliances, Software, Foods and Tourism.

Corporate Business:

Unemployment compensation remittance service

- KBANK signed an MoU with **Social Security Office**, Ministry of Labor and Social Welfare, for unemployment compensation remittance service.

¹ **Outstanding loans** refer to outstanding loans net of repayment. This figure is a portion of the item "Loans" on the balance sheet.

² KBANK uses the term **B&P** interchangeably with **Small Business Lending**

Retail Business

Minishop Financing

- ❑ KBANK launched a new financing product called **Minishop Financing** to support small shops that sell their products and services on a cash basis. These include small shops such as laundry/dry clean shops, tailors, beauty parlors, food shops, flower shops, garments shop, hardware stores, and grocery stores.
- ❑ **Details:**
 - Qualifications: Individual or juristic person who owns shop in Bangkok and provincials for at least 2 years with fixed location and annual income of not more than Bt5mn.
 - Type of credit facilities: term loans, O/D, Letter of Guarantee with credit limit of Bt1mn/ time.
 - Interest rates: MRR+2.75 p.a.
 - Term: not more than 5 years
 - Collateral: Land with construction, shops/ stores or empty land
 - Loan operation fee is waived.
- ❑ The Bank targets Minishop Finance of Bt500mn within June 2005.

S&P's Blue Cup joins KBANK in new Life Style Banking

- ❑ **S&P Syndicate** PCL became the latest strategic partner of KBANK by opening **Blue Cup**, a new bakery and coffee shop, inside the Bank's existing Ratchadapisek, Huaykwang branch as part of KBANK's **Life Style Banking** concept.

Corporate Recognition

KBANK voted Best Bank by Euromoney and Finance Asia and received SET Awards 2004

- ❑ KBANK won Thailand's Best Bank title in the Euromoney's Awards for Excellence 2004.
- ❑ KBANK won the Best Bank award from the Finance Asia magazine in the Country Awards category based on 2003 performance. KBANK is viewed as having reformed itself after the crisis to emerge with "strong profit growth, sensible loan expansion and continued emphasis on modernization."
- ❑ KBANK also recently received SET Awards 2004 in three categories:
 - Best Performance Award
 - Best Corporate Governance Report Award
 - Best Investor Relations Award

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