

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Annual Financial Statements

and

Audit Report of Certified Public Accountant

For the Years Ended

31 December 2009 and 2008

Audit Report of Certified Public Accountant

To the Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the Bank-only balance sheets as at 31 December 2009, and the related statements of income, changes in equity and cash flows for the year then ended 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 express an opinion on these financial statements based on my audits. The consolidated and the Bank-only financial statements of **KASIKORNBANK PUBLIC COMPANY LIMITED** and its subsidiaries, and of **KASIKORNBANK PUBLIC COMPANY LIMITED**, respectively, for year ended 31 December 2008 were audited by another auditor whose report dated 25 February 2009 expressed an unqualified opinion on those statements.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and the Bank-only financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and the results of operations and cash flows for the year then ended of **KASIKORNBANK PUBLIC COMPANY LIMITED** and its subsidiaries, and of **KASIKORNBANK PUBLIC COMPANY LIMITED**, respectively, in accordance with generally accepted accounting principles.



(Somboon Supasiripinyo)
Certified Public Accountant
Registration No. 3731

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2010

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2009 AND 2008

		Baht			
		Consolidated		The Bank	
	Note	31 December 2009	31 December 2008	31 December 2009	31 December 2008
ASSETS					
Cash		26,674,350,930	27,751,132,799	26,673,193,048	27,749,839,530
Interbank and money market items	6, 24				
Domestic items					
Interest bearing		51,485,375,364	187,222,528,611	50,859,165,489	187,163,373,182
Non-interest bearing		2,081,084,357	2,394,508,907	1,974,761,319	2,370,658,700
Foreign items					
Interest bearing		8,875,160,345	5,549,673,110	8,875,160,345	5,549,673,110
Non-interest bearing		942,051,504	1,624,097,788	942,051,504	1,624,097,788
Total Interbank and Money Market Items - net		63,383,671,570	196,790,808,416	62,651,138,657	196,707,802,780
Investments	7, 24				
Current investments - net		108,155,209,963	68,497,787,570	105,642,491,992	68,259,574,086
Long-term investments - net		146,681,827,164	34,233,331,066	84,748,287,313	34,084,314,271
Investments in subsidiaries and associated companies - net		146,882,426	213,919,871	17,055,309,339	9,474,176,919
Total Investments - net		254,983,919,553	102,945,038,507	207,446,088,644	111,818,065,276
Loans and accrued interest receivables	8, 9				
Loans		943,377,994,384	904,008,482,345	933,888,522,814	900,587,488,788
Accrued interest receivables		1,051,070,314	1,485,402,209	1,009,721,662	1,454,349,205
Total Loans and Accrued Interest Receivables		944,429,064,698	905,493,884,554	934,898,244,476	902,041,837,993
Less Allowance for doubtful accounts	10	(29,526,488,748)	(26,394,024,260)	(28,346,632,648)	(25,124,927,562)
Less Revaluation allowance for debt restructuring	11	(4,518,401,054)	(3,377,677,854)	(4,493,038,509)	(3,377,539,186)
Total Loans and Accrued Interest Receivables - net		910,384,174,896	875,722,182,440	902,058,573,319	873,539,371,245
Properties foreclosed - net	12	14,958,667,691	14,391,986,376	11,877,926,132	11,228,783,969
Customers' liability under acceptances		573,763,080	491,591,856	573,763,080	491,591,856
Premises and equipment - net	14	37,819,693,891	29,657,262,495	32,442,001,514	28,833,796,929
Leasehold - net		698,655,639	629,423,909	698,508,310	629,423,909
Intangible assets - net	15	13,455,432,275	8,594,267,296	10,123,216,641	7,282,806,133
Derivative assets		21,640,273,912	36,499,208,131	21,640,273,912	36,499,208,131
Other assets - net		13,959,483,682	10,572,197,078	10,329,267,334	8,771,533,215
Total Assets		1,358,532,087,119	1,304,045,099,303	1,286,513,950,591	1,303,552,222,973

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2009 AND 2008

		Baht			
		Consolidated		The Bank	
	Note	31 December 2009	31 December 2008	31 December 2009	31 December 2008
LIABILITIES AND EQUITY					
Deposits	16				
Deposits in baht		962,552,860,898	952,855,541,282	965,125,273,651	953,693,804,451
Deposits in foreign currencies		12,939,061,593	15,094,230,401	12,939,061,593	15,094,230,401
Total Deposits		975,491,922,491	967,949,771,683	978,064,335,244	968,788,034,852
Interbank and money market items	17				
Domestic items					
Interest bearing		39,508,226,674	11,738,122,859	40,526,583,397	12,271,554,753
Non-interest bearing		2,316,182,754	3,218,958,724	2,319,057,966	3,237,940,863
Foreign items					
Interest bearing		4,679,906,534	1,008,239,035	4,679,906,534	1,008,239,035
Non-interest bearing		481,069,327	334,378,816	481,069,327	334,378,816
Total Interbank and Money Market Items		46,985,385,289	16,299,699,434	48,006,617,224	16,852,113,467
Liabilities payable on demand		12,755,624,939	10,882,926,540	12,747,901,559	10,882,805,054
Borrowings					
Short-term borrowings	18	37,403,726,702	97,635,654,976	37,327,431,145	97,453,984,460
Long-term borrowings	19	41,567,027,283	40,523,226,790	41,567,027,283	40,523,226,790
Total Borrowings		78,970,753,985	138,158,881,766	78,894,458,428	137,977,211,250
Bank's liability under acceptances		573,763,080	491,591,856	573,763,080	491,591,856
Provisions		6,372,264,847	4,232,519,331	4,810,080,623	4,207,233,191
Derivative liabilities		25,109,235,642	32,186,828,380	25,109,142,165	32,186,828,380
Life policy reserve		59,914,391,609	-	-	-
Other liabilities		20,402,655,610	20,180,285,950	16,351,178,830	18,860,455,520
Total Liabilities		1,226,575,997,492	1,190,382,504,940	1,164,557,477,153	1,190,246,273,570

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2009 AND 2008

	Note	Baht			
		Consolidated		The Bank	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Equity					
Share capital					
Authorized share capital	20				
3,048,614,697 ordinary shares, Baht 10 par value		30,486,146,970	30,486,146,970	30,486,146,970	30,486,146,970
Issued and paid-up share capital					
2,393,260,193 ordinary shares, Baht 10 par value		23,932,601,930	23,932,601,930	23,932,601,930	23,932,601,930
Premium on ordinary shares		18,103,109,977	18,103,109,977	18,103,109,977	18,103,109,977
Appraisal surplus on asset revaluation	14	10,766,987,450	10,941,912,694	10,766,987,450	10,941,912,694
Revaluation surplus on investments	7	1,486,966,754	2,207,073,191	1,367,827,452	2,207,793,632
Retained earnings					
Appropriated					
Legal reserve		3,050,000,000	3,050,000,000	3,050,000,000	3,050,000,000
Unappropriated		65,726,723,008	55,427,843,126	64,735,946,629	55,070,531,170
Total equity attributable to equity holders of the Bank		123,066,389,119	113,662,540,918	121,956,473,438	113,305,949,403
Minority interests		8,889,700,508	53,445	-	-
Total Equity		131,956,089,627	113,662,594,363	121,956,473,438	113,305,949,403
Total Liabilities and Equity		1,358,532,087,119	1,304,045,099,303	1,286,513,950,591	1,303,552,222,973
Off-balance sheet items - contingencies	25				
Aval to bills and guarantees of loans		2,454,272,557	1,563,959,968	2,454,272,557	1,563,959,968
Liability under unmatured import bills		7,542,166,813	5,643,988,027	7,542,166,813	5,643,988,027
Letters of credit		21,152,003,365	17,165,132,860	21,152,003,365	17,165,132,860
Other contingencies		2,779,690,360,704	2,250,537,454,088	2,779,609,549,843	2,250,262,913,827



(Pol.Gen. Pow Sarasin)

Vice Chairman



(Bantoon Lamsam)

Director and Chief Executive Officer

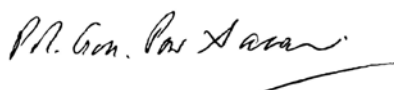
The accompanying notes are an integral part of these financial statements.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

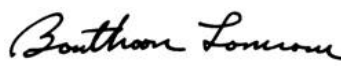
STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

	Note	Baht			
		Consolidated		The Bank	
		2009	2008	2009	2008
Interest and dividend income					
Loans		48,076,475,458	52,050,182,376	49,348,763,226	53,055,815,112
Interbank and money market items		1,483,861,220	2,100,605,881	1,478,664,609	2,099,150,462
Finance leases		2,485,470,074	1,863,885,174	-	-
Investments		4,350,512,739	4,115,286,384	5,024,286,779	4,552,955,980
Total interest and dividend Income		56,396,319,491	60,129,959,815	55,851,714,614	59,707,921,554
Interest expense					
Deposits		8,918,074,447	14,368,772,601	8,917,714,896	14,372,319,474
Interbank and money market items		606,421,223	290,181,636	610,878,390	293,625,738
Short-term borrowings		1,365,798,946	1,901,699,436	1,376,595,819	1,922,916,526
Long-term borrowings		2,131,047,551	1,133,071,568	2,143,502,107	1,115,987,564
Total interest expense		13,021,342,167	17,693,725,241	13,048,691,212	17,704,849,302
Net income from interest and dividends		43,374,977,324	42,436,234,574	42,803,023,402	42,003,072,252
Bad debt and doubtful accounts	10	6,435,987,562	4,547,011,463	6,335,186,525	4,464,604,424
Loss on debt restructuring	11	2,966,728,521	3,241,522,612	2,953,684,789	3,231,966,770
Net income from interest and dividends after bad debt and doubtful accounts and loss on debt restructuring		33,972,261,241	34,647,700,499	33,514,152,088	34,306,501,058
Non-interest income					
Gain on investments	7	745,410,584	1,570,872,008	733,932,142	1,546,846,977
Share of profit from investments on equity method	7	7,962,446	36,008,888	-	-
Fees and service income					
Acceptances, aval and guarantees		1,354,269,395	1,209,618,626	1,354,269,395	1,209,618,626
Others		18,188,860,554	15,760,724,870	16,102,122,206	13,810,978,284
Gain on exchanges		3,870,706,349	3,279,451,166	3,869,930,920	3,278,475,942
Net premium written		2,193,385,147	-	-	-
Other income		922,182,853	732,973,552	752,859,717	719,819,536
Total non-interest income		27,282,777,328	22,589,649,110	22,813,114,380	20,565,739,365
Non-interest expenses					
Personnel expenses		13,530,883,707	12,341,345,995	10,872,343,018	10,219,082,177
Premises and equipment expenses	14	8,315,915,989	6,843,074,456	8,800,816,027	7,338,938,371
Taxes and duties		2,102,582,791	2,217,313,807	2,043,865,943	2,166,068,758
Fees and service expenses		4,515,131,728	4,152,824,076	4,703,039,542	3,963,521,250
Directors' remuneration		92,567,264	97,075,045	92,117,264	91,075,045
Contributions to Financial Institutions Development Fund and Deposit Protection Agency		3,567,344,690	3,256,905,553	3,567,344,690	3,256,905,553
Underwriting expenses		1,926,809,869	-	-	-
Other expenses		6,092,920,915	6,151,062,657	6,396,873,171	6,505,756,118
Total non-interest expenses		40,144,156,953	35,059,601,589	36,476,399,655	33,541,347,272
Income before income tax		21,110,881,616	22,177,748,020	19,850,866,813	21,330,893,151
Income tax expense		6,168,724,307	6,844,479,399	5,565,228,761	6,523,595,109
Net income		14,942,157,309	15,333,268,621	14,285,638,052	14,807,298,042
Net income attributable to:					
Equity holders of the Bank		14,891,787,772	15,333,265,312	14,285,638,052	14,807,298,042
Minority interest		50,369,537	3,309	-	-
Net income		14,942,157,309	15,333,268,621	14,285,638,052	14,807,298,042
Basic earnings per share	20	6.22	6.41	5.97	6.19
Weighted average number of ordinary shares (shares)	20	2,393,260,193	2,393,122,000	2,393,260,193	2,393,122,000



(Pol. Gen. Pow Sarasin)

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


(Bantoon Lamsam)

Director and Chief Executive Officer

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Note	Baht								
	Consolidated								
	Issued and	Premium on	Appraisal	Revaluation	Retained Earnings		Total equity	Minority	Total
	Paid-up Share Capital	Share Capital	Surplus on Asset Revaluation	Surplus (deficit) on Investments	Appropriated Legal Reserve	Unappropriated	attributable to equity holders of the Bank	Interests	
Balance as of 1 January 2008	23,882,023,170	18,012,978,628	9,741,700,884	568,261,240	2,920,000,000	44,870,320,954	99,995,284,876	49,630	99,995,334,506
Appraisal surplus on asset revaluation	14	-	-	1,205,256,334	-	168,642,844	1,373,899,178	-	1,373,899,178
Others	-	-	(5,044,524)	-	-	(27,865,598)	(32,910,122)	-	(32,910,122)
Revaluation surplus on investments	-	-	-	1,638,811,951	-	-	1,638,811,951	506	1,638,812,457
Income recognised directly in equity	-	-	1,200,211,810	1,638,811,951	-	140,777,246	2,979,801,007	506	2,979,801,513
Net income	-	-	-	-	-	15,333,265,312	15,333,265,312	3,309	15,333,268,621
Total recognised income	-	-	1,200,211,810	1,638,811,951	-	15,474,042,558	18,313,066,319	3,815	18,313,070,134
Dividend paid	23	-	-	-	-	(4,786,520,386)	(4,786,520,386)	-	(4,786,520,386)
Ordinary shares	50,578,760	-	-	-	-	-	50,578,760	-	50,578,760
Premium on ordinary shares	-	90,131,349	-	-	-	-	90,131,349	-	90,131,349
Legal reserve	-	-	-	-	130,000,000	(130,000,000)	-	-	-
Ending balance as of 31 December 2008	<u>23,932,601,930</u>	<u>18,103,109,977</u>	<u>10,941,912,694</u>	<u>2,207,073,191</u>	<u>3,050,000,000</u>	<u>55,427,843,126</u>	<u>113,662,540,918</u>	<u>53,445</u>	<u>113,662,594,363</u>
Balance as of 1 January 2009	23,932,601,930	18,103,109,977	10,941,912,694	2,207,073,191	3,050,000,000	55,427,843,126	113,662,540,918	53,445	113,662,594,363
From business combination	7.6	-	-	-	-	-	-	8,631,411,473	8,631,411,473
Appraisal surplus on asset revaluation	14	-	-	(166,297,793)	-	166,297,793	-	-	-
Others	-	-	(8,627,451)	-	-	27,314,703	18,687,252	-	18,687,252
Revaluation (deficit) surplus on investments	-	-	-	(720,106,437)	-	-	(720,106,437)	207,869,810	(512,236,627)
Income (expense) recognised directly in equity	-	-	(174,925,244)	(720,106,437)	-	193,612,496	(701,419,185)	8,839,281,283	8,137,862,098
Net income	-	-	-	-	-	14,891,787,772	14,891,787,772	50,369,537	14,942,157,309
Total recognised income and expense	-	-	(174,925,244)	(720,106,437)	-	15,085,400,268	14,190,368,587	8,889,650,820	23,080,019,407
Dividend paid	23	-	-	-	-	(4,786,520,386)	(4,786,520,386)	-	(4,786,520,386)
Others	-	-	-	-	-	-	-	(3,757)	(3,757)
Ending balance as of 31 December 2009	<u>23,932,601,930</u>	<u>18,103,109,977</u>	<u>10,766,987,450</u>	<u>1,486,966,754</u>	<u>3,050,000,000</u>	<u>65,726,723,008</u>	<u>123,066,389,119</u>	<u>8,889,700,508</u>	<u>131,956,089,627</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 YEARS ENDED 31 DECEMBER 2009 AND 2008

Note	Baht						
	The Bank						
	Issued and Paid-up Share Capital	Premium on Share Capital	Appraisal Surplus on Asset Revaluation	Revaluation Surplus (deficit) on Investments	Retained Earnings		Total equity attributable to equity holders of the Bank
					Appropriated Legal Reserve	Unappropriated	
Balance as of 1 January 2008	23,882,023,170	18,012,978,628	9,741,700,884	567,324,250	2,920,000,000	45,011,110,670	100,135,137,602
Appraisal surplus on asset revaluation	14	-	-	1,205,256,334	-	168,642,844	1,373,899,178
Others	-	-	(5,044,524)	-	-	-	(5,044,524)
Revaluation surplus on investments	-	-	-	1,640,469,382	-	-	1,640,469,382
Income recognised directly in equity	-	-	1,200,211,810	1,640,469,382	-	168,642,844	3,009,324,036
Net income	-	-	-	-	-	14,807,298,042	14,807,298,042
Total recognised income	-	-	1,200,211,810	1,640,469,382	-	14,975,940,886	17,816,622,078
Dividend paid	23	-	-	-	-	(4,786,520,386)	(4,786,520,386)
Ordinary shares	50,578,760	-	-	-	-	-	50,578,760
Premium on ordinary shares	-	90,131,349	-	-	-	-	90,131,349
Legal reserve	-	-	-	-	130,000,000	(130,000,000)	-
Ending balance as of 31 December 2008	<u>23,932,601,930</u>	<u>18,103,109,977</u>	<u>10,941,912,694</u>	<u>2,207,793,632</u>	<u>3,050,000,000</u>	<u>55,070,531,170</u>	<u>113,305,949,403</u>
Balance as of 1 January 2009	23,932,601,930	18,103,109,977	10,941,912,694	2,207,793,632	3,050,000,000	55,070,531,170	113,305,949,403
Appraisal surplus on asset revaluation	14	-	-	(166,297,793)	-	166,297,793	-
Others	-	-	(8,627,451)	-	-	-	(8,627,451)
Revaluation deficit on investments	-	-	-	(839,966,180)	-	-	(839,966,180)
Income (expense) recognised directly in equity	-	-	(174,925,244)	(839,966,180)	-	166,297,793	(848,593,631)
Net income	-	-	-	-	-	14,285,638,052	14,285,638,052
Total recognised income and expense	-	-	(174,925,244)	(839,966,180)	-	14,451,935,845	13,437,044,421
Dividend paid	23	-	-	-	-	(4,786,520,386)	(4,786,520,386)
Ending balance as of 31 December 2009	<u>23,932,601,930</u>	<u>18,103,109,977</u>	<u>10,766,987,450</u>	<u>1,367,827,452</u>	<u>3,050,000,000</u>	<u>64,735,946,629</u>	<u>121,956,473,438</u>

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

		Baht			
		Consolidated		The Bank	
	Note	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		21,110,881,616	22,177,748,020	19,850,866,813	21,330,893,151
Add (Less) Adjustments to reconcile income before income tax to					
net cash from operating activities					
Depreciation and amortization		3,010,636,577	2,889,766,527	2,729,363,884	2,482,772,889
Bad debt and doubtful accounts		7,015,521,097	4,592,476,280	6,867,092,326	4,464,604,424
Loss on debt restructuring		2,966,728,521	3,241,522,612	2,953,684,789	3,231,966,770
Interest income from amortization of revaluation allowance for debt restructuring		(275,636,823)	(167,623,985)	(272,452,204)	(165,502,386)
(Gain) loss foreign exchange translation of long-term borrowings		(267,161,192)	235,300,000	(267,161,192)	235,300,000
Loss (gain) on revaluation of investments		69,898,884	(70,032,302)	72,223,374	(70,032,302)
Reversal of loss on impairment of investments in general investments		(16,634,144)	(414,398,386)	(16,634,144)	(428,622,640)
Reversal of loss on impairment of investments in associated company		(355,100,000)	-	(355,100,000)	-
Gain on disposal of securities for investment		(532,997,263)	(669,455,000)	(523,409,948)	(637,444,021)
Loss on disposal of securities in associated company		354,100,000	-	354,100,000	-
Amortization of discount on debt instruments		(6,034,631,245)	(1,507,713,248)	(6,050,246,118)	(1,507,447,541)
Loss on general investments write off		3,250,000	-	3,250,000	-
(Gain) loss on impairment of investments in receivables		(16,638,730)	71,405,840	(15,971,146)	52,314,181
Loss on impairment of properties foreclosed		573,956,212	430,399,855	476,437,966	385,814,601
Loss (reversal of loss) on impairment of other assets		109,850,593	(58,508,152)	111,798,143	(58,339,517)
Loss on sales of loans		-	299,579,718	-	299,579,718
Gain on disposal of premises and equipment		(15,766,716)	(470,373)	(770,300)	(2,081,545)
Reversal of loss on impairment of premises and equipment		(12,996,399)	(102,522,057)	(12,996,399)	(102,522,057)
Gain on transfer of financial assets		-	(950,750)	-	-
Share of profit from investments on equity method		(7,962,446)	(36,008,888)	-	-
Negative goodwill		(59,036,951)	-	-	-
Dividend income from associated companies		75,000,000	22,785,000	-	-
Effect from full consolidation	2	-	426,701,786	-	-
Amortization of discount on promissory note receivables		(21,569,589)	(26,759,695)	(9,372,964)	(9,195,941)
Amortization of discount on debentures		3,392,331	3,353,925	3,392,331	3,353,925
Increase (decrease) in other accrued expenses		1,142,195,292	(157,388,560)	120,824,978	52,105,111
Increase in other reserves		789,756,316	1,113,744,113	590,782,781	1,113,744,113
		29,609,035,941	32,292,952,280	26,609,702,970	30,671,260,933
Net income from interest and dividends		(43,374,977,324)	(42,436,234,574)	(42,803,023,402)	(42,003,072,252)
Proceeds from interest and dividends		55,874,530,416	60,266,264,019	58,453,020,820	59,690,074,729
Interest paid		(15,525,119,351)	(16,492,308,284)	(15,550,428,484)	(16,506,065,124)
Income tax paid		(5,912,672,022)	(6,837,647,687)	(5,980,952,675)	(6,540,198,324)
Income from operations before changes in operating					
assets and liabilities		20,670,797,660	26,793,025,754	20,728,319,229	25,311,999,962
(Increase) decrease in operating assets					
Interbank and money market items (assets)		135,884,321,836	(140,324,422,002)	133,993,259,332	(140,717,485,325)
Securities purchased under resale agreements		-	10,700,000,000	-	10,700,000,000
Investment for trading		(451,099,626)	(4,526,342,001)	(448,499,528)	(4,526,342,001)
Loans		(44,601,904,780)	(148,364,390,336)	(42,192,689,401)	(145,669,652,875)
Properties foreclosed		4,521,134,316	3,672,037,775	3,365,874,206	2,763,288,327
Other assets		14,832,985,569	(19,258,749,669)	10,944,174,106	(20,408,884,823)

