

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 statements of financial position of Bank of Ayudhya Public Company Limited and subsidiaries and the Bank's statements of financial position of Bank of Ayudhya Public Company Limited as at June 30, 2011 and December 31, 2010, and the related consolidated and Bank's statements of comprehensive income, changes in equity and cash flows for the six-month periods ended June 30, 2011 and 2010. 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 Bank's 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, 2011 and December 31, 2010, and the results of operations and cash flows for the six-month periods ended June 30, 2011 and 2010 in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, since January 1, 2011, the Bank, its subsidiaries and associated companies have adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in the preparation and presentation of these financial statements. The consolidated and the Bank's financial statements for the six-month period ended June 30, 2010 and the consolidated and the Bank's statements of financial position as at December 31, 2010, presented herein for comparison, are presented in the new format to conform to the consolidated and the Bank's financial statements for the six-month period ended June 30, 2011.

In addition, we have also reviewed the consolidated and the Bank's statements of comprehensive income for the quarters ended June 30, 2011 and 2010. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to report on these financial statements based on our reviews.

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

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

As discussed in the fourth paragraph and Note 3 to the financial statements in relation to the new and revised Thai Financial Reporting Standards, the consolidated and the Bank's statements of comprehensive income for the quarter ended June 30, 2010, presented herein for comparison, are presented in the new format to conform to the consolidated and the Bank's statements of comprehensive income for the quarter ended June 30, 2011.

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

BANGKOK
August 16, 2011

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2011 AND DECEMBER 31, 2010

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
ASSETS				
CASH	19,595,580	22,460,979	19,570,482	22,447,133
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.2)	113,291,745	74,526,973	111,765,165	72,977,471
CLAIMS ON SECURITY	7,519,150	13,346,650	7,519,150	13,346,650
DERIVATIVES ASSETS (Note 7.3)	2,540,325	4,513,532	2,540,325	4,513,532
INVESTMENTS, NET (Note 7.4)	73,357,482	78,359,717	72,820,420	77,489,267
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET (Note 7.5)	752,643	728,930	36,200,350	36,726,499
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 7.6)				
Loans to customers	700,658,961	674,595,867	600,529,834	586,994,011
Accrued interest receivables	1,796,181	1,723,875	971,148	776,275
Total loans to customers and accrued interest receivables	702,455,142	676,319,742	601,500,982	587,770,286
Less Deferred revenue	(29,706,153)	(25,635,619)	(43,084)	(34,210)
Less Allowance for doubtful accounts (Note 7.7)	(32,795,586)	(33,409,960)	(19,872,457)	(20,154,188)
Less Revaluation allowance for debt restructuring (Note 7.8)	(513,723)	(543,388)	(27,026)	(34,633)
Net loans and accrued interest receivables	639,439,680	616,730,775	581,558,415	567,547,255
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	941,205	752,286	941,205	752,286
PROPERTIES FOR SALE, NET (Note 7.9)	13,102,978	14,726,813	6,762,943	7,559,682
PREMISES AND EQUIPMENT, NET (Note 7.10)	17,135,279	17,551,952	16,154,492	16,666,916
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 7.11)	12,061,652	12,626,731	1,330,242	1,368,277
DEFERRED TAX ASSETS (Note 7.12)	7,985,498	7,585,900	3,657,006	3,190,297
OTHER ASSETS, NET (Note 7.13)	5,191,508	5,922,825	2,318,879	4,141,790
TOTAL ASSETS	912,914,725	869,834,063	863,139,074	828,727,055

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2011 AND DECEMBER 31, 2010

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
LIABILITIES AND EQUITY				
DEPOSITS (Note 7.14)	551,774,971	576,478,804	557,041,556	581,241,030
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.15)	47,167,734	43,762,352	37,828,056	37,787,099
LIABILITY PAYABLE ON DEMAND	2,298,185	1,517,426	2,290,540	1,517,426
LIABILITY TO DELIVER SECURITY	7,519,150	13,346,650	7,519,150	13,346,650
DERIVATIVES LIABILITIES (Note 7.3)	2,360,223	3,977,871	2,360,223	3,977,871
DEBT ISSUED AND BORROWINGS (Note 7.16)	169,136,543	99,364,926	149,046,544	82,864,926
BANK'S LIABILITY UNDER ACCEPTANCE	941,206	752,286	941,206	752,286
PROVISIONS (Note 7.17)	6,479,825	3,689,568	4,797,293	2,475,418
DEFERRED TAX LIABILITIES (Note 7.18)	3,489,111	4,039,255	2,231,624	2,319,255
OTHER LIABILITIES (Note 7.20)	20,978,164	23,800,877	8,827,078	10,557,253
TOTAL LIABILITIES	812,145,112	770,730,015	772,883,270	736,839,214
EQUITY				
SHARE CAPITAL (Note 7.21)				
Authorized share capital				
7,089,392,755 ordinary shares of				
Baht 10 each	70,893,928	70,893,928	70,893,928	70,893,928
Issued and paid-up share capital				
6,074,143,747 ordinary shares of				
Baht 10 each	60,741,437	60,741,437	60,741,437	60,741,437
PREMIUM ON COMMON SHARES	13,802,216	13,802,216	13,802,216	13,802,216
OTHER RESERVES	4,806,871	5,146,733	4,810,706	5,150,689
RETAINED EARNINGS				
Appropriated				
Legal reserve	1,013,500	1,013,500	1,013,500	1,013,500
Unappropriated	20,199,136	18,211,479	9,887,945	11,179,999
TOTAL BANK'S EQUITY	100,563,160	98,915,365	90,255,804	91,887,841
NON-CONTROLLING INTEREST	206,453	188,683	-	-
TOTAL EQUITY	100,769,613	99,104,048	90,255,804	91,887,841
TOTAL LIABILITIES AND EQUITY	912,914,725	869,834,063	863,139,074	828,727,055

Notes to the consolidated and the Bank's 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 COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED JUNE 30, 2011 AND 2010
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
INTEREST INCOME (Note 7.28)	13,713,542	11,468,232	8,912,270	6,953,864
INTEREST EXPENSES (Note 7.29)	4,319,240	3,027,636	4,098,051	2,871,383
INTEREST INCOME, NET	9,394,302	8,440,596	4,814,219	4,082,481
FEES AND SERVICE INCOME	3,580,645	3,037,394	1,591,009	1,530,190
FEES AND SERVICE EXPENSES	762,070	702,410	337,597	341,046
FEES AND SERVICE INCOME, NET (Note 7.30)	2,818,575	2,334,984	1,253,412	1,189,144
GAINS ON TRADINGS AND FOREIGN EXCHANGE				
TRANSACTIONS (Note 7.31)	240,989	136,673	231,924	118,745
GAINS ON INVESTMENTS (Note 7.32)	504,102	153,875	504,102	153,874
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	16,979	27,297	-	-
DIVIDEND INCOME	36,155	29,571	542,583	2,014,227
BAD DEBTS RECOVERIES	547,674	536,180	710	189
OTHER OPERATING INCOME	385,466	386,266	56,630	91,624
TOTAL OPERATING INCOME	13,944,242	12,045,442	7,403,580	7,650,284
OTHER OPERATING EXPENSES				
Employee's expenses	3,222,423	2,682,633	2,171,817	1,818,260
Directors' remuneration	8,617	7,173	8,108	6,715
Premises and equipment expenses	1,172,526	1,100,686	843,724	804,072
Taxes and duties	441,878	373,052	311,169	258,532
Others	1,832,400	1,678,004	835,962	869,131
Total other operating expenses	6,677,844	5,841,548	4,170,780	3,756,710
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES				
(Note 7.33)	3,098,613	2,905,055	1,700,099	1,425,000
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	4,167,785	3,298,839	1,532,701	2,468,574
INCOME TAX EXPENSES	1,185,860	1,161,928	290,703	347,850
NET PROFIT	2,981,925	2,136,911	1,241,998	2,120,724
OTHER COMPREHENSIVE INCOME				
Gains (losses) on remeasuring available-for-sale investment	(58,615)	463,842	(58,548)	461,901
Income tax relating to components of other comprehensive income	36,455	(120,305)	36,455	(118,940)
Total other comprehensive income	(22,160)	343,537	(22,093)	342,961
TOTAL COMPREHENSIVE INCOME	2,959,765	2,480,448	1,219,905	2,463,685

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE QUARTERS ENDED JUNE 30, 2011 AND 2010
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2011	2010	2011	2010	
NET PROFIT ATTRIBUTABLE					
Owners of the Bank	2,971,867	2,131,271	1,241,998	2,120,724	
Non-controlling interest	10,058	5,640	-	-	
	<u>2,981,925</u>	<u>2,136,911</u>	<u>1,241,998</u>	<u>2,120,724</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank	2,949,707	2,474,365	1,219,905	2,463,685	
Non-controlling interest	10,058	6,083	-	-	
	<u>2,959,765</u>	<u>2,480,448</u>	<u>1,219,905</u>	<u>2,463,685</u>	
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.49	0.35	0.20	0.35
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	SHARES	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

Notes to the consolidated and the Bank's 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 COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
INTEREST INCOME (Note 7.28)	26,589,868	22,915,616	17,026,263	13,946,257
INTEREST EXPENSES (Note 7.29)	8,004,730	5,998,246	7,572,798	5,753,224
INTEREST INCOME, NET	18,585,138	16,917,370	9,453,465	8,193,033
FEES AND SERVICE INCOME	6,921,140	6,254,575	3,205,963	3,104,685
FEES AND SERVICE EXPENSES	1,583,063	1,485,159	742,684	722,452
FEES AND SERVICE INCOME, NET (Note 7.30)	5,338,077	4,769,416	2,463,279	2,382,233
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS (Note 7.31)	506,635	305,846	489,261	281,926
GAINS ON INVESTMENTS (Note 7.32)	684,103	200,636	684,103	223,214
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	23,324	65,602	-	-
DIVIDEND INCOME	166,447	149,995	852,875	2,134,651
BAD DEBTS RECOVERIES	1,082,770	1,112,057	7,631	539
OTHER OPERATING INCOME	1,080,983	921,841	284,740	291,832
TOTAL OPERATING INCOME	27,467,477	24,442,763	14,235,354	13,507,428
OTHER OPERATING EXPENSES				
Employee's expenses	6,094,835	5,471,103	4,197,480	3,758,923
Directors' remuneration	16,184	13,518	14,922	12,589
Premises and equipment expenses	2,347,375	2,140,416	1,683,812	1,521,896
Taxes and duties	850,192	742,102	592,112	517,662
Others	4,257,515	3,726,393	1,829,518	1,986,477
Total other operating expenses	13,566,101	12,093,532	8,317,844	7,797,547
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 7.33)	5,848,909	6,086,417	3,050,099	2,788,000
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	8,052,467	6,262,814	2,867,411	2,921,881
INCOME TAX EXPENSES (Note 7.34)	2,250,588	2,050,784	619,367	457,243
NET PROFIT	5,801,879	4,212,030	2,248,044	2,464,638
OTHER COMPREHENSIVE INCOME				
Gains (losses) on remeasuring available-for-sale investment	(366,752)	599,868	(366,872)	598,776
Income tax relating to components of other comprehensive income	147,689	(141,952)	147,688	(140,624)
Total other comprehensive income	(219,063)	457,916	(219,184)	458,152
TOTAL COMPREHENSIVE INCOME	5,582,816	4,669,946	2,028,860	2,922,790

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2011	2010	2011	2010	
NET PROFIT ATTRIBUTABLE					
Owners of the Bank	5,780,013	4,200,978	2,248,044	2,464,638	
Non-controlling interest	21,866	11,052	-	-	
	<u>5,801,879</u>	<u>4,212,030</u>	<u>2,248,044</u>	<u>2,464,638</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank	5,560,950	4,658,448	2,028,860	2,922,790	
Non-controlling interest	21,866	11,498	-	-	
	<u>5,582,816</u>	<u>4,669,946</u>	<u>2,028,860</u>	<u>2,922,790</u>	
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.96	0.69	0.37	0.41
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	SHARES	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

Notes to the consolidated and the Bank's 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 EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS									
	Owners of the Bank							Non-Controlling Interest	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings				Total
			Asset Appraisal Surplus	Revaluation Surplus (Deficit) on Investments	Deferred Tax Relating to Components of Other Comprehensive Income	Appropriated Legal Reserve	Unappropriated	Bank's Equity		
Balance as of January 1, 2010	60,741,437	13,802,216	7,136,485	127,946	(2,187,138)	710,500	12,082,137	92,413,583	171,672	92,585,255
Change in revaluation surplus	-	-	(120,923)	-	-	-	-	(120,923)	-	(120,923)
Dividend payment (Note 7.21.3)	-	-	-	-	-	-	(1,093,346)	(1,093,346)	(1,469)	(1,094,815)
Total comprehensive income	-	-	-	599,422	(141,952)	-	4,200,978	4,658,448	11,498	4,669,946
Change in shareholding in subsidiary company	-	-	-	-	-	-	-	-	(2,975)	(2,975)
Balance as of June 30, 2010	60,741,437	13,802,216	7,015,562	727,368	(2,329,090)	710,500	15,189,769	95,857,762	178,726	96,036,488
Balance as of January 1, 2011 as previously reported	60,741,437	13,802,216	6,824,842	531,550	(2,209,659)	1,013,500	18,211,479	98,915,365	188,683	99,104,048
Effects on changes in accounting policy (Note 3.2)	-	-	-	-	-	-	(1,787,205)	(1,787,205)	(4,093)	(1,791,298)
Balance as of January 1, 2011 as adjusted	60,741,437	13,802,216	6,824,842	531,550	(2,209,659)	1,013,500	16,424,274	97,128,160	184,590	97,312,750
Change in revaluation surplus	-	-	(120,799)	-	-	-	120,799	-	-	-
Dividend Payment (Note 7.21.3)	-	-	-	-	-	-	(2,125,950)	(2,125,950)	(3)	(2,125,953)
Total comprehensive income	-	-	-	(366,752)	147,689	-	5,780,013	5,560,950	21,866	5,582,816
Balance as of June 30, 2011	60,741,437	13,802,216	6,704,043	164,798	(2,061,970)	1,013,500	20,199,136	100,563,160	206,453	100,769,613

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS							Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		
			Asset Appraisal Surplus	Revaluation Surplus (Deficit) on Investments	Deferred Tax Relating to Components of Other Comprehensive Income	Appropriated Legal Reserve	Unappropriated	
Balance as of January 1, 2010	60,741,437	13,802,216	7,136,484	135,603	(2,187,793)	710,500	7,801,926	88,140,373
Change in revaluation surplus	-	-	(120,923)	-	-	-	-	(120,923)
Dividend payment (Note 7.21.3)	-	-	-	-	-	-	(1,093,346)	(1,093,346)
Total comprehensive income	-	-	-	598,776	(140,624)	-	2,464,638	2,922,790
Balance as of June 30, 2010	60,741,437	13,802,216	7,015,561	734,379	(2,328,417)	710,500	9,173,218	89,848,894
Balance as of January 1, 2011 as previously reported	60,741,437	13,802,216	6,824,842	535,506	(2,209,659)	1,013,500	11,179,999	91,887,841
Effects on changes in accounting policy (Note 3.2)	-	-	-	-	-	-	(1,534,947)	(1,534,947)
Balance as of January 1, 2011 as adjusted	60,741,437	13,802,216	6,824,842	535,506	(2,209,659)	1,013,500	9,645,052	90,352,894
Change in revaluation surplus	-	-	(120,799)	-	-	-	120,799	-
Dividend payment (Note 7.21.3)	-	-	-	-	-	-	(2,125,950)	(2,125,950)
Total comprehensive income	-	-	-	(366,872)	147,688	-	2,248,044	2,028,860
Balance as of June 30, 2011	60,741,437	13,802,216	6,704,043	168,634	(2,061,971)	1,013,500	9,887,945	90,255,804

