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Press Release

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FORTIS

KBank Increases Stake in Muangthai Fortis to 51%

KASIKORNBANK has forged a closer tie with Muang Thai Life Assurance by increasing its stake in Muangthai Fortis Holding to 51%, aimed at expanding the Bank's business into life insurance.

Mr. Prasarn Trairatvorakul, President of KASIKORNBANK, has stated that the Bank has adopted a customers-centric policy a few years ago to provide complete financial service offerings for clients and boost the Bank's revenues from service fees. Because the thriving bancassurance business can help spur the Bank's future business growth, it is now timely for KBank to enter into life insurance, especially with Muang Thai Life ("MTL") which is considered the most suitable business partner.

KBank and MTL have successfully operated the bancassurance business together over the years, resulting in the Bank having the second largest share of the domestic bancassurance market. Also, investments into Muang Thai Fortis Holding ("MTFH") will create business continuity within the Bank's operations. With MTL and Muang Thai Insurance Plc. ("MTI") being the third and fifth largest companies in Life and Non-Life insurance categories, the advantage in their economies of scale can help serve the Bank's large customer base. In addition, Fortis Insurance International NV is a capable foreign business partner with expertise and capital strengths at the top-end of the industry.

KBank believes that the acquisition would help enhance cooperation between the Bank and MTL to effectively complete their combined financial product and service offerings to meet the needs of customers. The acquisition can also help bolster the Bank's revenues from life insurance and enable MTL to become a leading insurance company in the future.

Mr. Prasarn added that the Bank's Board of Directors has approved an additional investment in MTL and MTI to increase the stake in MTFH from 10% to 51 %, representing a total investment of THB 6.5 - 7.5 billion. Shareholders will meet on April 3 to approve the MTFH share acquisition. It is expected that the formal acquisition will be finalized in the second quarter of 2009 after the Bank completes its due diligence.

The acquisition will be financed by existing capital, and will allow the Bank to gain additional non-interest revenues from life insurance. The transaction will also raise the Bank's total assets by around THB 60 - 70 billion in 2009.

For the MTFH share acquisition, the Bank has already been granted a waiver from carrying out a tender offer for all shares of MTI from the SEC's Takeover Panel.

Mr. Sara Lamsam, President of MTL, stated that during the past 5 years the Thai life insurance industry exhibited an average annual growth rate of 11%. Moreover, the insurance penetration rate (premium to GDP) is still about 2% in Thailand, which is considered low compared to other Asian countries, which range around 5-10%. This represents a significant growth opportunity for the industry. In addition, supportive policies from the Thai government and a mixture of public relations, innovative products and services, promotion of consumers' awareness together with a variety of distribution channels to reach the public, are all expected to help increase consumption of life insurance products in Thailand.

As insurance business has been moving into greater convergence with other financial products and services, MTL and KBank have initiated a Bancassurance business ("K-Bancassurance") a few years ago and have received favorable responses that place K-Bancassurance at a leading position in Thai Bancassurance industry. Bancassurance is part of MTL's master policy of pioneering and becoming a leader



with a “Multi-distribution Channels” strategy. This gives MTL a leading edge under the rapidly evolving insurance market. In addition to K-Bancassurance, MTL also distributes its products and services through direct marketing and a network of over 20,000 insurance agents nationwide.

In terms of product and service innovation, MTL provides a full range of life insurance products (protection, savings and life insurance policy with investment element) addressing all of our customers’ needs. Moreover, MTL has developed “MTL Hospital Network”, which comprises over 300 hospitals all over Thailand, to be ready to serve MTL’s customers. MTL’s nationwide network of branches is equipped with advanced technology to provide better services. One differentiating highlight, which sets MTL apart from its competitors, is its “Muang Thai Smile Club” service. MTL is the pioneer and trendsetter in providing special services to its customers at all levels. All these are supported by our well-recognized and renowned corporate brand of Muang Thai Life: “The Company for Forward-Thinking People”.

These factors have placed MTL as one of the top three life insurers in Thailand from a total of 24 companies. As at the end of 2008, MTL earned THB 17,243 million in total premium with 26% annual growth with solid financial strengths by holding THB 48,603 million in Life Policy Reserve and THB 6,510 million in Surplus Fund [Solvency Capital], equivalent to 670% of the statutory requirement. Besides, MTL has received credit ratings of AA(thai)/Stable and BBB+/Stable from Fitch Ratings and BBB+/Stable from Standard & Poor’s, testifying the financial strengths of MTL that its customers can be assured of.

Mr. Sara concluded “this signing of the Memorandum of Understanding between Muang Thai Life Assurance and its shareholders, Muang Thai Fortis Holding and Fortis Insurance International N.V., with KASIKORNBANK will enhance the capabilities and competitiveness of both businesses. MTL will be able to leverage its existing capabilities with KBank’s wide-ranging suite of products and services. At the same time, the Bank will be able to utilize MTL’s highly qualified network of agents to offer some of the Bank’s products and services to their customers. This is a win-win situation for all.”

Mr. Damis J Ziengs, the CEO Asia of Fortis Insurance International N.V., stated that Fortis is very excited about this expansion of the partnership in Thailand. The three-way combination of Fortis, KBank and Muang Thai Life Assurance strengthens our confidence in the future of MTL, its growth opportunities and very much reinforces our belief in the long term strength of the company.

When we entered into the joint venture with Muang Thai in 2004, we were looking forward to a long term presence in this market. The addition of KBank’s stake into the JV does not change this long term commitment of Fortis; on the contrary: it is our intent to stay an active partner in Thai market by way of this endeavor for many years to come.

During the past 5 years, a close and successful working relationship has developed between MTL and KBank. The bank coming into this joint venture as a shareholder confirms that success and that the bank as well as confidence in Muang Thai as a major player in the Thai insurance market. The expanded partnership will thus benefit all stakeholders in MTL and KBank: the shareholders, bank customers, policyholders, staff, agents and the Thai public at large.

As the result of these developments, Fortis expects MTL, with its broader and stronger shareholder base, to vie for the top position in the Thai life insurance market. In order to enhance this ambition, we plan to continue our contribution to MTL, especially in the areas of commercial development and actuarial, risk and asset management.

In addition to Thailand, Fortis has similar and highly successful partnerships in Portugal, Malaysia, China and India. In all those markets, we help build growing and leading market players. In its home market, Fortis is the leader in providing life and non-life insurance products and retirement solutions.

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