
13. Financial Highlights

Financial Statements**Summary of Independent Auditor's Report for the past 3 years**

An auditor is KPMG Phoomchai Audit Limited who has audited the financial statements for the year 2014, 2013 and 2012.

Summary of Independent Auditor's Report 2014

An Auditor expressed an unqualified opinion on the consolidated financial statement and the Bank-only financial statement for the year ended 31 December 2014 with the emphasis of matter paragraph regarding the Bank and its subsidiaries' adoption of certain new accounting policy from 1 January 2014. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2013 after making the adjustments.

Summary of Independent Auditor's Report 2013

An Auditor expressed an unqualified opinion on the consolidated financial statement and the Bank-only financial statement for the year ended 31 December 2013.

Summary of Independent Auditor's Report 2012

An Auditor expressed an unqualified opinion on the consolidated financial statement and the Bank-only financial statement for the year ended 31 December 2012.

**SUMMARY STATEMENTS OF FINANCIAL POSITION, STATEMENTS OF COMPREHENSIVE INCOME AND
STATEMENTS OF CASH FLOWS
KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION**

Thousand Baht

	<i>Consolidated</i>		
	31 December		
	2014	2013 (Restated)	2012*
ASSETS			
Cash	58,005,650	40,609,916	35,127,058
Interbank and money market items - net	135,518,408	203,282,320	249,978,713
Claims on security	84,453	-	-
Derivative assets	23,980,802	35,905,523	22,111,960
Investments - net	567,226,644	496,567,418	382,163,414
Investments in subsidiaries and associates - net	479,429	364,394	166,631
Loans to customers and accrued interest receivables - net			
Loans to customers	1,537,027,491	1,448,311,370	1,334,601,389
Accrued interest receivables	3,025,475	2,928,175	2,300,035
Total Loans to customers and accrued interest receivables	1,540,052,966	1,451,239,545	1,336,901,424
<u>Less</u> Deferred revenue	(9,947,819)	(9,333,676)	(7,869,034)
<u>Less</u> Allowance for doubtful accounts	(47,434,099)	(39,864,333)	(36,950,912)
<u>Less</u> Revaluation allowance for debt restructuring	(3,557,891)	(5,234,914)	(6,771,741)
Total Loans to customers and accrued interest receivables - net	1,479,113,157	1,396,806,622	1,285,309,737
Customers' liability under acceptances	1,705,137	3,196,210	693,082
Properties foreclosed - net	11,788,377	10,854,690	11,003,538
Premises and equipment - net	44,608,689	40,838,577	40,565,446
Goodwill and other intangible assets - net	25,882,071	23,211,615	21,962,285
Deferred tax assets	3,943,870	3,155,287	2,904,485
Collateral per credit support annex	6,872,874	10,151,986	2,015,866
Other assets - net	29,927,031	25,100,729	23,440,270
Total Assets	2,389,136,592	2,290,045,287	2,077,442,485

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

Thousand Baht

	<i>Consolidated</i>		
	31 December		
	2014	2013 (Restated)	2012*
LIABILITIES AND EQUITY			
Deposits	1,629,831,110	1,529,835,078	1,391,380,129
Interbank and money market items	75,693,710	167,402,851	174,003,860
Liabilities payable on demand	17,343,284	21,797,765	16,347,348
Liabilities to deliver security	103,788	-	-
Financial liabilities designated at fair value through profit or loss	-	388,850	1,102,667
Derivative liabilities	23,249,358	35,463,119	20,139,676
Debts issued and borrowings	87,313,756	71,517,579	87,394,426
Bank's liability under acceptances	1,705,137	3,196,210	693,082
Provisions	19,751,239	15,992,901	16,969,555
Deferred tax liabilities	1,868,948	1,304,706	1,545,773
Life policy reserve	201,421,059	160,239,176	125,855,711
Other liabilities	50,169,349	45,899,639	41,189,003
Total Liabilities	2,108,450,738	2,053,037,874	1,876,621,230
Equity			
Share capital			
Authorized share capital			
- 3,048,614,697 common shares, Baht 10 par value	30,486,147	30,486,147	30,486,147
Issued and paid-up share capital			
- 2,393,260,193 common shares, Baht 10 par value	23,932,602	23,932,602	23,932,602
Premium on common shares	18,103,110	18,103,110	18,103,110
Other reserves	15,823,105	14,177,760	14,166,398
Retained earnings			
Appropriated			
Legal reserve	3,050,000	3,050,000	3,050,000
Unappropriated	196,150,422	159,968,832	125,693,484
Total Equity attributable to equity holders of the Bank	257,059,239	219,232,304	184,945,594
Non-controlling interests	23,626,615	17,775,109	15,875,661
Total Equity	280,685,854	237,007,413	200,821,255
Total Liabilities and Equity	2,389,136,592	2,290,045,287	2,077,442,485

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

Thousand Baht

	<i>The Bank</i>		
	31 December		
	2014	2013 (Restated)	2012*
ASSETS			
Cash	57,997,253	40,608,262	35,125,561
Interbank and money market items - net	125,354,819	200,771,436	247,448,235
Derivative assets	24,049,869	36,052,400	22,265,717
Investments - net	351,696,993	324,031,965	245,790,240
Investments in subsidiaries and associates - net	13,871,670	13,028,009	13,569,442
Loans to customers and accrued interest receivables - net			
Loans to customers	1,510,348,000	1,424,195,637	1,316,452,127
Accrued interest receivables	2,705,656	2,676,126	2,070,829
Total Loans to customers and accrued interest receivables	1,513,053,656	1,426,871,763	1,318,522,956
Less Deferred revenue	(243,191)	(280,938)	(297,217)
Less Allowance for doubtful accounts	(46,122,469)	(38,591,170)	(35,769,576)
Less Revaluation allowance for debt restructuring	(3,557,873)	(5,234,903)	(6,771,725)
Total Loans to customers and accrued interest receivables - net	1,463,130,123	1,382,764,752	1,275,684,438
Customers' liability under acceptances	1,705,137	3,196,210	693,082
Properties foreclosed - net	11,356,847	10,238,971	10,117,801
Premises and equipment - net	36,538,091	34,799,150	34,590,530
Goodwill and other intangible assets - net	21,504,502	19,039,823	17,935,172
Deferred tax assets	3,672,439	2,679,913	2,871,100
Collateral per credit support annex	6,872,874	10,151,986	2,015,866
Other assets - net	18,887,232	14,697,039	13,213,622
Total Assets	2,136,637,849	2,092,059,916	1,921,320,806

