

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, 2010 and December 31, 2009, and the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2010 and 2009. 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, 2010 and December 31, 2009, and the results of operations and cash flows for the six-month periods ended June 30, 2010 and 2009 in conformity with generally accepted accounting principles.

Without qualifying our opinion, as discussed in Note 2.4 to the financial statements, the Bank and subsidiaries had first-time adopted an accounting policy regarding deferred income tax for the consolidated and separate financial statements for the year ended December 31, 2009. As the consolidated and separate statements for the six-months period ended June 30, 2009, which have previously been audited and reported on, have not applied such accounting policy, the comparative consolidated and separate statements of income, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2009, thus have been restated to be in accordance with such new accounting policy.

In addition, we have also reviewed the consolidated and separate statements of income for the quarters ended June 30, 2010 and 2009. 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.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
ASSETS				
CASH	17,760,856,966	20,090,301,220	17,708,383,495	20,080,481,318
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)				
Domestic items				
Interest bearing	83,528,572,189	43,646,439,739	83,356,580,227	41,141,564,689
Non-interest bearing	7,828,320,880	6,324,081,956	6,371,945,207	4,984,942,711
Foreign items				
Interest bearing	2,540,356,722	2,068,922,128	2,540,356,721	2,068,922,128
Non-interest bearing	1,400,988,178	1,628,381,553	1,311,290,938	1,561,415,090
Total interbank and money market items	<u>95,298,237,969</u>	<u>53,667,825,376</u>	<u>93,580,173,093</u>	<u>49,756,844,618</u>
INVESTMENTS (Notes 3.2 and 4.3)				
Current investments, net	15,212,820,902	22,779,862,805	15,212,820,902	22,741,811,297
Long-term investments, net	53,860,007,265	44,640,302,562	53,623,440,046	44,402,356,334
Investments in subsidiaries and associated companies, net	<u>709,997,647</u>	<u>642,683,414</u>	<u>37,702,059,374</u>	<u>37,699,959,145</u>
Investments, net	<u>69,782,825,814</u>	<u>68,062,848,781</u>	<u>106,538,320,322</u>	<u>104,844,126,776</u>
LOANS AND ACCRUED INTEREST RECEIVABLE (Notes 3.3 and 4.5)				
Loans	618,891,126,853	603,507,857,415	563,795,517,774	563,934,343,020
Accrued interest receivable	<u>1,844,952,799</u>	<u>2,210,020,713</u>	<u>822,083,529</u>	<u>1,195,345,527</u>
Total loans and accrued interest receivable	620,736,079,652	605,717,878,128	564,617,601,303	565,129,688,547
Less Allowance for doubtful accounts (Notes 3.4 and 4.6)	(40,607,432,630)	(38,270,889,402)	(26,690,249,583)	(24,255,898,175)
Less Revaluation allowance for debt restructuring (Notes 3.5 and 4.7)	<u>(36,404,651)</u>	<u>(328,769,156)</u>	<u>(35,063,130)</u>	<u>(328,627,151)</u>
Net loans and accrued interest receivable	<u>580,092,242,371</u>	<u>567,118,219,570</u>	<u>537,892,288,590</u>	<u>540,545,163,221</u>
PROPERTIES FORECLOSED, NET (Notes 3.6 and 4.8)	16,418,442,457	18,016,939,618	8,563,444,543	9,557,415,041
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	608,461,415	680,864,990	608,461,415	680,864,990
CUSTOMERS' LIABILITIES UNDER COLLATERAL PROPERTY, PREMISES AND EQUIPMENT, NET (Notes 3.7 and 4.9)	16,953,090,995	17,369,818,373	16,184,900,317	16,597,158,635
INTANGIBLE ASSETS, NET (Notes 3.9 and 4.10)	12,703,195,494	12,608,518,002	1,296,087,619	1,141,222,949
DEFERRED TAX ASSETS (Notes 3.14 and 4.11)	6,977,457,068	7,087,903,185	2,789,468,173	2,792,127,709
OTHER ASSETS	<u>6,943,198,372</u>	<u>8,339,135,600</u>	<u>6,400,044,811</u>	<u>7,539,935,761</u>
TOTAL ASSETS	<u><u>851,607,508,921</u></u>	<u><u>780,132,374,715</u></u>	<u><u>819,631,072,378</u></u>	<u><u>760,625,341,018</u></u>

Notes to the consolidated and 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, 2010 AND DECEMBER 31, 2009

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS (Note 4.12)				
Deposits in Baht	520,376,123,504	517,551,626,496	525,644,752,386	521,722,506,312
Deposits in foreign currencies	2,881,702,905	2,963,011,066	2,881,702,905	2,963,011,067
Total deposits	<u>523,257,826,409</u>	<u>520,514,637,562</u>	<u>528,526,455,291</u>	<u>524,685,517,379</u>
INTERBANK AND MONEY MARKET ITEMS				
(Note 4.13)				
Domestic items				
Interest bearing	68,996,306,342	45,056,809,675	62,446,642,040	41,176,612,235
Non-interest bearing	1,737,966,455	1,776,556,195	1,752,598,869	1,791,093,255
Foreign items				
Interest bearing	662,989,818	519,222,147	662,989,818	519,222,147
Non-interest bearing	150,247,705	62,480,673	150,247,705	62,480,673
Total interbank and money market items	<u>71,547,510,320</u>	<u>47,415,068,690</u>	<u>65,012,478,432</u>	<u>43,549,408,310</u>
LIABILITIES PAYABLE ON DEMAND	2,678,611,763	1,752,365,884	2,678,611,763	1,752,365,884
BORROWINGS (Notes 4.14 and 4.15)				
Short-term borrowings	37,235,399,730	39,090,300,000	39,735,399,730	39,090,300,000
Long-term borrowings	62,833,804,038	45,596,442,233	48,119,404,038	40,922,442,233
Total borrowings	<u>100,069,203,768</u>	<u>84,686,742,233</u>	<u>87,854,803,768</u>	<u>80,012,742,233</u>
BANK'S LIABILITIES UNDER ACCEPTANCES	608,461,415	680,864,990	608,461,415	680,864,990
LIABILITIES UNDER COLLATERAL DELIVER	28,069,500,000	7,090,000,000	28,069,500,000	7,090,000,000
PROVISION (Note 4.16)	287,129,762	287,129,762	287,129,762	287,129,762
DEFERRED TAX LIABILITIES (Note 4.17)	2,782,845,268	2,722,116,191	2,427,273,294	2,343,766,278
OTHER LIABILITIES	<u>26,269,931,813</u>	<u>22,398,195,199</u>	<u>14,317,463,967</u>	<u>12,083,172,984</u>
TOTAL LIABILITIES	<u>755,571,020,518</u>	<u>687,547,120,511</u>	<u>729,782,177,692</u>	<u>672,484,967,820</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 4.19)				
Authorized share capital				
7,089,392,755 ordinary shares of				
Baht 10 each	70,893,927,550	70,893,927,550	70,893,927,550	70,893,927,550
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	3,824,098,097	3,824,098,097	3,824,098,097	3,824,098,097
PREMISES REVALUATION SURPLUS	3,191,463,723	3,312,386,384	3,191,463,723	3,312,386,384
REVALUATION SURPLUS ON INVESTMENTS	727,367,756	127,945,524	734,379,563	135,603,115
DEFERRED TAX ON LAND REVALUATION SURPLUS	(1,147,229,429)	(1,147,229,429)	(1,147,229,429)	(1,147,229,429)
DEFERRED TAX ON PREMISES REVALUATION SURPLUS	(957,439,117)	(993,715,915)	(957,439,117)	(993,715,915)
DEFERRED TAX ON REVALUATION ON INVESTMENT	(224,421,782)	(46,193,401)	(223,749,064)	(46,848,317)
RETAINED EARNINGS				
Appropriated				
Statutory reserve (Note 4.20)	710,500,000	710,500,000	710,500,000	710,500,000
Unappropriated	15,189,768,818	12,082,136,783	9,173,217,589	7,801,925,939
Total	95,857,761,390	92,413,581,367	89,848,894,686	88,140,373,198
MINORITY INTEREST	178,727,013	171,672,837	-	-
TOTAL SHAREHOLDERS' EQUITY	96,036,488,403	92,585,254,204	89,848,894,686	88,140,373,198
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	851,607,508,921	780,132,374,715	819,631,072,378	760,625,341,018

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
OFF -BALANCE SHEET ITEMS				
– CONTINGENCIES (Note 4.23)				
 AVALS TO BILLS AND GUARANTEES OF LOANS	 3,949,724,959	 3,983,344,696	 3,949,724,959	 3,983,344,696
LIABILITY UNDER UNMATURED IMPORT BILLS	 1,333,333,916	 1,379,924,292	 1,333,333,916	 1,379,924,292
LETTERS OF CREDIT	4,533,928,727	5,382,508,494	4,613,595,595	5,415,315,342
OTHER CONTINGENCIES	382,317,214,664	255,084,600,468	383,210,958,824	255,592,949,313

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

(Mr. Mark John Arnold)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

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 fifth paragraph are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

BANGKOK

August 17, 2010

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

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2010 AND 2009
"UNAUDITED"

			BAHT	
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
		"Restated"		"Restated"
INTEREST AND DIVIDEND INCOME				
Interest on loans	7,677,539,829	5,728,503,272	6,416,380,368	6,501,321,834
Interest on interbank and money market items	242,783,522	217,695,699	240,035,461	204,134,205
Hire purchase and financial lease income	3,436,892,801	3,126,633,221	-	-
Investments	399,198,192	382,926,443	2,381,708,224	757,728,257
Total Interest and Dividend Income	<u>11,756,414,344</u>	<u>9,455,758,635</u>	<u>9,038,124,053</u>	<u>7,463,184,296</u>
INTEREST EXPENSES				
Interest on deposits	1,301,415,662	1,652,765,285	1,317,833,610	1,641,071,960
Interest on interbank and money market items	303,590,967	200,613,330	240,140,068	159,158,330
Interest on short-term borrowings	345,285,097	213,180,821	349,368,745	212,872,456
Interest on long-term borrowings	531,492,765	620,051,348	418,188,393	620,051,348
Total Interest Expenses	<u>2,481,784,491</u>	<u>2,686,610,784</u>	<u>2,325,530,816</u>	<u>2,633,154,094</u>
Interest and Dividend Income, net	9,274,629,853	6,769,147,851	6,712,593,237	4,830,030,202
BAD DEBT AND DOUBTFUL ACCOUNTS				
(Note 4.6)	2,406,721,779	1,494,597,158	1,166,702,673	759,030,553
LOSS ON DEBT RESTRUCTURING				
(Note 4.7)	498,333,026	1,041,393,041	258,297,327	1,040,969,447
Interest and Dividend Income after				
Bad Debt and Doubtful Accounts and Loss on				
Debt Restructuring, net	<u>6,369,575,048</u>	<u>4,233,157,652</u>	<u>5,287,593,237</u>	<u>3,030,030,202</u>
NON-INTEREST INCOME				
Gain on investments (Note 4.3.2)	137,405,212	158,401,185	135,238,278	91,544,978
Gain from equity interest in associated company	27,296,849	27,874,159	-	-
Fees and service income				
Acceptances, aval and guarantees	13,972,885	12,567,515	13,930,831	12,567,515
Others	3,024,177,837	2,206,652,875	1,517,016,107	1,373,621,038
Gain on exchange	188,321,915	120,750,664	172,560,184	141,672,547
Gain on sales of properties foreclosed	123,790,978	125,932,179	51,640,150	33,423,695
Income from investments in receivables	148,620,760	63,026,622	-	-
Excess of net fair value of acquired subsidiaries				
over purchase cost	6,342	742,935,045	-	-
Other income	651,528,705	203,223,803	40,173,185	11,420,170
Total Non-Interest Income	<u>4,315,121,483</u>	<u>3,661,364,047</u>	<u>1,930,558,735</u>	<u>1,664,249,943</u>
NON-INTEREST EXPENSES				
Personnel expenses	2,682,407,644	2,197,074,218	1,818,035,441	1,706,639,265
Premises and equipment expenses	1,214,038,917	1,056,297,843	804,928,551	849,935,477
Taxes and duties	373,052,256	266,605,724	258,531,778	250,733,270
Fees and service expenses	927,513,306	694,155,614	404,631,946	283,113,506
Directors' remuneration	7,172,520	7,011,862	6,715,020	6,152,500
Contributions to Deposit Protection Agency	545,820,889	533,376,531	545,820,889	518,670,304
Other expenses	1,635,851,366	949,759,213	910,914,128	489,216,027
Total Non-Interest Expenses	<u>7,385,856,898</u>	<u>5,704,281,005</u>	<u>4,749,577,753</u>	<u>4,104,460,349</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (CONTINUED)
FOR THE QUARTERS ENDED JUNE 30, 2010 AND 2009

"UNAUDITED"

				BAHT	
		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2010	2009	2010	2009
			"Restated"		"Restated"
INCOME BEFORE INCOME TAX EXPENSES		3,298,839,633	2,190,240,694	2,468,574,219	589,819,796
INCOME TAX EXPENSES (Notes 3.14 and 4.22)		1,161,928,027	463,665,221	347,850,002	37,557,458
NET INCOME		<u>2,136,911,606</u>	<u>1,726,575,473</u>	<u>2,120,724,217</u>	<u>552,262,338</u>
ATTRIBUTABLE TO					
EQUITY HOLDERS OF THE BANK		2,131,271,248	1,722,856,159	2,120,724,217	552,262,338
MINORITY INTEREST		5,640,358	3,719,314	-	-
NET INCOME		<u>2,136,911,606</u>	<u>1,726,575,473</u>	<u>2,120,724,217</u>	<u>552,262,338</u>
BASIC EARNINGS PER SHARE					
(Notes 3.15)	Baht	0.35	0.28	0.35	0.09
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	Shares	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

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

(Mr. Mark John Arnold)
President and Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
		"Restated"		"Restated"
INTEREST AND DIVIDEND INCOME				
Interest on loans	15,454,336,545	11,688,416,957	12,914,196,690	13,412,967,712
Interest on interbank and money market items	426,173,592	618,540,477	421,674,383	604,161,222
Hire purchase and financial lease income	6,797,479,889	5,972,745,989	-	-
Investments	897,390,076	844,160,768	2,879,383,421	1,218,838,960
Total Interest and Dividend Income	<u>23,575,380,102</u>	<u>19,123,864,191</u>	<u>16,215,254,494</u>	<u>15,235,967,894</u>
INTEREST EXPENSES				
Interest on deposits	2,635,673,751	4,257,145,483	2,670,392,134	4,252,891,464
Interest on interbank and money market items	569,375,519	373,958,579	465,996,106	317,078,090
Interest on short-term borrowings	706,089,690	275,764,069	710,041,717	275,455,704
Interest on long-term borrowings	1,021,569,466	1,397,371,074	841,256,126	1,397,371,074
Total Interest Expenses	<u>4,932,708,426</u>	<u>6,304,239,205</u>	<u>4,687,686,083</u>	<u>6,242,796,332</u>
Interest and Dividend Income, net	18,642,671,676	12,819,624,986	11,527,568,411	8,993,171,562
BAD DEBT AND DOUBTFUL ACCOUNTS				
(Note 4.6)	5,757,596,632	3,429,642,384	2,458,542,827	1,946,419,112
LOSS ON DEBT RESTRUCTURING				
(Note 4.7)	<u>328,820,916</u>	<u>1,083,997,040</u>	<u>329,457,173</u>	<u>1,083,580,888</u>
Interest and Dividend Income after Bad Debt and Doubtful Accounts and Loss on Debt Restructuring, net	<u>12,556,254,128</u>	<u>8,305,985,562</u>	<u>8,739,568,411</u>	<u>5,963,171,562</u>
NON-INTEREST INCOME				
Gain on investments (Note 4.3.2)	190,726,701	160,388,735	208,229,936	133,519,440
Gain from equity interest in associated company	65,602,490	113,061,009	-	-
Fees and service income				
Acceptances, aval and guarantees	28,394,223	24,189,779	28,394,558	24,189,779
Others	6,228,241,931	4,094,160,367	3,078,352,033	2,649,555,367
Gain on exchange	365,531,543	324,941,042	346,682,517	345,821,303
Gain on sales of properties foreclosed	422,928,832	201,202,067	191,509,515	55,165,657
Income from investments in receivables	304,004,775	144,849,759	-	-
Excess of net fair value of acquired subsidiaries over purchase cost (reversal)	(24,207,618)	742,935,045	-	-
Other income	1,335,245,007	311,761,885	100,860,927	74,305,285
Total Non-Interest Income	<u>8,916,467,884</u>	<u>6,117,489,688</u>	<u>3,954,029,486</u>	<u>3,282,556,831</u>
NON-INTEREST EXPENSES				
Personnel expenses	5,468,390,834	4,319,370,508	3,756,210,196	3,398,930,443
Premises and equipment expenses	2,490,225,659	2,024,762,619	1,663,370,838	1,641,152,143
Taxes and duties	742,101,743	550,363,444	517,661,825	527,521,827
Fees and service expenses	2,009,022,333	1,406,211,796	843,415,328	653,263,785
Directors' remuneration	13,518,200	15,246,562	12,589,200	12,641,200
Contributions to Deposit Protection Agency	1,065,472,319	1,052,046,373	1,065,472,320	1,037,340,146
Other expenses	3,421,176,648	1,558,527,475	1,912,997,952	982,183,054
Total Non-Interest Expenses	<u>15,209,907,736</u>	<u>10,926,528,777</u>	<u>9,771,717,659</u>	<u>8,253,032,598</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

					BAHT

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

(Mr. Mark John Arnold)
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, 2010 AND 2009

Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	Ordinary Share	Premium on	Asset Appraisal	Revaluation Surplus	Deferred tax on	Deferred tax on	Retained Earnings		Minority Interests	Total
	Capital	Share Capital	Surplus	(Deficit) on	assets	revaluation on	Appropriated	Unappropriated		
				Investments	appraisal surplus	Investments	Legal reserve			
"Restated"										
Balance as of December 31, 2008 as previously reported	60,741,437,470	13,802,215,854	5,441,603,666	(143,430,231)	-	-	582,500,000	4,845,393,467	97,708,421	85,367,428,647
Effects on changes in accounting policies (Note 2.4)	-	-	-	-	(1,632,481,100)	38,296,015	-	2,529,474,017	11,699,330	946,988,262
Balance as of December 31, 2008 as restated	60,741,437,470	13,802,215,854	5,441,603,666	(143,430,231)	(1,632,481,100)	38,296,015	582,500,000	7,374,867,484	109,407,751	86,314,416,909
Decrease in asset appraisal surplus	-	-	(83,712,816)	-	-	-	-	-	-	(83,712,816)
Increase in revaluation surplus on investments	-	-	-	9,703,943	-	-	-	-	-	9,703,943
(Increase) decrease in deferred tax	-	-	-	-	71,244,983	(31,016,193)	-	-	1,118	40,229,908
Income (expenses) recognized in shareholders' equity	-	-	(83,712,816)	9,703,943	71,244,983	(31,016,193)	-	-	1,118	(33,778,965)
Net income	-	-	-	-	-	-	-	2,759,575,318	554,012	2,760,129,330
Total income (expenses) recognized in the period	-	-	(83,712,816)	9,703,943	71,244,983	(31,016,193)	-	2,759,575,318	555,130	2,726,350,365
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(905,842,983)	(1,316)	(905,844,299)
Decrease 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)	(1,561,236,117)	7,279,822	582,500,000	9,228,599,819	116,498,478	88,141,459,888

