

IR News

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Press Release

Business collaboration: KASIKORNBANK, Muang Thai Life, Fortis

KASIKORNBANK joins hand in hand with Muang Thai Group and Fortis by increasing its share in Muang Thai Group Holding to 51%, in confidence to enhance a business capacity, strengthen the implementation of multi distribution channel strategy, and proclaim its readiness to be the number one in life insurance industry.



Mr. Prasarn Trairatvorakul, President of KASIKORNBANK (KBank), revealed that this movement is in accordance with the KBank customer-oriented strategy. We aim to provide a full range of financial services to meet the needs of our customer and focus our growth on fee income through Bancassurance business, which is a correlative business with the Bank and has a good trend in future growth. KBank and MTL have enjoyed our success in Bancassurance business throughout these years and we expect that our fee income on this business would show a growth of around 60%. After this share purchase, we expect further fee income growth from this business in the future.

Moreover, KBank would increase our cooperation in developing variety of products and services that could meet the needs of individual customers who seem to pay more attention to insurance product for savings purposes, which is similar to the Bank's business of savings. The key success factor is the expertise, knowledge and understanding as a result of our customer-oriented strategy, and the service enhancement through over 780 branches nationwide and through other network that KBank possesses.

Mr. Sara Lamsam, the president of Muang Thai Life Assurance (MTL), addressed this success that the joint venture is a good choice of investment that could strengthen the business. This is a long-term investment that adds value into the business. The joint venture would pool the expertise of all partners in advising the business operation, financial management, and establishing and developing a standard for different systems. It would enhance our overall operation efficiency. In sharing our knowledge, strength in financial servicing, and a long-term accumulation of wealth of all three organizations; we could bring about a synergy through the widespread network of both KBank and MTL. This would open doors to the public at all levels, including those with interest in life insurance and bank services.



Particularly for MTL, we had adjusted our policy to be in response to the financial convergence trend. Our attempts and achievements reinforce that the policy and direction we has taken moves us forward into the right direction. We are the leader in multi distribution channel strategy as to reach to a variety of customer segments. MTL together with KBank has been working together in Bancassurance Project for over five years with a recognizable success as evidenced by a premium growth that is higher than the industry average growth. That is as a result of our product development that meets the life insurance needs among bank customer. The products include protection, savings, and investment as to fulfill customer's needs in their future wealth accumulation, children's education, and retirement. The investment-related product like Universal Life and Unit Linked are new in the market as to capture the emerging demands and trend.

Moreover, this joint venture would bring us the strategy to move MTL forward to the number one place, while we expand our base of business into a financial institute with bright future and financial strength. The synergy in the capacity, strengths, and expertise of these organizations would complement each other and press forward into a greater effective operation and as a result of that MTL would grow in an impressive leap with stability as our fundamental. In addition, this join venture would enable MTL to develop new marketing channel that could link and connect us to other related business. This would, in the end, enhance the capacity and help achieve our objective, which is to be the leader in Thai life insurance industry, in no time.

In terms of stability, MTL is the life insurance company with the third biggest market share out of the 24 life insurers that runs its business in Thailand. At the end of October 2009, we generated a total premium of 17,556MB with 25% growth, our total asset stood at 69,614MB. Moreover, MTL has a strong financial position as we hold 57,777MB as our life insurance reserve and 8,761MB capital fund, which is 758 times over the statutory requirement. MTL has been accredited with AA credit rating for local and BBB+ for international with stable outlook for both ratings from Fitch Ratings, and with BBB+ rating with stable outlook and axA+ (ASEAN) from Standard & Poor's. This is the confirmation that our customer could be confidence in our stability.

Mr. Sara concluded that "for the cooperation among Muang Thai Life Assurance, Fortis Insurance International NV, and Kasikorn Bank, it would help intensify our business capacity and potential. MTL could complement KBank's financial service with our products and services, while KBank could benefit from MTL's a quality agent of over 20,000 nationwide to offer products and services of the Bank, which would extend the customer base for the Bank. This is a win-win movement for both organizations and would move MTL forward to the number one place in the industry with strength and stability"

Dennis Ziengs, CEO Fortis Insurance Asia, commented: "We are excited about this expansion of the partnership with KASIKORNBANK and Muang Thai. We are confident that this transaction creates a solid basis for an acceleration of growth in sales, earnings and value creation for all stakeholders. When Fortis entered into the joint venture with Muang Thai in 2004, it was looking for a long term presence in this market. We have since then made significant commitments and contributions in the areas of commercial development, actuarial, risk and asset management. We will continue to support Muang Thai to realize its ambitions to reach the top position in the Thai Life insurance market."

Bart De Smet, CEO Fortis, continued: "This joint venture in Thailand reflects the strength and value creation opportunities of Fortis' Asian businesses. In addition to Thailand, Fortis in Asia has similar and highly successful partnerships in China, Malaysia, and India as well as a wholly-owned subsidiary in Hong Kong."

For more information, please contact
Investor Relations Unit
Office of Corporate Secretary
Corporate Secretariat Division
KASIKORNBANK PCL
Tel. 0-2470-6900 to 1, 0-2470-2659 to 62
Fax 0-2470-2690
Email: IR@kasikornbank.com

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01, +(662) 470 2673 to 74