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

	Note	Baht			
		Consolidated		The Bank	
		2009	2008	2009	2008
Increase (decrease) in operating liabilities					
Deposits		7,542,150,808	184,127,864,334	9,276,300,392	184,380,380,578
Interbank and money market items (liabilities)		30,685,685,856	4,725,546,220	31,154,503,757	5,142,295,064
Liabilities payable on demand		1,872,698,399	(233,839,004)	1,865,096,505	(233,960,490)
Short-term borrowings		(60,231,928,274)	58,560,768,089	(60,126,553,315)	58,775,646,858
Other liabilities		(6,635,449,018)	25,488,990,341	(6,137,973,775)	25,337,499,986
Net cash provided by operating activities		104,089,392,746	1,360,489,501	102,421,811,508	854,785,261
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of available for sale investments		188,897,549,627	90,105,118,197	188,270,389,461	89,933,134,194
Proceeds from redemption of held to maturity debt instruments		7,937,361,020	2,107,043,954	4,489,038,407	1,927,029,434
Proceeds from disposal of general investments		66,916,206	656,268,495	56,347,752	650,724,045
Proceeds from disposal of investments in associated company		1,000,000	-	1,000,000	-
Proceeds from collection of investments in receivables		69,748,882	266,468,763	68,622,253	37,506,063
Purchase of available for sale investments		(277,224,145,770)	(91,960,143,391)	(275,227,588,900)	(91,570,914,666)
Purchase of held to maturity debt instruments		(3,505,988,724)	(419,325,600)	(368,642,556)	(419,325,600)
Purchase of general investments		(92,357,801)	(119,654,317)	(62,607,801)	(118,654,317)
Business acquisition		(7,534,221,310)	-	(7,534,211,310)	-
Proceeds from disposal of premises and equipment		21,003,226	4,848,048	776,983	6,089,469
Purchase of premises and equipment		(6,434,679,542)	(5,753,503,315)	(5,858,267,322)	(5,133,677,454)
Proceeds from disposal of intangible assets		-	5,863,213	-	-
Purchase of intangible assets		(3,889,409,396)	(3,167,109,343)	(3,854,363,924)	(3,081,109,760)
Net cash used in investing activities		(101,687,223,582)	(8,274,125,296)	(100,019,506,957)	(7,769,198,592)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in long-term borrowings		1,307,569,353	21,259,668,642	1,307,569,353	21,259,668,642
Increase in share capital		-	50,578,760	-	50,578,760
Increase in premium on share capital		-	90,131,349	-	90,131,349
Dividend payments	23	(4,786,520,386)	(4,786,520,386)	(4,786,520,386)	(4,786,520,386)
Net cash (used in) provided by financing activities		(3,478,951,033)	16,613,858,365	(3,478,951,033)	16,613,858,365
Net (decrease) increase in cash and cash equivalents		(1,076,781,869)	9,700,222,570	(1,076,646,482)	9,699,445,034
Cash and cash equivalents at the beginning of the year	5	27,751,132,799	18,050,910,229	27,749,839,530	18,050,394,496
Cash and cash equivalents at the end of the year	5	26,674,350,930	27,751,132,799	26,673,193,048	27,749,839,530

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

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KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

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 Ratburana 27/1, Ratburana Road, Ratburana, 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 majors 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 December 2009</u>	<u>31 December 2008</u>
Phethai Asset Management Co., Ltd. (“Phethai-AMC”)	100.00	100.00
Kasikorn Research Center Co., Ltd. (“KResearch”)	100.00	100.00
Kasikorn Asset Management Co., Ltd. (“KAsset”)	100.00	100.00
Kasikorn Securities Public Co., Ltd. (“KSecurities”)	99.99	99.99
Kasikorn Factory and Equipment Co., Ltd. (“KF&E”)		
(Formerly : Kasikorn Factoring Co., Ltd.)	100.00	100.00
Kasikorn Leasing Co., Ltd. (“KLeasing”)	100.00	100.00
Progress Land and Buildings Co., Ltd. (“PLB”)	100.00	100.00
KHAO KLA Venture Capital Management Co., Ltd. (“KHAO KLA”)	100.00	100.00
K-SME Venture Capital Co., Ltd. (“K-SME”)	100.00	100.00
Progress Gunpai Co., Ltd.	100.00	100.00
Progress Plus Co., Ltd.	100.00	100.00
Progress Facilities Management Co., Ltd.	100.00	100.00
Progress Management Co., Ltd.	100.00	100.00
Progress Software Co., Ltd.	100.00	100.00
Progress Storage Co., Ltd.	100.00	100.00
Progress Service Support Co., Ltd.	100.00	100.00
Progress Service Co., Ltd.	100.00	100.00
Progress HR Co., Ltd.	100.00	100.00
Progress Appraisal 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 FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

	% Shareholding of the Bank	
	<u>Direct and Indirect</u>	
	<u>31 December 2009</u>	<u>31 December 2008</u>
Thanyathanathavee Co., Ltd. ¹⁾	100.00	-
Thanyathamrongkij Co., Ltd. ¹⁾	100.00	-
Thanyanithiwattana Co., Ltd. ¹⁾	100.00	-
Ruang Khao Phuean Thai Joint Investment Agreement ¹⁾	100.00	-
Muang Thai Group Holding Co., Ltd. ¹⁾	51.00	-
Muang Thai Life Assurance Co., Ltd. ¹⁾	38.25	-
Muang Thai Broker Co., Ltd. ¹⁾	49.98	-

¹⁾ See Note 7.6

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Phethai Asset Management Company Limited is a company registered in the Kingdom of Thailand and was approved by the Bank of Thailand (BoT) on 13 October 1999 to register as an asset management company under the Ministerial Regulation (B.E. 2541) issued with regard to the provisions of the Asset Management Company Act (B.E. 2541). The company is located at 400/22 Kasikornbank Building, Floor 4, Phaholyothin Road, Samsennai, Phayathai, Bangkok and was established with the objective of managing substandard assets transferred from the Bank.

Kasikorn Research Center Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 2 and 7 Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main business is to support the Bank with research work and public relations.

Kasikorn Asset Management Company Limited is a company which is registered in the Kingdom of Thailand and is located at 252/6 Muang Thai-Phatra Tower 1, Floor 30 - 32, Ratchadaphisek Road, Huaykwang, Bangkok. The company's main business is assets and funds management.

Kasikorn Securities Public Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 19, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main businesses are securities and investment banking.

Kasikorn Factory and Equipment Company Limited (changed its name from Kasikorn Factoring Company Limited on 25 December 2009.) is a company which is registered in the Kingdom of Thailand and is located at 252/20 Muang Thai-Phatra Tower 1, Floor 16, Ratchadapisek Road, Huaykwang, Bangkok. The company was established to furnish commercial financial services to businesses, including factoring, finance leases, operating leases and hire purchase.

Kasikorn Leasing Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 17, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main businesses are leasing and hire purchase.

Progress Land and Buildings Company Limited is a company which is registered in the Kingdom of Thailand and is located at 252/9 Muang Thai-Phatra Tower 1, Floor 5, Ratchadapisek Road, Huaykwang, Bangkok. The company was established to receive, manage and sell properties that have been foreclosed as well as the premises of Phatra Thanakit Public Company Limited.

KHAO KLA Venture Capital Management Company Limited, 100% held by Kasikorn Asset Management Company Limited, is a company which is registered in the Kingdom of Thailand and is located at 252/38 Muang Thai-Phatra Tower 1, Floor 30, Ratchadapisek Road, Huaykwang, Bangkok. The company's main business is securities investment management.

K-SME Venture Capital Company Limited is a company which is registered in the Kingdom of Thailand and is located at 252/38 Muang Thai-Phatra Tower 1, Floor 30, Ratchadapisek Road, Huaykwang, Bangkok. The company's main business is venture capital.

Progress Gunpai Company Limited is a company which is registered in the Kingdom of Thailand and is located at 47/7, Kasikornbank Building, Floor 3, Mu 3, Tambon Ban Mai, Pak Kret District, Nontaburi. The company's main businesses are to provide transportation service of cash and valuable assets to the Bank, including cash count service, packing and change of cash to Automatic Teller Machines.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Progress Plus Company Limited is a company which is registered in the Kingdom of Thailand and is located at 306 Suapa Road, Pomprab, Pomprab-satrupai, Bangkok. The company's main businesses are to deal in the business of agency/brokerage sales of inventories and/or service, contractor, particularly office stationery, printing matters and other goods.

Progress Facilities Management Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 9, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main business is to provide building management services to the Bank and related parties.

Progress Management Company Limited is a company which is registered in the Kingdom of Thailand and is located at 252/9 Muang Thai-Phatra Tower 1, Floor 5, Ratchadapisek Road, Huaykwang, Bangkok. The company's main business is engaged as the custodian and management of assets, received from debt settlement of the Bank including related parties' assets which have been transferred in, in order to keep these assets in good condition for sale or rent.

Progress Software Company Limited is a company which is registered in the Kingdom of Thailand and is located at 306 Suapa Road, Pomprab, Pomprab-satrupai, Bangkok. The company's main business is to render the service of designing computer program, and training in the use of hardware and software.

Progress Storage Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 9, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main business is to provide inventory management services, used as collateral for bank loans.

Progress Service Support Company Limited is a company which is registered in the Kingdom of Thailand and is located at 47/7, Kasikornbank Building, Floor 9, Mu 3, Tambon Ban Mai, Pak Kret District, Nontaburi. The company's main business is to provide information relating the Bank's products and services through customer relationship channels, including selling and marketing via telephone banking.

Progress Service Company Limited is a company which is registered in the Kingdom of Thailand and is located at 400/22 Kasikornbank Building, Floor 9, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main business is to provide drivers, security guards, cleaners and other related services for the Bank and related parties.

Progress HR Company Limited is a company which is registered in the Kingdom of Thailand and is located at 1019/15 Kasikornbank Building, Sanampao Branch, Floor 2-3, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company main business is to provide outsourced employee services to the Bank and related parties.

Progress Appraisal Company Limited is a company which is registered in the Kingdom of Thailand and is located at 252, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company's main business is to appraise assets.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Progress Collection Company Limited is a company which is registered in the Kingdom of Thailand and is located at 1 Soi Ratburana 27/1, Ratburana Road, Ratburana, Bangkok. The company's main businesses are collection and debt restructuring for consumer and corporate loans of the Bank and its subsidiaries.

Progress Training Company Limited is a company which is registered in the Kingdom of Thailand on 9 April 2009, and is located at 1 Soi Ratburana 27/1, Ratburana Road, Ratburana, Bangkok. The company's main business are offering of training services to develop the skills of its employees of the Bank and its subsidiaries.

Thanyathanathavee Company Limited is a company which was registered in the Kingdom of Thailand on 11 November 2009, and is located at 1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok. The company's main business is investment in other companies.

Thanyathamrongkij Company Limited is a company which was registered in the Kingdom of Thailand on 11 November 2009, and located at 1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok. The company's main business is investment in other companies.

Thanyanithiwattana Company Limited is a company which was registered in the Kingdom of Thailand on 12 November 2009, and is located at 1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok. The company's main business is investment in other companies.

Ruang Khao Phuean Thai Joint Investment Agreement was agreed between Thanyathanathavee Company Limited and Thanyathamrongkij Company Limited on 12 November 2009, pursuant to the regulations under the Life Insurance Act B.E. 2535 as amended. The objective of this agreement is investment in other companies.

Muang Thai Group Holding Company Limited (changed its name from Muangthai Fortis Holding Company Limited on 31 July 2009) is a company which was registered in the Kingdom of Thailand on 26 July 1999 and is located at 250 Muang Thai Life Assurance Building, Floor 8, Ratchadapisek Road, Huaykwang, Huaykwang, Bangkok. The company's main businesses is investment in other companies.

Muang Thai Life Assurance Company Limited was a company which was registered in the Kingdom of Thailand on 1 February 1951 and is located at 250 Ratchadapisek Road, Huaykwang, Huaykwang, Bangkok. The company's main business is providing life insurance.

Muang Thai Broker Company Limited is a company which was registered in the Kingdom of Thailand on 12 March 2008, and is located at 252/1 Ratchadapisek Road, Huaykwang, Huaykwang, Bangkok. The company's main business is commission from life insurance.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation of the financial statements

The consolidated and Bank-only financial statements are prepared in accordance with 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, dated 3 August 2008, titled "Preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services" and in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million and are prepared under the historical cost basis except as disclosed in the accounting policies.

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.

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given equity securities issued and identifiable liabilities incurred or assumed at the date of exchange.

Subsidiaries

Subsidiaries are those entities controlled by the Bank and its subsidiaries. Control exists when the Bank and its subsidiaries have the power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Bank's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Bank's share of losses exceeds its interest in an associate, the Bank's carrying amount of investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of an associate.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Transaction eliminated on consolidation

Intra-entity balances and transactions, and any unrealized income or expenses arising from intra-entity transaction, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment of the extent of the Bank's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements prior to the period ended 31 December 2008 exclude the financial statements of subsidiaries whose financial statements are not material to the Bank. The consolidated financial statements for the year ended 31 December 2009 and 2008 include all financial statements of the Bank's subsidiaries.

The consolidated and the Bank only financial statements include the accounts of all branches; domestic and outside Thailand. Interbranch transactions have been eliminated.

2.2 Use of estimates and judgements

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected.

In particular, information about the significant impact of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 4 significant accounting policies and in the following notes:

Note	7	Investments
	9	Troubled debt restructuring
	10	Allowance for doubtful accounts
	11	Revaluation allowance for debt restructuring
	12	Properties foreclosed, net
	14	Premises and equipment, net
	15	Intangible assets, net
	18	Short-term borrowings
	19	Long-term borrowings
	25	Commitments
	28	Capital commitments and long-term agreements
	30	Financial instruments

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

3 REVISED THAI ACCOUNTING STANDARDS

On 15 May 2009, the FAP announced (Announcement No.12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards (“IAS”) on which the TAS/TFRS are based.

The Bank and its subsidiaries have adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007) *Impairment of Assets*

TFRS 5 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*
(formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guideline on Accounting Record for Leasehold Right (effective on 26 June 2009).

Accounting Guideline on Business Combinations Involving Entities under Common Control.

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated and the Bank only financial statements. See reclassification from the application of such accounting guideline in note 31.

The FAP has issued during 2009 a number of new and revised TAS/TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS/TFRS are disclosed in note 33.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents represent cash in hand and cash items in the process of collection.

4.2 Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Bank only financial statements are accounted for using the cost method.

Investments in other debt and equity securities

Investments in debt instruments or marketable equity securities held for trading are classified as trading investments and are stated at fair value, with any resultant gain or loss being recognized in the statement of income.

Investments in debt instruments that the Bank and its subsidiaries intend and are able to hold to maturity are classified as held-to-maturity investments and are stated at amortized cost after deduction of allowance for impairment. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Investments in debt instruments or marketable equity securities other than those securities held for trading or intended to be held to maturity are classified as available-for-sale investments and are stated at fair value with any resultant gain or loss being recognized directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognized in the statement of income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is accounted for in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest rate method is recognized in the statement of income.

Investments in non-marketable equity securities that are not investments in subsidiaries or associated companies are stated at cost, after deduction of allowance for impairment.

Investments in marketable equity securities classified as trading investments and available-for-sale investments are stated at fair value based on the last Stock Exchange of Thailand (SET) bid prices as of the reporting date.

Investments in marketable unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the net asset value as of the reporting date.

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Investments in government securities and state enterprises securities guaranteed by the government, classified as trading investments or available-for-sale investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of reporting date. If not available, the Government Bond Yield for the same period, adjusted by an appropriate risk premium, is used.

Investments in receivables

Investments in receivables are stated at acquisition cost after deducting the allowance for impairment. When debt restructuring is required, the balance is recorded as a loan at fair value, in accordance with the transfer of financial asset accounting procedure. The difference between the book value and the fair value is recognized as a gain or loss on transfer of financial assets in the statement of income.

Impairment

An impairment review of investments is carried out when there is a factor indicating that an investment might be impaired. Losses on impairment for all classifications of investments are charged to the statement of income.

Revenue recognition

Interest and dividend income from investments is recognized on an accrual basis. Gains or losses on sales of securities are recognized in the statement of income upon disposal. Interest income from investments in receivables is recognized by using the effective yield method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in the statement of income.

Cost of investments sold is calculated by using the weighted average method.

4.3 Loans

Except in the case of loans effected through overdraft agreements, loans represent only principal amounts. Unearned discounts received in advance are presented as a reduction in loans.

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4.4 Allowance for doubtful accounts

The Bank and certain subsidiaries which are credit institutions and asset management company have allowance for doubtful accounts that is determined through methods based on the Bank of Thailand's regulations and based on the Bank's estimated loan loss. The allowance for non-performing loans has been specifically determined by the nature of loans and the relevant factors such as payment ability, collateral, historical loss and estimated loss, etc. The allowance for performing loans has been assessed based upon general relevant factors such as historical loss, credit risk, economic conditions and management experience, etc. For corporate loans, the allowance is determined on a case by case basis while the allowance for retail loans is determined on a portfolio basis for portfolios with similar risk characteristics.

Based on BoT's regulations, the Bank and certain subsidiaries which are credit institutions and asset management company have classified their loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowances on these accounts will be set at 100 percent for the difference between the outstanding book value of the debt and the present value of future cashflows expected to be received or the expected proceeds from the disposal of collateral in accordance with the BoT's regulations.

Allowance for doubtful accounts of factoring subsidiary which has credit risk guarantee with other insurance companies is established in accordance with the Bank of Thailand's notification.

Allowance for doubtful accounts established during the period are recognized as bad debt and doubtful accounts expense in the statement of income. Bad debt recovery is recognized as income and is presented net of bad debt and doubtful accounts expense in the statement of income.

The life insurance subsidiary has allowance for doubtful accounts based on the estimated loss that may incur in collection of the premium due, determined by collection experience, review of premium due aging and value of collateral of each receivable.

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4.5 Troubled debt restructuring

The Bank and the asset management subsidiary record foreclosed assets acquired from troubled debt restructuring at fair value up to the legal claim for the debt, including interest receivable. Where restructuring a loan involves modification of its terms, the present value of the expected future cash collections is calculated by using discount rates equivalent to the market rates of interest at the time of restructuring. The difference between the present value of the future cash flows expected to be received and the outstanding balances of investment in loans is recorded in the revaluation allowance for debt restructuring. This revaluation allowance for debt restructuring is amortized to the statement of income according to the amounts received over the remaining period of the debt-restructuring contracts except for restructured loans with a high probability of default on their contractual obligations and agreement. In this latter case, the Bank will stop amortizing to the statement of income. The recognition in the statement of income occurs when such risk is eliminated.

4.6 Properties foreclosed

Properties foreclosed are recorded at the lower of market value or the amount of the legal claim on the related debt, including interest receivable. The market value is estimated by using the latest appraisal value after deduction of estimated disposal expenses and holding cost.

Losses on impairment are charged to the statement of income. Gains or losses on disposal of properties foreclosed are recorded as other income or expenses upon disposal.

4.7 Premises and equipment and depreciation

Premises and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

- Revalued assets

Land and buildings revaluations are performed by independent professional appraisers according to the Bank of Thailand's criteria with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. However, a revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense.

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When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. The remainder is recognized as an expense for that period.

Upon disposal, any related revaluation surplus is transferred directly from the revaluation reserve to retained earnings and is not taken into account when calculating the gain or loss on disposal.

- Leased assets

Leases under which the Bank and its subsidiaries assume all the risk and rewards of ownership are substantially classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of income.

- Subsequent expenditure

Subsequent expenditure relating to an item of premises and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank and its subsidiaries. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

- Depreciation

Depreciation is charged to the statement of income over the estimated useful lives of each item of premises and equipment.

Depreciation on buildings acquired before July 1996 is computed using the declining balance method.

Depreciation on buildings acquired after July 1996 and on equipment is computed using the straight-line method.

The estimated useful lives are as follows:

Buildings	20-50 years
Buildings on rented land	upon rental contract
Equipment	5-15 years

Gains or losses on disposal of premises and equipment are recorded as other income or expense upon disposal.

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4.8 Leasehold

Leasehold is presented at cost net accumulated amortization. The amortization is calculated using the straight-line method over the lease periods.

4.9 Intangible assets

- Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Bank's share of the identifiable net assets acquired over the cost of acquisition.

- goodwill and negative goodwill, carried in the financial statements that arose from a business combination for which the agreement date was before 1 January 2008, are stated at cost less accumulated amortization as of 31 December 2007 and impairment losses.
- goodwill arising from a business combination for which the agreement date begins on or after 1 January 2008, are stated at cost less accumulated impairment losses. Negative goodwill is recognized as income in the statement of income in the year of the business combination.

- Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and impairment losses.

- Amortization

Amortization is charged to the statement of income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Software licenses	5-15 years
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Deferred underwriting license fee and deferred stock exchange membership fee	5 years
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4.10 Impairment

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of income over the period of the borrowings.

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4.12 Provisions

A provision is recognized in the balance sheet when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for commitments as off-balance sheet items are determined by credit risk transactions ie., Avals on bills, Acceptances, Letters of Indemnity - Borrowing, Other Guarantees and Letters of Credit, etc. A provision is recognized when the transactions relate to loans that are classified as sub-standard, doubtful, doubtful of loss and loss assets. The provisions have been specifically determined by using the same rate as the allowance for doubtful accounts on each of those loans.

4.13 Life premium reserve

- a) Life assurance policy reserve represents the accumulated total liability for policies in force on the reporting date. Life assurance policy reserve is calculated according to the procedures prescribed by the Regulation on Life Assurance Policy Reserve as promulgated by the Ministry of Commerce on 23 November 2001, and is based on current assumptions.

The main assumptions used relate to mortality and interest rate. The life insurance subsidiary uses mortality tables and interest rates as announced by the Office of Insurance Commission, increased with a margin for risk.

- b) For accident and group insurance, unearned premium reserve is set aside at the full amount of unearned premium.

4.14 Benefit payments to life policies

Benefit payments to life policies are recorded when notices of the claims are received or when policies reach maturity.

4.15 Derivatives

Trading Derivative: Trading derivatives are carried at fair value. The fair value of derivatives is determined based upon liquid (observable) market prices evidenced by exchange traded prices, broker/dealer quotations, or prices of other transactions with similarly rated counterparties or based upon a valuation technique incorporating observable market data. It includes an adjustment for individual counterparty credit risk and other adjustments, as appropriate, to reflect liquidity and ongoing servicing costs. The changes in fair value which include realized and unrealized gains or losses are recognized in the statement of income as part of gain on exchange and assets or liabilities in the balance sheet so that the derivative assets/liabilities represent their fair value at the reporting date.

Hedging Derivative: The Bank manages its banking exposures to market rate movements outside the trading activities through the use of derivatives, including interest rate swaps, interest rate future and forward exchange contracts. Gains or losses resulting from the changes in fair values of contracts are recognized in accordance with the standard accounting treatment for revenue or expenses on hedged items as follows:

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1. Where hedged items are carried at fair value, hedging instruments are carried at fair value consistently.
2. Where hedged items are carried on an accrual basis, then hedging instruments carry the accrual consistently.

Day One Profit or Loss: Gains or losses from trading derivatives are recognized at inception in the statement of income when the fair value of that derivative is determined based upon observable market data or supported by comparison to other observable market transactions, or based upon a valuation technique incorporating observable market data. The Bank amortizes initial gains or losses on derivative transactions on a straight-line basis or on an effective interest rate basis over the life of the contract where the fair value is based upon unobservable market data. The unamortized gains or losses are recognized in the statement of income when the market data becomes observable.

4.16 Hybrid Instrument

Hybrid Instrument: includes a non-derivative host contract and an embedded derivative. The host contract shall be accounted for under the classification of the host contract. An embedded derivative shall be separated from the host contract and accounted for as a derivative which is carried at fair value, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
3. The hybrid instrument is not recognized at fair value through the statement of income.

If an embedded derivative is not separated, the hybrid instrument shall be accounted for under the classification of the host contract.

Changes in the fair value of separated embedded derivatives are recognized in the statement of income.

Deposit and borrowing transactions with embedded derivatives:

The Bank's management approach relating to accounting and fair value assessment relating to deposit and borrowing transactions with embedded derivatives (structured notes) are consistent with those of International Accounting Standard No. 39 (IAS 39) and the BoT notification number SOR NOR SOR 13/2551, dated 3 August 2008, titled "Permission for Commercial Banks to Undertake Deposit or Borrowing Transactions with Embedded Derivatives", which requires commercial banks to apply IAS 39 to structured note products.

Day One Profit or Loss for Embedded Derivatives:

The Bank amortizes day one profit as part of the return of the host contract on a straight-line basis or on an effective interest rate basis over the life of the contract.

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4.17 Employee benefits

- Staff retirement benefits

Staff members are entitled to retirement pay upon termination of employment depending upon length of service and other conditions. It is management's policy to recognize an appropriate amount as a provision for each period.