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	Ordinary Share	Premium on	Asset Appraisal	Revaluation Surplus	Deferred tax on	Deferred tax on	Retained Earnings		Minority Interests	Total
	Capital	Share Capital	Surplus	(Deficit) on	assets	revaluation on	Appropriated	Unappropriated		
				Investments	appraisal surplus	Investments	Legal reserve			
Balance as of December 31, 2009	60,741,437,470	13,802,215,854	7,136,484,481	127,945,524	(2,140,945,344)	(46,193,401)	710,500,000	12,082,136,783	171,672,837	92,585,254,204
Decrease in asset appraisal surplus	-	-	(120,922,661)	-	-	-	-	-	-	(120,922,661)
Increase in revaluation surplus on investments	-	-	-	599,422,232	-	-	-	-	446,194	599,868,426
(Increase) decrease in deferred tax	-	-	-	-	36,276,798	(178,228,381)	-	-	-	(141,951,583)
Income (expenses) recognized in shareholders' equity	-	-	(120,922,661)	599,422,232	36,276,798	(178,228,381)	-	-	446,194	336,994,182
Net income	-	-	-	-	-	-	-	4,200,977,909	11,051,945	4,212,029,854
Total income (expenses) recognized in the period	-	-	(120,922,661)	599,422,232	36,276,798	(178,228,381)	-	4,200,977,909	11,498,139	4,549,024,036
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(1,093,345,874)	(1,468,788)	(1,094,814,662)
Increase in shareholding in subsidiary company	-	-	-	-	-	-	-	-	(2,975,175)	(2,975,175)
Ending balance as of June 30, 2010	60,741,437,470	13,802,215,854	7,015,561,820	727,367,756	(2,104,668,546)	(224,421,782)	710,500,000	15,189,768,818	178,727,013	96,036,488,403

Notes to the consolidated and separate financial statements form an 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, 2010 AND 2009

	SEPARATE FINANCIAL STATEMENTS								Baht
	Ordinary Share	Premium on	Asset Appraisal	Revaluation Surplus	Deferred tax on	Deferred tax on	Retained Earnings		Total
	Capital	Share Capital	Surplus	(Deficit) on	assets	revaluation on	Appropriated	Unappropriated	
				Investments	appraisal surplus	Investments	Legal reserve		
"Restated"									
Balance as of December 31, 2008 as previously reported	60,741,437,470	13,802,215,854	5,441,603,666	(127,006,947)	-	-	582,500,000	5,032,036,415	85,472,786,458
Effects on changes in accounting policies (Note 2.4)	-	-	-	-	(1,632,481,100)	26,631,646	-	2,176,563,338	570,713,884
Balance as of December 31, 2008 as restated	60,741,437,470	13,802,215,854	5,441,603,666	(127,006,947)	(1,632,481,100)	26,631,646	582,500,000	7,208,599,753	86,043,500,342
Decrease in asset appraisal surplus	-	-	(83,712,816)	-	-	-	-	-	(83,712,816)
Increase in revaluation surplus on investments	-	-	-	3,918,504	-	-	-	-	3,918,504
Decrease in deferred tax	-	-	-	-	25,113,845	1,427,908	-	-	26,541,753
Income (expenses) recognized in shareholders' equity	-	-	(83,712,816)	3,918,504	25,113,845	1,427,908	-	-	(53,252,559)
Net income	-	-	-	-	-	-	-	855,643,718	855,643,718
Total income (expenses) recognized in the period	-	-	(83,712,816)	3,918,504	25,113,845	1,427,908	-	855,643,718	802,391,159
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(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	(123,088,443)	(1,607,367,255)	28,059,554	582,500,000	7,158,400,488	85,940,048,518

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

	Baht								
	SEPARATE FINANCIAL STATEMENTS								
	Ordinary Share	Premium on	Asset Appraisal	Revaluation Surplus	Deferred tax on	Deferred tax on	Retained Earnings		Total
	Capital	Share Capital	Surplus	(Deficit) on	assets	revaluation on	Appropriated	Unappropriated	
				Investments	appraisal surplus	Investments	Legal reserve		
Balance as of December 31, 2009	60,741,437,470	13,802,215,854	7,136,484,481	135,603,115	(2,140,945,344)	(46,848,317)	710,500,000	7,801,925,939	88,140,373,198
Decrease in asset appraisal surplus	-	-	(120,922,661)	-	-	-	-	-	(120,922,661)
Increase in revaluation surplus on investments	-	-	-	598,776,448	-	-	-	-	598,776,448
(Increase) decrease in deferred tax	-	-	-	-	36,276,798	(176,900,747)	-	-	(140,623,949)
Income (expenses) recognized in shareholders' equity	-	-	(120,922,661)	598,776,448	36,276,798	(176,900,747)	-	-	337,229,838
Net income	-	-		-			-	2,464,637,524	2,464,637,524
Total income (expenses) recognized in the period	-	-	(120,922,661)	598,776,448	36,276,798	(176,900,747)	-	2,464,637,524	2,801,867,362
Dividend payment (Note 4.21)	-	-	-	-	-	-	-	(1,093,345,874)	(1,093,345,874)
Ending balance as of June 30, 2010	60,741,437,470	13,802,215,854	7,015,561,820	734,379,563	(2,104,668,546)	(223,749,064)	710,500,000	9,173,217,589	89,848,894,686

Notes to the consolidated and separate financial statements form an 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, 2010 AND 2009

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
		"Restated"		"Restated"
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	6,262,814,276	3,496,946,473	2,921,880,238	992,695,795
Adjustments to reconcile income to cash provided by (used in)				
operating activities:				
Depreciation and amortization	951,268,164	843,663,298	727,035,731	657,511,887
Deferred interest amortization	10,275,008	-	10,275,008	-
Bad debt and doubtful accounts	5,757,596,632	3,429,642,384	2,458,542,827	1,946,419,112
Loss on debt restructuring	328,820,916	1,083,997,040	329,457,173	1,083,580,888
Loss on translation of balances in				
foreign currencies	518,340,935	261,316,749	535,287,000	189,131,859
Gain on investments	(190,726,701)	(160,388,735)	(208,229,936)	(133,519,440)
Excess of interest in the net fair value of subsidiary				
that over purchase price	24,207,618	(742,935,045)	-	-
Discretion of discount on investments	54,236,379	(242,606,964)	(28,657,846)	(135,787,305)
Gain on sales of properties foreclosed	(422,928,832)	(201,202,067)	(191,509,515)	(55,165,657)
(Gain) loss on sales of property, premises and equipment	(53,579,145)	1,023,385	517,662	669,177
Loss on impairment of properties foreclosed	291,670,683	80,115,754	283,706,265	136,835,551
Income from equity interest in associated company	(65,602,490)	(113,061,009)	-	-
Interest and dividend income	(23,575,380,102)	(19,123,864,191)	(16,215,254,494)	(15,235,967,894)
Interest received	23,785,234,667	19,313,268,366	14,447,203,123	15,064,293,386
Dividend received	192,400,647	75,674,279	2,134,141,140	438,022,026
Interest expenses	4,932,708,426	6,304,239,205	4,687,686,083	6,242,796,332
Increase in other accrued expenses	790,607,262	349,546,752	588,642,334	406,546,413
Increase (decrease) in other reserve	(373,421,044)	21,370,122	(373,451,044)	21,370,122
Interest paid	(4,959,160,802)	(7,060,858,560)	(4,788,075,902)	(6,792,426,925)
Withholding income tax refunded	2,444,742	-	-	-
Income tax paid	(1,519,389,442)	(1,318,255,693)	(538,969,825)	(132,652,292)
Income from operations before changes in				
operating assets and liabilities	12,742,437,797	6,297,631,543	6,780,226,022	4,694,353,035
(Increase) decrease in operating assets				
Interbank and money market items	(41,719,104,982)	41,611,949,166	(43,912,153,301)	17,354,311,675
Current investments - securities for trading	(1,637,078,219)	4,031,826,356	(1,396,654,215)	2,036,308,396
Loans	(19,878,210,488)	19,720,972,976	(895,613,394)	15,478,786,836
Properties foreclosed	1,918,647,937	1,008,116,347	1,090,666,377	857,490,449
Other assets	1,735,143,115	957,918,356	1,216,580,150	281,306,989
Increase (decrease) in operating liabilities				
Deposits	2,930,571,348	(56,116,001,796)	4,009,939,825	(46,178,957,707)
Interbank and money market items	24,153,040,468	(3,356,976,069)	21,483,668,960	250,256,058
Liabilities payable on demand	926,245,879	239,168,493	926,245,879	236,143,794
Other liabilities	1,991,984,691	(1,009,739,596)	1,729,711,239	(681,921,976)
Net cash provided by (used in) operating activities	(16,836,322,454)	13,384,865,776	(8,967,382,458)	(5,671,922,451)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2010	2009	2010	2009
		"Restated"		"Restated"
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments - securities available-for-sale and other investments	242,483,764,646	26,810,439,733	242,225,242,916	27,414,788,854
Cash paid for purchases of investments - securities available-for-sale and other investments	(241,973,703,803)	(28,587,140,376)	(241,973,703,803)	(27,939,315,536)
Cash paid for purchases of subsidiaries	-	(1,517,150,856)	-	(1,650,605,547)
Proceed from sales of shares of subsidiary	-	4,679,728	-	-
Cash paid to minority shareholder for purchase of additional shares of subsidiary	(2,786,214)	-	(2,786,214)	-
Proceeds from sales of property, premises and equipment	339,340,951	220,710,762	5,132,061	16,805,556
Cash paid for purchases of property, premises and equipment	(306,914,306)	(891,689,421)	(111,985,018)	(988,792,589)
Cash paid for purchases of computer program	(110,832,274)	(171,408,706)	(84,224,508)	(169,606,937)
Net cash provided by (used in) investing activities	<u>428,869,000</u>	<u>(4,131,559,136)</u>	<u>57,675,434</u>	<u>(3,316,726,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subordinated debentures	20,000,000,000	-	20,000,000,000	-
Proceeds from issuance of senior securities notes	9,143,400,000	-	103,000,000	-
Proceeds from issuance of bills of exchange	25,447,900,000	11,271,560,197	25,447,900,000	11,240,600,000
Proceeds from issuance of short-term debentures	572,900,000	-	572,900,000	-
Cash paid for repayment of bill of exchange	(12,055,800,000)	(3,545,600,000)	(12,055,800,000)	(3,545,600,000)
Cash paid for redemption of short-term debentures	(26,188,200,000)	(693,038,955)	(26,188,200,000)	-
Cash paid for repayment of short-term borrowings	(1,503,700,000)	(17,499,064,029)	(3,700,000)	-
Cash paid for repayment of long-term borrowings	(34,038,465)	-	(34,038,465)	(47,040,409)
Cash paid for liabilities under finance lease agreement	(148,947,532)	-	(148,947,532)	-
Dividend payment	(1,093,345,874)	(905,842,983)	(1,093,345,874)	(905,842,983)
Net cash provided by (used in) financing activities	<u>14,140,168,129</u>	<u>(11,371,985,770)</u>	<u>6,599,768,129</u>	<u>6,742,116,608</u>
Total	<u>(2,267,285,325)</u>	<u>(2,118,679,130)</u>	<u>(2,309,938,895)</u>	<u>(2,246,532,042)</u>
Effect of exchange rate change on cash	<u>(62,158,928)</u>	<u>15,613,292</u>	<u>(62,158,928)</u>	<u>15,613,291</u>
Net decrease in cash and cash equivalents	(2,329,444,253)	(2,103,065,838)	(2,372,097,823)	(2,230,918,751)
Cash and cash equivalents as at January 1,	<u>20,090,301,219</u>	<u>20,419,454,554</u>	<u>20,080,481,318</u>	<u>20,416,524,467</u>
Cash and cash equivalents as at June 30,	<u>17,760,856,966</u>	<u>18,316,388,716</u>	<u>17,708,383,495</u>	<u>18,185,605,716</u>

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

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, 2010 AND 2009

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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, 2010 AND 2009

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. As at June 30, 2010, the Bank has 18 subsidiaries as follows:

- 1.1 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.
- 1.2 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.

Currently, 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.

- 1.3 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.

- 1.4 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 (see note 1.3) and Ayudhya Hire Purchase Company Limited (see note 1.4). The Bank of Thailand approved the entire business transfer on November 5, 2008 and this transaction was executed on December 5, 2008.

- 1.5 Ayudhya Total Solution Public Company Limited (formerly 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.

On September 25, 2009, the subsidiary returned the banking license to the Bank of Thailand to be in compliance with the Bank of Thailand's regulations.

- 1.6 CFG Services Company Limited, incorporated in Thailand since October 24, 2006 and located at 52/53, 54, 59, 60 Pathumthani-samkok Road, Bangprok, Muang, Pathumtani. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles. The subsidiary became the Bank's subsidiary on September 9, 2009.
- 1.7 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.
- 1.8 Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited), incorporated in Thailand since November 9, 1994 and located at 87/1, Capital Tower, All Seasons Place, FL 1-6 and 8-11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit card business and personal loan. The subsidiary became the Bank's subsidiary on November 5, 2009.
- 1.9 General Card Services Limited, incorporated in Thailand since January 24, 1995 and located at 87/1, Capital Tower, All Seasons Place, FL 1-6 and 8, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit card business and personal loan. The subsidiary became the Bank's subsidiary on November 5, 2009.
- 1.10 Krungsriayudhya Card Company Limited, which is owned by Bank of Ayudhya Public Company Limited and Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited) equally, with 49.99% shareholding each, incorporated in Thailand since August 29, 1996 and located at 87/1, Capital Tower, All Seasons Place, FL 1-6 and 8-11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit card business and personal loan. The Subsidiary changed its status from being an associated company to subsidiary resulting from indirectly holding via GE Capital (Thailand) Limited on November 5, 2009.
- 1.11 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.
- 1.12 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 currently in the process of liquidation.

- 1.13 Total Services Solutions Public Company Limited, incorporated as a public company limited in Thailand since May 19, 1997 and located at 87/1, Capital Tower, and 87/2, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is providing collection services. The subsidiary became the Bank's subsidiary on November 5, 2009.
- 1.14 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.
- 1.15 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.
- 1.16 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.
- 1.17 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.
- 1.18 PrimaVest Asset Management Company Limited, which is 99.99% held by Ayudhya Fund Management Company Limited, incorporated in Thailand since May 7, 1997 and located at 900 Tonson Tower , Fl 18, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is fund management. The subsidiary became Ayudhya Fund Management Company Limited's subsidiary on September 18, 2009.

The Bank has 2 subsidiaries which had liquidated during 2010 and 2009 as follows:

- 1.1 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. The subsidiary had registered with the Ministry of Commerce for the dissolution on December 26, 2008. Currently, the subsidiary registered to liquidate on December 25, 2009.

- 1.2 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.

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 registered to liquidate on March 24, 2010.

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

- 2.1 The consolidated and 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) "Presentation of Financial Statements" (previously No. 35).

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.

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 standards and Financial Reporting Standards announced but not effective in 2010

The Federation of Accounting Professions has issued the Notification of Federation of Accounting Professions No. 17/2553 dated April 9, 2010 regarding the following new and revised Thai accounting standards (TASs) and Thai Financial Reporting Standards (TFRSs) that have been announced in the Royal Gazette on May 26, 2010, but not yet effective in 2010. The TASs and TFRSs which are related to Bank and subsidiaries are as follows:

TAS/TFRS	Effective date
TASs	
TAS 1 (Revised 2009) Presentation of Financial Statements	January 1, 2011
TAS 7 (Revised 2009) Statement of Cash Flows	January 1, 2011
TAS 8 (Revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009) Events After the Reporting Period	January 1, 2011
TAS 12 Income Taxes	January 1, 2013
TAS 17 (Revised 2009) Leases	January 1, 2011
TAS 23 (Revised 2009) Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009) Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009) Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009) Investments in Associates	January 1, 2011
TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2011
TAS 33 (Revised 2009) Earnings per Share	January 1, 2011
TAS 34 (Revised 2009) Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009) Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009) Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009) Intangible Assets	January 1, 2011
TAS 40 (Revised 2009) Investment Property	January 1, 2011
TFRS	
TFRS 5 (Revised 2009) Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011

The Bank and subsidiaries' managements anticipate that all of the above accounting standards and financial reporting standards will be adopted in the Bank and subsidiaries's financial statements when they become effective except for TAS 12 Income taxes, which the Bank and subsidiaries had early adopted.

TAS 1 (Revised 2009) Presentation of Financial Statements, TAS 7 (Revised 2009) Statement of Cash Flows, and TAS 24 (Revised 2009) Related Party Disclosures change requirements regarding presentation in financial statements and disclosure in notes to financial statements. Therefore the Bank and subsidiaries have been required to apply those standards retrospectively when they become effective.

Except the above TASs and TFRSs, the Bank and subsidiaries' managements anticipate that the adoption of those TASs and TFRSs will have no material impact on the financial statements of the Bank and subsidiaries in the period of initial application.

- 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:

	Business Type	Percentage of Holdings As at	
		June 30, 2010	December 31, 2009
Subsidiaries			
Ayudhya Development Leasing Company Limited	Leasing	99.99	99.99
Ayudhya Auto Lease Public Company Limited	Auto leasing	99.79	99.66
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	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
Ayudhya Total Solution Public Company Limited (formerly AIG Retail Bank Public Company Limited)	Hire-purchase	99.76	99.76
CFG Services Company Limited	Hire-purchase	99.99	99.99
Ayudhya Card Services Company Limited (formerly AIG Card (Thailand) Company Limited)	Credit card including personal loans	99.99	99.99
Ayudhya Capital Services Company Limited (formerly GE capital (Thailand) Company Limited)	Credit card and personal loans	99.99	99.99
General Card Services Company Limited	Credit card and personal loans	99.99	99.99
Krungsriayudhya Card Company Limited ⁽³⁾	Credit card and personal loans	99.99	99.99
Siam Realty and Services Company Limited	Car rent and personnel services	99.99	99.99
K.S. Law Office Company Limited ⁽¹⁾	Legal advisory services	99.99	99.99
Total Service Solution Public Company Limited	Collection services	99.99	99.99
Ayudhya Fund Management Company Limited	Fund management	76.59	76.59
Ayudhya Asset Management Company Limited	Assets management	99.99	99.99
Ayudhya Securities Public Company Limited	Securities	86.33	86.33
Ayudhya Factoring Company Limited	Factoring	99.99	99.99
Ayudhya Derivatives Company Limited ⁽²⁾	Derivatives trading broker	-	86.33
PrimaVest Asset Management Company Limited ⁽⁴⁾	Fund management	76.59	76.59

⁽¹⁾ Subsidiary under the liquidation process

⁽²⁾ Subsidiary registered the completion of liquidation

⁽³⁾ Including indirectly holding via Ayudhya Capital Services Company Limited of 49.99%

⁽⁴⁾ Indirectly holding via Ayudhya Fund Management Company Limited of 99.99%

As at June 30, 2010 and December 31, 2009, 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, 2010 and 2009, included financial statements of certain subsidiaries and gain (loss) on equity of certain associated companies, prepared by subsidiaries and associated company's management which have not been audited by the auditors as follows:

		Unit: Million Baht	
		Net Profit(loss)/ Gain(loss) on equity	
		Ended June 30, 2010	
		For the	For the six-month
		quarter	period
Subsidiaries			
1. K.S. Law Office Company Limited	-	-	-
2. Ayudhya Capital Lease Company Limited	3	7	7
	<u>3</u>	<u>7</u>	<u>7</u>
		Unit: Million Baht	
		Net Profit(loss)/ Gain(loss) on equity	
		Ended June 30, 2009	
		For the	For the six-month
		quarter	period
Subsidiaries			
1. K.S. Law Office Company Limited	-	-	-
2. Ayudhya Capital Lease Company Limited	3	9	9
3. Ayudhya Hire Purchase Company Limited	-	2	2
Associated company			
1. Krungsriayudhya Card Company Limited	28	113	113
	<u>31</u>	<u>124</u>	<u>124</u>

2.4 Change in Accounting Policy

Deferred Tax

The Bank and subsidiaries had first-time adopted an accounting policy regarding deferred tax for the consolidated and separate financial statements for the year ended December 31, 2009 by applying Thai Accounting Standard No.12 "Income Taxes". The consolidated and separate statements of income for the quarter and six-month period ended June 30, 2009, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2009 have been restated as follows:

	Unit : Million Baht	
	CONSOLIDATED	SEPARATE
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2009	2009
<u>Deferred tax on assets appraisal surplus</u>		
Balance at 1 January before change in accounting policy	-	-
Increase of deferred tax liabilities	(1,632)	(1,632)
Balance at 1 January after change in accounting policy	<u>(1,632)</u>	<u>(1,632)</u>
<u>Deferred tax on revaluation of investment</u>		
Balance at 1 January before change in accounting policy	-	-
Decrease of deferred tax liabilities	38	27
Balance at 1 January after change in accounting policy	<u>38</u>	<u>27</u>
<u>Retained earnings - Unappropriated</u>		
Balance at 1 January before change in accounting policy	4,845	5,032
Increase of deferred tax assets	2,530	2,176
Balance at 1 January after change in accounting policy	<u>7,375</u>	<u>7,208</u>

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the	For the six-	For the	For the six-
	quarter	month period	quarter	month period
	ended June 30, 2009		ended June 30, 2009	
<u>Net Income</u>				
Net Income for the quarters and the six-month periods				
before change in accounting policy	1,756	2,780	568	929
Increase (decrease) of income tax	(134)	(125)	(16)	(73)
Increase of excess of net fair value of acquired				
subsidiaries over purchase cost	<u>105</u>	<u>105</u>	<u>-</u>	<u>-</u>
Net Income for the quarters and the six-month periods				
after change in accounting policy	<u>1,727</u>	<u>2,760</u>	<u>552</u>	<u>856</u>
<u>Basic Earning Per Share ("EPS")</u>				
EPS before change in accounting policy	0.29	0.46	0.09	0.15
Increase (decrease) of income tax	(0.03)	(0.03)	-	(0.01)
Increase of excess of net fair value of acquired				
subsidiaries over purchase cost	<u>0.02</u>	<u>0.02</u>	<u>-</u>	<u>-</u>
EPS after change in accounting policy	<u>0.28</u>	<u>0.45</u>	<u>0.09</u>	<u>0.14</u>

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents in the consolidated and separate statements of cash flows for the Bank and subsidiaries consist of cash on hand and cash on collection, 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.

