

Disclosure Information under Basel II Capital Requirement

Semi annual as of June 30, 2010

1. Capital

1.1 Capital Structure

For the half year June 2010, Kiatnakin Bank Public Company Limited (“KK” or “the Bank”)’s capital to risk weighted assets was 16.01%, declined from 16.29% at the end of 2009. Meanwhile, Tier-I capital adequacy ratio stood at 15.37%. The reduction of capital adequacy ratio (BIS ratio) was due to an increase in risk weighted assets of 8,400 million baht and an increase in capital of 1,050 million baht. The Bank’s BIS ratio was much higher than the 8.50% required by the Bank of Thailand representing the Bank’s strong financial status.

Table 1 : Regulatory Capital composition

Unit : Baht

Item	June 30, 2010	December 31, 2009
Tier 1 Capital	17,219,258,477	16,257,763,751
Issued and paid-up capital	5,427,226,680	5,231,524,660
Warrants	-	-
Net premium (discount)	2,842,283,163	2,655,779,138
Statutory reserves	722,845,571	722,845,571
Reserve appropriated from the net profit	380,000	380,000
Cumulative profit (loss) after appropriation	8,226,523,063	7,647,234,383
Tier 2 Capital	713,252,804	624,863,812
Total Tier 2 capital before deductions	713,252,804	624,863,812
Deductions from Tier 1 capital and Tier 2 capital 50% each	-	-
Total regulatory capital	17,932,511,280	16,882,627,563
Total regulatory capital before deductions	17,932,511,280	16,882,627,563
Deductions from total regulatory capital	-	-

1.2 Capital Adequacy

Capital Adequacy Assessment

Capital Fund Calculation adopted by the Bank for each risk type are as follows;

- Standardized Approach (SA) for Credit Risk and Investment in Equity
- Basic Indicator Approach (BIA) for Operational Risk
- No capital fund required for interest rate risk, price risk from equity, foreign exchange risk as the Bank's trading activities has not yet to reached the minimum threshold requirement by the Bank of Thailand for capital calculation. The Bank has no exposure for commodities.

Table 2 : Minimum capital requirements for credit risk classified by types of assets under the SA approach

Unit : Baht

Minimum capital requirements for credit risk classified by types of assets under the SA approach	June 30, 2010	December 31, 2009
Performing assets		
1. Claims on Sovereigns and Central Banks and Multilateral Development Banks (MDBs)	-	-
2. Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	161,149,113	239,551,208
3. Claims on Corporate and Entities (PSEs) that are treated as claims on corporate	2,022,173,526	2,047,795,590
4. Claims on retail portfolios	4,076,548,111	3,645,150,242
5. Residential mortgage exposures	59,658,799	42,290,759
6. Other assets	1,674,687,747	1,317,401,759
Non-performing assets	553,498,974	581,950,553
First-to-default Credit derivatives and Securitisation	-	-
Total minimum capital requirements for credit risk under the SA approach	8,547,716,270	7,874,140,111

Table 3 : Minimum capital requirement for market risk (Standardized Approach / Internal Model Approach)

Unit : Baht

Minimum capital requirements for market risk	June 30, 2010	December 31, 2009
1. Calculation by Standardized Approach	-	-
2. Calculation by Internal Model Approach	-	-
Total minimum capital requirements for market risk	-	-

***The Bank's trading activities has not yet to reached the minimum threshold requirement by the Bank of Thailand*

Table 4 : Minimum capital requirement for operational risk (BIA / SA / ASA Approach)

Unit : Baht

Minimum capital requirement for operational risk	June 30, 2010	December 31, 2009
1. Basic Indicator Approach	972,337,462	933,342,436
2. Standardised Approach	-	-
3. Alternative Standardised Approach	-	-
Total minimum capital requirements for operational risk	972,337,462	933,342,436

Table 5 : Total capital to risk-weighted assets and Tier 1 capital to risk-weighted assets

Unit : %

Ratio	June 30, 2010	December 31, 2009
1. Total capital to risk-weighted assets	16.01%	16.29%
2. Tier 1 capital to risk-weighted assets	15.37%	15.69%

2. Disclosure information of market risk

Table 6 : Minimum capital requirements for each type of market risk under the Standardized Approach

Unit : Baht

Minimum capital requirement for market risk under the Standardized Approach	June 30, 2010	December 31, 2009
Interest rate risk	-	-
Equity position risk	-	-
Foreign exchange rate risk	-	-
Commodity risk	-	-
Total minimum capital requirement for market risk	-	-

***The Bank's trading activities has not yet to reached the minimum threshold requirement by the Bank of Thailand*