Notes to the consolidated and the Bank's 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 CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	8,052,467	6,262,814	2,867,411	2,921,881
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,640,446	951,268	803,570	727,036
Deferred interest expenses	1,266	10,275	1,266	10,275
Bad debt and doubtful accounts	5,816,431	5,757,597	3,000,261	2,458,543
Loss on debt restructuring	32,478	328,821	49,838	329,457
(Gains) losses on translation in foreign currencies	(476,229)	518,341	(476,229)	535,287
Share of profit from investment for using equity method	(23,324)	(65,602)	-	-
Gains on investments	(684,103)	(200,636)	(684,103)	(223,214)
Increase (decrease) in discount on investments	13,395	54,236	(111,220)	(28,658)
(Gains) losses on sales of properties for sale	(332,041)	(422,929)	58,695	(191,509)
(Gains) losses on sales of premises and equipment	(75,252)	(53,579)	10,251	518
Losses on impairment of properties for sale	325,916	291,671	304,118	283,706
Gains on impairment of other assets	(14,160)	-	(23,572)	-
Other reserves	324,932	(373,421)	300,540	(373,451)
Interest income, net	(18,585,138)	(16,917,370)	(9,453,465)	(8,193,033)
Interest received	26,527,676	23,125,471	16,839,720	14,312,857
Interest paid	(7,657,884)	(6,024,699)	(7,220,193)	(4,788,288)
Dividend income	(166,447)	(149,995)	(852,875)	(2,134,651)
Dividend received	188,305	192,401	174,175	149,276
Increase (decrease) in other accrued expenses	(705,880)	790,607	(283,910)	588,642
Income tax paid	(2,564,078)	(1,532,763)	(709,095)	(538,970)
Income from operations before changes in operating assets and liabilities	11,638,776	12,542,508	4,595,183	5,845,704
(Increase) decrease in operating assets				
Interbank and money market items	(38,535,614)	(41,575,133)	(38,705,447)	(43,912,157)
Derivatives assets	1,973,960	71,263	2,025,548	71,263
Current investments - securities for trading	1,075,932	(1,450,374)	1,075,947	(1,381,671)
Loans to customers	(27,718,793)	(19,878,210)	(15,727,860)	(895,613)
Properties for sale	1,665,818	1,918,648	432,990	1,090,666
Other assets	876,277	1,945,406	1,111,094	1,121,834
Increase (decrease) in operating liabilities				
Deposits	(24,815,642)	2,930,571	(24,320,121)	4,009,940
Interbank and money market items	3,401,828	23,025,740	37,403	23,315,969
Liability payable on demand	780,759	926,246	773,113	926,246
Derivatives liabilities	(1,618,382)	(143,190)	(1,731,969)	80,203
Other liabilities	(703,708)	2,019,465	(432,212)	607,669
Net cash from operating activities	(71,978,789)	(17,667,060)	(70,866,331)	(9,119,947)

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments - securities available-for-sale	363,842,722	241,806,157	363,108,535	242,225,243
Cash paid for purchases of investments - securities available-for-sale	(360,580,129)	(241,448,684)	(359,836,796)	(241,973,704)
Proceeds from repatriation of subsidiaries	-	-	1,725,610	-
Dividend income from subsidiaries	-	-	686,849	1,984,865
Cash paid for investment in subsidiaries	(999,462)	-	(999,462)	-
Cash paid for purchase of shares in subsidiaries	-	-	(200,000)	-
Cash paid to minority shareholder for purchase of additional shares of subsidiary	-	(2,786)	-	(2,786)
Proceeds from sales of premises and equipment	321,567	339,341	2,826	5,132
Cash paid for purchases of premises and equipment	(726,732)	(306,914)	(434,904)	(111,985)
Cash paid for purchases of other assets	(228,874)	(110,832)	(107,165)	(84,225)
Net cash from investing activities	<u>1,629,092</u>	<u>276,282</u>	<u>3,945,493</u>	<u>2,042,540</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debt issued and borrowing	172,960,223	53,626,462	169,370,223	46,123,800
Cash paid for repayment of debts issued and borrowing	(103,188,605)	(37,116,700)	(103,188,605)	(40,114,038)
Cash paid for liabilities under finance lease agreements	(71,237)	(148,948)	(71,237)	(148,948)
Dividend payment	(2,125,950)	(1,093,346)	(2,125,950)	(1,093,346)
Net cash from financing activities	<u>67,574,431</u>	<u>15,267,468</u>	<u>63,984,431</u>	<u>4,767,468</u>
Total	<u>(2,775,266)</u>	<u>(2,123,310)</u>	<u>(2,936,407)</u>	<u>(2,309,939)</u>
Effect of exchange rate change on cash	<u>59,756</u>	<u>(62,159)</u>	<u>59,756</u>	<u>(62,159)</u>
Net decrease in cash and cash equivalents	<u>(2,715,510)</u>	<u>(2,185,469)</u>	<u>(2,876,651)</u>	<u>(2,372,098)</u>
Cash and cash equivalents as at January 1,	<u>23,387,497</u>	<u>21,496,408</u>	<u>22,447,133</u>	<u>20,080,481</u>
Cash and cash equivalents as at June 30,	<u>20,671,987</u>	<u>19,310,939</u>	<u>19,570,482</u>	<u>17,708,383</u>

Notes to the consolidated and the Bank's 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
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

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, 2011 and December 31, 2010, the Bank has 18 subsidiaries as follows:

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

The subsidiary 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.

On June 17, 2011, the subsidiary transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited at net book value of Baht 91 million, having total assets and total liabilities of Baht 309 million and Baht 218 million, respectively.

- 1.4 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.

On December 5, 2008, the subsidiary transferred its entire business to Ayudhya 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.

- 1.5 Ayudhya 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 individual and corporate customers.

- 1.6 Ayudhya Total Solutions 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 550 Bank of Ayudhya Building Ploenchit office, F 17, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is hire-purchase.

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.

- 1.7 CFG Services Company Limited, incorporated in Thailand since October 24, 2006, and located at 89/170 Juthamard Building, Fl 4, 5 and 10 Moo 3, Viphavadee Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.
- 1.8 Ayudhya Card Services Company Limited, incorporated in Thailand since December 4, 1997, and located at 550 Bank of Ayudhya Building Ploenchit office, Fl 7, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.9 Ayudhya Capital Services Company 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 cards and personal loans.

As at March 1, 2011, Ayudhya Capital Services Company Limited ("AYCAP"), the Bank's subsidiary, has additionally invested in Tesco Card Services Limited ("TCS") by 1%, resulting in total holding at 50%.

- 1.10 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 cards and personal loans.
- 1.11 Krungsriayudhya Card Company Limited, 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 cards and personal loans.

The subsidiary, which is owned by Bank of Ayudhya Public Company Limited and Ayudhya Capital Services Company Limited equally, with 49.99% shareholding each. The business changed its status from being an associated company to a subsidiary as a result of the acquisition by Ayudhya Capital Services Company Limited on November 5, 2009.

As at September 29, 2010, the Bank purchased shares of Krungsriayudhya Card Company Limited from Ayudhya Capital Services Company Limited and revised its shareholding structure in Krungsriayudhya Card Company Limited from direct and indirect holding of 99.99% to direct holding of 99.99%.

- 1.12 Siam Realty and Services Company Limited, incorporated in Thailand since June 20, 1988, and located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car leasing and personnel services.

- 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.
- 1.14 Krungsri Asset Management Company Limited (formerly Ayudhya Fund Management Company Limited), incorporated in Thailand since December 19, 1996 and located at 898 Ploenchit Tower Building, Fl 11 and Fl 12, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and individual private fund management.
- 1.15 Ayudhya Securities Public Company Limited, incorporated in Thailand since April 16, 2004, and located at 550 Bank of Ayudhya Building Ploenchit Office, Fl 5, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is securities.
- 1.16 Ayudhya Factoring Company Limited, incorporated in Thailand since February 1, 2007 and located at 550 Bank of Ayudhya Building Ploenchit Office, Fl 3, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is factoring.
- 1.17 Quality Life Assurance Broker Company Limited, which was previously 24.99% held by Ayudhya Capital Services Company Limited, the Bank's subsidiary, incorporated in Thailand since March 2, 2007 and located at 87/1, Capital Tower, All Seasons Place, Fl 11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is life assurance broker business. Then, on October 21, 2010, Ayudhya Capital Services Company Limited purchased shares of Quality Life Assurance Broker Company Limited and revised its shareholding structure in Quality Life Assurance Broker Company Limited to holding of 99.99%.
- 1.18 Quality General Insurance Broker Company Limited, which was previously 24.99% held by Ayudhya Capital Services Company Limited, the Bank's subsidiary, incorporated in Thailand since March 2, 2007 and located at 87/1, Capital Tower, All Seasons Place, Fl 11, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is general insurance broker business. Then, on October 21, 2010, Ayudhya Capital Services Company Limited purchased shares of Quality General Insurance Broker Company Limited and revised its shareholding structure in Quality General Insurance Broker Company Limited to holding of 99.99%.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

- 2.1 The consolidated and the Bank's 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, where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2009) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010. The financial statements for the quarter and the six-month period ended June 30, 2010 and for the year ended December 31, 2010, presented for comparison, have been reclassified accordingly (see Note 7.35).

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.

Financial Reporting Standards announced but not effective in 2011

The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards, which are effective for the accounting periods beginning on or after January 1, 2013 onwards. The Thai Accounting Standards and Thai Financial Reporting interpretations which are related to the Bank and subsidiaries are as follows:

TAS

TAS 12 (Revised 2009) Income Taxes

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates

TFRI

TFRI 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

TFRI 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Bank and subsidiaries had early adopted TAS 12 Income Taxes and relevant TFRI 21 and 25 in 2009 and 2010. For TAS 21, the Bank and subsidiaries' managements are still evaluating the first-year impact to the financial statements.

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

Subsidiaries	Business Type	Percentage of Holdings As at	
		June 30, 2011	December 31, 2010
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	99.99	99.99
Ayudhya Auto Lease Public Company Limited	Auto leasing	99.79	99.79
Ayudhya Capital Lease Company Limited ⁽¹⁾	Auto leasing	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	99.99	99.99
Ayudhya Total Solutions Public Company Limited	Hire-purchase	99.81	99.81
CFG Services Company Limited	Hire-purchase and motorcycle loans	99.99	99.99
Ayudhya Card Services Company Limited	Credit cards and personal loans	99.99	99.99
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Limited)	Credit cards and personal loans	99.99	99.99
General Card Services Limited	Credit cards and personal loans	99.99	99.99
Krungsriayudhya Card Company Limited	Credit cards and personal loans	99.99	99.99
Siam Realty and Services Company Limited	Car leasing and personnel services	99.99	99.99
Total Service Solutions Public Company Limited	Collection services	99.99	99.99
Krungsri Asset Management Company Limited (Formerly Ayudhya Fund Management Company Limited)	Fund management	76.59	76.59
Ayudhya Asset Management Company Limited	Asset management	99.99	99.99
Ayudhya Securities Public Company Limited	Securities	86.33	86.33

Subsidiaries	Business Type	Percentage of Holdings	
		As at	
		June 30, 2011	December 31, 2010
Ayudhya Factoring Company Limited	Factoring	99.99	99.99
Quality Life Assurance Broker Company Limited ⁽²⁾	Life assurance broker	99.99	99.99
Quality General Insurance Broker Company Limited ⁽²⁾	General insurance broker	99.99	99.99

⁽¹⁾ Subsidiary is under the liquidation process

⁽²⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 99.99%

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, 2011 and 2010, including financial statements of certain subsidiaries, prepared by subsidiaries' managements which have not been reviewed by the auditors. The subsidiaries' net profit information are as follows:

	Net Profit		Unit: Million Baht	
	For the quarters ended		For the six-month periods ended	
	June 30,		June 30,	
	2011	2010	2554	2553
1. K.S. Law Office Company Limited*	-	-	-	-
2. Ayudhya Capital Lease Company Limited	6	3	10	7
	<u>6</u>	<u>3</u>	<u>10</u>	<u>7</u>

* Subsidiary registered the completion of liquidation on December 14, 2010.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2011, the Bank and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRS) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in the preparation of financial statements. Such TFRS have no significant impact to the Bank, its subsidiaries and associates' financial statements except for the following TFRS:

3.1 TAS 1 (Revised 2009) "Presentation of Financial Statements"

TAS 1 (Revised 2009) "Presentation of Financial Statements" changed requirements about the presentation in the financial statements. Therefore, it affected the reclassifications in the consolidated and the Bank's financial statements for the quarter and the six month period ended June 30, 2010 and the consolidated and the Bank's statements of financial position as at December 31, 2010, presented for comparison.

3.2 TAS 19 “Employee Benefits”

The accounting policy of the following employment benefits has been adopted in order to comply with TAS 19.(See Note 4.12). The Bank and its subsidiaries elected to recognize past service costs by adjusting the beginning retained earnings as at January 1, 2011, to be in compliance with the transitional provision of such accounting standard and the Bank and its subsidiaries adjusted cumulative benefit from carried forward leave with the beginning retained earnings as at January 1, 2011.

Effects of the adoption of the accounting policy to the financial statements as at January 1, 2011 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS 2011	Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS 2011
Retained earnings - Unappropriated		
Beginning balance as at January 1 before change in accounting policy	18,211	11,180
Increase in investment in associates	1	-
Increase in deferred tax assets	758	658
Decrease in non-controlling interest	4	-
Increase in provision	(2,550)	(2,193)
Beginning balance as at January 1 after change in accounting policy	<u>16,424</u>	<u>9,645</u>
Investment in associates		
Beginning balance as at January 1 before change in accounting policy	729	-
Increase in investment in associates	<u>1</u>	<u>-</u>
Beginning balance as at January 1 after change in accounting policy	<u>730</u>	<u>-</u>
Deferred tax assets		
Beginning balance as at January 1 before change in accounting policy	7,586	3,190
Increase in deferred tax assets	<u>758</u>	<u>658</u>
Beginning balance as at January 1 after change in accounting policy	<u>8,344</u>	<u>3,848</u>
Provision		
Beginning balance as at January 1 before change in accounting policy	-	-
Increase in provision	<u>2,550</u>	<u>2,193</u>
Beginning balance as at January 1 after change in accounting policy	<u>2,550</u>	<u>2,193</u>
Non-controlling interest		
Beginning balance as at January 1 before change in accounting policy	189	-
Decrease in non-controlling interest	<u>(4)</u>	<u>-</u>
Beginning balance as at January 1 after change in accounting policy	<u>185</u>	<u>-</u>

3.3 TAS 16 “Property, Plant and Equipment”

The Bank had adopted TAS 16 “Property, Plant and Equipment” for the amortization of premises revaluation surplus from gradually recognizing in the statement of comprehensive income to recognizing directly to retained earnings. As a result, the Bank’s operating income before income tax for the quarter and six-month period ended June 30, 2011 decreased by Baht 60 million and Baht 120 million, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

In the Bank’s statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the Bank of Thailand’s Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks except for fixed deposits which terms are greater than 3 months and deposits at banks used as collaterals, and investments with maturities of 3 months or less of subsidiaries.

4.2 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 December 3, 2010 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 investments, net and investments in subsidiaries and associates companies, net.

Trading securities which represent securities acquired with the intent to hold short-term, management acquires those securities with the intent 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 or losses on the changes in fair value are recognized as gains (losses) on tradings and foreign exchange transactions in statements of comprehensive income. Interest earned and dividend on trading securities are recognized using the accrual basis of accounting as interest income and other operating income, respectively.

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. Valuation allowances are established to recognize an unrealized loss in the statement of comprehensive income when impairment is determined by management. In addition, the Bank classifies the rights of the Bank over the 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 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. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until permanent decline in value or realized upon the sale or disposition of such securities. Loss on impairment and gain or loss on disposal are recognized in the statements of comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if applicable. Valuation allowances are established to recognize an unrealized loss in the statements of comprehensive income when impairment 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 gains (losses) on tradings and foreign exchange transactions.

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 Bank's 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 comprehensive 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's 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. For 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 comprehensive 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 the statements of comprehensive income.

4.3 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivable and finance lease receivable are carried at contract amount plus prepaid commission expense.

Other loans are stated at the principal amounts.

Unearned discounted notes, unearned interest income and deferred subsidy income are presented in deferred revenue.

4.4 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 determine 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 the BOT's 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 present value of expected cash flow from proceeds of the collateralized assets which excludes collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage in accordance with the BOT's guidelines.

Subsidiaries involved in hire-purchase businesses, with qualified portfolios under the BOT regulations, calculate allowance for doubtful accounts by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Subsidiaries involved in the securities business provide an allowance for doubtful debts based on a review of the 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 to customers are written-off in the year that they are determined to be irrecoverable. Bad debts recovered are recorded as income in the statements of comprehensive 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 comprehensive 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.

4.5 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other modifications of terms, asset transfers, equity securities transfers, etc. are recognized as expenses in the statements of comprehensive 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 which estimates a loss amount or the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of comprehensive 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 comprehensive income for the period and classified investments in receivables as loans in accordance with the BOT's criteria.

4.6 Properties for sale

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

The Bank and subsidiaries provided the allowance for impairment of properties for sale as disclosed in note 6.3.