3.2 Investments

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 the 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.

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.

Subsidiaries carried out securities business provide an allowance for doubtful debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guidelines of the Securities and Exchange Commission regarding "Accounting policies on Securities Companies' Substandard Account Receivable", and consideration of other relevant factors.

Loans are written-off in the year 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 year 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 monthly 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 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.

According to BOT. Phor.Nor.Sor.(21)Wor.2470/2009 letter dated December 9,2009 re: Guideline for appraisal of collateral and properties foreclosed from debt repayment of financial institution, the bank complied with this guideline by having properties foreclosed with book value not over Baht 50 million appraised by the bank appraisers and those over Baht 50 million appraised by the independent appraisers.

The Bank and subsidiaries provided the allowance for impairment of properties foreclosed as disclosed in note 3.19.3.

Loss on impairment of properties foreclosed are shown as an expense in the statements of income.

Gain or loss on the disposal of 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.

Leased assets

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

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	3 - 5 years

3.8 Goodwill in a business combination

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).

3.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment (if any). 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.

3.10 Recognition of income

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

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 a 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 being 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.

3.11 Recognition of expense

Expenses, included interest expense are recognized on an accrual basis.

3.12 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.

3.13 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recognized on accrual basis as expense in the statements of income.

3.14 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

3.14.1 Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

3.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered. The Bank and subsidiaries do not recognize deferred tax assets and liabilities for the initial goodwill.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statement of income. For current income taxes and deferred taxes related to items recognized directly in the shareholders' equity in the same or different period, they will be recognized directly in the shareholders' equity.

3.15 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.

3.16 Foreign currency transactions

Transactions during the period denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. 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.

3.17 Translation of the financial statements of the foreign branches

The financial statements of foreign branches are translated into Baht using the reference exchange rates established by the BOT at the end of the period for the translation of foreign monetary items, the historical exchange rates for the translation of foreign non-monetary items and the average exchange rates 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 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 revaluation 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.

3.19 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 revenues and expenses 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:

3.19.1 Fair value

The management has to use judgment in reporting 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.

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.

3.19.2 Allowance for doubtful accounts

The Bank and subsidiaries estimated the minimum allowance for doubtful accounts in accordance with the BOT's and The office of the Securities and Exchange Commission's guidelines. 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.

3.19.3 Allowance for properties foreclosed

The Bank and subsidiaries estimated the allowance for impairment of properties foreclosed when there is a decline in net realizable value. For consideration in net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can effect the realizable value such as related selling expenses, holding costs and future discount expenses.

3.19.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

3.19.5 Impairment

The carrying amounts of the Bank and subsidiaries' 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 by using discounted cash flows.

3.19.6 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.

3.19.7 Loss from the impaired assets transferred to the Thai Asset Management Corporation (TAMC)

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

3.19.8 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		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Revaluation surplus on investments presented as item in shareholders' equity increase	599	9	599	4
Accumulated depreciation of premises for appraisal deducted from premises revaluation surplus	(121)	(83)	(121)	(83)
Properties foreclosed acquired from debt repayment	26	55	26	55
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	
	2010	2009	2010	2009
Property, premises and equipment payable at the beginning of the period	105	433	105	617
Purchases of property, premises and equipment	370	629	175	542
<u>Less</u> Cash payment	<u>(307)</u>	<u>(892)</u>	<u>(112)</u>	<u>(989)</u>
Property, premises and equipment payable at the end of the period	<u>168</u>	<u>170</u>	<u>168</u>	<u>170</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	
	2010	2009	2010	2009
Computer software payable at the beginning of the period	14	58	14	58
Purchases of computer software	291	117	264	115
<u>Less</u> Cash payment	<u>(111)</u>	<u>(171)</u>	<u>(84)</u>	<u>(169)</u>
Computer software payable at the end of the period	<u>194</u>	<u>4</u>	<u>194</u>	<u>4</u>

- 4.1.4 Acquisition of investments in subsidiaries

The Bank acquired investments in subsidiaries for the years ended December 31, 2009 and they are some changes for the six-month periods ended June 30, 2010 as follows:

- 4.1.4.1 On April 8, 2009, the Bank acquired Ayudhya Total Solutions Public Company Limited (formerly 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 1,487 million. The Bank made a payment for this purchase of subsidiaries as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	1,487
<u>Add</u> Additional related cost	42
<u>Less</u> Cash of subsidiary	<u>(130)</u>
Net cash payment	<u>1,399</u>

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

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash	130	130
Deposits at financial institutions	24,779	24,779
Receivable and loans	19,935	19,563
Others	2,263	2,447
	<u>47,107</u>	<u>46,919</u>
Liabilities		
Deposits	19,197	19,437
Borrowings	20,940	20,940
Others	4,160	4,228
	<u>44,297</u>	<u>44,605</u>
Net assets	<u>2,810</u>	2,314
Other related costs		(42)
Excess of net fair value of acquired subsidiary over purchase cost		(761)
Change in Accounting Policy regarding deferred tax before subsidiary acquisition		(24)
Cash payment to acquire shares		<u>1,487</u>

4.1.4.2 On September 9, 2009, the Bank acquired CFG Services Company Limited for a total purchase price in the share sale agreement amounting to Baht 18 million. The Bank made a payment for this purchase of subsidiary as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	18
<u>Add</u> Additional related cost	9
<u>Less</u> Cash of subsidiary	<u>(5)</u>
Net cash payment	<u>22</u>

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

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Cash	5	5
Deposits at financial institutions	477	477
Receivable and loans	1,253	1,190
Others	621	431
	<u>2,356</u>	<u>2,103</u>
Liabilities		
Borrowings	1,570	1,570
Others	87	92
	<u>1,657</u>	<u>1,662</u>
Net assets	<u>699</u>	441
Other related costs		(9)
Excess of net fair value of acquired subsidiary over purchase cost		(209)
Change in Accounting Policy regarding deferred tax before subsidiary acquisition		<u>(205)</u>
Cash payment to acquire shares		<u>18</u>

- 4.1.4.3 On November 5, 2009, the Bank acquired GE Money's businesses in Thailand which included Ayudhya Capital Services Company Limited (formerly GE Capital (Thailand) Limited), General Card Services Limited and Total Services Solution Public Company Limited for a total purchase price in the share sale agreement amounting to Baht 9,787 million. The Bank made a payment for this purchase of subsidiaries as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	9,787
<u>Add</u> Additional related cost	<u>109</u>
Net cash payment	<u>9,896</u>

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

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Deposits at financial institutions	1,828	1,828
Receivable and loans	33,665	33,665
Others	4,849	4,866
	<u>40,342</u>	<u>40,359</u>
Liabilities		
Borrowings	28,397	28,397
Others	2,182	2,237
	<u>30,579</u>	<u>30,634</u>
Net assets	<u>9,763</u>	9,725
Other related costs		(109)
Purchase price adjustment		(1,217)
Goodwill		<u>1,388</u>
Cash payment to acquire shares		<u>9,787</u>

The initial accounting for the acquisition of GE Money's business in Thailand has only been provisionally determined as at December 31, 2009. At the date, the necessary market valuations and other calculations had not been finalized.

For the six-month period ended June 30, 2010, the Bank adjusted the necessary market valuations and other calculations with 12 month from purchase date.

- 4.1.4.4 On September 18, 2009, Ayudhya Fund Management Company Limited acquired PrimaVest Asset Management Company Limited for a total purchase price in the share sale agreement amounting to Baht 101 million. The subsidiary made a payment for this acquisition as follows:

Consolidated financial statements

	Unit : Million Baht
Cash payment to acquire shares	101
<u>Add</u> Additional related cost	<u>3</u>
Total	104
<u>Less</u> Cash paid to the Bank	<u>(10)</u>
Net cash payment	<u>94</u>

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

	Book Value	Unit : Million Baht Fair Value
Assets		
Cash and cash equivalent	9	9
Long-term deposits at financial institutions	38	38
Investment – net	16	16
Others	<u>17</u>	<u>17</u>
	<u>80</u>	<u>80</u>
Liabilities		
Accrued expenses	<u>5</u>	<u>5</u>
	<u>5</u>	<u>5</u>
Net assets	<u>75</u>	75
Goodwill		<u>29</u>
Cash paid to acquire shares		104
<u>Less</u> Cash paid to the Bank		<u>(10)</u>
Net cash payment		<u>94</u>

- 4.1.4.5 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 specific business tax had already been paid. Unrealized gain (loss) on foreign exchange is based on the translation difference of currency denomination of amount of debt in foreign currencies recorded in each account and amount of assets in foreign currencies as recorded in each category at the balance sheet.

4.2 Interbank and money market items

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	6,336	80,300	86,636	4,930	40,500	45,430
Commercial banks	1,663	1,001	2,664	3,945	21	3,966
Other banks	-	38	38	-	-	-
Finance companies,						
securities companies and						
credit foncier companies	-	1,445	1,445	-	630	630
Other financial institutions	-	581	581	-	1	1
Total domestic items	7,999	83,365	91,364	8,875	41,152	50,027
Add Accrued interest receivables	-	17	17	-	14	14
Less Allowance for doubtful accounts	-	(24)	(24)	-	(3)	(3)
Total	7,999	83,358	91,357	8,875	41,163	50,038
Foreign items						
US Dollar	493	2,562	3,055	708	2,134	2,842
Yen	-	-	-	145	-	145
Euro	-	-	-	147	-	147
Other currencies	781	104	885	432	63	495
Total foreign items	1,274	2,666	3,940	1,432	2,197	3,629
Add Accrued interest receivables	1	-	1	1	-	1
Total	1,275	2,666	3,941	1,433	2,197	3,630
Total domestic and foreign items	9,274	86,024	95,298	10,308	43,360	53,668

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	6,336	80,300	86,636	4,930	40,500	45,430
Commercial banks	36	1,000	1,036	55	-	55
Other banks	-	38	38	-	-	-
Finance companies,						
securities companies and						
credit foncier companies	-	1,445	1,445	-	630	630
Other financial institutions	-	581	581	-	1	1
Total domestic items	6,372	83,364	89,736	4,985	41,131	46,116
Add Accrued interest receivables	-	17	17	-	14	14
Less Allowance for doubtful accounts	-	(24)	(24)	-	(3)	(3)
Total	6,372	83,357	89,729	4,985	41,142	46,127
Foreign items						
US Dollar	403	2,562	2,965	708	2,134	2,842
Yen	-	-	-	145	-	145
Euro	-	-	-	147	-	147
Other currencies	781	104	885	432	63	495
Total foreign items	1,184	2,666	3,850	1,432	2,197	3,629
Add Accrued interest receivables	1	-	1	1	-	1
Total	1,185	2,666	3,851	1,433	2,197	3,630
Total domestic and foreign items	7,557	86,023	93,580	6,418	43,339	49,757

4.3 Investments

4.3.1 Current investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2010				December 31, 2009			
	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state								
enterprise securities	2,247	3	(3)	2,247	639	2	(3)	638
Foreign sector's debt securities	2,757	-	(2,249)	508	2,836	-	(2,420)	416
Domestic marketable equity								
securities	241	3	(10)	234	413	9	(2)	420
	5,245	6	(2,262)	2,989	3,888	11	(2,425)	1,474
Less Revaluation allowance	(2,256)			-	(2,414)			-
Less Allowance for impairment	(508)			(508)	(416)			(416)
Total	2,481			2,481	1,058			1,058
Securities Available-for-Sale								
Government and state								
enterprise securities	10,617	9	(3)	10,623	19,644	18	-	19,662
Private sector's debt securities	540	4	-	544	745	6	-	751
Others	31	-	-	31	71	-	(2)	69
	11,188	13	(3)	11,198	20,460	24	(2)	20,482
Add Revaluation allowance	10			-	22			-
Less Allowance for impairment	(378)			(378)	(378)			(378)
Total	10,820			10,820	20,104			20,104
Securities Held-to-Maturity								
Government and state								
enterprise securities	1,533	13	-	1,546	1,204	16	-	1,220
Private sector's debt securities	50	-	-	50	57	-	-	57
Total	1,583	13	-	1,596	1,261	16	-	1,277
Less Allowance for impairment	(50)			(50)	(50)			(50)
Total	1,533			1,546	1,211			1,227
Securities for General Investments								
Investment in accounts receivable	803			803	831			831
Less Allowance for impairment	(424)			(424)	(424)			(424)
Total	379			379	407			407
Total Current Investments, net	15,213			15,226	22,780			22,796

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2010				December 31, 2009			
	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	2,247	3	(3)	2,247	639	2	(3)	638
Foreign sector's debt securities	2,757	-	(2,249)	508	2,836	-	(2,420)	416
Domestic marketable equity								
securities	241	3	(10)	234	413	9	(2)	420
	5,245	6	(2,262)	2,989	3,888	11	(2,425)	1,474
<u>Less</u> Revaluation allowance	(2,256)			-	(2,414)			-
<u>Less</u> Allowance for impairment	(508)			(508)	(416)			(416)
Total	2,481			2,481	1,058			1,058
Securities Available-for-Sale								
Government and state								
enterprise securities	10,617	9	(3)	10,623	19,644	18	-	19,662
Private sector's debt securities	193	4	-	197	398	6	-	404
	10,810	13	(3)	10,820	20,042	24	-	20,066
<u>Add</u> Revaluation allowance	10			-	24			-
Total	10,820			10,820	20,066			20,066
Securities Held-to-Maturity								
Government and state								
enterprise securities	1,533	13	-	1,546	1,204	16	-	1,220
Private sector's debt securities	50	-	-	50	57	-	-	57
	1,583	13	-	1,596	1,261	16	-	1,277
<u>Less</u> Allowance for impairment	(50)			(50)	(50)			(50)
Total	1,533			1,546	1,211			1,227
Securities for General Investments								
Investment in accounts receivable	803			803	831			831
<u>Less</u> Allowance for impairment	(424)			(424)	(424)			(424)
Total	379			379	407			407
Total Current Investments, net	15,213			15,226	22,742			22,758

4.3.2 Long-term investments

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2010				December 31, 2009			
	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	33,798	401	(29)	34,170	26,279	98	(149)	26,228
Private sector's debt securities	8,349	153	-	8,502	5,168	46	(8)	5,206
Foreign sector's debt securities	-	-	-	-	848	43	-	891
Domestic marketable equity								
securities	2,993	221	(17)	3,197	3,216	117	(22)	3,311
	45,140	775	(46)	45,869	35,511	304	(179)	35,636
<u>Add</u> Revaluation allowance	729			-	125			-
<u>Less</u> Allowance for impairment	(92)			(92)	(241)			(241)
Total	45,777			45,777	35,395			35,395
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,617	6	-	3,623	4,482	17	-	4,499
Total	3,617	6	-	3,623	4,482	17	-	4,499
Securities for General								
Investments								
Domestic non-marketable								
equity securities	3,771			3,708	3,711			3,499
Foreign non-marketable								
equity securities	26			22	27			21
Investment in accounts receivable	959			959	1,315			1,315
Total	4,756			4,689	5,053			4,835
<u>Less</u> Allowance for impairment	(290)			-	(290)			-
Total	4,466			4,689	4,763			4,835
Total Long-term Investments, net	53,860			54,089	44,640			44,729

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2010				December 31, 2009			
	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	33,798	401	(29)	34,170	26,279	98	(149)	26,228
Private sector's debt securities	8,349	153	-	8,502	5,168	46	(8)	5,206
Foreign sector's debt securities	-	-	-	-	848	43	-	891
Domestic marketable equity securities	2,886	216	(5)	3,097	3,109	104	(2)	3,211
	45,033	770	(34)	45,769	35,404	291	(159)	35,536
<u>Add Revaluation allowance</u>	736			-	132			-
<u>Less Allowance for impairment</u>	(92)			(92)	(241)			(241)
Total	45,677			45,677	35,295			35,295
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,499	6	-	3,505	4,363	17	-	4,380
Total	3,499	6	-	3,505	4,363	17	-	4,380
Securities for General								
Investments								
Domestic non-marketable								
equity securities	3,736			3,690	3,676			3,481
Foreign non-marketable								
equity securities	26			22	27			21
Investment in accounts receivable	959			959	1,315			1,315
Total	4,721			4,671	5,018			4,817
<u>Less Allowance for impairment</u>	(274)			-	(274)			-
Total	4,447			4,671	4,744			4,817
Total Long-term Investments, net	53,623			53,853	44,402			44,492

As at June 30, 2010 and December 31, 2009, 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 3,278 million and Baht 3,822 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for asset transfer to TAMC. During the six-month period ended June 30, 2010, TAMC redeemed promissory notes of the Bank of Baht 544 million and during the year 2009 Baht 201 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 in the full amount.

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, 2010 and December 31, 2009, were "CCC-" and "D".

