

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS BANK OF AYUDHYA PUBLIC COMPANY LIMITED

We have audited the consolidated balance sheet of Bank of Ayudhya Public Company Limited and subsidiaries and the separate balance sheet of Bank of Ayudhya Public Company Limited as at June 30, 2009 and December 31, 2008, and the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2009 and 2008. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and subsidiaries and of Bank of Ayudhya Public Company Limited as at June 30, 2009 and December 31, 2008, and the results of operations and cash flows for the six-month periods ended June 30, 2009 and 2008 in conformity with generally accepted accounting principles.

In addition, we have also reviewed the consolidated and separate statements of income for the quarters ended June 30, 2009 and 2008. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to report on these financial statements based on our reviews.

We conducted our reviews in accordance with the Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provided less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, we do not express an opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the consolidated and separate statements of income referred to in the fourth paragraph are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
August 17, 2009

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
ASSETS				
CASH	18,316,388,716	20,419,454,554	18,185,605,716	20,416,524,467
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)				
Domestic items				
Interest bearing	56,945,589,647	69,551,642,417	56,155,313,651	69,236,246,429
Non-interest bearing	5,310,367,773	6,111,102,132	4,850,177,357	5,695,119,897
Foreign items				
Interest bearing	3,530,306,288	2,658,865,362	3,530,306,288	2,658,865,362
Non-interest bearing	1,933,265,926	6,532,735,301	1,933,265,926	6,532,735,301
Total interbank and money market items	67,719,529,634	84,854,345,212	66,469,063,222	84,122,966,989
INVESTMENTS (Notes 3.2 and 4.3)				
Current investments, net	21,598,877,740	27,151,289,458	21,216,562,015	27,151,289,458
Long-term investments, net	34,321,053,889	29,300,472,227	33,515,683,648	29,041,058,236
Investments in subsidiaries and associated companies, net	888,369,299	777,292,695	29,790,163,982	28,139,558,435
Investments, net	56,808,300,928	57,229,054,380	84,522,409,645	84,331,906,129
LOANS AND ACCRUED INTEREST RECEIVABLE (Notes 3.3, 3.5 and 4.5)				
Loans	556,160,540,035	557,077,228,177	523,464,793,381	540,442,536,730
Accrued interest receivable	1,619,336,722	1,682,913,422	1,411,550,004	1,580,155,170
Total loans and accrued interest receivable	557,779,876,757	558,760,141,599	524,876,343,385	542,022,691,900
Less Allowance for doubtful accounts (Notes 3.4 and 4.6)	(35,564,441,734)	(31,410,157,897)	(24,783,595,731)	(22,828,653,598)
Less Revaluation allowance for debt restructuring (Notes 3.5 and 4.7)	(914,642,683)	(897,460,019)	(913,565,111)	(896,757,133)
Net loans and accrued interest receivable	521,300,792,340	526,452,523,683	499,179,182,543	518,297,281,169
PROPERTIES FORECLOSED, NET (Notes 3.6 and 4.8)	20,710,897,315	21,370,609,360	12,360,352,078	13,146,937,935
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	489,435,855	664,825,404	489,435,855	664,825,404
CUSTOMERS' LIABILITIES UNDER COLLATERAL PROPERTY, PREMISES AND EQUIPMENT, NET (Notes 3.7 and 4.9)	15,752,221,847	16,085,231,590	15,043,233,723	15,535,298,869
INTANGIBLE ASSETS, NET (Notes 3.8 and 4.10)	11,090,231,807	11,030,032,038	1,141,243,230	1,150,089,360
OTHER ASSETS	6,412,001,019	7,003,071,164	4,421,327,152	4,910,203,387
TOTAL ASSETS	719,629,799,461	745,109,147,385	702,841,853,164	742,576,033,709

Notes to the consolidated and the separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	As at	As at	As at	As at
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS (Note 4.11)				
Deposits in Baht	493,931,334,993	533,830,840,963	487,825,192,463	537,224,145,602
Deposits in foreign currencies	6,631,734,554	3,522,668,935	6,631,734,554	3,522,668,935
Total deposits	<u>500,563,069,547</u>	<u>537,353,509,898</u>	<u>494,456,927,017</u>	<u>540,746,814,537</u>
INTERBANK AND MONEY MARKET ITEMS (Note 4.12)				
Domestic items				
Interest bearing	19,852,818,850	17,924,881,487	16,927,314,711	17,098,829,237
Non-interest bearing	1,709,422,648	1,601,863,219	1,769,606,348	1,619,775,851
Foreign items				
Interest bearing	653,523,428	437,316,563	653,523,428	437,316,563
Non-interest bearing	44,376,376	39,286,847	44,376,376	39,286,847
Total interbank and money market items	<u>22,260,141,302</u>	<u>20,003,348,116</u>	<u>19,394,820,863</u>	<u>19,195,208,498</u>
LIABILITIES PAYABLE ON DEMAND	1,945,931,297	1,672,752,398	1,908,807,005	1,672,663,211
BORROWINGS (Notes 4.13 and 4.14)				
Short-term borrowings	43,096,330,909	9,013,752,277	43,065,370,712	9,013,752,277
Long-term borrowings	46,300,210,698	72,843,151,108	46,300,210,699	72,843,151,108
Total borrowings	<u>89,396,541,607</u>	<u>81,856,903,385</u>	<u>89,365,581,411</u>	<u>81,856,903,385</u>
BANK'S LIABILITIES UNDER ACCEPTANCES	489,435,855	664,825,404	489,435,855	664,825,404
BANK'S LIABILITIES UNDER COLLATERAL DELIVER	1,030,000,000	-	1,030,000,000	-
PROVISIONS (Note 4.15)	353,899,124	388,908,346	353,899,124	388,908,346
OTHER LIABILITIES	<u>16,416,305,244</u>	<u>17,801,471,191</u>	<u>10,426,443,787</u>	<u>12,577,923,870</u>
TOTAL LIABILITIES	<u>632,455,323,976</u>	<u>659,741,718,738</u>	<u>617,425,915,062</u>	<u>657,103,247,251</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 4.16)				
Authorized share capital				
7,089,392,755 ordinary shares of				
Baht 10 each	<u>70,893,927,550</u>	<u>70,893,927,550</u>	<u>70,893,927,550</u>	<u>70,893,927,550</u>
Issued and paid-up share capital				
6,074,143,747 ordinary shares of				
Baht 10 each, fully paid	60,741,437,470	60,741,437,470	60,741,437,470	60,741,437,470
PREMIUM ON ORDINARY SHARE CAPITAL, NET	13,802,215,854	13,802,215,854	13,802,215,854	13,802,215,854
LAND REVALUATION SURPLUS	2,904,887,246	2,905,038,146	2,904,887,246	2,905,038,146
PREMISES REVALUATION SURPLUS	2,453,003,604	2,536,565,520	2,453,003,604	2,536,565,520
REVALUATION DEFICIT ON INVESTMENTS	(133,726,288)	(143,430,232)	(123,088,442)	(127,006,947)
RETAINED EARNINGS				
Appropriated				
Statutory reserve (Note 4.17)	582,500,000	582,500,000	582,500,000	582,500,000
Unappropriated	<u>6,719,359,485</u>	<u>4,845,394,502</u>	<u>5,054,982,370</u>	<u>5,032,036,415</u>
Total	87,069,677,371	85,269,721,260	85,415,938,102	85,472,786,458
MINORITY INTEREST	<u>104,798,114</u>	<u>97,707,387</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>87,174,475,485</u>	<u>85,367,428,647</u>	<u>85,415,938,102</u>	<u>85,472,786,458</u>
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	<u>719,629,799,461</u>	<u>745,109,147,385</u>	<u>702,841,853,164</u>	<u>742,576,033,709</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)
AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
OFF -BALANCE SHEET				
ITEMS – CONTINGENCIES (Note 4.20)				
AVALS TO BILLS AND GUARANTEES				
OF LOANS	3,386,680,703	3,037,196,449	3,386,680,703	3,337,196,449
LIABILITY UNDER UNMATURED				
IMPORT BILLS	1,319,588,749	2,056,520,715	1,319,588,749	2,056,520,715
LETTERS OF CREDIT	4,503,525,967	3,690,630,685	4,503,525,967	3,833,652,655
OTHER CONTINGENCIES	248,829,786,423	243,919,764,114	249,522,860,270	243,932,357,959

Notes to the consolidated and the separate financial statements form an integral part of these statements

(Mr.Tan Kong Khoon)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
INTEREST AND DIVIDEND INCOME				
Interest on loans	5,728,503,272	6,708,867,444	6,501,321,834	6,892,225,988
Interest on interbank and money market items	217,695,699	643,820,142	204,134,205	640,865,543
Hire-purchase and financial lease income	3,126,633,221	2,560,092,980	-	-
Investments	382,926,443	679,243,501	757,728,257	710,333,015
Total Interest and Dividend Income	9,455,758,635	10,592,024,067	7,463,184,296	8,243,424,546
INTEREST EXPENSES				
Interest on deposits	1,652,765,285	2,586,352,371	1,641,071,960	2,590,682,880
Interest on interbank and money market items	200,613,330	316,006,941	159,158,330	82,967,541
Interest on short-term borrowings	213,180,821	219,899,753	212,872,456	44,462,711
Interest on long-term borrowings	620,051,348	561,669,894	620,051,348	561,669,894
Total Interest Expenses	2,686,610,784	3,683,928,959	2,633,154,094	3,279,783,026
Interest and Dividend Income, net	6,769,147,851	6,908,095,108	4,830,030,202	4,963,641,520
BAD DEBT AND DOUBTFUL ACCOUNTS	1,494,597,158	1,315,651,803	759,030,553	619,337,353
LOSS ON DEBT RESTRUCTURING	1,041,393,041	580,668,965	1,040,969,447	580,662,647
Interest and Dividend Income after				
Bad Debt and Doubtful Accounts and Loss on				
Debt Restructuring, net	4,233,157,652	5,011,774,340	3,030,030,202	3,763,641,520
NON-INTEREST INCOME				
Gain (loss) on investments (Note 4.3.2)	158,401,185	(129,959,019)	91,544,978	(130,409,543)
Income from equity interest in				
associated company	27,874,159	16,878,110	-	-
Fees and service income				
Acceptances, aval and guarantees	12,567,515	12,948,084	12,567,515	14,452,194
Others	2,206,652,875	1,950,051,195	1,373,621,038	1,259,542,820
Gain on exchange	120,750,664	234,172,557	141,672,547	234,055,694
Gain on sales of properties foreclosed	125,932,179	266,790,697	33,423,695	89,425,063
Income from investments in receivables	63,026,622	74,999,567	-	-
Excess of interest in the net fair value of subsidiary				
over purchase cost	638,399,908	-	-	-
Other income	203,223,803	139,927,629	11,420,170	89,114,064
Total Non-Interest Income	3,556,828,910	2,565,808,820	1,664,249,943	1,556,180,292
NON-INTEREST EXPENSES				
Personnel expenses	2,197,074,218	1,890,696,981	1,706,639,265	1,469,484,127
Premises and equipment expenses	1,056,297,843	1,079,686,660	849,935,477	885,246,782
Taxes and duties	266,605,724	333,290,844	250,733,270	317,145,274
Fees and service expenses	694,155,614	602,872,946	283,113,506	256,743,695
Directors' remuneration	7,011,862	9,576,400	6,152,500	7,713,400
Contributions to the Financial Institution				
Development Fund and Deposit Protection Agency	533,376,531	507,020,795	518,670,304	507,020,795
Other expenses	949,759,213	857,464,670	489,216,027	691,587,118
Total Non-Interest Expenses	5,704,281,005	5,280,609,296	4,104,460,349	4,134,941,191

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (CONTINUED)
FOR THE QUARTERS ENDED JUNE 30, 2009 AND 2008
"UNAUDITED"

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
INCOME BEFORE INCOME TAX	2,085,705,557	2,296,973,864	589,819,796	1,184,880,621
INCOME TAX EXPENSES				
(Notes 3.13 and 4.19)	329,946,756	295,478,935	21,776,991	-
NET INCOME	1,755,758,801	2,001,494,929	568,042,805	1,184,880,621
ATTRIBUTABLE TO				
EQUITY HOLDERS OF THE BANK	1,752,039,487	2,002,413,376	568,042,805	1,184,880,621
MINORITY INTEREST	3,719,314	(918,447)	-	-
NET INCOME	1,755,758,801	2,001,494,929	568,042,805	1,184,880,621
BASIC EARNINGS PER SHARE				
(Notes 3.14 and 4.21)	0.29	0.35	0.09	0.21
DILUTED EARNINGS PER SHARE				
(Notes 3.14 and 4.21)	0.29	0.33	0.09	0.20

Notes to the consolidated and the separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
INTEREST AND DIVIDEND INCOME				
Interest on loans	11,688,416,957	12,697,440,979	13,412,967,712	13,336,905,710
Interest on interbank and money market items	618,540,477	1,299,790,243	604,161,222	1,295,316,660
Hire-purchase and financial lease income	5,972,745,989	4,194,581,333	-	-
Investments	844,160,768	1,284,563,262	1,218,838,960	1,314,503,581
Total Interest and Dividend Income	19,123,864,191	19,476,375,817	15,235,967,894	15,946,725,951
INTEREST EXPENSES				
Interest on deposits	4,257,145,483	5,087,447,240	4,252,891,464	5,092,536,786
Interest on interbank and money market items	373,958,579	519,116,061	317,078,090	158,291,603
Interest on short-term borrowings	275,764,069	336,578,833	275,455,704	84,480,645
Interest on long-term borrowings	1,397,371,074	909,794,893	1,397,371,074	909,794,893
Total Interest Expenses	6,304,239,205	6,852,937,027	6,242,796,332	6,245,103,927
Interest and Dividend Income, net	12,819,624,986	12,623,438,790	8,993,171,562	9,701,622,024
BAD DEBT AND DOUBTFUL ACCOUNTS				
(Note 4.6)	3,429,642,384	3,279,533,668	1,946,419,112	1,881,317,028
LOSS ON DEBT RESTRUCTURING				
(Note 4.7)	1,083,997,040	518,625,316	1,083,580,888	518,682,972
Interest and Dividend Income after Bad Debt and Doubtful Accounts and Loss on Debt Restructuring, net	8,305,985,562	8,825,279,806	5,963,171,562	7,301,622,024
NON-INTEREST INCOME				
Gain (loss) on investments (Note 4.3.2)	160,388,735	(687,309,884)	133,519,440	(696,491,882)
Income from equity interest in associated company	113,061,009	100,448,860	-	-
Fees and service income				
Acceptances, aval and guarantees	24,189,779	25,126,529	24,189,779	28,874,475
Others	4,094,160,367	3,646,886,165	2,649,555,367	2,488,634,089
Gain on exchange	324,941,042	485,854,747	345,821,303	485,950,882
Gain on sales of properties foreclosed	201,202,068	726,409,858	55,165,657	210,399,498
Income from investments in receivables	144,849,759	153,848,141	-	-
Excess of interest in the net fair value of subsidiary over purchase cost	638,399,908	-	-	-
Other income	311,761,885	257,311,750	74,305,285	143,337,536
Total Non-Interest Income	6,012,954,552	4,708,576,166	3,282,556,831	2,660,704,598
NON-INTEREST EXPENSES				
Personnel expenses	4,319,370,508	3,853,647,499	3,398,930,443	3,084,053,992
Premises and equipment expenses	2,024,762,619	2,074,193,838	1,641,152,143	1,737,994,780
Taxes and duties	550,363,444	625,667,559	527,521,827	582,874,809
Fees and service expenses	1,406,211,796	1,126,803,411	653,263,785	544,071,844
Directors' remuneration	15,246,562	16,988,278	12,641,200	12,977,400
Contributions to the Financial Institution				
Development Fund and Deposit Protection Agency	1,052,046,373	1,014,058,486	1,037,340,146	1,014,058,486
Other expenses	1,558,527,475	1,507,729,569	982,183,054	1,219,064,105
Total Non-Interest Expenses	10,926,528,777	10,219,088,640	8,253,032,598	8,195,095,416

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
INCOME BEFORE INCOME TAX	3,392,411,337	3,314,767,332	992,695,795	1,767,231,206
INCOME TAX EXPENSES (Notes 3.13 and 4.19)	612,049,359	283,103,448	63,906,857	-
NET INCOME	<u>2,780,361,978</u>	<u>3,031,663,884</u>	<u>928,788,938</u>	<u>1,767,231,206</u>
ATTRIBUTABLE TO				
EQUITY HOLDERS OF THE BANK	2,779,807,966	3,032,888,489	928,788,938	1,767,231,206
MINORITY INTEREST	554,012	(1,224,605)	-	-
NET INCOME	<u>2,780,361,978</u>	<u>3,031,663,884</u>	<u>928,788,938</u>	<u>1,767,231,206</u>
BASIC EARNINGS PER SHARE				
(Notes 3.14 and 4.21)	0.46	0.53	0.15	0.31
DILUTED EARNINGS (LOSS) PER SHARE				
(Notes 3.14 and 4.21)	0.46	0.50	0.15	0.29

Notes to the consolidated and the separate financial statements form an integral part of these statements

(Mr. Tan Kong Khoon)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

	Baht								
	CONSOLIDATED FINANCIAL STATEMENTS								
	Ordinary Share	Share subscriptions	Premium on	Appraisal Surplus	Revaluation	Retained Earnings		Minority Interests	Total
	Capital	received in	Share Capital		Deficit on	Appropriated	Unappropriated		
		advance			Investments	Legal reserve			
Balance as of December 31, 2007	57,477,468,400	177,475,392	13,149,422,040	5,611,977,911	(2,740,080)	436,749,996	1,003,958,410	212,586,676	78,066,898,745
Appraisal surplus decrease	-	-	-	(83,381,925)	-	-	-	-	(83,381,925)
Revaluation deficit on investments increase	-	-	-	-	(313,888,841)	-	-	-	(313,888,841)
Expenses recognized in shareholders' equity	-	-	-	(83,381,925)	(313,888,841)	-	-	-	(397,270,766)
Net income	-	-	-	-	-	-	3,032,888,489	(1,224,605)	3,031,663,884
Total income (expenses) recognized in the peri	-	-	-	(83,381,925)	(313,888,841)	-	3,032,888,489	(1,224,605)	2,634,393,118
Share subscriptions received in advance	-	640,757,004	-	-	-	-	-	-	640,757,004
Increase in share capital	283,236,820	(283,236,820)	-	-	-	-	-	-	-
Premium on share capital	-	(56,647,364)	56,647,364	-	-	-	-	-	-
Increase in shareholding in subsidiary company	-	-	-	-	-	-	-	(113,132,654)	(113,132,654)
Ending balance as of June 30, 2008	57,760,705,220	478,348,212	13,206,069,404	5,528,595,986	(316,628,921)	436,749,996	4,036,846,899	98,229,417	81,228,916,213

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

	Baht							
	CONSOLIDATED FINANCIAL STATEMENTS							
	Ordinary Share	Premium on	Appraisal Surplus	Revaluation	Retained Earnings		Minority Interests	Total
	Capital	Share Capital		Deficit on	Appropriated	Unappropriated		
				Investments	Legal reserve			
Balance as of December 31, 2008	60,741,437,470	13,802,215,854	5,441,603,666	(143,430,232)	582,500,000	4,845,394,502	97,707,387	85,367,428,647
Appraisal surplus decrease	-	-	(83,712,816)	-	-	-	-	(83,712,816)
Revaluation deficit on investments decrease	-	-	-	9,703,944	-	-	1,118	9,705,062
Income (expenses) recognized in shareholders' equity	-	-	(83,712,816)	9,703,944	-	-	1,118	(74,007,754)
Net income	-	-	-	-	-	2,779,807,966	554,012	2,780,361,978
Total income (expenses) recognized in the period	-	-	(83,712,816)	9,703,944	-	2,779,807,966	555,130	2,706,354,224
Dividend payment (Note 4.18)	-	-	-	-	-	(905,842,983)	(1,316)	(905,844,299)
Increase in shareholding in subsidiary company	-	-	-	-	-	-	6,536,913	6,536,913
Ending balance as of June 30, 2009	60,741,437,470	13,802,215,854	5,357,890,850	(133,726,288)	582,500,000	6,719,359,485	104,798,114	87,174,475,485

Notes to the consolidated and the separate financial statements form and integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

	Baht							
	SEPARATE FINANCIAL STATEMENTS							
	Ordinary Share	Share subscriptions	Premium on	Appraisal Surplus	Revaluation	Retained Earnings		Total
	Capital	received in	Share Capital		Deficit on	Appropriated	Unappropriated	
		advance			Investments	Legal reserve		
Balance as of December 31, 2007	57,477,468,400	177,475,392	13,149,422,040	5,611,977,911	(385,094)	435,500,000	3,154,333,618	80,005,792,267
Appraisal surplus decrease	-	-	-	(83,381,925)	-	-	-	(83,381,925)
Revaluation deficit on investments increase	-	-	-	-	(310,115,867)	-	-	(310,115,867)
Income (expenses) recognized in shareholders' equity	-	-	-	(83,381,925)	(310,115,867)	-	-	(393,497,792)
Net income	-	-	-	-	-	-	1,767,231,206	1,767,231,206
Total income (expenses) recognized in the period	-	-	-	(83,381,925)	(310,115,867)	-	1,767,231,206	1,373,733,414
Share subscriptions received in advance	-	640,757,004	-	-	-	-	-	640,757,004
Increase in share capital	283,236,820	(283,236,820)	-	-	-	-	-	-
Premium on share capital	-	(56,647,364)	56,647,364	-	-	-	-	-
Ending balance as of June 30, 2008	57,760,705,220	478,348,212	13,206,069,404	5,528,595,986	(310,500,961)	435,500,000	4,921,564,824	82,020,282,685

