

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

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, 2012 and December 31, 2011, 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, 2012 and 2011 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and December 31, 2011, and the results of operations and cash flows for the six-month periods ended June 30, 2012 and 2011, in accordance with Thai Financial Reporting Standards.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statements of comprehensive income of Bank of Ayudhya Public Company Limited and subsidiaries and the Bank's statements of comprehensive income of Bank of Ayudhya Public Company Limited for the three-month periods ended June 30, 2012 and 2011 and notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our reviews.

Scope of Reviews

We conducted our reviews in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the aforementioned interim financial information has not been prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

BANGKOK
August 15, 2012

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2012 AND DECEMBER 31, 2011

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
ASSETS				
CASH	22,787,231	25,164,847	22,748,228	25,140,395
INTERBANK AND MONEY MARKET ITEMS, NET (Note 6.2)	99,570,864	81,817,705	98,253,788	80,518,686
CLAIMS ON SECURITY	20,546,136	3,845,662	20,546,136	3,845,662
DERIVATIVES ASSETS (Note 6.3)	3,228,328	4,833,556	3,228,328	4,833,556
INVESTMENTS, NET (Note 6.4)	88,692,389	81,203,947	88,333,868	80,681,625
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET (Note 6.5)	875,078	769,610	33,176,022	33,095,630
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 6.6)				
Loans to customers	792,462,570	751,404,973	671,127,003	641,269,203
Accrued interest receivables	1,972,523	1,858,966	1,230,005	1,105,855
Total loans to customers and accrued interest receivables	794,435,093	753,263,939	672,357,008	642,375,058
<u>Less</u> Deferred revenue	(34,833,687)	(31,898,355)	(58,146)	(26,010)
<u>Less</u> Allowance for doubtful accounts (Note 6.7)	(30,131,421)	(30,776,291)	(19,264,615)	(19,226,313)
<u>Less</u> Revaluation allowance for debt restructuring (Note 6.8)	(691,516)	(502,487)	(45,695)	(26,491)
Net loans and accrued interest receivables	728,778,469	690,086,806	652,988,552	623,096,244
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	970,963	696,382	970,963	696,382
PROPERTIES FOR SALE, NET (Note 6.9)	10,685,324	11,737,334	5,334,060	5,937,172
PREMISES AND EQUIPMENT, NET (Note 6.10)	17,780,344	17,568,121	16,548,213	16,459,672
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 6.11)	15,394,305	12,053,632	2,817,236	1,647,653
DEFERRED TAX ASSETS (Note 6.12)	6,122,594	5,630,719	2,667,536	2,355,730
ACCOUNTS RECEIVABLE FOR INVESTMENTS	12,377,612	5,977,415	12,377,612	5,977,415
OTHER ASSETS, NET (Note 6.13)	6,731,307	6,411,611	2,584,555	2,537,083
TOTAL ASSETS	1,034,540,944	947,797,347	962,575,097	886,822,905

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, 2012 AND DECEMBER 31, 2011

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
LIABILITIES AND EQUITY				
DEPOSITS (Note 6.14)	622,391,380	560,539,821	626,154,058	564,178,616
INTERBANK AND MONEY MARKET ITEMS, NET (Note 6.15)	34,054,114	23,740,707	34,007,245	23,646,431
LIABILITY PAYABLE ON DEMAND	2,578,215	1,650,740	2,578,215	1,650,740
LIABILITY TO DELIVER SECURITY	20,546,136	3,845,662	20,546,136	3,845,662
DERIVATIVES LIABILITIES (Note 6.3)	3,547,019	5,394,125	3,547,019	5,397,152
DEBT ISSUED AND BORROWINGS (Note 6.16)	197,639,197	208,262,710	154,683,264	172,044,802
BANK'S LIABILITY UNDER ACCEPTANCE	970,963	696,382	970,963	696,382
PROVISIONS (Note 6.17)	7,392,814	6,896,394	5,352,505	5,169,723
DEFERRED TAX LIABILITIES (Note 6.18)	2,547,764	2,275,923	1,598,612	1,452,086
ACCOUNTS PAYABLE FOR INVESTMENTS	9,301,330	5,975,293	9,301,330	5,975,293
OTHER LIABILITIES (Note 6.20)	25,624,750	25,823,995	10,264,595	10,214,509
TOTAL LIABILITIES	926,593,682	845,101,752	869,003,942	794,271,396
EQUITY				
SHARE CAPITAL (Note 6.21)				
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 ORDINARY SHARES	13,802,216	13,802,216	13,802,216	13,802,216
OTHER RESERVES	5,693,386	5,502,959	5,696,246	5,506,816
RETAINED EARNINGS				
Appropriated				
Legal reserve	1,316,500	1,316,500	1,316,500	1,316,500
Unappropriated	26,243,836	21,125,871	12,014,756	11,184,540
TOTAL BANK'S EQUITY	107,797,375	102,488,983	93,571,155	92,551,509
NON-CONTROLLING INTEREST	149,887	206,612	-	-
TOTAL EQUITY	107,947,262	102,695,595	93,571,155	92,551,509
TOTAL LIABILITIES AND EQUITY	1,034,540,944	947,797,347	962,575,097	886,822,905