For the quarter and six-month periods ended June 30, 2010 and 2009, gain (loss) on investments in the statements of income consists of the following:

For the quarters ended June 30,

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Gain (loss) on sale of securities				
- Securities for trading	(2)	52	(4)	28
- Securities available-for-sale	32	58	32	58
- Investment in general investments	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Total	30	122	28	98
Loss on impairment of investment in securities (Reversal)	143	(60)	143	(102)
Unrealized gain (loss) on securities for trading	(15)	3	(15)	3
Unrealized gain (loss) on hybrid instruments	<u>(21)</u>	<u>93</u>	<u>(21)</u>	<u>93</u>
Gain (loss) on investments	<u>137</u>	<u>158</u>	<u>135</u>	<u>92</u>

For the six-month periods ended June 30,

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Gain (loss) on sale of securities				
- Securities for trading	3	(256)	(2)	(288)
- Securities available-for-sale	74	73	74	73
- Investment in general investments	<u>-</u>	<u>173</u>	<u>-</u>	<u>173</u>
Total	77	(10)	72	(42)
Loss on impairment of investment in securities	16	18	39	25
Unrealized gain (loss) on securities for trading	(13)	186	(13)	185
Unrealized gain (loss) on hybrid instruments	<u>110</u>	<u>(34)</u>	<u>110</u>	<u>(34)</u>
Gain (loss) on investments	<u>190</u>	<u>160</u>	<u>208</u>	<u>134</u>

For the six-month periods ended June 30, 2010 and 2009, revaluation surplus (deficit) on investments presented in shareholders' equity consists of the following:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	2010	2009	2010	2009
Beginning balance	128	(143)	135	(127)
Increase/decrease during the period	<u>599</u>	<u>9</u>	<u>599</u>	<u>4</u>
Ending balance	<u>727</u>	<u>(134)</u>	<u>734</u>	<u>(123)</u>

4.3.3 The remaining maturities of debt securities

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2010					December 31, 2009			
	Due within				Due within			
	1 Year	Greater than	Greater than	Total	1 Year	Greater than	Greater than	Total
		1 Year-5 Years	5 Years			1 Year-5 Years	5 Years	
Securities Available-for-Sale								
Government and state enterprise								
Securities	10,617	32,728	1,070	44,415	19,114	24,258	2,020	45,392
Private sector's debt securities	540	8,304	45	8,889	775	5,123	45	5,943
Foreign sector's debt securities	-	-	-	-	500	848	-	1,348
Others	31	-	-	31	71	-	-	71
Total	11,188	41,032	1,115	53,335	20,460	30,229	2,065	52,754
<u>Add</u> Revaluation allowances	10	493	32	535	22	13	18	53
<u>Less</u> Allowances for impairment	(378)	-	-	(378)	(378)	-	-	(378)
Total	10,820	41,525	1,147	53,492	20,104	30,242	2,083	52,429
Securities Held-to-Maturity								
Government and state enterprise								
securities	1,533	3,617	-	5,150	1,204	4,436	46	5,686
Private sector's debt securities	50	-	-	50	57	-	-	57
Total	1,583	3,617	-	5,200	1,261	4,436	46	5,743
<u>Less</u> Allowances for impairment	(50)	-	-	(50)	(50)	-	-	(50)
Total	1,533	3,617	-	5,150	1,211	4,436	46	5,693
Total Debt Securities	12,353	45,142	1,147	58,642	21,315	34,678	2,129	58,122

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS								
June 30, 2010					December 31, 2009			
	Due within				Due within			
	1 Year	Greater than	Greater than	Total	1 Year	Greater than	Greater than	Total
		1 Year-5 Years	5 Years			1 Year-5 Years	5 Years	
Securities Available-for-Sale								
Government and state enterprise								
securities	10,617	32,728	1,070	44,415	19,114	24,258	2,020	45,392
Private sector's debt securities	193	8,304	45	8,542	428	5,123	45	5,596
Foreign sector's debt securities	-	-	-	-	500	848	-	1,348
Total	10,810	41,032	1,115	52,957	20,042	30,229	2,065	52,336
<u>Add</u> Revaluation allowances	10	493	32	535	24	13	18	55
Total	10,820	41,525	1,147	53,942	20,066	30,242	2,083	52,391
Securities Held-to-Maturity								
Government and state enterprise								
securities	1,533	3,499	-	5,032	1,204	4,317	46	5,567
Private sector's debt securities	50	-	-	50	57	-	-	57
Total	1,583	3,499	-	5,082	1,261	4,317	46	5,624
<u>Less</u> Allowances for impairment	(50)	-	-	(50)	(50)	-	-	(50)
Total	1,533	3,499	-	5,032	1,211	4,317	46	5,574
Total Debt Securities	12,353	45,024	1,147	58,524	21,277	34,559	2,129	57,965

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							
		June 30, 2010				December 31, 2009	
Company Name	Business Type	Securities	Ownership	Investment	Investment	Investment	Investment
		Investment Type	%	(Cost)	(Equity Method)	(Cost)	(Equity Method)
Associated companies							
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	Common stock	49.00	382	658	382	598
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life assurance broker	Common stock	49.00	-	7	-	7
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	Common stock	49.00	-	29	-	27
Quality Life Assurance Broker Company Limited ⁽¹⁾	Life assurance broker	Common stock	24.99	1	9	1	7
Quality General Insurance Broker Company Limited ⁽¹⁾	General insurance broker	Common stock	24.99	1	7	1	4
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	21.90	-	-	-	-
Investments in associated companies, net				384	710	384	643

(1) Indirectly via Ayudhya Capital Services Company Limited

(2) Indirectly via Tesco Card Services Limited

(3) The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

				Unit : Million Baht	
SEPARATE FINANCIAL STATEMENTS					
June 30, 2010					
Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)	
Subsidiaries					
Ayudhya Development Leasing Company Limited	Leasing	Common stock	99.99	929	
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock Preferred stock Warrant	99.79	2,236 500 12	
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock		99.99	3,000
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
Ayudhya Total Solutions Public Company Limited (Formerly AIG Retail Bank Public Company Limited)	Hire-purchase	Common stock	99.76	1,528	

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)
CFG Service Company Limited	Hire-purchase	Common stock	} 99.99	26
		Preferred stock		1
Ayudhya Card Services Company Limited (Formerly AIG Card (Thailand) Company Limited)	Credit card and personal loan	Common stock	99.99	4
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit card and personal loan	Common stock	99.99	6,443
General Card Services Limited	Credit card and personal loan	Common stock	99.99	806
Krungsriayudhya Card Company Limited ⁽²⁾	Credit card and personal loan	Common stock	99.99	550
Siam Realty and Services Company Limited	Car rent and personnel services	Common stock	99.99	100
K.S. Law Office Company Limited ⁽¹⁾	Legal advisory services	Common stock	99.99	32
Total Services Solutions Public Company Limited	Collection services	Common stock	} 99.99	2,242
		Preferred stock		295
Ayudhya Fund Management Company Limited	Fund management	Common stock	76.59	204
Ayudhya Asset Management Company Limited	Assets management	Common stock	99.99	6,000
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	637
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	100
Associated				
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	21.90	-
Investments in subsidiaries and associated companies				41,926
Less Allowance for impairment				(4,224)
Investments in subsidiaries and associated companies, net				<u>37,702</u>

(1) Subsidiary under the liquidation process

(2) Hold indirectly via Ayudhya Capital Services Company Limited 49.99%

(3) The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Unit : Million Baht				
SEPARATE FINANCIAL STATEMENTS				
December 31, 2009				
Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)
Subsidiaries				
Ayudhya Development Leasing Company Limited	Leasing	Common stock	99.99	929
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock Preferred stock Warrant	99.72	2,233 500 12
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock		3,000
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
Ayudhya Total Solutions Public Company Limited (Formerly AIG Retail Bank Public Company Limited)	Hire-purchase	Common stock	99.76	1,529
CFG Service Company Limited	Hire-purchase	Common stock Preferred stock	99.99	26 1
Ayudhya Card Services Company Limited (Formerly AIG Card (Thailand) Company Limited)	Credit card and personal loan	Common stock		4
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit card and personal loan	Common stock	99.99	6,443
General Card Services Limited	Credit card and personal loan	Common stock	99.99	806
Krungsriayudhya Card Company Limited ⁽²⁾	Credit card and personal loan	Common stock	99.99	550
Siam Realty and Services Company Limited	Car rent and personnel services	Common stock	99.99	100
K.S. Law Office Company Limited ⁽¹⁾	Legal advisory services	Common stock	99.99	32
Total Services Solutions Public Company Limited	Collection Services	Common stock Preferred stock	99.99	2,242 295
Ayudhya Fund Management Company Limited	Fund management	Common stock		204
Ayudhya Asset Management Company Limited	Assets management	Common stock	99.99	6,000
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	637
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	100

Unit : Million Baht				
SEPARATE FINANCIAL STATEMENTS				
December 31, 2009				
Company Name	Business Type	Securities Investment Type	Ownership %	Investment (Cost)
Associated				
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	21.90	-
Investments in subsidiaries and associated companies				41,924
<u>Less</u> Allowance for impairment				(4,224)
Investments in subsidiaries and associated companies, net				<u>37,700</u>

(1) Subsidiary under the liquidation process

(2) Hold indirectly via Ayudhya Capital Services Company Limited 49.99%

(3) The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

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, 2010	As at December 31, 2009
ASSETS		
Cash and deposit at financial institution	89	36
Investments, net	1	1
Investments in receivables, net	7,065	7,670
Loans, and accrued interest receivable, net	882	996
Properties foreclosed, net	7,421	7,974
Equipment, net	6	6
Amounts due from parent company	265	398
Cash advance	157	207
Other assets	66	56
TOTAL ASSETS	<u>15,952</u>	<u>17,344</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings	13,302	15,019
Other liabilities	148	173
Shareholders' equity	2,502	2,152
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>15,952</u>	<u>17,344</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	
	2010	2009	2010	2009
Interest and dividend income	20	87	209	164
Interest expenses	24	43	158	90
Net interest and dividend income	(4)	44	51	74
Bad debt and doubtful accounts	4	8	21	78
Net interest and dividend income after bad debt and doubtful accounts				
And loss on debt restructuring	(8)	36	30	(4)
Non-interest income	63	99	480	214
Non-interest expenses	34	59	160	113
Net income	<u>21</u>	<u>76</u>	<u>350</u>	<u>97</u>
Basic earnings per share (Baht)	0.03	0.13	0.58	0.16

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

	Unit : Million Baht	
	2010	2009
Cash flows from operating activities		
Income before income tax	350	97
Adjustments to reconcile income to cash provided by (used in) operating activities		
Depreciation and amortization	1	1
Bad debt and doubtful accounts	21	79
Gain on sales of properties foreclosed	(141)	(52)
Interest income from assets acquired from debt payment	(91)	-
Other income	(1)	(16)
Loss on written off fixed assets	-	1
Loss on impairment of properties foreclosed	13	12
Interest expenses	159	90
Decrease in accrued non-interest payable	(4)	(154)
Cash paid for interest expense	(160)	(90)
Cash paid for income tax	(10)	(4)
Income (loss) from operations before change in operating assets and liabilities	137	(36)
(Increase) decrease in operating assets		
General investment	-	5
Investment in receivables	687	(1,176)
Loans and receivable	104	110
Properties foreclosed	682	1,470
Amounts due from parent company	132	481
Cash advance	50	(51)
Other assets	1	8
Increase (decrease) in operating liabilities		
Amounts due to parent company	(4)	(8)
Retention for rent assets	-	1
Deposits for purchasing of properties foreclosed	(18)	8
Other liabilities	(1)	(2)
Net cash provided by operating activities	1,770	810
Cash flows from investing activities		
Cash paid for purchase of equipment	-	(3)
Net cash used in investing activities	-	(3)
Cash flows from financing activities		
Decrease in borrowings	(1,717)	(1,118)
Net cash used in financing activities	(1,717)	(1,118)
Net increase (decrease) in cash and cash equivalents	53	(311)
Cash and cash equivalents as at January 1,	36	338
Cash and cash equivalents as at December 31,	89	27

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, 2010	December 31, 2009
Manufacturing	21	21
Banking and finance	-	-
Total	<u>21</u>	<u>21</u>

In the consolidated financial statements and the separate financial statement as at June 30, 2010 and December 31, 2009, 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 18,630 million and Baht 17,088 million were used as collateral for other commitments with government departments and state enterprises as at June 30, 2010 and December 31, 2009, respectively.

4.5 Loans and accrued interest receivables

(1) Classified by products

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Overdrafts	45,426	44,743	42,396	41,545
Loan against contract	289,728	247,128	390,950	361,839
Trade bill	130,921	161,120	129,867	160,023
Hire-purchase receivable	134,367	130,893	-	-
Lease contract receivable	12,438	11,765	-	-
Factoring receivable	1,604	1,090	-	-
Credit card receivable	22,415	27,229	-	-
Others	4,300	1,176	647	564
Total	641,199	625,144	563,860	563,971
<u>Less</u> Unearned income	(23,402)	(22,684)	(65)	(37)
<u>Add</u> Deferred brokerage fee, net	1,094	1,048	-	-
Total	618,891	603,508	563,795	563,934
<u>Add</u> Accrued interest receivables	1,845	2,210	822	1,196
<u>Less</u> Allowance for doubtful accounts	(40,608)	(38,271)	(26,690)	(24,256)
Revaluation allowance for debt restructuring	(36)	(329)	(35)	(329)
Total	<u>580,092</u>	<u>567,118</u>	<u>537,892</u>	<u>540,545</u>

(2) Classified by remaining maturity

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Not over 1 year*	349,068	360,824	234,716	245,314
Over 1 year	292,131	264,320	329,144	318,657
Total	641,199	625,144	563,860	563,971
<u>Less</u> Unearned income	(23,402)	(22,684)	(65)	(37)
<u>Add</u> Deferred brokerage fee, net	1,094	1,048	-	-
Total	618,891	603,508	563,795	563,934
<u>Add</u> Accrued interest receivables	1,845	2,210	822	1,196
Total	620,736	605,718	564,617	565,130

* Included those without agreements and past due agreements

(3) Classified by currency and residence of debtors

	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	628,689	928	629,617	615,719	905	616,624
US Dollar	9,546	258	9,804	7,052	281	7,333
Other currencies	422	1,356	1,778	380	807	1,187
Total	638,657	2,542	641,199	623,151	1,993	625,144
<u>Less</u> Unearned income			(23,402)			(22,684)
<u>Add</u> Deferred brokerage fee, net			1,094			1,048
Total			618,891			603,508
<u>Add</u> Accrued interest receivables			1,845			2,210
Total			620,736			605,718

	SEPARATE FINANCIAL STATEMENTS					
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	551,350	928	552,278	554,547	905	555,452
US Dollar	9,546	258	9,804	7,051	281	7,332
Other currencies	422	1,356	1,778	380	807	1,187
Total	561,318	2,542	563,860	561,978	1,993	563,971
<u>Less</u> Unearned income			(65)			(37)
Total			563,795			563,934
<u>Add</u> Accrued interest receivables			822			1,196
Total			564,617			565,130

(4) Classified by business type and classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,541	177	175	62	1,434	7,389
Manufacturing and trading	151,862	6,226	1,555	2,566	19,609	181,818
Real estate and construction	39,921	1,673	731	414	6,337	49,076
Public utilities and services	88,261	6,210	1,028	488	4,360	100,347
Housing loans	77,525	1,779	674	792	4,448	85,218
Others	201,135	10,755	2,716	1,087	1,658	217,351
Total	564,245	26,820	6,879	5,409	37,846	641,199
<u>Less</u> Unearned income						(23,402)
<u>Add</u> Deferred brokerage fee, net						1,094
Total						618,891
<u>Add</u> Accrued interest receivables						1,845
Total						620,736

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,701	323	204	88	1,454	7,770
Manufacturing and trading	145,663	7,293	1,838	3,716	19,175	177,685
Real estate and construction	37,123	1,671	687	781	6,441	46,703
Public utilities and services	86,784	5,951	898	977	4,313	98,923
Housing loans	72,886	2,257	1,075	1,090	4,228	81,536
Others	196,775	10,188	2,819	1,313	1,432	212,527
Total	544,932	27,683	7,521	7,965	37,043	625,144
<u>Less</u> Unearned income						(22,684)
<u>Add</u> Deferred brokerage fee, net						1,048
Total						603,508
<u>Add</u> Accrued interest receivables						2,210
Total						605,718

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,447	175	171	62	662	6,517
Manufacturing and trading	149,033	6,196	1,447	2,518	13,550	172,744
Real estate and construction	38,883	1,564	700	368	3,908	45,423
Public utilities and services	87,946	6,170	1,027	486	2,950	98,579
Housing loans	72,103	1,077	570	741	2,440	76,931
Others	161,766	279	183	296	1,142	163,666
Total	515,178	15,461	4,098	4,471	24,652	563,860
<u>Less</u> Unearned income						(65)
Total						563,795
<u>Add</u> Accrued interest receivables						822
Total						564,617

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,700	319	119	87	651	6,876
Manufacturing and trading	142,371	7,043	1,772	3,653	12,569	167,408
Real estate and construction	36,412	1,642	634	762	3,787	43,237
Public utilities and services	86,453	5,941	893	966	2,849	97,102
Housing loans	65,014	1,278	776	1,011	2,091	70,170
Others	176,900	688	246	497	847	179,178
Total	512,850	16,911	4,440	6,976	22,794	563,971
<u>Less</u> Unearned income						(37)
Total						563,934
<u>Add</u> Accrued interest receivables						1,196
Total						565,130

(5) Classified by type of classification

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2010				
	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up***	Minimum Allowance per BOT Guideline
Normal - Securities Business receivable	121	121	-	-
Normal	543,500	280,918	1	7,364
Special mention	26,001	10,860	2	1,764
Substandard	6,672	3,051	100	2,913
Doubtful	5,313	2,246	100	2,206
Doubtful of loss	38,035	13,302	100	14,621
Total	619,642	310,498		28,868 **
Add Deferred brokerage fee, net	1,094			
Total	620,736			
Surplus Reserve				11,740 *
				<u>40,608</u>

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 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	524,949	272,814	1	5,376
Special mention	27,066	11,345	2	1,663
Substandard	7,298	3,536	100	3,369
Doubtful	7,886	3,595	100	3,442
Doubtful of loss	37,319	12,781	100	12,897
Total	604,670	304,223		26,747**
Add Deferred brokerage fee, net	1,048			
Total	605,718			
Surplus Reserve				11,524*
				<u>38,271</u>

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2010 and December 31, 2009, at the rate of 1% of Baht 135,908 million and Baht 151,427 million equal to Baht 1,359 million and Baht 1,514 million, respectively which are eliminated from loans classified as normal in the consolidated financial statements.)

(**Excluding revaluation allowance for debt restructuring as at June 30, 2010 and December 31, 2009, of Baht 36 million and Baht 329 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2010 and December 31, 2009, of Baht 24 million and Baht 4 million, respectively but including allowance for doubtful accounts on a collective approach for hire-purchase loan as at June 30, 2010 and December 31, 2009, of Baht 3,869 million and Baht 3,247 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, 2010

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	502,329	247,802	1	6,496
Special mention	15,637	1,112	2	659
Substandard	4,167	743	100	746
Doubtful	4,545	1,618	100	1,672
Doubtful of loss	37,247	12,706	100	14,024
Total	<u>563,925</u>	<u>263,981</u>		23,597
Surplus Reserve				<u>7,757*</u>
				<u>31,354</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS AND AYUDHYA
ASSET MANAGEMENT COMPANY LIMITED

December 31, 2009

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	498,410	253,025	1	4,854
Special mention	17,299	1,945	2	727
Substandard	4,564	897	100	897
Doubtful	7,056	2,812	100	2,812
Doubtful of loss	36,396	12,190	100	12,307
Total	<u>563,725</u>	<u>270,869</u>		21,597
Surplus Reserve				<u>7,609*</u>
				<u>29,206</u>

(* Including allowance for doubtful accounts of loans granted to Ayudhya Asset Management Company Limited as at June 30, 2010 and December 31, 2009, at the rate of 1% of Baht 13,302 million and Baht 15,019 million equal to Baht 133 million and Baht 150 million, respectively which are eliminated from loans classified as normal in the consolidated financial statements.)