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

	Baht						
	SEPARATE FINANCIAL STATEMENTS						
	Ordinary Share	Premium on	Appraisal Surplus	Revaluation	Retained Earnings		Total
	Capital	Share Capital		Deficit on	Appropriated	Unappropriated	
				Investments	Legal reserve		
Balance as of December 31, 2008	60,741,437,470	13,802,215,854	5,441,603,666	(127,006,947)	582,500,000	-	80,440,750,043
Appraisal surplus decrease	-	-	(83,712,816)	-	-	-	(83,712,816)
Revaluation deficit on investments decrease	-	-	-	3,918,505	-	-	3,918,505
Income (expenses) recognized in shareholders' equity	-	-	(83,712,816)	3,918,505	-	-	(79,794,311)
Net income	-	-	-	-	-	928,788,938	928,788,938
Total income (expenses) recognized in the period	-	-	(83,712,816)	3,918,505	-	928,788,938	848,994,627
Dividend payment (Note 4.18)	-	-	-	-	-	(905,842,983)	(905,842,983)
Ending balance as of June 30, 2009	60,741,437,470	13,802,215,854	5,357,890,850	(123,088,442)	582,500,000	22,945,955	80,383,901,687

Notes to the consolidated and the separate financial statements form and integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	3,392,411,337	3,314,767,332	992,695,795	1,767,231,206
Adjustments to reconcile income to cash provided by (used in) operating activities:				
Depreciation and amortization	829,737,695	858,963,850	643,586,284	659,120,271
Leasehold right amortization	13,925,603	14,025,087	13,925,603	14,025,087
Bad debt and doubtful accounts	3,429,642,384	3,279,533,668	1,946,419,112	1,881,317,028
Loss on debt restructuring	1,083,997,040	518,625,316	1,083,580,888	518,682,972
(Gain) loss on translation of balances in foreign currencies	261,316,749	(675,613,411)	189,131,859	(675,613,411)
(Gain) loss on investments	(160,388,735)	687,309,884	(133,519,440)	696,491,882
Excess of interest in the net fair value of subsidiary that over purchase cost	(638,399,908)	-	-	-
Discretion of discount on investments	(242,606,964)	(170,150,929)	(135,787,305)	(171,101,851)
(Gain) loss on sales of properties foreclosed	(201,202,068)	(726,409,858)	(55,165,657)	(210,399,498)
(Gain) loss on sales of property, premises and equipment	1,023,385	(28,703,246)	669,177	(9,873,054)
Loss on impairment of properties foreclosed	80,115,754	259,488,619	136,835,551	249,221,516
Income from equity interest in associated company	(113,061,009)	(100,448,860)	-	-
Interest and dividend income	(19,123,864,191)	(19,464,554,594)	(15,235,967,894)	(15,946,725,951)
Interest received	19,313,268,366	19,690,431,664	15,064,293,386	16,100,613,456
Dividend received	75,674,279	278,576,112	438,022,026	302,913,973
Interest expenses	6,304,239,205	6,852,937,027	6,242,796,332	6,245,103,927
Increase in other accrued expenses	349,546,752	1,271,854,428	406,546,413	541,784,276
Increase in other reserve	21,370,122	147,974,718	21,370,122	147,974,718
Interest paid	(7,060,858,560)	(6,018,953,124)	(6,792,426,925)	(6,272,307,060)
Income tax paid	(1,193,487,909)	(936,880,654)	(132,652,292)	(68,684,630)
Income from operations before changes in operating assets and liabilities	6,422,399,327	9,052,773,029	4,694,353,035	5,769,774,857
(Increase) decrease in operating assets				
Interbank and money market items	41,611,949,166	(55,983,349,031)	17,354,311,675	(55,093,963,404)
Securities purchased under resale agreements	-	76,000,000,000	-	76,000,000,000
Current investments - securities for trading	4,041,516,611	(9,233,842,424)	2,036,308,396	(9,251,594,508)
Loans	19,720,972,976	(19,541,452,879)	15,478,786,836	(51,326,779,792)
Properties foreclosed	1,008,116,347	2,356,477,533	857,490,449	1,101,930,376
Other assets	1,475,204,171	855,699,580	281,306,989	292,281,430
Increase (decrease) in operating liabilities				
Deposits	(56,116,001,796)	16,207,074,439	(46,178,957,707)	16,232,104,072
Interbank and money market items	(3,356,976,069)	(41,267,279,906)	250,256,058	4,855,482,883
Liabilities payable on demand	239,168,493	1,571,044,509	236,143,794	1,571,044,509
Other liabilities	(1,192,994,702)	(454,369,296)	(796,147,368)	422,735,964
Net cash provided by (used in) operating activities	13,853,354,524	(20,437,224,446)	(5,786,147,843)	(9,426,983,613)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments - securities available-for-sale and other investments	26,810,439,733	44,794,596,984	27,414,788,854	44,769,707,656
Cash paid for purchases of investments - securities available-for-sale and other investments	(28,837,973,344)	(61,330,764,272)	(27,825,090,144)	(61,321,764,272)
Cash paid for purchases of subsidiaries	(1,517,150,856)	(15,452,515,346)	(1,650,605,547)	(16,277,080,760)
Cash paid for additional investment in subsidiary	-	-	-	(499,999,940)
Cash paid to minority shareholder for purchase of additional shares of subsidiary	4,679,728	(132,822,000)	-	(132,822,000)
Proceeds from sales of property, premises and equipment	220,710,762	67,167,125	16,805,556	37,368,301
Cash paid for purchases of property, premises and equipment	(891,689,421)	(408,717,625)	(988,792,589)	(339,431,646)
Cash paid for purchases of other assets	(389,064,485)	(178,797,626)	(169,606,937)	(102,083,704)
Net cash used in investing activities	<u>(4,600,047,883)</u>	<u>(32,641,852,760)</u>	<u>(3,202,500,807)</u>	<u>(33,866,106,365)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of senior securities notes	-	38,943,200,000	-	38,943,200,000
Proceeds from issuance of bills of exchange	11,271,560,197	8,391,400,000	11,240,600,000	8,391,400,000
Proceeds from short-term borrowings	-	10,000,000,000	-	-
Cash paid for repayment of bill of exchange	(3,545,600,000)	(6,392,000,000)	(3,545,600,000)	(6,392,000,000)
Cash paid for redemption of short-term debentures	(693,038,955)	(1,000,000,000)	-	(1,000,000,000)
Cash paid for repayment of long-term borrowings	-	(8,461,789)	(47,040,409)	(8,461,789)
Cash paid for liabilities under finance lease agreement	(17,499,064,030)	(1,675,862)	-	-
Share subscriptions received in advance	-	478,348,212	-	478,348,212
Warrants converted to ordinary shares	-	162,408,792	-	162,408,792
Dividend payment	(905,842,983)	(1,252)	(905,842,983)	-
Net cash provided by (used in) financing activities	<u>(11,371,985,771)</u>	<u>50,573,218,101</u>	<u>6,742,116,608</u>	<u>40,574,895,215</u>
Total	<u>(2,118,679,130)</u>	<u>(2,505,859,105)</u>	<u>(2,246,532,042)</u>	<u>(2,718,194,763)</u>
Effect of exchange rate change on cash	<u>15,613,292</u>	<u>38,574,500</u>	<u>15,613,291</u>	<u>38,574,500</u>
Net decrease in cash and cash equivalents	(2,103,065,838)	(2,467,284,605)	(2,230,918,751)	(2,679,620,263)
Cash and cash equivalents as at January 1,	20,419,454,554	19,199,531,110	20,416,524,467	19,197,131,307
Cash and cash equivalents as at June 30,	<u><u>18,316,388,716</u></u>	<u><u>16,732,246,505</u></u>	<u><u>18,185,605,716</u></u>	<u><u>16,517,511,044</u></u>

Notes to the consolidated and the separate financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND THE YEAR ENDED DECEMBER 31, 2008

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The Bank has 14 subsidiaries as follows:

- 1.1 Siam Realty and Services Company Limited, incorporated in Thailand since June 20, 1988 and located at 550 Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is car leasing and personnel services.
- 1.2 Ayudhya Development Leasing Company Limited, incorporated in Thailand since July 25, 1991 and located at 65/182-185 Chamnanpenchat Business Center Building, Fl 22, Rama IX Road, Huey Khuang Subdistrict, Huey Khuang District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.3 Ayudhya Auto Lease Public Company Limited, incorporated in Thailand since February 1, 1994 and located at 898 Ploenchit Tower Building, Fl 3, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto leasing.

The subsidiary ceased writing new auto hire-purchase business and is servicing the portfolio run-off. Moreover, the subsidiary delisted its ordinary shares and warrants from The Stock Exchange of Thailand (“the SET”) when The Board of Governors of the SET approved the delisting of the Company’s ordinary shares and warrants on June 12, 2007.

- 1.4 K. S. Law Office Company Limited, incorporated in Thailand since February 2, 1996 and located at 550 Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is legal advisory services. The Company is in the process of liquidation.
- 1.5 Ayudhya Fund Management Company Limited, incorporated in Thailand since December 19, 1996 and located at 898 Ploenchit Tower Building, Fl 12, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is mutual fund and individual private fund management.

The Board of directors of the Bank dated June 24, 2009 approved the subsidiary to acquire 100% of the shares of Primavest Asset Management Company Limited. The transaction is expected to be completed by August 2009 subject to approvals of the Securities Exchange Commission (SEC) and relevant authorities.

- 1.6 Ayudhya Asset Management Company Limited, incorporated in Thailand since August 18, 2000 and located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is to develop, manage and sell assets transferred from the financial institutions.

- 1.7 Ayudhya Securities Public Company Limited, incorporated in Thailand since April 16, 2004 and located at 999/9 The Offices at Central World Building, Fl 12, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is securities business.
- 1.8 Ayudhya Capital Lease Company Limited, incorporated in Thailand since December 27, 2006 and located at 898 Ploenchit Tower Building, Fl 16, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is auto leasing service.

On December 5, 2008, the subsidiary transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited) and an extraordinary shareholders' meeting of the subsidiary approved a resolution to liquidate the subsidiary on December 17, 2008, with an effective date on December 26, 2008. Currently, the subsidiary is in the process of liquidation.

- 1.9 Ayudhya Factoring Company Limited, incorporated in Thailand since February 1, 2007 and located at 550 Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is factoring.
- 1.10 Ayudhya Hire Purchase Company Limited, incorporated in Thailand since January 24, 2008 and located at 550 Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is hire-purchase of used car for sale and lease back to individuals.

On December 5, 2008, the subsidiary transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited) and an extraordinary shareholders' meeting of the subsidiary approved a resolution to liquidate the subsidiary on December 17, 2008, with an effective date on December 26, 2008. Currently, the subsidiary is in the process of liquidation.

- 1.11 Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited), incorporated in Thailand since November 27, 1995 and located at 87/1, Fl 3, Capital Tower, and 87/2, Fl 30, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is auto hire-purchase, leasing service and refinancing to individuals and corporate. The subsidiary became the Bank's subsidiary on February 14, 2008.

On September 24, 2008, a meeting of Board of Directors of the Bank approved a resolution on the entire business transfer of two subsidiaries, carrying out the similar business, to Ayudhya Capital Auto Lease Public Company Limited, the Bank's subsidiary. The transferor subsidiaries were Ayudhya Capital Lease Company Limited operating the new car, inventory financing and leasing business and Ayudhya Hire Purchase Company Limited operating the refinancing business. The Bank of Thailand approved the entire business transfer on November 5, 2008 and this transaction was executed on December 5, 2008.

- 1.12 AIG Retail Bank Public Company Limited, incorporated in Thailand since May 9, 1994 to carry out the financial and security businesses. On December 7, 2006, the subsidiary was granted a banking license from the Bank of Thailand and it had changed its operation to be banking business since March 6, 2007. The registered office is located at 990 Abdulrahim Place, Fl 7 and Fl 10, Rama IV Road, Silom Subdistrict, Bangrak District, Bangkok. The subsidiary's main business is hire-purchase business. The subsidiary became the Bank's subsidiary on April 8, 2009.
- 1.13 Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited), incorporated in Thailand since December 4, 1997 and located at 968 U Chu Liang Building, Fl 20, Rama IV Road, Silom Subdistrict, Bangrak District, Bangkok. The subsidiary's main business is credit card business including personal loans. The subsidiary became the Bank's subsidiary on April 8, 2009.
- 1.14 Ayudhya Derivatives Company Limited, which is 99.99% held by Ayudhya Securities Public Company Limited incorporated in Thailand since June 15, 2005 and located at 999/9 The Offices at Central World Building, Fl 12, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is the financial derivatives business and derivatives trading broker.

On December 1, 2008 the subsidiary transferred its derivatives business and employees to Ayudhya Securities Public Company Limited. After such business transfer, the subsidiary returned the derivatives business license to the Office of the Securities and Exchange Commission.

By the special resolution passed by the subsidiary's shareholders extraordinary meeting on February 20, 2009, the subsidiary was authorized to decrease its share capital from Baht 120 million (1,200,000 ordinary shares of Baht 100 each) to Baht 30 million (300,000 ordinary shares of Baht 100 each). The decreased capital of Baht 90 million compensated the subsidiary's accumulated deficit loss of Baht 23 million with the residual to be refunded to the subsidiary's shareholders on April 30, 2009. The subsidiary registered with the Ministry of Commerce for the capital reduction on April 20, 2009.

By the special resolution of the Annual General Shareholders Meeting of the subsidiary held on April 22, 2009, it resolved to dissolve the subsidiary. The subsidiary had registered with the Ministry of Commerce for the dissolution on May 19, 2009. Currently, the subsidiary is in process of liquidation.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

- 2.1 The consolidated and the separate financial statements are prepared in accordance with the regulation of The Stock Exchange of Thailand dated January 22, 2001, regarding the Preparation and Filing of Financial Statements and Reports on Financial Status and Results of Operations of Listed Companies, B.E. 2544 including the Procedures, Policies and Presentation in accordance with the Bank of Thailand (“BOT”)’s Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated August 3, 2008 and Thai Accounting Standard No.1 (revised 2007) (previously No. 35) “Presentation of Financial Statements”.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The Bank prepares its statutory financial statements in the Thai language in conformity with Thai accounting standards and Notifications noted above. The accompanying financial statements and disclosures are prepared in accordance with accounting principles and practices generally accepted in Thailand. However, for the convenience of readers, the Bank also prepares its financial statements in English, by translating from the Thai version.

The consolidated and the separate balance sheets as at December 31, 2008, presented herein for comparison, have been derived from the consolidated and the separate financial statement for the year then ended which have been audited.

Renumbering of Thai accounting standards

The Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 12/2552 dated May 15, 2009 regarding the renumbering of Thai accounting standards (TASs) to be the same as the International Accounting Standards. Therefore, reference TASs in these financial statements have used the new numbers to be in accordance with such Notification.

Accounting standard announced but not yet effective

The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 16/2552 dated May 21, 2009 regarding the following accounting standards that were announced in the Royal Gazette, but not yet in effect in 2009:

Accounting Standards	Effective date
Accounting Framework (Revised 2007)	January 1, 2011
No. 20 Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
No. 24 Related Party Disclosures (Revised 2007) (previously No. 47)	January 1, 2011
No. 40 Investment Property	January 1, 2011

The Company’s management has assessed the impact of these accounting standards, when they are effective for financial periods beginning on or after the TASs’ effective dates, and does not expect them to have a material effect on the Company’s financial statements.

.../5

- 2.2 The consolidated financial statements included the accounts of all branches of the Bank and its subsidiaries in which the Bank has control or invested over 50% of their voting rights. These subsidiaries are as follows:

Subsidiaries	Business Type	Percentage of Holdings	
		June 30, 2009	December 31, 2008
Siam Realty and Services Company Limited	Car rent and personnel services	99.99	99.99
Ayudhya Development Leasing Company Limited	Leasing	99.99	99.99
Ayudhya Auto Lease Public Company Limited	Auto leasing	99.55	99.55
K.S. Law Office Company Limited ⁽¹⁾	Legal advisory services	99.99	99.99
Ayudhya Fund Management Company Limited	Fund management	99.99	99.99
Ayudhya Asset Management Company Limited	Assets management	99.99	99.99
Ayudhya Securities Public Company Limited	Securities	86.33	86.33
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	99.99	99.99
Ayudhya Factoring Company Limited	Factoring	99.99	99.99
Ayudhya Hire Purchase Company Limited ⁽¹⁾	Hire-purchase of used cars	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited)	Hire-purchase and auto leasing	99.99	99.99
AIG Retail Bank Public Company Limited	Hire-purchase	99.76	-
Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited)	Credit card including personal loans	99.99	-

⁽¹⁾ Subsidiary under the liquidation process

As at June 30, 2009 and December 31, 2008, Ayudhya Auto Lease Public Company Limited held 2,756,950 ordinary shares of the Bank. The acquisition cost was Baht 98 million which was presented as long-term investments-net in the consolidated balance sheets. Such investment was not deducted from shareholders' equity as the amount was immaterial.

All material intercompany transactions and balances have been eliminated.

- 2.3 The consolidated financial statements for the quarters and six-month periods ended June 30, 2009 and 2008, including financial statements of certain subsidiaries and gain (loss) on equity of certain associated companies, prepared by subsidiaries and associate's management which have not been audited by the auditors are as follows:

Subsidiaries	Unit: Million Baht	
	Net Profit(loss)/ Gain (loss) on equity	
	Ended June 30, 2009	
	For the quarter	For the six-month period
1. K.S. Law Office Company Limited	-	-
2. Ayudhya Capital Lease Company Limited	3	9
3. Ayudhya Hire purchase Company Limited	-	2
Associated company		
1. Krungsriayudhya Card Company Limited	28	113
	<u>31</u>	<u>124</u>

.../6

Unit: Million Baht		
Net Profit(loss)/ Gain (loss) on equity		
Ended June 30, 2008		
	For the quarter	For the six-month period
Subsidiaries		
1. Siam Realty and Services Company Limited	-	(8)
2. Ayudhya Development Leasing Company Limited	44	84
3. K.S. Law Office Company Limited	-	-
4. Ayudhya Fund Management Company Limited	(6)	(27)
5. Ayudhya Factoring Company Limited	5	(5)
Associated company		
1. Krungsriayudhya Card Company Limited	17	100
	<u>60</u>	<u>144</u>

2.4 Change in estimates

Effective from January 1, 2009, a subsidiary operating a hire-purchase business changed its estimates for calculating allowance for doubtful accounts on hire-purchase receivables from a collateralized approach to a collective approach by classifying a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category. As a result from this change in estimate, the subsidiary's income before income tax for the quarter and the six-month period ended June 30, 2009 increased by Baht 116 million and Baht 237 million, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

For the Bank, cash and cash equivalents consist of cash on hand and cash on collection.

For the subsidiary companies, cash and cash equivalents represent cash on hand and deposits at financial institutions excluding negotiable certificate of deposits, in accordance with the Notification of the BOT. In the statements of cash flows, cash and deposits at financial institutions used as collateral are not included in cash and cash equivalents but are included in other assets.

3.2 Investments in securities

The Bank and subsidiaries' investments which consist of debt securities and equity securities are classified as either trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with BOT's Notification dated August 3, 2008 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry, requiring commercial banks to present the investments as current investments-net, long-term investments-net and investments in subsidiaries and associated companies-net.

Trading securities which represent securities acquired with the intent to hold as short-term are current investments and management acquires those securities with the intent to hold them for a short period of time in order to take advantage of anticipated changes in market values. Trading securities are carried at fair value. Realized gains and losses from the sales of trading securities and unrealized gain and loss on the changes in fair value are recognized as non-interest income. Interest earned and dividend on trading securities is recognized using the accrual basis of accounting as interest and dividend income.

Debt securities which the Bank and subsidiaries have the intent and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any, and are presented as long-term investments except for those with maturities less than one year. Valuation allowances are established by recognizing an unrealized loss when the impairment is identified by management. In addition, the Bank classifies the rights of the Bank over the receivable and unreceived non-negotiable promissory notes, which are availed by the Financial Institutions Development Fund (FIDF) issued by the Thai Asset Management Corporation (TAMC) under the Asset Transfer Agreement for transfer of sub-quality assets, as long-term investment in the category of debt securities held-to-maturity.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and are presented as short-term or long-term investments depending on the intent of management and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as a component of shareholders' equity until realized. Gain or loss on available-for-sale securities are recognized in the statements of income upon the sale or disposition of such securities.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and presented as long-term investment, carried at cost, net of valuation allowances for impairment, if applicable. Valuation allowances are established by recognizing an unrealized loss in the statements of income when the impairment of a security is determined by management.

Foreign sector debt securities include investments in Collateralized Debt Obligations and Structured Deposits which are classified as securities for trading and carried at fair value. Gain and loss on the changes in fair value are recognized as non-interest income.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associated companies are accounted for by the equity method. In the separate financial statements, investments in subsidiaries and associated companies are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of income.

Fair value or market value of securities is calculated on the following basis:

1. For Government bonds and state enterprise bonds, the fair values of these securities were estimated by using the BOT formula, based on The Thai Bond Market Association's Yield Curve on the last business day of the period.
2. For private sector debt and equity securities which are listed securities and securities in The Thai Bond Market Association, market values are estimated using the bidding prices at The Stock Exchange of Thailand and The Thai Bond Market Association on the last business day of the period.
3. For private sector debt securities which are non-listed securities, the last closing prices of The Thai Bond Market Association are used to estimate fair value. In the absence of such prices, fair value is estimated by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the BOT.
4. Foreign sector debt securities, market values are estimated using the average prices calculated by arrangers.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of income.

Cost of securities sold during the period is computed by using the weighted average method. Realized gain and loss from sales of debt and equity securities are included in non-interest income.

3.3 Loans

Overdrafts are stated at the drawn amounts including interest. Other loans are stated at the principal amounts.

Unearned discounts on notes receivable are presented as a reduction from loans.

3.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the Bank of Thailand's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determined allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with BOT guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds of collateralized asset which is excluded collateral in the form of machinery. With exception of a subsidiary that carried out leasing business, reserve calculation is provided by including the value of machinery as collateral. In addition, the Bank and subsidiaries estimate additional allowance for doubtful debts over the minimum percentage in accordance with BOT guidelines (See Note 3.18.2).

Subsidiaries carried out hire-purchase business, which their portfolios are qualified as per BOT regulation, calculate allowance for doubtful accounts by using the collective approach by classifying a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans are written off in the period that they are determined to be irrecoverable. Bad debts recovered are recorded as income in the statements of income when received.

Bad debts written off during the period are recorded as a deduction from the allowance for doubtful accounts.