Losses on impairment of properties for sale are shown as an expense in the statements of comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of comprehensive income.

4.7 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 the 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 a 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 comprehensive 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's 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.

During the Bank's uses of the revaluation assets, appraisal surplus will be gradually transferred directly to retain earnings equal to the difference between the depreciation calculated from book value of the revaluation of assets and the depreciation calculated from the original cost of such assets. All balance of outstanding appraisal surplus will be transferred to retained earnings when the Bank writes off such assets from financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risk and rewards of ownership are 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 comprehensive income.

Depreciation

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

Premises	20 - 50 years
Equipment	3 - 5 years

4.8 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 comprehensive income.

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

4.9 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 of other intangible assets received from business combinations such as information of customer relationship, dealer relationship and distribution network, are calculated by the projected cash flow over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of comprehensive income.

4.10 Recognition of income

Interest income from loan to customers and other income are recognized on an accrual basis.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

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 where 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 one subsidiary where income has been recognized by the effective interest rate method from its inception.

4.11 Recognition of expense

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

4.12 Employee benefits

Provident funds

The Bank established the provident fund under the Provident Fund Act (B.E. 2530).The fund is managed by a financial institution who is an authorized fund manager. The Bank and employees will contribute at the following rates:

Every employee is required to make contribution 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 contributions to the provident fund made by the Bank are recorded as expenses in the statements of comprehensive income.

Post-employment benefit obligations

- Pension plan

The employees who were hired prior to January 1, 1998 are eligible to receive a pension payment when they leave the bank having completed at least 10 continuous service years. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank pay the difference by disbursing from the pension fund.

- Legal severance payment plan

This represents the benefit retiring employees will receive as determined by the Labor Protection Act.

The obligations of these plans are considered unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit cost method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as personnel expenses in the statement of comprehensive income.

Actuarial gains and losses are recognized in other comprehensive income.

The Bank and its subsidiaries elected to recognize past service costs by adjusting the retained earnings as at January 1, 2011, to be in compliance with the transitional provision of accounting standard.

Benefit from carried forward leave

The benefit from cumulative carried forward leave is recognized as a liability in the statement of financial position and personnel expenses in the statement of comprehensive income when the employees render the service. The Bank and its subsidiaries adjusted cumulative benefit with the retained earnings as at January 1, 2011.

4.13 Contributions to the Deposit Protection Agency

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

4.14 Taxation

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

4.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive 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 financial statement date.

4.14.2 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 basis 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 financial statement date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are 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 financial statement 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 comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income.

4.15 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.

4.16 Foreign currency transactions

Transactions during the year 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 the Bank of Thailand on that date.

All foreign exchange gains or losses are recognized as income or expenses in gain on tradings and foreign exchange transactions in the statements of comprehensive income.

4.17 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 comprehensive income. Differences in exchange rates from the translation of the financial statements of foreign branches are recognized as gain or losses on foreign exchange in the statements of comprehensive income.

4.18 Derivatives

The Bank and its subsidiaries have 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 the statements of comprehensive income.
2. Derivatives for hedging of transactions are recognized on the accrual basis with the income or expense recognized based on the accrual basis in line with the underlying transactions.

Hybrid Instruments

Hybrid instruments are recorded following the Bank of Thailand's notifications No. Sor Nor Sor. 09/2551 dated August 3, 2008 and Sor Nor Sor. 2/2554 dated May 31, 2011 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 comprehensive income.

The hybrid instrument shall be recorded by including the embedded derivative if not in compliance with the aforementioned condition. However, in case the reliable fair value of an embedded derivative is not determined, the hybrid instrument will be recorded as a financial instrument by adjusting its fair value through the statement of comprehensive income.

5. Risk management

5.1 Information of risk

The Bank is a party to financial instruments both on-statement of financial position and off-statement of financial position 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-statement of financial position 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.

The new derivative products are approved by the Board of Directors. Limit breach reporting, operating processes and risk control are included under the Derivatives Product Program.

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 statement of financial position, net of a portion of allowance for doubtful accounts (see Note 7.7), 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-statement of financial position financial instruments 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-statement of financial position 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-financial statement 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.

Interest rate risk

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

Foreign exchange rate risk

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 of 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.

Equity price risk

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term investments. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from positions.

Liquidity risk

The Bank maintains liquid assets in accordance with regulatory requirements, and maintain excess liquidity cushion at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. Liquidity management utilizes qualitative and quantitative approaches to ensure appropriate risk diversification. The structure and behavior of customers' deposits/withdrawals and competitive situation are considered in order to ensure efficient alignment with the cash flow demand for each time period and at an appropriate cost level.

In addition, the Bank establishes liquidity readiness and adjusts the strategies to deal with the probability that deposits may flow to other savings alternatives as a result of the Deposit Insurance Act. To that end, the Bank has developed products and services for savings and investments which serve customers' needs in order to buttress liquidity management tools and to reduce concentration of funding sources. Meanwhile, customer savings alternatives have been expanded by the continuous issuance of bills of exchange and debentures within the limits approved by the Bank's Board of Directors.

5.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries have summarized financial assets and liabilities classified by maturity of interest repricing periods as at June 30, 2011 and December 31, 2010, as follows :

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2011							
	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, net	104,071	-	-	-	-	9,221	113,292
Investments, net	5,752	19,047	36,727	1,095	-	10,736	73,357
Loans to customers	410,809	69,447	111,887	5,884	35,863	66,769	700,659
Financial liabilities							
Deposits	359,144	112,563	60,869	-	-	19,199	551,775
Interbank and money market Items, net	28,662	14,783	1,605	137	-	1,981	47,168
Debt issued and borrowings	27,109	84,892	37,081	20,048	-	7	169,137

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 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 , net	62,392	-	-	-	-	12,135	74,527
Investments, net	11,066	19,006	41,831	1,158	-	5,299	78,360
Loans to customer	413,331	84,482	69,865	3,706	38,149	65,063	674,596
Financial liabilities							
Deposits	362,794	140,467	55,042	-	-	18,176	576,479
Interbank and money market Items, net	37,775	2,464	1,108	67	-	2,348	43,762
Debt issue and borrowings	23,175	26,950	29,219	20,011	-	10	99,365

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS							
June 30, 2011							
	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, net	103,300	-	-	-	-	8,465	111,765
Investments, net	5,665	18,853	36,610	1,094	-	10,598	72,820
Loans to customers	427,143	68,557	80,599	2,503	21,728	-	600,530
Financial liabilities							
Deposits	364,411	112,563	60,869	-	-	19,199	557,042
Interbank and money market Items, net	19,399	12,397	3,981	67	-	1,984	37,828
Debt issued and borrowings	27,109	87,102	14,781	20,048	-	7	149,047

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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, net	61,456	-	-	-	-	11,521	72,977
Investments, net	8,026	18,694	41,578	1,131	-	8,060	77,489
Loans to customers	433,131	71,704	56,688	2,296	23,175	-	586,994
Financial liabilities							
Deposits	366,238	140,467	55,042	-	-	19,494	581,241
Interbank and money market Items, net	32,843	605	1,901	67	-	2,371	37,787
Debt issued and borrowings	25,975	26,950	9,919	20,011	-	10	82,865

5.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts for the six-month periods ended June 30, 2011 and 2010, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2011			June 30, 2010		
	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	99,982	1,235	2.5	70,766	426	1.2
Investments	56,685	848	3.0	57,597	748	2.6
Loans to customers	640,974	24,507	7.6	602,455	21,742	7.2
Total	<u>797,641</u>	<u>26,590</u>		<u>730,818</u>	<u>22,916</u>	
Interest bearing financial liabilities						
Deposits	569,717	5,004	1.8	512,912	3,701	1.4
Interbank and money market items	58,692	791	2.7	49,993	282	1.1
Debt issued and borrowings	149,214	2,210	3.0	93,423	2,015	4.3
Total	<u>777,623</u>	<u>8,005</u>		<u>656,328</u>	<u>5,998</u>	

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2011			June 30, 2010		
	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	97,107	1,224	2.5	70,680	422	1.2
Investments	57,757	837	2.9	57,270	744	2.6
Loans to customers	590,912	14,965	5.1	558,733	12,780	4.6
Total	<u>745,776</u>	<u>17,026</u>		<u>686,683</u>	<u>13,946</u>	
Interest bearing financial liabilities						
Deposits	571,916	5,024	1.8	518,181	3,735	1.4
Interbank and money market items	48,286	674	2.8	45,015	242	1.1
Debt issued and borrowings	110,855	1,875	3.4	82,937	1,776	4.3
Total	<u>731,057</u>	<u>7,573</u>		<u>646,133</u>	<u>5,753</u>	

5.4 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, 2011 and December 31, 2010, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2011								
	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, net	10,141	102,733	317	-	-	-	101	113,292
Investments, net	-	2,833	24,352	37,468	1,097	-	7,607	73,357
Loans to customers	5,107	151,170	135,848	219,074	153,596	35,864	-	700,659
Financial liabilities								
Deposits	225,235	153,111	112,530	60,899	-	-	-	551,775
Interbank and money market items, net	5,115	26,180	14,947	857	69	-	-	47,168
Debt issued and borrowings	-	24,899	87,106	37,084	20,048	-	-	169,137

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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, net	12,856	61,137	201	119	-	-	214	74,527
Investments, net	-	7,553	21,103	44,275	1,174	-	4,255	78,360
Loans to customers	17,356	153,128	150,810	180,774	134,379	38,149	-	674,596
Financial liabilities								
Deposits	237,593	143,367	140,462	55,057	-	-	-	576,479
Interbank and money market items								
items, net	4,625	34,897	2,115	2,058	67	-	-	43,762
Debt issued and borrowings	-	23,175	26,951	29,228	20,011	-	-	99,365

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	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, net	8,665	102,682	317	-	-	-	101	111,765
Investments, net	-	2,746	24,159	37,350	1,096	-	7,469	72,820
Loans to customers	5,469	145,365	111,037	168,830	148,101	21,728	-	600,530
Financial liabilities								
Deposits	230,496	153,117	112,530	60,899	-	-	-	557,042
Interbank and money market items								
items, net	4,134	17,249	12,397	3,981	67	-	-	37,828
Debt issued and borrowings	-	27,109	87,106	14,784	20,048	-	-	149,047

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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, net	11,307	61,136	201	119	-	-	214	72,977
Investments, net	-	4,513	20,791	44,022	1,146	-	7,017	77,489
Loans to customers	16,092	150,837	115,702	148,302	132,886	23,175	-	586,994
Financial liabilities								
Deposits	242,348	143,371	140,462	55,060	-	-	-	581,241
Interbank and money market items								
items, net	5,387	29,227	1,205	1,901	67	-	-	37,787
Debt issued and borrowings	-	25,975	26,951	9,928	20,011	-	-	82,865

5.5 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, 2011 and December 31, 2010, is as follows :

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	June 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash	19,596	19,596	22,461	22,461
Interbank and money market items, net	113,292	113,292	74,527	74,527
Derivatives	2,540	2,685	4,514	4,902
Investments, net	73,357	73,700	78,360	78,924
Loans to customers and accrued interest receivables, net	639,440	639,440	616,731	616,731
Total	<u>848,225</u>	<u>848,713</u>	<u>796,593</u>	<u>797,545</u>
Financial liabilities:				
Deposits	551,775	547,489	576,479	573,547
Interbank and money market items, net	47,168	47,168	43,762	43,762
Liability payable on demand	2,298	2,298	1,517	1,517
Derivatives	2,360	2,505	3,978	4,347
Debt issued and borrowings	169,137	168,697	99,365	99,617
Total	<u>772,738</u>	<u>768,157</u>	<u>725,101</u>	<u>722,790</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	June 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets :				
Cash	19,570	19,570	22,447	22,447
Interbank and money market items, net	111,765	111,765	72,977	72,977
Derivatives	2,540	2,685	4,514	4,902
Investments, net	72,820	73,163	77,489	78,037
Loans to customers and accrued interest receivables, net	581,558	581,558	567,547	567,547
Total	<u>788,253</u>	<u>788,741</u>	<u>744,974</u>	<u>745,910</u>
Financial liabilities:				
Deposits	557,042	552,756	581,241	578,309
Interbank and money market items, net	37,828	37,828	37,787	37,787
Liability payable on demand	2,291	2,291	1,517	1,517
Derivatives	2,360	2,505	3,978	4,347
Debt issued and borrowings	149,047	148,689	82,865	82,974
Total	<u>748,568</u>	<u>744,069</u>	<u>707,388</u>	<u>704,934</u>

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

Cash, interbank and money market items

The carrying amounts of cash and interbank and money market items presented in the statement of financial position approximate fair value.

Investments, net

The determination of fair value for investments, net, is as disclosed in note 4.2 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 to customers and accrued interest receivables, net

Loans to customers 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, 2011 and December 31, 2010, the fair value is the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The carrying amount of deposits presented in the statement of financial position 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 statement of financial position approximates fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position approximates fair value.

Debt issued and borrowings

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

Derivative instruments

Derivative 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. The Bank estimated the fair value by applying the mark to market model policy Validated Rate for Revaluation in accordance with the criteria established by the Bank and accounting standards.

5.6 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 contingencies 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, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, the Bank's total capital funds can be categorized as follows:

	Unit : Million Baht	
	June 30, 2011	December 31, 2010
Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	1,014	711
Unappropriated retained earning	7,519	7,837
Less Deferred tax assets	(3,519)	(3,190)
Total Tier 1 capital	79,557	79,901
Tier 2 capital	30,721	29,776
Total capital fund	110,278	109,677
	Percentage	
	June 30, 2011	December 31, 2010
Total capital / Total risk assets (minimum 8.50%)	16.85	15.84
Total tier 1 capital / Total risk assets (minimum 4.25%)	12.16	11.54

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 October 2011
Information as of	June 30, 2011

6. Estimates and assumptions

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:

6.1 Fair value

The management has to use judgment in reporting the estimated fair value of the investment in Collateralized Debt Obligations and Structured Deposits. 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 are finalized within 12 months after the acquisition date.

6.2 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 based on the uncollectible loss from past experience, current economic conditions and the ability to repay 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.

6.3 Allowance for properties for sale

The Bank and subsidiaries estimate the allowance for impairment of properties for sale 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 discounted future expenses.

6.4 Goodwill

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

6.5 Impairment

The carrying amounts of the Bank and subsidiaries' assets are reviewed at each statement of financial position 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.

6.6 Provisions

Provisions are recognized as liabilities in the statement of financial position 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.

6.7 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.

6.8 Provision for contingent liabilities

The Bank provided a provision for contingent liabilities with high credit risk such as loan guarantees, avals, etc, at the same rate as that provided for those debtors on the statement of financial position.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions related to other comprehensive income for the six-month periods ended June 30, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2011	2010	2011	2010
Increase (decrease) in revaluation surplus on investments	(367)	599	(367)	599
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(121)	(121)	(121)	(121)
Properties for sale acquired from debt repayment	81	26	81	26

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

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2011	2010	2011	2010
Premises and equipment payable at the beginning of the periods	493	105	493	105
Purchases of premises and equipment	1,276	370	984	175
Less Cash payment	<u>(727)</u>	<u>(307)</u>	<u>(435)</u>	<u>(112)</u>
Premises and equipment payable at the end of the periods	<u>1,042</u>	<u>168</u>	<u>1,042</u>	<u>168</u>

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

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2011	2010	2011	2010
Computer software payable				
at the beginning of the periods	5	14	5	14
Purchases of computer software	179	291	106	264
Less Cash payment	<u>(180)</u>	<u>(111)</u>	<u>(107)</u>	<u>(84)</u>
Computer software payable				
at the end of the periods	<u>4</u>	<u>194</u>	<u>4</u>	<u>194</u>

7.1.4 On October 21, 2010, Ayudhya Capital Services Company Limited (AYCAP), a subsidiary, has acquired additional shares in Quality Life Assurance Broker Company Limited (QLAB) and Quality General Insurance Broker Company Limited (QGIB) for a total purchase price in the share sale agreement amounting to Baht 3 million. Upon completion of this transaction, AYCAPP now holds 99.99% each in QLAB and QGIB.

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 equivalents	248	248
Intangible assets	-	68
Others	<u>6</u>	<u>6</u>
	<u>254</u>	<u>322</u>
Liabilities		
Due to related companies	168	168
Others	<u>50</u>	<u>70</u>
	<u>218</u>	<u>238</u>
Net assets	<u>36</u>	84
Excess of net fair value of acquired subsidiary held by the Bank before the purchased date		<u>(81)</u>
Net cash payment		<u>3</u>

7.1.5 Realized and unrealized gain (loss) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on exchange is based on a cash basis. Unrealized gains (losses) on foreign exchange is based on the translation of debt in foreign currencies recorded in each account and amount of assets in foreign currencies as recorded in each category at the period - end date.