- Provident fund

The Bank established a provident fund under the Provident Fund Act (B.E. 2530), and registered this Fund with the Ministry of Finance on 16 August 1994. According to the Fund's Articles, every employee is entitled to apply for membership, and each member must contribute to the Fund at the rate of 3% of their basic salary, while the Bank contributes an additional 3.0 - 4.5%. Upon termination of employment, employees are entitled to receive this benefit except when terminated "without compensation".

4.18 Recognition of interest income

Interest and discount income on loans are recognized on an accrual basis, except when interest payments are in arrears for more than three months when, regardless of collateral, the cash basis is adopted.

In compliance with the BoT's regulation, the Bank reverses accrued interest receivable on loans for which repayments are more than three months in arrears.

The asset management subsidiary recognizes interest income on investments in receivables and loans on a cash basis.

Income from factoring of a subsidiary is recognized on an accrual basis.

The lease income of a subsidiary is recognized as follows:

- Income under finance lease agreements is recognized on the basis of installment payments due by using the effective interest rate method, calculated from the balance of the net investment in each installment. When installment payments are in arrears for more than three months, the cash basis is adopted.
- Income under operating lease agreements is recognized on the basis of installment payments due. When installment payments are in arrears for more than three months, the cash basis is adopted.

Premium income is recognized as income when underwriting of the insurance is approved. Premium due and uncollected at the reporting date is recognized as revenue only if the policy is still in force, and is calculated based on the persistency rate.

4.19 Recognition of interest expense

Interest expense is recognized on an accrual basis.

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4.20 Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4.21 Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of ordinary shares in issue during the year.

4.22 Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Thai Baht at the rates of exchange prevailing on the dates of the transactions. Assets and liabilities including the balance sheet of the Bank's foreign branches that are denominated in foreign currencies at the reporting date are translated into Thai Baht at the reference rates announced by the BoT on that date. The statements of income of the Bank's foreign branches are translated into Thai Baht at the reference rates announced by the BoT at the transaction date rate.

Exchange gains or losses on translation and on transactions in foreign currencies including foreign exchange differences arising on the translation of financial statements of the Bank's foreign branches are included in revenues and expenses for the year.

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5 SUPPLEMENTARY INFORMATION OF CASH FLOWS

5.1 Non-cash significant items

Non-cash significant items for the years ended 31 December 2009 and 2008 are as follows:

	(Million Baht)			
	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revaluation (deficit) surplus on investments	(720)	1,639	(840)	1,640
The realized portion of the appraised surplus on asset revaluation	166	169	166	169
Foreclosed properties arising from auction and debt settlement	5,139	3,581	4,479	3,125

5.2 Cash payment for business acquisition

	(Million Baht)
	<u>2009</u>
Cash payment for business acquisition	7,534
Others	<u>178</u>
Net Cash Payment	<u>7,712</u>

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6 INTERBANK AND MONEY MARKET ITEMS (ASSETS)

Interbank and money market items (assets) as of 31 December 2009 and 2008 consisted of:

	(Million Baht)					
	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
1. <u>Domestic</u>						
The BoT and FIDF	1,780	48,700	50,480	2,006	179,700	181,706
Commercial banks	431	370	801	1,951	5,235	7,186
Other banks	-	251	251	-	-	-
Finance, securities and credit foncier companies	-	-	-	100	-	100
Other financial institutions	<u>1</u>	<u>2,064</u>	<u>2,065</u>	<u>-</u>	<u>606</u>	<u>606</u>
Total Domestic	2,212	51,385	53,597	4,057	185,541	189,598
<u>Add</u> Accrued interest receivable	-	13	13	1	69	70
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(43)</u>	<u>(43)</u>	<u>(1)</u>	<u>(50)</u>	<u>(51)</u>
Total	<u>2,212</u>	<u>51,355</u>	<u>53,567</u>	<u>4,057</u>	<u>185,560</u>	<u>189,617</u>
2. <u>Foreign</u>						
US Dollars	4,617	2,965	7,582	4,745	803	5,548
Japanese Yen	68	-	68	123	-	123
Other currencies	<u>906</u>	<u>1,259</u>	<u>2,165</u>	<u>1,347</u>	<u>153</u>	<u>1,500</u>
Total Foreign	5,591	4,224	9,815	6,215	956	7,171
<u>Add</u> Accrued interest receivable	-	5	5	-	7	7
<u>Less</u> Allowance for doubtful accounts	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Total	<u>5,588</u>	<u>4,229</u>	<u>9,817</u>	<u>6,211</u>	<u>963</u>	<u>7,174</u>
Total Domestic and Foreign	<u>7,800</u>	<u>55,584</u>	<u>63,384</u>	<u>10,268</u>	<u>186,523</u>	<u>196,791</u>

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(Million Baht)

	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
1. <u>Domestic</u>						
The BoT and FIDF	1,780	48,700	50,480	2,006	179,700	181,706
Commercial banks	195	100	295	1,868	5,200	7,068
Finance, securities and credit foncier companies	-	-	-	100	-	100
Other financial institutions	<u>1</u>	<u>2,064</u>	<u>2,065</u>	<u>-</u>	<u>606</u>	<u>606</u>
Total Domestic	1,976	50,864	52,840	3,974	185,506	189,480
<u>Add</u> Accrued interest receivable	-	6	6	1	69	70
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(12)</u>	<u>(12)</u>	<u>(1)</u>	<u>(15)</u>	<u>(16)</u>
Total	<u>1,976</u>	<u>50,858</u>	<u>52,834</u>	<u>3,974</u>	<u>185,560</u>	<u>189,534</u>
2. <u>Foreign</u>						
US Dollar	4,617	2,965	7,582	4,745	803	5,548
Japanese Yen	68	-	68	123	-	123
Other currencies	<u>906</u>	<u>1,259</u>	<u>2,165</u>	<u>1,347</u>	<u>153</u>	<u>1,500</u>
Total Foreign	5,591	4,224	9,815	6,215	956	7,171
<u>Add</u> Accrued interest receivable	-	5	5	-	7	7
<u>Less</u> Allowance for doubtful accounts	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Total	<u>5,588</u>	<u>4,229</u>	<u>9,817</u>	<u>6,211</u>	<u>963</u>	<u>7,174</u>
Total Domestic and Foreign	<u>7,564</u>	<u>55,087</u>	<u>62,651</u>	<u>10,185</u>	<u>186,523</u>	<u>196,708</u>

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7 INVESTMENTS

7.1 Type of investments

Investments as of 31 December 2009 and 2008 consisted of:

(Million Baht)

	<u>Consolidated</u>			
	<u>2009</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
1. Current Investments				
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

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(Million Baht)

	<u>Consolidated</u>			
	<u>2009</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
2. Long-term Investments				
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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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>Consolidated</u>			
	<u>2008</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
1. Current Investments				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	6,116	53	(12)	6,157
1.1.2 Private enterprises debt instruments	1,642	8	-	1,650
1.1.3 Marketable equity securities - domestic	<u>326</u>	<u>42</u>	<u>-</u>	<u>368</u>
Total	8,084	103	(12)	8,175
<u>Add</u> Allowance for revaluation	<u>91</u>			<u>-</u>
Total	<u>8,175</u>			<u>8,175</u>
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	52,668	1,408	-	54,076
1.2.2 Private enterprises debt instruments	46	-	(46)	-
1.2.3 Foreign debt instruments	1,398	-	-	1,398
1.2.4 Marketable equity securities - domestic	377	233	(222)	388
1.2.5 Others	<u>237</u>	<u>1</u>	<u>-</u>	<u>238</u>
Total	54,726	1,642	(268)	56,100
<u>Add</u> Allowance for revaluation	1,566			-
<u>Less</u> Allowance for impairment	<u>(192)</u>			<u>-</u>
Total	<u>56,100</u>			<u>56,100</u>
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	2,400	6	-	2,406
1.3.2 Private enterprises debt instruments	841	5	-	846
1.3.3 Foreign debt instruments	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>
Total	<u>4,223</u>	11	-	<u>4,234</u>
Total Current Investments - net	<u>68,498</u>			<u>68,509</u>

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(Million Baht)

	<u>Consolidated</u>			
	<u>2008</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
2. Long-term Investments				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	24,222	608	-	24,830
2.1.2 Private enterprises debt instruments	1,193	19	-	1,212
2.1.3 Foreign debt instruments	1,538	3	(33)	1,508
2.1.4 Marketable equity securities - domestic	<u>88</u>	<u>46</u>	<u>(2)</u>	<u>132</u>
Total	27,041	676	(35)	27,682
<u>Add</u> Allowance for revaluation	<u>641</u>			<u>-</u>
Total	<u>27,682</u>			<u>27,682</u>
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	4,435	149	-	4,584
2.2.2 Private enterprises debt instruments	<u>584</u>	<u>-</u>	<u>(584)</u>	<u>-</u>
Total	5,019	149	(584)	4,584
<u>Less</u> Allowance for impairment	<u>(584)</u>			<u>-</u>
Total	<u>4,435</u>			<u>4,584</u>
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	2,034	-	(382)	1,652
2.3.2 Non-marketable equity securities - overseas	306	-	(264)	42
2.3.3 Investments in receivables	<u>740</u>	<u>-</u>	<u>(318)</u>	<u>422</u>
Total	3,080	-	(964)	2,116
<u>Less</u> Allowance for impairment	<u>(964)</u>			<u>-</u>
Total	<u>2,116</u>			<u>2,116</u>
Total Long-term Investments - net	<u>34,233</u>			<u>34,382</u>

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>			
	<u>2009</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
1. <u>Current Investments</u>				
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>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>2009</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
2. Long-term Investments				
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</u> Allowance for revaluation	<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</u> Allowance for impairment	<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</u> Allowance for impairment	<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>

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(Million Baht)

	<u>The Bank</u>			
	<u>2008</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
1. <u>Current Investments</u>				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	6,116	53	(12)	6,157
1.1.2 Private enterprises debt instruments	1,642	8	-	1,650
1.1.3 Marketable equity securities - domestic	<u>326</u>	<u>43</u>	<u>-</u>	<u>369</u>
Total	8,084	104	(12)	8,176
<u>Add</u> Allowance for revaluation	<u>92</u>			<u>-</u>
Total	<u>8,176</u>			<u>8,176</u>
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	52,668	1,408	-	54,076
1.2.2 Private enterprises debt instruments	46	-	(46)	-
1.2.3 Foreign debt instruments	1,398	-	-	1,398
1.2.4 Marketable equity securities - domestic	<u>377</u>	<u>232</u>	<u>(222)</u>	<u>387</u>
Total	54,489	1,640	(268)	55,861
<u>Add</u> Allowance for revaluation	1,564			-
<u>Less</u> Allowance for impairment	<u>(192)</u>			<u>-</u>
Total	<u>55,861</u>			<u>55,861</u>
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	2,400	6	-	2,406
1.3.2 Private enterprises debt instruments	841	5	-	846
1.3.3 Foreign debt instruments	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>
Total	<u>4,223</u>	11	-	<u>4,234</u>
Total Current Investments - net	<u>68,260</u>			<u>68,271</u>

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(Million Baht)

	<u>The Bank</u>			
	<u>2008</u>			
	Cost Value/ <u>Amortized Cost Value</u>	<u>Unrealized Gain</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
2. <u>Long-term Investments</u>				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	24,221	608	-	24,829
2.1.2 Private enterprises debt instruments	1,193	19	-	1,212
2.1.3 Foreign debt instruments	1,538	3	(33)	1,508
2.1.4 Marketable equity securities - domestic	<u>85</u>	<u>46</u>	<u>-</u>	<u>131</u>
Total	27,037	676	(33)	27,680
<u>Add</u> Allowance for revaluation	<u>643</u>			<u>-</u>
Total	<u>27,680</u>			<u>27,680</u>
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	4,435	150	-	4,585
2.2.2 Private enterprises debt instruments	<u>584</u>	<u>-</u>	<u>(584)</u>	<u>-</u>
Total	5,019	150	(584)	4,585
<u>Less</u> Allowance for impairment	<u>(584)</u>			<u>-</u>
Total	<u>4,435</u>			<u>4,585</u>
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	1,887	-	(351)	1,536
2.3.2 Non-marketable equity securities - overseas	306	-	(264)	42
2.3.3 Investments in receivables	<u>695</u>	<u>-</u>	<u>(304)</u>	<u>391</u>
Total	2,888	-	(919)	1,969
<u>Less</u> Allowance for impairment	<u>(919)</u>			<u>-</u>
Total	<u>1,969</u>			<u>1,969</u>
Total Long-term Investments - net	<u>34,084</u>			<u>34,234</u>

As of 31 December 2009 and 2008, investments in held-to-maturity debt instruments, which are government or state enterprises securities, included promissory notes from Thai Asset Management Corporation of Baht 4,198 million and Baht 3,435 million, respectively.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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7.2 Gain on investments

Gain on investments presented in the statements of income for the years ended 31 December 2009 and 2008 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Gain on disposal of investments				
Held for trading investments	399	679	397	654
Available-for-sale investments	544	564	539	562
General investments	3	611	-	609
Investments in receivables	-	28	-	-
Total	<u>946</u>	<u>1,882</u>	<u>936</u>	<u>1,825</u>
Loss on disposal of investments				
Held for trading investments	(144)	(192)	(144)	(191)
Available-for-sale investments	(5)	(533)	(5)	(533)
General investments	(12)	-	(12)	-
Investments in associate	<u>(354)</u>	<u>-</u>	<u>(354)</u>	<u>-</u>
Total	<u>(515)</u>	<u>(725)</u>	<u>(515)</u>	<u>(724)</u>
Gain on transfer of financial assets	-	1	-	-
(Loss) gain from revaluation of investments	(70)	70	(72)	70
Loss on general investments write off	(3)	-	(3)	-
Reversal of loss (loss) on impairment				
Investments in securities	17	414	17	428
Investments in receivables	16	(71)	16	(52)
Investments in associate	<u>355</u>	<u>-</u>	<u>355</u>	<u>-</u>
Total	<u>388</u>	<u>343</u>	<u>388</u>	<u>376</u>
Total gain on investments	<u>746</u>	<u>1,571</u>	<u>734</u>	<u>1,547</u>

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7.3 Revaluation surplus on investments

Revaluation surplus on investments as of 31 December 2009 and 2008 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revaluation surplus on investments				
Debt instruments	723	2,005	724	2,005
Equity securities	<u>764</u>	<u>202</u>	<u>644</u>	<u>203</u>
Total	<u>1,487</u>	<u>2,207</u>	<u>1,368</u>	<u>2,208</u>

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7.4 Maturity for debt instruments

As of 31 December 2009 and 2008 a maturity analysis for debt instruments resulted in the following:

(Million Baht)

	<u>Consolidated</u>							
	<u>2009</u>				<u>2008</u>			
	<u>Maturity</u>				<u>Maturity</u>			
	<u>Over</u>	<u>Over</u>	<u>Over</u>		<u>Over</u>	<u>Over</u>	<u>Over</u>	
	<u>1 year to 5</u>	<u>1 year to 5</u>	<u>1 year to 5</u>	<u>Total</u>	<u>1 year to 5</u>	<u>1 year to 5</u>	<u>1 year to 5</u>	<u>Total</u>
	<u>1 year</u>	<u>years</u>	<u>years</u>		<u>1 year</u>	<u>years</u>	<u>years</u>	
1. Available-for-sale investments								
1.1 Government and state								
enterprises securities	86,143	71,242	6,648	164,033	46,233	25,222	5,435	76,890
1.2 Private enterprises debt								
instruments	1,195	254	66	1,515	46	1,193	-	1,239
1.3 Foreign debt instruments	<u>2,269</u>	<u>8,883</u>	<u>-</u>	<u>11,152</u>	<u>1,398</u>	<u>1,538</u>	<u>-</u>	<u>2,936</u>
Total	89,607	80,379	6,714	176,700	47,677	27,953	5,435	81,065
Add Allowance for revaluation	325	249	288	862	404	734	867	2,005
Less Allowance for impairment	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>(46)</u>
Total	<u>89,886</u>	<u>80,628</u>	<u>7,002</u>	<u>177,516</u>	<u>48,035</u>	<u>28,687</u>	<u>6,302</u>	<u>83,024</u>
2. Held-to-maturity debt								
instruments								
2.1 Government and state								
enterprises securities	459	5,370	37,376	43,205	2,400	3,377	1,058	6,835
2.2 Private enterprises debt								
instruments	1,254	1,609	10,712	13,575	841	-	584	1,425
2.3 Foreign debt instruments	<u>103</u>	<u>361</u>	<u>1,142</u>	<u>1,606</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>
Total	1,816	7,340	49,230	58,386	4,223	3,377	1,642	9,242
Less Allowance for impairment	<u>-</u>	<u>-</u>	<u>(599)</u>	<u>(599)</u>	<u>-</u>	<u>-</u>	<u>(584)</u>	<u>(584)</u>
Total	<u>1,816</u>	<u>7,340</u>	<u>48,631</u>	<u>57,787</u>	<u>4,223</u>	<u>3,377</u>	<u>1,058</u>	<u>8,658</u>
Total Debt Instruments	<u>91,702</u>	<u>87,968</u>	<u>55,633</u>	<u>235,303</u>	<u>52,258</u>	<u>32,064</u>	<u>7,360</u>	<u>91,682</u>

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(Million Baht)

	<u>The Bank</u>							
	<u>2009</u>				<u>2008</u>			
	<u>Maturity</u>				<u>Maturity</u>			
	<u>Over</u>	<u>1 year to 5</u>	<u>Over 5</u>	<u>Total</u>	<u>Over</u>	<u>1 year to 5</u>	<u>Over 5</u>	<u>Total</u>
	<u>1 year</u>	<u>years</u>	<u>years</u>		<u>1 year</u>	<u>years</u>	<u>years</u>	
1. Available-for-sale investments								
1.1 Government and state								
enterprises securities	85,697	70,786	5,754	162,237	46,233	25,222	5,435	76,890
1.2 Private enterprises debt								
instruments	1,136	243	-	1,379	46	1,193	-	1,239
1.3 Foreign debt instruments	<u>2,269</u>	<u>8,883</u>	<u>-</u>	<u>11,152</u>	<u>1,398</u>	<u>1,538</u>	<u>-</u>	<u>2,936</u>
Total	89,102	79,912	5,754	174,768	47,677	27,953	5,435	81,065
Add Allowance for revaluation	317	217	190	724	404	734	867	2,005
Less Allowance for impairment	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>(46)</u>
Total	<u>89,373</u>	<u>80,129</u>	<u>5,944</u>	<u>175,446</u>	<u>48,035</u>	<u>28,687</u>	<u>6,302</u>	<u>83,024</u>
2. Held-to-maturity debt								
instruments								
2.1 Government and state								
enterprises securities	-	3,599	15	3,614	2,400	3,377	1,058	6,835
2.2 Private enterprises debt								
instruments	-	-	583	583	841	-	584	1,425
2.3 Foreign debt instruments	<u>103</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>
Total	103	3,599	598	4,300	4,223	3,377	1,642	9,242
Less Allowance for impairment	<u>-</u>	<u>-</u>	<u>(583)</u>	<u>(583)</u>	<u>-</u>	<u>-</u>	<u>(584)</u>	<u>(584)</u>
Total	<u>103</u>	<u>3,599</u>	<u>15</u>	<u>3,717</u>	<u>4,223</u>	<u>3,377</u>	<u>1,058</u>	<u>8,658</u>
Total Debt Instruments	<u>89,476</u>	<u>83,728</u>	<u>5,959</u>	<u>179,163</u>	<u>52,258</u>	<u>32,064</u>	<u>7,360</u>	<u>91,682</u>

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7.5 Investment in other companies having a going concern

As of 31 December 2009 and 2008, 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>2009</u>						
	<u>Consolidated</u>			<u>The Bank</u>		
	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for Impairment</u>	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for 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	<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>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

<u>2008</u>						
	<u>Consolidated</u>			<u>The Bank</u>		
	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for Impairment</u>	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for Impairment</u>
1. Closed financial institutions						
- Debt Instrument	131	-	(131)	131	-	(131)
2. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments	-	-	-	-	-	-
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	646	-	(646)	646	-	(646)
- Debt Instrument	498	-	(498)	498	-	(498)
4. Investment in receivables with uncertainty in settlement or in default	<u>722</u>	<u>419</u>	<u>(303)</u>	<u>677</u>	<u>374</u>	<u>(303)</u>
Total	<u>1,997</u>	<u>419</u>	<u>(1,578)</u>	<u>1,952</u>	<u>374</u>	<u>(1,578)</u>

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7.6 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. (“MTL”), by acquiring additional ordinary shares of Muang Thai Group Holding Co., Ltd. (MTGH) (Formerly: Muang Thai Fortis Holding Co., Ltd.) for KBank to hold approximately 51% of the total shares issued by MTGH.

As part of the acquisition of the additional shares of MTGH 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% hold by KBank |
| 2. Thanyathamrongkij Co., Ltd. | - 100% hold by KBank |
| 3. Thanyanithiwattana Co., Ltd. | - 25.50% hold by Thanyathanathavee Co., Ltd. and 25.50% hold by Thanyathamrongkij Co., Ltd. which both companies hold investment through Ruang Khao Phuean Thai Joint Investment Agreement, pursuant to the regulations under the Life Insurance Act B.E. 2535, as amended. |
| | - 49% hold 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 MTGH, valued Baht 7,529 million in total, resulted in KBank holding 51% of total issued shares. In other word, KBank holds directly 26% and indirectly 25% of total issued shares in MTGH.

MTGH holds 75% and 98% of the total shares issued by MTL and Muang Thai Broker Co., Ltd (“MTB”) respectively. Subsequently, KBank holds 38.25% and 49.98% of the total shares issued by MTL and MTB respectively.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008**

The fair value and the book value of identifiable assets and liabilities and contingent liabilities assumed at the acquisition date in MTGH, MTL and MTB (MTGH group) are as follows:

		(Million Baht)
	<u>Book Value</u>	<u>Fair Value</u>
Interbank and money market items	963	963
Investments	62,411	64,294
Loans and accrued interest receivable	4,537	4,537
Premises and equipment	1,187	4,537
Other assets	<u>3,123</u>	<u>3,123</u>
Total Assets	<u>72,221</u>	<u>77,454</u>
Contingent liabilities assumed	-	1,350
Life policy reserve	58,713	58,713
Other liabilities	<u>3,082</u>	<u>3,082</u>
Total Liabilities	<u>61,795</u>	<u>63,145</u>
Net Assets	<u>10,426</u>	<u>14,309</u>

Goodwill and negative goodwill resulted from such business acquisition are as follows:

	(Million Baht)
Goodwill from acquiring Muang Thai Life Assurance Company Limited	2,034
Negative goodwill from acquiring Muang Thai Group Holding Company Limited and Muang Thai Broker Company Limited	(59)

The net profit of companies in MTGH Group from the acquisition date to 31 December 2009 totaled Baht 106 million.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
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7.7 Investments in subsidiaries and associated companies

As of 31 December 2009 and 2008, 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		2009	2008	2009	2008
			Direct	Indirect				
			2009	2008				
<u>Associated companies</u>								
Goco Co., Ltd. ¹⁾	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	107	174
Rural Capital Partners Co., Ltd.	Venture Capital	Ordinary	27.50%	27.50%	2	2	2	2
Lawson-Marsh Events Co., Ltd. ¹⁾	Venture Capital	Ordinary	35.71%	35.71%	5	5	5	5
Sukhothai Land Co., Ltd. ¹⁾	Venture Capital	Ordinary	20.00%	20.00%	10	10	10	10
Humanica Co., Ltd. ¹⁾	Software design and development	Ordinary	21.60%	21.60%	13	13	13	13
2Spot Communications Co., Ltd. ¹⁾	Information and communication System							
	Development	Ordinary	20.17%	20.17%	5	5	5	5
M. Grand Hotel Co., Ltd. ²⁾	Hotel	Ordinary	-	20.00%	-	355	-	6
Total					56	411	148	221
Less Allowance for impairment					(1)	(356)	(1)	(7)
Investments in Associated Companies – Net					55	55	147	214

¹⁾ The Bank holds shares indirectly through K – SME Venture Capital Co., Ltd.