Bad debt and doubtful accounts are shown as an expense in the statements of income.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged as support for loans typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independent and/or internally performed appraisals.

3.5 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other restructuring methodology including modification of terms, asset transfers, equity securities transfers, etc. are recognized as expenses in the statements of income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method by which a loss amount is to be estimated or the net present value method which represents expected cash flow in the future applying the discounted market interest rates on the restructuring date. Losses from such debt restructurings are recognized in the statements of income.

The Bank has recalculated the fair value of restructured debts based on the aforementioned discount interest rate as of the date of the quarterly financial statements and adjusted the valuation on debt restructured, if appropriate, in accordance with the BOT's criteria. The adjustment of valuation on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value on that date as gain or loss in the statements of income for the period and classified investments in receivables as loans in accordance with the BOT's criteria.

3.6 Properties foreclosed

Properties foreclosed consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or fair value of the property as of the date of foreclosure.

Gain or loss on such properties is realized upon disposition of the underlying asset and is included in non-interest income in the statements of income.

3.7 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of income for the decrease in value below original cost.

Suite units in condominiums used as branch offices have been revalued by independent appraisers in accordance with the BOT guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

Depreciation

Depreciation of premises and equipment is calculated on the straight-line method, based on the estimated useful lives of the assets as follows:

Premises	20 - 50 years
Equipment	5 years

3.8 Intangible assets

3.8.1 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on acquisition represents the excess of the fair value of the net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs.

In the consolidated financial statements, the Bank recognizes goodwill in a business combination as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of income.

Goodwill is stated at cost less allowance for impairment (if any).

3.8.2 Other intangible assets

Other intangible assets with indefinite useful lives are stated at cost less allowance for impairment (if any). Other intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 5 - 10 years.

Amortization incurred is recognized as non-interest expense in the statements of income.

3.9 Recognition of income

The Bank and its subsidiaries are required by the BOT to stop accruing interest income for debtors more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on cash basis.

The asset management subsidiary recognizes interest income from investment in receivable and loans by using the market interest rate plus a risk premium that represent the discounted rate in calculating present value of future cash flows expected to be collected from receivables. Except for certain receivables doubtful of collection, the subsidiary recognizes interest income from such investments in receivable and loans on a cash basis.

The hire-purchase business subsidiaries recognize income for new finance leases and hire-purchase contracts since January 1, 2008, by the effective interest rate method whereas, for contracts originated before January 1, 2008, income is recognized on the sum-of-the-digits method, except for a subsidiary which income has been recognized by the effective interest rate method from the beginning.

Income from operating leases are recognized on the straight-line method over the lease term.

Interest and dividend income on investment are recognized on an accrual basis.

Gain and loss on the sales of debt and equity securities are computed by the weighted-average method and are included in non-interest income in the statements of income.

3.10 Recognition of expenses

Expense is recognized on an accrual basis.

3.11 Provident fund and pension fund

The contributions to the provident fund made by the Bank are recorded as expense in the statements of income.

The Bank has recorded accrued pension costs in addition to the provident fund for employees who have been in service before January 1, 1998, and their length of service exceeds 10 years as expense in the statements of income.

3.12 Contributions to the Financial Institutions Development Fund and Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and Deposit Protection Agency are recognized as expense in the statements of income.

3.13 Income tax

Income tax expense is based on tax paid and accrued for the period.

The income tax of two subsidiaries comprises current and deferred tax. Deferred tax assets or liabilities are computed based on temporary differences between the carrying amounts and income tax basis of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

3.14 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net income by warrants and the weighted-average number of ordinary shares, on the assumption that conversion of all ordinary share equivalents have been made at the beginning of the period. Ordinary share equivalents consist of warrants.

3.15 Foreign currency transactions

Transactions during the period denominated in foreign currencies are translated into Baht at the rate of exchange on the transaction date. Monetary assets and liabilities at the end of the period denominated in foreign currencies are translated into Baht at the exchange rates announced by Bank of Thailand on that date.

All foreign exchange gains or losses are recognized as income or expenses in non-interest income in the statements of income.

3.16 Derivatives

The Bank has recognized derivatives transactions as follows:

1. Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in statements of income.
2. Derivatives for hedging of transactions are recognized on the accrual basis and recorded as off-balance sheet item with the income or expense recognized based on the accrual basis in line with the underlying transaction.

Subsidiaries have recognized derivatives for hedging of transactions at fair value and profit or loss from the price appraisal is recognized as income or expense in statements of income.

Hybrid Instruments

Hybrid instruments are recorded following the Bank of Thailand's notifications No. Sor Nor Sor. 09/2551 and Sor Nor Sor. 13/2551 dated August 3, 2008 for Structured Products and Collateralized Debt Obligation Instruments which mandate that the Bank should early adopt International Accounting Standard No.39 (IAS 39) to record an embedded derivative separately from the host contract and carry the embedded derivative 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 instruments are not recognized at fair value through the statements of income.

The hybrid instrument shall be recorded by including the embedded derivative in case that it is not in compliance with the aforementioned condition. However, in case the reliable fair value of embedded derivative is not determined, the hybrid instrument will be recorded as a financial instrument by using fair value through profit and loss.

3.17 Translation of the financial statements of the foreign branches

The financial statements of foreign branches are translated into Baht using the reference exchange rate established by the BOT at the end of the period for the translation of foreign monetary items, the historical exchange rate for the translation of foreign non-monetary items and the average exchange rate for the translation of transactions in the statements of income. Differences in exchange rates from the translation of the financial statements of foreign branches are recognized as a gain or loss on foreign exchange in the statements of income.

3.18 Critical accounting judgments and key sources of estimation uncertainty

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

3.18.1 Fair value

The management has reported the estimated fair value of the investment in Collateralized Debt Obligations and Structured Deposits since February, 2009. The estimation was determined by using the price calculated by the arranger. In 2008, the estimation was determined by using the price calculated by the arranger and the rating company's financial model.

For a business acquisition, the Bank's management estimated the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date and any adjustments of the initial provision will be finalized within 12 months after the acquisition date.

3.18.2 Allowance for doubtful accounts

The Bank and subsidiaries estimated the minimum allowance for doubtful accounts in accordance with the BOT's guidelines (see Note 3.4). In addition, the Bank and subsidiaries estimated an additional allowance which the management has considered from the uncollectible loss from past experience, current economic conditions and ability of repayment of loans and accrued interest receivable. The Bank and subsidiaries considered the value of collateral where the source of repayment comes from the selling of the collateral.

3.18.3 Allowance for properties foreclosed

The Bank provided the allowance for impairment of properties foreclosed when there is a decline in net realizable value, based on the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and future discount expenses.

3.18.4 Intangible asset

Intangible asset which is goodwill with indefinite useful life is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

3.18.5 Impairment

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

3.18.6 Provisions

Provisions are recognized as liabilities in the balance sheet when it is probable that an obligation has been incurred as a result of a past event, it is possible that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reasonably estimated.

3.18.7 Loss from the impaired assets transferred to the Thai Asset Management Corporation

The probable loss arising from the impaired assets transferred to the Thai Asset Management Corporation is estimated from expected loss based on actual experience to date.

3.18.8 Provision for off-balance sheet obligations

The Bank provided a provision for off-balance sheet obligations with high credit risk such as loan guarantees, avals, etc, at the same rate as that provided for those debtors on the balance sheet.

4. ADDITIONAL INFORMATION

4.1 Supplementary disclosures of cash flow information

4.1.1 Non-cash transactions for the six-month periods ended June 30, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2009	2008	2009	2008
Revaluation deficit on investments presented as item in shareholder's equity (increase) decrease	10	(314)	4	(310)
Accumulated depreciation of premises for appraisal deducted from premises revaluation surplus	83	83	83	83
Properties foreclosed acquired from debt repayment	55	38	55	38
Property and premises transferred to be properties foreclosed	-	9	-	9
Properties foreclosed transferred to be Property and premises	30	-	30	-

- 4.1.2 Non-cash transactions of property, premises and equipment for the six-month periods ended June 30, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2009	2008	2009	2008
Property, premises and equipment payable at the beginning of the period	433	15	617	11
Purchases of property, premises and equipment	629	477	542	362
<u>Less</u> Cash payment	<u>(892)</u>	<u>(409)</u>	<u>(989)</u>	<u>(340)</u>
Property, premises and equipment payable at the end of the period	<u>170</u>	<u>83</u>	<u>170</u>	<u>33</u>

- 4.1.3 Non-cash transactions of computer software for the six-month periods ended June 30, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2009	2008	2009	2008
Computer software payable at the beginning of the period	58	16	58	12
Purchases of computer software	117	164	115	91
<u>Less</u> Cash payment	<u>(171)</u>	<u>(179)</u>	<u>(169)</u>	<u>(102)</u>
Computer software payable at the end of the period	<u>4</u>	<u>1</u>	<u>4</u>	<u>1</u>

- 4.1.4 Acquisition of investment in subsidiary

On February 14, 2008, the Bank acquired Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited) for a total purchase price amounting to Baht 16,180 million in the share sale agreement. For the six-month period ended June 30, 2008, the Bank made a payment for this purchase of subsidiary as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	16,180
<u>Add</u> additional related cost	97
<u>Less</u> cash of subsidiary	<u>(824)</u>
Net cash payment	<u>15,453</u>

On April 8, 2009, the Bank acquired AIG Retail Bank Public Company Limited and Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited) for a total purchase price in the share sale agreement amounting to Baht 1,605 million. For the six-month period ended June 30, 2009, the Bank made a payment for this purchase of subsidiaries as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	1,605
<u>Add</u> Additional related cost	42
<u>Less</u> Cash of subsidiary	(130)
Net cash payment	<u>1,517</u>

Fair value of assets, liabilities and identified contingent liabilities of subsidiaries and book value of each item is as follows;

	Book Value	Fair Value
Assets		
Cash	130	130
Deposits at financial institutions	24,778	24,778
Receivable and loans	19,935	19,563
Others	2,227	2,308
	<u>47,070</u>	<u>46,779</u>
Liabilities		
Deposits	19,196	19,436
Borrowings	20,983	20,983
Others	4,083	4,127
	<u>44,262</u>	<u>44,546</u>
Net assets	<u>2,808</u>	2,233
Other related costs		(40)
Purchase price adjustment		50
Excess of interest in the net fair value of subsidiary over purchase cost		(638)
Cash payment to acquire shares		<u>1,605</u>

4.1.5 Realized and unrealized gain (loss) on foreign exchange

In the preparation of cash flows statements, realized gain (loss) on exchange is based on cash basis which had already paid specific business tax. Unrealized gain (loss) on foreign exchange is based on the amount of debt in foreign currencies recorded in each account and based on the amount of assets in foreign currencies as recorded in each category.

4.2 Interbank and money market items

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2009			December 31, 2008		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	4,787	53,090	57,877	5,638	64,387	70,025
Commercial banks	783	1,740	2,523	784	2,500	3,284
Other banks	5	-	5	2	-	2
Finance companies,						
securities companies and						
credit foncier companies	-	880	880	-	350	350
Other financial institutions	-	1,001	1,001	-	2,007	2,007
Total domestic items	5,575	56,711	62,286	6,424	69,244	75,668
<u>Add</u> Accrued interest receivables	-	7	7	2	44	46
<u>Less</u> Allowance for doubtful accounts	-	(38)	(38)	-	(52)	(52)
Total	5,575	56,680	62,255	6,426	69,236	75,662
Foreign items						
US Dollar	471	3,586	4,057	5,226	2,710	7,936
Yen	318	-	318	280	-	280
Euro	353	-	353	393	-	393
Other currencies	721	12	733	566	10	576
Total foreign items	1,863	3,598	5,461	6,465	2,720	9,185
<u>Add</u> Accrued interest receivables	2	2	4	2	5	7
Total	1,865	3,600	5,465	6,467	2,725	9,192
Total domestic and foreign items	7,440	60,280	67,720	12,893	71,961	84,854

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009			December 31, 2008		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	4,787	52,700	57,487	5,638	64,387	70,025
Commercial banks	62	1,600	1,662	57	2,500	2,557
Other bank	5	-	5			
Finance companies,						
securities companies and						
credit foncier companies	-	880	880	-	350	350
Other financial institutions	-	1,001	1,001	-	2,007	2,007
Total domestic items	4,854	56,181	61,035	5,695	69,244	74,939
<u>Add</u> Accrued interest receivables	-	7	7	-	44	44
<u>Less</u> Allowance for doubtful accounts	-	(38)	(38)	-	(52)	(52)
Total	4,854	56,150	61,004	5,695	69,236	74,931
Foreign items						
US Dollar	471	3,586	4,057	5,226	2,710	7,936
Yen	318	-	318	280	-	280
Euro	353	-	353	393	-	393
Other currencies	721	12	733	566	10	576
Total foreign items	1,863	3,598	5,461	6,465	2,720	9,185
<u>Add</u> Accrued interest receivables	2	2	4	2	5	7
Total	1,865	3,600	5,465	6,467	2,725	9,192
Total domestic and foreign items	6,719	59,750	66,469	12,162	71,961	84,123

4.3 Investments

4.3.1 Current investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2009				December 31, 2008			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities for Trading								
Government and state								
enterprise securities	1,446	2	(6)	1,442	3,482	23	(23)	3,482
Private sector's debt securities								
Private sector's debt securities	1	-	-	1	73	1	-	74
Foreign sector's debt securities	2,892	-	(2,726)	166	2,969	-	(2,762)	207
Domestic marketable equity								
securities	71	9	-	80	281	-	(191)	90
	4,410	11	(2,732)	1,689	6,805	24	(2,976)	3,853
Less Revaluation allowance	(2,721)			-	(2,952)			-
Less Allowance for impairment	(166)			(166)	(207)			(207)
Total	1,523			1,523	3,646			3,646
Securities Available-for-Sale								
Government and state								
enterprise securities	17,824	70	(2)	17,892	19,978	153	(2)	20,129
Private sector's debt securities	902	4	-	906	1,150	6	-	1,156
Foreign sector's debt securities	340	-	(1)	339	1,570	-	(18)	1,552
Others	80	-	(5)	75	-	-	-	-
	19,146	74	(8)	19,212	22,698	159	(20)	22,837
Add Revaluation allowance	66			-	139			-
Less Allowance for impairment	(347)			(347)	(279)			(279)
Total	18,865			18,865	22,558			22,558
Securities Held-to-Maturity								
Government and state								
enterprise securities	307			307	-			-
Private sector's debt securities	59			59	50			50
Total	366			366	50			50
Less Allowance for impairment	(50)			(50)	(50)			(50)
Total	316			316	-			-
Securities for General Investments								
Investment in accounts receivable	895			895	947			947
Total	895			895	947			947
Total Current Investments, net	21,599			21,599	27,151			27,151

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009				December 31, 2008			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities for Trading								
Government and state								
enterprise securities	1,446	2	(6)	1,442	3,482	23	(23)	3,482
Private sector's debt securities	1	-	-	1	73	1	-	74
Foreign sector's debt securities	2,892	-	(2,726)	166	2,969	-	(2,762)	207
Domestic marketable equity								
securities	71	9	-	80	281	-	(191)	90
	4,410	11	(2,732)	1,689	6,805	24	(2,976)	3,853
<u>Less</u> Revaluation allowance	(2,721)			-	(2,952)			-
<u>Less</u> Allowance for impairment	(166)			(166)	(207)			(207)
Total	1,523			1,523	3,646			3,646
Securities Available-for-Sale								
Government and state								
enterprise securities	17,824	70	(2)	17,892	19,978	153	(2)	20,129
Private sector's debt securities	555	4	-	559	871	6	-	877
Foreign sector's debt								
securities	340	-	(1)	339	1,570	-	(18)	1,552
	18,719	74	(3)	18,790	22,419	159	(20)	22,558
<u>Add</u> Revaluation allowance	71			-	139			-
Total	18,790			18,790	22,558			22,558
Securities Held-to-Maturity								
Private sector's debt securities	59			59	50			50
<u>Less</u> Allowance for impairment	(50)			(50)	(50)			(50)
Total	9			9	-			-
Securities for General Investments								
Investment in accounts receivable	895			895	947			947
Total	895			895	947			947
Total Current Investments, net	21,217			21,217	27,151			27,151

4.3.2 Long-term investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2009				December 31, 2008			
	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities Available-for-Sale								
Government and state								
enterprise securities	15,177	141	(90)	15,228	8,987	242	(2)	9,227
Private sector's debt securities	3,142	36	(10)	3,168	3,591	25	(7)	3,609
Foreign sector's debt securities	3,453	11	(301)	3,163	1,348	71	-	1,419
Domestic marketable equity								
securities	1,348	41	-	1,389	3,364	1	(565)	2,800
Others	-	-	-	-	170	-	(10)	160
	<u>23,120</u>	<u>229</u>	<u>(401)</u>	<u>22,948</u>	<u>17,460</u>	<u>339</u>	<u>(584)</u>	<u>17,215</u>
 <u>Add (less) Revaluation allowance</u>	 (172)			 -	 (245)			 -
<u>Less Allowance for impairment</u>	<u>(387)</u>			<u>(387)</u>	<u>(455)</u>			<u>(455)</u>
Total	<u>22,561</u>			<u>22,561</u>	<u>16,760</u>			<u>16,760</u>
 Securities Held-to-Maturity								
Government and state								
enterprise securities	6,278	49	-	6,327	5,750	58	-	5,808
Private sector's debt securities	-	-	-	-	16	-	-	16
Total	<u>6,278</u>	<u>49</u>	<u>-</u>	<u>6,327</u>	<u>5,766</u>	<u>58</u>	<u>-</u>	<u>5,824</u>
 Securities for General								
Investments								
Domestic non-marketable								
equity securities	4,423			4,095	4,579			4,114
Foreign non-marketable								
equity securities	27			21	28			19
Investment in accounts receivable	1,337			1,337	2,462			2,462
Total	<u>5,787</u>			<u>5,453</u>	<u>7,069</u>			<u>6,595</u>
<u>Less Allowance for impairment</u>	<u>(305)</u>			<u>(305)</u>	<u>(295)</u>			<u>-</u>
Total	<u>5,482</u>			<u>5,148</u>	<u>6,774</u>			<u>6,595</u>
Total Long-term Investments, net	<u>34,321</u>			<u>34,036</u>	<u>29,300</u>			<u>29,179</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009				December 31, 2008			
	Cost/Amortized	Unrealized	Unrealized	Fair	Cost/Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Securities Available-for-Sale								
Government and state								
enterprise securities	15,177	141	(90)	15,228	8,987	242	(2)	9,227
Private sector's debt securities	3,142	35	(10)	3,167	3,523	25	(7)	3,541
Foreign sector's debt securities	1,348	42	-	1,390	1,348	71	-	1,419
Domestic marketable equity securities	<u>3,347</u>	<u>12</u>	<u>(295)</u>	<u>3,064</u>	<u>3,258</u>	<u>1</u>	<u>(558)</u>	<u>2,701</u>
	<u>23,014</u>	<u>230</u>	<u>(395)</u>	<u>22,849</u>	<u>17,116</u>	<u>339</u>	<u>(567)</u>	<u>16,888</u>
<u>Add (less) Revaluation allowance</u>	<u>(165)</u>			<u>-</u>	<u>(228)</u>			<u>-</u>
<u>Less Allowance for impairment</u>	<u>(387)</u>			<u>(387)</u>	<u>(387)</u>			<u>(387)</u>
Total	<u>22,462</u>			<u>22,462</u>	<u>16,501</u>			<u>16,501</u>
Securities Held-to-Maturity								
Government and state								
enterprise securities	5,697	49	-	5,746	5,750	58	-	5,808
Private sector's debt securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
Total	<u>5,697</u>	<u>49</u>	<u>-</u>	<u>5,746</u>	<u>5,766</u>	<u>58</u>	<u>-</u>	<u>5,824</u>
Securities for General								
Investments								
Domestic non-marketable								
equity securities	4,282			3,954	4,563			4,098
Foreign non-marketable								
equity securities	27			21	28			19
Investment in accounts receivable	<u>1,337</u>			<u>1,337</u>	<u>2,462</u>			<u>2,462</u>
Total	<u>5,646</u>			<u>5,312</u>	<u>7,053</u>			<u>6,579</u>
<u>Less Allowance for impairment</u>	<u>(289)</u>			<u>(289)</u>	<u>(279)</u>			<u>-</u>
Total	<u>5,357</u>			<u>5,023</u>	<u>6,774</u>			<u>6,579</u>
Total Long-term Investments, net	<u>33,516</u>			<u>33,231</u>	<u>29,041</u>			<u>28,904</u>

As at June 30, 2009 and December 31, 2008, long-term investments classified as debt securities held-to-maturity (government and state enterprise securities) included the 10 year-term non-negotiable promissory notes availed by Financial Institutions Development Fund in the consolidated financial statements and separate financial statements of Baht 3,961 million and Baht 4,023 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for asset transfer to TAMC. During the six-month period ended June 30, 2009, TAMC redeemed promissory notes of the Bank of Baht 62 million, and during the year 2008, TAMC redeemed promissory notes of the Bank of Baht 354 million.

The Bank assessed the fair value of the CDO investments by using the prices calculated by arrangers. The Bank recorded unrealized losses on the mark-to-market and loss on impairment for CDO investment at 100% of these investments since December 31, 2008.

The Bank's Collateralized Debt Obligations (CDO) are Managed Synthetic IG Corporate CDO, in which the underlying assets are the reference entities' debt. They are diversified across more than 20 industries in the U.S., Europe and Emerging Markets. The total amount of the CDO investment is USD 85 million. Maturity dates are between December 30, 2012 and September 20, 2013. CDO tranche ratings, which are rated by Standard & Poor's as of June 30, 2009 and December 31, 2008, were "B", "CCC-" and "D", and "BB+", "B-" and "CCC-", respectively.