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

Thousand Baht

	<i>The Bank</i>		
	31 December		
	2014	2013 (Restated)	2012*
LIABILITIES AND EQUITY			
Deposits	1,632,226,821	1,532,587,913	1,394,535,723
Interbank and money market items	84,796,001	173,787,334	178,229,761
Liabilities payable on demand	17,343,284	21,797,765	16,347,091
Financial liabilities designated at fair value through profit or loss	-	388,850	1,102,667
Derivative liabilities	22,624,946	34,904,614	20,141,078
Debts issued and borrowings	87,170,939	71,476,006	87,394,423
Bank's liability under acceptances	1,705,137	3,196,210	693,082
Provisions	19,162,389	15,461,316	16,492,169
Other liabilities	32,165,778	31,501,899	30,657,686
Total Liabilities	1,897,195,295	1,885,101,907	1,745,593,680
Equity			
Share capital			
Authorized share capital			
- 3,048,614,697 common shares, Baht 10 par value	30,486,147	30,486,147	30,486,147
Issued and paid-up share capital			
- 2,393,260,193 common shares, Baht 10 par value	23,932,602	23,932,602	23,932,602
Premium on common shares	18,103,110	18,103,110	18,103,110
Other reserves	13,135,335	13,199,940	12,439,388
Retained earnings			
Appropriated			
Legal reserve	3,050,000	3,050,000	3,050,000
Unappropriated	181,221,507	148,672,357	118,202,026
Total Equity attributable to equity holders of the Bank	239,442,554	206,958,009	175,727,126
Total Liabilities and Equity	2,136,637,849	2,092,059,916	1,921,320,806

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

Thousand Baht

	<i>Consolidated</i>		
	For the year ended 31 December		
	2014	2013 (Restated)	2012*
Interest income	113,578,385	106,225,541	96,173,656
Interest expenses	30,446,136	33,428,397	32,592,688
Interest income - net	83,132,249	72,797,144	63,580,968
Fees and service income	42,690,360	36,613,366	31,428,511
Fees and service expenses	8,746,405	7,803,035	6,961,146
Fees and service income - net	33,943,955	28,810,331	24,467,365
Gain on trading and foreign exchange transactions	6,132,280	5,895,354	5,555,197
Loss on financial liabilities designated at fair value through profit or loss	(3,098)	(18,164)	(46,137)
Gain on investments	1,182,730	947,829	623,886
Share of profit from investments using equity method	88,383	193,304	19,672
Dividend income	1,096,669	881,643	1,408,310
Net premiums earned	73,088,114	58,414,270	47,516,924
Other operating income	1,313,387	1,080,157	1,369,072
Total operating income	199,974,669	169,001,868	144,495,257
Underwriting expenses	61,319,087	48,684,874	40,189,820
Total operating income - net	138,655,582	120,316,994	104,305,437
Other operating expenses			
Employee's expenses	28,124,471	23,233,601	21,546,506
Directors' remuneration	119,862	105,363	95,669
Premises and equipment expenses	12,213,231	10,664,983	9,890,489
Taxes and duties	4,248,897	3,924,491	3,589,594
Impairment on application software and related expense	-	1,566,170	-
Reversal of estimate for loss sharing of TAMC	-	(1,158,994)	-
Others	16,712,546	13,934,525	11,811,794
Total other operating expenses	61,419,007	52,270,139	46,934,052
Impairment loss on loans and debt securities	14,242,815	11,743,358	8,389,960
Operating profit before income tax expense	62,993,760	56,303,497	48,981,425
Income tax expense	12,692,003	11,456,922	11,136,273
Net profit	50,301,757	44,846,575	37,845,152

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Continued)

Thousand Baht

	<i>Consolidated</i>		
	For the year ended 31 December		
	2014	2013 (Restated)	2012*
Other comprehensive income			
Changes in revaluation surplus	1,910,331	-	1,649,441
Gain (Loss) on remeasurement of available - for - sale investments	3,085,372	(1,631,287)	4,090,276
Gain arising from translating the financial statements of a foreign operation	43,338	194,188	-
Actuarial (losses) gains on defined benefit plans	(2,180,000)	11,389	(3,120,062)
Income taxes relating to components of other comprehensive income	(525,214)	319,721	(326,491)
Total other comprehensive income	2,333,827	(1,105,989)	2,293,164
Total comprehensive income	52,635,584	43,740,586	40,138,316
Net profit attributable to :			
Equity holders of the Bank	46,153,408	41,324,808	35,259,797
Non-controlling interests	4,148,349	3,521,767	2,585,355
Total comprehensive income attributable to :			
Equity holders of the Bank	46,202,481	41,465,782	36,133,950
Non-controlling interests	6,433,103	2,274,804	4,004,366
Earnings per share of equity holders of the Bank			
Basic earnings per share (Baht)	19.28	17.27	14.73
Weighted average number of common shares (Thousand shares)	2,393,260	2,393,260	2,393,260

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

Thousand Baht

	<i>The Bank</i>		
	For the year ended 31 December		
	2014	2013 (Restated)	2012*
Interest income	102,717,815	97,533,708	89,204,611
Interest expenses	30,471,785	33,508,226	32,738,231
Interest income - net	72,246,030	64,025,482	56,466,380
Fees and service income	42,833,314	36,038,414	30,916,642
Fees and service expenses	8,626,380	7,815,696	6,874,020
Fees and service income - net	34,206,934	28,222,718	24,042,622
Gain on trading and foreign exchange transactions	5,958,269	5,796,720	5,546,486
Loss on financial liabilities designated at fair value through profit or loss	(3,098)	(18,164)	(46,137)
Gain on investments	610,538	164,352	148,670
Dividend income	3,321,587	2,452,876	2,379,003
Other operating income	4,112,504	3,356,815	2,808,216
Total operating income	120,452,764	104,633,498	91,345,240
Other operating expenses			
Employee's expenses	22,086,862	18,104,604	17,063,303
Directors' remuneration	77,992	71,936	68,434
Premises and equipment expenses	11,756,023	10,285,675	9,741,479
Taxes and duties	3,914,710	3,621,805	3,348,235
Impairment on application software and related expense	-	1,566,170	-
Reversal of estimate for loss sharing of TAMC	-	(1,158,994)	-
Others	16,108,659	13,385,561	11,446,007
Total other operating expenses	53,944,246	45,876,757	41,667,458
Impairment loss on loans and debt securities	13,916,385	11,382,704	8,223,835
Operating profit before income tax expense	52,592,133	46,741,338	41,453,947
Income tax expense	10,069,827	9,216,481	8,996,813
Net profit	42,522,306	37,524,857	32,457,134

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Continued)

Thousand Baht

	<i>The Bank</i> For the year ended 31 December		
	2014	2013 (Restated)	2012*
Other comprehensive income			
Changes in revaluation surplus	-	-	1,649,441
Gain on remeasurement of available - for - sale investments	50,695	873,741	1,228,501
Gain arising from translating the financial statements of a foreign operation	40,880	194,188	-
Actuarial losses on defined benefit plans	(2,180,000)	-	(3,029,869)
Income taxes relating to components of other comprehensive income	427,075	(182,122)	105,017
Total other comprehensive income	(1,661,350)	885,807	(46,910)
Total comprehensive income	40,860,956	38,410,664	32,410,224
Earnings per share of equity holders of the Bank			
Basic earnings per share (Baht)	17.77	15.68	13.56
Weighted average number of common shares (Thousand shares)	2,393,260	2,393,260	2,393,260

* The Bank and its subsidiaries have not presented a restated financial statement for the change in accounting policy, TFRIC13 Customer Loyalty Programmes which has been adopted from 1 January 2014 onwards. However, this change has no effect on total assets, total liabilities and total equity or net profit of the Bank and its subsidiaries as previously reported.