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	515,626	261,104	1	6,629
Special mention	15,603	1,110	2	659
Substandard	4,110	734	100	736
Doubtful	4,506	1,610	100	1,665
Doubtful of loss	24,772	9,771	100	11,090
Total	<u>564,617</u>	<u>274,329</u>		<u>20,779**</u>
Surplus Reserve				<u>5,911*</u>
				<u>26,690</u>

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2009

	Loans and Accrued Interest Receivable	Outstanding Balance after Deduction of Collateral	% Set up	Minimum Allowance per BOT Guideline
Normal	513,413	268,043	1	5,004
Special mention	17,252	1,940	2	727
Substandard	4,474	880	100	880
Doubtful	6,989	2,796	100	2,796
Doubtful of loss	23,002	9,039	100	9,156
Total	<u>565,130</u>	<u>282,698</u>		<u>18,563**</u>
Surplus Reserve				<u>5,693*</u>
				<u>24,256</u>

(* Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2010 and December 31, 2009, at the rate of 1% of Baht 135,908 million and Baht 151,427 million, equal to Baht 1,359 million and Baht 1,514 million, respectively.)

(** Excluding revaluation allowance for debt restructuring as at June 30, 2010 and December 31, 2009, of Baht 35 million and Baht 329 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2010 and December 31, 2009, of Baht 24 million and Baht 4 million, respectively.)

For the year ended December 31, 2009, the Bank entered into an agreement to sell non-performing loan (NPLs) with net book value of Baht 1,107 million and book value of Baht 4,512 million to a subsidiary for Baht 1,107 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, 2010 and December 31, 2009, 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, 2010		
	Bank only	AMC	The Bank and AMC
Non-performing loans	33,221	12,417	45,638
Percentage of total loans	5.17	99.67	6.97
Non-performing loans, net	19,796	9,465	29,261
Percentage of total loans, net	3.15	99.57	4.59

	Unit : Million Baht		
	December 31, 2009		
	Bank only	AMC	The Bank and AMC
Non-performing loans	34,210	13,391	47,601
Percentage of total loans	5.65	99.51	7.70
Non-performing loans, net	21,378	10,206	31,584
Percentage of total loans, net	3.61	99.35	5.24

As at June 30, 2010 and December 31, 2009, the Bank and its subsidiaries’ non-performing loans are Baht 49,702 million and Baht 52,080 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 used as a deduction 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, 2010, 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, 2010	73,719	2,079
Total debt restructured during the six-month period ended June 30, 2010	145,397	5,546
Total debtors as at June 30, 2010	3,041,430	620,736

Details of restructured debts of the Bank and its subsidiaries for the quarter ended June 30, 2010 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	3	30	Land and building	26
Modification of terms	46,918	1,012		
Reduction of principal and interest	26,735	855		
Various forms of restructuring (including modification of terms)	63	182	Land and building	4
Total	<u>73,719</u>	<u>2,079</u>		<u>30</u>

Details of restructured debts of the Bank and its subsidiaries for the six-month period ended June 30, 2010 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	3	30	Land and building	26
Modification of terms	92,422	2,205		
Reduction of principal and interest	52,800	2,069		
Various forms of restructuring (including modification of terms)	172	1,242	Land and building	15
Total	<u>145,397</u>	<u>5,546</u>		<u>41</u>

For the six-month period ended June 30, 2010, 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	0.01	91,436	696	75
Fair value of collateral	5.91	986	1,509	1,179

As at June 30, 2010, the Bank and its subsidiaries had outstanding debts of Baht 8,575 million which had been restructured by modification of repayment terms.

As at June 30, 2010, the Bank and its subsidiaries had restructured outstanding debt of Baht 43,937 million, including debts restructured during the quarter and six-month period ended June 30, 2010 of Baht 1,390 million and Baht 3,976 million, respectively. For the quarter and six-month period ended June 30, 2010, the Bank and its subsidiaries recognized interest received from debt restructured of Baht 406 million and Baht 844 million, respectively and loss on debt restructured of Baht 498 million and 329 million, in the statements of income.

As at June 30, 2010, the balance of such debt restructured included NPLs of Baht 15,893 million.

For the year ended December 31, 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 year ended December 31, 2009	43,929	14,083
Total debtors as at December 31, 2009	3,188,277	605,718

Details of restructured debts of the Bank and its subsidiaries for the year ended December 31, 2009, are as follows:

Form of Restructuring	Number	CONSOLIDATED FINANCIAL STATEMENTS		
		Amount of Debt before Restructuring (Million Baht)	Type of Assets Acquired	Fair Value (Million Baht)
Transfer of assets	8	118	Land and building	75
Conversion to equity	2	13		
Modification of terms	28,414	3,919		
Reduction of principal and interest	15,158	5,177		
Various forms of restructuring (including modification of terms)	347	4,856	Land and building	26
Total	<u>43,929</u>	<u>14,083</u>		<u>101</u>

For the year ended December 31, 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:

Method	CONSOLIDATED FINANCIAL STATEMENTS			
	Average Aging (Year)	Number	Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	0.02	26,933	611	355
Fair value of collateral	6.42	1,481	3,308	2,642

As at December 31, 2009, the Bank and its subsidiaries had outstanding debts of Baht 8,482 million which had been restructured by modification of repayment terms.

As at December 31, 2009, the Bank and its subsidiaries had restructured outstanding debt of Baht 61,861 million, including debts restructured during the year of Baht 9,272 million. For the year ended December 31, 2009, the Bank and its subsidiaries recognized interest received from debt restructured of Baht 1,675 million and loss on debt restructured of Baht 1,088 million in the statements of income.

As at December 31, 2009, the balance of such debt restructured included NPLs of Baht 19,252 million.

Separate financial statements

For the quarter and six-month period ended June 30, 2010, 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, 2010	705	1,567
Total debt restructured during the six-month period ended June 30, 2010	1,620	4,459
Total debtors as at June 30, 2010	194,571	564,617

Details of restructured debts of the Bank for the quarter ended June 30, 2010, 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	27	Land and building	26
Modification of terms	374	723		
Reduction of principal and interest	268	636		
Various forms of restructuring (including modification of terms)	62	181		
	<u>705</u>	<u>1,567</u>		<u>26</u>

Details of restructured debts of the Bank for the six-month period ended June 30, 2010, 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	27	Land and building	26
Modification of terms	850	1,467		
Reduction of principal and interest	598	1,723		
Various forms of restructuring (including modification of terms)	171	1,242	Land and building	11
	<u>1,620</u>	<u>4,459</u>		<u>37</u>

For the six-month period ended June 30, 2010, 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	7.64	27	171	75
Fair value of collateral	7.07	823	1,296	966

As at June 30, 2010, the Bank had outstanding debts of Baht 6,511 million which had been restructured by modification of repayment terms.

As at June 30, 2010, the Bank had restructured outstanding debt of Baht 40,464 million, including debts restructured during the quarter and six-month period ended June 30, 2010 of Baht 878 million and Baht 2,889 million respectively. For the quarter and six-month period ended June 30, 2010, the Bank recognized interest received from debt restructured of Baht 341 million and Baht 723 million respectively, and loss on debt restructured of Baht 258 million and Baht 329 million in the statements of income.

As at June 30, 2010, the balance of such debt restructured included NPLs of Baht 14,178 million.

For the year ended December 31, 2009, 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, 2009	2,542	13,204
Total debtors as at December 31, 2009	197,080	565,130

Details of restructured debts of the Bank for the year ended December 31, 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	6	115	Land and building	75
Conversion to equity	2	13		
Modification of terms	1,166	3,172		
Reduction of principal and interest	1,021	5,048		
Various forms of restructuring (including modification of terms)	347	4,856	Land and building	26
	<u>2,542</u>	<u>13,204</u>		<u>101</u>

For the year ended December 31, 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)	SEPARATE FINANCIAL STATEMENTS Number	Amount of Debt before Restructuring (Million Baht)	Amount of Debt after Restructuring (Million Baht)
Present value of future cash flows	7.04	56	374	355
Fair value of collateral	6.42	1,110	2,798	2,642

As at December 31, 2009, the Bank had outstanding debts of Baht 6,357 million which had been restructured by modification of repayment terms.

As at December 31, 2009, the Bank had the restructured outstanding debts of Baht 43,270 million, including debts restructured during the year of Baht 8,396 million. For the year ended December 31, 2009, the Bank recognized interest received from debt restructured of Baht 1,616 million, and loss on debt restructured of Baht 1,101 million in the statements of income.

As at December 31, 2009, the balance of such debt restructured included NPLs of Baht 15,190 million.

4.6 Allowance for doubtful accounts

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,376	1,663	3,369	3,442	12,897	11,524	38,271
Doubtful accounts	1,988	101	(444)	(1,236)	2,684	1,371	4,464
Bad debts written off	-	-	(12)	-	(960)	(1,923)	(2,895)
Bad debts reversal	-	-	-	-	-	768	768
Ending balance	7,364	1,764	2,913	2,206	14,621	11,740	40,608

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	2,732	517	3,594	5,238	13,352	5,977	31,410
Beginning balance of subsidiaries							
as of investment date	652	76	1,893	204	853	1,749	5,427
Doubtful accounts	1,992	1,070	(2,078)	(1,962)	4,167	4,378	7,567
Bad debts written off	-	-	(9)	-	(1,973)	(858)	(2,840)
Bad debts reversal	-	-	-	-	151	278	429
Bad debts written off from							
sales of NPLs	-	-	(31)	(36)	(3,656)	-	(3,723)
Other	-	-	-	(2)	3	-	1
Ending balance	5,376	1,663	3,369	3,442	12,897	11,524	38,271

As at June 30, 2010 and December 31, 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 3,869 million and Baht 3,247 million, respectively.

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,004	727	880	2,796	9,156	5,693	24,256
Doubtful accounts	1,625	(68)	(144)	(1,131)	1,937	218	2,437
Bad debts written off	-	-	-	-	(3)	-	(3)
Ending balance	6,629	659	736	1,665	11,090	5,911	26,690

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 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	1,977	362	(1,459)	(1,529)	2,680	2,645	4,676
Bad debts written off	-	-	-	-	(16)	-	(16)
Bad debts reversal	-	-	-	-	155	-	155
Bad debts written off from sales of NPLs	-	-	(31)	(36)	(3,320)	-	(3,387)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>5,004</u>	<u>727</u>	<u>880</u>	<u>2,796</u>	<u>9,156</u>	<u>5,693</u>	<u>24,256</u>

As at June 30, 2010 and December 31, 2009, the Bank estimated the minimum total allowance* under BOT Guidelines of Baht 28,927 million and Baht 27,079 million, respectively for the consolidated financial statements and Baht 20,839 million and Baht 18,895 million, respectively for the separate financial statements.

(* 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.)

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

Unit : Million Baht

June 30, 2010 December 31, 2009

Consolidated financial statements	40,668	38,603
The Bank and Ayudhya Asset Management Company Limited	31,414	29,538
The Separate financial statements	26,750	24,588

As at June 30, 2010 and December 31, 2009, 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 the allowance for doubtful accounts for such loans as follows:

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	Number	Outstanding Balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	<u>3</u>	<u>374</u>	<u>987</u>	<u>35</u>
Total	<u>3</u>	<u>374</u>	<u>987</u>	<u>35</u>

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

December 31, 2009				
	Number	Outstanding Balance	Appraisal Value of Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	374	175	226
Total	3	374	175	226

4.7 Revaluation allowance for debt restructuring

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2010	December 31, 2009
Beginning Balance	329	897
Increase during the period/year	328	1,088
Amount written off	(621)	(1,656)
Ending Balance	36	329

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2010	December 31, 2009
Beginning Balance	329	897
Increase during the period/year	329	1,101
Amount written off	(623)	(1,669)
Ending Balance	35	329

4.8 Properties foreclosed, net

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2010	Acquisition	Disposition	Balance as at June 30, 2010
1. Assets acquired from debt repayment				
1.1 Immovable	19,774	921	(2,372)	18,323
1.2 Movable	327	1,496	(1,530)	293
Total	20,101	2,417	(3,902)	18,616
2. Others	110	-	-	110
Total properties foreclosed	20,211	2,417	(3,902)	18,726
Less Provision for impairment	(2,194)	(620)	506	(2,308)
Total properties foreclosed	18,017	1,797	(3,396)	16,418

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 December 31, 2009
1. Assets acquired from debt repayment					
1.1 Immovable	22,787	56	2,807	(5,876)	19,774
1.2 Movable	571	52	5,171	(5,467)	327
Total	23,358	108	7,978	(11,343)	20,101
2. Others	162	-	-	(52)	110
Total properties foreclosed	23,520	108	7,978	(11,395)	20,211
Less Provision for impairment	(2,149)	(13)	(2,173)	2,141	(2,194)
Total properties foreclosed	21,371	95	5,805	(9,254)	18,017

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2010	Acquisition	Disposition	Balance as at June 30, 2010
1. Assets acquired from debt repayment				
1.1 Immovable	11,122	164	(1,018)	10,268
1.2 Movable	13	-	-	13
Total	11,135	164	(1,018)	10,281
2. Others	104	-	-	104
Total properties foreclosed	11,239	164	(1,018)	10,385
Less Provision for impairment	(1,682)	(284)	144	(1,822)
Total properties foreclosed	9,557	(120)	(874)	8,563

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

Type of Properties Foreclosed	Balance as at January 1, 2009	Acquisition	Disposition	Balance as at December 31, 2009
1. Assets acquired from debt repayment				
1.1 Immovable	14,498	833	(4,209)	11,122
1.2 Movable	13	-	-	13
Total	14,511	833	(4,209)	11,135
2. Others	154	-	(50)	104
Total properties foreclosed	14,665	833	(4,259)	11,239
Less Provision for impairment	(1,518)	(774)	610	(1,682)
Total properties foreclosed	13,147	59	(3,649)	9,557

For the year ended December 31, 2009, 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 1,141 million. The Bank had already collected such amount in full.

For the six-month period ended June 30, 2010 and for the year ended December 31, 2009 the appraisal value of properties foreclosed that acquired from debt repayment or the auction, are appraised by the internal appraiser, of Baht 5,424 million and Baht 5,776 million, respectively, and are appraised by the independent appraiser in amount of Baht 6,840 million and Baht 7,451 million, respectively.

4.9 Property, premises and equipment, net

CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at June 30, 2010
Unit : Million Baht					
Land					
Cost	3,791	32	-	(2)	3,821
Appraisal increase	3,824	-	-	-	3,824
Appraisal decrease	(193)	-	-	-	(193)
Premises					
Cost	6,033	17	-	8	6,058
Appraisal increase	6,122	-	-	-	6,122
Appraisal decrease	(70)	-	-	-	(70)
Equipment	10,913	597	(231)	(30)	11,249
Leasehold improvement	1,511	33	(5)	(6)	1,533
Total	31,931	679	(236)	(30)	32,344
Less Accumulated depreciation					
Premises					
- Cost	(2,489)	(98)	-	16	(2,571)
- Appraisal increase	(2,794)	-	-	(136)	(2,930)
Equipment	(8,368)	(642)	223	41	(8,746)
Leasehold improvement	(1,155)	(49)	-	7	(1,197)
Total	(14,806)	(789)	223	(72)	(15,444)
Construction in progress	245	37	(5)	(224)	53
Property, premises and equipment, net	17,370				16,953
Unit : Million Baht					
				June 30, 2010	June 30, 2009
Depreciation for the six-month periods				789	728

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 December 31, 2009
Land						
Cost	3,620	1	4	(2)	168	3,791
Appraisal increase	2,905	-	-	-	919	3,824
Appraisal decrease	(212)	-	-	-	19	(193)
Premises						
Cost	5,603	4	54	-	372	6,033
Appraisal increase	4,699	-	-	-	1,423	6,122
Appraisal decrease	(73)	-	-	-	3	(70)
Equipment	9,919	1,215	685	(960)	54	10,913
Leasehold improvement	871	610	50	(44)	24	1,511
Total	27,332	1,830	793	(1,006)	2,982	31,931
<u>Less</u> Accumulated depreciation						
Premises						
- Cost	(2,292)	(3)	(191)	-	(3)	(2,489)
- Appraisal increase	(2,149)	-	-	-	(645)	(2,794)
Equipment	(7,122)	(1,049)	(1,155)	898	60	(8,368)
Leasehold improvement	(551)	(557)	(106)	20	39	(1,155)
Total	(12,114)	(1,609)	(1,452)	918	(549)	(14,806)
Construction in progress	867	-	478	(24)	(1,076)	245
Property, premises and equipment, net	16,085					17,370

Unit : Million Baht		
	2009	2008
Depreciation for the years	1,452	1,499

As at June 30, 2010 and December 31, 2009, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, at the original costs amounting to Baht 6,875 million and Baht 5,999 million, respectively.

The partial increase of equipment at cost Baht 346 million during the period is from finance lease as at June 30, 2010.

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at June 30, 2010
Land					
Cost	3,779	32	-	(2)	3,809
Appraisal increase	3,824	-	-	-	3,824
Appraisal decrease	(193)	-	-	-	(193)
Premises					
Cost	6,000	17	-	8	6,025
Appraisal increase	6,122	-	-	-	6,122
Appraisal decrease	(70)	-	-	-	(70)
Equipment	8,159	432	(58)	(15)	8,518
Leasehold improvement	625	11	-	(7)	629
Total	28,246	492	(58)	(16)	28,664
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,467)	(96)	-	14	(2,549)
- Appraisal increase	(2,794)	-	-	(136)	(2,930)
Equipment	(6,246)	(488)	59	30	(6,645)
Leasehold improvement	(387)	(22)	-	8	(401)
Total	(11,894)	(606)	59	(84)	(12,525)
Construction in progress	245	29	(4)	(224)	46
Property, premises and equipment, net	16,597				16,185
Unit : Million Baht					
				June 30, 2010	June 30, 2009
Depreciation for the six-month periods				606	566

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2009	Increase	Decrease	Others	Balance as at December 31, 2009
Land					
Cost	3,732	5	(3)	45	3,779
Appraisal increase	2,905	-	-	919	3,824
Appraisal decrease	(212)	-	-	19	(193)
Premises					
Cost	5,664	54	-	282	6,000
Appraisal increase	4,699	-	-	1,423	6,122
Appraisal decrease	(73)	-	-	3	(70)
Equipment	8,009	510	(433)	73	8,159
Leasehold improvement	569	34	-	22	625
Total	25,293	603	(436)	2,786	28,246
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,274)	(189)	-	(4)	(2,467)
- Appraisal increase	(2,149)	-	-	(645)	(2,794)
Equipment	(5,869)	(852)	423	52	(6,246)
Leasehold improvement	(347)	(79)	-	39	(387)
Total	(10,639)	(1,120)	423	(558)	(11,894)
Construction in progress	881	478	(24)	(1,090)	245
Property, premises and equipment, net	15,535				16,597

Unit : Million Baht		
	2009	2008
Depreciation for the years	1,120	1,124

As at June 30, 2010 and December 31, 2009, the Bank had premises and equipment which were fully depreciated but still in use, at the original costs amounting to Baht 4,319 million and Baht 4,078 million, respectively.

The partial increase of equipment at cost Baht 346 million during the period is from finance lease as at June 30, 2010.