²⁾ The Bank sold investments in M. Grand Hotel Co., Ltd. on 11 December 2009.

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(Million Baht)

		The Bank						
		Type of	% Shareholding					
Type of Business	Share		Direct and indirect		Cost method		Dividend income	
			2009	2008	2009	2008	2009	2008
Subsidiary companies								
Phethai Asset Management Co., Ltd.	Asset							
	Management	Ordinary	100.00%	100.00%	5,998	5,998	-	-
Kasikorn Research Center Co., Ltd.	Service	Ordinary	100.00%	100.00%	6	6	-	-
Kasikorn Asset	Mutual Fund							
Management Co., Ltd.	Management	Ordinary	100.00%	100.00%	2,003	2,003	650	394
Kasikorn Securities Public Co., Ltd.	Securities							
	Business	Ordinary	99.99%	99.99%	1,312	1,312	-	-
Kasikorn Factory and								
Equipment Co., Ltd.	Lending	Ordinary	100.00%	100.00%	237	237	-	-
Kasikorn Leasing Co., Ltd.	Lending	Ordinary	100.00%	100.00%	900	900	-	-
Progress Land and Buildings Co., Ltd.	Property							
	Development	Ordinary	100.00%	100.00%	639	639	-	-
KHAO KLA Venture Capital	Venture Capital							
Management Co., Ltd.	Management	Ordinary	100.00%	100.00%	-	-	-	-
K-SME Venture Capital Co., Ltd.	Venture Capital	Ordinary	100.00%	100.00%	200	200	-	-
Progress Gunpai Co., Ltd.	Service	Ordinary	100.00%	100.00%	21	21	110	-
Progress Plus Co., Ltd.	Service	Ordinary	100.00%	100.00%	4	4	4	1
Progress Facilities								
Management Co., Ltd.	Service	Ordinary	100.00%	100.00%	5	5	5	5
Progress Management Co., Ltd.	Service	Ordinary	100.00%	100.00%	6	6	6	1
Progress Software Co., Ltd.	Service	Ordinary	100.00%	100.00%	19	19	20	2
Progress Storage Co., Ltd.	Service	Ordinary	100.00%	100.00%	3	3	7	3
Progress Services Support Co., Ltd.	Service	Ordinary	100.00%	100.00%	4	4	7	-
Progress Services Co., Ltd.	Service	Ordinary	100.00%	100.00%	2	2	12	10
Progress HR Co., Ltd.	Service	Ordinary	100.00%	100.00%	1	1	18	-
Progress Appraisal Co., Ltd.	Service	Ordinary	100.00%	100.00%	5	5	15	-
Progress Collection Co., Ltd.	Service	Ordinary	100.00%	100.00%	5	5	-	-
Progress Training Co., Ltd.	Service	Ordinary	100.00%	-	2	-	-	-

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
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(Million Baht)

			<u>The Bank</u>					
			<u>Type of</u>	<u>% Shareholding</u>	<u>Cost method</u>		<u>Dividend income</u>	
					<u>Direct and indirect</u>			
	<u>Type of Business</u>	<u>Share</u>			<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Subsidiary companies</u>								
Thanyathanathavee Co., Ltd.	Investment in other companies	Ordinary	100.00%	-	1,149	-	-	-
Thanyathamrongkij Co., Ltd.	Investment in other companies	Ordinary	100.00%	-	1,149	-	-	-
Thanyanithiwattana Co., Ltd.	Investment in other companies	Ordinary	100.00%	-	2,204	-	-	-
Ruang Khao Phuean Thai Joint Investment Agreement	Investment in other companies	Ordinary	100.00%	-	-	-	-	-
Muang Thai Group Holding Co., Ltd.	Holding	Ordinary	51.00%	-	3,077	-	-	-
Muang Thai Life Assurance Co., Ltd.	Life Insurance	Ordinary	38.25%	-	-	-	-	-
Muang Thai Broker Co., Ltd.	Insurance Broker	Ordinary	49.98%	-	-	-	-	-
<u>Associated companies</u>								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	75	23
Rural Capital Partners Co., Ltd.	Venture Capital	Ordinary	27.50%	27.50%	2	2	-	-
M. Grand Hotel Co., Ltd.	Hotel	Ordinary	-	20.00%	-	355	-	-
Total					18,968	11,742	929	439
<u>Less</u> Allowance for impairment					(1,913)	(2,268)	-	-
Investments in Subsidiaries and Associated Companies – Net					<u>17,055</u>	<u>9,474</u>	<u>929</u>	<u>439</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.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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7.8 Investments over 10% held by the Banks and its subsidiaries

As of 31 December 2009 and 2008, 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:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Manufacturing and commerce	118	126	17	20
Property development and construction	522	550	522	550
Infrastructure and services	271	276	271	271
Others	<u>670</u>	<u>330</u>	<u>328</u>	<u>330</u>
Total	<u>1,581</u>	<u>1,282</u>	<u>1,138</u>	<u>1,171</u>

7.9 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 :

	<u>Balance Sheets</u>					
	<u>2009</u>			<u>2008</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>
Subsidiary Companies						
K Companies	54,307	50,864	3,443	42,712	39,791	2,921
Companies in MTGH Group	73,660	62,792	10,868	-	-	-
Phethai – AMC	4,463	47	4,416	4,937	570	4,367
A Support Service Provider to KASIKORNBANK						
GROUP (P Companies) and others	<u>11,029</u>	<u>679</u>	<u>10,350</u>	<u>1,799</u>	<u>536</u>	<u>1,263</u>
Total	<u>143,459</u>	<u>114,382</u>	<u>29,077</u>	<u>49,448</u>	<u>40,897</u>	<u>8,551</u>
Associated Companies	<u>571</u>	<u>90</u>	<u>481</u>	<u>820</u>	<u>119</u>	<u>701</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

Statements of Income						
For the Years Ended 31 December						
	2009			2008		
	Net			Net		
Subsidiary Companies	<u>Revenue</u>	<u>Expenses</u>	<u>Profit</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Profit</u>
K Companies	5,784	4,610	1,174	4,505	3,875	630
Companies in MTGH Group	2,521	2,416	105	-	-	-
Phethai – AMC	159	110	49	200	99	101
A Support Service Provider to KASIKORNBANK						
GROUP (P Companies) and others	<u>3,272</u>	<u>3,067</u>	<u>205</u>	<u>2,659</u>	<u>2,487</u>	<u>172</u>
Total	<u>11,736</u>	<u>10,203</u>	<u>1,533</u>	<u>7,364</u>	<u>6,461</u>	<u>903</u>
Associated Companies	<u>276</u>	<u>261</u>	<u>15</u>	<u>497</u>	<u>387</u>	<u>110</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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7.10 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-AMC are as follows:

Phethai Asset Management Company Limited
Statements of Cash Flows
For the Years Ended 31 December 2009 and 2008

	<u>Million Baht</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	49	101
Add (Less) Adjustments to reconcile income before income tax to net cash		
Depreciation and amortization	1	2
Reversal of bad debt and doubtful accounts	(9)	(55)
Loss on debt restructuring	1	10
Interest income from amortization of revaluation allowance for debt restructuring	(3)	(2)
(Gain) loss on investment in securities	(3)	18
Loss on impairment of investments in receivables	-	1
Loss on impairment of properties foreclosed	92	45
Reversal of loss on impairment of other assets	(1)	-
Gain on transfer of changing account	(3)	(25)
Amortization of discount on promissory note receivables	(12)	(13)
Decrease in accrued expenses	<u>(1)</u>	<u>(30)</u>
	111	52
Net income from interest and dividends	(46)	(43)
Interest and dividends received	49	78
Interest paid	(5)	(44)
Income tax received (paid)	<u>4</u>	<u>(3)</u>
Net profit from operations before changes in operating assets and liabilities	113	40

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Phethai Asset Management Company Limited

Statements of Cash Flows (Continued)

For the Years Ended 31 December 2009 and 2008

	<u>Million Baht</u>	
	<u>2009</u>	<u>2008</u>
Decrease in operating assets		
Investments in receivables	20	218
Loans and receivables	297	484
Properties foreclosed	529	948
Other assets	84	1,546
Increase (decrease) in operating liabilities		
Other liabilities	<u>9</u>	<u>(31)</u>
Net Cash Provided by Operating Activities	<u>1,052</u>	<u>3,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments in securities	-	(4)
Proceeds from disposal of investments in securities	<u>13</u>	<u>7</u>
Net Cash Provided by Investing Activities	<u>13</u>	<u>3</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for repayment of borrowings from the Bank	<u>(530)</u>	<u>(3,215)</u>
Net Cash Used in Financing Activities	<u>(530)</u>	<u>(3,215)</u>
Net increase (decrease) in cash and cash equivalents	535	(7)
Cash and cash equivalents at the beginning of the year	<u>25</u>	<u>32</u>
Cash and cash equivalents at the end of the year	<u><u>560</u></u>	<u><u>25</u></u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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8 LOANS AND ACCRUED INTEREST RECEIVABLES

Loans and accrued interest receivables as of 31 December 2009 and 2008 consisted of:

8.1 Classified by Type of Loans

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Overdrafts	168,382	158,187	167,725	157,389
Loans	408,632	373,842	449,248	403,830
Bills	283,126	311,009	286,712	316,366
Others	<u>83,238</u>	<u>60,970</u>	<u>30,203</u>	<u>23,002</u>
Total	943,378	904,008	933,888	900,587
<u>Add</u> Accrued interest receivable	<u>1,051</u>	<u>1,486</u>	<u>1,010</u>	<u>1,455</u>
Total	944,429	905,494	934,898	902,042
<u>Less</u> Allowance for doubtful accounts	(29,526)	(26,394)	(28,347)	(25,125)
<u>Less</u> Revaluation allowance for				
debt restructuring	<u>(4,519)</u>	<u>(3,378)</u>	<u>(4,493)</u>	<u>(3,378)</u>
Total	<u>910,384</u>	<u>875,722</u>	<u>902,058</u>	<u>873,539</u>

8.2 Classified by Maturity of Contracts

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Within 1 year	501,847	539,911	495,165	539,289
Over 1 year	<u>442,582</u>	<u>365,583</u>	<u>439,733</u>	<u>362,753</u>
Total	<u>944,429</u>	<u>905,494</u>	<u>934,898</u>	<u>902,042</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

8.3 Classified by Currencies and Residency of Borrowers

(Million Baht)

	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	900,115	4,820	904,935	868,091	3,413	871,504
US Dollars	36,267	267	36,534	30,477	288	30,765
Other currencies	<u>2,801</u>	<u>159</u>	<u>2,960</u>	<u>3,175</u>	<u>50</u>	<u>3,225</u>
Total	<u>939,183</u>	<u>5,246</u>	<u>944,429</u>	<u>901,743</u>	<u>3,751</u>	<u>905,494</u>

(Million Baht)

	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	890,584	4,820	895,404	864,639	3,413	868,052
US Dollars	36,267	267	36,534	30,477	288	30,765
Other currencies	<u>2,801</u>	<u>159</u>	<u>2,960</u>	<u>3,175</u>	<u>50</u>	<u>3,225</u>
Total	<u>929,652</u>	<u>5,246</u>	<u>934,898</u>	<u>898,291</u>	<u>3,751</u>	<u>902,042</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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8.4 Classified by Type of Business and Account Status

(Million Baht)

	<u>Consolidated</u>					
	<u>2009</u>					
	<u>Pass</u>	<u>Special</u>	<u>Sub-</u>		<u>Doubtful</u>	
		<u>Mention</u>	<u>Standard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Total</u>
Agricultural and mining	22,947	1,040	413	204	425	25,029
Manufacturing and commerce	490,467	11,136	6,403	4,905	10,248	523,159
Property development and						
Construction	53,512	2,147	355	342	2,776	59,132
Infrastructure and services	94,237	2,493	476	868	4,044	102,118
Housing loans	126,822	1,600	893	930	1,556	131,801
Others	<u>91,561</u>	<u>1,778</u>	<u>700</u>	<u>556</u>	<u>1,232</u>	<u>95,827</u>
Total	<u>879,546</u>	<u>20,194</u>	<u>9,240</u>	<u>7,805</u>	<u>20,281</u>	937,066
Credit balance transaction						2,676
Loan from life insurance business						<u>4,687</u>
Total						<u>944,429</u>

(Million Baht)

	<u>Consolidated</u>					
	<u>2008</u>					
	<u>Pass</u>	<u>Special</u>	<u>Sub-</u>		<u>Doubtful</u>	
		<u>Mention</u>	<u>Standard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Total</u>
Agricultural and mining	22,262	2,118	262	57	552	25,251
Manufacturing and commerce	477,338	24,797	4,113	3,207	12,307	521,762
Property development and						
Construction	54,086	3,261	274	1,394	1,930	60,945
Infrastructure and services	74,731	4,019	194	500	4,834	84,278
Housing loans	109,534	4,221	438	291	1,621	116,105
Others	<u>91,269</u>	<u>2,815</u>	<u>610</u>	<u>341</u>	<u>933</u>	<u>95,968</u>
Total	<u>829,220</u>	<u>41,231</u>	<u>5,891</u>	<u>5,790</u>	<u>22,177</u>	904,309
Credit balance transaction						<u>1,185</u>
Total						<u>905,494</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

<u>The Bank</u>						
<u>2009</u>						
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	<u>Total</u>
Agricultural and mining	19,534	644	373	161	408	21,120
Manufacturing and commerce	473,414	10,092	6,340	4,832	9,606	504,284
Property development and						
Construction	51,659	1,986	337	327	2,263	56,572
Infrastructure and services	87,316	1,899	458	849	3,901	94,423
Housing loans	126,797	1,590	894	930	1,391	131,602
Others	<u>123,891</u>	<u>859</u>	<u>610</u>	<u>495</u>	<u>1,042</u>	<u>126,897</u>
Total	<u>882,611</u>	<u>17,070</u>	<u>9,012</u>	<u>7,594</u>	<u>18,611</u>	<u>934,898</u>

(Million Baht)

<u>The Bank</u>						
<u>2008</u>						
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	<u>Total</u>
Agricultural and mining	19,738	1,782	183	20	537	22,260
Manufacturing and commerce	463,851	23,997	3,973	3,093	11,432	506,346
Property development and						
Construction	52,791	3,122	249	1,378	1,354	58,894
Infrastructure and services	72,133	3,838	163	488	4,290	80,912
Housing loans	109,502	4,203	438	291	1,396	115,830
Others	<u>114,435</u>	<u>1,879</u>	<u>458</u>	<u>252</u>	<u>776</u>	<u>117,800</u>
Total	<u>832,450</u>	<u>38,821</u>	<u>5,464</u>	<u>5,522</u>	<u>19,785</u>	<u>902,042</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

8.5 Classified by Account Status

(Million Baht)

	<u>Consolidated</u>			
	<u>2009</u>			
	Outstanding Debt after Deduction of			
	Loans and Accrued Interest	Collateral Value/ NPV of Cash Flow from	% Used for Calculating	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				
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>

(Million Baht)

	<u>Consolidated</u>			
	<u>2008</u>			
	Outstanding Debt after Deduction of			
	Loans and Accrued Interest	Collateral Value/ NPV of Cash Flow from	% Used for Calculating	Allowance for
	<u>Receivables</u>	<u>Debtors or Sale of Collateral</u>	<u>the Allowance</u>	<u>Doubtful Accounts</u>
Pass	829,220	303,112	1	3,031
Special Mention	41,231	10,974	2	219
Sub-Standard	5,891	2,350	100	2,350
Doubtful	5,790	2,437	100	2,437
Doubtful of Loss	<u>22,177</u>	<u>11,954</u>	100	<u>11,954</u>
Total	904,309	<u>330,827</u>		19,991
Allowance established in				
excess of BoT's regulations	-			6,403
Credit balance transaction	<u>1,185</u>			-
Total	<u>905,494</u>			<u>26,394</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>			
	<u>2009</u>			
	Outstanding Debt after Deduction of			
	Loans and Accrued Interest	Collateral Value/ NPV of Cash Flow from	% Used for 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 excess of BoT's regulations				<u>8,424</u>
Total				<u>28,347</u>

(Million Baht)

	<u>The Bank</u>			
	<u>2008</u>			
	Outstanding Debt after Deduction of			
	Loans and Accrued Interest	Collateral Value/ NPV of Cash Flow from	% Used for Calculating	Allowance for
	<u>Receivables</u>	<u>Debtors or Sale of Collateral</u>	<u>the Allowance</u>	<u>Doubtful Accounts</u>
Pass	832,450	337,059	1	3,371
Special Mention	38,821	10,782	2	216
Sub-Standard	5,464	2,332	100	2,332
Doubtful	5,523	2,384	100	2,384
Doubtful of Loss	<u>19,784</u>	<u>11,089</u>	100	<u>11,089</u>
Total	<u>902,042</u>	<u>363,646</u>		19,392
Allowance established in excess of BoT's regulations				<u>5,733</u>
Total				<u>25,125</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008****8.6 Unearned interest**

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Unearned interest	5,185	4,606	280	320

8.7 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.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

As of 31 December 2009 and 2008, The Bank and subsidiaries showed non-performing loans (including financial institutions) to comply with BoT's regulations can be summarized as follows:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Non-performing loans, gross</u>				
Non-performing loans	37,152	33,686	35,072	30,630
Total loans used for NPL gross ratio				
calculation ⁽¹⁾	987,203 ⁽²⁾	1,090,345 ⁽²⁾	985,067	1,088,109
Ratio of total loans	3.76	3.09	3.56	2.81
<u>Non-performing loans, net</u>				
Non-performing loans	18,473	15,712	17,145	13,591
Total loans used for NPL net ratio				
calculation ⁽¹⁾	968,524 ⁽²⁾	1,072,371 ⁽²⁾	967,141	1,071,070
Ratio of total loans	1.91	1.47	1.77	1.27

⁽¹⁾ Excluding loans from KSecurites and MTL.

⁽²⁾ Excluding loans to and from subsidiaries, as of 31 December 2009 and 2008 amounting to Baht 47,533 million and Baht 38,366 million, respectively.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

8.8 Non-accrual loans based on the accrual basis

As of 31 December 2009 and 2008, 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Non-accrual loans	68,769	61,259	66,315	58,059
Total loans used for ratio				
Calculation ⁽¹⁾	987,203 ⁽²⁾	1,090,345 ⁽²⁾	985,067	1,088,109
Percentage of total loans	6.97	5.62	6.73	5.34

⁽¹⁾Excluding loans from KSecurites and MTL.

⁽²⁾Excluding loans to and from subsidiaries, as of 31 December 2009 and 2008 amounting to Baht 47,533 million and Baht 38,366 million, respectively.

8.9 Listed companies that meet SET's criteria for delisting

As of 31 December 2009 and 2008, loans to listed companies that meet SET's criteria for delisting were as follows:

	<u>Consolidated and The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	Loans and		Allowance	Loans and		Allowance
	Accrued		for	Accrued		for
	Interest	Collateral	Doubtful	Interest	Collateral	Doubtful
	<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	421	30	334	348	65	219

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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8.10 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 December 2009 and 2008, the Bank has set up an estimate for loss sharing amounting to Baht 1,100 million.

For the year ended 31 December 2009, 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 December 2009 was Baht 14,557 million and the estimated total transfer price up to 31 December 2009 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.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

9 TROUBLED DEBT RESTRUCTURING

During the years ended 31 December 2009 and 2008, the Bank and its subsidiaries engaged in debt restructuring contracts as follows:

	<u>Consolidated</u>				<u>The Bank</u>			
	<u>2009</u>		<u>2008</u>		<u>2009</u>		<u>2008</u>	
	Total		Total		Total		Total	
	Outstanding		Outstanding		Outstanding		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	574	17,127	778	13,912	561	17,084	751	13,844
Debt restructuring contracts								
that incurred no losses	<u>35,671</u>	<u>38,167</u>	<u>31,444</u>	<u>34,216</u>	<u>35,627</u>	<u>38,118</u>	<u>31,398</u>	<u>33,852</u>
Total	<u>36,245</u>	<u>55,294</u>	<u>32,222</u>	<u>48,128</u>	<u>36,188</u>	<u>55,202</u>	<u>32,149</u>	<u>47,696</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

Losses on debt restructuring for the year ended 31 December 2009 and 2008 were as follows:

(Million Baht)

<u>Types of Restructuring</u>	<u>Consolidated</u>					
	<u>2009</u>					
	<u>Outstanding Debt</u>		<u>Transferred Assets</u>		<u>Loss on</u>	
	<u>Cases</u>	<u>Before</u>	<u>After</u>	<u>Types</u>	<u>Fair Value</u>	<u>Debt</u>
		<u>Restructuring</u>	<u>Restructuring</u>			<u>Restructuring</u>
Transfers of assets	40	252	-	Cash, land, premises and investments	175	77
Changes of repayment conditions	478	10,911	10,911	-	-	1,970
Debt restructuring in various forms	56	5,964	4,473	Cash, land, premises and investments	954	1,026
Total	<u>574</u>	<u>17,127</u>	<u>15,384</u>		<u>1,129</u>	<u>3,073</u>

(Million Baht)

<u>Types of Restructuring</u>	<u>Consolidated</u>					
	<u>2008</u>					
	<u>Outstanding Debt</u>		<u>Transferred Assets</u>		<u>Loss on</u>	
	<u>Cases</u>	<u>Before</u>	<u>After</u>	<u>Types</u>	<u>Fair Value</u>	<u>Debt</u>
		<u>Restructuring</u>	<u>Restructuring</u>			<u>Restructuring</u>
Transfers of assets	38	297	-	Cash, land, premises and investments	204	93
Changes of repayment conditions	702	12,311	12,311	-	-	2,654
Debt restructuring in various forms	38	1,304	847	Cash, land, premises and investments	458	246
Total	<u>778</u>	<u>13,912</u>	<u>13,158</u>		<u>662</u>	<u>2,993</u>

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(Million Baht)

<u>The Bank</u>						
<u>2009</u>						
<u>Types of Restructuring</u>	<u>Cases</u>	<u>Outstanding Debt</u>		<u>Transferred Assets</u>	<u>Fair Value</u>	<u>Loss on Debt Restructuring</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>			
Transfers of assets	37	251	-	Cash, land, premises and investments	174	77
Changes of repayment conditions	469	10,899	10,899	-	-	1,969
Debt restructuring in various forms	55	5,934	4,465	Cash, land, premises and investments	933	1,026
Total	<u>561</u>	<u>17,084</u>	<u>15,364</u>		<u>1,107</u>	<u>3,072</u>

(Million Baht)

<u>The Bank</u>						
<u>2008</u>						
<u>Types of Restructuring</u>	<u>Cases</u>	<u>Outstanding Debt</u>		<u>Transferred Assets</u>	<u>Fair Value</u>	<u>Loss on Debt Restructuring</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>			
Transfers of assets	19	242	-	Cash, land, premises and investments	157	85
Changes of repayment conditions	694	12,298	12,298	-	-	2,653
Debt restructuring in various forms	38	1,304	847	Cash, land, premises and investments	458	245
Total	<u>751</u>	<u>13,844</u>	<u>13,145</u>		<u>615</u>	<u>2,983</u>

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 years ended 31 December 2009 and 2008 are as follows:

(Million Baht)

<u>Consolidated</u>								
<u>2009</u>					<u>2008</u>			
<u>Outstanding Debt</u>					<u>Outstanding Debt</u>			
Terms of debt		Before	After	End of		Before	After	End of
<u>restructuring agreements</u>	<u>Cases</u>	<u>Restructuring</u>	<u>Restructuring</u>	<u>Year</u>	<u>Cases</u>	<u>Restructuring</u>	<u>Restructuring</u>	<u>Year</u>
Less than 5 years	384	7,967	6,656	6,489	527	6,322	5,876	5,866
5 to 10 years	86	6,898	6,718	6,476	98	3,955	3,944	3,938
Over 10 years	64	2,010	2,010	2,003	115	3,338	3,338	3,289
Total	534	16,875	15,384	14,968	740	13,615	13,158	13,093

(Million Baht)

<u>The Bank</u>								
<u>2009</u>					<u>2008</u>			
<u>Outstanding Debt</u>					<u>Outstanding Debt</u>			
Terms of debt		Before	After	End of		Before	After	End of
<u>restructuring agreements</u>	<u>Cases</u>	<u>Restructuring</u>	<u>Restructuring</u>	<u>Year</u>	<u>Cases</u>	<u>Restructuring</u>	<u>Restructuring</u>	<u>Year</u>
Less than 5 years	374	7,925	6,636	6,484	522	6,314	5,868	5,865
5 to 10 years	86	6,898	6,718	6,476	96	3,952	3,941	3,935
Over 10 years	64	2,010	2,010	2,003	114	3,336	3,336	3,287
Total	524	16,833	15,364	14,963	732	13,602	13,145	13,087

The Bank and its subsidiaries recognized interest income from debt restructuring for the years ended 31 December 2009 and 2008 as follows:

(Million Baht)

				<u>Consolidated</u>		<u>The Bank</u>	
				<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Debt restructuring contracts that incurred losses				865	516	861	513

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As of 31 December 2009 and 2008 the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	<u>Consolidated and The Bank</u>	
	<u>2009</u>	<u>2008</u>
Debt restructuring contracts that incurred losses	402	181

As of 31 December 2009 and 2008 the Bank and its subsidiaries had outstanding balances on debtors which were restructured during the years as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Debt restructuring contracts that incurred losses	14,968	13,093	14,963	13,088
Debt restructuring contracts that incurred no losses	<u>26,156</u>	<u>27,272</u>	<u>26,133</u>	<u>27,019</u>
Total	<u>41,124</u>	<u>40,365</u>	<u>41,096</u>	<u>40,107</u>

As of 31 December 2009 and 2008, 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Debt restructuring contracts that incurred losses	24,224	17,585	23,979	17,557
Debt restructuring contracts that incurred no losses	<u>36,177</u>	<u>37,734</u>	<u>36,088</u>	<u>37,687</u>
Total	<u>60,401</u>	<u>55,319</u>	<u>60,067</u>	<u>55,244</u>

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10 ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(Million Baht)

	<u>Consolidated</u>							
	<u>2009</u>							
						Allowances established in	Allowances from	
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	excess of BoT's <u>Regulations</u>	Insurance <u>Business</u>	<u>Total</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>

* Since 1 January 2009, bad debt recovered is recognized as income and is presented net of bad debt and doubtful accounts expense in the statement of income. For the year ended 31 December 2009, bad debt recovered was in the amount of Baht 579 million.