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

Thousand Baht

	<i>Consolidated</i>		
	For the year ended 31 December		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before income tax expense	62,993,760	56,303,497	48,981,425
Add (Less) Adjustments to reconcile profit from operating before income tax expense to net cash from operating activities			
Depreciation and amortization	5,723,065	5,033,735	4,884,471
Bad debt and doubtful accounts	13,474,853	9,687,128	4,717,801
Loss on debt restructuring	1,304,808	2,537,472	4,236,315
Interest income from amortization of revaluation allowance for debt restructuring	(382,815)	(447,866)	(416,418)
(Gain) loss on foreign exchange translation of long-term borrowings	(2,717)	2,803	(325,593)
Loss on revaluation of trading investments	30,630	5,391	490
(Reversal of loss) loss on impairment of investments	(121,926)	7,361	8,575
Gain on disposal of investments securities	(1,184,826)	(937,235)	(633,474)
Gain on liquidation of subsidiary	(630)	-	-
Gain on disposal of investments in associated companies	(7,734)	-	-
Loss on impairment of properties foreclosed	621,301	428,510	368,617
Impairment on application software and related expense	-	1,566,170	-
Loss on impairment of other assets	117,715	170,301	203,443
Gain on disposal of premises and equipment	(4,515)	(51,612)	(89,108)
Loss on write off of premises and equipment	98,659	181,158	130,445
Loss on write off of other assets	357,422	24,691	241,193
Loss (reversal of loss) on revaluation of land and premises	156,939	-	(117,883)
Gain on early settlement of financial lease contract	-	(55,743)	-
Reversal of estimate for loss sharing of TAMC	-	(1,158,994)	-
Share of profit from investments using equity method	(88,383)	(193,304)	(19,672)
	83,085,606	73,103,463	62,170,627
Interest income - net	(83,132,249)	(72,797,144)	(63,580,968)
Dividend income	(1,096,669)	(881,643)	(1,408,310)
Proceeds from interest	112,683,954	102,834,869	94,807,130
Interest paid	(30,729,347)	(33,063,328)	(32,055,605)
Proceeds from dividends	1,127,414	884,014	1,455,943
Income tax paid	(12,558,598)	(13,358,607)	(12,058,329)
Profit from operating before changes in operating assets and liabilities	69,380,111	56,721,624	49,330,488

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

Thousand Baht

	<i>Consolidated</i>		
	For the year ended 31 December		
	2014	2013	2012
(Increase) decrease in operating assets			
Interbank and money market items (assets)	67,863,909	49,682,823	(137,834,228)
Investments held for trading	(9,885,840)	(4,393,405)	(2,172,381)
Loans to customers	(101,770,115)	(126,718,921)	(124,721,990)
Properties foreclosed	2,476,272	3,346,397	4,189,184
Other assets	11,812,236	(22,645,673)	(474,026)
Increase (decrease) in operating liabilities			
Deposits	100,119,138	138,337,176	149,150,794
Interbank and money market items (liabilities)	(91,706,077)	(8,079,969)	120,663,375
Liabilities payable on demand	(4,454,459)	5,450,417	4,749,183
Financial liabilities designated at fair value through profit or loss	(388,850)	(713,817)	(1,009,906)
Short-term debts issued and borrowings	(9,178,187)	186,100	(19,532,259)
Other accrued expenses	1,826,726	(240,448)	2,540,550
Provisions	1,578,380	91,276	1,060,424
Other liabilities	30,893,741	55,222,997	22,570,027
Net cash provided by operating activities	68,566,985	146,246,577	68,509,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale investments	429,406,748	303,545,291	241,249,374
Proceeds from redemption of held to maturity debt instruments	14,602,318	23,082,214	41,620,099
Proceeds from disposal of general investments	54,735	87,040	159,168
Proceeds from liquidation of subsidiary	630	-	-
Proceeds from disposal of investments in associated companies	15,532	3,738	13,884
Purchase of available-for-sale investments	(431,178,893)	(378,317,616)	(322,948,161)
Purchase of held to maturity debt instruments	(68,007,626)	(55,481,769)	(68,916,093)
Purchase of general investments	(433,843)	(84,975)	(62,403)
Purchase of investments in associated companies	(60,000)	(11,071)	(18,200)
Proceeds from disposal of premises and equipment	8,870	87,732	103,759
Purchase of premises and equipment	(6,264,382)	(4,667,982)	(3,737,507)
Purchase of leasehold	(83,036)	(65,624)	(41,882)
Purchase of intangible assets	(4,912,954)	(3,827,570)	(4,681,314)
Net cash used in investing activities	(66,851,901)	(115,650,592)	(117,259,276)

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

Thousand Baht

	<i>Consolidated</i>		
	For the year ended 31 December		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in long-term debts issued and borrowings	24,636,200	(17,558,003)	36,945,059
Dividend payments to shareholders	(8,376,411)	(7,179,781)	(5,983,150)
Dividend paid to non-controlling interests	(581,597)	(375,349)	(295,400)
Net cash provided by (used in) financing activities	15,678,192	(25,113,133)	30,666,509
Effect of exchange rate changes on balances held in foreign currencies	2,458	6	-
Net increase (decrease) in cash	17,395,734	5,482,858	(18,083,532)
Cash at the beginning of the year	40,609,916	35,127,058	53,210,590
Cash at the end of the year	58,005,650	40,609,916	35,127,058

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

Thousand Baht

	<i>The Bank</i>		
	For the year ended 31 December		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before income tax expense	52,592,133	46,741,338	41,453,947
Add (Less) Adjustments to reconcile profit from operating before income tax expense to net cash from operating activities			
Depreciation and amortization	5,112,045	4,368,725	4,296,143
Bad debt and doubtful accounts	13,100,116	9,274,512	4,481,400
Loss on debt restructuring	1,304,791	2,537,464	4,236,118
Interest income from amortization of revaluation allowance for debt restructuring	(382,804)	(447,859)	(415,735)
(Gain) loss on foreign exchange translation of long-term borrowings	(2,717)	2,803	(325,593)
Loss (gain) on revaluation of trading investments	13,243	(2,571)	4,318
(Reversal of loss) loss on impairment of investments	(123,776)	361	8,575
Gain on disposal of investments securities	(616,974)	(144,880)	(142,876)
Gain on liquidation of subsidiary	(630)	-	-
Gain on capital decrease in subsidiary	-	-	(14,350)
Loss on impairment of properties foreclosed	521,103	387,849	360,440
Impairment on application software and related expense	-	1,566,170	-
Loss on impairment of other assets	117,715	170,185	203,443
Gain on disposal of premises and equipment	(814)	(2,092)	(2,872)
Loss on write off of premises and equipment	93,045	178,237	117,758
Loss on write off of other assets	357,422	24,691	241,193
Reversal of loss on revaluation of land and premises	-	-	(117,883)
Gain on early settlement of financial lease contract	-	(55,743)	-
Reversal of estimate for loss sharing of TAMC	-	(1,158,994)	-
	72,083,898	63,440,196	54,384,026
Interest income - net	(72,246,030)	(64,025,482)	(56,466,380)
Dividend income	(3,321,587)	(2,452,876)	(2,379,003)
Proceeds from interest	101,373,884	93,624,934	86,419,375
Interest paid	(30,755,987)	(33,143,831)	(32,201,027)
Proceeds from dividends	3,320,864	2,452,965	2,379,321
Income tax paid	(9,944,544)	(9,493,687)	(9,936,656)
Profit from operating before changes in operating assets and liabilities	60,510,498	50,402,219	42,199,656