7.2 Interbank and money market items, net (Assets)

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2011			December 31, 2010		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	5,488	95,300	100,788	9,292	55,800	65,092
Commercial banks	1,532	3,100	4,632	1,563	2,151	3,714
Finance institutions specifically	-	-	-	-	-	-
Other financial institutions	2,655	4,751	7,406	47	2,887	2,934
Total	9,675	103,151	112,826	10,902	60,838	71,740
<u>Add</u> Accrued interest receivables	1	61	62	-	35	35
<u>Less</u> Allowance for doubtful accounts	-	(58)	(58)	-	(35)	(35)
Total domestic items	9,676	103,154	112,830	10,902	60,838	71,740
Foreign items						
US Dollar	53	160	213	1,001	530	1,531
Yen	-	-	-	212	-	212
Euro	-	-	-	240	-	240
Other currencies	163	86	249	546	257	803
Total	216	246	462	1,999	787	2,786
<u>Add</u> Accrued interest receivables	-	-	-	1	-	1
Total foreign items	216	246	462	2,000	787	2,787
Total domestic and foreign items	9,892	103,400	113,292	12,902	61,625	74,527

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2011			December 31, 2010		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	5,488	95,300	100,788	9,292	55,800	65,092
Commercial banks	105	3,100	3,205	103	2,150	2,253
Finance institutions specifically	-	-	-	-	-	-
Other financial institutions	2,605	4,701	7,306	47	2,887	2,934
Total	8,198	103,101	111,299	9,442	60,837	70,279
<u>Add</u> Accrued interest receivables	1	61	62	-	35	35
<u>Less</u> Allowance for doubtful accounts	-	(58)	(58)	-	(35)	(35)
Total domestic items	8,199	103,104	111,303	9,442	60,837	70,279
Foreign items						
US Dollar	53	160	213	913	530	1,443
Yen	-	-	-	212	-	212
Euro	-	-	-	240	-	240
Other currencies	163	86	249	546	257	803
Total	216	246	462	1,911	787	2,698
<u>Add</u> Accrued interest receivables	-	-	-	1	-	1
Total foreign items	216	246	462	1,912	787	2,699
Total domestic and foreign items	8,415	103,350	111,765	11,354	61,624	72,978

7.3 Derivatives

7.3.1 Fair value and the notional amount classification by risk type

Unit : Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						
Risk type	June 30, 2011			December 31, 2010		
	Fair value		Notional	Fair value		Notional
	Asset	Liabilities	Amount	Asset	Liabilities	Amount
Exchange rate	2,165	2,005	293,598	2,502	1,991	278,944
Interest rate	375	355	20,456	2,012	1,987	18,442
Total	<u>2,540</u>	<u>2,360</u>	<u>314,054</u>	<u>4,514</u>	<u>3,978</u>	<u>297,386</u>

Such fair value included fair value of derivatives for trading and translation of foreign currency from derivatives for hedging.

7.3.2 Proportion of derivatives transactions by type of counterparty on the basis of notional amount

Unit : Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
Counterparty	June 30, 2011	December 31, 2010	
	Proportion (%)	Proportion (%)	
Financial institution	97.08	83.96	
Third party	2.92	16.04	
Total	<u>100.00</u>	<u>100.00</u>	

7.4 Investments, net

Investments as at June 30, 2011 and December 31, 2010 consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS								
Unit : Million Baht								
	June 30, 2011				December 31, 2010			
	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	2,335	1	(8)	2,328	3,089	3	(20)	3,072
Private sector's debt securities	-	-	-	-	476	-	-	476
Domestic marketable equity	155	1	(4)	152	8	-	-	8
	2,490	2	(12)	2,480	3,573	3	(20)	3,556
<u>Less</u> Revaluation allowance	(10)			-	(17)			-
Total	2,480			2,480	3,556			3,556
Securities Available-for-Sale								
Government and state								
enterprise securities	46,499	-	(334)	46,165	52,213	143	(133)	52,223
Private sector's debt securities	11,046	10	(136)	10,920	10,138	78	(35)	10,181
Domestic marketable equity	5,595	714	(89)	6,220	3,427	496	(13)	3,910
Others	-	-	-	-	31	-	-	31
	63,140	724	(559)	63,305	65,809	717	(181)	66,345
<u>Add</u> Revaluation allowance	165			-	536			-
<u>Less</u> Allowance for impairment	(373)			(373)	(459)			(459)
Total	62,932			62,932	65,886			65,886
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,274				3,943			
Private sector's debt securities	50				50			
Investment in accounts receivable	3,528				1,775			
	6,852				5,768			
<u>Less</u> Allowance for impairment	(50)				(474)			
Total	6,802				5,294			
Securities for General Investments								
Domestic non-marketable equity								
securities	1,405				3,887			
Foreign non-marketable								
equity securities	28				27			
	1,433				3,914			
<u>Less</u> Allowance for impairment	(290)				(290)			
Total	1,143				3,624			
Total Investments, Net	73,357				78,360			

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2011				December 31, 2010			
	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	2,335	1	(8)	2,328	3,089	3	(20)	3,072
Private sector's debt securities	-	-	-	-	476	-	-	476
Domestic marketable equity	155	1	(4)	152	8	-	-	8
	2,490	2	(12)	2,480	3,573	3	(20)	3,556
<u>Less</u> Revaluation allowance	(10)			-	(17)			-
Total	2,480			2,480	3,556			3,556
Securities Available-for-Sale								
Government and state								
enterprise securities	46,499	-	(334)	46,165	52,213	143	(133)	52,223
Private sector's debt securities	10,699	10	(136)	10,573	9,791	78	(35)	9,834
Domestic marketable equity								
Securities	5,590	714	(85)	6,219	3,422	496	(9)	3,909
	62,788	724	(555)	62,957	65,426	717	(177)	65,966
<u>Add</u> Revaluation allowance	169			-	540			-
<u>Less</u> Allowance for impairment	(26)			(26)	(81)			(81)
Total	62,931			62,931	65,885			65,885
Securities Held-to-Maturity								
Government and state								
enterprise securities	3,156				3,825			
Private sector's debt securities	50				50			
Investment in accounts receivable	3,129				1,043			
	6,335				4,918			
<u>Less</u> Allowance for impairment	(50)				(474)			
Total	6,285				4,444			
Securities for General Investments								
Domestic non-marketable equity								
securities	1,370				3,852			
Foreign non-marketable								
equity securities	28				26			
	1,398				3,878			
<u>Less</u> Allowance for impairment	(274)				(274)			
Total	1,124				3,604			
Total Investments, Net	72,820				77,489			

As at June 30, 2011 and December 31, 2010, investments classified as held-to-maturity debt securities (government and state enterprise securities) included the 10 year-term non-negotiable promissory notes availed by the Financial Institutions Development Fund in the consolidated financial statements and the Bank's financial statements of Baht 2,932 million and Baht 3,274 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for asset transfer to TAMC. During the six-month period ended June 30, 2011, TAMC redeemed promissory notes of the Bank of Baht 342 million, and during the year 2010, TAMC redeemed promissory notes of the Bank of Baht 544 million.

For the six-month periods ended June 30, 2011 and 2010, revaluation surplus (deficit) on investments presented in shareholders' equity consists of the following:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	2011	2010	2011	2010
Beginning balance	532	128	536	135
Increase (decrease) during the period	(367)	599	(367)	599
Ending balance	<u>165</u>	<u>727</u>	<u>169</u>	<u>734</u>

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

	Unit : Million Baht	
	CONSOLIDATED AND THE BANK'S	
	FINANCIAL STATEMENTS	
	June 30,	December 31,
	2011	2010
Manufacturing	<u>21</u>	<u>21</u>
Total	<u><u>21</u></u>	<u><u>21</u></u>

In the consolidated and the Bank's financial statements as at June 30, 2011 and December 31, 2010, the Bank and its subsidiary had investments in available-for-sale securities and general investments of 2 companies subject to be delisted from the SET, with costs of Baht 13 million and market price of Baht 0.

7.5 Investments in subsidiaries and associates, net

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, 2011							
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	Investment (Cost)	Investment (Equity Method)	Dividend
Associates							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	780	50.00	382	711	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	2	50.00	-	32	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	77	50.00	-	10	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	-	21.90	-	-	-
Investments in associates, net					<u>382</u>	<u>753</u>	<u>-</u>

Unit : Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2010							
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	Investment (Cost)	Investment (Equity Method)	Dividend
Associates							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	780	49.00	382	681	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	2	49.00	-	10	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	77	49.00	-	38	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	-	21.90	-	-	-
Investments in associates, net					<u>382</u>	<u>729</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The company which was established for the transfer of 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

THE BANK'S FINANCIAL STATEMENTS									
Company Name	Business Type	Securities Investment Type	Ownership %	June 30, 2011			December 31, 2010		
				Registered Share Capital	Investment (Cost)	Dividend	Registered Share Capital	Investment (Cost)	Dividend
Subsidiaries									
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	99.99	705	929	35	705	929	70
Ayudhya Auto Lease Public Company Limited	Auto leasing	Common stock	99.79	713	813	-	2,850	2,236	-
		Preferred stock			197	-		500	-
Ayudhya Capital Lease Company Limited	Auto leasing	Common stock	99.99	3,000	3,000	-	3,000	3,000	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	99.99	1,045	16,281	-	1,045	16,281	1,523
Ayudhya Total Solutions Public Company Limited	Hire-purchase	Common stock	99.81	1,197	1,530	-	1,197	1,530	334
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	99.99	514	26	-	514	26	-
		Preferred stock			1	-		1	-
Ayudhya Card Services Company Limited	Credit cards and personal loans	Common stock	99.99	180	4	180	180	4	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	99.99	125	6,141	400	125	5,968	1,553
General Card Services Limited	Credit cards and personal loans	Common stock	99.99	758	881	-	758	817	30
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	99.99	1,100	1,304	-	1,100	1,304	630
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	99.99	100	100	-	100	100	60
Total Services Solutions Public Company Limited	Collection services	Common stock	99.99	1,326	2,609	72	1,326	1,631	170
		Preferred stock			-	-		215	-
Krungsri Asset Management Company Limited	Fund management	Common stock	76.59	350	204	-	350	204	-
(formerly Ayudhya Fund Management Company Limited)									
Ayudhya Asset Management Company Limited	Asset management	Common stock	99.99	6,000	6,000	-	6,000	6,000	-
Ayudhya Securities Public Company Limited	Securities	Common stock	86.33	600	637	-	600	637	-
Ayudhya Factoring Company Limited	Factoring	Common stock	99.99	300	300	-	100	100	-
Associated Company									
Metro Designee Company Limited ⁽¹⁾	Special purpose vehicle	Common stock	21.90	-	-	-	-	-	-
Investments in subsidiaries and associated company					40,957	687		41,483	4,370
Less Allowance for impairment					(4,757)	-		(4,757)	-
Investments in subsidiaries and associated company, net					36,200	687		36,726	4,370

(1) The company which was established for the transfer of 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.

Disclosure of cash flows of Asset Management Company (“AMC”)

AYUDHYA ASSET MANAGEMENT COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010

	Unit : Million Baht	
	2011	2010
Cash flows from operating activities		
Income before income tax	261	350
Adjustments to reconcile income to cash provided by (used in) operating activities		
Depreciation and amortization	1	1
Bad debt and doubtful accounts	66	20
Gain on sales of properties for sale	(108)	(141)
Loss on debt restructuring (reversal)	3	-
Provision expenses	4	1
Loss on impairment of properties for sale	16	13
Interest expenses	157	159
Increase (Decrease) in accrued non-interest payable	(8)	18
Cash paid for interest expense	(157)	(160)
Cash paid for income tax	(10)	(10)
Income from operations before change in operating assets and liabilities	225	251
(Increase) decrease in operating assets		
Investment in receivables	98	595
Loans and receivables	(62)	104
Properties for sale	706	682
Amounts due from parent company	222	132
Cash advance	16	50
Other assets	-	1
Increase (decrease) in operating liabilities		
Amounts due to parent company	12	(4)
Deposits for purchasing of properties for sale	1	(18)
Unearned income from sale of properties for sale	(3)	(22)
Other liabilities	1	(1)
Net cash from operating activities	<u>1,216</u>	<u>1,770</u>
Cash flows from financing activities		
Decrease in borrowings	(1,179)	(1,717)
Net cash from financing activities	<u>(1,179)</u>	<u>(1,717)</u>
Net increase in cash and cash equivalents	37	53
Cash and cash equivalents as at January 1,	12	36
Cash and cash equivalents as at June 30,	<u>49</u>	<u>89</u>

7.6 Loans to customers and accrued interest receivables, net

(1) Classified by products

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Overdrafts	44,520	45,036	42,036	42,338
Loan against contract	282,355	271,354	404,362	381,266
Trade bill	154,542	163,815	153,540	162,894
Hire-purchase receivable	165,934	146,484	-	-
Lease contract receivable	18,655	15,555	-	-
Credit card receivable	24,574	29,918	-	-
Others	8,665	1,169	592	496
Total	699,245	673,331	600,530	586,994
Add Deferred brokerage fee	1,414	1,265	-	-
Total	700,659	674,596	600,530	586,994
Less Deferred revenue	(29,706)	(25,636)	(43)	(34)
Loans to customers after deferred revenue, net	670,953	648,960	600,487	586,960
Add Accrued interest receivables	1,796	1,724	971	776
Loans to customers and accrued interest receivable after deferred revenue, net	672,749	650,684	601,458	587,736
Less Allowance for doubtful accounts				
1) BOT requirement :				
Individual approach	(15,994)	(18,379)	(13,540)	(14,762)
Collective approach	(2,719)	(2,365)	-	-
2) Surplus reserve	(14,082)	(12,666)	(6,333)	(5,392)
Less Revaluation allowance for debt restructuring	(514)	(543)	(27)	(35)
Total loans to customers, net	639,440	616,731	581,558	567,547

(2) Classified by currency and residence of debtors

	Unit : Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2011			December 31, 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	653,042	875	653,917	634,384	1,014	635,398
US Dollar	14,547	1,955	16,502	11,711	1,392	13,103
Other currencies	534	-	534	308	151	459
Total	668,123	2,830	670,953	646,403	2,557	648,960

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2011			December 31, 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	582,576	875	583,451	572,384	1,014	573,398
US Dollar	14,547	1,955	16,502	11,711	1,392	13,103
Other currencies	534	-	534	308	151	459
Total	597,657	2,830	600,487	584,403	2,557	586,960

(3) Classified by business type and classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2011					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,066	80	13	155	920	6,234
Manufacturing and trading	160,180	6,335	1,519	3,619	8,794	180,447
Real estate and construction	39,031	2,221	217	561	4,471	46,501
Public utilities and services	92,702	5,103	4,352	281	2,768	105,206
Housing loans	84,509	978	577	810	2,542	89,416
Others	229,145	9,975	2,211	940	878	243,149
Total	610,633	24,692	8,889	6,366	20,373	670,953

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2010					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,660	150	252	56	1,070	7,188
Manufacturing and trading	159,593	6,198	3,950	1,435	10,884	182,060
Real estate and construction	42,384	960	692	1,132	4,779	49,947
Public utilities and services	92,289	6,082	2,187	708	2,509	103,775
Housing loans	80,416	1,828	643	719	2,826	86,432
Others	204,867	10,377	2,585	993	736	219,558
Total	585,209	25,595	10,309	5,043	22,804	648,960

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	4,518	80	12	80	279	4,969
Manufacturing and trading	156,736	5,491	1,456	3,614	4,002	171,299
Real estate and construction	37,797	2,085	180	555	2,357	42,974
Public utilities and services	91,830	5,070	4,352	281	1,385	102,918
Housing loans	84,509	978	577	810	1,285	88,159
Others	189,392	273	147	91	265	190,168
Total	564,782	13,977	6,724	5,431	9,573	600,487

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2010

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,660	139	175	56	329	6,359
Manufacturing and trading	156,362	5,962	3,942	1,435	5,635	173,336
Real estate and construction	41,267	936	659	1,056	2,797	46,715
Public utilities and services	91,717	6,079	2,187	708	1,181	101,872
Housing loans	77,264	1,415	594	698	1,107	81,078
Others	176,698	286	169	168	279	177,600
Total	548,968	14,817	7,726	4,121	11,328	586,960

(4) Classified by type of classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts
1. Minimum allowance per BOT guideline				
Normal	610,640	325,659	1	5,581
Special mention	24,864	14,600	2 , 9	1,255
Substandard	8,889	5,414	44 , 100	4,383
Doubtful	6,366	3,147	43 , 100	2,811
Doubtful of loss	20,715	4,634	100	4,683
Total	671,474	353,454		18,713
Add Deferred brokerage fee	1,414	-		
Less Deferred revenue	(139)	-		
Total	672,749	353,454		
2. Surplus Reserve				14,082 ⁽¹⁾
Total				32,795 ⁽²⁾

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts
1. Minimum allowance per BOT guideline				
Normal	586,356	309,481	1	5,257
Special mention	24,864	10,544	2 , 9	1,170
Substandard	10,104	6,086	42 , 100	5,564
Doubtful	4,897	1,629	41 , 100	1,268
Doubtful of loss	23,269	7,484	100	7,485
Total	649,490	335,224		20,744
Add Deferred brokerage fee	1,265	-		
Less Deferred revenue	(71)	-		
Total	650,684	335,224		
2. Surplus Reserve				12,666 ⁽¹⁾
Total				33,410 ⁽²⁾

⁽¹⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2011 and December 31, 2010, at the rate of 1% of Baht 154,790 million and Baht 146,696 million equal to Baht 1,548 million and Baht 1,467 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements.