For the quarters and six-month periods ended June 30, 2009 and 2008, gain (loss) on investments in the statements of income consist of the following:

For the quarters ended June 30,

	Unit : Million Baht			
	"UNAUDITED"			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2009	2008	2009	2008
Gain (loss) on sale of securities				
- Securities for trading	(40)	(35)	(65)	(35)
- Securities available-for-sale	106	16	58	16
- Securities for general investments	(4)	142	3	142
Total	62	123	(4)	123
Loss on impairment of securities	-	(9)	-	(9)
Unrealized gain (loss) on securities for trading	3	(244)	3	(244)
Unrealized gain on hybrid instruments	93	-	93	-
Gain (loss) on investment	158	(130)	92	(130)

For the six-month periods ended June 30,

	Unit : Million Baht			
	"UNAUDITED"			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2009	2008	2009	2008
Gain (loss) on sale of securities				
- Securities for trading	(223)	(31)	(255)	(40)
- Securities available-for-sale	74	27	74	27
- Securities for general investments	157	321	164	321
Total	8	317	(17)	308
Loss on impairment of securities	-	(9)	-	(9)
Unrealized gain (loss) on securities for trading	186	(995)	184	(995)
Unrealized loss on hybrid instruments	(34)	-	(33)	-
Gain (loss) on investment	160	(687)	134	(696)

For the six-month periods ended June 30, 2009 and 2008, revaluation deficit on investments presented in shareholders' equity consists of the following:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2009	2008	2009	2008
Beginning balance	(143)	(3)	(127)	(1)
(Increase) decrease during the period/year	9	(314)	4	(310)
Ending balance	<u>(134)</u>	<u>(317)</u>	<u>(123)</u>	<u>(311)</u>

4.3.3 The remaining maturities of debt securities

	Unit : Million Baht							
	CONSOLIDATED FINANCIAL STATEMENTS							
	June 30, 2009				December 31, 2008			
	Due within				Due within			
	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total
Securities Available-for-Sale								
Government and state enterprise securities	17,824	14,646	530	33,000	19,978	8,987	-	28,965
Private sector's debt securities	902	3,057	85	4,044	1,150	3,516	75	4,741
Foreign sector's debt securities	340	1,348	-	1,688	1,570	1,348	-	2,918
Others	80	-	-	80	-	170	-	170
Total	19,146	19,051	615	38,812	22,698	14,021	75	36,794
<u>Add (less) Revaluation allowances</u>	66	124	(5)	185	139	321	(2)	458
<u>Less Allowances for impairment</u>	(347)	-	-	(347)	(279)	(68)	-	(347)
Total	<u>18,865</u>	<u>19,175</u>	<u>610</u>	<u>38,650</u>	<u>22,558</u>	<u>14,274</u>	<u>73</u>	<u>36,905</u>
Securities Held-to-Maturity								
Government and state enterprise securities	307	6,229	50	6,586	-	1,727	4,023	5,750
Private sector's debt securities	59	-	-	59	50	16	-	66
Total	366	6,229	50	6,645	50	1,743	4,023	5,816
<u>Less Allowances for impairment</u>	(50)	-	-	(50)	(50)	-	-	(50)
Total	<u>316</u>	<u>6,229</u>	<u>50</u>	<u>6,595</u>	<u>-</u>	<u>1,743</u>	<u>4,023</u>	<u>5,766</u>
Total Debt Securities	<u>19,181</u>	<u>25,404</u>	<u>660</u>	<u>45,245</u>	<u>22,558</u>	<u>16,017</u>	<u>4,096</u>	<u>42,671</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009				December 31, 2008			
	Due within				Due within			
	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total	1 Year	Greater than 1 Year-5 Years	Greater than 5 Years	Total
Securities Available-for-Sale								
Government and state enterprise securities	17,824	14,646	530	33,000	19,978	8,987	-	28,965
Private sector's debt securities	555	3,057	85	3,697	871	3,448	75	4,394
Foreign sector's debt securities	340	1,348	-	1,688	1,570	1,348	-	2,918
Total	18,719	19,051	615	38,385	22,419	13,783	75	36,277
Add (less) revaluation allowances	71	124	(5)	190	139	331	(2)	468
Total	18,790	19,175	610	38,575	22,558	14,114	73	36,745
Securities Held-to-Maturity								
Government and state enterprise securities	-	5,647	50	5,697	-	1,727	4,023	5,750
Private sector's debt securities	59	-	-	59	50	16	-	66
Total	59	5,647	50	5,756	50	1,743	4,023	5,816
Less Allowances for impairment	(50)	-	-	(50)	(50)	-	-	(50)
Total	9	5,647	50	5,706	-	1,743	4,023	5,766
Total Debt Securities	18,799	24,822	660	44,281	22,558	15,857	4,096	42,511

4.3.4 Investment in subsidiaries and associated companies

The Bank's investments in companies in which the Bank holds more than 20% of the paid-up capital, with the percentage of beneficial ownership and amount of investments, are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Company Name	Business Type	Securities	Ownership	Investment	June 30,	December 31,
					2009	2008
					Investment	Investment
		Investment Type	%	(Cost)	(Equity Method)	(Equity Method)
Associated company						
Krungsriyudhya Card Company Limited	Credit card	Common stock	49.99	550	888	777
Investments in associated company, net				550	888	777

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Company Name	Business Type	Securities	Ownership	June 30,	December 31,	
		Investment Type	%	2009 Investment (Cost)	2008 Investment (Cost)	
Subsidiaries						
Siam Realty and Services Company Limited	Car rent and personnel services	Common stock	99.99	100	100	
Ayudhya Development Leasing Company Limited	Leasing	Common stock	99.99	929	929	
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock Preferred stock Warrant	99.55	2,230 500 12	2,230 500 12	
K.S. Law Office Company Limited	Legal advisory services	Common stock		99.99	32	32
Ayudhya Fund Management Company Limited	Fund management	Common stock		99.99	267	267
Ayudhya Asset Management Company Limited	Assets management	Common stock	99.99	6,000	6,000	
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	637	637	
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock	99.99	3,000	3,000	
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	100	100	
Ayudhya Hire Purchase Company Limited	Hire-purchase of used cars	Common stock	99.99	500	500	
Ayudhya Capital Auto Lease Public Company Limited (Formerly GE Capital Auto Lease Public Company Limited)	Hire-purchase and auto leasing	Common stock	99.99	16,281	16,281	
AIG Retail Bank Public Company Limited	Hire-purchase	Common stock	99.76	1,558	-	
Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited)	Credit card and personal loan	Common stock	99.99	92	-	
Associated company						
Krungsriayudhya Card Company Limited	Credit card	Common stock	49.99	550	550	
Investments in subsidiaries and associated company				32,788	31,138	
Less Allowance for impairment				(2,998)	(2,998)	
Investments in subsidiaries and associated company, net				29,790	28,140	

Information about financial position and the results of operations are summarized from the financial statements of associated company which was adjusted to align with the Bank's accounting policy follows:

KRUNGSRIAYUDHYA CARD COMPANY LIMITED
CONDENSED BALANCE SHEETS

Unit : Million Baht

	As at June 30, 2009	As at December 31, 2008
ASSETS	<u>15,093</u>	<u>15,614</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities	13,314	14,055
Shareholders' equity	<u>1,779</u>	<u>1,559</u>
	<u>15,093</u>	<u>15,614</u>

KRUNGSRIAYUDHYA CARD COMPANY LIMITED
CONDENSED STATEMENTS OF INCOME
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30,

Unit : Million Baht

	For the quarters 2009	2008	For the six-month periods 2009	2008
REVENUES	614	641	1,332	1,400
EXPENSES	<u>595</u>	<u>607</u>	<u>1,113</u>	<u>1,199</u>
NET INCOME	<u>19</u>	<u>34</u>	<u>219</u>	<u>201</u>
BASIC EARNINGS PER SHARE (BAHT)	0.17	0.31	1.99	1.83

Information about financial position, the results of operations and cash flow which is summarized from the financial statements of Ayudhya Asset Management Company Limited is as follows:

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
CONDENSED BALANCE SHEETS

Unit : Million Baht

	As at June 30, 2009	As at December 31, 2008
ASSETS		
Cash and deposit at financial institution	27	338
Investments, net	1	-
Investments in receivables, net	7,467	8,002
Loans, and accrued interest receivable, net	1,155	1,358
Properties foreclosed, net	7,707	7,407
Equipment, net	6	3
Amounts due from parent company	343	576
Cash advance	271	220
Other assets	48	42
TOTAL ASSETS	<u>17,025</u>	<u>17,946</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings	14,800	15,918
Other liabilities	300	200
Shareholders' equity	<u>1,925</u>	<u>1,828</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>17,025</u>	<u>17,946</u>

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
CONDENSED STATEMENTS OF INCOME
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30,

Unit : Million Baht

	For the quarters		For the six-month periods	
	2009	2008	2009	2008
Interest and dividend income	87	98	164	199
Interest expenses	<u>43</u>	<u>94</u>	<u>90</u>	<u>187</u>
Net interest and dividend income	44	4	74	12
Bad debt and doubtful accounts	<u>8</u>	<u>21</u>	<u>78</u>	<u>26</u>
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	<u>36</u>	<u>(17)</u>	<u>(4)</u>	<u>(14)</u>
Non-interest income	99	141	214	275
Non-interest expenses	<u>59</u>	<u>55</u>	<u>113</u>	<u>110</u>
Net income	<u>76</u>	<u>69</u>	<u>97</u>	<u>151</u>

Basic earnings per share (Baht)	0.13	0.12	0.16	0.25
				.../30

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

	Unit : Million Baht	
	2009	2008
Cash flows from operating activities		
Income before income tax	97	151
Adjustments to reconcile net income to net cash provide by (used in) operating activities		
Bad debt and doubtful accounts	79	26
Gain on sales of properties foreclosed	(52)	(93)
Other income	(16)	(12)
Depreciation and amortization	1	1
Loss on sales property, premises and equipment	1	-
Loss on impairment of properties foreclosed	12	-
Interest expenses	90	187
Decrease in accrued non-interest payable	(154)	(131)
Increase in staff pension fund	-	1
Cash paid for Interest expense	(90)	(190)
Cash paid for Income tax	(4)	(6)
Loss from operations before changes in operating assets and liabilities	(36)	(66)
(Increase) decrease in operating assets		
General investments	5	1
Investments in receivables	(1,176)	(1,085)
Loans and receivables	110	126
Properties foreclosed	1,470	1,828
Amount due from parent company	481	229
Cash advance	(51)	(7)
Other assets	8	232
Increase (decrease) in operating liabilities		
Amount due to parent company	(8)	(8)
Retention for rent assets	1	-
Deposits for purchasing of properties foreclosed	8	5
Other liabilities	(2)	1
Net cash provided by operating activities	<u>810</u>	<u>1,256</u>
Cash flows from investing activities		
Cash paid for purchase of equipment	(3)	-
Net cash used in investing activities	<u>(3)</u>	<u>-</u>
Cash flows from financing activities		
Decrease in borrowings	(1,118)	(1,186)
Net cash used in financing activities	<u>(1,118)</u>	<u>(1,186)</u>
Net increase (decrease) in cash and cash equivalents	(311)	70
Cash and equivalents as at January 1,	<u>338</u>	<u>170</u>
Cash and cash equivalents as at June 30,	<u>27</u>	<u>240</u>

Investments in companies in which the Bank and subsidiaries hold more than 10% of the paid-up capital in each company, classified according to industry groups, are as follows:

	Unit : Million Baht	
	CONSOLIDATED AND SEPRATE	
	FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008
Manufacturing	21	29
Banking and finance	11	11
Total	32	40

In the consolidated financial statements and the separate financial statement as at June 30, 2009 and December 31, 2008, the Bank and its subsidiary had investments in available-for-sale securities and general investments of 2 companies subject to be delisted from SET, with costs of Baht 13 million and market price of Baht 0.

4.4 Securities used as collateral

Government and state enterprise securities with face values of Baht 123 million and Baht 176 million were used as collateral for other commitments with government departments and state enterprises as at June 30, 2009 and December 31, 2008, respectively.

4.5 Loans and accrued interest receivables

(1) Classified by products

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Overdrafts	44,742	46,767	41,682	43,400
Loan against contract	245,150	266,610	344,383	367,414
Trade bill	1,661	1,547	731	654
Hire-purchase receivable	131,274	120,891	-	-
Lease contract receivable	10,944	10,579	-	-
Factoring receivable	804	998	-	-
Others	142,901	129,536	136,749	129,045
Total	577,476	576,928	523,545	540,513
<u>Less</u> Unearned income	(22,281)	(20,852)	(80)	(70)
<u>Add</u> Deferred brokerage fee, net	965	1,001	-	-
Total	556,160	557,077	523,465	540,443
<u>Add</u> Accrued interest receivables	1,620	1,683	1,411	1,580
<u>Less</u> Allowance for doubtful accounts	(35,564)	(31,410)	(24,783)	(22,829)
Revaluation allowance for debt restructuring	(915)	(897)	(914)	(897)
Total	521,301	526,453	499,179	518,297

(2) Classified by remaining maturity

		Unit : Million Baht	
	CONSOLIDATED		SEPARATE
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS
	June 30, 2009	December 31, 2008	June 30, 2009 December 31, 2008
Not over 1 year*	273,231	228,366	209,606 203,164
Over 1 year	304,245	348,562	313,939 337,349
Total	577,476	576,928	523,545 540,513
<u>Less</u> Unearned income	(22,281)	(20,852)	(80) (70)
<u>Add</u> Deferred brokerage fee, net	965	1,001	- -
Total	556,160	557,077	523,465 540,443
<u>Add</u> Accrued interest receivables	1,620	1,683	1,411 1,580
Total	557,780	558,760	524,876 542,023

* Included those without agreements and past due agreements

(3) Classified by currency and residence of debtors

		Unit : Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS		
	June 30, 2009		December 31, 2008
	Domestic	Foreign	Total
Baht	569,280	888	570,168
US Dollar	6,170	280	6,450
Other currencies	392	466	858
Total	575,842	1,634	577,476
<u>Less</u> Unearned income			(22,281)
<u>Add</u> Deferred brokerage fee, net			965
Total			556,160
<u>Add</u> Accrued interest receivables			1,620
Total			557,780

		Unit : Million Baht	
	SEPARATE FINANCIAL STATEMENTS		
	June 30, 2009		December 31, 2008
	Domestic	Foreign	Total
Baht	515,545	879	516,424
US Dollar	5,983	280	6,263
Other currencies	392	466	858
Total	521,920	1,625	523,545
<u>Less</u> Unearned income			(80)
Total			523,465
<u>Add</u> Accrued interest receivables			1,411
Total			524,876

(4) Classified by business type and classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,399	239	213	257	1,644	7,752
Manufacturing and trading	144,864	5,448	2,323	4,235	20,838	177,708
Real estate and construction	38,776	1,740	904	1,134	6,918	49,472
Public utilities and services	84,874	4,280	701	1,153	4,572	95,580
Housing loans	59,975	1,239	781	1,065	3,679	66,739
Others	161,662	12,302	2,288	1,670	2,303	180,225
Total	495,550	25,248	7,210	9,514	39,954	577,476
<u>Less</u> Unearned income						(22,281)
<u>Add</u> Deferred brokerage fee, net						965
Total						556,160
<u>Add</u> Accrued interest receivables						1,620
Total						557,780

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	6,193	343	310	213	1,618	8,677
Manufacturing and trading	162,499	5,334	4,309	4,515	19,143	195,800
Real estate and construction	38,561	2,131	1,068	2,223	6,359	50,342
Public utilities and services	81,313	5,442	1,085	1,154	4,201	93,195
Housing loans	58,241	1,494	896	907	3,179	64,717
Others	148,997	10,720	1,869	1,270	1,341	164,197
Total	495,804	25,464	9,537	10,282	35,841	576,928
<u>Less</u> Unearned income						(20,852)
<u>Add</u> Deferred brokerage fee, net						1,001
Total						557,077
<u>Add</u> Accrued interest receivables						1,683
Total						558,760

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,313	235	208	246	911	6,913
Manufacturing and trading	142,480	5,319	2,177	4,181	14,401	168,558
Real estate and construction	37,332	1,663	809	1,086	4,141	45,031
Public utilities and services	84,611	4,266	680	1,153	3,048	93,758
Housing loans	59,965	1,184	743	1,040	1,672	64,604
Others	141,952	1,142	364	350	873	144,681
Total	471,653	13,809	4,981	8,056	25,046	523,545
<u>Less</u> Unearned income						(80)
Total						523,465
<u>Add</u> Accrued interest receivables						1,411
Total						524,876

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	6,189	253	296	213	853	7,804
Manufacturing and trading	159,909	5,222	3,992	4,420	12,563	186,106
Real estate and construction	37,604	1,901	964	2,205	3,686	46,360
Public utilities and services	80,894	5,430	1,082	1,134	2,739	91,279
Housing loans	58,180	1,437	859	886	1,093	62,455
Others	144,096	1,172	275	222	744	146,509
Total	486,872	15,415	7,468	9,080	21,678	540,513
<u>Less</u> Unearned income						(70)
Total						540,443
<u>Add</u> Accrued interest receivables						1,580
Total						542,023

(5) Classified by type of classification

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2009				
	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up***	Minimum Allowance per BOT Guideline
Normal - Securities Business receivable	152	152	-	-
Normal	476,123	229,250	1	2,862
Special mention	24,071	10,697	2	1,171
Substandard	6,932	2,861	100	2,372
Doubtful	9,382	4,132	100	3,722
Doubtful of loss	40,155	14,996	100	14,996
Total	556,815	262,088		25,123**
Add Deferred brokerage fee, net	965			
Total	557,780			
Surplus Reserve				10,441*
				<u>35,564</u>

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2008				
	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal - Securities Business receivable	131	131	-	-
Normal	478,459	213,455	1	2,732
Special mention	23,479	13,414	2	517
Substandard	9,256	3,671	100	3,594
Doubtful	10,207	5,219	100	5,238
Doubtful of loss	36,227	13,038	100	13,352
Total	557,759	248,928		25,433**
Add Deferred brokerage fee, net	1,001			
Total	558,760			
Surplus Reserve				5,977*
				<u>31,410</u>

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2009 and December 31, 2008, at the rate of 1% of Baht 108,622 million and Baht 109,924 million equal to Baht 1,086 million and Baht 1,099 million, respectively which are eliminated from loans classified as normal in consolidated financial statements.)

(**Excluding revaluation allowance for debt restructuring as at June 30, 2009 and December 31, 2008, of Baht 915 million and Baht 897 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2009 and December 31, 2008, of Baht 38 million and Baht 52 million, respectively but including allowance for doubtful accounts on a collective approach for hire-purchase loan as at June 30, 2009 of Baht 2,681 million.)

(*** % set up is the minimum rate required by the Bank of Thailand for normal loans prior to reflecting the collective approach valuation.)

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS AND AYUDHYA

ASSET MANAGEMENT COMPANY LIMITED

June 30, 2009

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	457,423	216,637	1	3,463
Special mention	14,352	1,578	2	419
Substandard	5,149	1,198	100	1,198
Doubtful	8,233	3,031	100	3,031
Doubtful of loss	38,571	13,817	100	13,817
Total	<u>523,728</u>	<u>236,261</u>		<u>21,928</u>
Surplus Reserve				<u>7,887*</u>
				<u>29,815</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS AND AYUDHYA

ASSET MANAGEMENT COMPANY LIMITED

December 31, 2008

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	471,736	227,118	1	2,868
Special mention	15,999	5,817	2	365
Substandard	7,722	2,500	100	2,423
Doubtful	9,224	4,323	100	4,383
Doubtful of loss	35,860	12,812	100	13,084
Total	<u>540,541</u>	<u>252,570</u>		<u>23,123</u>
Surplus Reserve				<u>4,783*</u>
				<u>27,906</u>

(* Including allowance for doubtful accounts of loans granted to Ayudhya Asset Management Company Limited as at June 30, 2009 and December 31, 2008, at the rate of 1% of Baht 14,800 million and Baht 15,918 million equal to Baht 148 million and Baht 159 million, respectively which are eliminated from loans classified as normal in consolidated financial statements.)

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	472,202	231,434	1	3,610
Special mention	14,270	1,572	2	419
Substandard	4,996	1,169	100	1,169
Doubtful	8,112	2,999	100	2,999
Doubtful of loss	25,296	10,485	100	10,485
Total	524,876	247,659		18,682**
Surplus Reserve				6,101*
				24,783

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	487,551	243,021	1	3,027
Special mention	15,884	5,811	2	365
Substandard	7,497	2,446	100	2,370
Doubtful	9,140	4,301	100	4,361
Doubtful of loss	21,951	9,385	100	9,657
Total	542,023	264,964		19,780**
Surplus Reserve				3,049*
				22,829

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2009 and December 31, 2008, at the rate of 1% of Baht 108,622 million and Baht 109,924 million, equal to Baht 1,086 million and Baht 1,099 million, respectively.)

(** Excluding revaluation allowance for debt restructuring as at June 30, 2009 and December 31, 2008, of Baht 914 million and Baht 897 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2009 and December 31, 2008, of Baht 38 million and Baht 52 million, respectively.)

As at June 30, 2009 and December 31, 2008, unearned income is as follows:

Unit : Million Baht

CONSOLIDATED
FINANCIAL STATEMENTS
June 30, 2009 December 31, 2008

SEPARATE
FINANCIAL STATEMENTS
June 30, 2009 December 31, 2008

Unearned income	22,281	20,852	80	70
Deferred brokerage fee, net	965	1,001	-	-

For the six-month period ended June 30 2009, the Bank entered into an agreement to sell non-performing loan (NPLs) with book value of Baht 220 million and net book value of Baht 72 million to a subsidiary for Baht 72 million. The amount has been received.

For the year ended December 31, 2008, the Bank entered into an agreement to sell non-performing loan (NPLs) with book value of Baht 8,977 million and net book value of Baht 3,488 million to a third party for Baht 3,488 million. The amount has been received. Moreover, the Bank entered into an agreement to sell non-performing loans (NPLs) with book value of Baht 6,035 million and net book value of Baht 2,122 million to a related company for Baht 2,122 million. The amount has been received.

In addition, the Bank entered into an agreement to sell non-performing loans (NPLs) with book value of Baht 189 million and net book value of Baht 41 million to a subsidiary for Baht 41 million. The amount has been received.

Non-performing loans (NPLs) represent loans classified as substandard, doubtful, doubtful of loss and loss in accordance to BOT's Notification Re: Rule of debt Classification and Provision for Losses of Commercial Bank.