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

Thousand Baht

	<i>The Bank</i>		
	For the year ended 31 December		
	2014	2013	2012
(Increase) decrease in operating assets			
Interbank and money market items (assets)	75,480,824	49,654,317	(137,368,563)
Investments held for trading	(9,194,544)	(4,590,847)	(1,922,087)
Loans to customers	(98,695,212)	(120,321,869)	(122,086,150)
Properties foreclosed	2,223,212	2,981,914	3,736,927
Other assets	12,068,728	(22,664,666)	2,829,405
Increase (decrease) in operating liabilities			
Deposits	99,762,014	137,934,417	150,675,377
Interbank and money market items (liabilities)	(88,988,269)	(5,921,387)	121,453,923
Liabilities payable on demand	(4,454,459)	5,450,674	4,748,926
Financial liabilities designated at fair value through profit or loss	(388,850)	(713,817)	(1,009,906)
Short-term debts issued and borrowings	(9,279,431)	144,530	(20,156,262)
Other accrued expenses	1,461,319	24,539	2,185,906
Provisions	1,521,115	25,687	1,009,373
Other liabilities	(13,125,028)	14,733,612	(8,596,158)
Net cash provided by operating activities	28,901,917	107,139,323	37,700,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale investments	410,300,829	297,318,596	231,704,680
Proceeds from redemption of held to maturity debt instruments	10,481,878	15,971,167	16,012
Proceeds from disposal of general investments	37,196	80,287	98,007
Proceeds from capital decrease in subsidiary	250,000	570,000	575,538
Proceeds from liquidation of subsidiary	1,808	-	-
Purchase of available-for-sale investments	(407,453,965)	(364,107,759)	(310,009,199)
Purchase of held to maturity debt instruments	(29,754,287)	(19,000,000)	(1,685,778)
Purchase of general investments	(417,000)	(84,975)	(1,730)
Purchase of investments in subsidiaries	(1,094,839)	(20)	(4,000)
Purchase of investments in associated companies	-	(11,071)	-
Proceeds from disposal of premises and equipment	916	2,428	3,028
Purchase of premises and equipment	(5,418,816)	(3,983,518)	(2,870,394)
Purchase of leasehold	(82,704)	(65,624)	(41,882)
Purchase of intangible assets	(4,623,730)	(3,608,355)	(4,530,125)
Net cash used in investing activities	(27,772,714)	(76,918,844)	(86,745,843)

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

Thousand Baht

	<i>The Bank</i> For the year ended 31 December		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in long-term debts issued and borrowings	24,636,200	(17,558,003)	36,945,059
Dividend payments to shareholders	(8,376,411)	(7,179,781)	(5,983,150)
Net cash provided by (used in) financing activities	16,259,789	(24,737,784)	30,961,909
Effect of exchange rate changes on balances held in foreign currencies	(1)	6	-
Net increase (decrease) in cash	17,388,991	5,482,701	(18,083,567)
Cash at the beginning of the year	40,608,262	35,125,561	53,209,128
Cash at the end of the year	57,997,253	40,608,262	35,125,561

KASIKORNBANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FINANCIAL RATIO

(Units : Percent)

Financial Ratio	Consolidated Financial Statements		
	2012	2013	2014
Profitability Ratios			
Gross Profit Margin ^(A)	69.06	71.1	74.9
Net Profit Margin	33.8	34.3	33.3
Return on Equity	20.8	20.4	19.4
Yield ^(B)	5.4	5.2	5.2
Cost of Funds ^(C)	2.1	1.9	1.7
Spread	3.3	3.2	3.5
Return on Investment	4.0	3.3	3.3
Efficiency Ratios			
Net Interest Margin ^(D)	3.3	3.3	3.6
Return on Assets	1.9	1.9	2.0
Asset Turnover Ratio (times)	0.05	0.06	0.06
Financial Ratios			
Liabilities to Equity (times)	10.1	9.4	8.2
Loans to Borrowing	88.7	88.7	88.0
Loans to Deposits	95.4	94.1	93.7
Deposits to Liabilities	74.1	74.5	77.3
Dividend Payout Ratio	n.a.	n.a.	n.a.
Capital Adequacy Ratio	15.6	15.8	17.3
Asset Quality Ratio			
Allowances for Doubtful Accounts to Loans	3.3	3.1	3.3
Bad Debts to Loans	0.4	0.7	0.5
Non-Performing Loans to Total Loans ^(E)	2.2	2.1	2.2
Accrued Interest Receivables to Loans	0.2	0.2	0.2

Notes:

(A) Gross Profit Margin = (net interest income + net fee income) / (interest income + fee income)

(B) Yield = interest income / (average loans and accrued interest receivables + average net interbank and money market items (assets) + average investments - net)

(C) Cost of Funds = interest expense / (average deposits + average interbank and money market items (liabilities) + average liabilities payable on demand + average issued debt paper and borrowing)

(D) Net Interest Margin = net interest income / average assets

(E) Non-Performing Loans to Total Loans per the Bank of Thailand's criteria

14. Management Discussion and Analysis

Operating Performance

KBank's consolidated net profit for 2014 totaled Baht 46,153 million, increasing Baht 4,828 million – 11.68 percent higher over-year – due largely to an increase of Baht 10,335 million in net interest income – 14.20 percent higher – in line with rising average lending, as well as falling interest expenses because of lower deposit interest rates. Net interest margin (NIM) stood at 3.80 percent, higher than the previous year and our target. Additionally, non-interest income grew Baht 8,004 million or 16.84 percent over-year, better than the target growth, due to steady increases in net fees and service income, plus net premium earned. Our efficiency ratio stood at 44.30 percent, which remained close to the target.