⁽²⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2011 and December 31, 2010, of Baht 514 million and Baht 543 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2011 and December 31, 2010, of Baht 58 million and Baht 35 million, respectively, but including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2011 and December 31, 2010 of Baht 4,971 million and Baht 4,680 million, respectively.

⁽³⁾ % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation.

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	Loan to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts
1. Minimum allowance per BOT guideline				
Normal	565,625	290,880	1	5,259
Special mention	14,105	4,768	2	550
Substandard	6,724	3,164	100	3,164
Doubtful	5,431	2,353	100	2,454
Doubtful of loss	9,573	1,994	100	2,113
Total	601,458	303,159		13,540
2. Surplus Reserve				6,333 ⁽¹⁾
Total				19,873 ⁽²⁾

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2010

	Loan to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts
1. Minimum allowance per BOT guideline				
Normal	549,614	285,795	1	4,994
Special mention	14,947	696	2	528
Substandard	7,726	3,946	100	3,946
Doubtful	4,121	962	100	962
Doubtful of loss	11,328	4,332	100	4,332
Total	<u>587,736</u>	<u>295,731</u>		<u>14,762</u>
2. Surplus Reserve				<u>5,392⁽¹⁾</u>
Total				<u>20,154⁽²⁾</u>

⁽¹⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2011 and December 31, 2010, at the rate of 1% of Baht 154,790 million and Baht 146,696 million, equal to Baht 1,548 million and Baht 1,467 million, respectively.

⁽²⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2011 and December 31, 2010, of Baht 27 million and Baht 35 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2011 and December 31, 2010, of Baht 58 million and Baht 35 million, respectively.

For the six-month period ended June 30, 2011, the Bank entered into an agreement to sell non-performing loan (NPLs) to subsidiary totalling Baht 655 million with a book value of Baht 3,917 million and a net book value of Baht 655 million. The sale amount has been received.

As at June 30, 2011 and December 31, 2010, 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, 2011

	The Bank	AMC	The Bank and AMC
Non-performing loans	21,728	10,127	31,855
Percentage of total loans	3.11	100.00	4.50
Non-performing loans, net	13,990	8,015	22,005
Percentage of total loans, net	2.03	100.00	3.15

Unit : Million Baht

December 31, 2010

	The Bank	AMC	The Bank and AMC
Non-performing loans	23,175	10,795	33,970
Percentage of total loans	3.63	100.00	5.24
Non-performing loans, net	13,935	8,167	22,102
Percentage of total loans, net	2.22	100.00	3.47

As at June 30, 2011 and December 31, 2010, the Bank and its subsidiaries' non-performing loans are Baht 35,864 million and Baht 38,149 million, respectively.

(5) Troubled debt restructuring

For the quarters and the six-month periods ended June 30, 2011 and 2010, the Bank and its subsidiaries had restructured the following debts:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	Number of Debtors	For the quarter ended June 30, 2011			For the quarter ended June 30, 2010			Fair Value
		Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value	Number of Debtors	Amount of Debt Before Restructuring	Type of Assets Acquired	
Transfer of assets	1	29	Land and building	29	3	30	Land and building	26
Modification of terms	28,959	1,901		-	46,918	1,012		-
Reduction of principal and interest	20,560	944		-	26,735	855		-
Various forms of restructuring	51	263		-	63	182	Land and building	4
Total	49,571	3,137		29	73,719	2,079		30

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	Number of Debtors	For the six-month period ended June 30, 2011			For the six-month period ended June 30, 2010			
		Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value	Number of Debtors	Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value
Transfer of assets	1	29	Land and building	29	3	30	Land and building	26
Modification of terms	65,143	3,025		-	92,422	2,205		-
Reduction of principal and interest	45,190	1,488		-	52,800	2,069		-
Various forms of restructuring	114	867		-	172	1,242	Land and building	15
Total	110,448	5,409		29	145,397	5,546		41

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

Form of Restructuring	Number of Debtors	For the quarter ended June 30, 2011			Number of Debtors	For the quarter ended June 30, 2010		
		Amount of Debt Before Restructuring	Type of Asset Acquired	Fair Value		Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value
Transfer of assets	1	29	Land and building	29	1	27	Land and building	26
Modification of terms	203	1,502		-	374	723		-
Reduction of principal and interest	164	819		-	268	636		-
Various forms of restructuring	51	263		-	62	181		-
Total	419	2,613		29	705	1,567		26

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

Form of Restructuring	Number of Debtors	For the six-month period ended June 30, 2011			Number of Debtors	For the six-month period ended June 30, 2010		
		Amount of Debt Before Restructuring	Type of Asset Acquired	Fair Value		Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value
Transfer of assets	1	29	Land and building	29	1	27	Land and building	26
Modification of terms	489	2,376		-	850	1,467		-
Reduction of principal and interest	339	1,211		-	598	1,723		-
Various forms of restructuring	113	863		-	171	1,242	Land and building	11
Total	942	4,479		29	1,620	4,459		37

For the six-month periods ended June 30, 2011 and 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:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Method	For the six-month period ended				For the six-month period ended			
	June 30, 2011				June 30, 2010			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)		Before Restructuring	After Restructuring	Aging (Year)		Before Restructuring	After Restructuring
Present value of future cash flows	0.50	64,542	388	31	0.01	91,436	696	75
Fair value of collateral	5.55	601	2,637	1,787	5.91	986	1,509	1,179

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

Method	For the six-month period ended				For the six-month period ended			
	June 30, 2011				June 30, 2010			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)		Before Restructuring	After Restructuring	Aging (Year)		Before Restructuring	After Restructuring
Present value of future cash flows	6.33	16	52	31	7.64	27	171	75
Fair value of collateral	7.02	473	2,324	1,787	7.07	823	1,296	966

For the quarters and the six-month periods ended June 30, 2011 and 2010, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of comprehensive income and recorded balances of total debt restructured and debt restructured during the periods in the statements of financial position as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENT				THE BANK'S FINANCIAL STATEMENTS			
	For the quarters ended June 30,		For the six-month periods ended June 30,		For the quarters ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010	2011	2010	2011	2010
Losses on debt restructured	20	498	33	329	17	258	50	329
Interest received from debt restructured	314	406	618	844	261	341	379	723

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Balances of total debt restructured	21,841	35,220	19,101	32,143
Balances of debt restructured during the periods/years	5,409	13,095	4,479	10,413

(6) Lease receivables (Included hire-purchase receivables and finance lease)

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2011				
	Amount due per agreements			
	Within 1 year	Over 1-5 Years	Over 5 Years	Total
Minimum lease payments	62,570	117,521	4,492	184,583
<u>Less</u> Unearned interest income				<u>(29,519)</u>
Present value of the minimum lease payments				155,064
<u>Add</u> Direct cost at the inception, net				<u>1,275</u>
<u>Less</u> Allowance for doubtful accounts				<u>(5,844)</u>
Total lease receivables, net				<u>150,495</u>

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2010				
	Amount due per agreements			
	Within 1 year	Over 1-5 Years	Over 5 Years	Total
Minimum Lease Payments	53,556	105,286	3,197	162,039
<u>Less</u> Unearned interest income				<u>(25,526)</u>
Present value of the minimum lease payments				136,513
<u>Add</u> Direct cost at the inception, net				<u>1,194</u>
<u>Less</u> Allowance for doubtful accounts				<u>(5,736)</u>
Total lease receivables, net				<u>131,971</u>

7.7 Allowance for doubtful accounts

Unit : Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2011							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,257	1,170	5,564	1,268	7,485	12,666	33,410
Doubtful accounts	324	85	369	1,720	1,880	1,416	5,794
Bad debts written off	-	-	(1,561)	-	(1,620)	-	(3,181)
Bad debts reversal	-	-	39	-	-	-	39
Bad debts written off from sales of NPLs	-	-	(28)	(177)	(3,050)	-	(3,255)
Other	-	-	-	-	(12)	-	(12)
Ending balance	<u>5,581</u>	<u>1,255</u>	<u>4,383</u>	<u>2,811</u>	<u>4,683</u>	<u>14,082</u>	<u>32,795</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	(115)	(492)	2,372	(586)	3,508	3,845	8,532
Bad debts written off	-	-	(118)	(173)	(3,393)	(4,236)	(7,920)
Bad debts reversal	-	-	-	-	-	1,534	1,534
Bad debts written off from sales of NPLs	(4)	(1)	(59)	(1,415)	(5,527)	-	(7,006)
Other	-	-	-	-	-	(1)	(1)
Ending balance	5,257	1,170	5,564	1,268	7,485	12,666	33,410

As at June 30, 2011 and December 31, 2010, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applying a collective approach basis in the amounts of Baht 4,971 million and Baht 4,680 million, respectively.

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	4,994	528	3,946	962	4,332	5,392	20,154
Doubtful accounts	265	22	(754)	1,668	836	941	2,978
Bad debts written off	-	-	-	-	(5)	-	(5)
Bad debts written off from sales of NPLs	-	-	(28)	(177)	(3,050)	-	(3,255)
Ending balance	5,259	550	3,164	2,453	2,113	6,333	19,872

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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	(6)	(199)	3,210	(246)	2,077	(300)	4,536
Bad debts written off	-	-	(85)	(173)	(1,374)	-	(1,632)
Bad debts written off from sales of NPLs	(4)	-	(59)	(1,415)	(5,527)	-	(7,005)
Other	-	-	-	-	-	(1)	(1)
Ending balance	4,994	528	3,946	962	4,332	5,392	20,154

As at June 30, 2011 and December 31, 2010, the Bank estimated the minimum total allowance* under the BOT Guidelines of Baht 19,285 million and Baht 21,322 million, respectively for the consolidated financial statements and Baht 13,624 million and Baht 14,832 million, respectively for the Bank's financial statements.

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, 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:

	June 30, 2011	Unit : Million Baht December 31, 2010
Consolidated financial statements	33,367	33,989
The Bank and Ayudhya Asset Management Company Limited	23,824	24,668
The Bank's financial statements	19,957	20,224

As at June 30, 2011 and December 31, 2010, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of the 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 THE BANK'S FINANCIAL STATEMENTS June 30, 2011			
	Number	Outstanding Balance	Collateral Allowance for Doubtful Accounts
Companies subject to be delisted by SET	5	316	206
Total	5	316	206

Unit : Million Baht CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS December 31, 2010			
	Number	Outstanding Balance	Collateral Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	233	162
Total	3	233	162

7.8 Revaluation allowance for debt restructuring

Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS	
	June 30, 2011
Beginning balance of the period / year	543
Increase during the period / year	50
Amount written off	(79)
Ending balance of the period / year	514

Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2011
Beginning balance of the period / year	35
Increase during the period / year	50
Amount written off	(58)
Ending balance of the period / year	27

7.9 Properties for sale, net

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2011	Acquisition	Disposition	Balance as at June 30, 2011
1. Assets acquired from debt repayment				
1.1 Immovable	16,739	453	(1,885)	15,307
1.2 Movable	316	1,343	(1,375)	284
Total	17,055	1,796	(3,260)	15,591
2. Others	90	-	(5)	85
Total properties for sale	17,145	1,796	(3,265)	15,676
<u>Less</u> Provision for impairment	(2,418)	(574)	419	(2,573)
Total properties for sale	14,727	1,222	(2,846)	13,103

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2010	Acquisition	Disposition	Balance as at December 31, 2010
1. Assets acquired from debt repayment				
1.1 Immovable	19,774	1,080	(4,115)	16,739
1.2 Movable	327	3,091	(3,102)	316
Total	20,101	4,171	(7,217)	17,055
2. Others	110	42	(62)	90
Total properties for sale	20,211	4,213	(7,279)	17,145
<u>Less</u> Provision for impairment	(2,194)	(1,358)	1,134	(2,418)
Total properties for sale	18,017	2,855	(6,145)	14,727

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2011	Acquisition	Disposition	Balance as at June 30, 2011
1. Assets acquired from debt repayment				
1.1 Immovable	9,327	306	(893)	8,740
1.2 Movable	13	-	-	13
Total	9,340	306	(893)	8,753
2. Others	84	-	(4)	80
Total properties for sale	9,424	306	(897)	8,833
<u>Less</u> Provision for impairment	(1,864)	(304)	98	(2,070)
Total properties for sale	7,560	2	(799)	6,763

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2010	Acquisition	Disposition	Balance as at December 31, 2010
1. Assets acquired from debt repayment				
1.1 Immovable	11,122	309	(2,104)	9,327
1.2 Movable	13	-	-	13
Total	11,135	309	(2,104)	9,340
2. Others	104	42	(62)	84
Total properties for sale	11,239	351	(2,166)	9,424
Less Provision for impairment	(1,682)	(611)	429	(1,864)
Total properties for sale	9,557	(260)	(1,737)	7,560

For six-month period ended June 30, 2011 and for the years ended December 31, 2010, the appraisal value of properties for sale acquired from repossession or auction, are appraised by the internal appraiser of Baht 6,385 million and Baht 8,258 million, respectively, and are appraised by the independent appraiser in amount of Baht 4,050 million and Baht 4,969 million, respectively.

7.10 Premises and equipment, net

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at June 30, 2011
Land					
Cost	3,777	-	-	-	3,777
Appraisal increase (Year 2009)	3,765	-	-	-	3,765
Appraisal decrease (Year 2009)	(190)	-	-	-	(190)
Premises					
Cost	6,065	240	-	(10)	6,295
Appraisal increase (Year 2009)	6,109	-	-	-	6,109
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	12,190	829	(149)	(579)	12,291
Leasehold improvement	1,584	89	(11)	(3)	1,659
Total	33,230	1,158	(160)	(592)	33,636
Less Accumulated depreciation					
Premises					
- Cost	(2,661)	(107)	-	-	(2,768)
- Appraisal increase (Year 2009)	(3,049)	(121)	-	-	(3,170)
Equipment	(9,087)	(590)	153	138	(9,386)
Leasehold improvement	(1,247)	(52)	-	1	(1,298)
Total	(16,044)	(870)	153	139	(16,622)
Construction in progress	366	118	(1)	(362)	121
Premises and equipment, net	17,552				17,135
Unit : Million Baht					
	June 30, 2011	June 30, 2010			
Depreciation for the six-month periods	870	789			

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at December 31, 2010
Land					
Cost	3,791	32	(22)	(24)	3,777
Appraisal increase (Year 2009)	3,824	-	(59)	-	3,765
Appraisal decrease (Year 2009)	(193)	-	-	3	(190)
Premises					
Cost	6,033	31	(12)	13	6,065
Appraisal increase (Year 2009)	6,122	-	(13)	-	6,109
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	10,913	1,357	(466)	386	12,190
Leasehold improvement	1,511	76	(16)	13	1,584
Total	31,931	1,496	(588)	391	33,230
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,489)	(195)	5	18	(2,661)
- Appraisal increase (Year 2009)	(2,794)	-	4	(259)	(3,049)
Equipment	(8,368)	(1,226)	440	67	(9,087)
Leasehold improvement	(1,155)	(101)	2	7	(1,247)
Total	(14,806)	(1,522)	451	(167)	(16,044)
Construction in progress	245	410	(17)	(272)	366
Premises and equipment, net	17,370				17,552

Unit : Million Baht	
	2010
Depreciation for the year	1,522

As at June 30, 2011 and December 31, 2010, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,724 million and Baht 7,074 million, respectively.