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 THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
INTEREST INCOME (Note 6.28)	16,067,127	13,713,542	10,915,831	8,912,270
INTEREST EXPENSES (Note 6.29)	6,014,682	4,319,240	5,711,884	4,098,051
INTEREST INCOME, NET	10,052,445	9,394,302	5,203,947	4,814,219
FEES AND SERVICE INCOME	4,122,875	3,580,645	1,804,842	1,591,009
FEES AND SERVICE EXPENSES	862,476	762,070	345,615	337,597
FEES AND SERVICE INCOME, NET (Note 6.30)	3,260,399	2,818,575	1,459,227	1,253,412
GAINS ON TRADING AND FOREIGN EXCHANGE				
TRANSACTIONS, NET (Note 6.31)	379,524	240,989	368,002	231,924
GAINS ON INVESTMENTS (Note 6.32)	394,391	504,102	396,411	504,102
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	45,444	16,979	-	-
DIVIDEND INCOME	26,919	36,155	214,104	542,583
BAD DEBTS RECOVERIES	734,398	547,674	28,332	710
OTHER OPERATING INCOME	596,770	385,466	178,605	56,630
TOTAL OPERATING INCOME	15,490,290	13,944,242	7,848,628	7,403,580
OTHER OPERATING EXPENSES				
Employee's expenses	3,391,453	3,222,423	2,255,874	2,171,817
Directors' remuneration	8,752	8,617	8,199	8,108
Premises and equipment expenses	1,357,917	1,172,526	998,283	843,724
Taxes and duties	536,160	441,878	391,331	311,169
Others	2,350,626	1,832,400	965,833	835,962
Total other operating expenses	7,644,908	6,677,844	4,619,520	4,170,780
IMPAIRMENT LOSS OF LOANS AND				
DEBT SECURITIES (Note 6.33)	2,989,615	3,098,613	1,000,004	1,700,099
PROFIT FROM OPERATING BEFORE				
INCOME TAX EXPENSES	4,855,767	4,167,785	2,229,104	1,532,701
INCOME TAX EXPENSES (Note 6.34)	1,140,752	1,185,860	479,155	290,703
NET PROFIT	3,715,015	2,981,925	1,749,949	1,241,998
OTHER COMPREHENSIVE INCOME				
Gains (losses) on remeasuring				
available-for-sale investment	209,276	(58,615)	209,207	(58,548)
Income tax relating to components				
of other comprehensive income	(39,897)	36,455	(41,342)	36,455
Total other comprehensive income,				
net (Note 6.35)	169,379	(22,160)	167,865	(22,093)
TOTAL COMPREHENSIVE INCOME	3,884,394	2,959,765	1,917,814	1,219,905

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	3,698,538	2,971,867	1,749,949	1,241,998
Non-controlling interest	16,477	10,058	-	-
	<u>3,715,015</u>	<u>2,981,925</u>	<u>1,749,949</u>	<u>1,241,998</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	3,867,917	2,949,707	1,917,814	1,219,905
Non-controlling interest	16,477	10,058	-	-
	<u>3,884,394</u>	<u>2,959,765</u>	<u>1,917,814</u>	<u>1,219,905</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT	0.61	0.49	0.29
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES	SHARES	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, 2012 AND 2011

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
INTEREST INCOME (Note 6.28)	31,429,152	26,589,868	21,366,075	17,026,263
INTEREST EXPENSES (Note 6.29)	11,996,730	8,004,730	11,388,245	7,572,798
INTEREST INCOME, NET	19,432,422	18,585,138	9,977,830	9,453,465
FEES AND SERVICE INCOME	7,859,167	6,921,140	3,526,697	3,205,963
FEES AND SERVICE EXPENSES	1,727,287	1,583,063	717,992	742,684
FEES AND SERVICE INCOME, NET (Note 6.30)	6,131,880	5,338,077	2,808,705	2,463,279
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 6.31)	774,309	506,635	758,391	489,261
GAINS ON INVESTMENTS (Note 6.32)	460,958	684,103	462,978	684,103
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	105,800	23,324	-	-
DIVIDEND INCOME	189,471	166,447	450,731	852,875
BAD DEBTS RECOVERIES	1,522,522	1,082,770	153,522	7,631
OTHER OPERATING INCOME	1,053,986	1,080,983	326,738	284,740
TOTAL OPERATING INCOME	29,671,348	27,467,477	14,938,895	14,235,354
OTHER OPERATING EXPENSES				
Employee's expenses	6,598,644	6,094,835	4,354,040	4,197,480
Directors' remuneration	16,610	16,184	15,505	14,922
Premises and equipment expenses	2,567,585	2,347,375	1,853,254	1,683,812
Taxes and duties	1,029,223	850,192	749,891	592,112
Others	4,439,808	4,257,515	1,945,431	1,829,518
Total other operating expenses	14,651,870	13,566,101	8,918,121	8,317,844
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 6.33)	5,702,121	5,848,909	2,425,012	3,050,099
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	9,317,357	8,052,467	3,595,762	2,867,411
INCOME TAX EXPENSES (Note 6.34)	2,160,680	2,250,588	751,018	619,367
NET PROFIT	7,156,677	5,801,879	2,844,744	2,248,044
OTHER COMPREHENSIVE INCOME				
Gains (losses) on remeasuring available-for-sale investment	381,515	(366,752)	381,233	(366,872)
Income tax relating to components of other comprehensive income	(79,666)	147,689	(80,381)	147,688
Total other comprehensive income, net (Note 6.35)	301,849	(219,063)	300,852	(219,184)
TOTAL COMPREHENSIVE INCOME	7,458,526	5,582,816	3,145,596	2,028,860