(Million Baht)

	<u>Consolidated</u>							
	<u>2008</u>							
						Allowances established in		
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	excess of BoT's <u>Regulations</u>	<u>Total</u>	
Balance at the beginning of the year	3,302	85	2,505	5,863	8,906	3,556	24,217	
Transferred from investments in receivables	-	-	-	-	1	-	1	
Doubtful accounts (reversal)	(270)	137	(155)	(3,426)	5,432	2,864	4,582	
Bad debt recovered	-	-	-	-	490	-	490	
Bad debt written off	(1)	(3)	-	-	(4,322)	-	(4,322)	
Others	-	-	-	-	1,447	(17)	1,430	
Balance at the end of the year	<u>3,031</u>	<u>219</u>	<u>2,350</u>	<u>2,437</u>	<u>11,954</u>	<u>6,403</u>	<u>26,394</u>	

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

	<u>The Bank</u>						
	<u>2009</u>						
						Allowances established in excess of BoT's	
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Regulations</u>	<u>Total</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	-	-	-	-	1,538	-	1,538
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>

* Since 1 January 2009, bad debt recovered is recognized as income and is presented net of bad debt and doubtful accounts expense in the statement of income. For the year ended 31 December 2009, bad debt recovered was in the amount of Baht 532 million.

(Million Baht)

	<u>The Bank</u>						
	<u>2008</u>						
						Allowances established in excess of BoT's	
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Regulations</u>	<u>Total</u>
Balance at the beginning of the year	3,553	74	2,477	5,847	7,813	2,853	22,617
Doubtful accounts (reversal)	(182)	142	(145)	(3,463)	5,224	2,880	4,456
Bad debt recovered	-	-	-	-	490	-	490
Bad debt written off	-	-	-	-	(4,044)	-	(4,044)
Others	-	-	-	-	1,606	-	1,606
Balance at the end of the year	<u>3,371</u>	<u>216</u>	<u>2,332</u>	<u>2,384</u>	<u>11,089</u>	<u>5,733</u>	<u>25,125</u>

Bad debt and doubtful accounts (reversal) in the statements of income for the years ended 31 December 2009 and 2008 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General customers	6,442	4,539	6,341	4,457
Financial institutions	<u>(6)</u>	<u>8</u>	<u>(6)</u>	<u>8</u>
Total	<u>6,436</u>	<u>4,547</u>	<u>6,335</u>	<u>4,465</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

11 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

The movements in the revaluation allowance for debt restructuring during the years were as follows:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Balance at the beginning of the year	3,378	1,635	3,378	1,630
Increase	2,890	3,149	2,877	3,148
Change of classification	15	(3)	-	-
Amortization to interest income	(276)	(168)	(272)	(166)
Others	(1,489)	(1,235)	(1,490)	(1,234)
Balance at the end of the year	<u>4,518</u>	<u>3,378</u>	<u>4,493</u>	<u>3,378</u>

Loss on debt restructuring in the statements of income for the years ended 31 December 2009 and 2008 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net present value of cash flows lower than investments in receivables	2,890	3,149	2,877	3,148
Transferred assets lower than investments in receivables	<u>77</u>	<u>92</u>	<u>77</u>	<u>84</u>
Total	<u>2,967</u>	<u>3,241</u>	<u>2,954</u>	<u>3,232</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

12 PROPERTIES FORECLOSED, NET

Properties foreclosed as of 31 December 2009 and 2008 consisted of:

(Million Baht)

<u>Type of Properties Foreclosed</u>	<u>Consolidated</u>				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Transfer from business combination</u>	<u>Addition</u>	<u>Disposal</u>	
1. Assets acquired from debt repayment					
1.1 Immovable assets	15,527	543	4,733	(4,697)	16,106
1.2 Movable assets	<u>33</u>	<u>-</u>	<u>580</u>	<u>(565)</u>	<u>48</u>
Total	15,560	543	5,313	(5,262)	16,154
2. Others	<u>575</u>	<u>-</u>	<u>13</u>	<u>(88)</u>	<u>500</u>
Total Properties Foreclosed	16,135	543	5,326	(5,350)	16,654
<u>Less Allowances for impairment</u>	<u>(1,743)</u>	<u>(35)</u>	<u>(636)</u>	<u>719</u>	<u>(1,695)</u>
Total Properties Foreclosed - net	<u>14,392</u>	<u>508</u>	<u>4,690</u>	<u>(4,631)</u>	<u>14,959</u>

(Million Baht)

<u>Type of Properties Foreclosed</u>	<u>Consolidated</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Addition</u>	<u>Disposal</u>	
1. Assets acquired from debt repayment				
1.1 Immovable assets	16,682	3,500	(4,655)	15,527
1.2 Movable assets	<u>33</u>	<u>254</u>	<u>(254)</u>	<u>33</u>
Total	16,715	3,754	(4,909)	15,560
2. Others	<u>628</u>	<u>3</u>	<u>(56)</u>	<u>575</u>
Total Properties Foreclosed	17,343	3,757	(4,965)	16,135
<u>Less Allowances for impairment</u>	<u>(1,978)</u>	<u>(458)</u>	<u>693</u>	<u>(1,743)</u>
Total Properties Foreclosed - net	<u>15,365</u>	<u>3,299</u>	<u>(4,272)</u>	<u>14,392</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

<u>Type of Properties Foreclosed</u>	Beginning <u>Balance</u>	<u>The Bank</u> <u>2009</u>		Ending <u>Balance</u>
		<u>Addition</u>	<u>Disposal</u>	
1. Assets acquired from debt repayment				
1.1 Immovable assets	12,553	4,614	(4,093)	13,074
1.2 Movable assets	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
Total	12,581	4,614	(4,093)	13,102
2. Others	<u>35</u>	<u>13</u>	<u>(45)</u>	<u>3</u>
Total Properties Foreclosed	12,616	4,627	(4,138)	13,105
Less Allowances for impairment	<u>(1,387)</u>	<u>(490)</u>	<u>650</u>	<u>(1,227)</u>
Total Properties Foreclosed - net	<u>11,229</u>	<u>4,137</u>	<u>(3,488)</u>	<u>11,878</u>

(Million Baht)

<u>Type of Properties Foreclosed</u>	Beginning <u>Balance</u>	<u>The Bank</u> <u>2008</u>		Ending <u>Balance</u>
		<u>Addition</u>	<u>Disposal</u>	
1. Assets acquired from debt repayment				
1.1 Immovable assets	12,627	3,279	(3,353)	12,553
1.2 Movable assets	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
Total	12,655	3,279	(3,353)	12,581
2. Others	<u>65</u>	<u>3</u>	<u>(33)</u>	<u>35</u>
Total Properties Foreclosed	12,720	3,282	(3,386)	12,616
Less Allowances for impairment	<u>(1,468)</u>	<u>(389)</u>	<u>470</u>	<u>(1,387)</u>
Total Properties Foreclosed - net	<u>11,252</u>	<u>2,893</u>	<u>(2,916)</u>	<u>11,229</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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13 CLASSIFIED ASSETS

As of 31 December 2009 and 2008, 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>2009</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivable</u>	<u>Properties 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>

(Million Baht)

<u>Consolidated</u>					
<u>2008</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivable</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	1,020,363	-	-	1,020,363
Special Mention	-	40,992	-	-	40,992
Sub-Standard	-	5,891	-	-	5,891
Doubtful	-	5,790	-	-	5,790
Doubtful of Loss	<u>4,132</u>	<u>22,177</u>	<u>985</u>	<u>586</u>	<u>27,880</u>
Total	<u>4,132</u>	<u>1,095,213</u>	<u>985</u>	<u>586</u>	<u>1,100,916</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

<u>The Bank</u>					
<u>2009</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivable</u>	<u>Properties 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>

(Million Baht)

<u>The Bank</u>					
<u>2008</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivable</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	1,018,897	-	-	1,018,897
Special Mention	-	38,582	-	-	38,582
Sub-Standard	-	5,464	-	-	5,464
Doubtful	-	5,523	-	-	5,523
Doubtful of Loss	<u>4,085</u>	<u>19,784</u>	<u>716</u>	<u>583</u>	<u>25,168</u>
Total	<u>4,085</u>	<u>1,088,250</u>	<u>716</u>	<u>583</u>	<u>1,093,634</u>

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14 PREMISES AND EQUIPMENT, NET

Changes in premises and equipment for the years ended 31 December 2009 and 2008 are summarized as follows:

(Million Baht)

	<u>Change of Cost</u>							<u>Consolidated</u> <u>2009</u> <u>Change of Accumulated Depreciation</u>					<u>Book Value</u>			
	<u>Transfer</u> <u>from</u>			<u>Transfer</u> <u>from</u>				<u>Transfer</u> <u>from</u>								
	<u>Beginning</u>	<u>business</u>	<u>Transfer</u>	<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>business</u>	<u>Transfer</u>	<u>Ending</u>	<u>Impairment</u>	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>		
	<u>Balance</u>	<u>combination</u>	<u>Purchase</u>	<u>in</u>	<u>Disposal</u>	<u>out</u>	<u>Balance</u>	<u>combination</u>	<u>Depreciation</u>	<u>Disposal</u>	<u>out</u>	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Balance</u>	
Land																
Cost	2,923	454	-	162	-	(3)	3,536	-	-	-	-	-	385	2,540	3,151	
Revalued cost	6,553	1,971	-	-	-	(3)	8,521	-	-	-	-	-	-	6,553	8,521	
Building																
Cost	10,224	1,073	2	2,309	(1)	(17)	13,590	4,021	749	241	-	(8)	5,003	122	6,081	8,465
Revalued cost	8,494	1,378	-	-	-	(20)	9,852	4,105	-	178	-	(15)	4,268	-	4,389	5,584
Equipment																
Cost	17,632	1,848	225	3,794	(163)	(246)	23,090	10,798	1,440	1,649	(160)	(245)	13,482	8	6,826	9,600
Others	<u>3,379</u>	<u>117</u>	<u>6,288</u>	<u>-</u>	<u>(6)</u>	<u>(7,044)</u>	<u>2,734</u>	<u>111</u>	<u>89</u>	<u>39</u>	<u>(4)</u>	<u>-</u>	<u>235</u>	<u>-</u>	<u>3,268</u>	<u>2,499</u>
Total	<u>49,205</u>	<u>6,841</u>	<u>6,515</u>	<u>6,265</u>	<u>(170)</u>	<u>(7,333)</u>	<u>61,323</u>	<u>19,035</u>	<u>2,278</u>	<u>2,107</u>	<u>(164)</u>	<u>(268)</u>	<u>22,988</u>	<u>515</u>	<u>29,657</u>	<u>37,820</u>

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(Million Baht)

Consolidated																
2008																
	Change of Cost							Change of Accumulated Depreciation							Book Value	
	Beginning		Transfer	Appraisal		Transfer	Ending	Beginning		Appraisal		Transfer	Ending	Impairment	Beginning	Ending
	Balance	Purchase	in	surplus	Disposal	out	Balance	Balance	Depreciation	surplus	Disposal	out	Balance	Allowance	Balance	Balance
Land																
Cost	2,909	-	15	-	-	(1)	2,923	-	-	-	-	-	-	383	2,486	2,540
Revalued cost	6,127	-	-	427	-	(1)	6,553	-	-	-	-	-	-	-	6,127	6,553
Building																
Cost	9,309	19	976	-	-	(80)	10,224	3,842	217	-	-	(38)	4,021	122	5,308	6,081
Revalued cost	6,957	-	-	1,544	-	(7)	8,494	3,344	169	597	-	(5)	4,105	-	3,613	4,389
Equipment	14,508	525	4,012	-	(179)	(1,234)	17,632	10,697	1,506	-	(175)	(1,230)	10,798	8	3,803	6,826
Others	<u>3,249</u>	<u>5,210</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(5,077)</u>	<u>3,379</u>	<u>52</u>	<u>61</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>111</u>	<u>-</u>	<u>3,197</u>	<u>3,268</u>
Total	<u>43,059</u>	<u>5,754</u>	<u>5,003</u>	<u>1,971</u>	<u>(182)</u>	<u>(6,400)</u>	<u>49,205</u>	<u>17,935</u>	<u>1,953</u>	<u>597</u>	<u>(177)</u>	<u>(1,273)</u>	<u>19,035</u>	<u>513</u>	<u>24,534</u>	<u>29,657</u>

Depreciation presented in the statements of income of the Bank and its subsidiaries for the years ended 31 December 2009 and 2008 amounted to Baht 2,107 million and Baht 1,953 million, respectively (including depreciation on building revaluation of Baht 178 million and Baht 169 million, respectively). As of 31 December 2009 and 2008, premises and equipment with original costs of Baht 7,333 million and Baht 7,062 million, respectively, were fully depreciated but still in use.

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FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

The Bank														
2009														
	Change of Cost					Change of Accumulated Depreciation						Book Value		
	Beginning	Purchase	Transfer	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Impairment	Beginning	Ending
	Balance		in		out	Balance	Balance			out	Balance	Allowance	Balance	Balance
Land														
Cost	2,891	-	162	-	(3)	3,050	-	-	-	-	-	385	2,508	2,665
Revalued cost	6,553	-	-	-	(3)	6,550	-	-	-	-	-	-	6,553	6,550
Building														
Cost	9,883	-	2,306	-	(17)	12,172	3,856	203	-	(7)	4,052	122	5,905	7,998
Revalued cost	8,494	-	-	-	(20)	8,474	4,105	166	-	(14)	4,257	-	4,389	4,217
Equipment	17,058	-	3,751	(99)	(239)	20,471	10,467	1,496	(99)	(239)	11,625	8	6,583	8,838
Others	<u>2,896</u>	<u>6,274</u>	<u>-</u>	<u>-</u>	<u>(6,996)</u>	<u>2,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,896</u>	<u>2,174</u>
Total	<u>47,775</u>	<u>6,274</u>	<u>6,219</u>	<u>(99)</u>	<u>(7,278)</u>	<u>52,891</u>	<u>18,428</u>	<u>1,865</u>	<u>(99)</u>	<u>(260)</u>	<u>19,934</u>	<u>515</u>	<u>28,834</u>	<u>32,442</u>

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(Million Baht)

The Bank 2008																
	Change of Cost							Change of Accumulated Depreciation							Book Value	
	Beginning	Transfer		Appraisal	Transfer		Ending	Beginning	Appraisal		Transfer		Ending	Impairment	Beginning	Ending
	Balance	Purchase	in	surplus	Disposal	out	Balance	Balance	Depreciation	surplus	Disposal	out	Balance	Allowance	Balance	Balance
Land																
Cost	2,877	-	15	-	-	(1)	2,891	-	-	-	-	-	-	383	2,454	2,508
Revalued cost	6,127	-	-	427	-	(1)	6,553	-	-	-	-	-	-	-	6,127	6,553
Building																
Cost	8,986	-	976	-	-	(79)	9,883	3,712	182	-	-	(38)	3,856	122	5,115	5,905
Revalued cost	6,957	-	-	1,544	-	(7)	8,494	3,344	169	597	-	(5)	4,105	-	3,613	4,389
Equipment	14,328	120	4,011	-	(167)	(1,234)	17,058	10,603	1,257	-	(163)	(1,230)	10,467	8	3,717	6,583
Others	<u>2,956</u>	<u>5,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,074)</u>	<u>2,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956</u>	<u>2,896</u>
Total	<u>42,231</u>	<u>5,134</u>	<u>5,002</u>	<u>1,971</u>	<u>(167)</u>	<u>(6,396)</u>	<u>47,775</u>	<u>17,659</u>	<u>1,608</u>	<u>597</u>	<u>(163)</u>	<u>(1,273)</u>	<u>18,428</u>	<u>513</u>	<u>23,982</u>	<u>28,834</u>

Depreciation presented in the statements of income of the Bank for the years ended 31 December 2009 and 2008 amounted to Baht 1,865 million and Baht 1,608 million, respectively (including depreciation on building revaluation of Baht 166 million and Baht 169 million, respectively). As of 31 December 2009 and 2008, premises and equipment with original costs of Baht 7,219 million and Baht 6,980 million, respectively, were fully depreciated but still in use.

The Bank completed the revaluation of its lands and buildings during the period ended 30 June 2008 and issued such report, dated 14 May 2008, to the Bank of Thailand. As at the date of revaluation, appraisal surplus on asset revaluation increased by Baht 1,374 million while there was a reversal of allowance for impairment losses on lands and buildings of Baht 88 million. Such reversal was recorded as other income in the statement of income.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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15 INTANGIBLE ASSETS, NET

Changes in intangible assets for the years ended 31 December 2009 and 2008 are summarized as follows:

(Million Baht)

	<u>Change of Cost</u>					<u>Consolidated</u> <u>2009</u> <u>Change of Accumulated Amortization</u>			<u>Book Value</u>		
	<u>Transfer from</u>										
	<u>Beginning</u>	<u>business</u>		<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>		<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
	<u>Balance</u>	<u>combination</u>	<u>Increase</u>	<u>out</u>	<u>Balance</u>	<u>Balance</u>	<u>Amortization</u>	<u>out</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
Application software	11,337	-	3,888	(280)	14,945	3,979	756	(1)	4,734	7,358	10,211
Business purchased	270	-	-	-	270	216	27	-	243	54	27
Goodwill	1,167	2,034	-	-	3,201	-	-	-	-	1,167	3,201
Others	<u>15</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>16</u>
Total	<u>12,789</u>	<u>2,034</u>	<u>3,889</u>	<u>(280)</u>	<u>18,432</u>	<u>4,195</u>	<u>783</u>	<u>(1)</u>	<u>4,977</u>	<u>8,594</u>	<u>13,455</u>

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(Million Baht)

	<u>Consolidated</u>									
	<u>2008</u>									
	<u>Change of Cost</u>				<u>Change of Accumulated Amortization</u>				<u>Book Value</u>	
	<u>Beginning</u>		<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>		<u>Transfer</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
	<u>Balance</u>	<u>Increase</u>	<u>out</u>	<u>Balance</u>	<u>Balance</u>	<u>Amortization</u>	<u>out</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
Application software	8,287	3,153	(103)	11,337	3,198	787	(6)	3,979	5,089	7,358
Business purchased	270	-	-	270	189	27	-	216	81	54
Goodwill	1,436	-	(269)	1,167	269	-	(269)	-	1,167	1,167
Others	<u>12</u>	<u>15</u>	<u>(12)</u>	<u>15</u>	<u>12</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>15</u>
Total	<u>10,005</u>	<u>3,168</u>	<u>(384)</u>	<u>12,789</u>	<u>3,668</u>	<u>814</u>	<u>(287)</u>	<u>4,195</u>	<u>6,337</u>	<u>8,594</u>

Amortization presented in the statements of income of the Bank and its subsidiaries for the years ended 31 December 2009 and 2008 amounted to Baht 783 million and Baht 814 million, respectively. As of 31 December 2009 and 2008, intangible assets with original costs of Baht 1,861 million and Baht 1,536 million, respectively, were fully amortized but still in use.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

The Bank										
2009										
	Change of Cost				Change of Accumulated Amortization				Book Value	
	Beginning		Transfer	Ending	Beginning		Transfer	Ending	Beginning	Ending
	Balance	Increase	Out	Balance	Balance	Amortization	out	Balance	Balance	Balance
Application software	11,170	3,854	(283)	14,741	3,887	732	(1)	4,618	7,283	10,123
Total	11,170	3,854	(283)	14,741	3,887	732	(1)	4,618	7,283	10,123

(Million Baht)

The Bank										
2008										
	Change of Cost				Change of Accumulated Amortization				Book Value	
	Beginning		Transfer	Ending	Beginning		Transfer	Ending	Beginning	Ending
	Balance	Increase	Out	Balance	Balance	Amortization	out	Balance	Balance	Balance
Application software	8,184	3,078	(92)	11,170	3,136	751	-	3,887	5,048	7,283
Total	8,184	3,078	(92)	11,170	3,136	751	-	3,887	5,048	7,283

Amortization presented in the statements of income of the Bank for the years ended 31 December 2009 and 2008 amounted to Baht 732 million and Baht 751 million, respectively.

As of 31 December 2009 and 2008, intangible assets with original costs of Baht 1,806 million and Baht 1,224 million, respectively, were fully amortized but still in use.