Operating Performance for 2014

(Units : Million Baht)

	2014	2013 (Restated)	Change Million Baht	Percent
Interest income	113,578	106,226	7,352	6.92
Interest expenses	30,446	33,429	(2,983)	(8.92)
Interest income – net	83,132	72,797	10,335	14.20
Fees and service income – net	33,944	28,810	5,134	17.82
Other income	82,899	67,395	15,504	23.00
Total operating income	199,975	169,002	30,973	18.33
Underwriting expenses	61,319	48,685	12,634	25.95
Total operating income – net	138,656	120,317	18,339	15.24
Total other operating expenses	61,419	52,271	9,148	17.50
Operating profit				
(Before impairment loss on loans and debt securities, and income tax expense)	77,237	68,046	9,191	13.51
Impairment loss on loans and debt securities	14,243	11,744	2,499	21.28
Operating profit before income tax expense	62,994	56,302	6,692	11.88
Income tax expense	12,692	11,456	1,236	10.78
Net profit	50,302	44,846	5,456	12.16
Net profit attributable to:				
Equity holders of the Bank	46,153	41,325	4,828	11.68
Non-controlling interest	4,149	3,521	628	17.79
Net profit	50,302	44,846	5,456	12.16

Income Structure

(Units: Million Baht)

	2014	2013	Change	
		(Restated)	Million Baht	Percent
Interest income				
Interbank and money market items	3,303	4,302	(999)	(23.21)
Deposits	993	368	625	169.56
Loans without repurchase agreements	249	292	(43)	(14.56)
Repurchase agreements	2,061	3,642	(1,581)	(43.40)
Investments	16,240	13,602	2,638	19.40
Trading investments	339	329	10	3.10
Available-for-sale investments	7,379	6,849	530	7.75
Held-to-maturity investments	8,522	6,424	2,098	32.65
Loans	88,989	83,692	5,297	6.33
Finance leases	4,985	4,589	396	8.62
Others	61	41	20	48.86
Total interest income	113,578	106,226	7,352	6.92
Total interest expenses	30,446	33,429	(2,983)	(8.92)
Total interest income – net	83,132	72,797	10,335	14.20
Non-interest income				
Fees and service income	42,690	36,613	6,077	16.60
Fees and service expenses	8,746	7,803	943	12.09
Fees and service income – net	33,944	28,810	5,134	17.82
Gain on trading and foreign exchange transactions	6,132	5,896	236	4.02
Loss on financial liabilities designated at fair value through profit or loss	(3)	(18)	15	82.94
Gain on investments	1,183	948	235	24.78
Share of profit from investments using equity method	88	193	(105)	(54.28)
Dividend income	1,097	882	215	24.39
Net premiums earned	73,088	58,414	14,674	25.12
Other operating income	1,314	1,080	234	21.59
<u>Less</u> Underwriting expenses	61,319	48,685	12,634	25.95
Total non-interest income	55,524	47,520	8,004	16.84
Total operating income – net	138,656	120,317	18,339	15.24

❑ Net Interest Income

KBank's consolidated net interest income for 2014 stood at Baht 83,132 million, up Baht 10,335 million or 14.20 percent over-year. The increase was mainly due to higher interest income in line with rising average lending and increasing investments in the government bonds, as well as falling interest expenses due to lower reference interest rates. Therefore, our NIM for 2014 equaled 3.80 percent, higher than the previous year and our target.

❑ Non-Interest Income

For 2014, KBank's consolidated non-interest income totaled Baht 55,524 million, rising Baht 8,004 million or 16.84 percent over-year, better than our target growth. The increase was due mainly to fees and service income and net premiums earned, largely from Muang Thai Life Assurance PCL.

Consolidated net fees and service income for 2014 increased Baht 5,134 million, or 17.82 percent over-year, largely as a result of net fees income from card business, mutual fund management, securities brokerage and lending, in line with higher loans.

❑ Other Operating Expenses

For 2014, our other operating expenses stood at Baht 61,419 million, increasing Baht 9,148 million or 17.50 percent over-year, which were partly due to an increase in personnel expenses, in line with salary rises and higher number of employees, as well as gains in premises and equipment expenses, which were a result of higher depreciation, repair and maintenance expenses. Other expenses also rose, particularly those for public relations and marketing activities. As a consequence, the efficiency ratio for 2014 equaled 44.30 percent, which was close to our target.

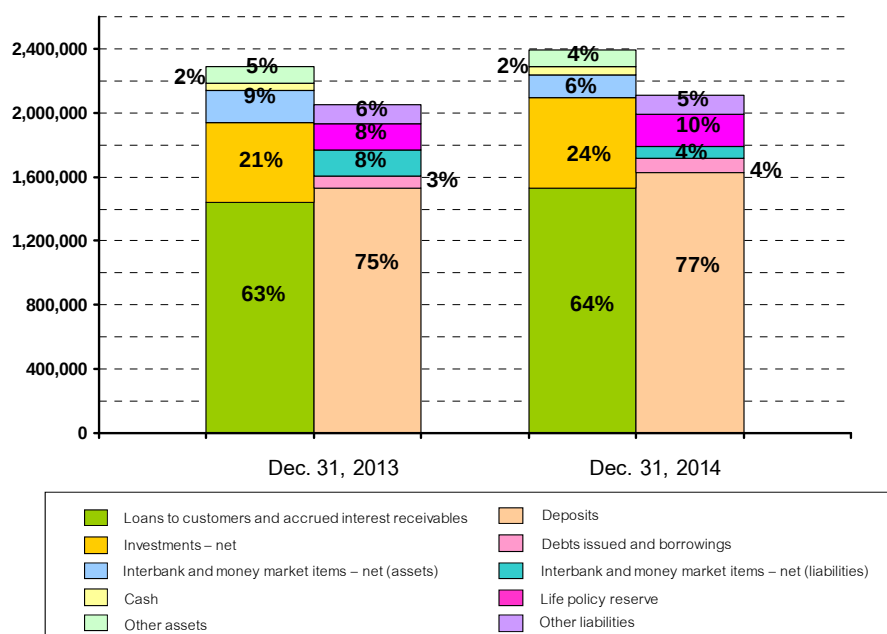
❑ Impairment Loss on Loans and Debt Securities

In 2014, KBank and our subsidiaries set aside allowances for impairment loss on loans and debt securities at Baht 14,243 million, an increase of Baht 2,499 million or 21.28 percent over-year.

Financial Position Analysis

Assets and Liabilities Structure

Units : Million Baht

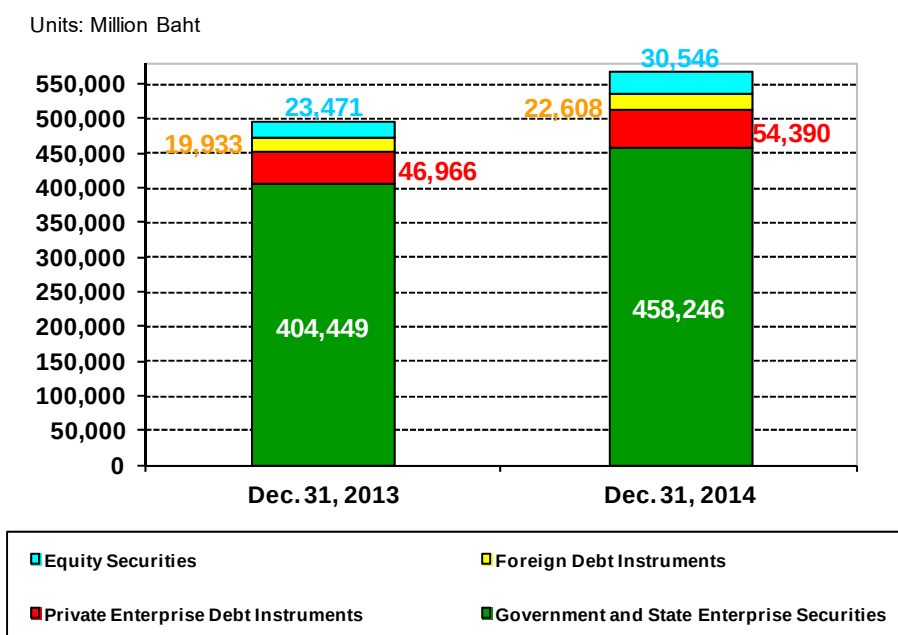


❑ Assets

At the end of 2014, KBank's consolidated assets totaled Baht 2,389,137 million, increasing Baht 99,092 million or 4.33 percent from the end of 2013. The rise was due mainly to increases in loans and net investments, while net interbank and money market items (asset) decreased. In detail:

