

KBANK

IR News: 16 August 2005

Product and Service Update: June - July 2005

JULY 2005

Corporate Business:

KBANK continues to support SMEs

- ❑ The Bank is estimated that SME loans will expand by about 3 times the rate of the economy this year. For the first six months, the Bank had outstanding SME loans (Business Banking and Small Business Loan) totaling Bt288bn, with a target of Bt326bn in loans by the end of 2005.
 - Fixed Rate Loans: a long term (5-7 year) loan, in the first 3 months of opening these loans totaled around Bt740mn or 0.3% of total SME loans.
 - Loans without collaterals (KBANK Klean Credit): loans for SMEs that do not have assets to use as collateral. This service has been in operation for 2 months, the outstanding loans are around Bt210mn or 0.1% of total SME loans.
- ❑ SME sectors that have high outstanding loans are rice, auto, electronics, agriculture, hotel and construction. The Bank is working on targeting Trade Finance business.

Retail Business:

KBANK launched a new loan: "Koo Ban Taem Jaew"

- ❑ The Bank launched a new promotion, "Koo Ban Taem Jaew", for the period of 1 Aug- 31Oct 2005 to increase market share for mortgage loans.
- ❑ Customers that participate in the program will receive special offers for domestic services, including house and car cleaning, gardening, pest control, air-condition cleaning, and dry-cleaning or they can choose to receive emergency car kits. Interest rates will be fixed at 1% for the first 3 months, after which customers can choose from the following 5 interest rate options:

1) Fixed rate from the 4 th -12 th month at 2.90%	2) Fixed rate from the 4 th -24 th month at 3.90%
3) Floating rate from the 4 th -12 th month at MLR-3.00%	4) Floating rate from the 4 th -24 th month at MLR-2.00%
5) Floating rate from the 4 th -36 th month at MLR-1.00%	

 After the set period, the Bank will charge MLR-0.25% through the term of the loan. Currently the Bank MLR is 5.75%
- ❑ Customers can borrow up to 90% of the buying price but not more than 90% of the estimated value.
- ❑ This year, the Bank is targeting mortgage loans of Bt21bn. In the first half of this year, the Bank loaned out Bt11.7bn and expects to reach the target loan amount by the end of the year.

KBANK launches Ideal Card



- ❑ KBANK launched its new 'intelligent' credit card - the Ideal Card - which uses an embedded chip rather than the usual magnetic strip. This will increase cardholder confidence relating to counterfeiting, and the chips can store information such as benefits and discounts.
- ❑ The chips that KBANK uses are EMV (EuroPay, Master Card, Visa) which are the accepted standard around the world.
- ❑ KBANK plans to issue 40,000 cards this year, and will switch all credit cards to chip cards in the next 2 years.
- ❑ KBANK installed 2,100 EDC Terminals which can accept chip cards, and these will increase to 7,000 by the end of 2005.

Bank News:

Official opening of Kasikorn Securities- focus is on world-class service.



- Kasikorn Securities officially opened last July with the goal of being among the top ten in the industry and having a market share of at least 3% within 3 years. The expected customer base consists of 60% retail investors and 40% institutional investors. The target group will be investors with at least Bt1mn to invest and the company expects to open up to 10 additional trading rooms within 3-4 years.

Kasikorn Leasing forms alliance with 5 leading insurance companies - aims to become top 3 leasing firm in 5 years

- Kasikorn Leasing formally opened its leasing operation on 8 August 2005. The goal of the company is to provide leasing solutions for customers and provide them with the best quality service.
- The company selected leading insurance companies with renowned service reputations and financial stability to provide service to the customers. These companies are LMG Insurance Co., Ltd., Muang Thai Insurance Co., Ltd., Navakij Insurance Plc., Safety Insurance Plc. and Viriyah Insurance Co., Ltd.
- In the first year, the company will focus on the Bangkok market and surrounding areas. By the end of this year, the company expects the total credit extension volume to be between Bt2bn-Bt3bn from a customer base of 4,000-5,000 accounts. For next year, the companies will open 16 new branches in big cities nationwide, increasing the customer base to 20,000-30,000 accounts. The aim is to become a top 3 leasing firm in 5 years, with a total credit extension volume of Bt80bn

KBANK received the Service Excellence Award in funds transfer service from JP Morgan



- KBANK received the “Service Excellence Award” for USD funds transfer from JP Morgan. This award goes to the company with the best funds transfer record. KBANK has received this award for 3 consecutive years.

KBANK received Distinction in Maintaining Excellent CG Report from SET Awards 2005



- KBANK is honored to receive the “Distinction in Maintaining Excellent Corporate Governance Report” which is awarded to companies that are distinct in maintaining excellent corporate governance based on 15 criteria set by the SET. This follows the “Best Corporate Governance Report” that we received from the SET Awards in 2003 and 2004.

JUNE 2005

Corporate Business:

KBANK has received the Best Cash Management Bank Award from Asset Magazine



- Mr. Weerachai Amornrat-tana, First Vice President of the KBANK Cash Management Department received the Triple A Best Cash Management Bank award at the JW Marriott, Hong Kong from Mr. Denial Yoo, executive editor of Asset Magazine. This award is given to the financial Institution which has provided the best cash management in Asia.