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16 DEPOSITS

Deposits were classified as of 31 December 2009 and 2008 follows:

16.1 Classified by Type of Deposits

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current	54,743	47,778	55,613	47,686
Savings	537,741	442,433	539,341	443,211
Term				
- Less than 6 months	166,793	315,273	166,895	315,426
- 6 months and less than 1 year	96,882	88,776	96,882	88,775
- 1 year and over 1 year	<u>119,333</u>	<u>73,690</u>	<u>119,333</u>	<u>73,690</u>
Total	<u>975,492</u>	<u>967,950</u>	<u>978,064</u>	<u>968,788</u>

16.2 Classified by Maturity of Contracts

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Within 1 year	910,015	952,270	912,587	953,108
Over 1 year	<u>65,477</u>	<u>15,680</u>	<u>65,477</u>	<u>15,680</u>
Total	<u>975,492</u>	<u>967,950</u>	<u>978,064</u>	<u>968,788</u>

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16.3 Classified by Currencies and Residency of Depositors

(Million Baht)

	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	933,957	28,596	962,553	933,042	19,814	952,856
US Dollars	9,219	1,222	10,441	12,266	1,202	13,468
Other currencies	<u>2,123</u>	<u>375</u>	<u>2,498</u>	<u>1,369</u>	<u>257</u>	<u>1,626</u>
Total	<u>945,299</u>	<u>30,193</u>	<u>975,492</u>	<u>946,677</u>	<u>21,273</u>	<u>967,950</u>

(Million Baht)

	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	936,529	28,596	965,125	933,880	19,814	953,694
US Dollars	9,219	1,222	10,441	12,266	1,202	13,468
Other currencies	<u>2,123</u>	<u>375</u>	<u>2,498</u>	<u>1,369</u>	<u>257</u>	<u>1,626</u>
Total	<u>947,871</u>	<u>30,193</u>	<u>978,064</u>	<u>947,515</u>	<u>21,273</u>	<u>968,788</u>

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17 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as of 31 December 2009 and 2008 consisted of :

(Million Baht)						
	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
1. Domestic						
The BoT and FIDF	-	2,781	2,781	93	2,973	3,066
Commercial banks	1,497	33,050	34,547	3,692	49	3,741
Other banks	164	-	164	143	-	143
Finance, securities and credit foncier companies	2,452	337	2,789	6,023	775	6,798
Other financial institutions	<u>1,500</u>	<u>43</u>	<u>1,543</u>	<u>1,116</u>	<u>93</u>	<u>1,209</u>
Total Domestic	<u>5,613</u>	<u>36,211</u>	<u>41,824</u>	<u>11,067</u>	<u>3,890</u>	<u>14,957</u>
2. Foreign						
US Dollars	14	-	14	15	-	15
Yen	-	4,646	4,646	1,005	-	1,005
Other currencies	<u>501</u>	<u>-</u>	<u>501</u>	<u>323</u>	<u>-</u>	<u>323</u>
Total Foreign	<u>515</u>	<u>4,646</u>	<u>5,161</u>	<u>1,343</u>	<u>-</u>	<u>1,343</u>
Total Domestic and Foreign	<u>6,128</u>	<u>40,857</u>	<u>46,985</u>	<u>12,410</u>	<u>3,890</u>	<u>16,300</u>

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(Million Baht)

	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
1. <u>Domestic</u>						
The BoT and FIDF	-	2,781	2,781	93	2,973	3,066
Commercial banks	1,497	33,051	34,548	3,775	1	3,776
Other banks	169	-	169	143	-	143
Finance, securities and						
credit foncier companies	3,468	337	3,805	6,540	775	7,315
Other financial institutions	<u>1,500</u>	<u>43</u>	<u>1,543</u>	<u>1,116</u>	<u>93</u>	<u>1,209</u>
Total Domestic	<u>6,634</u>	<u>36,212</u>	<u>42,846</u>	<u>11,667</u>	<u>3,842</u>	<u>15,509</u>
2. <u>Foreign</u>						
US Dollars	14	-	14	15	-	15
Yen	-	4,646	4,646	1,005	-	1,005
Other currencies	<u>501</u>	<u>-</u>	<u>501</u>	<u>323</u>	<u>-</u>	<u>323</u>
Total Foreign	<u>515</u>	<u>4,646</u>	<u>5,161</u>	<u>1,343</u>	<u>-</u>	<u>1,343</u>
Total Domestic and Foreign	<u>7,149</u>	<u>40,858</u>	<u>48,007</u>	<u>13,010</u>	<u>3,842</u>	<u>16,852</u>

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18 SHORT-TERM BORROWINGS

Short-term borrowings as of 31 December 2009 and 2008 consisted of :

<u>Consolidated</u>						
<u>2009</u>			<u>2008</u>			
<u>Short-Term</u>		<u>Interest Rate</u>	<u>Amount</u>		<u>Interest Rate</u>	<u>Amount</u>
<u>Borrowings</u>	<u>Maturity(Days)</u>	<u>(%)</u>	<u>(Million Baht)</u>	<u>Maturity(Days)</u>	<u>(%)</u>	<u>(Million Baht)</u>
Short-Term Debenture						
Project 2/2548	-	-	-	22-132	3.55-3.85	9,829
Short-Term Debenture						
Project 1/2549	-	-	-	5-139	3.45-3.85	8,033
Short-Term Debenture						
Project 2/2549	-	-	-	8-194	3.45-3.85	9,248
Other borrowings	2-364	0.00-5.00	<u>37,404</u>	3-363	0.00-4.50	<u>70,526</u>
Total			<u>37,404</u>			<u>97,636</u>

<u>The Bank</u>						
<u>2009</u>			<u>2008</u>			
<u>Short-Term</u>		<u>Interest Rate</u>	<u>Amount</u>		<u>Interest Rate</u>	<u>Amount</u>
<u>Borrowings</u>	<u>Maturity(Days)</u>	<u>(%)</u>	<u>(Million Baht)</u>	<u>Maturity(Days)</u>	<u>(%)</u>	<u>(Million Baht)</u>
Short-Term Debenture						
Project 2/2548	-	-	-	22-132	3.55-3.85	9,829
Short-Term Debenture						
Project 1/2549	-	-	-	5-139	3.45-3.85	8,033
Short-Term Debenture						
Project 2/2549	-	-	-	8-194	3.45-3.85	9,248
Other borrowings	2-364	0.00-5.00	<u>37,327</u>	3-363	0.00-4.50	<u>70,344</u>
Total			<u>37,327</u>			<u>97,454</u>

Short-Term Borrowings

The Bank issued short-term unsubordinated debentures in name certificates without security and not convertible, without debenture holder representative in Thai Baht currency not exceeding Baht 50,000 million (excluding other borrowings), with a maturity of no more than 270 days in order to allow the Bank better flexibility and a wider variety of administration of its funding structure and to expand the investment alternatives to the public and/or depositors of the Bank.

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19 LONG-TERM BORROWINGS

Long-term borrowings as of 31 December 2009 and 2008 consisted of :

(Million Baht)

	<u>Consolidated and The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Subordinated Debentures	-	6,097	6,097	-	6,962	6,962
Subordinated Debentures						
KASIKORNBANK PCL No.3	12,000	-	12,000	12,000	-	12,000
Subordinated Debentures						
KASIKORNBANK PCL No.1/2008	17,000	-	17,000	17,000	-	17,000
Subordinated Debentures						
KASIKORNBANK PCL No.1/2009	600	-	600	-	-	-
Other borrowings	<u>5,870</u>	<u>-</u>	<u>5,870</u>	<u>4,561</u>	<u>-</u>	<u>4,561</u>
Total	<u>35,470</u>	<u>6,097</u>	<u>41,567</u>	<u>33,561</u>	<u>6,962</u>	<u>40,523</u>

SUBORDINATED DEBENTURES

The Board of Directors in its meeting on 25 July 1996 approved the issuance of USD 200 million of unsecured Subordinated Debentures, having a face value of USD 100,000 each, with a twenty-year maturity offered at a price of USD 98,997 each on 21 August 1996 and carrying an 8.25 percent coupon rate payable semi-annually. The Bank repurchased USD 16.69 million of such Subordinated Debentures in accordance with the Board of Directors resolution, which was approved on 28 May 2009. The settlement was completed on 2 July 2009.

SUBORDINATED DEBENTURES NO. 3

The Board of Directors in its meeting on 25 September 2003 approved the issuance of these Subordinated Debentures in name certificate without security and not convertible, having debenture holder representative in Thai Baht currency not exceeding Baht 12,000 million, with a maturity of no more than 10 years in order to raise long-term funding at a reasonable cost, to efficiently manage the interest rate and liquidity risks, as well as to strengthen the status of the Bank's tier two capital funds. On 16 October 2003, the Bank issued the Subordinated Debentures of KASIKORNBANK PUBLIC COMPANY LIMITED No.3 Due A.D. 2013 in the amount of Baht 12,000 million, with a ten-year maturity. In accordance with certain terms and conditions and with the approval of the Bank of Thailand, the Bank may redeem the debentures before maturity as follows: (1) on the fifth anniversary of the issue date or any subsequent interest payment date after the fifth anniversary of the issue date; or (2) if the Bank can demonstrate that interest payments under the Debentures are no longer, or will no longer be, deductible as an expense for income tax purposes; or (3) in any other case as may be later stipulated by the Bank of Thailand. The debentures bear interest at the fixed interest rate for the first

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five years of 3.75 % per annum and the fixed interest rate for the second five years of 4.25 % per annum. Interest is payable quarterly.

KBank Subordinated Debenture No.1/2008 and KBank Subordinated Debenture No.1/2009

On 25 September 2008, the Board of Directors in its meeting approved the issuance of these Unsubordinated and/or Subordinated Debentures in name certificate, unconvertible and without security in order to raise long-term funding at a reasonable cost, to efficiently manage the interest rate and liquidity risks, as well as to strengthen the status of the Bank's tier two capital funds. The Bank issued and offered the Subordinated Debentures as follows:

On 19 December 2008, the Bank issued the Subordinated Debentures of KASIKORNBANK PUBLIC COMPANY LIMITED No.1/2008 Due A.D. 2018, which the Bank may redeem the debenture before maturity, in the amount of Baht 17,000 million, with a ten-year maturity. The debentures bear interest at the fixed interest rate for the first three years of 5.25 % per annum, the fixed interest rate for the next four years of 5.75 % per annum and the fixed interest rate for the final three years of 6.50 % per annum. Interest is payable quarterly.

On 17 July 2009, the Bank issued the Subordinated Debentures of KASIKORNBANK PUBLIC COMPANY LIMITED No.1/2009 Due A.D.2019, which the Bank may redeem the debenture before maturity, in the amount of Baht 600 million, with a ten-year maturity. The debentures bear interest at the fixed interest rate for the first three years of 4.85 % per annum, the fixed interest rate for the next four years of 5.25 % per annum and the fixed interest rate for the final three years of 5.75 % per annum. Interest is payable quarterly.

Such KBank Subordinated Debenture No.1/2008 and KBank Subordinated Debenture No.1/2009 may redeem the debentures before maturity as follows:

- (A) Before the fifth anniversary of the issue date, under a notice by the Bank of Thailand that
 - (1) The debenture will no longer be classified as a financial instrument, which can be counted as Tier two capital fund of the Bank; or
 - (2) The debenture can be counted as Tier two capital fund, at the proportion less than 50 percent of Tier one capital fund of the Bank; or
- (B) On the fifth anniversary of the issue date or any subsequent interest payment date after the fifth anniversary of the issue date; or
- (C) The Bank is under court order for complete receivership, or for business rehabilitation or for bankruptcy under the Bankruptcy Act or other applicable laws or under the Bank's liquidation process; or
- (D) If the Bank can demonstrate that interest payments under the Debentures are no longer, or will no longer be, deductible as an expense for income tax purposes; or
- (E) In any other cases as may be later stipulated by the Bank of Thailand.

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20 SHARE CAPITAL AND EARNINGS PER SHARE

The calculation of the consolidated and the Bank-only basic earnings per share for the year ended 31 December 2009 was based on profit attributable to ordinary shareholders of Baht 14,892 million and Baht 14,286 million, respectively (2008: Baht 15,333 million and Baht 14,807 million, respectively) and the weighted average number of ordinary shares outstanding during the year ended 31 December 2009 of 2,393,260,193 shares (2008: 2,393,122,000 shares).

For the year ended 31 December 2009, the Bank did not issue ordinary shares.

The calculation of the weighted average number of ordinary shares outstanding for the year ended 31 December 2008 is as follows:

	<u>Share capital</u>		<u>Consolidated and The Bank</u>
	Number	Amount	Number of the weighted average
	of	(Million	number of ordinary shares
	<u>shares</u>	<u>Baht)</u>	(Shares)
			For the year
			<u>Ended 31 December 2008</u>
Issued ordinary shares as of 1 January 2008	2,388,202,317	23,882	2,388,202,317
<u>Add:</u>			
- The Bank registered the change in its paid-up share capital as a result of the increases in paid-up capital from the exercise of warrants for ordinary shares which were issued and offered for sale to Bank employees (except for directors) on 11 January :	<u>5,057,876</u>	<u>50</u>	<u>4,919,683</u>
Issued ordinary shares as of 31 December 2008	<u>2,393,260,193</u>	<u>23,932</u>	<u>2,393,122,000</u>

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21 CAPITAL REQUIREMENTS

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 December 2009 and 2008 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>2009</u>	<u>2008</u>
Tier 1 Capital		
Issued and fully paid up share capital, premiums on share capital	42,036	42,036
Legal reserves	3,050	2,920
Net income after appropriation	57,876	48,608
<u>Less</u> Investments in subordinated debt of other financial institutions (Already included in their capital requirements)	<u>(1)</u>	<u>-</u>
Total Tier 1 Capital Base	<u>102,961</u>	<u>93,564</u>
Tier 2 Capital		
Surplus on land revaluation	4,585	4,587
Surplus on premises revaluation	2,106	2,191
Surplus on marketable equity securities revaluation	290	91
Provision for normal assets	11,698	9,124
Subordinated debentures	30,852	33,519
<u>Less</u> Investments in subordinated debt of other financial institutions (Already included in their capital requirements)	<u>(1)</u>	<u>-</u>
Total Tier 2 Capital Base	<u>49,530</u>	<u>49,512</u>
Total Capital Base	<u>152,491</u>	<u>143,076</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:

	<u>Percentage</u>	
	<u>2009</u>	<u>2008</u>
Capital adequacy ratio	15.19	15.05
Tier-1 Capital ratio	10.25	9.84

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In accordance with the BoT's directive number SOR NOR SOR 25/2552, dated 14 December 2009, titles "The disclosure of capital requirements of commercial banks", requires the Bank to disclose the capital requirements as of 31 December 2009 through the website "<http://www.kasikornbank.com/TH/Investors/Pages/Investors.aspx>" under the investor relation section within 4 months after 31 December 2009.

22 RESERVES

Section 116 of the Public Companies Act B.E. 2535 requires that the Bank shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. In addition, The provisions of the Civil and Commercial Code of Thailand require that subsidiary companies shall allocate not less 5 percent of their annual net profit each time a dividend is declared, to a reserve account ("legal reserve") until the reserve reaches 10 percent of authorized share capital. The legal reserve is not available for dividend distribution.

23 DIVIDEND PAYMENTS

On 27 August 2009, the Board of Directors Meeting of the Bank approved to pay dividends from the six-month operating results of 2009 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 24 September 2009.

On 3 April 2009, the General Meeting of Shareholders of the Bank approved to pay dividends from the operating results of 2008 at the rate of Baht 2.00 per share, totaling Baht 4,787 million, of which Baht 1,197 million was paid on 25 September 2008 and the remaining balance of Baht 3,590 million was paid on 28 April 2009.

On 28 August 2008, the Board of Directors Meeting of the Bank approved to pay dividends from the six-month operating results of 2008 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 25 September 2008.

On 3 April 2008, the General Meeting of Shareholders of the Bank approved to pay dividends from the operating results of 2007 at the rate of Baht 2.00 per share, totaling Baht 4,784 million, of which Baht 1,194 million was paid on 27 September 2007 and the remaining balance of Baht 3,590 million was paid on 28 April 2008.

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FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

24 ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of 31 December 2009 and 2008 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deposits	1,024	2,433	926	2,433
Government bonds	43,699	-	32,517	-
State enterprises bonds	<u>411</u>	<u>2,780</u>	<u>101</u>	<u>2,780</u>
Total	<u>45,134</u>	<u>5,213</u>	<u>33,544</u>	<u>5,213</u>

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

25 COMMITMENTS

Commitments as of 31 December 2009 and 2008 consisted of:

	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>
Avals on bills	2,314	-	2,314	1,343	-	1,343
Letters of indemnity-						
borrowing	7	133	140	2	219	221
Other guarantees	92,885	8,397	101,282	75,458	8,022	83,480
Letters of credit	1,312	19,840	21,152	1,084	16,081	17,165
Exchange rate agreements						
Purchase agreements	41,279	392,680	433,959	51,543	318,468	370,011
Sale agreements	170,529	437,840	608,369	40,088	340,229	380,317
Interest rate agreements						
Purchase agreements	668,217	66,792	735,009	567,180	66,646	633,826
Sale agreements	667,763	66,792	734,555	566,726	66,646	633,372
Credit Default Swap	100	-	100	100	874	974
Unused credit line of						
overdraft	149,339	-	149,339	140,491	-	140,491
Others	<u>3,007</u>	<u>21,612</u>	<u>24,619</u>	<u>4,891</u>	<u>8,820</u>	<u>13,711</u>
Total	<u>1,796,752</u>	<u>1,014,086</u>	<u>2,810,838</u>	<u>1,448,906</u>	<u>826,005</u>	<u>2,274,911</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>
Avals on bills	2,314	-	2,314	1,343	-	1,343
Letters of indemnity-						
borrowing	7	133	140	2	219	221
Other guarantees	92,885	8,397	101,282	75,458	8,022	83,480
Letters of credit	1,312	19,840	21,152	1,084	16,081	17,165
Exchange rate agreements						
Purchase agreements	41,279	392,690	433,969	51,543	318,468	370,011
Sale agreements	170,529	437,840	608,369	40,088	340,229	380,317
Interest rate agreements						
Purchase agreements	668,217	66,792	735,009	567,180	66,646	633,826
Sale agreements	667,763	66,792	734,555	566,726	66,646	633,372
Credit Default Swap	100	-	100	100	874	974
Unused credit line of						
overdraft	149,339	-	149,339	140,491	-	140,491
Others	<u>2,959</u>	<u>21,569</u>	<u>24,528</u>	<u>4,616</u>	<u>8,820</u>	<u>13,436</u>
Total	<u>1,796,704</u>	<u>1,014,053</u>	<u>2,810,757</u>	<u>1,448,631</u>	<u>826,005</u>	<u>2,274,636</u>

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 9,613 million and Baht 9,937 million as of 31 December 2009 and 2008, 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 December 2009, Muang Thai Life Assurance Company Limited has been sued as insurer, with claims amounting to approximately Baht 129 million. Judgement has yet to be handed down in these cases. However, Muang Thai Life Assurance Company Limited expects the verdict to be mostly favorable. Therefore, no provision for potential losses has been made in the financial statements.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

26 RELATED PARTY TRANSACTIONS AND BALANCES

- 26.1 Loans and contingencies made to officers⁽¹⁾ 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 December 2009</u>	<u>31 December 2008</u>
<u>Loans</u>		
1. Officers	18	17
2. Business entities where the Bank and subsidiaries, their directors or officers, hold 10% or more of the paid - up capital	849	785
Total	<u>867</u>	<u>802</u>
<u>Contingencies</u>		
1. Officers	-	-
2. Business entities where the Bank and subsidiaries, their directors or officers, hold 10% or more of the paid - up capital	-	22
Total	<u>-</u>	<u>22</u>

	(Million Baht)	
	<u>The Bank</u>	
	<u>31 December 2009</u>	<u>31 December 2008</u>
<u>Loans</u>		
1. Officers	18	17
2. Business entities where the Bank, its directors or officers, hold 10% or more of the paid - up capital	47,826	39,008
Total	<u>47,844</u>	<u>39,025</u>
<u>Contingencies</u>		
1. Officers	-	-
2. Business entities where the Bank, its directors or officers, hold 10% or more of the paid - up capital	31	36
Total	<u>31</u>	<u>36</u>

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

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

26.2 Related Parties

Relationships between the Bank and other business entities where control exists for the years ended 31 December 2009 and 2008 are explained in Note 7.7

26.3 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 December 2009</u>	<u>31 December 2008</u>
Loans		
Beginning of the year	530	3,745
Deduction	<u>(530)</u>	<u>(3,215)</u>
End of the year	<u>-</u>	<u>530</u>
Deposits	561	26

	(Million Baht)	
	<u>The Bank</u>	
	<u>For the Year Ended 31 December</u>	
	<u>2009</u>	<u>2008</u>
Interest income	3	36

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 December 2009.

As of 31 December 2008, the Bank has provided an allowance for doubtful accounts for Phethai Asset Management Company Limited, classified as normal loans, amounting to Baht 5 million.

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.

The Bank has provided an allowance for doubtful accounts for Phethai Asset Management Company Limited using the same method as for general customers and in accordance with the BoT's regulations.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

26.4 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:

26.4.1 Assets, liabilities and contingencies between the Bank, its subsidiary and associated companies excluding Phethai Asset Management Company Limited as of 31 December 2009 and 2008 are summarized as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Loans</u>				
Subsidiary Companies				
- Kasikorn Leasing Co., Ltd.	-	-	43,115	33,709
- Kasikorn Factory and Equipment Co., Ltd.	-	-	3,860	3,985
<u>Other Assets</u>				
Subsidiary Companies				
- Muang Thai Life Assurance Co., Ltd.	-	-	117	-
- Kasikorn Asset Management Co., Ltd.	-	-	48	39
- Kasikorn Leasing Co., Ltd.	-	-	10	10
<u>Deposits</u>				
Subsidiary Companies				
- Kasikorn Asset Management Co., Ltd.	-	-	1,073	142
- Muang Thai Life Assurance Co., Ltd.	-	-	636	-
- Muang Thai Group Holding Co., Ltd.	-	-	411	-
- Kasikorn Leasing Co., Ltd.	-	-	400	187
- Progress Gunpai Co., Ltd.	-	-	176	214
- Kasikorn Factory and Equipment Co., Ltd.	-	-	139	111
- Progress Software Co., Ltd.	-	-	105	73
- Progress Appraisal Co., Ltd.	-	-	59	65
- Progress Plus Co., Ltd.	-	-	53	53
- Progress Services Co., Ltd.	-	-	52	32
- Kasikorn Research Center Co., Ltd.	-	-	47	37
- Progress Service Support Co., Ltd.	-	-	46	48
- Progress Land and Buildings Co., Ltd.	-	-	39	27
- Progress Facilities Management Co., Ltd.	-	-	35	25
- Progress HR Co., Ltd.	-	-	30	34
- K-SME Venture Capital Co., Ltd.	-	-	29	58

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)				
	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Deposits</u>				
Subsidiary Companies				
- Progress Management Co., Ltd.	-	-	27	27
- Progress Storage Co., Ltd.	-	-	24	23
- Progress Training Co.,Ltd.	-	-	10	-
Associated Company				
- Processing Center Co., Ltd.	4	17	4	17
<u>Interbank and Money Market Items (Liabilities)</u>				
Subsidiary Company				
- Kasikorn Securities Public Co., Ltd.	-	-	1,018	518
<u>Borrowings</u>				
Subsidiary Companies				
- Muang Thai Group Holding Co., Ltd.	-	-	1,517	-
- Kasikorn Asset Management Co., Ltd.	-	-	578	615
<u>Other Liabilities</u>				
Subsidiary Companies				
- Kasikorn Leasing Co., Ltd.	-	-	539	111
- Progress Software Co., Ltd.	-	-	169	161
- Progress Plus Co., Ltd.	-	-	46	50
- Progress HR Co., Ltd.	-	-	29	18
- Progress Appraisal Co., Ltd.	-	-	14	14
- Kasikorn Securities Public Co., Ltd.	-	-	-	11
<u>Contingencies</u>				
Subsidiary Companies				
- Kasikorn Factory and Equipment Co., Ltd.	-	-	17	15
- Kasikorn Securities Public Co., Ltd.	-	-	11	4

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

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 December 2009 and 2008, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 30 million and Baht 18 million, respectively.

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 December 2009 and 2008, the book value of finance lease liabilities, before elimination, amounts to Baht 538 million and 111 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 December 2009 and 2008, the Bank is committed to pay total service fees of Baht 11 Million and Baht 45 Million, respectively.