- Our consolidated loans less deferred revenue at the end of 2014 amounted to Baht 1,527,080 million, increasing by Baht 88,102 million or 6.12 percent from the end of 2013, which was below the target. This mostly resulted from increases in commercial, housing, trade finance and working capital loans. Our consolidated loans were the fourth-largest among Thai commercial banks.
- Net investments at the end of 2014 totaled Baht 567,277 million, increasing Baht 70,660 million or 14.23 percent from the end of 2013, largely as a result of higher investments in government and state enterprise securities.

Net Investments



The ratio of gross NPLs to total loans at the end of 2014 stood at 2.24 percent. Our net NPLs to total loans at the end of 2014 equaled 0.98 percent, higher than that reported at the end of 2013.

Financial Ratio

(Units: Percent)

Financial Ratio	Dec. 31, 2014	Dec. 31, 2013
Gross NPLs to total loans	2.24	2.11
Net NPLs to total loans	0.98	0.93

- Net interbank and money items (asset) at the end of 2014 totaled Baht 135,518 million, declining Baht 67,764 million or 33.33 percent from the end of 2013, due largely to our liquidity management.

❑ Non-accrual loans

As of the end of 2014 and 2013, KBank and its wholly-owned subsidiaries reported non-accrual loans of Baht 97,720 million and Baht 78,996 million, respectively, representing ratios of non-accrual loans to total loans (including financial institutions) of 6.08 percent and 4.97 percent.

❑ Non-performing loans (NPLs)

As of the end of 2014 and 2013, KBank and its wholly-owned subsidiaries reported non-performing loans (NPLs) at Baht 36,067 million and Baht 33,525 million, respectively, representing NPLs to total loans ratios (including financial institutions) of 2.24 percent and 2.11 percent.

❑ Classifications in Loan Portfolios

Per BOT regulations, KBank has classified all loan portfolios into six categories, and has made allowances for doubtful accounts in accordance with these classifications, based primarily on the non-accrual period. Collateral values used for calculation of allowances for doubtful accounts are based on the type of collateral.

Loans and allowances for doubtful accounts in the Consolidated Financial Statements as of December 31, 2014, were:

(Units : Million Baht)

	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	
		% set per BOT Regulations	Net Amount
Pass	1,456,606	1	5,360
Special Mention	25,042	2	154
Sub-Standard	6,299	100	3,359
Doubtful	8,149	100	4,883
Doubtful of Loss	21,759	100	11,766
Loss	-		-
Total	1,517,855		25,522

At the end of 2014, allowances for doubtful accounts set aside by KBank and its wholly-owned subsidiaries totaled Baht 47,434 million on the doubtful accounts of general customers and financial institutions, plus Baht 3,558 million as a revaluation allowances on debt restructuring, amounting to a combined amount of Baht 50,992 million which exceeded BOT minimum requirements.

Allowances set for doubtful accounts conform to BOT regulations, taking into account analyses of each loan and appraisals of the financial standing of each borrower, based on our experience in risk and collateral assessments.

❑ Liabilities and Equity

Our consolidated liabilities at the end of 2014 amounted to Baht 2,108,451 million, rising Baht 55,413 million or 2.70 percent from the end of 2013. The increase was mainly attributable to higher deposits, life policy reserves, debts issued and borrowings, while interbank and money market items (asset) decreased. Significant changes in our consolidated liabilities included:

- Deposits at the end of 2014 totaled Baht 1,629,831 million, rising Baht 99,996 million or 6.54 percent from the end of 2013, due chiefly to higher savings deposits. KBank's deposits ranked fourth among Thai commercial banks.
- Life policy reserves at the end of 2014 were recorded at Baht 201,421 million, growing Baht 41,182 million or 25.70 percent from the end of 2013, in line with growing life assurance business.
- Debts issued and borrowings at the end of 2014 totaled Baht 87,314 million, rising Baht 15,796 million or 22.09 percent from the end of 2013, mainly because KBank issued more US Dollar-denominated debentures (Euro Medium Term Note: EMTN) at Baht 11,000 million (USD350 million) in April 2014 and Thai Baht-denominated subordinated instrument No.1/2014 at Baht 14,000 million in October 2014.

At the end of 2014, total equity attributable to equity holders of KBank amounted to Baht 257,059 million, rising by Baht 37,827 million or 17.25 percent from the end of 2013, owing mostly to 2014 net operating profit.

❑ Relationship between Sources and Uses of Funds

As of December 31, 2014, the funding structure as shown in the consolidated financial statement comprised Baht 2,108,451 million in liabilities, and Baht 280,686 million in total equity, resulting in a debt-to-equity ratio of 7.51. The main source of funds on the liabilities side was deposits, which equaled Baht 1,629,831 million or 68.22 percent of the total. Other sources of funds included interbank and money market items, as well as debts issued and borrowings, which accounted for 3.17 percent and 3.65 percent of the total, respectively.

KBank's and our subsidiaries' major use of funds was loans less deferred revenue, which, as of December 31, 2014, amounted to Baht 1,527,080 million, resulting in a loan-to-deposit ratio of 93.70 percent. Meanwhile, the loan-to-deposit plus bills of exchange ratio was 93.15 percent. As for the remaining liquidity, KBank invested it in various selections of liquid assets, such as interbank and money market items, and investments in securities.

KBank and Subsidiaries' Major Sources and Uses of Funds

(Units: Million Baht)

Period	Deposits				Loans			
	Dec. 31, 2014	Percent	Dec. 31, 2013	Percent	Dec. 31, 2014	Percent	Dec. 31, 2013	Percent
< 1 Year	1,535,677	94.22	1,507,690	98.55	712,410	46.65	674,275	46.86
≥ 1 Year to 5 Years	94,145	5.78	22,145	1.45	374,459	24.52	347,769	24.17
> 5 Years	-	-	-	-	440,211	28.83	416,934	28.97
Total	1,629,831	100.00	1,529,835	100.00	1,527,080	100.00	1,438,978	100.00

As of December 31, 2014, deposits with remaining maturities of less than or equal to 1 year were larger than loans with remaining maturities of less than or equal to 1 year. This is considered normal for commercial banks in Thailand, as they normally fund their lending or investments in long-term assets from short-term liabilities. However, since most deposits are renewed upon maturity, it is considered likely that they will remain with KBank longer than their stated contractual term, thereby helping to support funding for KBank's lending.