As at June 30, 2009 and December 31, 2008, the Bank and Ayudhya Asset Management Company Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

	Unit : Million Baht		
	June 30, 2009		
	Bank only	AMC	The Bank and AMC
Non-performing loans	38,084	13,375	51,459
Percentage of total loans	6.56	99.23	8.67
Non-performing loans, net	23,430	9,982	33,412
Percentage of total loans, net	4.14	98.97	5.80

	Unit : Million Baht		
	December 31, 2008		
	Bank only	AMC	The Bank and AMC
Non-performing loans	38,226	14,040	52,266
Percentage of total loans	6.26	98.46	8.37
Non-performing loans, net	21,838	10,537	32,375
Percentage of total loans, net	3.68	97.96	5.36

As at June 30, 2009 and December 31, 2008, the Bank and its subsidiaries' non-performing loans are Baht 55,927 million and Baht 55,137 million, respectively.

In determining an allowance for doubtful accounts, a major factor which the Bank takes into consideration is the value of collateral. Collateral supporting either certain significant loans or a portion of classified loans were reappraised by either internal appraisers of the Bank and/or independent appraisers approved by the BOT. According to the BOT's guideline dated August 3, 2008, banks are required to calculate present value of cash flows expected from the sale of collateral to be deducted from the debtor's balance before determining the allowance of immovable assets, leasehold rights of machines, and vehicles. For collateral against substandard assets, doubtful assets, and doubtful of loss assets, its value has to be reappraised every 3 years in order to be deducted from the debtor's balance before determining the allowance.

(6) Troubled debt restructuring

Consolidated financial statements

For the quarter and six-month period ended June 30, 2009, the Bank and its subsidiaries had restructured the following debts:

	CONSOLIDATED FINANCIAL STATEMENTS	
	Number	Amount of Debt before Restructuring (Million Baht)
Total debt restructured during the quarter ended June 30, 2009	602	7,324
Total debt restructured during the six-month period ended June 30, 2009	1,022	8,865
Total debtors as at June 30, 2009	1,265,256	557,780

Details of restructured debts of the Bank and its subsidiaries for the quarter ended June 30, 2009 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS “UNAUDITED”				
Form of Restructuring	Number	Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	1	-		
Modification of terms	272	707	Land, building and condominium	10
Reduction of principal and interest	225	2,648		
Various forms of restructuring (including modification of terms)	104	3,969	Land and building	13
Total	<u>602</u>	<u>7,324</u>		<u>23</u>

Details of restructured debts of the Bank and its subsidiaries for the six-month period ended June 30, 2009 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
Form of Restructuring	Number	Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	2	2	Land and building	2
Modification of terms	481	1,544	Land and building	10
Reduction of principal and interest	391	3,111		
Various forms of restructuring (including modification of terms)	148	4,208	Land and building	13
Total	1,022	8,865		25

For the six-month period ended June 30, 2009, the Bank and its subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
Method	Average Aging (Year)	Number	Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	7.08	20	229	221
Fair value of collateral	3.85	461	1,315	1,083

As at June 30, 2009, the Bank and its subsidiaries had debts outstanding of Baht 6,255 million which had been restructured by modification of repayment terms.

As at June 30, 2009, the Bank and its subsidiaries had restructured debt of Baht 48,432 million, including debts restructured for the quarter and six-month period ended June 30, 2009 of Baht 5,332 million and Baht 6,795 million, respectively. For the quarter and six-month period ended June 30, 2009, the Bank and its subsidiaries recognized interest received from debt restructured of Baht 521 million and Baht 806 million, respectively. The loss on debt restructured of Baht 1,041 million and Baht 1,084 million had been recognized in the statements of income.

As at June 30, 2009, the balance of such debt restructured included NPLs of Baht 20,353 million.

For the year ended December 31, 2008, the Bank and its subsidiaries had restructured the following debts:

		CONSOLIDATED FINANCIAL STATEMENTS	
	Number	Amount of Debt before Restructuring (Million Baht)	
Total debt restructured during the year ended December 31, 2008	1,940	20,413	
Total debtors as at December 31, 2008	846,852	558,760	

Details of restructured debts of the Bank and its subsidiaries for the year ended December 31, 2008, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
Form of Restructuring	Number	Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	5	177	Land, building and condominium	204
Conversion to equity	1	5		
Modification of terms	841	2,238		
Reduction of principal and interest	856	9,758		
Various forms of restructuring (including modification of terms)	237	8,235	Land and building	136
Total	<u>1,940</u>	<u>20,413</u>		<u>340</u>

For the year ended December 31, 2008, the Bank and subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
Method	Average Aging (Year)	Number	Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	0.57	398	746	98
Fair value of collateral	6.42	443	1,492	1,280

As at December 31, 2008, the Bank and its subsidiaries had debts outstanding of Baht 6,251 million which had been restructured by modification of repayment terms.

As at December 31, 2008, the Bank and its subsidiaries had restructured debt of Baht 54,514 million, including debts restructured during the year of Baht 10,366 million. For the year ended December 31, 2008, the Bank and its subsidiaries recognized interest received from debt restructured of Baht 2,018 million. The loss on debt restructured of Baht 638 million had been recognized in the statements of income.

As at December 31, 2008, the balance of such debt restructured included NPLs of Baht 21,112 million.

Separate financial statements

For the quarter and six-month period ended June 30, 2009, the Bank has restructured the following debts:

	SEPARATE FINANCIAL STATEMENTS Number	Amount of Debt Before Restructuring (Million Baht)
Total debt restructured during the quarter ended June 30, 2009	529	7,233
Total debt restructured during the six-month period ended June 30, 2009	883	8,703
Total debtors as at June 30, 2009	191,345	524,876

Details of restructured debts of the Bank for the quarter ended June 30, 2009, are as follows:

Form of Restructuring	Number	SEPARATE FINANCIAL STATEMENTS Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	1	-		
Modification of terms	199	616		
Reduction of principal and interest	225	2,648		
Various forms of restructuring (including modification of terms)	104	3,969	Land and building	13
Total	<u>529</u>	<u>7,233</u>		<u>13</u>

Details of restructured debts of the Bank for the six-month period ended June 30, 2009, are as follows:

Form of Restructuring	Number	SEPARATE FINANCIAL STATEMENTS		
		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	2	2	Land, building	2
Modification of terms	342	1,382		
Reduction of principal and interest	391	3,111		
Various forms of restructuring (including modification of terms)	148	4,208	Land and building	13
Total	883	8,703		15

For the six-month period ended June 30, 2009, the Bank calculated the net realizable value for the troubled debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Method	Average Aging (Year)	Number	SEPARATE FINANCIAL STATEMENTS	
			Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	7.43	19	219	210
Fair value of collateral	5.41	323	1,163	1,083

As at June 30, 2009, the Bank had debts outstanding of Baht 6,245 million which had been restructured by modification of repayment terms.

As at June 30, 2009, the Bank had restructured debt of Baht 46,604 million, including debts restructured during the quarter and six-month period ended June 30, 2009 of Baht 5,241 million and Baht 6,633 million, respectively. For the quarter and six-month period ended June 30, 2009, the Bank recognized interest received from debt restructured of Baht 512 million and Baht 788 million, respectively. The loss on debt restructured of Baht 1,041 million and Baht 1,084 million, respectively had been recognized in the statements of income.

As at June 30, 2009, the balance of such debt restructured included NPLs of Baht 18,495 million.

For the year ended December 31, 2008, the Bank had restructured the following debts:

	SEPARATE FINANCIAL STATEMENTS Number	Amount of Debt before Restructuring (Million Baht)
Total debt restructured during the year ended December 31, 2008	1,567	19,665
Total debtors as at December 31, 2008	191,966	542,023

Details of restructured debts of the Bank for the year ended December 31, 2008, are as follows:

Form of Restructuring	Number	SEPARATE FINANCIAL STATEMENTS Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	2	44	Land, building and condominium	38
Conversion to equity	1	5		
Modification of terms	471	1,623		
Reduction of principal and interest	856	9,758		
Various forms of restructuring (including modification of terms)	237	8,235	Land and building	136
Total	<u>1,567</u>	<u>19,665</u>		<u>174</u>

For the year ended December 31, 2008, the Bank calculated the net realizable value for the troubled debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Method	Average Aging (Year)	SEPARATE FINANCIAL STATEMENTS Number	Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	5.80	28	131	97
Fair value of collateral	6.42	443	1,492	1,280

As at December 31, 2008, the Bank had debts outstanding of Baht 6,250 million which had been restructured by modification of repayment terms.

As at December 31, 2008, the Bank had the balance of the restructured debts of Baht 52,667 million, including restructured debts during the year of Baht 10,365 million. For the year ended December 31, 2008, the Bank recognized interest received from restructured debt of Baht 1,957 million, and loss on debt restructured of Baht 638 million had been recognized in the statements of income.

As at December 31, 2008, the balance of such debt restructured included NPLs of Baht 19,457 million.

4.6 Allowance for doubtful accounts

Unit : Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2009							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	2,732	517	3,594	5,238	13,351	5,977	31,409
Beginning balance of subsidiaries							
as of investment date	177	41	508	204	847	135	1,912
Doubtful accounts	(47)	613	(1,730)	(1,718)	1,588	4,329	3,035*
Bad debts written off	-	-	-	-	(787)	-	(787)
Bad debts reversal	-	-	-	-	(148)	-	(148)
Bad debts written off from							
sales of NPLs	-	-	-	-	142	-	142
Other	-	-	-	(2)	3	-	1
Ending balance	<u>2,862</u>	<u>1,171</u>	<u>2,372</u>	<u>3,722</u>	<u>14,996</u>	<u>10,441</u>	<u>35,564</u>

Unit : Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2008							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	1,301	292	4,578	4,940	17,488	5,381	33,980
Beginning balance of subsidiaries							
as of investment date	603	268	1,198	774	36	79	2,958
Doubtful accounts	863	(29)	(2,119)	(160)	6,338	516	5,409*
Bad debts written off	-	-	-	-	(1,540)	-	(1,540)
Bad debts reversal	-	-	-	-	153	-	153
Bad debts written off from							
sales of NPLs	(35)	(14)	(63)	(316)	(9,123)	-	(9,551)
Other	-	-	-	-	-	1	1
Ending balance	<u>2,732</u>	<u>517</u>	<u>3,594</u>	<u>5,238</u>	<u>13,352</u>	<u>5,977</u>	<u>31,410</u>

(* Including adjustment of the fair value of loans and receivable of Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited) at acquisition date.)

As at June 30, 2009, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applied a collective approach basis in the amount of Baht 2,681 million.

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	3,027	365	2,370	4,361	9,657	3,049	22,829
Doubtful accounts	583	54	(1,201)	(1,362)	833	3,053	1,960
Bad debts written off	-	-	-	-	(1)	-	(1)
Bad debts reversal	-	-	-	-	(148)	-	(148)
Bad debts written off from sales of NPLs	-	-	-	-	144	-	144
Other	-	-	-	-	-	(1)	(1)
Ending balance	3,610	419	1,169	2,999	10,485	6,101	24,783

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	1,618	271	4,401	4,773	13,337	3,871	28,271
Doubtful accounts	1,443	108	(1,968)	(96)	5,386	(823)	4,050
Bad debts written off	-	-	-	-	(96)	-	(96)
Bad debts reversal	-	-	-	-	153	-	153
Bad debts written off from sales of NPLs	(34)	(14)	(63)	(316)	(9,123)	-	(9,550)
Other	-	-	-	-	-	1	1
Ending balance	3,027	365	2,370	4,361	9,657	3,049	22,829

As at June 30, 2009 and December 31, 2008, the Bank estimated the minimum total allowance* under BOT Guidelines of Baht 26,076 million and Baht 26,380 million, respectively for the consolidated financial statements and Baht 19,634 million and Baht 20,736 million, respectively for the separate financial statements.

The Bank and its subsidiaries recorded allowance for doubtful accounts in financial statements as follows:

Unit : Million Baht

June 30, 2009 December 31, 2008

Consolidated financial statements	36,517	32,359
The Bank and Ayudhya Asset Management Company Limited	30,767	28,855
The Separate financial statements	25,735	23,777

(* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans and accrued interest receivable, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.)

As at June 30, 2009 and December 31, 2008, the Bank and its subsidiaries had loans and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the Quality of Assets and Transactions with Related Parties and an allowance for doubtful accounts for such loans are as follows:

Unit : Million Baht			
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
June 30, 2009			
Number	Outstanding balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	323	1,314
Total	3	323	1,314

Unit : Million Baht			
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
December 31, 2008			
Number	Outstanding balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	4	307	1,510
Total	4	307	1,510

4.7 Revaluation allowance for debt restructuring

Unit : Million Baht		
CONSOLIDATED FINANCIAL STATEMENTS		
	June 30, 2009	December 31, 2008
Beginning Balance	897	1,239
Increase during the period/year	1,084	638
Amount written off	(1,066)	(980)
Ending Balance	915	897

Unit : Million Baht		
SEPARATE FINANCIAL STATEMENTS		
	June 30, 2009	December 31, 2008
Beginning Balance	897	1,238
Increase during the period/year	1,083	638
Amount written off	(1,066)	(979)
Ending Balance	914	897

4.8 Properties Foreclosed, net

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
Type of Properties Foreclosed	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Acquisition	Disposition	Balance as at June 30, 2009
1. Assets acquired from debt repayment					
1.1 Immovable	22,787	56	1,311	(1,857)	22,297
1.2 Movable	571	22	2,784	(2,904)	473
Total	23,358	78	4,095	(4,761)	22,770
2. Others	162	-	-	(51)	111
Total properties foreclosed	23,520	78	4,095	(4,812)	22,881
Less Provision for impairment	(2,149)	(7)	(1,037)	1,023	(2,170)
Total properties foreclosed	21,371	71	3,058	(3,789)	20,711

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
Type of Properties Foreclosed	Balance as at January 1, 2008	Balance of Subsidiary as at Purchase Date	Acquisition	Disposition	Balance as at December 31, 2008
1. Assets acquired from debt repayment					
1.1 Immovable	24,929	-	2,672	(4,814)	22,787
1.2 Movable	51	331	4,771	(4,582)	571
Total	24,980	331	7,443	(9,396)	23,358
2. Others	83	-	81	(2)	162
Total properties foreclosed	25,063	331	7,524	(9,398)	23,520
Less Provision for impairment	(1,540)	(127)	(3,494)	3,012	(2,149)
Total properties foreclosed	23,523	204	4,030	(6,386)	21,371

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2009	Acquisition	Disposition	Balance as at June 30, 2009
1. Assets acquired from debt repayment				
1.1 Immovable	14,498	336	(997)	13,837
1.2 Movable	13	-	-	13
Total	14,511	336	(997)	13,850
2. Others	154	-	(50)	104
Total properties foreclosed	14,665	336	(1,047)	13,954
Less Provision for impairment	(1,518)	(169)	93	(1,594)
Total properties foreclosed	13,147	167	(954)	12,360

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2008	Acquisition	Disposition	Balance as at December 31, 2008
1. Assets acquired from debt repayment				
1.1 Immovable	16,315	1,212	(3,029)	14,498
1.2 Movable	13	-	-	13
Total	16,328	1,212	(3,029)	14,511
2. Others	84	72	(2)	154
Total properties foreclosed	16,412	1,284	(3,031)	14,665
Less Provision for impairment	(1,175)	(451)	108	(1,518)
Total properties foreclosed	15,237	833	(2,923)	13,147

For the six-month period ended June 30, 2009 and for the year ended December 31, 2008, the Bank entered into an agreement to sell the sub-quality assets and the right obligations to Ayudhya Asset Management Company Limited, a subsidiary, by selling immovable properties foreclosed having the book value of Baht 365 million and Baht 33 million, respectively. The Bank had partial collected in amount of Baht 281 million for period 2009 and already collected such amount in full for year 2008.

4.9 Property, premises and equipment, net

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at June 30, 2009
Land						
Cost	3,620	1	-	(2)	142	3,761
Appraisal increase	2,905	-	-	-	-	2,905
Appraisal decrease	(212)	-	-	-	1	(211)
Premises						
Cost	5,603	4	27	-	101	5,735
Appraisal increase	4,699	-	-	-	(1)	4,698
Appraisal decrease	(73)	-	-	-	-	(73)
Equipment	9,919	304	379	(526)	(9)	10,067
Leasehold improvement	871	80	13	(14)	(16)	934
Total	27,332	389	419	(542)	218	27,816
<u>Less</u> Accumulated depreciation						
Premises						
- Cost	(2,292)	(3)	(96)	-	(3)	(2,394)
- Appraisal increase	(2,149)	-	-	-	(83)	(2,232)
Equipment	(7,122)	(258)	(576)	481	22	(7,453)
Leasehold improvement	(551)	(67)	(56)	-	16	(658)
Total	(12,114)	(328)	(728)	481	(48)	(12,737)
Construction in progress	867	-	210	(6)	(398)	673
Property, premises and equipment, net	16,085					15,752

Unit : Million Baht

	June 30, 2009	June 30, 2008
Depreciation for the six-month periods	728	739

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2008	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2008
Land						
Cost	3,665	-	-	(40)	(5)	3,620
Appraisal increase	2,905	-	-	-	-	2,905
Appraisal decrease	(225)	-	-	-	13	(212)
Premises						
Cost	5,488	-	48	(36)	103	5,603
Appraisal increase	4,714	-	-	(2)	(13)	4,699
Appraisal decrease	(86)	-	-	-	13	(73)
Equipment	9,304	142	816	(395)	52	9,919
Leasehold improvement	522	194	88	(2)	69	871
Total	26,287	336	952	(475)	232	27,332
<u>Less</u> Accumulated depreciation						
Premises						
- Cost	(2,123)	-	(184)	9	6	(2,292)
- Appraisal increase	(1,982)	-	-	-	(167)	(2,149)
Equipment	(6,251)	(117)	(1,151)	370	27	(7,122)
Leasehold improvement	(224)	(166)	(164)	-	3	(551)
Total	(10,580)	(283)	(1,499)	379	(131)	(12,114)
Construction in progress	186	-	975	-	(294)	867
Property, premises and equipment, net	15,893					16,085

Unit : Million Baht		
	2008	2007
Depreciation for the years	1,499	1,426

As at June 30, 2009 and December 31, 2008, the Bank and its subsidiaries had premises and equipment, fully depreciated but still in use, at the original cost amounting to Baht 4,553 million and Baht 4,424 million, respectively.

For the year ended December 31, 2008, the Bank purchased the properties which used to be the Bank's branches from Ayudhya Asset Management Company Limited, a subsidiary, in the amount of Baht 226 million for use as branch office and asset center.

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2009	Increase	Decrease	Others	Balance as at June 30, 2009
Land					
Cost	3,732	-	(1)	18	3,749
Appraisal increase	2,905	-	-	-	2,905
Appraisal decrease	(212)	-	-	1	(211)
Premises					
Cost	5,664	28	-	15	5,707
Appraisal increase	4,699	-	-	(1)	4,698
Appraisal decrease	(73)	-	-	-	(73)
Equipment	8,009	295	(172)	(14)	8,118
Leasehold improvement	569	9	-	(17)	561
Total	<u>25,293</u>	<u>332</u>	<u>(173)</u>	<u>2</u>	<u>25,454</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,274)	(96)	-	(4)	(2,374)
- Appraisal increase	(2,149)	-	-	(83)	(2,232)
Equipment	(5,869)	(423)	164	27	(6,101)
Leasehold improvement	<u>(347)</u>	<u>(47)</u>	<u>-</u>	<u>17</u>	<u>(377)</u>
Total	<u>(10,639)</u>	<u>(566)</u>	<u>164</u>	<u>(43)</u>	<u>(11,084)</u>
Construction in progress	<u>881</u>	<u>210</u>	<u>(6)</u>	<u>(412)</u>	<u>673</u>
Property, premises and equipment, net	<u>15,535</u>				<u>15,043</u>

Unit : Million Baht

June 30, 2009 June 30, 2008

Depreciation for the six-month periods	<u>566</u>	<u>558</u>
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Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2008	Increase	Decrease	Others	Balance as at December 31, 2008
Land					
Cost	3,654	123	-	(45)	3,732
Appraisal increase	2,905	-	-	-	2,905
Appraisal decrease	(225)	-	-	13	(212)
Premises					
Cost	5,463	134	(36)	103	5,664
Appraisal increase	4,714	-	(2)	(13)	4,699
Appraisal decrease	(86)	-	-	13	(73)
Equipment	7,530	592	(214)	101	8,009
Leasehold improvement	489	26	(2)	56	569
Total	<u>24,444</u>	<u>875</u>	<u>(254)</u>	<u>228</u>	<u>25,293</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,107)	(182)	9	6	(2,274)
- Appraisal increase	(1,982)	-	-	(167)	(2,149)
Equipment	(5,276)	(805)	212	-	(5,869)
Leasehold improvement	(212)	(137)	2	-	(347)
Total	<u>(9,577)</u>	<u>(1,124)</u>	<u>223</u>	<u>(161)</u>	<u>(10,639)</u>
Construction in progress	<u>187</u>	<u>988</u>	<u>-</u>	<u>(294)</u>	<u>881</u>
Property, premises and equipment, net	<u>15,054</u>				<u>15,535</u>

Unit : Million Baht		
	2008	2007
Depreciation for the years	<u>1,124</u>	<u>1,098</u>

As at June 30, 2009 and December 31, 2008, the Bank had premises and equipment, fully depreciated but still in use, at the original cost amounting to Baht 3,930 million and Baht 3,969 million, respectively.

For the year ended December 31, 2008, the Bank purchased the properties which used to be the Bank's branches from Ayudhya Asset Management Company Limited, a subsidiary, in the amount of Baht 226 million for use as branch office and asset center.