KBANK issued a loan to support construction of a southern bus terminal station



- Mr. Pattanapong Tansomboon, Senior Vice President of the KBANK Business Banking Department has signed a financial support agreement with Mr. Piyatat Temjarean, managing director of Siri Project Construction Company Limited. The Bt350mn loan will provide cash flow to construct a southern bus terminal station at Boromratjonanee and Phuttamonthon Sai1.

KBANK and other 5 commercial banks have lent more than Bt30bn to RATCH



- On June 23, 2005, at the East building of SCB Park, Mr. Tawit Thanachanan, First Senior Vice President of KBANK, with the cooperation of 5 other commercial banks - BBL, BAY, Thai bank, TMB, and GSB - signed a loan agreement for the amount of Bt34.6bn with RATCH for proposed re-financing and debenture issuing. The loans are defined into 2 categories - one debenture worth Bt24.3bn and one debenture worth Bt10bn for the RATCH capital management fund.

Besides highlighting KBANK as a trusted universal banking leader, this financial support is a successful example of cooperation between the commercial banks.

KBANK expects a fee income increase from cash management services via electronics



- Mr. Teeranun Srihong, First Senior Vice President of KBANK, stated that the bank expects fee income from cash management services via electronics to increase by 30%.
- In 2005, the bank also plans to add 400 more ATM machines, raising the total number of bank ATM machines to 2,000. Furthermore, the bank has offered "KBANK SurePay Services" for fund transfers and payments which provides more alternatives than the department store or convenient store. The KBANK SurePay Services offers the following 6 KBANK payment channels:
 - Direct Debit Service
 - e-ATM Service
 - e-Internet Banking Service
 - Counter Pay-in Service
 - e-Phone Service
 - e-Mobile Phone Banking Service

Retail Business:

KBANK, in cooperation with TARARAOM, offers a special rate for home buyers of the Neighbor-Home Watcharapol Project

- ❑ KBANK, in cooperation with TARARAOM Enterprise PCL., has offered housing loans with special rates and conditions for customers of the Neighbor-Home Watcharapol project. The bank offers 5 interest rate variations:
 - Fixed rate for the first year at 2.70%, then MLR –0.75% per annum and no principle in the first year
 - Fixed rate for the first two years at 3.75%
 - Floating rate for the first year at MLR-3.25% (currently, equal to 2.25%)
 - Floating rate for the first two years at MLR–2.25% (equal to 3.25%)
 - Floating rate for the first three years at MLR-1.25% (equal to 4.25%)
- ❑ After the introduction rate the interest rate would be at MLR–0.50% and currently our MLR rate at 5.75%.
- ❑ Loan maximum is 90% of the house price and fee and handling charge will be waived.
- ❑ The applicants who apply for a KBANK home loan by June 30, 2005 will receive:
 - Aconatic DVD value of Bt2,999
 - Automatically entered into home loan project “Ku Ban Lun Ban”, to get a lucky draw for home, size 68 square wa value at Bt2.35mn, Honda Jazz, and other prizes
 - Home Smiles Club membership with long term privileges from KBANK and its alliances

KBANK NEWS:

Standard & Poor's upgraded KBANK credit ratings



- ❑ On July 11, 2005, Standard & Poor's raised the Bank long-term and short-term ratings from BB+ to BBB- and B to A-3, respectively. The agency also raised the Bank subordinated debt rating from BB- to BB+. Moreover, the agency assigned a Bank Fundamental Strength Rating (BFSR) of 'C' on the Bank. This marked the first time since the Asian financial crisis that the Bank has returned to investment grade under Standard & Poor's criteria.

KBANK won the Best Domestic Commercial Bank award



- ❑ KBANK was honored with the Best Domestic Commercial Bank award for 2005, presented by Asian Money Magazine - a leading financial and banking magazine in Asia. The award is based on 2004/2005 performance and KBANK was portrayed as generating shareholder value and having a savvy business model.

For more information, please contact
Investor Relations Division
Corporate Communications and Administration Department
Corporate Secretariat Group
KASIKORNBANK PCL
Tel. 0-2470-2662, 2672, 2693
Fax 0-2470-2680
Email: IR@kasikornbank.com

Disclaimer: Any opinions contained in this message are those of the author and are not given or endorsed by the KASIKORNBANK (KBANK) or office through which this message is sent unless otherwise clearly indicated in this message and the authority of the author to so bind the KBANK entity referred to is duly verified.

This message and any attachments are confidential to the ordinary user of the e-mail address to which it was addressed and may also be privileged. If you are not the addressee you may not read, copy, forward, disclose or use any part of the message or its attachments and if you have received this message in error, please notify the sender immediately by return e-mail and delete it from your system.

Internet communications cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, arrive late or contain viruses. The sender therefore does not accept liability for any errors or omissions in the context of this message which arise as a result of Internet transmission.