26.4.2 Revenue and expenses occurring between the Bank, its subsidiary and associated companies for the years ended 31 December 2009 and 2008 are summarized as follows:

			(Million Baht)	
	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Subsidiary Companies				
Revenue:				
Interest income	-	-	1,626	1,377
Dividend income	-	-	800	394
Fee income	-	-	574	430
Other income	-	-	1,755	55
Expenses:				
Interest expenses	-	-	21	35
Personnel expenses	-	-	308	287
Other expenses	-	-	3,014	2,226
Associated Companies				
Revenue:				
Other income	10	8	10	8
Expenses:				
Other expenses	9	48	9	48

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.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

For the years ended 31 December 2009 and 2008, the Bank incurred expenses amounting to Baht 308 million and Baht 287 million, respectively, presented as personnel expenses in the statements of income.

26.4.3 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 influence as of 31 December 2009 and 2008 were summarized as follows:

	(Million Baht)	
	<u>Consolidated and The Bank</u>	
	<u>2009</u>	<u>2008</u>
<u>Loans</u>		
- Charoen Pokphand Foods Public Co., Ltd.	1,000	111
- Bangkok Glass Industry Co., Ltd.	847	300
- Jutha Maritime Public Co., Ltd.	844	669
- Yip In Tsoi & Jacks Ltd.	34	53
<u>Deposits</u>		
- Serm Suk Public Co., Ltd.	360	538
- Muang Thai Insurance Public Co., Ltd.	301	376
- Mitsubishi Elevator Asia Co., Ltd.	90	87
- Bangkok Glass Industry Co., Ltd.	63	73
- Serm Suk Beverage Co., Ltd.	55	16
- Nithi Thamrong Co., Ltd.	34	45
- National ITMX Co., Ltd.	30	19
- Charoen Pokphand Foods Public Co., Ltd.	20	6
- Pruetthada Co., Ltd.	18	5
- Smithithada Co., Ltd.	13	70
- Quality Houses Public Co., Ltd.	10	2
- PTT Public Co., Ltd. ⁽¹⁾	-	6,304
- Thai British Security Printing Co., Ltd. ⁽¹⁾	-	138
- The Deves Insurance Public Co., Ltd. ⁽¹⁾	-	22
- Informax System Solutions & Services Co., Ltd. ⁽¹⁾	-	21

⁽¹⁾ As of 31 December 2009, the company was not related to the Bank.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

	(Million Baht)	
	<u>Consolidated and The Bank</u>	
	<u>2009</u>	<u>2008</u>
<u>Contingencies</u>		
- Charoen Pokphand Foods Public Co., Ltd.	1,344	1,514
- Quality Houses Public Co., Ltd.	147	207
- Dole Thailand Co., Ltd.	128	150
- Bangkok Glass Industry Co., Ltd.	53	14
- Jutha Maritime Public Co., Ltd.	27	30
- Yip In Tsoi & Jacks Ltd.	11	108
- PTT Public Co., Ltd. ⁽¹⁾	-	401
- Thai British Security Printing Co., Ltd. ⁽¹⁾	-	44
- Samart Telecom Public Co., Ltd. ⁽¹⁾	-	30

⁽¹⁾ As of 31 December 2009, the company was not related to the Bank.

26.4.4 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 as of 31 December 2009 and 2008 are summarized as follows:

	(Million Baht)	
	<u>Consolidated and The Bank</u>	
	<u>2009</u>	<u>2008</u>
Loans	63	21
Deposits	1,430	1,370

27 BENEFITS OF DIRECTORS AND EXECUTIVES

The Bank and its subsidiary companies have not paid other benefits to directors and executives except for the benefits that are normally paid such as directors' fee, directors' bonus (if any) and income tax, executives' salary and bonus (if any).

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

28 CAPITAL COMMITMENTS AND LONG-TERM AGREEMENTS

28.1 Capital Commitments

	(Million Baht)			
	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Contracted but not provided for	9,884	5,884	9,881	5,880

28.2 Long-Term Agreements

28.2.1 Operating Lease

The Bank and its subsidiary companies have entered into land/building lease agreements for branch offices and vehicle lease agreements. The Bank and its subsidiary companies were committed to pay future rentals, which are summarized as follows:

		(Million Baht)	
<u>Type of Lease Agreement</u>	<u>Remaining Period</u>	<u>Consolidated</u>	<u>The Bank</u>
		<u>2009</u>	<u>2009</u>
Land/building lease agreements	1 January 2010 – 6 March 2036	1,885	1,846
Vehicle lease agreements	1 January 2010 – 21 November 2014	191	454
Others	1 January 2010 – 25 October 2013	<u>44</u>	<u>-</u>
Total		<u>2,120</u>	<u>2,300</u>

		(Million Baht)	
<u>Type of Lease Agreement</u>	<u>Remaining Period</u>	<u>Consolidated</u>	<u>The Bank</u>
		<u>2008</u>	<u>2008</u>
Land/building lease agreements	1 January 2009 – 12 February 2033	620	602
Vehicle lease agreements	1 January 2009 – 22 December 2013	221	674
Others	1 January 2009 – 31 March 2013	<u>42</u>	<u>-</u>
Total		<u>883</u>	<u>1,276</u>

28.2.2 Service Agreement

On 12 November 2002, the Bank entered into an Information Technology Service Agreement with IBM Thailand Co., Ltd., under which the service will be provided until 31 December 2015; in which the Bank has increased the scope of such agreement in January 2010. As of 31 December 2009 and 2008, the Bank is committed to pay total service fees of Baht 6,811 million and Baht 4,264 million, respectively.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

29 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 as of 31 December 2009 and 2008 can be summarized as follows:

29.1 Financial Position Classified by Types of Business

(Million Baht)

	<u>Consolidated</u>				
	<u>2009</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</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

(Million Baht)

	<u>Consolidated</u>				
	<u>2008</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</u>
Total assets	1,295,814	9,605	1,305,419	(1,374)	1,304,045
Interbank and money market items - net (assets)	195,032	1,759	196,791	-	196,791
Investments - net	99,058	3,887	102,945	-	102,945
Loans	903,680	328	904,008	-	904,008
Deposits	967,939	11	967,950	-	967,950
Interbank and money market items (liabilities)	16,300	-	16,300	-	16,300
Borrowings	131,197	6,962	138,159	-	138,159
Contingencies	2,293,303	23,540	2,316,843	(41,932)	2,274,911

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(Million Baht)

	<u>The Bank</u>				
	<u>2009</u>				
	Domestic <u>Business</u>	Foreign <u>Business</u>	<u>Total</u>	Eliminated <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

(Million Baht)

	<u>The Bank</u>				
	<u>2008</u>				
	Domestic <u>Business</u>	Foreign <u>Business</u>	<u>Total</u>	Eliminated <u>Transactions</u>	<u>Total</u>
Total assets	1,295,321	9,605	1,304,926	(1,374)	1,303,552
Interbank and money market items - net (assets)	194,949	1,759	196,708	-	196,708
Investments - net	107,931	3,887	111,818	-	111,818
Loans	900,259	328	900,587	-	900,587
Deposits	968,777	11	968,788	-	968,788
Interbank and money market items (liabilities)	16,852	-	16,852	-	16,852
Borrowings	131,015	6,962	137,977	-	137,977
Contingencies	2,293,028	23,540	2,316,568	(41,932)	2,274,636

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

29.2 Results of Operations Classified by Types of Business

(Million Baht)

	<u>Consolidated</u>				
	<u>2009</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</u>
Interest and dividend income	56,338	312	56,650	(254)	56,396
Interest expenses	<u>12,596</u>	<u>679</u>	<u>13,275</u>	<u>(254)</u>	<u>13,021</u>
Net income (expenses) from interest and dividend	43,742	(367)	43,375	-	43,375
Non-interest income	26,901	382	27,283	-	27,283
Non-interest expenses	<u>49,391</u>	<u>156</u>	<u>49,547</u>	<u>-</u>	<u>49,547</u>
Income (loss) before income tax	<u>21,252</u>	<u>(141)</u>	<u>21,111</u>	<u>-</u>	<u>21,111</u>

(Million Baht)

	<u>Consolidated</u>				
	<u>2008</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</u>
Interest and dividend income	59,961	769	60,730	(600)	60,130
Interest expenses	<u>17,331</u>	<u>963</u>	<u>18,294</u>	<u>(600)</u>	<u>17,694</u>
Net income (expenses) from interest and dividend	42,630	(194)	42,436	-	42,436
Non-interest income	22,017	573	22,590	-	22,590
Non-interest expenses	<u>42,711</u>	<u>138</u>	<u>42,849</u>	<u>-</u>	<u>42,849</u>
Income before income tax	<u>21,936</u>	<u>241</u>	<u>22,177</u>	<u>-</u>	<u>22,177</u>

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(Million Baht)

	<u>The Bank</u>				
	<u>2009</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</u>
Interest and dividend income	55,793	312	56,105	(254)	55,851
Interest expenses	<u>12,623</u>	<u>679</u>	<u>13,302</u>	<u>(254)</u>	<u>13,048</u>
Net income (expenses) from interest and dividend	43,170	(367)	42,803	-	42,803
Non-interest income	22,431	382	22,813	-	22,813
Non-interest expenses	<u>45,609</u>	<u>156</u>	<u>45,765</u>	<u>-</u>	<u>45,765</u>
Income (loss) before income tax	<u>19,992</u>	<u>(141)</u>	<u>19,851</u>	<u>-</u>	<u>19,851</u>

(Million Baht)

	<u>The Bank</u>				
	<u>2008</u>				
	Domestic	Foreign		Eliminated	
	<u>Business</u>	<u>Business</u>	<u>Total</u>	<u>Transactions</u>	<u>Total</u>
Interest and dividend income	59,539	769	60,308	(600)	59,708
Interest expenses	<u>17,342</u>	<u>963</u>	<u>18,305</u>	<u>(600)</u>	<u>17,705</u>
Net income (expenses) from interest and dividend	42,197	(194)	42,003	-	42,003
Non-interest income	19,992	574	20,566	-	20,566
Non-interest expenses	<u>41,100</u>	<u>138</u>	<u>41,238</u>	<u>-</u>	<u>41,238</u>
Income before income tax	<u>21,089</u>	<u>242</u>	<u>21,331</u>	<u>-</u>	<u>21,331</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

30 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Credit risk

Credit risk refers to the risk that a counterparty or a borrower may default on its contractual obligations and agreements. Such default may be caused by the counterparty's inability to pay due to financial encumbrances or their intention not to abide by the contractual agreements, resulting in a loss to the Bank.

The Bank has employed credit risk management processes in credit processes. In assessing medium and large corporate customers' credit risk level, the Bank utilizes credit risk rating tools to enhance the quality of loans granted. Furthermore, the credit scoring has been employed to determine the credit risk level of retail customers to ensure uniformity of assessment results. To manage medium business and large corporate business portfolios following the approval process, the Bank annually reviews customers' credit rating on qualitative and quantitative basis. Regarding the management of retail portfolio, behavior scoring has been adopted for assessing customers' risk level resulting in the Bank's capability in determining risk-adjusted returns or interest rates. This also enhances the determination of asset allocation across businesses and industries to diversify risks at an aggregate level.

In the credit approval process, the Bank considers the customer's ability to repay and the loan objectives as key factors in the approval of credit and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from default. To maximize the effectiveness of the credit approval process, credit analysis and approval functions are separated from the units responsible for maintaining customer relationships. The Bank also has processes for regularly reviewing customers' credit rating and performance on all approved transactions. For non-performing loans (NPL), the Bank has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Bank.

For the "loans" item shown in the balance sheet, the Bank's maximum credit loss is the carrying amount of net loans after deduction of applicable allowance for losses without considering the value of collateral. In addition, credit risk may arise from off-balance sheet items or contingencies.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008****Market risk**

Market risk is any risk due to changes in interest rates, foreign exchange rates, equity prices, commodity prices and risk arising from credit derivatives which may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's financial assets and liabilities both in the current reporting period and in the future.

The Bank currently faces 3 major types of market risk namely interest rate risk, foreign exchange rate risk and equity position risk. As the Bank has chosen not to retain any position dealing with commodity prices and credit derivatives, they have been managed under back-to-back policy.

1. Interest rate risk

Interest rate risk refers to any risk arising from changes in interest rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings or cost of funds, both in the current reporting period and in the future. The Bank has employed various tools to manage interest rate risk such as Value-at-Risk (VaR) and Interest Rate Risk Gap under the supervision of Risk Management Committee and Assets and Liabilities Management Sub-committee.

An analysis of loans (including financial institutions) at fixed and floating interest rates (MLR, MOR and MRR) as of 31 December 2009 and 2008 is as follows:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Fixed interest rates	239,688	223,862	232,819	225,368
Floating interest rates	<u>754,869</u>	<u>867,668</u>	<u>752,248</u>	<u>862,741</u>
Total Loans (including financial institutions)	<u>994,557</u>	<u>1,091,530</u>	<u>985,067</u>	<u>1,088,109</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
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The average balances of the interest-bearing financial assets and liabilities of the Bank and its subsidiaries, calculated by using the average of the beginning of the year and the ending of the year, and the average interest and dividend rates for the years ended 31 December 2009 and 2008 are as follows:

(Million Baht)						
	<u>Consolidated</u>					
	<u>2009</u>			<u>2008</u>		
	Interest and			Interest and		
	Dividend			Dividend		
	Average	Income/	Average	Average	Income/	Average
	<u>Balance</u>	<u>Expense</u>	<u>Rate (%)</u>	<u>Balance</u>	<u>Expense</u>	<u>Rate (%)</u>
Interest-bearing Financial Assets						
Interbank and money market items	130,090	1,484	1.14	127,613	2,089	1.64
Securities purchased under resale agreements	-	-	-	5,350	12	0.22
Investments	180,409	4,351	2.41	101,989	4,115	4.03
Loans	<u>923,693</u>	<u>50,562</u>	5.47	<u>833,257</u>	<u>53,914</u>	6.47
Total	<u>1,234,192</u>	<u>56,397</u>	4.57	<u>1,068,209</u>	<u>60,130</u>	5.63
Interest-bearing Financial Liabilities						
Deposits	971,721	8,918	0.92	875,886	14,369	1.64
Interbank and money market items	31,643	606	1.92	15,161	290	1.91
Borrowings	<u>108,565</u>	<u>3,497</u>	3.22	<u>98,129</u>	<u>3,035</u>	3.09
Total	<u>1,111,929</u>	<u>13,021</u>	1.17	<u>989,176</u>	<u>17,694</u>	1.79

(Million Baht)						
	<u>The Bank</u>					
	<u>2009</u>			<u>2008</u>		
	Interest and			Interest and		
	Dividend			Dividend		
	Average	Income/	Average	Average	Income/	Average
	<u>Balance</u>	<u>Expense</u>	<u>Rate (%)</u>	<u>Balance</u>	<u>Expense</u>	<u>Rate (%)</u>
Interest-bearing Financial Assets						
Interbank and money market items	129,653	1,479	1.14	127,492	2,087	1.64
Securities purchased under resale agreements	-	-	-	5,350	12	0.22
Investments	161,560	5,024	3.11	110,520	4,553	4.12
Loans	<u>917,238</u>	<u>49,349</u>	5.38	<u>830,946</u>	<u>53,056</u>	6.39
Total	<u>1,208,451</u>	<u>55,852</u>	4.62	<u>1,074,308</u>	<u>59,708</u>	5.56
Interest-bearing Financial Liabilities						
Deposits	973,426	8,918	0.92	876,598	14,372	1.64
Interbank and money market items	32,429	611	1.88	15,506	294	1.90
Borrowings	<u>108,436</u>	<u>3,520</u>	3.25	<u>97,840</u>	<u>3,039</u>	3.11
Total	<u>1,114,291</u>	<u>13,049</u>	1.17	<u>989,944</u>	<u>17,705</u>	1.79

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2009 and 2008 are shown below:

(Million Baht)

	<u>Consolidated</u> <u>2009</u>							
	Immediate <u>Repricing</u>	Less than <u>6 months</u>	6 months <u>to 1 Year</u>	1 Year <u>to 5 Years</u>	Over <u>5 Years</u>	Non-interest <u>Bearing</u>	Stop <u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash	-	-	-	-	-	26,674	-	26,674
Interbank and money market								
Items	4,785	55,097	489	-	-	3,059	-	63,430
Investments	2,672	45,274	63,395	73,354	11,169	52,439	7,859	256,162
Loans	629,564	93,077	11,470	72,251	49,154	19,093	68,769	943,378
Accrued interest receivable	-	-	-	-	-	1,051	-	1,051
Customers' liability under								
acceptances	-	-	-	-	-	574	-	574
Other assets	<u>926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,577</u>	<u>-</u>	<u>8,503</u>
Total Financial Assets	<u>637,947</u>	<u>193,448</u>	<u>75,354</u>	<u>145,605</u>	<u>60,323</u>	<u>110,467</u>	<u>76,628</u>	<u>1,299,772</u>
<u>Financial Liabilities</u>								
Deposits	537,741	166,811	150,720	65,477	-	54,743	-	975,492
Interbank and money market								
Items	5,646	40,496	360	2	-	481	-	46,985
Liabilities payable on demand	-	-	-	-	-	12,756	-	12,756
Borrowings	-	48,517	380	30,029	19	26	-	78,971
Bank's liability under								
acceptances	-	-	-	-	-	574	-	574
Other liabilities	<u>3,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,656</u>	<u>-</u>	<u>7,902</u>
Total Financial Liabilities	<u>546,633</u>	<u>255,824</u>	<u>151,460</u>	<u>95,508</u>	<u>19</u>	<u>73,236</u>	<u>-</u>	<u>1,122,680</u>
On-balance sheet items	<u>91,314</u>	<u>(62,376)</u>	<u>(76,106)</u>	<u>50,097</u>	<u>60,304</u>	<u>37,231</u>	<u>76,628</u>	<u>177,092</u>

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(Million Baht)

	<u>Consolidated</u> <u>2008</u>							
	<u>Immediate</u> <u>Repricing</u>	<u>Less than</u> <u>6 months</u>	<u>6 months</u> <u>to 1 Year</u>	<u>1 Year</u> <u>to 5 Years</u>	<u>Over</u> <u>5 Years</u>	<u>Non-interest</u> <u>Bearing</u>	<u>Stop</u> <u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash	-	-	-	-	-	27,751	-	27,751
Interbank and money market								
Items	6,523	186,191	-	-	-	4,132	-	196,846
Investments	6,700	26,687	25,592	31,212	7,370	5,900	1,194	104,655
Loans	624,641	105,241	7,172	52,843	52,338	2,573	59,200	904,008
Accrued interest receivable	-	-	-	-	-	1,485	-	1,485
Customers' liability under								
acceptances	-	-	-	-	-	492	-	492
Other assets	<u>2,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,876</u>	<u>-</u>	<u>7,310</u>
Total Financial Assets	<u>640,298</u>	<u>318,119</u>	<u>32,764</u>	<u>84,055</u>	<u>59,708</u>	<u>47,209</u>	<u>60,394</u>	<u>1,242,547</u>
<u>Financial Liabilities</u>								
Deposits	442,984	315,675	146,384	15,680	-	47,227	-	967,950
Interbank and money market								
Items	7,835	3,289	569	140	896	3,571	-	16,300
Liabilities payable on demand	-	-	-	-	-	10,883	-	10,883
Borrowings	-	82,900	15,227	33,054	6,962	16	-	138,159
Bank's liability under								
acceptances	-	-	-	-	-	492	-	492
Other liabilities	<u>3,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,151</u>	<u>-</u>	<u>10,253</u>
Total Financial Liabilities	<u>453,921</u>	<u>401,864</u>	<u>162,180</u>	<u>48,874</u>	<u>7,858</u>	<u>69,340</u>	<u>-</u>	<u>1,144,037</u>
On-balance sheet items	<u>186,377</u>	<u>(83,745)</u>	<u>(129,416)</u>	<u>35,181</u>	<u>51,850</u>	<u>(22,131)</u>	<u>60,394</u>	<u>98,510</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>							
	<u>2009</u>							
	Immediate	Less than	6 months	1 Year	Over	Non-interest	Stop	
	<u>Repricing</u>	<u>6 months</u>	<u>to 1 Year</u>	<u>to 5 Years</u>	<u>5 Years</u>	<u>Bearing</u>	<u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash	-	-	-	-	-	26,673	-	26,673
Interbank and money market								
items	4,650	55,099	-	-	-	2,917	-	62,666
Investments	2,672	43,764	62,346	70,225	7,641	21,841	1,148	209,637
Loans	626,612	96,631	7,814	70,932	48,723	16,860	66,316	933,888
Accrued interest receivable	-	-	-	-	-	1,010	-	1,010
Customers' liability under								
acceptances	-	-	-	-	-	574	-	574
Other assets	<u>926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,549</u>	<u>-</u>	<u>5,475</u>
Total Financial Assets	<u>634,860</u>	<u>195,494</u>	<u>70,160</u>	<u>141,157</u>	<u>56,364</u>	<u>74,424</u>	<u>67,464</u>	<u>1,239,923</u>
<u>Financial Liabilities</u>								
Deposits	539,341	166,913	150,720	65,477	-	55,613	-	978,064
Interbank and money market								
items	6,668	40,496	360	2	-	481	-	48,007
Liabilities payable on demand	-	-	-	-	-	12,748	-	12,748
Borrowings	-	48,440	380	30,029	19	26	-	78,894
Bank's liability under								
acceptances	-	-	-	-	-	574	-	574
Other liabilities	<u>2,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,658</u>	<u>-</u>	<u>7,070</u>
Total Financial Liabilities	<u>548,421</u>	<u>255,849</u>	<u>151,460</u>	<u>95,508</u>	<u>19</u>	<u>74,100</u>	<u>-</u>	<u>1,125,357</u>
On-balance sheet items	<u>86,439</u>	<u>(60,355)</u>	<u>(81,300)</u>	<u>45,649</u>	<u>56,345</u>	<u>324</u>	<u>67,464</u>	<u>114,566</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>							
	<u>2008</u>							
	<u>Immediate</u>	<u>Less than</u>	<u>6 months</u>	<u>1 Year</u>	<u>Over</u>	<u>Non-interest</u>	<u>Stop</u>	
	<u>Repricing</u>	<u>6 months</u>	<u>to 1 Year</u>	<u>to 5 Years</u>	<u>5 Years</u>	<u>Bearing</u>	<u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash	-	-	-	-	-	27,750	-	27,750
Interbank and money market								
items	6,498	186,156	-	-	-	4,074	-	196,728
Investments	6,700	26,687	25,592	31,212	7,370	14,727	1,194	113,482
Loans	621,165	109,840	7,932	51,941	52,116	1,593	56,000	900,587
Accrued interest receivable	-	-	-	-	-	1,454	-	1,454
Customers' liability under								
acceptances	-	-	-	-	-	492	-	492
Other assets	<u>2,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,866</u>	<u>-</u>	<u>6,300</u>
Total Financial Assets	<u>636,797</u>	<u>322,683</u>	<u>33,524</u>	<u>83,153</u>	<u>59,486</u>	<u>53,956</u>	<u>57,194</u>	<u>1,246,793</u>
<u>Financial Liabilities</u>								
Deposits	443,761	315,828	146,384	15,680	-	47,135	-	968,788
Interbank and money market								
items	8,434	3,241	569	140	896	3,572	-	16,852
Liabilities payable on demand	-	-	-	-	-	10,883	-	10,883
Borrowings	-	82,718	15,227	33,054	6,962	16	-	137,977
Bank's liability under								
acceptances	-	-	-	-	-	492	-	492
Other liabilities	<u>2,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,159</u>	<u>-</u>	<u>9,770</u>
Total Financial Liabilities	<u>454,806</u>	<u>401,787</u>	<u>162,180</u>	<u>48,874</u>	<u>7,858</u>	<u>69,257</u>	<u>-</u>	<u>1,144,762</u>
On-balance sheet items	<u>181,991</u>	<u>(79,104)</u>	<u>(128,656)</u>	<u>34,279</u>	<u>51,628</u>	<u>(15,301)</u>	<u>57,194</u>	<u>102,031</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

2. Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings or cost of funds. Tools adopted for managing foreign exchange rate risk are for instance, open positions and VaR. Foreign exchange rate risk is under the supervision of Risk Management Committee and Assets and Liabilities Management Sub-committees.