To provide more investment alternatives for the public and/or our depositors, we offered "K-B/E Investment" products to both retail and corporate customers, with their outstanding value totaling Baht 9,224 million as of December 31, 2014.

❑ Change in Cash Flows

As of 31 December 2014, the Bank and its subsidiaries' Cash were Baht 58,006 million, increased by Baht 17,396 million from the end of previous year. Net cash provided by and used in activities could be summarized as follows:

- Net cash provided by operating activities were Baht 68,567 million which was mainly from Baht 69,380 million of profit from operating before changes in operating assets and liabilities and changes in significant operating assets and liabilities consisting of Baht 101,770 million of increase in loans to customer and Baht 100,119 million of increase in deposits.
- Net cash used in investing activities were Baht 66,852 million which was mainly from Baht 431,179 million of purchase of available-for-sale investments, Baht 68,008 million of purchase of held-to-maturity debt

instruments, Baht 429,407 million of proceeds from disposal of available-for-sale investments and Baht 14,602 million of proceeds from redemption of held-to-maturity debt instruments.

- Net cash provided by financing activities were Baht 15,678 million which was mainly from Baht 24,636 million of increase in long-term debts issued and borrowings and Baht 8,376 million of dividend payments to shareholders.

□ Contingent Liabilities and Commitments

Contingent Liabilities and Commitments of the Bank and its subsidiaries, include Avals to bills and guarantees of loans, Liability under unmatured import bills, Letters of credit, Other contingencies as follow:

(Unit : Million Baht)

Contingent Liabilities and Commitments	31 Dec 14	31 Dec 13	31 Dec 12
Avals to bills and guarantees of loans	24,594	12,394	7,978
Liability under unmatured import bills	13,137	11,967	10,286
Letters of credit	31,142	27,238	27,418
Other contingencies	454,589	405,408	385,508
Total	523,462	457,007	431,190

Loans and Deposits

□ Loans Classified by Business and Product Groups

Loans Classified by Business

(Units: Million Baht)

	Dec. 31, 2014		Dec. 31, 2013	
	Corporate Business*	Retail Business**	Corporate Business*	Retail Business**
Loans	1,027,816	408,042	964,490	382,440

Notes: * "Corporate Business" refers to registered companies, certain private individual business customers, government agencies, state enterprises, as well as financial institutions, etc. KBank provides a variety of financial products and services to them, e.g., long-term and working capital loans, letters of indemnity, trade finance solutions, syndicated loans, cash management solutions and value chain solutions.

** "Retail Business" refers to private individual customers using KBank products and services, e.g., deposit accounts, debit cards, credit cards, personal loans, housing loans, financial advisory services, investment products and other transactional services.

Regarding our loans classified by business, Corporate Business loans, at the end of 2014, increased by Baht 63,326 million, or 6.57 percent, over the end of 2013. Such loan expansion was mainly driven by short-term and long-term loans at home and abroad in the retail trading, construction material and construction industries.

Our retail loans increased by Baht 25,602 million, or 6.69 percent, over the end of 2013, mainly led by higher credit card loans, in tandem with introduction of credit card innovations and co-branded credit cards, along with differentiated marketing campaigns to completely respond to customers' lifestyle. Following credit card loans was the housing loans, which grew in line with economic momentum and also as a result of KBank's strong relations with leading property business partners in Bangkok and provincial areas. Meanwhile, we have campaigned over the debt repayment discipline for all retail loan products in order to maintain our portfolio quality.

❑ Deposits Classified by Type of Deposit Account

Deposits

(Units: Million Baht)

	Percent Of Total Deposits	Deposits		Change	
		Dec. 31, 2014	Dec. 31, 2013	Million Baht	Percent
Total Deposits	100.00	1,629,831	1,529,835	99,996	6.54
Current accounts	5.39	87,907	89,118	(1,211)	(1.36)
Saving accounts	61.38	1,000,393	894,098	106,295	11.89
Fixed-term deposit accounts	33.23	541,531	546,619	(5,088)	(0.93)

At the end of 2014, total deposits – comprising those of corporate, SME and retail customers – increased by Baht 99,996 million, or 6.54 percent, over the end of 2013. This was due mainly to increased savings accounts per customers’ cash management needs. We continued to maintain savings accounts at the highest proportion of total deposits, while fixed-term and current accounts declined over-year.

Treasury Operations

KBank’s liquidity position and investment portfolios were appropriately managed to cope with future changes in business conditions and in conformity with the domestic economy and money market. Interbank rates remained steady throughout 2014 at 2.00 percent, following the Monetary Policy Committee (MPC)’s resolution to decrease the policy rate in the meeting held on March 12, 2014. The outstanding of interbank transactions was slightly lower than early in the year.

Regarding our investment portfolio management, we made investments from excess liquidity to generate returns within an appropriate risk appetite. During 2014, our liquidity position was adequate to efficiently accommodate changes in business conditions and helped enhance returns on investments.

In addition, the BOT has laid down Code of Conduct guidelines for “Bangkok Interbank Offered Rate” (BIBOR) which is set to be effective in 2015. The guidelines cover governance practices, BIBOR submissions, relevant data storage and retrospective examination, in accordance with international procedures. The BOT guidelines are intended to conform BIBOR code of conduct to international standards and operational practices, and do not overburden BIBOR contributors.

Treasury Operations Income

(Units: Million Baht)

Income Structure of Treasury Operations (Banking Book)	Percent of Total Income	2014	2013	Change	
				Million Baht	Percent
Interest income*					
Interbank and money market items**	24.97	2,541	4,033	(1,492)	(36.99)
Investments	75.03	7,634	7,109	525	7.39
Total	100.00	10,175	11,142	(967)	(8.68)

Notes: * Managerial figures

** Including loans

During 2014, total interest income stood at Baht 10,175 million, falling by Baht 967 million, being 8.68 percent less than in 2013; this was the result of lower money market rates over-year.

Operating Performance of K Companies and Muang Thai Life Assurance PCL

Operating Performance of K Companies* and Muang Thai Life Assurance PCL

(Units: Million Baht)

	Performance Measurement	2014	2013
KASIKORN FACTORY AND EQUIPMENT Co., Ltd. (KF&E)	Outstanding Loans	12,378	10,858
KASIKORN LEASING Co., Ltd. (KLeasing)	Outstanding Loans	89,783	89,220
KASIKORN ASSET MANAGEMENT Co., Ltd. (KAsset)	Assets under Management (AUM)	1,092,180	945,632
	Market Share (Percent)	21.31	22.23
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	1,250,783	1,296,410
	Market Share (Percent)	6.15	6.02
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	75,234	60,249
	Market Share (Percent)	14.93	13.62

Note: *KResearch is not included, since this company does not engage in financial business.

During 2014, K Companies and Muang Thai Life Assurance PCL (MTL) attained satisfactory qualitative and quantitative operating performance, attributable to the close cooperation between KBank and K Companies, as well as with MTL.

KAsset has maintained the number-one position in asset management business for the sixth consecutive year, with a total market share of assets under management (AUM) at 21.31 percent in 2014, benefiting from their synergy with KBank, as well as product enhancement to match consumers' needs, plus expansion of electronic channels and improvement of service quality.