4.10 Intangible assets, net

CONSOLIDATED FINANCIAL STATEMENTS					Unit : Million Baht
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at June 30, 2010
Cost					
Goodwill	9,896	-	-	(54)	9,842
Software	2,824	291	(3)	8	3,120
Other intangible assets	1,508	-	-	(23)	1,485
Total	14,228	291	(3)	(69)	14,447
Accumulated amortization					
Software	(1,560)	(133)	3	(4)	(1,694)
Other intangible assets	(60)	(3)	-	13	(50)
Total	(1,620)	(136)		9	(1,744)
Intangible assets, net	12,608				12,703
					Unit : Million Baht
					June 30, 2010 June 30, 2009
Amortization for the six-month periods					136 103

CONSOLIDATED FINANCIAL STATEMENTS							Unit : Million Baht
	Balance as at January 1, 2009	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2009	
Cost							
Goodwill	8,397	-	1,499	-	-	9,896	
Software	2,478	255	368	(1)	(276)	2,824	
Other intangible assets	1,363	76	69	-	-	1,508	
Total	12,238	331	1,936	(1)	(276)	14,228	
Accumulated amortization							
Software	(1,202)	(202)	(212)	-	56	(1,560)	
Other intangible assets	(6)	(54)	-	-	-	(60)	
Total	(1,208)	(256)	(212)	-	56	(1,620)	
Intangible assets, net	11,030					12,608	
							Unit : Million Baht
							2009 2008
Amortization for the years							212 178

As at June 30, 2010 and December 31, 2009, Bank and its subsidiaries had intangible assets which were fully amortized but still in use, at the original costs amounting to Baht 824 million and Baht 582 million, respectively.

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at June 30, 2010
Cost					
Software	2,363	264	-	(5)	2,622
Other intangible assets	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total	<u>2,370</u>	<u>264</u>	<u>-</u>	<u>(5)</u>	<u>2,629</u>
Accumulated amortization					
Software	(1,224)	(104)	-	-	(1,328)
Other intangible assets	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Total	<u>(1,229)</u>	<u>(104)</u>	<u>-</u>	<u>-</u>	<u>(1,333)</u>
Intangible assets, net	<u>1,141</u>				<u>1,296</u>

Unit : Million Baht		
	June 30, 2010	June 30, 2009
Amortization for the six-month periods	<u>104</u>	<u>78</u>

Unit : Million Baht					
SEPARATE FINANCIAL STATEMENTS					
	Balance as at January 1, 2009	Increase	Decrease	Others	Balance as at December 31, 2009
Cost					
Software	2,212	358	-	(207)	2,363
Other intangible assets	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total	<u>2,219</u>	<u>358</u>	<u>-</u>	<u>(207)</u>	<u>2,370</u>
Accumulated amortization					
Software	(1,064)	(162)	-	2	(1,224)
Other intangible assets	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Total	<u>(1,069)</u>	<u>(162)</u>	<u>-</u>	<u>2</u>	<u>(1,229)</u>
Intangible assets, net	1,150				1,141

Unit : Million Baht		
	2009	2008
Amortization for the years	<u>162</u>	<u>139</u>

As at June 30, 2010 and December 31, 2009, the Bank had intangible assets which were fully amortized but still in use, at the original costs amounting to Baht 638 million and Baht 373 million, respectively.

4.11 Deferred tax assets

Deferred tax assets as at June 30, 2010 and December 31, 2009, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	December 31,	June 30,	December 31,
	2010	2009	2010	2009
Deferred tax assets	<u>6,977</u>	<u>7,088</u>	<u>2,789</u>	<u>2,792</u>

Movements in deferred tax assets during the period / year were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	As at	Balance of	Items	Items as	As at
	January 1,	Subsidiary as	arising from	recognized	June 30,
	2010	at Purchase	Business	into	2010
		Date	Combination	of Income	
Temporary differences					
Impairment of assets	1,967	-	-	(294)	1,673
Allowance for doubtful debt	3,325	-	-	19	3,344
Unrealized loss on investment	428	-	-	180	608
Other	1,368	-	-	(16)	1,352
Balance at the ending of the period	<u>7,088</u>	<u>-</u>	<u>-</u>	<u>(111)</u>	<u>6,977</u>

	CONSOLIDATED FINANCIAL STATEMENTS				
	As at	Balance of	Items	Items as	As at
	January 1,	Subsidiary as	arising from	recognized	December 31,
	2009	at Purchase	business	into	2009
		Date	combination	of Income	
Temporary differences					
Impairment of assets	1,260	252	-	455	1,967
Allowance for doubtful debt	1,338	1,903	-	84	3,325
Unrealized loss on investment	362	-	-	66	428
Other	1,188	74	236	44	1,368
Balance at the ending of the year	<u>4,148</u>	<u>2,229</u>	<u>236</u>	<u>649</u>	<u>7,088</u>

	SEPARATE FINANCIAL STATEMENTS		
	As at	Items as	Items as
	January 1,	recognised into	recognised into
	2010	Statement of Income	Shareholders' Equity
Temporary differences			
Impairment of assets	1,687	(231)	-
Unrealized loss on investment	420	180	-
Other	685	48	-
Balance at the ending of the period	<u>2,792</u>	<u>(3)</u>	<u>-</u>

Unit : Million Baht			
SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2009	Items as recognised into Statement of Income	Items as recognised Into Shareholders' Equity
			As at December 31, 2009
Temporary differences			
Impairment of assets	1,107	580	-
Unrealized loss on investment	360	60	-
Other	1,029	(177)	(167)
Balance at the ending of the year	2,496	463	(167)

The deferred tax assets which have not been recognized in the balance sheet as at the June 30, 2010 and December 31, 2009 are as follows :

Unit : Million Baht			
CONSOLIDATED		SEPARATE	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Unused tax losses	1,060	1,255	-
Impairment of assets	123	126	-
Total	1,183	1,381	-

Deferred tax assets of liquidating subsidiaries have not been recognized in the consolidated financial statements because these subsidiaries' deferred tax assets cannot be utilized for future economic benefit. Liquidating companies are as follows:

1. K.S. Law Office Company Limited
2. Ayudhya Capital Lease Company Limited

4.12 Deposits

(1) Classified by product

Unit : Million Baht			
CONSOLIDATED		SEPARATE	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Current deposit	17,543	14,907	18,308
Savings deposit	196,425	184,405	200,834
Time deposit			
- Less than 6 months	101,455	90,404	101,549
- 6 months to 1 year	75,169	114,425	75,169
- over 1 year	132,666	116,374	132,666
Total	523,258	520,515	528,526

(2) Classified by remaining maturity

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Not over 1 year*	461,782	486,177	467,050	490,348
Over 1 year	<u>61,476</u>	<u>34,338</u>	<u>61,476</u>	<u>34,338</u>
Total	<u>523,258</u>	<u>520,515</u>	<u>528,526</u>	<u>524,686</u>

* Including matured time deposits

(3) Classified by currency and residence of depositors

	Unit : Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	520,046	330	520,376	517,145	407	517,552
US Dollar	1,002	950	1,952	1,193	1,073	2,266
Other currencies	392	538	930	205	492	697
Total	<u>521,440</u>	<u>1,818</u>	<u>523,258</u>	<u>518,543</u>	<u>1,972</u>	<u>520,515</u>

	Unit : Million Baht					
	SEPARATE FINANCIAL STATEMENTS					
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	525,314	330	525,644	521,316	407	521,723
US Dollar	1,002	950	1,952	1,193	1,073	2,266
Other currencies	392	538	930	205	492	697
Total	<u>526,708</u>	<u>1,818</u>	<u>528,526</u>	<u>522,714</u>	<u>1,972</u>	<u>524,686</u>

4.13 Interbank and money market items

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2010			December 31, 2009			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	703	703	-	686	686
Commercial banks	1,396	2,407	3,803	1,279	3,955	5,234
Other banks	40	6,894	6,934	43	8,449	8,492
Finance companies, securities companies and credit foncier companies	2,198	3,223	5,421	2,437	3,428	5,865
Other financial institutions	-	53,873	53,873	-	26,553	26,553
Total	3,634	67,100	70,734	3,759	43,071	46,830
Add Accrued interest receivables	-	-	-	-	3	3
Total domestic items	3,634	67,100	70,734	3,759	43,074	46,833
Foreign items						
US Dollar	663	-	663	514	-	514
Yen	-	-	-	-	-	-
Euro	-	-	-	6	-	6
Other currencies	150	-	150	62	-	62
Total foreign items	813	-	813	582	-	582
Total domestic and foreign items	4,447	67,100	71,547	4,341	43,074	47,415

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
June 30, 2010			December 31, 2009			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	703	703	-	687	687
Commercial banks	1,793	60	1,853	1,310	60	1,370
Other banks	40	6,895	6,935	43	8,449	8,492
Finance companies, securities companies and credit foncier companies	2,198	3,223	5,421	2,437	3,428	5,865
Other financial institutions	-	49,287	49,287	-	26,553	26,553
Total domestic items	4,031	60,168	64,199	3,790	39,177	42,967
Foreign items						
US Dollar	663	-	663	514	-	514
Yen	-	-	-	-	-	-
Euro	-	-	-	6	-	6
Other currencies	150	-	150	62	-	62
Total foreign items	813	-	813	582	-	582
Total domestic and foreign items	4,844	60,168	65,012	4,372	39,177	43,549

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, 2010 and December 31, 2009, such borrowings are carried at fair value derived from 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 12 million and Baht 49 million, respectively which equals the mark-to-market gain on the hedging instruments.

4.14 Short-term borrowings

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2010			December 31, 2009			
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior securities	16,561	-	16,561	33,087	-	33,087
Bills of exchange	20,670	-	20,670	6,000	-	6,000
Other borrowings	4	-	4	3	-	3
Total short-term borrowings	<u>37,235</u>	<u>-</u>	<u>37,235</u>	<u>39,090</u>	<u>-</u>	<u>39,090</u>

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
June 30, 2010			December 31, 2009			
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior securities	16,561	-	16,561	33,087	-	33,087
Bills of exchange	23,170	-	23,170	6,000	-	6,000
Other borrowings	4	-	4	3	-	3
Total short-term borrowings	<u>39,735</u>	<u>-</u>	<u>39,735</u>	<u>39,090</u>	<u>-</u>	<u>39,090</u>

Short-term borrowings consist of the following:

- 4.14.1 On April 29, 2003, the Bank acquired Baht 3 million of borrowings with maturity on June 27, 2010 with no interest bearing. The Bank had already made full repayment.
- 4.14.2 On November 8, 2006, the Bank acquired Baht 8 million of borrowings with maturity on January 31, 2011, at the fixed interest rate of 0.50% per annum. The Bank had made partial repayment in the amount of Baht 4 million.
- 4.14.3 On October 26, 2007, the Bank issued uncollateralized senior securities in the amount of Baht 7,472 million with maturity on October 26, 2010, at the fixed interest rate of 4.25% per annum, payable quarterly in January, April, July and October.
- 4.14.4 On March 18, 2008 the Bank issued uncollateralized senior securities in the amount of Baht 9,924 million and Baht 5,157 million with maturities on March 18, 2010 and on March 18, 2011, at the fixed interest rates of 3.85% and 4% per annum, payable quarterly in March, June, September and December. The Bank had made partial repayment in the amount of Baht 9,924 million

- 4.14.5 On May 12, 2008, the Bank issued Baht 2,500 million of bills of exchange with maturity on May 12, 2011 at the fixed interest rates of 3.40% per annum from May 12, 2008 to May 12, 2009, and an interest rate of 6 month Fixed Deposit plus 1.25 % per annum, from May 12, 2009 to May 12, 2011 with interest payable semi-annually in May and November of each year.
- 4.14.6 On May 13, 2008 and August 5, 2008, the Bank issued Baht 300 million and Baht 200 million of bills of exchange with maturities on May 13, 2010 and August 5, 2010, at the fixed rates of 4.20% and 4.67% per annum respectively. The Bank had made partial repayment in the amount of Baht 300 million
- 4.14.7 On May 22, 2008, the Bank issued Baht 200 million of bills of exchange with maturity on May 22, 2011 at the fixed interest rates of 4.00% per annum from May 22, 2008 to May 22, 2009, and an interest rate of 6 month Fixed Deposit plus 0.1% per annum, from May 22, 2009 to May 22, 2011 with interest payable semi-annually in May and November of each year.
- 4.14.8 On June 5, 2008 the Bank issued uncollateralized senior securities in the amount of Baht 16,265 million with maturities on June 5, 2011, at the fixed interest rates of 4.25% per annum, payable quarterly in March, June, September and December. The Bank had already made full repayment.
- 4.14.9 On June 5, 2008 the Bank issued uncollateralized senior securities in the amount of Baht 3,933 million with maturities on June 5, 2011, at the fixed interest rates of 4.50% per annum, payable quarterly in March, June, September and December.
- 4.14.10 During June 20, 2008 to March 4, 2009, the subsidiary issued Baht 31 million of bills of exchange with maturities during July 16, 2009 to January 4, 2010, at the fixed rates of 2.35% - 5.00% per annum. The subsidiary had already made full repayment.
- 4.14.11 On January 8, 2009, the Bank issued Baht 305 million of bills of exchange with maturity on January 7, 2010, at the fixed rate of 2.9% per annum. The Bank had already made full repayment.
- 4.14.12 During April 27, 2009 to December 30, 2009 the Bank issued Baht 14,259 million of bills of exchange with maturities during June 2, 2009 to August 23, 2010, at the fixed interest rates of 1.0%-1.5% per annum and the Bank had already made partial repayment in the amount of Baht 14,056 million.
- 4.14.13 During August 3, 2009 to October 16, 2009, the Bank issued Baht 1,702 million of bills of exchange with maturities during February 3, 2011 to June 16, 2011, at the fixed interest rate of 1.80%- 2.30% per annum.
- 4.14.14 On August 31, 2009, the Bank issued Baht 276 million of bills of exchange with maturity on August 31, 2010, at the fixed rate of 1.15% per annum.
- 4.14.15 During January 5, 2010 to March 31, 2010, the Bank issued Baht 8,943 million of bills of exchange with maturities during April 5, 2010 to February 8, 2011, at the fixed interest rate of 1.00%- 1.60% per annum. The Bank had made partial repayment in the amount of Baht 6,735 million.

4.14.16 During April 1, 2010 to June 30, 2010, the Bank issued Baht 15,881 million of bills of exchange with maturities during July 2, 2010 to June 24, 2011, at the fixed interest rate of 1.12%- 1.73% per annum.

4.15 Long-term borrowings

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated Debentures	32,000	-	32,000	12,000	-	12,000
Senior securities	30,027	-	30,027	29,974	-	29,974
Bill of exchange	624	-	624	3,402	-	3,402
Other borrowings	183	-	183	220	-	220
Total long-term borrowings	<u>62,834</u>	<u>-</u>	<u>62,834</u>	<u>45,596</u>	<u>-</u>	<u>45,596</u>

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated Debentures	32,000	-	32,000	12,000	-	12,000
Senior securities	15,313	-	15,313	24,300	-	24,300
Bill of exchange	624	-	624	4,402	-	4,402
Other borrowings	183	-	183	220	-	220
Total long-term borrowings	<u>48,120</u>	<u>-</u>	<u>48,120</u>	<u>40,922</u>	<u>-</u>	<u>40,922</u>

Long-term borrowings consist of the following :

- 4.15.1 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 rates 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.
- 4.15.2 During November 1, 2004 to September 30, 2009, the Bank acquired Baht 296 million of borrowings with maturities during January 31, 2011 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 113 million.

- 4.15.3 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%	7,472
2	Oct. 26, 2011	4.50%	4,736

Tranche 1 senior securities, with maturity on October 26, 2010 were reclassified to short-term borrowing.

- 4.15.4 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. The Bank had already made full repayment. Tranche 2 senior securities, with maturity on March 18, 2011, were reclassified to short-term borrowing in this period.

- 4.15.5 On May 12, 2008, the Bank issued Baht 2,500 million of bills of exchange with maturity on May 12, 2011 at the fixed interest rates of 3.40% per annum from May 12, 2008 to May 12, 2009, and an interest rate of 6 month Fixed Deposit plus 1.25 % per annum, from May 12, 2009 to May 12, 2011 with interest payable semi-annually in May and November of each year, were reclassified to short-term borrowing in this period.

- 4.15.6 On May 22, 2008, the Bank issued Baht 200 million of bills of exchange with maturity on May 22, 2011 at the fixed interest rates of 4.00% per annum from May 22, 2008 to May 22, 2009, and an interest rate of 6 month Fixed Deposit plus 0.1% per annum, from May 22, 2009 to May 22, 2011 with interest payable semi-annually in May and November of each year, were reclassified to short-term borrowing in this period.

- 4.15.7 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 reclassified to short-term borrowing and the Bank had already made full repayment. Tranche 2 senior securities, with maturity on June 5, 2011 were reclassified to short-term borrowing.

- 4.15.8 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

- 4.15.9 During August 3, 2009 to October 16, 2009, the Bank issued bills of exchange in the amount of Baht 1,702 million, with maturities during February 3, 2011 and June 16, 2011, at the fixed interest rates of 1.80% - 2.30% per annum, bills of Exchange above amounting to Baht 1,622 million, with maturities during February 3, 2011 to March 4, 2011 were reclassified to short-term borrowing in this period.

- 4.15.10 On June 23, 2010, the Bank issued subordinated debenture #1/2010 in the amount of Baht 20,000 million with a maturity in June 23, 2020 at the fixed rates of 4.35% per annum for the years 1-3, 4.75% per annum for the years 4-6 and 5.50% per annum for the years 7-10, payable quarterly on the 23 of March, June, September and December of each year. The Bank has the right to redeem debenture #1/2010 before the maturity date subject to the approval of the Bank of Thailand.

The Bank may redeem the debentures prior to the fifth anniversary of the issue date, if the bank is notified by Bank of Thailand that the debentures shall not be treated as tier-2 capital or the debentures shall be treated as tier-2 capital less than 50% of tier-1 capital of the Bank.

- 4.15.11 During June 3, 2010 to June 30, 2010, the Bank issued bills of exchange in the amount of Baht 624 million, with maturities during December 6, 2011 and December 30, 2011, at the fixed interest rates of 1.80% - 2.00% per annum

- 4.15.12 On October 21, 2009, the subsidiary issued uncollateralized senior securities in 2 tranches with interest payable semi-annually in April and October of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Oct. 21, 2012	4.00%	4,836
2	Oct. 21, 2013	4.40%	838

- 4.15.13 On February 25, 2010, the subsidiary issued uncollateralized senior securities in 1 tranche with interest payable semi-annually in August and February of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	Feb. 25, 2013	3.33%	4,805

- 4.15.14 On May 12, 2010, the subsidiary issued uncollateralized senior securities in 1 tranche with interest payable quarterly in August, November, February and May of each year, as follows:

Tranche	Maturity date	Interest rate	Amount (Million Baht)
1	May. 12, 2014	3.68%	4,235

4.16 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. 37 "Provisions, Contingent Liabilities and Contingent Assets"(previously No.53) which were presented as part of other liabilities in the balance sheets as follows:

Unit : Million Baht		
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	June 30, 2010	December 31, 2009
Beginning balance of the period/year	287	389
Decrease during the period/year	-	(102)
Ending balance as at of the period/year	<u>287</u>	<u>287</u>

4.17 Deferred tax liabilities

Deferred tax liabilities as at June 30, 2010 and December 31, 2009 are as follows:

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	December 31,	June 30,	December 31,
	2010	2009	2010	2009
Deferred tax liabilities	2,783	2,722	2,427	2,344

Movement of deferred tax liabilities during the period / year are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
As at	Balance of	Items as	Items as	As at
January 1,	Subsidiary as	recognized	recognized	June 30,
2010	at Purchase	into	into	2010
	Date	Statement	Shareholders'	
		of Income	Equity	
Temporary differences				
Asset appraisal surplus	2,141	-	(36)	2,105
Other	581	(24)	178	678
Balance at the ending of the period	<u>2,722</u>	<u>(24)</u>	<u>(57)</u>	<u>142</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	As at January 1, 2009	Balance of Subsidiary as at Purchase Date	Items as recognized into Statement of Income	Items as recognized into Shareholders' Equity	As at December 31, 2009
Temporary differences					
Asset appraisal surplus	1,632	-	-	509	2,141
Other	551	37	84	(91)	581
Balance at the ending of the year	2,183	37	84	418	2,722

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2010	Items as recognised into Statement of Income	Items as recognised into Shareholders' Equity	As at June 30, 2010
Temporary differences				
Assets appraisal surplus	2,141	-	(36)	2,105
Other	203	(57)	176	322
Balance at the ending of the period	2,344	(57)	140	2,427

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2009	Items as recognised into Statement of Income	Items as recognised into Shareholders' Equity	As at December 31, 2009
Temporary differences				
Assets appraisal surplus	1,632	-	509	2,141
Other	293	4	(94)	203
Balance at the ending of the year	1,925	4	415	2,344

4.18 Finance lease liabilities

Finance lease liabilities as at June 30, 2010 were payable as follows:

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Principal	Interest	Payment
Within one year	137	6	143
One year to five years	70	1	71
Total	207	7	214

As at December 31, 2009, there was no finance lease liabilities.