4.10 Intangible assets, net

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at June 30, 2009
Cost						
Goodwill	8,397	-	-	-	-	8,397
Software	2,478	125	117	(1)	(60)	2,659
Other intangible assets	1,363	-	-	-	79	1,442
Total	<u>12,238</u>	<u>125</u>	<u>117</u>	<u>(1)</u>	<u>19</u>	<u>12,498</u>
Accumulated amortization						
Software	(1,202)	(99)	(101)	-	-	(1,402)
Other intangible assets	(6)	-	(2)	-	2	(6)
Total	<u>(1,208)</u>	<u>(99)</u>	<u>(103)</u>	<u>-</u>	<u>2</u>	<u>(1,408)</u>
Intangible assets, net	<u>11,030</u>					<u>11,090</u>

Unit : Million Baht

	June 30, 2009	June 30, 2008
Amortization for the six-month periods	<u>103</u>	<u>86</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2008	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2008
Cost						
Goodwill	-	-	8,397	-	-	8,397
Software	2,012	43	488	(68)	3	2,478
Other intangible assets	1,363	-	5	(5)	-	1,363
Total	<u>3,375</u>	<u>43</u>	<u>8,890</u>	<u>(73)</u>	<u>3</u>	<u>12,238</u>
Accumulated amortization						
Software	(1,050)	(36)	(178)	62	-	(1,202)
Other intangible assets	(6)	-	-	-	-	(6)
Total	<u>(1,056)</u>	<u>(36)</u>	<u>(178)</u>	<u>62</u>	<u>-</u>	<u>(1,208)</u>
Intangible assets, net	<u>2,319</u>					<u>11,030</u>

Unit : Million Baht

	2008	2007
Amortization for the years	<u>178</u>	<u>173</u>

As at June 30, 2009 and December 31, 2008, Bank and its subsidiaries had intangible assets, fully amortized but still in use, at the original cost amounting to Baht 442 million and Baht 402 million, respectively.

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2009	Increase	Decrease	Others	Balance as at June 30, 2009
Cost					
Software	2,212	115	-	(46)	2,281
Other intangible assets	7	-	-	-	7
Total	2,219	115	-	(46)	2,288
Accumulated amortization					
Software	(1,064)	(78)	-	-	(1,142)
Other intangible assets	(5)	-	-	-	(5)
Total	(1,069)	(78)	-	-	(1,147)
Intangible assets, net	1,150				1,141
Unit : Million Baht					
				June 30, 2009	June 30, 2008
Amortization for the six-month periods				78	67

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2008	Increase	Decrease	Others	Balance as at December 31, 2008
Cost					
Software	1,871	396	(58)	3	2,212
Other intangible assets	7	-	-	-	7
Total	1,878	396	(58)	3	2,219
Accumulated amortization					
Software	(983)	(139)	58	-	(1,064)
Other intangible assets	(5)	-	-	-	(5)
Total	(988)	(139)	58	-	(1,069)
Intangible assets, net	890				1,150
Unit : Million Baht					
				2008	2007
Amortization for the years				139	152

As at June 30, 2009 and December 31, 2008, the Bank had intangible assets, fully amortized but still in use, at the original cost amounting to Baht 367 million and Baht 363 million, respectively.

4.11 Deposits

(1) Classified by product

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Current deposit	14,136	17,772	14,238	18,173
Savings deposit	186,257	161,401	189,902	164,393
Time deposit				
- Less than 6 months	151,895	101,748	155,164	101,748
- 6 months and less than 1 year	42,479	163,080	31,993	163,080
- over 1 year	<u>105,796</u>	<u>93,353</u>	<u>103,160</u>	<u>93,353</u>
Total	<u>500,563</u>	<u>537,354</u>	<u>494,457</u>	<u>540,747</u>

(2) Classified by remaining maturity

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Not over 1 year*	465,052	508,687	460,198	512,080
Over 1 year	<u>35,511</u>	<u>28,667</u>	<u>34,259</u>	<u>28,667</u>
Total	<u>500,563</u>	<u>537,354</u>	<u>494,457</u>	<u>540,747</u>

* Including matured time deposits

(3) Classified by currency and residence of depositors

	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2009			December 31, 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	493,674	257	493,931	533,666	165	533,831
US Dollar	4,605	1,253	5,858	1,825	1,121	2,946
Other currencies	<u>238</u>	<u>536</u>	<u>774</u>	<u>202</u>	<u>375</u>	<u>577</u>
Total	<u>498,517</u>	<u>2,046</u>	<u>500,563</u>	<u>535,693</u>	<u>1,661</u>	<u>537,354</u>

	SEPARATE FINANCIAL STATEMENTS					
	June 30, 2009			December 31, 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	487,568	257	487,825	537,059	165	537,224
US Dollar	4,605	1,253	5,858	1,825	1,121	2,946
Other currencies	<u>238</u>	<u>536</u>	<u>774</u>	<u>202</u>	<u>375</u>	<u>577</u>
Total	<u>492,411</u>	<u>2,046</u>	<u>494,457</u>	<u>539,086</u>	<u>1,661</u>	<u>540,747</u>

4.12 Interbank and money market items

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2009			December 31, 2008			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	666	666	130	1,014	1,144
Commercial banks	1,029	2,689	3,718	716	1,079	1,795
Other banks	45	10,913	10,958	29	10,913	10,942
Finance companies, securities companies and credit foncier companies	2,233	2,318	4,551	2,062	2,960	5,022
Other financial institutions	170	1,500	1,670	622	-	622
Total domestic items	3,477	18,086	21,563	3,559	15,966	19,525
Add Accrued interest receivables	-	-	-	-	1	1
Total	3,477	18,086	21,563	3,559	15,967	19,526
Foreign items						
US Dollar	500	-	500	438	-	438
Yen	140	-	140	-	-	-
Euro	13	-	13	-	-	-
Other currencies	44	-	44	39	-	39
Total foreign items	697	-	697	477	-	477
Total domestic and foreign items	4,174	18,086	22,260	4,036	15,967	20,003

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS						
June 30, 2009			December 31, 2008			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	666	666	130	1,014	1,144
Commercial banks	1,243	60	1,303	928	60	988
Other banks	45	10,913	10,958	29	10,913	10,942
Finance companies, securities companies and credit foncier companies	2,233	2,318	4,551	2,062	2,960	5,022
Other financial institutions	170	1,050	1,220	622	-	622
Total domestic items	3,691	15,007	18,698	3,771	14,947	18,718
Foreign items						
US Dollar	500	-	500	438	-	438
Yen	140	-	140	-	-	-
Euro	13	-	13	-	-	-
Other currencies	44	-	44	39	-	39
Total foreign items	697	-	697	477	-	477
Total domestic and foreign items	4,388	15,007	19,395	4,248	14,947	19,195

On August 11, 2006 and September 5, 2006, the Bank acquired Baht 600 million of borrowings under promissory notes with embedded derivatives (Structured Borrowings). The maturities are on August 11, 2011 and September 5, 2011 and the interest is payable semi-annually to be determined by reference interest rates in the future.

As of June 30, 2009 and December 31, 2008, the borrowings are carried at fair value derived from a counterparty or a calculation agent. The Bank has tested the fair value calculation by using a well-known technique of valuation appraisal with no significant difference from the price taken from the aforesaid counterparty. The change in fair value of borrowings is recognized as a mark-to-market loss in the statements of income for Baht 46 million and Baht 61 million, respectively which equals the mark-to-market gain on the hedging instruments.

4.13 Short-term Borrowings

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2009			December 31, 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior securities	26,188	-	26,188	-	-	-
Senior securities floating rate notes (US\$ 150.0 million)	-	5,104	5,104	-	5,243	5,243
Bills of exchange	11,792	-	11,792	3,767	-	3,767
Other borrowings	12	-	12	4	-	4
Total short-term borrowings	<u>37,992</u>	<u>5,104</u>	<u>43,096</u>	<u>3,771</u>	<u>5,243</u>	<u>9,014</u>

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
	June 30, 2009			December 31, 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior securities	26,188	-	26,188	-	-	-
Senior securities floating rate notes (US\$ 150.0 million)	-	5,104	5,104	-	5,243	5,243
Bills of exchange	11,761	-	11,761	3,767	-	3,767
Other borrowings	12	-	12	4	-	4
Total short-term borrowings	<u>37,961</u>	<u>5,104</u>	<u>43,065</u>	<u>3,771</u>	<u>5,243</u>	<u>9,014</u>

Short-term borrowings consist of the following:

- 4.13.1 On March 18, 2008 and June 5, 2008 the Bank issued uncollateralized senior securities in the amount of Baht 9,924 million and Baht 16,264 million with maturity on March 18, 2010 and June 5, 2010, at the fixed interest rates of 3.85% and 4.24% per annum, payable quarterly in March, June, September and December.
- 4.13.2 On November 14, 2006, the Bank issued senior securities floating rate notes in the amount of USD 150 million with a maturity in November 14, 2009 and carrying an interest rate of LIBOR-6 month plus 0.24% per annum, payable semi-annually in May and November of each year.
- 4.13.3 During April 25, 2008 to December 9, 2008, the Bank has issued Baht 3,767 million of bills of exchange with maturities during January 5, 2009 to September 14, 2009, at the fixed interest rates of 3.00%-4.10% per annum and the Bank had made partial repayment in amount of Baht 3,239 million.

- 4.13.4 On May 13, 2008, the Bank issued Baht 300 million of bills of exchange with maturities on May 13, 2010, at the fixed rate of 4.20% per annum.
- 4.13.5 During June 20, 2008 to March 4, 2009, the subsidiary has issued Baht 31 million of bill of exchange with maturities during July 16, 2009 to January 4, 2010, at the fixed rate of 2.35% - 5.00% per annum.
- 4.13.6 During January 8, 2009 to June 30, 2009 the Bank has issued Baht 11,241 million of bills of exchange with maturities during June 2, 2009 to June 30, 2010, at the fixed interest rate of 1.1%-2.9% per annum and the Bank had made partial repayment in amount of Baht 308 million.
- 4.13.7 On October 18, 2006, the Bank acquired Baht 4 million of borrowings with maturities on December 31, 2009, at the fixed interest rate of 0.50% per annum. As at June 30, 2009, the Bank had Baht 8 million which acquired in April 29, 2003 with maturity within one year with no bearing interest rate.

4.14 Long-term borrowings

Unit : Million Baht						
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
	June 30, 2009			December 31, 2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated Debentures #5	12,000	-	12,000	12,000	-	12,000
Senior securities	31,199	-	31,199	57,387	-	57,387
Bill of exchange	2,900	-	2,900	3,200	-	3,200
Other borrowings	201	-	201	256	-	256
Total long-term borrowings	<u>46,300</u>	<u>-</u>	<u>46,300</u>	<u>72,843</u>	<u>-</u>	<u>72,843</u>

Long-term borrowings consist of the following :

- 4.14.1 On November 5, 2003, the Bank issued subordinated debenture #5 in the amount of Baht 12,000 million with a maturity in November 5, 2013 at the fixed rate of 4% per annum for the years 1-5 and 4.75% per annum for the years 6-10, payable quarterly on the fifth of February, May, August and November of each year. The Bank has the right to redeem debenture #5 before the maturity date subject to the approval of the Bank of Thailand.
- 4.14.2 During November 1, 2004 to September 30, 2008, the Bank acquired Baht 248 million of borrowings with maturities during January 31, 2010 to March 31, 2015, at the fixed interest rates of 0.00% - 0.50% per annum and the Bank had made partial repayment in the amount of Baht 47 million.
- 4.14.3 On October 26, 2007, the Bank issued uncollateralized senior securities in 2 tranches with interest payable quarterly in January, April, July and October of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Oct. 26, 2010	4.25%	6,899
2	Oct. 26, 2011	4.50%	4,633

- 4.14.4 On March 18, 2008, the Bank issued uncollateralized senior securities in 3 tranches with interest payable quarterly in March, June, September and December of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Mar. 18, 2010	3.85%	9,924
2	Mar. 18, 2011	4.00%	5,157
3	Mar. 18, 2012	4.25%	3,665

Tranche 1 senior securities, with maturity on March 18, 2010 were classified to short-term borrowing.

- 4.14.5 During May 12, 2008 and August 5, 2008, the Bank has Baht 2,900 million of bills of exchange with maturities during August 5, 2010 to May 23, 2011, at the fixed interest rates of 1.85% - 4.67% per annum.

- 4.14.6 On June 5, 2008, the Bank issued uncollateralized senior securities in 2 tranches with interest payable quarterly in March, June, September and December of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Jun. 5, 2010	4.25%	16,265
2	Jun. 5, 2011	4.50%	3,933

Tranche 1 senior securities, with maturity on June 5, 2010 were classified to short-term borrowing.

- 4.14.7 On December 2, 2008, the Bank issued uncollateralized senior securities in 1 tranche with interest payable quarterly in March, June, September and December of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Dec. 2, 2011	5.10%	6,912

4.15 Provisions for off-balance sheet obligations

The Bank provided reserves for off-balance sheet obligations with high credit risk to comply with the Bank of Thailand's notifications No.Sor Nor Sor. 31/2551 Re: Guidelines on Provisioning for Off-Balance Sheet Items dated August 3, 2008 and Thai Accounting Standard No. 53 "Provisions, Contingent Liabilities and Contingent Assets" which were presented as part of other liabilities in the balance sheets as follows:

Unit : Million Baht		
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	June 30, 2009	December 31, 2008
Beginning balance of the period/year	389	612
Increase (decrease) during the period/year	(35)	(223)
Ending balance of the period/year	<u>354</u>	<u>389</u>

4.16 Share capital

	Unit : Million Baht	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008
Authorized share capital	70,894	70,894
Issued and paid-up share capital	60,741	60,741

4.16.1 Capital risk management

The Bank and its subsidiaries' objectives when managing capital are to maintain the Bank and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure for reducing capital's source of funds and to comply with regulator's rules.

For maintenance and restructuring of capital, the Bank may adjust the dividend policy for shareholders to refund its capital to shareholders, issue new shares or sell property in order to reduce debt obligation.

4.16.2 Capital funds

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. In addition, the Bank's capital amounts and classification are also subject to qualitative judgment by the Bank of Thailand in regard to components, risk weightings, and other factors. As at June 30, 2009 and December 31, 2008, the Bank's management met all capital adequacy requirements. However, these capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital funds in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. The Bank changed the method of capital fund calculation from Basel I to Basel II starting from December 31, 2008 as required by the Bank of Thailand. As at June 30, 2009 and December 31, 2008, the Bank's total capital funds can be categorized as follows:

	Unit : Million Baht	
	June 30, 2009	December 31, 2008
Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	583	436
Net profit after appropriations	4,126	4,018
Total Tier 1 capital	<u>79,252</u>	<u>78,997</u>
Tier 2 capital		
Assets revaluation surplus	3,260	3,302
Subordinated unsecured floating rate notes	9,600	9,600
Reserve for normal assets	6,102	4,219
Total Tier 2 capital	<u>18,962</u>	<u>17,121</u>
Total capital before deductions	98,214	96,118
<u>Less</u> Investment revaluation deficit (net)		
in securities available-for-sale	(284)	(557)
Total capital fund	<u>97,930</u>	<u>95,561</u>
	Percentage	
	June 30, 2009	December 31, 2008
Total capital / Total risk assets (minimum 8.50%)	15.90	14.94
Total tier 1 capital / Total risk assets (minimum 4.25%)	12.87	12.35

The above ratios excluded net profit for the six-month period ended June 30, 2009, in the amount of Baht 929 million. If the aforementioned net profit is included, the Bank's total capital adequacy ratio as at June 30, 2009, would be 16.05% and tier 1 capital ratio would be 13.02%.

4.16.3 Warrants

In August 2003, the Bank offered to sell new ordinary shares to institutional investors or specific investors according to the Notification of the Securities and Exchange Commission together with the right to be allocated warrants to exercise for ordinary shares of the Bank at the offered price of Baht 0 per unit at the ratio of two new capital increase ordinary shares to one unit of warrant which amounted to 500 million units of warrants. In addition, the Bank offered to sell the warrants to exercise for ordinary shares of the Bank in the amount of 739.07 million units to the existing shareholders at the ratio of five existing shares to two units of warrants at the offered price of Baht 0 per unit. Total offered warrants were 1,239.07 million units.

The significant details of warrants are summarized as follows:

Exercise ratio	: One unit of warrant will be entitled to the purchase of one ordinary share
Number of ordinary shares issued to accommodate the warrants	: 1,239.07 million shares
Exercise price	: Baht 12 per share
Term of warrant	: 5 years
Exercise period	: 4 times per year, on the last business day of March, June, September and December of each year throughout the warrant's term. The first exercise date was on March 31, 2004

For the six-month period ended June 30, 2008, there were 53,396,417 units of warrants exercised for ordinary shares amounting to Baht 641 million in proceeds. As at June 30, 2008, these proceeds of Baht 478 million, which were reported as share subscriptions received in advance under the shareholder's equity, had not yet been registered as increased capital. However, these proceeds were registered as increased of issued and paid-up share capital with the Ministry of Commerce on July 7, 2008.

For the nine-month period ended September 30, 2008, it was the final exercise period.

4.17 Statutory reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount not less than ten percent of the registered capital.

4.18 Dividend payment

The Board of Directors' Meeting No. 8/2008 dated August 27, 2008, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2008 to the shareholders of 6,026,047,417 ordinary shares at Baht 0.15 per share which totaled Baht 904 million, with payment made on September 26, 2008.

At the General Shareholders' meeting held on April 9, 2009, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2008 to the shareholders of 6,038,953,219 ordinary shares at Baht 0.15 per share which totaled Baht 906 million, with payment made on April 29, 2009.

4.19 Income tax

Income tax expense is based on tax paid and accrued for the period.

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in The Stock Exchange of Thailand has been reduced from 30% to 25% for net profit portion not exceeding Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Bank has used a tax rate of 25% for the corporate income tax calculations for the six-month periods ended June 30, 2009 and 2008 to conform to such tax rate change.

Corporate income tax has been calculated based on the net earnings for the period after adjusting non-deductible expenses and revenues exempted from tax under the Revenue Code, using corporate income tax rate announced as of the balance sheet date.

The subsidiaries have used a tax rate of 30% for the corporate income tax and deferred income tax calculation for the six-month periods ended June 30, 2009 and 2008.

4.20 Contingencies

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2009			December 31, 2008		
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total
Avals to bills	2,970	-	2,970	2,557	-	2,557
Guarantees of loans	8	408	416	2	478	480
Other guarantees	32,795	1,602	34,397	33,208	851	34,059
Letters of credit	190	4,313	4,503	365	3,326	3,691
Exchange rate contracts						
Bought	-	64,781	64,781	-	56,895	56,895
Sold	-	58,397	58,397	-	62,316	62,316
Currency swap contracts						
Bought	10,215	1,876	12,091	10,686	2,077	12,763
Sold	600	10,900	11,500	682	11,688	12,370
Interest rate swap						
Bought	12,600	4,190	16,790	12,600	4,141	16,741
Sold	600	2,859	3,459	600	3,093	3,693
Unused overdraft limit	47,373	-	47,373	44,996	-	44,996
Others	21	1,341	1,362	39	2,104	2,143
Total	107,372	150,667	258,039	105,735	146,969	252,704

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009			December 31, 2008		
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total
Avals to bills	2,970	-	2,970	2,857	-	2,857
Guarantees of loans	8	408	416	2	478	480
Other guarantees	33,488	1,602	35,090	33,220	851	34,071
Letters of credit	190	4,313	4,503	365	3,469	3,834
Exchange rate contracts						
Bought	-	64,781	64,781	-	56,895	56,895
Sold	-	58,397	58,397	-	62,316	62,316
Currency swap contracts						
Bought	10,215	1,876	12,091	10,686	2,077	12,763
Sold	600	10,900	11,500	682	11,688	12,370
Interest rate swap						
Bought	12,600	4,190	16,790	12,600	4,141	16,741
Sold	600	2,859	3,459	600	3,093	3,693
Unused overdraft limit	47,373	-	47,373	44,996	-	44,996
Others	21	1,341	1,362	39	2,104	2,143
Total	108,065	150,667	258,732	106,047	147,112	253,159

As at June 30, 2009 and December 31, 2008, the Bank has commitments for information technology in the amount of Baht 373 million and Baht 306 million, respectively.