As for KSecurities, cooperation with Macquarie Securities on research, securities trading services and investment banking have enhanced KSecurities' customer service capabilities. Research papers have been made more thorough, thus improving them in quality and quantity, and thus, new business opportunities have been sought ahead of the AEC. KSecurities is now focusing on a greater synergy with KBank in the development and presentation of products that are more responsive to the market, along with the addition of new branches within existing KBank facilities, all of which enable them to maintain their market leadership in 2014 with a market share of 6.15 percent.

KLeasing was able to sustain their outstanding loans close to that of 2013, with a slight increase of 0.63 percent, amid the country's domestic auto sales contraction of 33.73 percent. Among their more flourishing products was Auto Refinance with loan growth of 40.73 percent during the year. Asset quality remains healthy with an NPL ratio of 1.16 percent. Through enhancements in service quality and the introduction of responsive campaigns, KLeasing strives to offer an excellent service experience to retail and corporate customers.

KF&E reported over-year loan growth of 13.99 percent, in alignment with the company's 2014 target. Loans were extended to diverse industries nationwide. In addition, they have been working with KBank Relationship Managers (RMs) towards becoming a market leader in the near future.

MTL upheld their leading position in bancassurance, reporting a total market share and over-year growth in their total premiums on bancassurance of 25.10 percent and 29.41 percent, respectively. Such performance was the result of close cooperation with KBank in developing insurance plans that are responsive to KBank customers' needs. They

have maintained market leadership with number-one market share in new business premiums at 20.67 percent, and kept their number-two market share in total premiums at 14.93 percent.

Capital Requirements and Credit Ratings

❑ Capital Funds*

As of the end of 2014, KBank, under the Basel III capital requirements, had capital funds of Baht 268,630 million, consisting of Baht 206,416 million in Tier-1 capital, and Baht 62,214 million in Tier-2 capital. The capital adequacy ratio of KBank was 16.76 percent, significantly above the BOT's minimum requirement of 8.50 percent. Details of the capital adequacy ratio of KBank are shown in the following table:

Capital Adequacy Ratio

➤ The Bank

(Units: Percent)

Capital Adequacy Ratio	Basel III**					
	Minimum Requirement	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
Tier-1 Capital Ratio****	6.00	12.88	13.37	12.40	11.87	12.02
<i>Common Equity Tier-1 Ratio</i>	<i>4.50</i>	<i>12.88</i>	<i>13.37</i>	<i>12.40</i>	<i>11.87</i>	<i>12.02</i>
Tier-2 Capital Ratio	-	3.88	3.06	3.20	3.25	3.23
Capital Adequacy Ratio	8.50	16.76	16.43	15.60	15.12	15.25

➤ KASIKORNBANK FINANCIAL CONGLOMERATE***

(Units: Percent)

Capital Adequacy Ratio	Basel III**					
	Minimum Requirement	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
Tier-1 Capital Ratio****	6.00	13.49	13.98	12.92	12.39	12.57
<i>Common Equity Tier-1 Ratio</i>	<i>4.50</i>	<i>13.49</i>	<i>13.98</i>	<i>12.92</i>	<i>12.39</i>	<i>12.57</i>
Tier-2 Capital Ratio	-	3.82	3.00	3.14	3.21	3.21
Capital Adequacy Ratio	8.50	17.31	16.98	16.06	15.60	15.78

Note: * Excluding net profit of each period, which under Bank of Thailand's regulations, net profit in the first period is to be counted as capital after approval by the Board of Directors per KBank's regulations. Net profit in the second period is also counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced accordingly.

** The capital adequacy ratio was calculated in accordance with Basel III regulations from January 1, 2013.

*** KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand Re: Consolidated Supervision, consisting of KASIKORNBANK, K Companies and subsidiaries operating in support of KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT to be a financial conglomerate.

**** According to Basel III Capital Requirements, Tier-1 Capital is required to include phase-in or phase-out items at 20 percent p.a. from January 1, 2014, onwards until reaching 100 percent in 2018.

❑ Liquid Asset Ratio

KBank maintains the liquid asset ratio at not lower than 6.00 percent of the total deposits and several types of borrowings in accordance with the BOT regulations. As of December 31, 2014, our cash in hand, cash at cash center and eligible securities totaled Baht 442,994 million.

Credit Ratings

In 2014, KBank's credit rating given by Moody's Investors Service, Standard & Poor's, and Fitch Ratings remained unchanged from the end of 2013. Meanwhile, Fitch Ratings started to rate KBank's Thai Baht subordinated debt (Basel III-compliant Tier 2 securities) at 'AA-(tha)'. Details on KBank's credit ratings are shown in the following table.

KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Dec. 31, 2014	Dec. 31, 2013
Moody's Investors Service*		
<u>Foreign Currency</u>		
Outlook	Stable	Stable
Long-term - Senior Unsecured Notes	A3	A3
- Deposit	Baa1	Baa1
Short-term - Debt/Deposit	P-2	P-2
Subordinated Debt	Baa3	Baa3
Bank Financial Strength Rating (BFSR)	C-	C-
Outlook for BFSR	Stable	Stable
Baseline Credit Assessment	Baa2	Baa2
<u>Domestic Currency</u>		
Outlook	Stable	Stable
Long-term - Deposit	A3	A3
Short-term - Debt/Deposit	P-2	P-2
Standard & Poor's*		
<u>Global Scale Ratings</u>		
Outlook	Stable	Stable
Long-term Counterparty Credit Rating	BBB+	BBB+
Long-term Certificate of Deposit	BBB+	BBB+
Short-term Counterparty Credit Rating	A-2	A-2
Short-term Certificate of Deposit	A-2	A-2
Senior Unsecured Notes (Foreign Currency)	BBB+	BBB+
Subordinated Debt (Foreign Currency)	BBB	BBB
<u>ASEAN Regional Scale Ratings</u>		
Long-term	axA+	axA+
Short-term	axA-1	axA-1
Subordinated Debt	axA	axA
Fitch Ratings*		
<u>International Credit Ratings (Foreign Currency)</u>		
Outlook	Stable	Stable
Long-term Issuer Default Rating	BBB+	BBB+
Short-term Issuer Default Rating	F2	F2
Senior Unsecured Notes	BBB+	BBB+
Viability	bbb+	bbb+
Support	2	2
Support Rating Floor	BBB-	BBB-

Credit Ratings Agency	Dec. 31, 2014	Dec. 31, 2013
<u>National Credit Ratings</u>		
Outlook	Stable	Stable
Long-term	AA(thu)	AA(thu)
Short-term	F1+(thu)	F1+(thu)
Subordinated Debt (legacy Basel II Tier 2 securities)	AA-(thu)	AA-(thu)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA-(thu)	n.a.

Note: * The base levels for investment grade on long-term credit ratings for Moody's Investors Service, Standard & Poor's, and Fitch Ratings are Baa3, BBB- and BBB-, respectively. For short-term credit ratings, the base levels for investment grade as viewed by these three agencies are P-3, A-3, and F3, respectively.