The equipment at cost of Baht 346 million is under finance leases as at June 30, 2011 and December 31, 2010.

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at June 30, 2011
Land					
Cost	3,770	-	-	-	3,770
Appraisal increase (Year 2009)	3,765	-	-	-	3,765
Appraisal decrease (Year 2009)	(190)	-	-	-	(190)
Premises					
Cost	6,031	240	-	(10)	6,261
Appraisal increase (Year 2009)	6,109	-	-	-	6,109
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	9,357	582	(13)	(531)	9,395
Leasehold improvement	661	44	-	(3)	702
Total	<u>29,433</u>	<u>866</u>	<u>(13)</u>	<u>(544)</u>	<u>29,742</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,638)	(106)	-	-	(2,744)
- Appraisal increase (Year 2009)	(3,049)	(121)	-	-	(3,170)
Equipment	(7,018)	(426)	13	91	(7,340)
Leasehold improvement	(426)	(30)	-	2	(454)
Total	<u>(13,131)</u>	<u>(683)</u>	<u>13</u>	<u>93</u>	<u>(13,708)</u>
Construction in progress	<u>365</u>	<u>117</u>	<u>-</u>	<u>(362)</u>	<u>120</u>
Premises and equipment, net	<u>16,667</u>				<u>16,154</u>

Unit : Million Baht		
	June 30, 2011	June 30, 2010
Depreciation for the six-month periods	<u>683</u>	<u>606</u>

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2010	Increase	Decrease	Others	Balance as at December 31, 2010
Land					
Cost	3,779	33	(18)	(24)	3,770
Appraisal increase (Year 2009)	3,824	-	(59)	-	3,765
Appraisal decrease (Year 2009)	(193)	-	-	3	(190)
Premises					
Cost	6,000	30	(12)	13	6,031
Appraisal increase (Year 2009)	6,122	-	(13)	-	6,109
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	8,159	895	(97)	400	9,357
Leasehold improvement	625	23	-	13	661
Total	28,246	981	(199)	405	29,433
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,467)	(194)	5	18	(2,638)
- Appraisal increase (Year 2009)	(2,794)	-	4	(259)	(3,049)
Equipment	(6,246)	(921)	96	53	(7,018)
Leasehold improvement	(387)	(46)	-	7	(426)
Total	(11,894)	(1,161)	105	(181)	(13,131)
Construction in progress	245	396	(5)	(271)	365
Premises and equipment, net	16,597				16,667

Unit : Million Baht	
	2010
Depreciation for the year	1,161

As at June 30, 2011 and December 31, 2010, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 5,452 million and Baht 4,978 million, respectively.

The equipment at cost of Baht 346 million is under finance leases as at June 30, 2011 and December 31, 2010.

7.11 Goodwill and other intangible assets, net

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at June 30, 2011
Cost					
Goodwill	7,521	-	(97)	97	7,521
Software	3,333	179	(2)	(39)	3,471
Other intangible assets	4,310	182	(55)	59	4,496
Total	15,164	361	(154)	117	15,488
Accumulated amortization					
Software	(1,874)	(137)	2	42	(1,967)
Other intangible assets	(663)	(598)	-	(198)	(1,459)
Total	(2,537)	(735)	2	(156)	(3,426)
Goodwill and other intangible assets, net	<u>12,627</u>				<u>12,062</u>

Unit : Million Baht		
	June 30, 2011	June 30, 2010
Amortization for the six-month periods	<u>735</u>	<u>136</u>

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2010	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Others	Balance as at December 31, 2010
Cost						
Goodwill	9,896	-	-	(29)	(2,346)	7,521
Software	2,824	3	494	(6)	18	3,333
Other intangible assets	1,508	-	-	-	2,802	4,310
Total	14,228	3	494	(35)	474	15,164
Accumulated amortization						
Software	(1,560)	(1)	(312)	4	(5)	(1,874)
Other intangible assets	(60)	-	(605)	-	2	(663)
Total	(1,620)	(1)	(917)	4	(3)	(2,537)
Goodwill and other intangible assets, net	<u>12,608</u>					<u>12,627</u>

Unit : Million Baht	
	2010
Amortization for the year	<u>917</u>

As at June 30, 2011 and December 31, 2010, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 959 million and Baht 913 million, respectively.

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2011	Increase	Decrease	Others
				Balance as at June 30, 2011
Cost				
Software	2,796	106	-	(39)
Other intangible assets	7	-	-	-
Total	2,803	106	-	(39)
Accumulated amortization				
Software	(1,430)	(105)	-	-
Other intangible assets	(5)	-	-	-
Total	(1,435)	(105)	-	-
Good will and other intangible assets, net	<u>1,368</u>			<u>1,330</u>
Unit : Million Baht				
				June 30, 2011 June 30, 2010
Amortization for the six-month periods				<u>105</u> <u>104</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2010	Increase	Decrease	Others
				Balance as at December 31, 2010
Cost				
Software	2,363	382	-	51
Other intangible assets	7	-	-	-
Total	2,370	382	-	51
Accumulated amortization				
Software	(1,224)	(206)	-	-
Other intangible assets	(5)	-	-	-
Total	(1,229)	(206)	-	-
Goodwill and other intangible assets, net	<u>1,141</u>			<u>1,368</u>
Unit : Million Baht				
				2010
Amortization for the year				<u>206</u>

As at June 30, 2011 and December 31, 2010, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 669 million and Baht 652 million, respectively.

7.12 Deferred tax assets

Deferred tax assets as at June 30, 2011 and December 31, 2010, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Deferred tax assets	<u>7,985</u>	<u>7,586</u>	<u>3,657</u>	<u>3,190</u>

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

	Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2011	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2011
Temporary differences				
Impairment of assets		1,670	(204)	1,466
Allowance for doubtful debt		3,489	209	3,698
Unrealized loss on investment		607	14	621
Others		1,820	(612)	1,362
Total before adoption of TAS 19 "Employee Benefits"		7,586	(593)	7,147
Effect of the adoption of TAS 19 "Employee Benefits"		758	80	838
Total after adoption of TAS 19 "Employee Benefits"		<u>8,344</u>	<u>154</u>	<u>7,985</u>

	Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2010	Items arising from business combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2010
Temporary differences					
Impairment of assets	1,967	-	(297)	-	1,670
Allowance for doubtful debt	3,325	-	164	-	3,489
Unrealized loss on investment	428	-	179	-	607
Other	1,368	(33)	485	-	1,820
Total	<u>7,088</u>	<u>(33)</u>	<u>531</u>	<u>-</u>	<u>7,586</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	Balance at January 1, 2011	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2011
Temporary differences				
Impairment of assets	1,456	(25)	-	1,431
Unrealized loss on investment	599	22	-	621
Other	1,135	(415)	154	874
Total before adoption of TAS 19 "Employee Benefits"	3,190	(418)	154	2,926
Effect of the adoption of TAS 19 "Employee Benefits"	658	73	-	731
Total after adoption of TAS 19 "Employee Benefits"	3,848	(345)	154	3,657

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	Balance at January 1, 2010	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2010
Temporary differences				
Impairment of assets	1,687	(231)	-	1,456
Unrealized loss on investment	420	179	-	599
Other	685	450	-	1,135
Total	2,792	398	-	3,190

The deferred tax assets which have not been recognized in the statement of financial position as at June 30, 2011 and December 31, 2010, are as follows :

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Unused tax losses	865	913	-	-
Impairment of assets	195	149	-	-
Total	1,060	1,062	-	-

Deferred tax assets of Ayudhya Capital Lease Company Limited, liquidating subsidiary, has not been recognized in the consolidated financial statements because this subsidiary's deferred tax assets cannot be utilized for future economic benefit.

7.13 Other assets, net

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Accrued income	729	885	233	267
Prepayment	515	373	175	111
Other receivables	2,653	3,599	1,069	2,765
Others	1,295	1,066	842	999
Total	<u>5,192</u>	<u>5,923</u>	<u>2,319</u>	<u>4,142</u>

7.14 Deposits

(1) Classified by product

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Current deposit	17,903	18,129	19,199	19,494
Savings deposit	207,332	219,464	211,297	222,854
Time deposit				
- Less than 6 months	88,442	95,395	88,447	95,399
- 6 months to 1 year	96,987	106,666	96,987	106,665
- over 1 year	141,111	136,825	141,111	136,829
Total	<u>551,775</u>	<u>576,479</u>	<u>557,041</u>	<u>581,241</u>

(2) Classified by currency and residence of depositors

	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2011			December 31, 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	548,249	395	548,644	573,109	444	573,553
US Dollar	1,894	192	2,086	1,033	838	1,871
Other currencies	1,029	16	1,045	421	634	1,055
Total	<u>551,172</u>	<u>603</u>	<u>551,775</u>	<u>574,563</u>	<u>1,916</u>	<u>576,479</u>

	THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2011			December 31, 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	553,515	395	553,910	577,871	444	578,315
US Dollar	1,894	192	2,086	1,033	838	1,871
Other currencies	1,029	16	1,045	421	634	1,055
Total	<u>556,438</u>	<u>603</u>	<u>557,041</u>	<u>579,325</u>	<u>1,916</u>	<u>581,241</u>

7.15 Interbank and money market items, net (Liability)

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2011			December 31, 2010		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	38	38	-	262	262
Commercial banks	954	22,15	23,10	1,259	33,576	34,835
Financial institutions specifically	104	466	57	48	637	685
Other financial institutions	2,327	20,611	22,94	3,183	4,661	7,844
Total domestic items	3,385	43,62	47,01	4,490	39,136	43,626
Foreign items						
US Dollar	158	-	15	71	-	71
Other currencies	-	-	-	65	-	65
Total foreign items	158	-	15	136	-	136
Total domestic and foreign items	3,543	43,62	47,16	4,626	39,136	43,762

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2011			December 31, 2010		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	38	38	-	26	26
Commercial banks	1,545	12,22	13,76	2,020	26,84	28,86
Financial institutions specifically	104	466	570	48	63	68
Other financial institutions	2,327	20,611	22,94	3,183	4,66	7,84
Total domestic items	3,976	33,69	37,67	5,251	32,40	37,65
Foreign items						
US Dollar	158	-	15	71	-	7
Other currencies	-	-	-	65	-	6
Total foreign items	158	-	15	136	-	13
Total domestic and foreign items	4,134	33,69	37,82	5,387	32,40	37,78

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, 2011 and December 31, 2010, such borrowings are carried at fair value derived from a counterparty or a calculation agent. The Bank has tested the fair value calculation by using a well-known technique of valuation appraisal with no significant difference noted. The change in fair value of borrowings is recognized as a mark-to-market loss in the statements of comprehensive income for Baht 22 million and Baht 37 million, respectively which equals the mark-to-market gain on the hedging instruments.

7.16 Debt issued and borrowings

Unit : Million Baht									
CONSOLIDATED FINANCIAL STATEMENTS									
					June 30, 2011		December 31, 2010		
	Currency	Interest rate (%)	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated									
Debenture	THB	4.35 – 5.50	2020	20,000	-	20,000	20,000	-	20,000
Senior securities	THB	3.33 – 5.10	2015	43,833	-	43,833	51,382	-	51,382
Bill of exchange	THB	1.27 – 4.00	2014	105,112	-	105,112	27,800	-	27,800
Other borrowings	THB	0.50	2011	192	-	192	183	-	183
				169,137	-	169,137	99,365	-	99,365

Unit : Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	Currency	Interest rate	Maturity	Domestic	June 30, 2011		December 31, 2010	
		(%)			Foreign	Total	Domestic	Foreign
								Total
Subordinated								
Debenture	THB	4.35 – 5.50	2020	20,000	-	20,000	20,000	-
Senior securities	THB	4.25 – 5.10	2012	21,533	-	21,533	32,082	-
Bill of exchange	THB	1.27 – 4.00	2014	107,322	-	107,322	30,600	-
Other borrowings	THB	0.50	2011	192	-	192	183	-
				149,047	-	149,047	82,865	-

Additional information on debts issued and borrowings is as follows:

- On June 23, 2010, the Bank issued subordinated debenture #1/2010 in the amount of Baht 20,000 million with a maturity on June 23, 2020 at the fixed interest 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 the 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.

7.17 Provisions

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance at January 1, 2010	Increase (Decrease)	Balance at December 31, 2010	Adjustment due to change in accounting policies	Increase (Decrease)	Balance at June 30, 2011
Provision for post-employment benefits obligation	916	(901)	15	2,333	130	2,478
Provision for loss on impairment assets transferred to the Thai Asset Management Corporation	1,461	596	2,057	-	49	2,106
Provision for customer loyalty program	904	252	1,156	-	231	1,387
Provision for contingencies	287	120	407	-	2	409
Others	58	(3)	55	-	45	100
Total	3,626	64	3,690	2,333	457	6,480

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
	Balance at January 1, 2010	Increase (Decrease)	Balance at December 31, 2010	Adjustment due to change in accounting policies	Increase (Decrease)	Balance at June 30, 2011
Provision for post-employment benefits obligation	916	(912)	4	2,022	102	2,128
Provision for loss on impairment assets transferred to the Thai Asset Management Corporation	1,400	596	1,996	-	75	2,071
Provision for customer loyalty program	4	3	7	-	81	88
Provision for contingencies	287	120	407	-	2	409
Others	57	5	62	-	39	101
Total	2,664	(188)	2,476	2,022	299	4,797

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month period ended June 30, 2011	Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month period ended June 30, 2011
Opening defined benefits obligation	15	4
Add Adjustment due to change in accounting policies	2,333	2,021
Opening defined benefit obligation - as adjusted	2,348	2,025
Current service cost	99	72
Interest cost	47	41
Benefit paid	(16)	(10)
Closing defined benefit obligation	2,478	2,128

Amounts recognized in the statements of comprehensive income in respect of the defined benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the quarter ended June 30, 2011	Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the quarter ended June 30, 2011
Current service cost	49	38
Interest on obligation	25	22
	74	60

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month period ended June 30, 2011	Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month period ended June 30, 2011
Current service cost	99	72
Interest on obligation	47	41
	146	113

The principle actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2011 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate as at June 30, 2011	4.1%
Expected rate of salary increase	6.0%
Turnover rate	9.3%
Retirement age	60 years

For the first-time adoption of TAS 19 "Employee Benefits", the Bank and its subsidiaries elected to recognize past service costs by adjusting the retained earnings as at January 1, 2011.

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 portion 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, 2011 and December 31, 2010, the provisions for possible losses were set up in the amount of Baht 2,106 million and Baht 2,057 million, respectively, for the consolidated financial statement of Baht 2,071 million and Baht 1,996 million, respectively, for the Bank's financial statement.

TAMC has liquidated since June 9, 2011 and currently the Bank and its subsidiaries are in the process of filing the application to settle the obligation with the Liquidation Committee of TAMC, according to the Royal Decree on the Liquidation of Thai Asset Management Corporation.

7.18 Deferred tax liabilities

Deferred tax liabilities as at June 30, 2011 and December 31, 2010 are as follows:

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Deferred tax liabilities	<u>3,489</u>	<u>4,039</u>	<u>2,232</u>	<u>2,319</u>

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

	Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2011	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2011
Temporary differences				
Asset appraisal surplus	2,048	-	(36)	2,012
Other	<u>1,991</u>	<u>(557)</u>	<u>43</u>	<u>1,477</u>
Total	<u>4,039</u>	<u>(557)</u>	<u>7</u>	<u>3,489</u>

	Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2010	Items Arising from Business Combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2010
Temporary differences					
Asset appraisal surplus	2,141	-	-	(93)	2,048
Other	<u>581</u>	<u>1,408</u>	<u>(114)</u>	<u>116</u>	<u>1,991</u>
Total	<u>2,722</u>	<u>1,408</u>	<u>(114)</u>	<u>23</u>	<u>4,039</u>

Unit : Million Baht

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	As at January 1, 2011	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	As at June 30, 2011
Temporary differences				
Assets appraisal surplus	2,047	-	(36)	2,011
Other	272	(94)	43	221
Total	2,319	(94)	7	2,232

Unit : Million Baht

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	As at January 1, 2010	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	As at December 31, 2010
Temporary differences				
Assets appraisal surplus	2,141	-	(94)	2,047
Other	203	(46)	115	272
Total	2,344	(46)	21	2,319

7.19 Finance lease liabilities

Finance lease liabilities as at June 30, 2011 and December 31, 2010 are as follows:

Unit : Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	Principal	Interest	Payment
Within one year	70	1	71
One year to five years	-	-	-
Total	70	1	71

Unit : Million Baht

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December 31, 2010

	Principal	Interest	Payment
Within one year	137	3	140
One year to five years	-	-	-
Total	137	3	140

7.20 Other liabilities

Other liabilities as at June 30, 2011 and December 31, 2010 are as follows:

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Accrued expenses	6,903	7,032	4,981	4,613
Tax payable	2,337	3,389	635	998
Deposit	5,420	4,501	90	137
Others	6,318	8,879	3,121	4,809
Total	<u>20,978</u>	<u>23,801</u>	<u>8,827</u>	<u>10,557</u>

7.21 Share capital

7.21.1 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 or 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.