4.21 Earnings per share

Earnings per share for the quarters and six-month periods ended June 30, 2009 and 2008, are calculated as follows:

For the quarters “Unaudited”

CONSOLIDATED FINANCIAL STATEMENTS

	Net Income		Weighted Average Number of Common Shares		Earnings Per Share	
	Million Baht		Million Shares		Baht	
	2009	2008	2009	2008	2009	2008
Basic earnings per share	1,752	2,002	6,074	5,775	0.29	0.35
Effect of diluted ordinary shares equivalent						
-Warrant	-	-	-	274		
Diluted earnings per share	1,752	2,002	6,074	6,049	0.29	0.33

For the quarters “Unaudited”

SEPARATE FINANCIAL STATEMENTS

	Net Income		Weighted Average Number of Common Shares		Earnings Per Share	
	Million Baht		Million Shares		Baht	
	2009	2008	2009	2008	2009	2008
Basic earnings per share	568	1,185	6,074	5,775	0.09	0.21
Effect of diluted ordinary shares equivalent						
-Warrant	-	-	-	274		
Diluted earnings per share	568	1,185	6,074	6,049	0.09	0.20

For the six-month periods

	CONSOLIDATED FINANCIAL STATEMENTS					
	Net Income		Weighted Average Number of Common Shares		Earnings Per Share	
	Million Baht		Million Shares		Baht	
	2009	2008	2009	2008	2009	2008
Basic earnings per share	2,780	3,033	6,074	5,768	0.46	0.53
Effect of diluted ordinary shares equivalent						
-Warrant	-	-	-	274		
Diluted earnings per share	<u>2,780</u>	<u>3,033</u>	<u>6,074</u>	<u>6,042</u>	0.46	0.50

For the six-month periods

	SEPARATE FINANCIAL STATEMENTS					
	Net Income		Weighted Average Number of Common Shares		Earnings Per Share	
	Million Baht		Million Shares		Baht	
	2009	2008	2009	2008	2009	2008
Basic earnings per share	929	1,767	6,074	5,768	0.15	0.31
Effect of diluted ordinary shares equivalent						
-Warrant	-	-	-	274		
Diluted earnings per share	<u>929</u>	<u>1,767</u>	<u>6,074</u>	<u>6,042</u>	0.15	0.29

4.22 Long-term Leases

As at June 30, 2009

TYPE OF LEASE	PERIOD	Unit : Million Baht	
		TOTAL RENTAL EXPENSES	
		CONSOLIDATED	SEPARATE
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
Land and/or premises	Jul. 1, 2009 - Jun. 30, 2010	386	312
	Jul. 1, 2010 - Jun. 30, 2011	207	125
	Jul. 1, 2011 - Jun. 30, 2012	94	59
	Jul. 1, 2012 - Jun. 30, 2013	22	18
	Jul. 1, 2013 - Jun. 30, 2014	17	17
	Jul. 1, 2014 - Jun. 30, 2015	16	16
	Jul. 1, 2015 - Aug. 31, 2035	302	302
		<u>1,044</u>	<u>849</u>

As at December 31, 2008

TYPE OF LEASE	PERIOD	Unit : Million Baht	
		TOTAL RENTAL EXPENSES	
		CONSOLIDATED	SEPARATE
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
Land and/or premises	Jan. 1, 2009 - Dec. 31, 2009	221	164
	Jan. 1, 2010 - Dec. 31, 2010	150	116
	Jan. 1, 2011 - Dec. 31, 2011	68	65
	Jan. 1, 2012 - Dec. 31, 2012	20	19
	Jan. 1, 2013 - Dec. 31, 2013	17	17
	Jan. 1, 2014 - Dec. 31, 2014	13	13
	Jan. 1, 2015 - Aug. 31, 2035	180	180
		<u>669</u>	<u>574</u>

4.23 Related Party Transactions

The Bank has business transactions with subsidiaries, associated and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such related transactions are in the normal course of business for the Bank and are priced at market and in common with the same conditions as other customers, including the allowance for doubtful accounts policy. The Bank has complied with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 66/2551 regarding the Guideline on Consolidated Supervision, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transaction in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transaction shall be the same conditions or criteria, including interest rate of service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level and the Bank does not allow the companies in the financial business group borrow from or lend to each other.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management process, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related Party Transactions are as follows:

4.23.1 Loans to, commitments and deposits with certain officers from the levels of departmental chief upward and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned 10% or more of each company's paid-up capital are as follows:

			Unit : Million Baht	
			SEPARATE	
			FINANCIAL STATEMENTS	
			June 30, 2009	December 31, 2008
Loans			120,439	121,021
Allowance for doubtful accounts			1,204	1,210
Commitments			693	456
Deposits			4,903	3,062

Certain information related to the aforementioned loans and commitments as at June 30, 2009 and December 31, 2008, are as follows:

June 30, 2009

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	120,439	Jul. 3, 2009 to Aug. 5, 2032	52	121,080
Commitments	693	Aug. 11, 2009 to Apr. 4, 2010		

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As at June 30, 2009, the Bank charges interest rates at 1.00% - 15.00% p.a. on loans to these related parties.

December 31, 2008					
	Total Amount (Million Baht)	Maturity Date		Secured (Million Baht)	Unsecured (Million Baht)
Loans	121,021	Jan. 5, 2009	to	47	121,430
		Jun. 30, 2034			
Commitments	456	Oct. 31, 2008	to		
		Apr. 4, 2010			

As at December 31, 2008, the Bank charges interest rates at 1.63% - 8.50% p.a. on loans to these related parties.

4.23.2 In addition to Note 4.23.1 the Bank has loans to, commitments and deposits with the companies which are related to the directors and/or major shareholders of the Bank as identified by having the same executive officers as the Bank and/or the companies in which the directors and/or shareholders of the Bank having significant voting right either direct and indirect.

Unit : Million Baht		
SEPARATE		
FINANCIAL STATEMENTS		
	June 30, 2009	December 31, 2008
Loans	4,326	8,202
Allowance for doubtful accounts	41	80
Commitments	329	342
Deposits	8,582	7,489

Certain information related to the aforementioned loans and commitments as at June 30, 2009 and December 31, 2008, are as follows:

June 30, 2009					
	Total Amount (Million Baht)	Maturity Date		Secured (Million Baht)	Unsecured (Million Baht)
Loans	4,326	Jul. 17, 2009	to	189	4,466
		Jun. 18, 2013			
Commitments	329	Jul. 10, 2009	to		
		May. 22, 2017			

December 31, 2008

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	8,202	Jan. 16, 2009 to Jun. 18, 2013	216	8,328
Commitments	342	Jun. 30, 2008 to May. 22, 2017		

Interest rates on loans as at June 30, 2009 and December 31, 2008, are equal to 2.03% - 5.36% p.a. and 4.46% - 6.00% p.a., respectively.

4.23.3 The Bank has investments in and loans to subsidiaries, associated and related companies as follows :

1. Investment in subsidiaries, associated and related companies

Consolidated financial statements

June 30, 2009

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Business Type	Registered Share Capital	Ownership (%)	Investment		Dividend Amount
				Cost	Equity	
Associated company						
Krungsriyudhya Card Company Limited	Credit card	1,100	49.99	550	888	-
Investment in associated company, net				<u>550</u>	<u>888</u>	<u>-</u>
Related companies (10%-20% holding)						
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	419	10
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-	-
Primavest Asset Management Company Limited	Fund management	250	10.00	11	11	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	9	8	-
Investments in related companies, net				<u>439</u>	<u>438</u>	<u>10</u>

December 31, 2008

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Business Type	Registered Share Capital	Ownership (%)	Investment		Dividend Amount
				Cost	Equity	
Associated company						
Krungsriyudhya Card Company Limited	Credit card	1,100	49.99	550	777	-
Investment in associated company, net				<u>550</u>	<u>777</u>	<u>-</u>
Related companies (10%-20% holding)						
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	419	38
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-	-
Primavest Asset Management Company Limited	Fund management	250	10.00	11	11	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	9	8	-
Investments in related companies, net				<u>439</u>	<u>438</u>	<u>38</u>

Separate financial statements

June 30, 2009

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Subsidiaries					
Siam Realty and Services Company Limited	Car rent and personnel services	100	99.99	100	-
Ayudhya Development Leasing Company Limited	Leasing	705	99.99	929	35
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.55	2,742	-
K.S.Law Office Company Limited	Legal advisory services	32	99.99	32	-
Ayudhya Fund Management Company Limited	Fund management	350	99.99	267	-
Ayudhya Asset Management Company Limited	Assets management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Capital Lease Company Limited	Auto leasing	3,000	99.99	3,000	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-
Ayudhya Hire Purchase Company Limited	Hire-purchase of used cars	500	99.99	500	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	1,045	99.99	16,281	350
(Formerly GE Capital Auto Lease Public Company Limited)					
AIG Retail Bank Public Company Limited	Hire-purchase	120	99.76	1,558	-
Ayudhya Card Services Company Limited	Credit card and personal loan	7	99.99	92	-
(Formerly AIG Card (Thailand) Company Limited)					
Associated company					
Krungsriayudhya Card Company Limited	Credit card	1,100	49.99	550	-
				32,788	385
<u>Less Allowance for impairment</u>				(2,998)	-
Investments in subsidiaries and associated company, net				<u>29,790</u>	<u>385</u>
Related companies					
(10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	-
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-
Primavest Asset Management Company Limited	Fund management	250	10.00	11	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	8	-
Investments in related companies, net				<u>438</u>	<u>-</u>

December 31, 2008

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Subsidiaries					
Siam Realty and Services Company Limited	Car rent and personnel services	100	99.99	100	-
Ayudhya Development Leasing Company Limited	Leasing	705	99.99	929	35
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.55	2,742	-
K.S.Law Office Company Limited	Legal advisory services	32	99.99	32	-
Ayudhya Fund Management Company Limited	Fund management	350	99.99	267	-
Ayudhya Asset Management Company Limited	Assets management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Capital Lease Company Limited	Auto leasing	3,000	99.99	3,000	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-
Ayudhya Hire Purchase Company Limited	Hire-purchase of used cars	500	99.99	500	203
Ayudhya Capital Auto Lease Public Company Limited (Formerly GE Capital Auto Lease Public Company Limited)	Hire-purchase and auto leasing	1,045	99.99	16,281	314
Associated company					
Krungsriayudhya Card Company Limited	Credit card	1,100	49.99	550	-
				31,138	552
Less Allowance for impairment				(2,998)	-
Investments in subsidiaries and associated company, net				28,140	552
Related companies (10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	38
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-
Primavest Asset Management Company Limited	Fund management	250	10.00	11	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	8	-
Investments in related companies, net				438	38

2. Loans to the subsidiaries, associated and related companies and allowance for doubtful accounts.

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Unit : Million Baht				
Subsidiaries				
Siam Realty and Services Company Limited	-	-	110	175
Ayudhya Development Leasing Company Limited	-	-	3,338	3,071
Ayudhya Auto Lease Public Company Limited	-	-	2,095	3,144
Ayudhya Fund Management Company Limited	-	-	-	50
Ayudhya Asset Management Company Limited	-	-	14,800	15,918
Ayudhya Factoring Company Limited	-	-	709	899
Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited)	-	-	80,820	86,717
Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited)	-	-	6,750	-
Total	-	-	108,622	109,974
<u>Less</u> Allowance for doubtful accounts	-	-	(1,086)	(1,100)
Total	-	-	107,536	108,874
Associated company				
Krungsriayudhya Card Company Limited	11,764	11,000	11,764	11,000
<u>Less</u> Allowance for doubtful accounts	(118)	(110)	(118)	(110)
Total	11,646	10,890	11,646	10,890
Related companies having joint major shareholders or directors				
Conwood Company Limited	184	212	184	212
Siam City Cement Public Company Limited	-	2,400	-	2,400
Tesco Card Services Company Limited	1,000	1,000	1,000	1,000
General Card Services Company Limited	504	773	504	773
GE Capital (Thailand) Company Limited	2,128	3,283	2,128	3,283
CKS Holding Company Limited	-	10	-	10
BAC International Bank Inc.	510	524	510	524
Total	4,326	8,202	4,326	8,202
<u>Less</u> Allowance for doubtful accounts	(41)	(80)	(41)	(80)
Total	4,285	8,122	4,285	8,122

The aforementioned loans carry interest at substantially the same rates and are subject to substantially the same conditions as those granted to the other customers.

As at June 30, 2009 and December 31, 2008, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,086 million and Baht 1,100 million, respectively, are not eliminated but treated as surplus reserve in consolidated financial statements.

For the six-month period ended June 30, 2009, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 14,800 million at the interest rates of 2.10% - 2.30% per annum.

As at December 31, 2008, the Bank granted loans to Ayudhya Asset Management Company Limited for 10-year term loan and 5-year term loan of Baht 15,082 million and Baht 806 million, respectively. The interest rates were the minimum of fixed deposit interest rate (3-month) but not over 4% per annum.

In addition, as at December 31, 2008, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 30 million. The interest rate was the minimum of fixed deposit interest rate (3-month) but not over 4% per annum.

- 4.23.4 Account balances and transactions between the Bank and its subsidiaries, associates and related companies in the balance sheets as at June 30, 2009 and December 31, 2008, and in the statements of income for the quarters and six-month periods ended June 30, 2009 and 2008, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Balance Sheets				
Subsidiaries				
Cash advance	-	-	1	17
Other assets	-	-	203	137
Deposit	-	-	3,797	3,393
Interbank and money market items (liabilities)	-	-	216	222
Other liabilities	-	-	380	586
Contingencies	-	-	693	456
Associated companies				
Other assets	71	79	71	79
Deposit	641	273	641	273
Related companies				
Other liabilities	3	23	-	-

	CONSOLIDATED		Unit : Million Baht SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Statements of Income				
For the quarters “Unaudited”				
Subsidiaries				
Interest and dividend income	-	-	1,023	780
Interest expenses	-	-	10	4
Non-interest income	-	-	39	20
Non-interest expenses	-	-	132	127
Associated companies				
Interest and dividend income	127	73	127	73
Non-interest income	46	-	46	-
Non-interest expenses	-	21	-	21

	CONSOLIDATED		Unit : Million Baht SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Statements of Income				
For the six-month periods				
Subsidiaries				
Interest and dividend income	-	-	2,079	1,363
Interest expenses	-	-	19	5
Non-interest income	-	-	52	42
Non-interest expenses	-	-	267	259
Associated companies				
Interest and dividend income	257	121	257	121
Non-interest income	80	71	80	71

Significant transactions between the Bank, subsidiaries, associated and related companies are determined using the borrowing cost as in the normal business practice and same conditions as other customers.

- 4.23.5 For the six-month period ended June 30, 2009 and for the year ended December 31, 2008, the Bank entered into an Asset Transfer Agreement with Ayudhya Asset Management Company Limited, a subsidiary, in order to transfer sub-quality assets including collateral rights of which its net book value at the date of transfer was Baht 72 million and Baht 41 million, respectively. The Bank has already collected such amount in full.

For the six-month period ended June 30, 2009 and for the year ended December 31, 2008, the Bank entered into an agreement to sell the sub-quality assets and the right obligations to Ayudhya Asset Management Company Limited, a subsidiary, by selling immovable properties foreclosed having the book value of Baht 365 million and Baht 33 million, respectively. The Bank has already collected Baht 281 million for the six-month period ended June 30, 2009 and full amount for the year ended December 31, 2008.

The Bank sold these sub-quality assets to its subsidiary without any obligation to refund or buy back or transfer back.

- 4.23.6 For the year ended December 31, 2008, the Bank purchased properties previously used as bank branches from Ayudhya Asset Management Company Limited, a subsidiary, in the amount of Baht 226 million to be used as branch offices and asset centers.
- 4.23.7 On December 26, 2007, the approval to purchase Ayudhya Capital Auto Lease Public Company Limited (formerly GE Capital Auto Lease Public Company Limited) from General Electric Capital Asia Investments, Inc. ("GECAI") was granted by the BOT and the Bank executed the Share Sale Agreement with GECAI in the amount of Baht 16,180 million on January 31, 2008, with the transaction completed on February 14, 2008. As at the transaction completion date, Ayudhya Capital Auto Lease Public Company Limited transferred the rights of sales and leaseback receivables in the amount of Baht 7,869 million to Ayudhya Hire Purchase Company Limited.
- 4.23.8 On September 24, 2008, a meeting of Board of Directors of the Bank approved a resolution on the entire business transfer of two subsidiaries, carrying out the similar business, to Ayudhya Capital Auto Lease Public Company Limited, the Bank's subsidiary. The transferor subsidiaries were Ayudhya Capital Lease Company Limited operating the new car, inventory financing and leasing business and Ayudhya Hire Purchase Company Limited operating the refinancing business. The transaction was completed on December 4, 2008 with the purchase and sale agreement of the business and total assets of Baht 31,843 million and Baht 9,205 million, respectively. The Bank of Thailand approved the entire business transfer on November 5, 2008 and this transaction was executed on December 5, 2008.
- 4.23.9 On September 18, 2007, a meeting of Board of directors of Ayudhya Derivatives Company Limited, Ayudhya Securities Public Company Limited's subsidiary, was approved to transfer the derivatives business and employees to Ayudhya Securities Public Company Limited. The business and employees transfer were also approved by the resolution of the Board of Directors' meeting of the Ayudhya Securities Public Company Limited on September 20, 2007. Such business transfer was subject to the membership transfer regulation to be established by Thailand Future Exchange Public Company Limited and Thailand Clearing House Company Limited and the approval of the Securities and Exchange Commission. Subsequently, the business transfer was approved by a resolution passed by the Board of Directors' meeting of the Bank on May 28, 2008. The subsidiary was approved by the Securities and Exchange Commission to terminate the derivatives business operation to be effective when the subsidiary completes the business transfer.

On September 29, 2008, the extraordinary meeting of the subsidiary's shareholders approved the business transfer by selling assets, liabilities and transferring commitment related to derivatives business to Ayudhya Securities Public Company Limited. The selling price of fixed assets, intangible assets and others assets is Baht 5.9 million. The subsidiary had transferred this business on December 1, 2008.

By the special resolution passed by the subsidiary's shareholders extraordinary meeting on February 20, 2009, the subsidiary has been authorized to decrease its share capital from Baht 120 million (1,200,000 ordinary shares of Baht 100 each) to Baht 30 million (300,000 ordinary shares of Baht 100 each). The decrease capital of Baht 90 million will compensate the subsidiary's accumulated deficit loss of Baht 23 million with the residual to be refunded to the subsidiary's shareholders on April 30, 2009. The subsidiary registered with the Ministry of Commerce for the capital reduction on April 20, 2009.

By the special resolution of the Annual General Shareholders Meeting of the subsidiary held on April 22, 2009, it resolved to dissolve the subsidiary. The subsidiary had registered with the Ministry of Commerce for the dissolution on May 19, 2009. Currently, the subsidiary is in process of liquidation.

- 4.23.10 On April 8, 2009, the Bank purchased the 99.5% shares of AIG Retail Bank Public Company Limited, operating a retail banking business, and 100% shares of Ayudhya Card Services Company Limited (formerly AIG Credit Card (Thailand) Company Limited), operating a credit card and personal loan business under the supervision of the Bank of Thailand, from AIG Consumer Finance ("AIG CFG") and subsidiaries, as approved by the Bank's Board of Directors' meeting on February 5, 2009, in the total amount of Baht 1,605 million. Such purchases are subject to the criteria and requirements as approved by the Bank of Thailand on March 30, 2009. At the acquisition date, the Bank recognized total assets and total liabilities of Baht 47,070 million and Baht 44,262 million, respectively, fair value adjustment of Baht 575 million and excess of interest in the net fair value of subsidiary over purchase cost of Baht 638 million as income in the statement of income.

Any adjustments to the initial provision will be finalized within 12 months after the acquisition date.

- 4.23.11 On June 24, 2009, the Board of Directors of the Bank dated approved the following matters:
1. To approve Ayudhya Fund Management Company Limited (AYF) to purchase all shares of Primavest Asset Management Company Limited (PMV) from Ayudhya Allianz C.P. Life Public Company Limited (AACP) and BBTV Equity Company Limited (BBTV) at the total price of Baht 101.3 million.
 2. To approve the Bank to sell 2,500,000 shares of PMV (10% of PMV total shares) to AYF at the price of Baht 10.13 million.
 3. To approve the Bank to sell 359,604 shares of AYF (10.3% of AYF total shares) to AACP and to sell 459,747 shares of AYF (13.1% of AYF total shares) to BBTV at the total price of Baht 91.17 million.
 4. To approve transfer of business amalgamation among AYF and PMV.

The execution of these transactions is subject to conditions to be agreed by the parties including obtaining necessary approvals and waivers from the Bank of Thailand, the Office of Securities and Exchange Commission and other relevant agencies.

- 4.23.12 For the six-month periods ended June 30, 2009 and 2008, the Bank has the expenses in the amount of Baht 229 million and Baht 189 million, respectively, paid to the General Electric company Group ("GE") in connection with improvements in the effectiveness of management and operation of the Bank.

The price and conditions are in line with the agreements. The expenses have been recognized in the statements of income.

- 4.23.13 For the six-month period ended June 30, 2009, related party transactions among subsidiaries include collection services and other services of Baht 31 million and rental and facilities service of Baht 6 million.

- 4.23.14 For the six-month periods ended June 30, 2009 and 2008, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 24 million and Baht 70 million, respectively.

4.24 Benefits given to the Directors and Executive Officers

The Bank has no special benefits given to the directors and executive officers beyond the general benefits made as usual, i.e. remuneration, transportation, salary and bonus (if any).

The Bank did not sell, give or lease any properties to the directors, executive offices, or the related parties. The Bank has no purchase or leasing including contingency benefit from employment agreement, compensation and other benefit from those persons.

4.25 Position and results of operations classified by domestic and foreign business.

(1) Position classified by type of business segment

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

	Domestic	Foreign	Elimination	Total
Total assets	718,892	5,297	4,559	719,630
Interbank and money market items	66,262	1,458	-	67,720
Investments, net	56,808	-	-	56,808
Loans	554,536	1,624	-	556,160
Deposits	500,186	377	-	500,563
Interbank and money market items	22,260	-	-	22,260
Borrowings	84,293	5,104	-	89,397
Total commitments	257,963	76	-	258,039

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

	Domestic	Foreign	Elimination	Total
Total assets	743,962	5,843	4,696	745,109
Interbank and money market items	83,642	1,212	-	84,854
Investments, net	57,229	-	-	57,229
Loans	555,860	1,217	-	557,077
Deposits	537,118	236	-	537,354
Interbank and money market items	20,003	-	-	20,003
Borrowings	76,614	5,243	-	81,857
Total commitments	252,444	260	-	252,704

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	Domestic	Foreign	Elimination	Total
Total assets	702,104	5,297	4,559	702,842
Interbank and money market items	65,011	1,458	-	66,469
Investments, net	84,522	-	-	84,522
Loans	521,840	1,625	-	523,465
Deposits	494,080	377	-	494,457
Interbank and money market items	19,395	-	-	19,395
Borrowings	84,262	5,104	-	89,366
Total commitments	258,656	76	-	258,732

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	Domestic	Foreign	Elimination	Total
Total assets	741,429	5,843	4,696	742,576
Interbank and money market items	82,911	1,212	-	84,123
Investments, net	84,332	-	-	84,332
Loans	539,226	1,217	-	540,443
Deposits	540,511	236	-	540,747
Interbank and money market items	19,195	-	-	19,195
Borrowings	76,614	5,243	-	81,857
Total commitments	252,899	260	-	253,159

(2) Results of operations classified by business segment

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2009

“UNAUDITED”

	Domestic	Foreign	Elimination	Total
Interest and dividend income	9,421	35	-	9,456
Interest expenses	2,658	29	-	2,687
Net interest income	6,763	6	-	6,769
Non-interest income	4,027	41	511	3,557
Non-interest expenses	8,714	37	511	8,240
Income (loss) before tax	2,076	10	-	2,086

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2008

“UNAUDITED”

	Domestic	Foreign	Elimination	Total
Interest and dividend income	10,534	58	-	10,592
Interest expenses	3,635	49	-	3,684
Net interest income	6,899	9	-	6,908
Non-interest income	3,279	(148)	565	2,566
Non-interest expenses	7,673	69	565	7,177
Income (loss) before tax	2,505	(208)	-	2,297

Unit : Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	19,049	75	-	19,124
Interest expenses	6,238	66	-	6,304
Net interest income	12,811	9	-	12,820
Non-interest income	6,907	91	985	6,013
Non-interest expenses	16,328	98	985	15,441
Income (loss) before tax	3,390	2	-	3,392

Unit : Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	19,337	139	-	19,476
Interest expenses	6,726	127	-	6,853
Net interest income	12,611	12	-	12,623
Non-interest income	6,619	(776)	1,134	4,709
Non-interest expenses	15,001	150	1,134	14,017
Income (loss) before tax	4,229	(914)	-	3,315

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2009
“UNAUDITED”**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	7,428	35	-	7,463
Interest expenses	2,604	29	-	2,633
Net interest income	4,824	6	-	4,830
Non-interest income	2,134	40	510	1,664
Non-interest expenses	6,377	37	510	5,904
Income before tax	581	9	-	590

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2008
“UNAUDITED”**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	8,186	58	-	8,244
Interest expenses	3,231	49	-	3,280
Net interest income	4,955	9	-	4,964
Non-interest income	2,269	(148)	565	1,556
Non-interest expenses	5,831	69	565	5,335
Income (loss) before tax	1,393	(208)	-	1,185

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	15,161	75	-	15,236
Interest expenses	6,177	66	-	6,243
Net interest income	8,984	9	-	8,993
Non-interest income	4,177	91	985	3,283
Non-interest expenses	12,169	99	985	11,283
Income before tax	992	1	-	993

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	15,808	139	-	15,947
Interest expenses	6,118	127	-	6,245
Net interest income	9,690	12	-	9,702
Non-interest income	4,570	(776)	1,134	2,660
Non-interest expenses	11,579	150	1,134	10,595
Income (loss) before tax	2,681	(914)	-	1,767

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

4.26 Provident and Pension Funds

The Bank has both a staff leaving gratuities plan where employees receive a pension and a provident fund for its employees who are required to make contributions. The pension shall be paid to employees leaving after having completed at least 10 years of continuous service determined on the basis of length of service and the amount of the last pay received. The staff leaving gratuities plan shall be effective for employees who have been in service before January 1, 1998 only. As of December 31, 2005, the Bank had the reserve for pension under staff leaving gratuities plan transferred in amount of Baht 1,850 million to the provident fund which has already been registered.