Foreign currency positions in Baht equivalent, as of 31 December 2009 and 2008 were as follows:

(Million Baht)

	<u>Consolidated</u>					
	<u>2009</u>					
	<u>Currency</u>					
	<u>US Dollar</u>	<u>Yen</u>	<u>Pound</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
<u>Assets</u>						
Cash	644	22	53	309	144	1,172
Interbank and money market						
items - net	7,744	68	135	53	1,605	9,605
Investments - net	11,926	105	-	237	23	12,291
Loans and accrued interest						
receivables - net	36,534	1,431	81	957	491	39,494
Other assets	<u>1,613</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>8</u>	<u>1,648</u>
Total assets	<u>58,461</u>	<u>1,626</u>	<u>269</u>	<u>1,583</u>	<u>2,271</u>	<u>64,210</u>
<u>Liabilities</u>						
Deposits	10,456	74	596	1,418	410	12,954
Interbank and money market items	434	4,646	-	-	2	5,082
Liability on demand	6,638	153	155	585	337	7,868
Borrowings	6,097	-	-	-	-	6,097
Other liabilities	<u>12,958</u>	<u>89</u>	<u>608</u>	<u>1,810</u>	<u>456</u>	<u>15,921</u>
Total liabilities	<u>36,583</u>	<u>4,962</u>	<u>1,359</u>	<u>3,813</u>	<u>1,205</u>	<u>47,922</u>
Foreign currency position of						
on-balance items-net	<u>21,878</u>	<u>(3,336)</u>	<u>(1,090)</u>	<u>(2,230)</u>	<u>1,066</u>	<u>16,288</u>
off-balance sheet items-net	<u>(181,402)</u>	<u>3,333</u>	<u>478</u>	<u>693</u>	<u>(110)</u>	<u>(177,008)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

	<u>Consolidated</u>					
	<u>2008</u>					
	<u>Currency</u>					
	<u>US Dollar</u>	<u>Yen</u>	<u>Pound</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
<u>Assets</u>						
Cash	523	71	65	512	193	1,364
Interbank and money market						
items - net	7,509	123	64	121	729	8,546
Investments - net	3,934	-	-	2	23	3,959
Loans and accrued interest						
receivables - net	31,822	1,597	77	1,259	324	35,079
Other assets	<u>8,310</u>	<u>6,759</u>	<u>-</u>	<u>2,616</u>	<u>5</u>	<u>17,690</u>
Total assets	<u>52,098</u>	<u>8,550</u>	<u>206</u>	<u>4,510</u>	<u>1,274</u>	<u>66,638</u>
<u>Liabilities</u>						
Deposits	13,468	101	284	785	456	15,094
Interbank and money market items	2,607	1,005	-	466	-	4,078
Liability on demand	5,937	118	125	694	308	7,182
Borrowings	6,962	-	-	-	-	6,962
Other liabilities	<u>8,852</u>	<u>7,376</u>	<u>13</u>	<u>3,667</u>	<u>62</u>	<u>19,970</u>
Total liabilities	<u>37,826</u>	<u>8,600</u>	<u>422</u>	<u>5,612</u>	<u>826</u>	<u>53,286</u>
Foreign currency position of						
on-balance items-net	<u>14,272</u>	<u>(50)</u>	<u>(216)</u>	<u>(1,102)</u>	<u>448</u>	<u>13,352</u>
off-balance sheet items-net	<u>(15,716)</u>	<u>68</u>	<u>220</u>	<u>543</u>	<u>11</u>	<u>(14,874)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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(Million Baht)

	<div> <div>The Bank</div> <div>2009</div> <div>Currency</div> </div>					
	<u>US Dollar</u>	<u>Yen</u>	<u>Pound</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
<u>Assets</u>						
Cash	644	22	53	309	144	1,172
Interbank and money market						
items - net	7,744	68	135	53	1,605	9,605
Investments - net	11,272	-	-	3	23	11,298
Loans and accrued interest						
receivables - net	36,534	1,431	81	957	491	39,494
Other assets	<u>1,597</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>8</u>	<u>1,622</u>
Total assets	<u>57,791</u>	<u>1,521</u>	<u>269</u>	<u>1,339</u>	<u>2,271</u>	<u>63,191</u>
<u>Liabilities</u>						
Deposits	10,456	74	596	1,418	410	12,954
Interbank and money market items	434	4,646	-	-	2	5,082
Liability on demand	6,638	153	155	585	337	7,868
Borrowings	6,097	-	-	-	-	6,097
Other liabilities	<u>12,958</u>	<u>89</u>	<u>608</u>	<u>1,810</u>	<u>456</u>	<u>15,921</u>
Total liabilities	<u>36,583</u>	<u>4,962</u>	<u>1,359</u>	<u>3,813</u>	<u>1,205</u>	<u>47,922</u>
Foreign currency position of						
on-balance items-net	<u>21,208</u>	<u>(3,441)</u>	<u>(1,090)</u>	<u>(2,474)</u>	<u>1,066</u>	<u>15,269</u>
off-balance sheet items-net	<u>(181,402)</u>	<u>3,333</u>	<u>478</u>	<u>693</u>	<u>(110)</u>	<u>(177,008)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<div> <div>The Bank</div> <div>2008</div> <div>Currency</div> </div>					
	<u>US Dollar</u>	<u>Yen</u>	<u>Pound</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
<u>Assets</u>						
Cash	523	71	65	512	193	1,364
Interbank and money market						
items - net	7,509	123	64	121	729	8,546
Investments - net	3,934	-	-	2	23	3,959
Loans and accrued interest						
receivables - net	31,822	1,597	77	1,259	324	35,079
Other assets	<u>8,310</u>	<u>6,759</u>	<u>-</u>	<u>2,616</u>	<u>5</u>	<u>17,690</u>
Total assets	<u>52,098</u>	<u>8,550</u>	<u>206</u>	<u>4,510</u>	<u>1,274</u>	<u>66,638</u>
<u>Liabilities</u>						
Deposits	13,468	101	284	785	456	15,094
Interbank and money market items	2,607	1,005	-	466	-	4,078
Liability on demand	5,937	118	125	694	308	7,182
Borrowings	6,962	-	-	-	-	6,962
Other liabilities	<u>8,852</u>	<u>7,376</u>	<u>13</u>	<u>3,667</u>	<u>62</u>	<u>19,970</u>
Total liabilities	<u>37,826</u>	<u>8,600</u>	<u>422</u>	<u>5,612</u>	<u>826</u>	<u>53,286</u>
Foreign currency position of						
on-balance items-net	<u>14,272</u>	<u>(50)</u>	<u>(216)</u>	<u>(1,102)</u>	<u>448</u>	<u>13,352</u>
off-balance sheet items-net	<u>(15,716)</u>	<u>68</u>	<u>220</u>	<u>543</u>	<u>11</u>	<u>(14,874)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

3. Equity position risk

Equity position risk is any risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's financial assets.

The Bank faces risk arising from equity underwriting and investment in common equity. However, the Bank has a policy to reduce position in investment in equities which are not related to the Bank's main businesses.

Liquidity risk

Liquidity risk is the risk of the prospect that the Bank will be unable to meet its obligations as they fall due because of an inability to liquidate assets or obtain fundings sufficiently in a timely manner with appropriate cost which could result in losses.

The Bank manages its liquidity position under the Bank of Thailand's liquidity reserve regulations and other applicable regulations. The Treasury Department is accountable for managing the Bank's liquidity position by providing short-term and long-term funding sources as well as investing in highly liquid assets in both domestic and foreign currencies. The Bank also ensures that its liquidity position is suitable and sufficient for the current and foreseeable market conditions. The Assets and Liabilities Management Sub-committee supervises management of liquidity risk.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

A maturity analysis of financial assets and liabilities as of 31 December 2009 and 2008 was as follows:

(Million Baht)

	<u>Consolidated</u>						
	<u>2009</u>						
	<u>At call</u>	<u>Less than 6 months</u>	<u>6 months to 1 Year</u>	<u>1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>No Maturity</u>	<u>Total</u>
<u>Financial Assets</u>							
Cash	-	-	-	-	-	26,674	26,674
Interbank and money market items	7,842	55,099	489	-	-	-	63,430
Investments	606	45,054	48,593	92,292	57,315	12,302	256,162
Loans	168,627	312,428	19,763	270,199	172,361	-	943,378
Accrued interest receivables	15	1,013	1	19	3	-	1,051
Customers' liability under acceptances	-	574	-	-	-	-	574
Other assets	<u>926</u>	<u>3,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,067</u>	<u>8,503</u>
Total Financial Assets	<u>178,016</u>	<u>417,678</u>	<u>68,846</u>	<u>362,510</u>	<u>229,679</u>	<u>43,043</u>	<u>1,299,772</u>
<u>Financial Liabilities</u>							
Deposits	592,484	166,811	150,720	65,477	-	-	975,492
Interbank and money market items	6,127	35,850	60	302	4,646	-	46,985
Liability payable on demand	12,756	-	-	-	-	-	12,756
Borrowings	-	33,700	3,704	17,752	23,815	-	78,971
Bank's liability under acceptances	-	574	-	-	-	-	574
Other liabilities	<u>3,348</u>	<u>695</u>	<u>358</u>	<u>458</u>	<u>-</u>	<u>3,043</u>	<u>7,902</u>
Total Financial Liabilities	<u>614,715</u>	<u>237,630</u>	<u>154,842</u>	<u>83,989</u>	<u>28,461</u>	<u>3,043</u>	<u>1,122,680</u>
Liquidity-net	<u>(436,699)</u>	<u>180,048</u>	<u>(85,996)</u>	<u>278,521</u>	<u>201,218</u>	<u>40,000</u>	<u>177,092</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>Consolidated</u>						
	<u>2008</u>						
	<u>At call</u>	<u>Less than</u>	<u>6 months</u>	<u>1 Year</u>	<u>Over</u>	<u>No</u>	<u>Total</u>
		<u>6 months</u>	<u>to 1 Year</u>	<u>to 5 Years</u>	<u>5 Years</u>	<u>Maturity</u>	
<u>Financial Assets</u>							
Cash	-	-	-	-	-	27,751	27,751
Interbank and money market items	10,273	186,573	-	-	-	-	196,846
Investments	578	27,679	26,990	35,536	8,032	5,840	104,655
Loans	200,733	320,477	17,240	181,847	183,711	-	904,008
Accrued interest receivables	16	1,443	1	19	6	-	1,485
Customers' liability under acceptances	-	492	-	-	-	-	492
Other assets	<u>2,434</u>	<u>1,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>7,310</u>
Total Financial Assets	<u>214,034</u>	<u>537,840</u>	<u>44,231</u>	<u>217,402</u>	<u>191,749</u>	<u>37,291</u>	<u>1,242,547</u>
<u>Financial Liabilities</u>							
Deposits	490,211	315,675	146,384	15,680	-	-	967,950
Interbank and money market items	11,408	3,289	569	31	109	894	16,300
Liability payable on demand	10,883	-	-	-	-	-	10,883
Borrowings	-	82,900	14,736	16,561	23,962	-	138,159
Bank's liability under acceptances	-	492	-	-	-	-	492
Other liabilities	<u>3,233</u>	<u>2,352</u>	<u>1,420</u>	<u>207</u>	<u>-</u>	<u>3,041</u>	<u>10,253</u>
Total Financial Liabilities	<u>515,735</u>	<u>404,708</u>	<u>163,109</u>	<u>32,479</u>	<u>24,071</u>	<u>3,935</u>	<u>1,144,037</u>
Liquidity-net	<u>(301,701)</u>	<u>133,132</u>	<u>(118,878)</u>	<u>184,923</u>	<u>167,678</u>	<u>33,356</u>	<u>98,510</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

				<u>The Bank</u>			
				<u>2009</u>			
	<u>At call</u>	<u>Less than</u>	<u>6 months</u>	<u>1 Year</u>	<u>Over</u>	<u>No</u>	<u>Total</u>
		<u>6 months</u>	<u>to 1 Year</u>	<u>To 5 Years</u>	<u>5 Years</u>	<u>Maturity</u>	
<u>Financial Assets</u>							
Cash	-	-	-	-	-	26,673	26,673
Interbank and money market items	7,567	55,099	-	-	-	-	62,666
Investments	550	43,764	47,538	87,699	8,250	21,836	209,637
Loans	167,335	310,767	16,053	267,899	171,834	-	933,888
Accrued interest receivables	-	1,010	-	-	-	-	1,010
Customers' liability under acceptances	-	574	-	-	-	-	574
Other assets	<u>926</u>	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,230</u>	<u>5,475</u>
Total Financial Assets	<u>176,378</u>	<u>412,533</u>	<u>63,591</u>	<u>355,598</u>	<u>180,084</u>	<u>51,739</u>	<u>1,239,923</u>
<u>Financial Liabilities</u>							
Deposits	594,954	166,913	150,720	65,477	-	-	978,064
Interbank and money market items	7,149	35,850	60	302	4,646	-	48,007
Liability payable on demand	12,748	-	-	-	-	-	12,748
Borrowings	-	33,623	3,704	17,752	23,815	-	78,894
Bank's liability under acceptances	-	574	-	-	-	-	574
Other liabilities	<u>2,516</u>	<u>695</u>	<u>358</u>	<u>458</u>	<u>-</u>	<u>3,043</u>	<u>7,070</u>
Total Financial Liabilities	<u>617,367</u>	<u>237,655</u>	<u>154,842</u>	<u>83,989</u>	<u>28,461</u>	<u>3,043</u>	<u>1,125,357</u>
Liquidity-net	<u>(440,989)</u>	<u>174,878</u>	<u>(91,251)</u>	<u>271,609</u>	<u>151,623</u>	<u>48,696</u>	<u>114,566</u>

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

				<u>The Bank</u>			
				<u>2008</u>			
	<u>At call</u>	<u>Less than</u>	<u>6 months</u>	<u>1 Year</u>	<u>Over</u>	<u>No</u>	<u>Total</u>
		<u>6 months</u>	<u>to 1 Year</u>	<u>To 5 Years</u>	<u>5 Years</u>	<u>Maturity</u>	
<u>Financial Assets</u>							
Cash	-	-	-	-	-	27,750	27,750
Interbank and money market items	10,189	186,539	-	-	-	-	196,728
Investments	550	27,669	26,990	35,519	8,032	14,722	113,482
Loans	199,371	320,474	17,990	179,754	182,998	-	900,587
Accrued interest receivables	-	1,454	-	-	-	-	1,454
Customers' liability under acceptances	-	492	-	-	-	-	492
Other assets	<u>2,434</u>	<u>1,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,853</u>	<u>6,300</u>
Total Financial Assets	<u>212,544</u>	<u>537,641</u>	<u>44,980</u>	<u>215,273</u>	<u>191,030</u>	<u>45,325</u>	<u>1,246,793</u>
<u>Financial Liabilities</u>							
Deposits	490,896	315,828	146,384	15,680	-	-	968,788
Interbank and money market items	12,006	3,241	569	31	109	896	16,852
Liability payable on demand	10,883	-	-	-	-	-	10,883
Borrowings	-	82,718	14,736	16,561	23,962	-	137,977
Bank's liability under acceptances	-	492	-	-	-	-	492
Other liabilities	<u>2,742</u>	<u>2,360</u>	<u>1,420</u>	<u>207</u>	<u>-</u>	<u>3,041</u>	<u>9,770</u>
Total Financial Liabilities	<u>516,527</u>	<u>404,639</u>	<u>163,109</u>	<u>32,479</u>	<u>24,071</u>	<u>3,937</u>	<u>1,144,762</u>
Liquidity-net	<u>(303,983)</u>	<u>133,002</u>	<u>(118,129)</u>	<u>182,794</u>	<u>166,959</u>	<u>41,388</u>	<u>102,031</u>

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Fair value

Fair value is the estimated value that the Bank and its subsidiaries could receive from the sale of financial assets, or the estimated cost of redeeming their financial liabilities. Fair values are based on market value, or estimated values derived from using general market principles of calculation.

The following is a summary of carrying amounts and estimated fair values of financial assets and liabilities and off-balance sheet items as of 31 December 2009 and 2008.

(Million Baht)

	<u>Consolidated</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Carrying</u>		<u>Carrying</u>	
	<u>Amount</u>	<u>Fair value</u>	<u>Amount</u>	<u>Fair value</u>
<u>Financial Assets</u>				
Cash	26,674	26,674	27,751	27,751
Interbank and money market items – net	63,384	63,384	196,791	196,791
Investments – net	254,984	257,032	102,945	103,105
Loans and accrued interest receivables – net	910,384	910,384	875,722	875,722
Customers' liability under acceptances	574	574	492	492
Other assets	<u>8,503</u>	<u>8,503</u>	<u>7,310</u>	<u>7,310</u>
Total Financial Assets	<u>1,264,503</u>	<u>1,266,551</u>	<u>1,211,011</u>	<u>1,211,171</u>
<u>Financial Liabilities</u>				
Deposits	975,492	975,492	967,950	967,950
Interbank and money market items	46,985	46,985	16,300	16,300
Liabilities payable on demand	12,756	12,756	10,883	10,883
Borrowings	78,971	79,642	138,159	137,190
Bank's liability under acceptances	574	574	492	492
Other liabilities	<u>7,902</u>	<u>7,902</u>	<u>10,253</u>	<u>10,253</u>
Total Financial Liabilities	<u>1,122,680</u>	<u>1,123,351</u>	<u>1,144,037</u>	<u>1,143,068</u>

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FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

(Million Baht)

	<u>The Bank</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Carrying</u>		<u>Carrying</u>	
	<u>Amount</u>	<u>Fair value</u>	<u>Amount</u>	<u>Fair value</u>
<u>Financial Assets</u>				
Cash	26,673	26,673	27,750	27,750
Interbank and money market items – net	62,651	62,651	196,708	196,708
Investments – net	207,446	207,518	111,818	111,979
Loans and accrued interest receivables – net	902,059	902,059	873,539	873,539
Customers' liability under acceptances	574	574	492	492
Other assets	<u>5,475</u>	<u>5,475</u>	<u>6,300</u>	<u>6,300</u>
Total Financial Assets	<u>1,204,878</u>	<u>1,204,950</u>	<u>1,216,607</u>	<u>1,216,768</u>
<u>Financial Liabilities</u>				
Deposits	978,064	978,064	968,788	968,788
Interbank and money market items	48,007	48,007	16,852	16,852
Liabilities payable on demand	12,748	12,748	10,883	10,883
Borrowings	78,894	79,565	137,977	137,190
Bank's liability under acceptances	574	574	492	492
Other liabilities	<u>7,070</u>	<u>7,070</u>	<u>9,770</u>	<u>9,770</u>
Total Financial Liabilities	<u>1,125,357</u>	<u>1,126,028</u>	<u>1,144,762</u>	<u>1,143,975</u>

The following methods and assumptions were used by the Bank in estimating fair values of financial assets and liabilities as disclosed herein:

The values of cash, interbank and money market items (assets and liabilities), customers' liability under acceptances, accrued income, other assets, liabilities payable on demand, bank's liability under acceptances, accrued interest payables and other liabilities are stated at their carrying values at the reporting date.

The fair values of held-for-trading investments, available-for-sale investments and held-to-maturity investments are stated according to the Bank's accounting policies mentioned in Note 7.

The fair value of general investments is stated at cost, net of allowance for their impairment.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

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The fair values of loans and accrued interest receivables are based on the carrying values of loans and accrued interest receivables, net of allowance for doubtful accounts, since most loans are at floating rate ones.

The carrying values of deposits usually approximate fair values, except for negotiable certificates of deposit (NCD) for which fair value is calculated by using the expected yield on borrowings.

The fair values of borrowings are estimated by using market values.

The following is a summary of the notional amounts and the fair value of the consolidated and the Bank 's derivative instruments as of 31 December 2009 and 2008:

(Million Baht)

	<u>Consolidated</u>			
	<u>2009</u>			
	<u>Notional Amount</u>			
	<u>Up to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>	<u>Fair Value</u>
Forward exchange contracts	615,293	3,392	618,685	292
Cross currency swaps	251,099	172,544	423,643	(4,111)
Interest rate swaps	478,177	991,387	1,469,564	942
Credit default swaps	-	100	100	-
Other derivatives	9,614	-	9,614	24

(Million Baht)

	<u>Consolidated</u>			
	<u>2008</u>			
	<u>Notional Amount</u>			
	<u>Up to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>	<u>Fair Value</u>
Forward exchange contracts	526,422	8,510	534,932	1,913
Cross currency swaps	122,124	93,272	215,396	3,915
Interest rate swaps	864,008	403,190	1,267,198	(694)
Credit default swaps	-	974	974	1
Other derivatives	1,278	495	1,773	-

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_(Million Baht)

<u>The Bank</u>				
<u>2009</u>				
	<u>Notional Amount</u>			<u>Fair Value</u>
	<u>Up to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>	
Forward exchange contracts	615,303	3,392	618,695	292
Cross currency swaps	251,099	172,544	423,643	(4,111)
Interest rate swaps	478,177	991,387	1,469,564	942
Credit default swaps	-	100	100	-
Other derivatives	9,614	-	9,614	24

(Million Baht)

<u>The Bank</u>				
<u>2008</u>				
	<u>Notional Amount</u>			<u>Fair Value</u>
	<u>Up to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>	
Forward exchange contracts	526,422	8,510	534,932	1,913
Cross currency swaps	122,124	93,272	215,396	3,915
Interest rate swaps	864,008	403,190	1,267,198	(694)
Credit default swaps	-	974	974	1
Other derivatives	1,278	495	1,773	-

The fair value is ordinarily derived from quoted market price or from generally accepted pricing models, where no market price is available.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

31 RECLASSIFICATION OF ACCOUNTS

Certain accounts in the balance sheet as at 31 December 2008 have been reclassified to conform with the presentation in the balance sheet as of 31 December 2009.

Significant reclassifications are as follows:

	(Million Baht)					
	2008					
	<u>Consolidated</u>			<u>The Bank</u>		
	Before		After	Before		After
	<u>reclassifications</u>	<u>Reclassifications</u>	<u>reclassifications</u>	<u>reclassifications</u>	<u>Reclassifications</u>	<u>reclassifications</u>
Balance sheet						
Assets						
Interbank and money market items						
Domestic items						
Interest bearing	187,805	(582)	187,223	188,236	(1,073)	187,163
Foreign items						
Interest bearing	6,911	(1,361)	5,550	6,911	(1,361)	5,550
Leasehold - net	-	629	629	-	629	629
Intangible assets - net	9,223	(629)	8,594	7,912	(629)	7,283
Derivative assets	36,452	47	36,499	36,452	47	36,499
Other assets - net	8,185	2,387	10,572	6,385	2,387	8,772
Liabilities						
Interbank and money market items						
Foreign items						
Interest bearing	3,619	(2,611)	1,008	3,619	(2,611)	1,008
Provisions	-	4,233	4,233	-	4,207	4,207
Derivative liabilities	31,900	287	32,187	31,900	287	32,187
Other liabilities	21,598	<u>(1,418)</u>	20,180	20,743	<u>(1,883)</u>	18,860
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the nature of business and in accordance with accounting practical guidelines.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 AND 2008

32 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 26 for related party transactions and balances for transactional information, which are in compliance with the above policies.

33 THAI ACCOUNTING STANDARD (TAS) NOT YET ADOPTED

The Bank and its subsidiaries have not adopted the following new and revised TAS that have been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2011.

TAS 24 (revised 2007)	<i>Related Party Disclosures</i>
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TAS 40	<i>Investment Property</i>
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The adoption and initial application of these revised TAS is not expected to have any material impact on the consolidated or the Bank's financial statements.

34 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Audit Committee on 18 February 2010.