7.21.2 Legal 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. The reserve fund is not available for dividend distribution.

7.21.3 Dividend payment

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.

The Board of Directors' Meeting No. 8/2010 dated August 25, 2010, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2010 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.22 per share which totaled Baht 1,336 million, with payment made on September 23, 2010.

The General Shareholders' meeting held on April 7, 2011, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2010 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.35 per share which totaled Baht 2,126 million, with payment made on May 4, 2011.

7.22 Assets with obligations and restrictions

As at June 30, 2011 and December 31, 2010, government and state enterprise securities with book value of Baht 2,817 million and Baht 14,676 million, respectively, were used as collateral for other commitments with government departments and state enterprises.

7.23 Contingencies

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Avals to bills	2,511	3,671	2,511	3,671
Guarantees of loans	218	258	218	258
Liability under unmatured import bills	1,561	1,202	1,561	1,202
Letters of credit	7,810	8,126	8,246	8,310
Other contingencies				
- Unused overdraft limit	53,413	50,596	53,572	50,766
- Other guarantees	36,545	35,874	37,197	36,514
- Others	317,370	300,695	317,370	300,849
Total	<u>419,428</u>	<u>400,422</u>	<u>420,675</u>	<u>401,570</u>

As at June 30, 2011 and December 31, 2010, the Bank has commitments for information technology in the amount of Baht 43 million and Baht 532 million, respectively.

7.24 Related party transactions

The Bank has business transactions with subsidiaries, associates 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 loans to related party have the allowance for doubtful accounts policy which 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 transaction shall be 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 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:

7.24.1 Loans to, deposits, borrowing and contingencies with certain officers from the levels or Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions 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 the companies in which the directors and/or shareholders of the Bank having significant voting right either direct and indirect are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2011					December 31, 2010			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Associates								
Tesco Card Services Limited	6,800	362	-	-	6,570	313	-	-
Tesco Life Assurance Broker Company Limited	-	13	-	-	-	10	-	-
Tesco General Insurance Broker Company Limited	-	160	-	-	-	147	-	-
<u>Less</u> Allowance for doubtful accounts	(68)	-	-	-	(67)	-	-	-
Total	6,732	535	-	-	6,503	470	-	-
Related companies having joint major shareholders or directors								
<u>Less</u> Allowance for doubtful accounts	(3)	-	-	-	(3)	-	-	-
Total	218	13,408	-	1,361	252	13,402	-	1,722
Related companies from Troubled Debt Restructuring								
<u>Less</u> Allowance for doubtful accounts	-	-	-	2	-	-	-	-
Total	-	-	-	(2)	-	-	-	-
Individual and related parties								
Total	114	285	-	-	108	317	-	-
Total	7,064	14,228	-	1,361	6,863	14,189	-	1,722

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2011				December 31, 2010			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Subsidiaries								
Ayudhya Development Leasing Company Limited	6,555	39	-	436	4,242	20	-	339
Ayudhya Auto Lease Public Company Limited	-	730	-	-	170	324	1,900	-
Ayudhya Capital Lease Company Limited	-	1,774	-	-	-	1,758	-	-
Ayudhya Capital Auto Lease Public Company Limited	88,093	448	-	-	78,647	284	-	-
Ayudhya Total Solutions Public Company Limited	-	88	760	-	800	83	-	-
CFG Services Company Limited	3,150	209	-	-	2,720	176	-	-
Ayudhya Card Services Company Limited	3,450	141	-	-	4,500	232	-	-
Ayudhya Capital Services Company Limited	15,836	399	-	-	16,072	559	-	-
General Card Services Limited	10,670	295	300	-	11,169	182	-	-
Krungsriayudhya Card Company Limited	13,386	480	-	-	14,246	640	-	-
Siam Realty and Services Company Limited	355	34	-	-	295	57	-	-
Total Services Solutions Public Company Limited	-	189	1,150	-	-	370	900	-
Krungsri Ayudhya Fund Management Company Limited (Formerly Ayudhya Fund Management Company Limited)	-	72	230	615	-	258	100	603
Ayudhya Asset Management Company Limited	9,913	46	-	38	11,092	12	-	38
Ayudhya Securities Public Company Limited	-	101	-	-	-	178	-	-
Ayudhya Factoring Company Limited	3,382	294	-	-	2,743	269	-	-
Quality Life Assurance Broker Company Limited	-	136	-	-	-	44	-	-
Quality General Insurance Broker Company Limited	-	153	-	-	-	119	-	-
Total	154,790	5,628	2,440	1,089	146,696	5,565	2,900	980
<u>Less</u> Allowance for doubtful accounts	(1,548)	-	-	-	(1,467)	-	-	-
Total	153,242	5,628	2,440	1,089	145,229	5,565	2,900	980
Associates								
Tesco Card Services Limited	6,800	362	-	-	6,570	313	-	-
Tesco Life Assurance Broker Company Limited	-	13	-	-	-	10	-	-
Tesco General Insurance Broker Company Limited	-	160	-	-	-	147	-	-
<u>Less</u> Allowance for doubtful accounts	(68)	-	-	-	(67)	-	-	-
Total	6,732	535	-	-	6,503	470	-	-
Related companies having joint major shareholders or directors								
	221	13,408	-	1,361	255	13,402	-	1,722
<u>Less</u> Allowance for doubtful accounts	(3)	-	-	-	(3)	-	-	-
Total	218	13,408	-	1,361	252	13,402	-	1,722
Related companies from Troubled Debt Restructuring								
	-	-	-	2	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	(2)	-	-	-	-
Total	-	-	-	-	-	-	-	-
Individual and related parties								
	114	285	-	-	108	316	-	-
Total	160,306	19,856	2,440	2,450	152,092	19,753	2,900	2,702

As at June 30, 2011 and December 31, 2010, the Bank charges interest rates to the officer or related parties at 1.00% - 7.50% p.a. and 1.00% - 12.50%, respectively.

As at June 30, 2011 and December 31, 2010, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,548 million and Baht 1,467 million, respectively, are not eliminated but treated as surplus reserve in consolidated financial statements.

As at June 30, 2011 and December 31, 2010, the Bank granted loans to Ayudhya Asset Management Company Limited as short-term promissory notes of Baht 9,913 million and Baht 11,092 million at the interest rates of 3.45% - 4.09% and 2.55% - 2.85% per annum, respectively.

7.24.2 The Bank has investments in subsidiaries and associates as disclosed in note 7.5 and has investments in related companies as follows:

Unit: Million Baht							
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
				June 30, 2011		December 31, 2010	
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related companies							
(10%-20% holding)							
Ayudhya Insurance							
Public Company Limited	Insurance	250	10.92	419	19	419	27
Asian Trade and Leasing							
Company Limited	Service	150	10.00	15	-	15	-
P.P. Parawood Company Limited	Manufacturing	95	10.00	10	-	10	-
				444	19	444	27
<u>Less</u> Allowance for doubtful accounts				(32)	-	(32)	-
Investment in related companies, net				<u>412</u>	<u>19</u>	<u>412</u>	<u>27</u>
Related companies from							
Troubled Debt Restructuring							
Wongpaitoon Public Company							
Limited	Manufacturing	8,683	37.30	93	-	93	-
<u>Less</u> Allowance for doubtful accounts				(93)	-	(93)	-
Investment in related companies							
from troubled debt restructuring, net				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.24.3 Income and expenses between the Bank and its subsidiaries, associates and related companies for the quarters and the six-month periods ended June 30, 2011 and 2010 are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the quarter ended June 30, 2011				For the quarter ended June 30, 2010			
	Income		Expenses		Income		Expenses	
	Interest income	Non- interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Associates								
Tesco Card Services Limited	62	2	1	-	49	-	-	-
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	-	1	-	-	-	-	-
Total	62	2	2	-	49	-	-	-
Related companies having joint major shareholders or directors	4	22	69	85	5	22	21	161
Total	4	22	69	85	5	22	21	161
Individual and related parties	1	-	1	-	1	-	-	-
Total	67	24	72	85	55	22	21	161

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 31, 2011				For the six-month period ended June 30, 2010			
	Income		Expenses		Income		Expenses	
	Interest income	Non- interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Associates								
Tesco Card Services Limited	116	3	1	-	93	-	-	-
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	-	1	-	-	-	-	-
Total	116	3	2	-	93	-	-	-
Related companies having joint major shareholders or directors	8	43	131	180	10	44	34	249
Total	8	43	131	180	10	44	34	249
Individual and related parties	2	-	2	-	1	-	1	-
Total	126	46	135	180	104	44	35	249

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the quarter ended June 30, 2011				For the quarter ended June 30, 2010			
	Income		Expenses		Income		Expenses	
	Interest income	Non- interest income	Interest expenses	Non- interest expenses	Interest income	Non- interest income	Interest expenses	Non-interest expenses
Subsidiaries								
Ayudhya Development Leasing Company Limited	54	1	-	-	33	-	-	-
Ayudhya Auto Lease Public Company Limited	-	-	4	-	7	1	7	-
Ayudhya Capital Lease Company Limited	-	-	6	-	-	-	3	-
Ayudhya Capital Auto Lease Public Company Limited	814	1	1	-	677	1	1	-
Ayudhya Total Solutions Public Company Limited	-	1	3	-	17	2	-	-
CFG Services Company Limited	32	3	-	-	15	3	-	-
Ayudhya Card Services Company Limited	29	18	-	-	24	14	-	-
Ayudhya Capital Services Company Limited	145	25	2	6	113	-	-	-
General Card Services Limited	94	1	2	-	65	-	-	-
Krungsriayudhya Card Company Limited	117	17	2	-	90	42	1	-
Siam Realty and Services Company Limited	3	-	-	109	1	-	-	120
K.S.Law Office Company Limited	-	-	-	-	-	-	-	-
Total Services Solutions Public Company Limited	-	1	2	9	-	-	3	12
Krungsri Ayudhya Fund Management Company Limited (Formerly Ayudhya Fund Management Company Limited)	-	29	2	2	-	15	-	-
Ayudhya Asset Management Company Limited	81	13	-	-	77	2	-	1
Ayudhya Securities Public Company Limited	-	4	3	1	-	1	1	1
Ayudhya Factoring Company Limited	27	1	-	-	6	1	-	-
Quality Life Assurance Broker Company	-	-	-	-	-	-	-	-
Quality General Insurance Broker Company Limited	-	-	-	-	-	-	-	-
Total	1,396	115	27	127	1,125	82	16	134
Associates								
Tesco Card Services Limited	62	2	1	-	49	-	-	-
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	-	1	-	-	-	-	-
Total	62	2	2	-	49	-	-	-
Related companies having joint major shareholders or directors								
Total	4	22	69	85	5	22	21	161
Total	4	22	69	85	5	22	21	161
Individual and related parties								
Total	1	-	1	-	1	-	-	-
Total	1,463	139	99	212	1,180	104	37	295

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the six-month period ended June 30, 2011				For the six-month period ended June 30, 2010			
	Income		Expenses		Income		Expenses	
	Interest income	Non- interest income	Interest expenses	Non- interest expenses	Interest income	Non- interest income	Interest expenses	Non-interest expenses
Subsidiaries								
Ayudhya Development Leasing Company Limited	95	3	-	-	69	-	-	-
Ayudhya Auto Lease Public Company Limited	1	1	14	-	17	1	13	-
Ayudhya Capital Lease Company Limited	-	-	10	-	-	-	7	-
Ayudhya Capital Auto Lease Public Company Limited	1,550	1	1	1	1,426	2	-	4
Ayudhya Total Solutions Public Company Limited	2	2	3	-	41	5	-	-
CFG Services Company Limited	58	7	-	-	26	5	-	-
Ayudhya Card Services Company Limited	59	40	-	-	54	25	-	-
Ayudhya Capital Services Company Limited (Formerly GE Capital (Thailand) Company Limited)	282	44	2	11	208	-	-	1
General Card Services Limited	182	2	2	-	125	-	-	-
Krungsriayudhya Card Company Limited	224	33	1	-	183	79	1	-
Siam Realty and Services Company Limited	5	-	-	218	2	-	-	242
K.S.Law Office Company Limited	-	-	-	-	-	-	-	-
Total Services Solutions Public Company Limited	-	1	2	22	-	-	3	22
Krungsri Ayudhya Fund Management Company Limited (Formerly Ayudhya Fund Management Company Limited)	-	45	2	3	-	27	-	1
Ayudhya Asset Management Company Limited	157	15	-	-	159	4	-	1
Ayudhya Securities Public Company Limited	-	8	5	2	-	2	2	2
Ayudhya Factoring Company Limited	46	2	-	-	11	1	-	-
Quality Life Assurance Broker Company	-	-	-	-	-	-	-	-
Quality General Insurance Broker Company Limited	-	-	-	-	-	-	-	-
Total	2,661	204	42	257	2,321	151	26	273
Associates								
Tesco Card Services Limited	116	3	1	-	93	-	-	-
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	-	-
Tesco General Insurance Broker Company Limited	-	-	1	-	-	-	-	-
Total	116	3	2	-	93	-	-	-
Related companies having joint major shareholders or directors								
Total	8	43	131	180	10	45	34	249
Total	8	43	131	180	10	45	34	249
Individual and related parties								
Total	2	-	2	-	1	-	1	-
Total	2,787	250	177	437	2,425	196	61	522

7.24.4 For the six-month periods ended June 30, 2011 and 2010, the Bank has the expenses in the amount of Baht 144 million and Baht 229 million, respectively, paid to the General Electric company Group (“GE”) in connection with improvements in the effectiveness of management and operation of the Bank.

- 7.24.5 For the six-month periods ended June 30, 2011 and 2010, related party transactions between the Bank, subsidiaries and associates include collection services and other services of Baht 497 million and Baht 568 million and office and vehicle rental and facilities service of Baht 230 million and Baht 255 million, respectively.
- 7.24.6 For the six-month periods ended June 30, 2011 and 2010, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 26 million and Baht 48 million, respectively.
- 7.24.7 For the six-month periods ended June 30, 2011 and 2010, related party transactions between the Bank and subsidiaries companies from other services was Baht 595 million and Baht 245 million and incentive was Baht 33 million and Baht 79 million, respectively.
- 7.24.8 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.
- 7.24.9 On May 15, 2010, two subsidiaries entered into an agreement to sell and buy hire purchase receivable portfolios, in the amount of Baht 735 million, having the net book value at the date of transfer of Baht 722 million. The amount has been paid.
- 7.24.10 As at September 29, 2010, the Bank purchased shares of Krungsriayudhya Card Company Limited from Ayudhya Capital Services Company Limited changing its shareholding structure in Krungsriayudhya Card Company Limited from direct and indirect holding of 99.99% to direct holding of 99.99%.
- 7.24.11 As at October 21, 2010, Ayudhya Capital Services Company Limited ("AYCAP"), the Bank's subsidiary, has additionally invested in Quality Life Assurance Broker Limited ("QLAB") and Quality General Insurance Broker Limited ("QGIB"). AYCAP now hold 99.99% each in QLAB and QGIB.
- 7.24.12 As at March 1, 2011, Ayudhya Capital Services Company Limited ("AYCAP"), the Bank's subsidiary, has additionally invested in Tesco Card Services Limited ("TCS") by 1%, resulting in total holding at 50%.
- 7.24.13 On June 17, 2011, Ayudhya Auto Lease Public Company Limited transferred its entire business to Ayudhya Capital Auto Lease Public Company Limited at net book value of Baht 91 million, having total asset and total liabilities of Baht 309 million and Baht 218 million, respectively.

7.25 Management compensation

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 officers, or their related parties. The Bank has not purchased or leased any assets from those persons included contingency benefits from employment agreements compensation and other benefits from those persons.

For the quarters and the six-month periods ended June 30, 2011 and 2010, compensations paid to key management personnel under TAS 24 (Revised 2009) “Related Party Disclosures” are as follows.