On January 1, 1998, the Bank established the provident fund for its employees to replace the staff leaving gratuities plan. Every employee is required to make contributions at the rate of not less than 3% of salary but not more than the Bank's contribution. The Bank will contribute as follows:

Service periods	Contribute rate
Less than 5 years	5%
5 years but less than 10 years	6%
10 years but less than 20 years	8%
Over 20 years	10%

The Bank's contributions are recorded as an expense in the statements of income. The fund is managed by an authorized fund manager.

After the establishment of the provident fund, the amount to be paid to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the staff leaving gratuities plan, the Bank shall make payment for the difference through disbursement from the pension fund.

4.27 Disclosure of Financial Instruments Information

The Bank is a party to financial instruments both on-balance sheet and off-balance sheet in the normal course of business to meet the financing needs of its customers for investment purposes and to reduce its own exposure to fluctuations in interest rates and foreign exchange rates. For off-balance sheet financial instruments, they include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. Those instruments involve, to varying degrees, elements of credit and foreign exchange risk in excess of the amount recognized in the financial statements. The contract or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

Off-balance sheet financial derivative transactions are performed in accordance with the policies and guidelines from the Board of Directors and approved by the related committees such as the assets and liabilities management committee or the investment committee. The reporting and operating processes are also provided for risk control.

Accounting policies

Details of significant accounting policies and methods adopted, including criteria of recognition, the basis of measurement and the basis on which revenues and expenses are recognized, in respect of each class of financial assets and financial liabilities are disclosed in Note 3.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy of dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheet, net of a portion of allowance for doubtful accounts (see Note 4.6), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-balance-sheet financial instrument will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-balance-sheet financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

As at June 30, 2009 and December 31, 2008, the Bank has credit equivalent of off-balance sheet financial instruments which remained open as follows :

	Unit : Million Baht	
	June 30, 2009	December 31, 2008
Spot and forward foreign bought exchange contracts	123	1,192
Spot and forward foreign sold exchange contracts	882	298

Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Bank and shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and off balance sheet items, and in the mismatch in repricing rates of its assets, liabilities and off balance sheet items.

Foreign exchange rate risk

The Bank serves primarily in foreign exchange transactions to its customers. For asset and liability management purposes, the Bank manages foreign exchange risk and interest rate risk by entering into forward foreign exchange contracts and currency and interest rate swap contract.

The Bank enters into forward foreign exchange contracts as part of its risk management strategy of the market risk arising from the Bank underlying assets and liabilities and to offset risk created by its customers. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Board of Directors and controlling procedures set by the relevant Departments and Committees.

The Bank and its subsidiaries have summarized financial assets and liabilities classified on maturity of interest repricing periods as at June 30, 2009 and December 31, 2008, as follows :

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	59,896	580	-	-	-	7,244	67,720
Investments, net	10,261	16,241	21,792		-	7,890	56,808
Loans	332,858	39,927	89,531		55,927	977	556,160
Financial liabilities							
Deposits	383,726	67,190	35,509		-	14,136	500,563
Interbank and money market							
items	5,336	2,222	12,881		-	1,754	22,260
Borrowings	9,623	36,166	43,582	-	-	26	89,397

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	70,777	1,433	-	-	-	12,644	84,854
Investments, net	11,797	18,363	18,526		-	7,753	57,229
Loans	352,817	33,390	103,639		55,137	1,001	557,077
Financial liabilities							
Deposits	387,718	103,197	28,665		-	17,772	537,354
Interbank and money market							
items	4,102	1,049	13,144		-	1,641	20,003
Borrowings	2,030	9,680	70,085	-	-	62	81,857

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	59,106	580	-	-	-	6,783	66,469
Investments, net	10,231	15,889	21,211	624	-	36,567	84,522
Loans	357,097	37,580	58,652	32,052	38,084	-	523,465
Financial liabilities							
Deposits	382,602	63,358	34,257	2	-	14,238	494,457
Interbank and money market							
items	4,618	1,721	11,175	67	-	1,814	19,395
Borrowings	9,594	36,164	43,582	-	-	26	89,366

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Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	Non-Interest Bearing	Total
Financial assets							
Interbank and money market							
items	70,462	1,433	-	-	-	12,228	84,123
Investments, net	11,797	18,362	18,526	790	-	34,857	84,332
Loans	372,528	28,422	66,078	35,189	38,226	-	540,443
Financial liabilities							
Deposits	390,709	103,197	28,665	2	-	18,174	540,747
Interbank and money market							
items	3,957	576	12,936	67	-	1,659	19,195
Borrowings	2,030	9,680	70,085	-	-	62	81,857

Interest bearing financial instruments

The following table presents the Bank's average balance and interest amount for the six-month periods ended June 30, 2009 and 2008, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2009			June 30, 2008		
	Average Balance (6 months)	Interest Amount	Average Rate %	Average Balance (6 months)	Interest Amount	Average Rate %
Interest bearing financial assets						
Interbank and money market items	85,989	714	1.7	59,520	1,035	3.5
Securities purchased						
under resale agreement	-	-	-	18,817	296	3.1
Investments	50,827	767	3.0	60,427	1,007	3.3
Loans	549,797	18,726	6.8	505,702	16,197	6.4
Total	<u>686,613</u>	<u>20,207</u>		<u>644,466</u>	<u>18,535</u>	
Interest bearing financial liabilities						
Deposits	528,855	4,420	1.7	502,203	5,087	2.0
Interbank and money market items	22,902	363	3.2	10,047	273	5.4
Borrowings	87,655	1,960	4.5	80,734	1,396	3.5
Total	<u>639,412</u>	<u>6,743</u>		<u>592,984</u>	<u>6,756</u>	

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2009			June 30, 2008		
	Average Balance (6 months)	Interest Amount	Average Rate %	Average Balance (6 months)	Interest Amount	Average Rate %
Interest bearing financial assets						
Interbank and money market items	77,741	604	1.6	58,528	1,023	3.5
Securities purchased under resale agreement	-	-	-	18,817	296	3.1
Investments	49,441	746	3.0	59,329	1,004	3.4
Loans	524,532	13,312	5.1	482,023	13,224	5.5
Total	<u>651,714</u>	<u>14,662</u>		<u>618,697</u>	<u>15,547</u>	
Interest bearing financial liabilities						
Deposits	518,265	4,253	1.6	502,877	5,093	2.0
Interbank and money market items	17,111	317	3.7	15,070	189	2.5
Borrowings	82,758	1,673	4.0	49,217	963	3.9
Total	<u>618,134</u>	<u>6,243</u>		<u>567,164</u>	<u>6,245</u>	

Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at June 30, 2009 and December 31, 2008, as follows :

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 - 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items	7,440	59,326	1	882	-	-	71	67,720
Investments, net	-	4,084	17,122	27,171	666	-	7,765	56,808
Loans	4,305	100,865	50,351	149,354	195,358	55,927	-	556,160
Financial liabilities								
Deposits	200,393	197,469	67,190	35,509	2	-	-	500,563
Interbank and money market items	4,174	2,213	2,426	13,380	67	-	-	22,260
Borrowings	-	9,623	33,474	46,298	2	-	-	89,397

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

	Call	0-3 Months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	12,893	70,452	535	905	-	-	69	84,854
Investments, net	-	7,774	18,363	22,458	881	-	7,753	57,229
Loans	1,649	106,455	60,833	161,005	171,998	55,137	-	557,077
Financial liabilities								
Deposits	179,191	226,299	103,197	28,665	2	-	-	537,354
Interbank and money market								
items	4,036	1,762	1,111	13,027	67	-	-	20,003
Borrowings	-	2,030	6,984	72,841	2	-	-	81,857

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2009

	Call	0-3 months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	6,719	58,796	1	882	-	-	71	66,469
Investments, net	-	4,039	16,783	26,468	665	-	36,567	84,522
Loans	16,544	102,188	59,251	114,528	192,870	38,084	-	523,465
Financial liabilities								
Deposits	204,140	192,700	63,358	34,257	2	-	-	494,457
Interbank and money market								
items	4,388	1,444	1,721	11,775	67	-	-	19,395
Borrowings	-	9,594	33,472	46,298	2	-	-	89,366

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2008

	Call	0-3 months	Greater than 3-12 Months	Greater than 1 – 5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market								
items	12,162	70,452	535	905	-	-	69	84,123
Investments, net	-	7,774	18,363	22,458	881	-	34,856	84,332
Loans	7,855	105,416	56,014	120,920	212,012	38,226	-	540,443
Financial liabilities								
Deposits	182,566	226,317	103,197	28,665	2	-	-	540,747
Interbank and money market								
items	4,248	1,368	576	12,936	67	-	-	19,195
Borrowings	-	2,030	6,984	72,841	2	-	-	81,857

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Estimated fair value of financial instruments

The fair value of financial instruments has been estimated by the Bank using available market information and appropriate valuation methodologies for each type of financial instrument. A summary of carrying amounts and fair values of financial instruments as at June 30, 2009 and December 31, 2008, is as follows :

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENT				
	June 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	86,036	86,036	105,274	105,274
Current investments, net	21,599	21,599	27,151	27,151
Long-term investment, net	34,321	34,036	29,300	29,179
Loans and accrued interest receivable, net	521,301	521,486	526,453	526,416
Customers' liabilities under acceptances	489	489	665	665
Customer liabilities under collateral	1,030	1,030	-	-
Financial liabilities:				
Deposits	500,563	499,515	537,354	535,566
Interbank and money market items	22,260	22,562	20,003	20,168
Liabilities payable on demand	1,946	1,946	1,673	1,673
Borrowings	89,397	90,140	81,857	82,385
Bank's liabilities under acceptances	489	489	665	665
Liabilities under collateral deliver	1,030	1,030	-	-
Accrued interest payable	1,811	1,811	2,229	2,229

Unit : Million Baht				
SEPARATE FINANCIAL STATEMENTS				
	June 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	84,655	84,655	104,539	104,539
Current investment, net	21,217	21,217	27,151	27,151
Long-term investment, net	33,516	33,231	29,041	28,904
Loans and accrued interest receivable, net	499,179	499,179	518,297	518,297
Customers' liabilities under acceptances	489	489	665	665
Customer liabilities under collateral	1,030	1,030	-	-
Financial liabilities:				
Deposits	494,457	493,512	540,747	538,959
Interbank and money market items	19,395	19,666	19,195	19,390
Liabilities payable on demand	1,909	1,909	1,673	1,673
Borrowings	89,366	90,109	81,857	82,385
Bank's liabilities under acceptances	489	489	665	665
Liabilities under collateral deliver	1,030	1,030	-	-
Accrued interest payable	1,676	1,676	2,226	2,226

Off-balance sheet financial instruments

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
June 30, 2009						
	Notional < 1 year	Market value	Fair Value	Notional > 1 year	Market value	Fair Value
Spot and Forward Bought Foreign						
Exchange Contracts	63,196	62,592	(604)	-	-	-
Spot and Forward Sold Foreign						
Exchange Contracts	55,637	65,384	747	-	-	-

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
December 31, 2008						
	Notional < 1 year	Market value	Fair Value	Notional > 1 year	Market value	Fair Value
Spot and Forward Bought Foreign						
Exchange Contracts	53,907	54,745	838	-	-	-
Spot and Forward Sold Foreign						
Exchange Contracts	58,719	59,641	922	3	3	-

The Bank has estimated the fair value of the above instruments by estimating from notional amount less market value at the end of period.

Methods and assumptions in estimating fair value of financial instruments

The following methods and assumptions were used by the Bank in estimating fair value of financial instruments as disclosed herein:

Cash, interbank and money market items

The carrying amounts of cash and interbank and money market items presented in the balance sheet approximate fair value.

Current investments, net

Fair value for current investments, net, is as disclosed in note 3.2 to the financial statements.

Long-term investments, net

The determination of fair value for long-term investments, net, is as disclosed in note 3.2 to the financial statements except for non-listed equity securities which are presented at net book value and listed equity securities acquired from troubled debt restructurings and having an obligation to hold such securities according to debt restructuring agreements which are presented at cost.

Loans and accrued interest receivables

The Bank's loans and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. As at June 30, 2009 and December 31, 2008, the fair value is the outstanding balance of loans and accrued interest receivables less allowance for doubtful accounts per book.

Customers' liabilities under acceptances

The carrying amount of customers' liabilities under acceptances presented in the balance sheet approximates fair value.

Customers' liabilities under collateral

The carrying amount of customers' liabilities under collateral presented in the balance sheet approximates fair value of the collateral under the private purchase agreement and the customers use that securities to enter into another transaction.

Deposits

The carrying amount of deposits presented in the balance sheet at fair value, except for deposits with a term of more than 90 days where the fair value is calculated based on discounted cash flows.

Interbank and money market items (Liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the balance sheet at fair value, except for floating rate certificates of deposit (FRCD) which are based on quoted market prices.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the balance sheet at fair value.

Borrowings

The carrying amount of borrowings presented in the balance sheet at fair value, except for subordinated and senior securities floating rate notes which are based on the actual market price.

Accrued interest payable

The carrying amount of accrued interest payable presented in the balance sheet at fair value due to its short term of maturity.

Bank's liabilities under collateral deliver

The carrying amount of the Bank's liabilities under collateral deliver presented in the balance sheet approximates fair value of the collateral under the private purchase agreement and the Bank uses that securities to enter into another transaction.

Derivative financial instruments

Derivative financial instruments mainly comprise forward foreign exchange contracts which derive their value from underlying interest rates and foreign exchange rates. The fair value of derivatives are determined using quoted market prices and exchange rate for instruments with similar characteristics and maturities.

4.28 Transfer of Sub-quality Assets to Thai Asset Management Corporation

On October 12, 2001, the Bank and a subsidiary entered into Assets Transfer Agreements with the Thai Asset Management Corporation (TAMC) in order to transfer sub-quality assets including rights over the collateral as specified in the agreements. The sub-quality assets to be transferred should be those which have outstanding balances as at December 31, 2000 and possess certain characteristics as specified in the Emergency Decree on TAMC B.E. 2544 (TAMC Decree). The price of the sub-quality assets shall equal the value of the collateral which should not exceed the loan value less allowance for doubtful accounts, as determined based on BOT guidelines. The Bank and subsidiary will receive non-negotiable promissory notes when TAMC confirms the price. The notes mature in 10 years and bear the interest rate calculated based on the average rate of deposits, payable annually. The notes are availed by the Financial Institutions Development Fund.

The Bank, its subsidiary and TAMC agreed to allocate any profits or losses from managing the sub-quality assets at the end of the fifth and the tenth year starting from July 1, 2001. In addition, pursuant to the TAMC Decree, in case when profits are realized, the first portion of the profits, not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC, will be allocated equally during TAMC, the Bank and a subsidiary. The second portion of the profits will be allocated in full to the Bank and subsidiary. The two portions of the profits combined together shall not exceed the difference between the book value and the transfer price of the sub-quality assets transferred to TAMC. The residual amount of the profits after allocation of the second portions will be given to TAMC. In case when losses are realized, this will be shared between TAMC, the Bank and the subsidiary. The Bank and subsidiary will absorb the first portion of the losses, not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC. For the second portion of losses which is the residual amount of the first portion, an amount not exceeding 20% of the transfer price of the sub-quality assets transferred to TAMC will be shared equally between the Bank and its subsidiary. The residual amount of the losses after allocation of the second portions will be absorbed by TAMC. The calculation of such profits and losses by TAMC is based on the fully repaid assets or the process of assets transfer has been completed in case of transfer of assets for repayment purposes. As at June 30, 2009 and December 31, 2008, the provisions for possible losses were set up amounting to Baht 1,200 million, which were presented under other liabilities in the balance sheets.

4.29 Reclassifications

The reclassifications of subsidiaries have been made in the statements of income for the quarter ended June 30, 2008 and for the six-month period ended June 30, 2008, to comply with the Bank's accounting treatment in consolidated financial statements and reclassify in separate financial statements to comply with the classifications used in the statement of income for the quarter ended June 30, 2009 and for the six-month period ended June 30, 2009 as follows:

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous	Current	Previous	Current
	classifications	classifications	classifications	classifications
BALANCE SHEETS				
AS AT DECEMBER 31, 2008				
ASSETS				
Intangible assets, net	11,340	11,030	1,460	1,150
Other assets	7,061	7,003	4,600	4,910
LIABILITIES AND SHAREHOLDERS' EQUITY				
Other Liabilities	18,169	17,801	-	-
STATEMENT OF INCOME				
FOR THE QUARTER ENDED JUNE 30, 2008				
INTEREST AND DIVIDEND INCOME				
Interest on loan	6,326	6,709	-	-
Hire-purchase and financial lease income	2,935	2,560	-	-
INTEREST EXPENSES				
Interbank and money market items	338	316	105	83
Short-term borrowings	212	220	36	44
Long-term borrowings	548	562	548	562
BAD DEBT AND DOUBTFUL ACCOUNTS	866	1,316	-	-
NON-INTEREST INCOME				
Fees and service income				
Others	1,942	1,950	-	-
Gain (loss) on sales of properties foreclosed	(167)	267	-	-
Other income from properties foreclosed	51	-	42	-
Other income	145	140	86	89
NON-INTEREST EXPENSES				
Premises and equipment expenses	1,070	1,080	-	-
Fees and service expenses	614	603	-	-
Other expenses	903	857	730	692

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	Previous	Current	Previous	Current
	classifications	classifications	classifications	classifications
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008				
INTEREST AND DIVIDEND INCOME				
Interest on loan	12,232	12,697	-	-
Hire-purchase and financial lease income	4,648	4,195	-	-
INTEREST EXPENSES				
Interbank and money market items	550	519	189	158
Short-term borrowings	320	337	68	84
Long-term borrowings	896	910	896	910
BAD DEBT AND DOUBTFUL ACCOUNTS	2,519	3,280	-	-
NON-INTEREST INCOME				
Gain (loss) on sales of properties foreclosed	(9)	726	-	-
Other income	269	257	-	-
NON-INTEREST EXPENSES				
Other expenses	1,532	1,508	-	-

4.30 Event after the Balance Sheet Date

On July 9, 2009, the Extraordinary Board of Directors' Meeting of the Bank approved the bank to enter into the transaction of business acquisition and share acquisition of GE Money's businesses in Thailand as follows:

1. To purchase the business by acquiring 50% of the total shares sold of Krungsriyudhya Card Company Limited (KCC) operating credit card and personal loan business from GE Capital (Thailand) Limited (GECT).
2. To purchase 49% of the total shares sold of Tesco Card Services Limited (TCS) operating credit card and personal loan business from GECT with an option to purchase additional 1% of TCS's total shares sold.
3. To purchase the business by acquiring 100% of the total shares sold of GECT operating personal loan and credit card business from General Electric Capital Corporation (GECC).
4. To purchase the business by acquiring 100% of the total shares sold of Total Services Solutions Public Company Limited (TSS) providing collection service from GE Capital International Holding Corporation (GECIH).
5. To purchase the business by acquiring 100% of the total shares sold of General Card Services Limited (GCS) operating credit card and personal loan business from GECIH.

Expected completion of this transaction is within 2009 and the proposed transaction is subject to various regulatory, corporate and shareholder approvals, as well as the completion of a definitive agreement. If the approval process is completed, the transaction would represent an investment of approximately Baht 13,748 million which may be adjustable until the date of transaction.

In addition, the Extraordinary Board of Directors' Meeting of the Bank approved the bank to execute the purchase or accept the business transfer of CFG Services Company Limited (CFGs) operating hire-purchase business for the car owners having car register book as collateral and sale and lease back business by acquire 100% shares of the total shares sold from AIG Consumer Finance Group Inc., at the total value of consideration of Baht 18 million. Expected completion of this transaction is within September 2009 subject to the approval from the Bank of Thailand and the Bank's shareholders.

The Extraordinary Board of Directors' Meeting of the Bank on July 20, 2009 approved the Bank to accept the entire business transfer of Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited), operating credit card and personal loan and the Bank held 100% of total shares sold. The transaction is subject to shareholder approvals.

4.31 Approval of Financial Statements

These financial statements were approved for issuance by the Bank's authorized directors and the Bank's Audit Committee on August 17, 2009.