4.19 Share capital

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	June 30, 2010	December 31, 2009
Authorized share capital	70,894	70,894
Issued and paid-up share capital	60,741	60,741

4.19.1 Capital 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.

4.19.2 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, 2010 and December 31, 2009, 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. As at June 30, 2010 and December 31, 2009, the Bank's total capital funds can be categorized as follows:

	June 30, 2010	Unit : Million Baht December 31, 2009
Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	711	583
Net profit after appropriations	6,708	4,139
<u>Less</u> Deferred tax assets	<u>(2,789)</u>	<u>(2,792)</u>
Total Tier 1 capital	<u>79,173</u>	<u>76,473</u>
Tier 2 capital		
Assets revaluation surplus	4,273	4,333
Subordinated unsecured floating rate notes	27,200	7,200
Investment revaluation surplus (net) in securities available-for-sale	95	46
Reserve for normal assets	<u>5,911</u>	<u>5,693</u>
Total Tier 2 capital	<u>37,479</u>	<u>17,272</u>
Total capital fund	<u>116,652</u>	<u>93,745</u>

	Percentage June 30, 2010	December 31, 2009
Total capital / Total risk assets (minimum 8.50%)	17.69	14.15
Total tier 1 capital / Total risk assets (minimum 4.25%)	12.01	11.55

Disclosure of capital maintenance information under the Notification of the Bank of Thailand Re : Public Disclosure of Capital Maintenance for Commercial Bank

Location of disclosure	www.krungsri.com
Date of disclosure	within September 2010
Information as of	June 30, 2010

4.20 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.

4.21 Dividend payment

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 6,074,143,747 ordinary shares at Baht 0.15 per share which totaled Baht 911 million, with payment made on April 29, 2009.

The Board of Directors' Meeting No. 8/2009 dated August 26, 2009, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2009 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.15 per share which totaled Baht 911 million, with payment made on September 22, 2009.

At the General Shareholders' meeting held on April 8, 2010, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2009 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.18 per share which totaled Baht 1,093 million, with payment made on May 4, 2010.

4.22 Income tax

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Current tax for the period	2,035	623	512	64
Deferred tax	16	114	(55)	73
Total income tax expense	<u>2,051</u>	<u>737</u>	<u>457</u>	<u>137</u>

Reconciliation of effective tax rate

	CONSOLIDATED				SEPARATE			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2010		2009		2010		2009	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>6,263</u>		<u>3,496</u>		<u>2,922</u>		<u>993</u>	
Income tax at the domestic tax rate	1,879	30.00	1,049	30.00	877	30.00	298	30.00
Add Tax effect of income and expense that are not exempt for tax purposes	1,328	21.20	128	3.66	265	9.07	16	1.61
Less Tax effect of income and expense that are exempt for tax purposes	(1,156)	(18.45)	(440)	(12.58)	(11)	(23.42)	(1)	(17.81)
Total	<u>2,051</u>	<u>32.75</u>	<u>737</u>	<u>21.08</u>	<u>457</u>	<u>15.64</u>	<u>137</u>	<u>13.80</u>

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% and 30% for the corporate income tax calculations for the six-month period ended June 30, 2010 and for the year ended December 31, 2009, to conform to such tax rate change.

The subsidiaries have used a tax rate of 30% for calculation of the income tax for the six-month periods ended June 30, 2010 and 2009.

The Bank and subsidiaries used a tax rate of 30% for calculation of deferred tax.

4.23 Contingencies

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total
Avals to bills	3,625	-	3,625	3,623	-	3,623
Guarantees of loans	33	292	325	11	350	361
Other guarantees	34,934	1,056	35,990	35,156	1,099	36,255
Letters of credit	316	4,218	4,534	131	5,251	5,382
Exchange rate contracts						
Bought	-	126,799	126,799	-	67,509	67,509
Sold	-	136,258	136,258	-	74,747	74,747
Currency swap contracts						
Bought	4,177	1,629	5,806	6,435	1,766	8,201
Sold	676	4,949	5,625	635	7,344	7,979
Interest rate swap						
Bought	13,320	3,327	16,647	13,820	3,623	17,443
Sold	600	2,431	3,031	600	2,652	3,252
Unused overdraft limit	50,376	-	50,376	38,590	-	38,590
Others	-	3,118	3,118	70	2,418	2,488
Total	108,057	284,077	392,134	99,071	166,759	265,830

Unit : Million Baht						
SEPARATE FINANCIAL STATEMENTS						
	June 30, 2010			December 31, 2009		
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total
Avals to bills	3,625	-	3,625	3,623	-	3,623
Guarantees of loans	33	292	325	11	350	361
Other guarantees	34,971	1,704	36,675	35,167	1,767	36,934
Letters of credit	316	4,298	4,614	130	5,285	5,415
Exchange rate contracts						
Bought	-	126,799	126,799	-	67,509	67,509
Sold	-	136,307	136,307	-	74,747	74,747
Currency swap contracts						
Bought	4,177	1,629	5,806	6,435	1,766	8,201
Sold	676	4,949	5,625	635	7,344	7,979
Interest rate swap						
Bought	13,320	3,327	16,647	13,520	3,623	17,143
Sold	600	2,431	3,031	600	2,652	3,252
Unused overdraft limit	50,536	-	50,536	38,720	-	38,720
Others	-	3,118	3,118	70	2,418	2,488
Total	108,254	284,854	393,108	98,911	167,461	266,372

As at June 30, 2010 and December 31, 2009, the Bank has commitments for information technology in the amount of Baht 514 million and Baht 250 million, respectively.

4.24 Long-term Leases

As at June 30, 2010

		Unit : Million Baht	
TYPE OF LEASE	PERIOD	TOTAL RENTAL EXPENSES	
		CONSOLIDATED	SEPARATE
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
Land and/or premises and equipment	Jul. 1, 2010 - Jun 30, 2011	316	223
	Jul. 1, 2011 - Jun 30, 2012	203	149
	Jul. 1, 2012 - Jun 30, 2013	108	75
	Jul. 1, 2013 - Jun 30, 2014	25	24
	Jul. 1, 2014 - Jun 30, 2015	17	17
	Jul. 1, 2015 - Jun 30, 2016	15	15
	Jul. 1, 2016 - Aug. 31, 2035	98	98
		<u>782</u>	<u>601</u>

As at December 31, 2009

		Unit : Million Baht	
TYPE OF LEASE	PERIOD	TOTAL RENTAL EXPENSES	
		CONSOLIDATED	SEPARATE
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
Land and/or premises and equipment	Jan. 1, 2010 - Dec. 31, 2010	303	192
	Jan. 1, 2011 - Dec. 31, 2011	194	138
	Jan. 1, 2012 - Dec. 31, 2012	78	62
	Jan. 1, 2013 - Dec. 31, 2013	22	19
	Jan. 1, 2014 - Dec. 31, 2014	15	15
	Jan. 1, 2015 - Dec. 31, 2015	15	15
	Jan. 1, 2016 - Aug. 31, 2035	145	145
		<u>772</u>	<u>586</u>

4.25 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. 6/2553 regarding the Guideline on Consolidated Supervision dated June 28, 2010, 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 transactions shall be in the same conditions or criteria, including interest rate or 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 to 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:

- 4.25.1 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, 2010	December 31, 2009
Loans	142,785	158,143
Allowance for doubtful accounts	1,427	1,581
Commitments	815	714
Deposits	6,478	4,730

Certain information related to the aforementioned loans and commitments as at June 30, 2010 and December 31, 2009, are as follows:

June 30, 2010

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	142,785	Jul. 2, 2010 to Aug. 5, 2032	70	143,530
Commitments	815	Jul. 2, 2010 to Apr. 4, 2013		

As at June 30, 2010, the Bank charges interest rates at 1.00% - 10.25% p.a. on loans to these related parties.

December 31, 2009

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	158,143	Jan. 4, 2010 to Aug. 5, 2032	46	158,811
Commitments	714	Jan 31, 2010 to May 27, 2010		

As at December 31, 2009, the Bank charges interest rates at 1.00% - 5.93% p.a. on loans to these related parties.

4.25.2 In addition to Note 4.25.1 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, 2010	December 31, 2009
Loans	364	381
Allowance for doubtful accounts	5	3
Commitments	428	353
Deposits	11,569	8,714

Certain information related to the aforementioned loans and commitments as at June 30, 2010 and December 31, 2009, are as follows:

June 30, 2010

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	364	Jul. 2, 2010 to Sep. 30, 2013	289	503
Commitments	428	Jul. 14, 2010 to May. 22, 2017		

December 31, 2009

	Total Amount (Million Baht)	Maturity Date	Outstanding Balance	
			Secured (Million Baht)	Unsecured (Million Baht)
Loans	381	Oct. 31, 2012 to Sep 30, 2013	381	353
Commitments	353	Jan. 2, 2010 to May. 22, 2017		

Interest rates on loans as at June 30, 2010 and December 31, 2009, are equal to 1.62% - 6.00% p.a. and 5.25% - 6.00% p.a., respectively.

4.25.3 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, 2010

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Book value	Dividend Amount
Associated companies						
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	780	49.00	382	658	-
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life insurance broker	77	49.00	-	7	-
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	2	49.00	-	29	-
Quality Life Assurance Broker Company Limited ⁽¹⁾	Life insurance broker	2	24.99	1	9	-
Quality General Insurance Broker Company Limited ⁽¹⁾	General insurance broker	2	24.99	1	7	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	-	21.90	-	-	-
Investment in associated companies, net				<u>384</u>	<u>710</u>	<u>-</u>
Related companies						
(10%-20% holding)						
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	412	14
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	9	-	-
Investments in related companies, net				<u>428</u>	<u>412</u>	<u>14</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

December 31, 2009

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Book value	Dividend Amount
Associated companies						
Tesco Card Services Limited ⁽¹⁾	Credit card and personal loan	780	49.00	382	598	-
Tesco Life Assurance Broker Company Limited ⁽²⁾	Life insurance broker	77	49.00	-	7	-
Tesco General Insurance Broker Company Limited ⁽²⁾	General insurance broker	2	49.00	-	27	-
Quality Life Assurance Broker Company Limited ⁽¹⁾	Life insurance broker	2	24.99	1	7	-
Quality General Insurance Broker Company Limited ⁽¹⁾	General insurance broker	2	24.99	1	4	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	-	21.90	-	-	-
Investment in associated companies, net				<u>384</u>	<u>643</u>	<u>-</u>
Related companies						
(10%-20% holding)						
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	419	412	23
Asian Trade and Leasing Company Limited	Service	150	10.00	- 0 -	-	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	9	-	-
Investments in related companies, net				<u>428</u>	<u>412</u>	<u>23</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

Separate financial statements

June 30, 2010

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Subsidiaries					
Ayudhya Development Leasing Company Limited	Leasing	705	99.99	929	35
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.79	2,748	-
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	3,000	99.99	3,000	-
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	707
Ayudhya Total Solutions Public Company Limited (Formerly AIG Retail Bank Public Company Limited)	Hire-purchase	1,197	99.76	1,528	-
CFG Services Company Limited	Hire-purchase	514	99.99	27	-
Ayudhya Card Services Company Limited (Formerly AIG Card (Thailand) Company Limited)	Credit card and personal loan	720	99.99	4	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit card and personal loan	125	99.99	6,443	478
General Card Services Limited	Credit card and personal loan	758	99.99	806	30
Krungsriayudhya Card Company Limited ⁽²⁾	Credit card and personal loan	1,100	99.99	550	630
Siam Realty and Services Company Limited	Car rent and personnel services	100	99.99	100	60
K.S.Law Office Company Limited ⁽¹⁾	Legal advisory services	32	99.99	32	-
Total Services Solution Public Company Limited	Collection service	1,326	99.99	2,537	45
Ayudhya Fund Management Company Limited	Fund management	350	76.59	204	-
Ayudhya Asset Management Company Limited	Assets management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-
Associated					
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle		21.90	-	-
				41,926	1,985
<u>Less</u> Allowance for impairment				(4,224)	-
Investments in subsidiaries and associated, net				<u>37,702</u>	<u>1,985</u>

⁽¹⁾ Subsidiary under the liquidation process

⁽²⁾ Including indirect holding via Ayudhya Capital Services Company Limited 49.99%

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

SEPARATE FINANCIAL STATEMENTS					
	Business	Registered	Ownership	Investment	Dividend
	Type	Share Capital	(%)	Cost	Amount
Related companies					
(10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	412	14
Asian Trade and Leasing Company Limited	Service	150	10.00	-	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	-	-
Investments in related companies, net				412	14

December 31, 2009

SEPARATE FINANCIAL STATEMENTS					
	Business	Registered	Ownership	Investment	Dividend
	Type	Share Capital	(%)	Cost	Amount
Subsidiaries					
Ayudhya Development Leasing Company Limited	Leasing	705	99.99	929	70
Ayudhya Auto Lease Public Company Limited	Auto leasing	2,850	99.66	2,745	-
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	3,000	99.99	3,000	-
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	1,773
Ayudhya Total Solutions Public Company Limited (Formerly AIG Retail Bank Public Company Limited)	Hire-purchase	1,197	99.76	1,529	-
CFG Services Company Limited	Hire-purchase	514	99.99	27	-
Ayudhya Card Services Company Limited (Formerly AIG Card (Thailand) Company Limited)	Credit card and personal loan	720	99.99	4	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit card and personal loan	125	99.99	6,443	-
General Card Services Limited	Credit card and personal loan	758	99.99	806	-
Krungrsriayudhya Card ⁽²⁾ Company Limited	Credit card	1,100	99.99	550	-
Siam Realty and Services Company Limited	Car rent and personnel services	100	99.99	100	80
K.S.Law Office Company Limited ⁽¹⁾	Legal advisory services	32	99.99	32	-
Total Services Solution Public Company Limited	Collection service	1,326	99.99	2,537	-
Ayudhya Fund Management Company Limited	Fund management	350	76.59	204	-
Ayudhya Asset Management Company Limited	Assets management	6,000	99.99	6,000	-
Ayudhya Securities Public Company Limited	Securities	600	86.33	637	-
Ayudhya Factoring Company Limited	Factoring	100	99.99	100	-

SEPARATE FINANCIAL STATEMENTS					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Associated					
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle		21.90	-	-
				41,924	1,923
<u>Less</u> Allowance for impairment				(4,224)	-
Investments in subsidiaries, net				<u>37,700</u>	<u>1,923</u>
Related companies					
(10%-20% holding)					
Ayudhya Insurance Public Company Limited	Insurance	250	10.92	412	23
Asian Trade and Leasing Company Limited	Service	150	10.00	-	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	-	-
Investments in related companies, net				<u>412</u>	<u>23</u>

⁽¹⁾ Subsidiary under the liquidation process

⁽²⁾ Including indirect holding via Ayudhya Capital Services Company Limited 49.99%

⁽³⁾ The Company is established to transfer the throughout rights as per the concession agreement between MRT and BMCL in case of BMCL breaches agreement with MRT or BMCL breaches the loan agreement with the creditor group.

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

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Subsidiaries				
Ayudhya Development Leasing Company Limited	-	-	2,926	3,245
Ayudhya Auto Lease Public Company Limited	-	-	565	1,190
Ayudhya Capital Auto Lease Public Company Limited (Formerly GE Capital Auto Lease Public Company Limited)	-	-	70,456	77,280
Ayudhya Total Solutions Public Company Limited (Formerly AIG Retail Bank Public Company Limited)	-	-	2,550	5,400
CFG Services Company Limited	-	-	2,120	1,630
Ayudhya Card Services Company Limited (Formerly AIG Card (Thailand) Company Limited)	-	-	4,130	6,400
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Company Limited)	-	-	14,802	16,338
General Card Services Limited	-	-	10,419	11,448
Krungsriayudhya Card Company Limited	-	-	12,940	12,344
Siam Realty and Services Company Limited	-	-	217	150
Ayudhya Fund Management Company Limited	-	-	-	20
Ayudhya Asset Management Company Limited	-	-	13,302	15,019
Ayudhya Factoring Company Limited	-	-	1,481	983
Total	-	-	135,908	151,447
<u>Less</u> Allowance for doubtful accounts	-	-	(1,359)	(1,515)
Total	-	-	134,549	149,932
Associated company				
Tesco Card Services Limited	6,803	6,648	6,803	6,648
<u>Less</u> Allowance for doubtful accounts	(68)	(66)	(68)	(66)
Total	6,735	6,582	6,735	6,582
Related companies having joint major shareholders or directors				
Conwood Company Limited	-	60	-	60
Lanna Resources Public Company Limited	75	-	75	-
Grand Canal Land Public Company Limited (Formerly Media of Medias Public Company Limited)	289	321	289	321
Total	364	381	364	381
<u>Less</u> Allowance for doubtful accounts	(5)	-	(5)	-
Total	359	381	359	381

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

As at June 30, 2010 and December 31, 2009, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,230 million and Baht 1,391 million, respectively, are not eliminated but treated as surplus reserve in consolidated financial statements.

As at June 30, 2010, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 13,302 million at the interest rates of 2.05% - 2.25% per annum.

As at December 31, 2009, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 15,019 million at the interest rates of 2.10% - 2.30% per annum.

- 4.25.4 Other significant account balances and transactions between the Bank and its subsidiaries, associated and related companies in the balance sheets as at June 30, 2010 and December 31, 2009, and in the statements of income for the quarter and six-month periods ended June 30, 2010 and 2009, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		SEPARATE	
	June 30,	December 31,	June 30,	December 31,
	2010	2009	2010	2009
Balance Sheets				
Subsidiaries				
Other assets	-	-	181	198
Deposit	-	-	5,174	4,111
Interbank and money				
market items (liabilities)	-	-	332	297
Borrowing	-	-	2,500	1,000
Other liabilities	-	-	323	447
Contingencies	-	-	815	714
Associated companies				
Deposit	588	99	588	99
Related companies				
Other liabilities	-	3	-	-

	CONSOLIDATED		Unit : Million Baht SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the quarters ended June 30,		For the quarters ended June 30,	
	2010	2009	2010	2009
Statements of Income				
For the quarter “Unaudited”				
Subsidiaries				
Interest and dividend income	-	-	1,125	1,023
Interest expenses	-	-	16	10
Non-interest income	-	-	81	39
Non-interest expenses	-	-	134	132
Associated company				
Interest and dividend income	49	127	49	127
Interest expenses	-	46	-	46

	CONSOLIDATED		Unit : Million Baht SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended		For the six-month periods ended	
	June 30,	June 30,	June 30,	June 30,
	2010	2009	2010	2009
Statements of Income				
For the six-month period				
Subsidiaries				
Interest and dividend income	-	-	2,321	2,079
Interest expenses	-	-	26	19
Non-interest income	-	-	151	52
Non-interest expenses	-	-	274	267
Associated company				
Interest and dividend income	93	257	93	257
Non-interest income	-	80	-	80

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

- 4.25.5 For the year ended December 31, 2009, 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 1,107 million. The Bank has already collected such amount in full.