	CONSOLIDATED FINANCIAL STATEMENTS For the quarters ended June 30,		Unit : Million Baht THE BANK FINANCIAL STATEMENTS For the quarters ended June 30,	
	2011	2010	2011	2010
Short-term employee benefits	255	256	154	183
Post-employment benefits*	5	-	3	-
Total	260	256	157	183

* Accounting policy of post-employment benefit has first-time adopted on January 1, 2011.

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2011	2010	2011	2010
Short-term employee benefits	482	460	313	316
Post-employment benefits*	11	-	5	-
Total	493	460	318	316

* Accounting policy of post-employment benefit has first-time adopted on January 1, 2011.

7.26 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipments lease agreements for branch offices and operation. The Bank and its subsidiaries were committed to pay future rental, which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit : Million Baht	
		TOTAL RENTAL EXPENSES	
		June 30, 2011	
		CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Land and/or premises and equipment	Not over 1 year	359	244
	1-5 year	413	277
	Over 5 year	100	100
		<u>872</u>	<u>621</u>

TYPE OF LEASE	PERIOD	Unit : Million Baht	
		TOTAL RENTAL EXPENSES	
		December 31, 2010	
		CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Land and/or premises and equipment	Not over 1 year	361	254
	1-5 year	408	324
	Over 5 year	97	97
		<u>866</u>	<u>675</u>

7.27 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	June 30, 2011			
	Domestic	Foreign	Elimination	Total
Total assets	915,982	7,322	(8,247)	915,057
Interbank and money market items, net (Assets)	112,830	462	-	113,292
Investments, net	70,228	3,129	-	73,357
Loans to customers and accrued interest receivable, net	636,667	2,773	-	639,440
Deposits	551,278	497	-	551,775
Interbank and money market items, net (Liabilities)	47,168	-	-	47,168
Debt issued and borrowings	169,137	-	-	169,137

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

	Domestic	Foreign	Elimination	Total
Total assets	868,759	3,429	(2,354)	869,834
Interbank and money market items, net (Assets)	73,591	936	-	74,527
Investments, net	78,051	309	-	78,360
Loans to customers and accrued interest receivable, net	614,201	2,530	-	616,731
Deposits	576,032	447	-	576,479
Interbank and money market items, net (Liabilities)	43,762	-	-	43,762
Debt issued and borrowings	99,365	-	-	99,365

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2011

	Domestic	Foreign	Elimination	Total
Total assets	866,207	7,322	(8,247)	865,282
Interbank and money market items, net (Assets)	111,303	462	-	111,765
Investments, net	69,691	3,129	-	72,820
Loans to customers and accrued interest receivable, net	578,785	2,773	-	581,558
Deposits	556,544	497	-	557,041
Interbank and money market items, net (Liabilities)	37,828	-	-	37,828
Debt issued and borrowings	149,047	-	-	149,047

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2010

	Domestic	Foreign	Elimination	Total
Total assets	827,652	3,429	(2,354)	828,727
Interbank and money market items, net (Assets)	72,041	936	-	72,977
Investments, net	77,180	309	-	77,489
Loans to customers and accrued interest receivable, net	565,017	2,530	-	567,547
Deposits	580,794	447	-	581,241
Interbank and money market items, net (Liabilities)	37,787	-	-	37,787
Debt issued and borrowings	82,865	-	-	82,865

(2) Results of operations classified by business

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the quarter ended June 30, 2011				
	Domestic	Foreign	Elimination	Total
Interest income	13,682	31	-	13,713
Interest expenses	4,318	1	-	4,319
Net interest income	9,364	30	-	9,394
Fees and service income, net	2,814	4	-	2,818
Other operating income	2,323	(13)	(578)	1,732
Other operating expenses	10,296	58	(578)	9,776
Profit (loss) from operating before tax	4,205	(37)	-	4,168

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the quarter ended June 30, 2010				
	Domestic	Foreign	Elimination	Total
Interest income	11,441	27	-	11,468
Interest expenses	3,027	-	-	3,027
Net interest income	8,414	27	-	8,441
Fee and service income, net	2,331	4	-	2,335
Other operating income	1,767	(18)	(480)	1,269
Other operating expenses	9,187	39	(480)	8,746
Profit (loss) from operating before tax	3,325	(26)	-	3,299

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2011				
	Domestic	Foreign	Elimination	Total
Interest income	26,532	58	-	26,590
Interest expenses	8,004	1	-	8,005
Net interest income	18,528	57	-	18,585
Fees and service income, net	5,330	8	-	5,338
Other operating income	4,726	(26)	(1,156)	3,544
Other operating expenses	20,487	84	(1,156)	19,415
Profit (loss) from operating before tax	8,097	(45)	-	8,052

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2010

	Domestic	Foreign	Elimination	Total
Interest income	22,857	59	-	22,916
Interest expenses	<u>5,997</u>	<u>1</u>	<u>-</u>	<u>5,998</u>
Net interest income	<u>16,860</u>	<u>58</u>	<u>-</u>	<u>16,918</u>
Fee and service income, net	4,761	8	-	4,769
Other operating income	3,774	(33)	(985)	2,756
Other operating expenses	<u>19,102</u>	<u>63</u>	<u>(985)</u>	<u>18,180</u>
Profit (loss) from operating before tax	<u><u>6,293</u></u>	<u><u>(30)</u></u>	<u><u>-</u></u>	<u><u>6,263</u></u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the quarter ended June 30, 2011

	Domestic	Foreign	Elimination	Total
Interest income	8,881	31	-	8,912
Interest expenses	<u>4,097</u>	<u>1</u>	<u>-</u>	<u>4,098</u>
Net interest income	<u>4,784</u>	<u>30</u>	<u>-</u>	<u>4,814</u>
Fee and service income, net	1,249	4	-	1,253
Other operating income	1,927	(13)	(578)	1,336
Other operating expenses	<u>6,390</u>	<u>58</u>	<u>(578)</u>	<u>5,870</u>
Profit (loss) from operating before tax	<u><u>1,570</u></u>	<u><u>(37)</u></u>	<u><u>-</u></u>	<u><u>1,533</u></u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the quarter ended June 30, 2010

	Domestic	Foreign	Elimination	Total
Interest income	6,927	27	-	6,954
Interest expenses	<u>2,871</u>	<u>-</u>	<u>-</u>	<u>2,871</u>
Net interest income	<u>4,056</u>	<u>27</u>	<u>-</u>	<u>4,083</u>
Fee and service income, net	1,185	4	-	1,189
Other operating income	2,876	(18)	(480)	2,378
Other operating expenses	<u>5,622</u>	<u>39</u>	<u>(480)</u>	<u>5,181</u>
Profit (loss) from operating before tax	<u><u>2,495</u></u>	<u><u>(26)</u></u>	<u><u>-</u></u>	<u><u>2,469</u></u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month period ended June 30, 2011

	Domestic	Foreign	Elimination	Total
Interest income	16,968	58	-	17,026
Interest expenses	<u>7,572</u>	<u>1</u>	<u>-</u>	<u>7,573</u>
Net interest income	<u>9,396</u>	<u>57</u>	<u>-</u>	<u>9,453</u>
Fee and service income, net	2,455	8	-	2,463
Other operating income	3,501	(26)	(1,156)	2,319
Other operating expenses	<u>12,440</u>	<u>84</u>	<u>(1,156)</u>	<u>11,368</u>
Profit (loss) from operating before tax	<u><u>2,912</u></u>	<u><u>(45)</u></u>	<u><u>-</u></u>	<u><u>2,867</u></u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month period ended June 30, 2010

	Domestic	Foreign	Elimination	Total
Interest income	13,887	59	-	13,946
Interest expenses	<u>5,752</u>	<u>1</u>	<u>-</u>	<u>5,753</u>
Net interest income	<u>8,135</u>	<u>58</u>	<u>-</u>	<u>8,193</u>
Fee and service income, net	2,374	8	-	2,382
Other operating income	3,950	(33)	(985)	2,932
Other operating expenses	<u>11,507</u>	<u>63</u>	<u>(985)</u>	<u>10,585</u>
Profit (loss) from operating before tax	<u><u>2,952</u></u>	<u><u>(30)</u></u>	<u><u>-</u></u>	<u><u>2,922</u></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.

7.28 Interest income

Unit : Million Baht

CONSOLIDATED

FINANCIAL STATEMENTS

For the quarters ended June 30,

2011 2010

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FINANCIAL STATEMENTS

For the quarters ended June 30,

2011 2010

Interbank and money market items	692	243	685	240
Investment and trading transactions	26	13	25	13
Investment in debt securities	427	357	419	355
Loans to customers	8,858	7,607	7,783	6,346
Hire purchase and financial lease	<u>3,711</u>	<u>3,248</u>	<u>-</u>	<u>-</u>
Total interest income	<u><u>13,714</u></u>	<u><u>11,468</u></u>	<u><u>8,912</u></u>	<u><u>6,954</u></u>

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-months periods ended June 30,	
	2011	2010	2011	2010
Interbank and money market items	1,235	426	1,224	422
Investment and trading transactions	51	31	50	30
Investment in debt securities	797	717	787	714
Loans to customers	17,230	15,320	14,965	12,780
Hire purchase and financial lease	7,277	6,422	-	-
Total interest income	26,590	22,916	17,026	13,946

7.29 Interest expenses

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the quarters ended June 30,		For the quarters ended June 30,	
	2011	2010	2011	2010
Deposits	2,085	1,301	2,100	1,318
Interbank and money market items	430	156	367	133
Contributions to Deposit Protection Agency	566	546	566	546
Debt issued and borrowing				
- Subordinated debenture	249	195	249	195
- Other	987	828	816	679
Other	2	2	-	-
Total interest expenses	4,319	3,028	4,098	2,871

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Deposits	3,862	2,636	3,882	2,670
Interbank and money market items	788	280	674	242
Contributions to Deposit Protection Agency	1,142	1,065	1,142	1,065
Debt issued and borrowing				
- Subordinated debenture	463	336	463	336
- Other	1,747	1,679	1,412	1,440
Other	3	2	-	-
Total interest expenses	8,005	5,998	7,573	5,753

7.30 Fees and service income, net

	Unit : Million Baht		Unit : Million Baht	
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the quarters ended June 30,		For the quarters ended June 30,	
	2011	2010	2011	2010
Fees and service income				
- Acceptances, aval and guarantees	12	14	12	14
- Other	3,569	3,023	1,579	1,516
Total fees and service income	3,581	3,037	1,591	1,530
Total fees and service expenses	762	702	338	341
Total fees and service income, net	2,819	2,335	1,253	1,189

	Unit : Million Baht		Unit : Million Baht	
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Fees and service income				
- Acceptances, aval and guarantees	25	29	25	28
- Other	6,896	6,226	3,181	3,076
Total fees and service income	6,921	6,255	3,206	3,104
Total fees and service expenses	1,583	1,485	743	722
Total fees and service income, net	5,338	4,770	2,463	2,382

7.31 Gains (losses) from trading and foreign exchange transactions, net

	Unit : Million Baht		Unit : Million Baht	
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the quarters ended June 30,		For the quarters ended June 30,	
	2011	2010	2011	2010
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	252	189	250	174
- Derivative of interest rates	-	(36)	-	(36)
- Debt securities	(20)	14	(20)	13
- Equity securities	9	(30)	2	(32)
Total	241	137	232	119

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	474	368	470	349
- Derivative of interest rates	21	(52)	20	(52)
- Debt securities	(12)	21	(12)	21
- Equity securities	24	(31)	11	(36)
Total	<u>507</u>	<u>306</u>	<u>489</u>	<u>282</u>

7.32 Gains (losses) on investments

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the quarters ended June 30,		For the quarters ended June 30,,	
	2011	2010	2011	2010
Gains (losses) on sales of investments				
- Available-for-sale	74	154	74	154
- General investments	430	-	430	-
Total	<u>504</u>	<u>154</u>	<u>504</u>	<u>154</u>

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Gains (losses) on sales of investments				
- Available-for-sale	205	224	205	223
- General investments	479	-	479	-
- Subsidiaries and associates	-	(23)	-	-
Total	<u>684</u>	<u>201</u>	<u>684</u>	<u>223</u>

7.33 Impairment loss of loans and debt securities

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the quarters ended June 30,		For the quarters ended June 30,	
	2011	2010	2011	2010
Interbank and money market items	15	(41)	15	(41)
Loans	3,065	2,448	1,654	1,208
Loss on troubled debt restructuring	19	498	31	258
Total	<u>3,099</u>	<u>2,905</u>	<u>1,700</u>	<u>1,425</u>

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Interbank and money market items	22	21	22	21
Loans	5,794	5,736	2,978	2,438
Loss on troubled debt restructuring	33	329	50	329
Total	<u>5,849</u>	<u>6,086</u>	<u>3,050</u>	<u>2,788</u>

7.34 Income tax

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2011	2010	2011	2010
Current tax for the period	2,336	2,035	368	512
Deferred tax	(85)	16	251	(55)
Total income tax expense	<u>2,251</u>	<u>2,051</u>	<u>619</u>	<u>457</u>

Reconciliation of effective tax rate

	CONSOLIDATED				THE BANK'S			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2011	2010	2011	2010	2011	2010	2011	2010
	(in million Baht)	(in million Baht)	Rate (%)	Rate (%)	(in million Baht)	(in million Baht)	Rate (%)	Rate (%)
Profit before tax	<u>8,052</u>	<u>6,263</u>			<u>2,867</u>	<u>2,922</u>		
Income tax at the domestic tax rate	2,416	1,879	30.0	30.0	860	877	30.0	30.0
Add Tax effect of income and expense that are not exempt for tax purposes	302	1,328	3.7	21.2	78	265	2.7	9.07
Less Tax effect of income and expense that are exempt for tax purposes	(467)	(1,156)	(5.8)	(18.45)	(319)	(685)	(11.11)	(23.43)
Income tax as statements of comprehensive income	<u>2,251</u>	<u>2,051</u>	<u>27.9</u>	<u>32.7</u>	<u>619</u>	<u>457</u>	<u>21.6</u>	<u>15.64</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 was reduced from 30% to 25% for net profit portion not exceeding Baht 300 million. This remained in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Bank used tax rates of 25% and 30% for the corporate income tax calculation for the six-month period ended June 30, 2010 to conform to such tax rate change and used tax rate of 30% for the corporate income tax calculation for the six-month period ended June 30, 2011.

The subsidiaries have used a tax rate of 30% for calculation of the income tax for the six-month periods ended June 30, 2011 and 2010.

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

7.35 Reclassifications

TAS 1 (Revised 2009) "Presentation of Financial Statements" changed requirements in the presentation of the financial statements. The reclassifications in the consolidated and the Bank's financial statements for the quarter and the six-month period ended June 30, 2010 and the consolidated and the Bank's statements of financial position as at December 31, 2010, presented for comparison are as follows:

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous classifications	Current classifications	Previous classifications	Current classifications
STATEMENTS OF FINANCIAL POSITION				
AS AT DECEMBER 31, 2010				
Assets				
Derivatives assets	-	4,514	-	4,514
Loans to customers	648,960	674,596	586,960	586,994
Deferred revenue	-	(25,636)	-	(34)
Other assets, net	10,436	5,923	8,656	4,142
Liabilities				
Interbank and money market items, net	43,788	43,762	37,813	37,787
Derivatives liabilities	-	3,978	-	3,978
Provisions	407	3,690	407	2,475
Other liabilities	31,035	23,801	16,578	10,557

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous	Current	Previous	Current
	classifications	classifications	classifications	classifications
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE QUARTER ENDED JUNE 30, 2010				
Interest income	11,756	11,468	9,038	6,954
Interest expenses	2,482	3,027	2,325	2,871
Fees and service income	3,038	3,037	1,531	1,530
Fees and service expenses	927	702	405	341
Other operating income	1,277	1,269	400	2,378
Other operating expenses	6,458	5,842	4,345	3,757

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Previous	Current	Previous	Current
	classifications	classifications	classifications	classifications
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010				
Interest income	23,575	22,916	16,215	13,946
Interest expenses	4,933	5,998	4,688	5,753
Fees and service income	6,257	6,255	3,107	3,105
Fees and service expenses	2,009	1,485	843	722
Other operating income	2,662	2,756	847	2,932
Other operating expenses	12,310	12,094	8,928	7,798

7.36 Event after the reporting period

In July 2011, the Bank and subsidiaries' the Board of Directors meeting approved the non-performing loan sales (NPLs) to the third party at the book value of Baht 5,021 million. As the Bank and subsidiaries have fully provided reserve for these loans, no gain or loss will be realized on this transaction.

7.37 Approval of financial statements

These financial statements have been approved for issue by the Bank's authorized directors and the Audit Committee on August 16, 2011.