For the year ended December 31, 2009, 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 1,141 million. The Bank has already collected such amount in full.

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

4.25.6 On April 8, 2009, the Bank purchased the 99.5% shares of Ayudhya Total Solutions Public Company Limited (formerly 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 1,487 million. Such purchases were 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 47,107 million and Baht 44,297 million, respectively, fair value adjustment of Baht 496 million and excess of net fair value of acquired subsidiaries over purchase cost of Baht 761 million as income in the statement of income.

4.25.7 On June 24, 2009, the Board of Directors of the Bank 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 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 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 million.
4. To approve the transfer or business amalgamation between AYF and PMV.

The execution of these transaction was 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.

The transaction was approved by the Bank of Thailand on September 3, 2009 and the Office of Securities and Exchange Commission on July 28, 2009 and was completed on September 18, 2009, for No. 1 - 3 except the business amalgamation between AYF and PMV.

4.25.8 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 Krungsriayudhya Card Company Limited (KCC) operating credit card and personal loan business from Ayudhya Capital Services Company Limited (AYCAP) (formerly 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 AYCAPP (formerly 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 AYCAPP (formerly 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.
6. To indirectly hold 20,000 shares of Tesco Life Assurance Broker Company Limited (TLAB) and 770,000 shares of Tesco General Insurance Broker Company Limited (TGIB) through TCS respectively; and
7. To indirectly hold 5,000 shares of Quality Life Assurance Broker Company Limited (QLAB) and 5,000 shares of Quality General Insurance Broker Company Limited (QGIB) through AYCAB (formerly GECT) respectively.

Furthermore, the Board of Directors of the Bank approved the Bank to execute the service agreement and financing agreement to the companies above.

The transactions were approved by the Extraordinary Shareholders' Meeting No. 2/2009 on August 27, 2009 and the Bank of Thailand on October 9, 2009. These transactions were completed on November 5, 2009 and represented an investment of Baht 9,787 million which may be adjusted of Baht 1,217 million. At the acquisition date, the Bank recognized total assets and total liabilities of Baht 40,342 million and Baht 30,579 million, respectively, fair value adjustment of Baht 38 million and goodwill of Baht 1,388 million.

The Extraordinary Board of Directors' Meeting of the Bank also 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 acquiring 100% shares of the total shares sold from AIG Consumer Finance Group Inc., at the total value of considerations of Baht 18 million. The transaction was completed on September 9, 2009 after the approvals from the Extraordinary Shareholders' Meeting No. 2/2009 on August 27, 2009 and the Bank of Thailand on September 4, 2009. At the acquisition date, the Bank recognized total assets and total liabilities of Baht 2,356 million and Baht 1,657 million, respectively, fair value adjustment of Baht 258 million and excess of net fair value of acquired subsidiary over purchase cost of Baht 209 million as income in the statement of income.

- 4.25.9 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 was approved by the Extraordinary Shareholders' Meeting No. 2/2009 on August 27, 2009. However, this transaction has not been executed.

4.25.10 For the six-month periods ended June 30, 2010 and 2009, the Bank has the expenses in the amounts of Baht 229 million 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.

4.25.11 For the six-month periods ended June 30, 2010 and 2009, related party transactions among subsidiaries include collection services and other services of Baht 63 million and Baht 31 million and rental and facilities service of Baht 5 million and Baht 6 million, respectively.

4.25.12 For the six-month periods ended June 30, 2010 and 2009, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 16 million and Baht 24 million, respectively.

4.25.13 For the year ended December 31, 2009, the Bank entered into an agreement to transfer deposits and cashier cheques from Ayudhya Total Solutions Public Company Limited (formerly AIG Retail Bank Public Company Limited), a subsidiary, in the amount of Baht 9,156 million, which its net book value at the date of transfer was Baht 9,029 million. The Bank has already paid such amount in full.

4.25.14 For the year ended December 31, 2009, two subsidiary companies entered into an agreement to sell and buy the sub-quality assets and properties foreclosed between them, having the net book value at the date of transfer of Baht 169 million and Baht 56 million, respectively. Such amounts have been settled in full.

4.25.15 On May 15, 2010, two subsidiary companies entered into an agreement to sell and buy the hire purchase receivable portfolios between them, in the amount of Baht 735 million, having the net book value at the date of transfer of Baht 722 million. Such amounts have been settled in full.

4.26 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.

4.27 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, 2010

	Domestic	Foreign	Elimination	Total
Total assets	951,911	6,116	106,461	851,566
Interbank and money market items	93,811	1,487	-	95,298
Investments, net	69,651	132	-	69,783
Loans	616,349	2,542	-	618,891
Deposits	522,893	364	-	523,257
Interbank and money market items	71,547	-	-	71,547
Borrowings	100,069	-	-	100,069
Total commitments	392,009	125	-	392,134

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009

	Domestic	Foreign	Elimination	Total
Total assets	779,777	5,485	5,130	780,132
Interbank and money market items	52,346	1,322	-	53,668
Investments, net	67,900	163	-	68,063
Loans	601,515	1,993	-	603,508
Deposits	520,168	347	-	520,515
Interbank and money market items	47,415	-	-	47,415
Borrowings	84,687	-	-	84,687
Total commitments	265,719	111	-	265,830

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	Domestic	Foreign	Elimination	Total
Total assets	919,976	6,116	106,461	819,631
Interbank and money market items	92,093	1,487	-	93,580
Investments, net	106,406	132	-	106,538
Loans	561,253	2,542	-	563,795
Deposits	528,162	364	-	528,526
Interbank and money market items	65,012	-	-	65,012
Borrowings	87,855	-	-	87,855
Total commitments	392,983	125	-	393,108

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 2009

	Domestic	Foreign	Elimination	Total
Total assets	760,270	5,485	5,130	760,625
Interbank and money market items	48,435	1,322	-	49,757
Investments, net	104,681	163	-	104,844
Loans	561,941	1,993	-	563,934
Deposits	524,339	347	-	524,686
Interbank and money market items	43,549	-	-	43,549
Borrowings	80,013	-	-	80,013
Total commitments	266,261	111	-	266,372

(2) Results of operations classified by business segment

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED JUNE 30, 2010

“UNAUDITED”

	Domestic	Foreign	Elimination	Total
Interest and dividend income	11,729	27	-	11,756
Interest expenses	2,482	-	-	2,482
Net interest income	9,247	27	-	9,274
Non-interest income	4,889	(14)	560	4,315
Non-interest expenses	10,811	39	560	10,290
Income (loss) before tax	3,325	(26)	-	3,299

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	4,131	41	511	3,661
Non-interest expenses	8,714	37	511	8,240
Income before tax	2,180	10	-	2,190

Unit : Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	23,516	59	-	23,575
Interest expenses	4,932	1	-	4,933
Net interest income	18,584	58	-	18,642
Non-interest income	9,925	(24)	985	8,916
Non-interest expenses	22,217	63	985	21,295
Income (loss) before tax	6,292	(29)	-	6,263

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	7,012	91	985	6,118
Non-interest expenses	16,328	98	985	15,441
Income before tax	3,495	2	-	3,497

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2010**

“UNAUDITED”

	Domestic	Foreign	Elimination	Total
Interest and dividend income	9,011	27	-	9,038
Interest expenses	2,325	-	-	2,325
Net interest income	6,686	27	-	6,713
Non-interest income	2,504	(14)	560	1,930
Non-interest expenses	6,695	39	560	6,174
Income (loss) before tax	2,495	(26)	-	2,469

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	<u>2,604</u>	<u>29</u>	<u>-</u>	<u>2,633</u>
Net interest income	4,824	6	-	4,830
Non-interest income	2,134	40	510	1,664
Non-interest expenses	<u>6,377</u>	<u>37</u>	<u>510</u>	<u>5,904</u>
Income before tax	<u>581</u>	<u>9</u>	<u>-</u>	<u>590</u>

Unit : Million Baht

**SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010**

	Domestic	Foreign	Elimination	Total
Interest and dividend income	16,156	59	-	16,215
Interest expenses	<u>4,687</u>	<u>1</u>	<u>-</u>	<u>4,688</u>
Net interest income	11,469	58	-	11,527
Non-interest income	4,963	(24)	985	3,954
Non-interest expenses	<u>13,481</u>	<u>63</u>	<u>985</u>	<u>12,559</u>
Income (loss) before tax	<u>2,951</u>	<u>(29)</u>	<u>-</u>	<u>2,922</u>

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	<u>6,177</u>	<u>66</u>	<u>-</u>	<u>6,243</u>
Net interest income	8,984	9	-	8,993
Non-interest income	4,177	91	985	3,283
Non-interest expenses	<u>12,169</u>	<u>99</u>	<u>985</u>	<u>11,283</u>
Income before tax	<u>992</u>	<u>1</u>	<u>-</u>	<u>993</u>

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.

4.28 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 expenses in the statements of income. The fund is managed by financial institution who is an authorized fund manager.

After the establishment of the provident fund, the amount to be paid to a leaving 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.

4.29 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 foreign exchange rates and interest 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, interest rate 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 approved by the Board of Directors. The limit breach reporting, operating processes and risk control are under derivatives product program.

Accounting policies

Details of significant accounting policies and methods adopted, including criteria of recognition, the basis of measurement and the basis on which revenues, expenses and off-balance sheets 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 mean 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, 2010 and December 31, 2009, the Bank has credit equivalent of off-balance sheet financial instruments which remained open as follows :

	Unit : Million Baht	
	June 30, 2010	December 31, 2009
Spot and forward foreign bought exchange contracts	142	157
Spot and forward foreign sold exchange contracts	916	462

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 rate risk and interest rate risk by entering into forward foreign exchange contracts and currency and interest rate swap contracts.

The Bank enters into forward foreign exchange contracts as part of its risk management strategy of the foreign exchange risk arising from the Bank underlying assets and liabilities and for hedging risk customers transactions. 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, 2010 and December 31, 2009, as follows :

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2010							
	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	85,228	841	-	-	-	9,229	95,298
Investments, net	5,676	12,939	41,085		-	8,894	69,783
Loans	399,319	74,789	90,377		49,702	-	618,891
Financial liabilities							
Deposits	348,015	96,241	61,459	-	-	17,543	523,258
Interbank and money market							
items	52,452	5,935	11,206		-	1,888	71,548
Borrowings	14,247	22,988	42,821	20,000	-	13	100,069

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	44,810	608	297	-	-	7,953	53,668
Investments, net	17,662	10,204	30,740		-	7,148	68,063
Loans	404,100	59,545	84,223		52,080	-	603,508
Financial liabilities							
Deposits	327,572	143,782	34,322	-	-	14,839	520,515
Interbank and money market							
items	29,671	5,715	10,123		-	1,839	47,415
Borrowings	13,654	25,433	45,581	-	-	19	84,687

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	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	85,056	841	-	-	-	7,683	93,580
Investments, net	5,557	11,940	42,085		-	45,768	106,538
Loans	418,706	64,868	45,663		33,221	-	563,796
Financial liabilities							
Deposits	352,519	96,241	61,458	-	-	18,308	528,526
Interbank and money market							
items	50,853	5,552	6,637		-	1,903	65,012
Borrowings	15,747	23,988	28,107	20,000	-	13	87,855

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 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	42,346	567	297	-	-	6,547	49,757
Investments, net	17,661	10,159	30,620		-	44,095	104,844
Loans	425,421	60,857	42,945		34,210	-	563,934
Financial liabilities							
Deposits	330,467	143,782	34,322	-	-	16,115	524,686
Interbank and money market items	27,995	5,438	8,195		-	1,854	43,549
Borrowings	13,654	25,433	40,907	-	-	19	80,013

Interest bearing financial instruments

The following table presents the Bank's average balance and interest amount for the six-month period ended June 30, 2010 and 2009, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

June 30, 2009

	Average Balance (6 months)	Interest Amount	Average Rate %	Average Balance (6months)	Interest Amount	Average Rate %
Interest bearing financial assets						
Interbank and money market items	70,766	426	1.2	85,989	714	1.7
Investments	57,597	1,378	4.8	50,827	767	3.0
Loans	602,455	15,311	5.1	549,797	18,726	6.8
Total	<u>730,818</u>	<u>17,115</u>		<u>686,613</u>	<u>20,207</u>	
Interest bearing financial liabilities						
Deposits	512,912	2,636	1.0	528,855	4,420	1.7
Interbank and money market items	49,993	361	1.4	22,902	363	3.2
Borrowings	93,423	1,936	4.1	87,655	1,960	4.5
Total	<u>656,328</u>	<u>4,933</u>		<u>639,412</u>	<u>6,743</u>	

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

	June 30, 2010			June 30, 2009		
	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	70,680	422	1.2	77,741	604	1.6
Investments	57,270	745	2.6	49,441	746	3.0
Loans	558,733	12,770	4.6	524,532	13,312	5.1
Total	686,683	13,937		651,714	14,662	
Interest bearing financial liabilities						
Deposits	518,181	2,670	1.0	518,265	4,253	1.6
Interbank and money market items	45,015	466	2.1	17,111	317	3.7
Borrowings	82,937	1,551	3.7	82,758	1,673	4.0
Total	646,133	4,687		618,134	6,243	

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, 2010 and December 31, 2009, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2010							
	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	9,274	85,057	841	-	-	-	126	95,298
Investments, net	-	2,759	11,956	46,720	1,216	-	7,132	69,783
Loans	19,063	118,475	117,612	178,964	135,075	49,702	-	618,891
Financial liabilities								
Deposits	213,968	151,624	96,190	61,476	-	-	-	523,258
Interbank and money market items	4,447	48,245	6,486	12,303	67	-	-	71,548
Borrowings	-	15,749	23,994	40,326	20,000	-	-	100,069

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	10,308	42,326	608	297	-	-	129	53,668
Investments, net	-	11,356	10,952	36,282	2,324	-	7,149	68,063
Loans	25,263	146,456	87,638	164,374	127,697	52,080	-	603,508
Financial liabilities								
Deposits	199,312	143,099	143,766	34,338	-	-	-	520,515
Interbank and money market items	4,341	25,237	6,216	11,554	67	-	-	47,415
Borrowings	-	13,654	25,436	45,595	2	-	-	84,687

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

June 30, 2010

	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	7,557	85,056	841	-	-	-	126	93,580
Investments, net	-	2,759	11,838	46,720	1,215	-	44,006	106,538
Loans	40,597	115,734	107,527	133,913	132,804	33,221	-	563,796
Financial liabilities								
Deposits	219,142	151,718	96,190	61,476	-	-	-	528,526
Interbank and money market items	4,844	47,312	5,552	7,237	67	-	-	65,012
Borrowings	-	15,747	23,988	28,120	20,000	-	-	87,855

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

December 31, 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	6,418	42,346	567	297	-	-	129	49,757
Investments, net	-	11,356	10,907	36,163	2,323	-	44,095	104,844
Loans	38,745	141,475	100,486	124,379	124,639	34,210	-	563,934
Financial liabilities								
Deposits	203,414	143,168	143,766	34,338	-	-	-	524,686
Interbank and money market items	4,372	24,876	5,438	8,796	67	-	-	43,549
Borrowings	-	13,654	25,436	40,921	2	-	-	80,013

Estimated fair value of financial instruments

The fair value of financial instruments has been estimated by 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, 2010 and December 31, 2009, is as follows :

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	June 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	113,059	113,059	73,758	73,758
Current investments, net	15,213	15,226	22,780	22,796
Long-term investment, net	53,860	54,090	44,640	44,729
Loans and accrued interest receivable, net	580,092	580,092	567,118	567,118
Customers' liabilities under acceptances	608	608	681	681
Customer' liabilities under collateral	28,070	28,070	7,090	7,090
Financial liabilities:				
Deposits	523,258	522,456	520,515	518,864
Interbank and money market items	71,548	73,358	47,415	49,095
Liabilities payable on demand	2,679	2,679	1,752	1,752
Borrowings	100,069	101,582	84,687	85,591
Bank's liabilities under acceptances	608	608	681	681
Liabilities under collateral deliver	28,070	28,070	7,090	7,090
Accrued interest payable	1,498	1,498	1,525	1,525

Unit : Million Baht				
SEPARATE FINANCIAL STATEMENTS				
	June 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash, interbank and money market items	111,289	111,289	69,837	69,837
Current investment, net	15,213	15,226	22,742	22,758
Long-term investment, net	53,623	53,853	44,402	44,492
Loans and accrued interest receivable, net	537,892	537,892	540,545	540,545
Customers' liabilities under acceptances	608	608	681	681
Customers' liabilities under collateral	28,070	28,070	7,090	7,090
Financial liabilities:				
Deposits	528,526	527,724	524,686	523,035
Interbank and money market items	65,012	65,259	43,549	43,844
Liabilities payable on demand	2,679	2,679	1,752	1,752
Borrowings	87,855	88,963	80,013	80,719
Bank's liabilities under acceptances	608	608	681	681
Liabilities under collateral deliver	28,070	28,070	7,090	7,090
Accrued interest payable	1,340	1,340	1,441	1,441

Off-balance sheet financial instruments

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
June 30, 2010						
	Notional	Market	Fair	Notional	Market	Fair
	< 1 year	Value	Value	> 1 year	Value	Value
Spot and Forward Bought Foreign						
Exchange Contracts	124,533	123,783	(750)	75	75	-
Spot and Forward Sold Foreign						
Exchange Contracts	133,798	133,057	(741)	-	-	-

Unit : Million Baht

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
December 31, 2009						
	Notional	Market	Fair	Notional	Market	Fair
	< 1 year	Value	Value	> 1 year	Value	Value
Spot and Forward Bought Foreign						
Exchange Contracts	65,599	65,304	(295)	2	2	-
Spot and Forward Sold Foreign						
Exchange Contracts	72,147	72,502	355	-	-	-

The Bank and subsidiaries have 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 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, 2010 and December 31, 2009, 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 approximates 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 approximates fair value, except for floating rate certificates of deposit (FRCD) which fair values are based on quoted market prices.

Liabilities payable on demand

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

Borrowings

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

Accrued interest payable

The carrying amount of accrued interest payable presented in the balance sheet approximates 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 values of derivatives are determined using quoted market prices and exchange rate for instruments with similar characteristics and maturities.

4.30 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 between TAMC and the Bank/subsidiary. The second portion of the profits will be allocated in full to the Bank/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 portion will be given to TAMC. In case when losses are realized, this will be shared between TAMC and the Bank/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, 2010 and December 31, 2009, the provisions for possible losses were set up amounting to Baht 2,000 million and Baht 1,400 million, respectively, which were presented under other liabilities in the balance sheet.

4.31 Event After the Balance Sheet Date

On July 13 and 15, 2010, the Bank entered into an agreement to sell NPLs with a book value of Baht 5,254 million. As the Bank has fully provided provision for these loans, no gain or loss will be realized on this transaction.

4.32 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, 2010.