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	7,128,620	5,780,013	2,844,744	2,248,044
Non-controlling interest	28,057	21,866	-	-
	<u>7,156,677</u>	<u>5,801,879</u>	<u>2,844,744</u>	<u>2,248,044</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	7,430,469	5,560,950	3,145,596	2,028,860
Non-controlling interest	28,057	21,866	-	-
	<u>7,458,526</u>	<u>5,582,816</u>	<u>3,145,596</u>	<u>2,028,860</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT	1.17	0.96	0.47
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES	SHARES	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, 2012 AND 2011

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS									
	Owners of the Bank							Non-	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total Bank's Equity		
			Asset	Revaluation	Deferred Tax	Appropriated	Unappropriated			
			Appraisal	Surplus	Relating to	Legal				
			Surplus	(Deficit) on	Components of	Reserve				
				Investments	Other					
				Comprehensive Income						
Balance as of January 1, 2011	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 6.21.3)	-	-	-	-	-	-	(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
Balance as of January 1, 2012	60,741,437	13,802,216	6,572,253	318,798	(1,388,092)	1,316,500	21,125,871	102,488,983	206,612	102,695,595
Change in revaluation surplus	-	-	(139,278)	-	27,856	-	111,422	-	-	-
Dividend payment (6.21.3)	-	-	-	-	-	-	(2,125,950)	(2,125,950)	(187)	(2,126,137)
Total comprehensive income	-	-	-	381,515	(79,666)	-	7,128,620	7,430,469	28,057	7,458,526
Change in shareholding in subsidiary company	-	-	-	-	-	-	3,873	3,873	(84,595)	(80,722)
Balance as of June 30, 2012	60,741,437	13,802,216	6,432,975	700,313	(1,439,902)	1,316,500	26,243,836	107,797,375	149,887	107,947,262

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, 2012 AND 2011

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS							Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Asset Appraisal Surplus	Other reserves Revaluation Surplus (Deficit) on Investments	Deferred Tax Relating to Components of Other Comprehensive Income	Retained Earnings Appropriated Legal Reserve	Unappropriated	
Balance as of January 1, 2011	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 (6.21.3)	-	-	-	-	-	-	(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	<u>60,741,437</u>	<u>13,802,216</u>	<u>6,704,043</u>	<u>168,634</u>	<u>(2,061,971)</u>	<u>1,013,500</u>	<u>9,887,945</u>	<u>90,255,804</u>
Balance as of January 1, 2012	60,741,437	13,802,216	6,572,253	322,656	(1,388,093)	1,316,500	11,184,540	92,551,509
Change in revaluation surplus	-	-	(139,278)	-	27,856	-	111,422	-
Dividend payment (6.21.3)	-	-	-	-	-	-	(2,125,950)	(2,125,950)
Total comprehensive income	-	-	-	381,233	(80,381)	-	2,844,744	3,145,596
Balance as of June 30, 2012	<u>60,741,437</u>	<u>13,802,216</u>	<u>6,432,975</u>	<u>703,889</u>	<u>(1,440,618)</u>	<u>1,316,500</u>	<u>12,014,756</u>	<u>93,571,155</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
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	9,317,357	8,052,467	3,595,762	2,867,411
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,313,918	1,640,446	831,984	803,570
Deferred interest expenses	717	1,266	717	1,266
Bad debt and doubtful accounts	5,101,376	5,816,431	2,308,081	3,000,261
Loss on debt restructuring	600,745	32,478	116,931	49,838
Gains on translation in foreign currencies	(208,239)	(476,229)	(211,266)	(476,229)
Share of profit from investment for using equity method	(105,800)	(23,324)	-	-
Gains on investments	(460,958)	(684,103)	(462,978)	(684,103)
Increase (decrease) in discount on investments	136,550	13,395	(219,978)	(111,220)
(Gains) losses on sales of properties for sale	(364,130)	(332,041)	(163,674)	58,695
(Gains) losses on sales of premises and equipment	(11,351)	(75,252)	9,679	10,251
Losses on impairment of investments	40,700	-	40,700	-
Losses on impairment of properties for sale	204,123	325,916	171,128	304,118
Reversal on impairment of premises and equipment	(3,861)	-	(5,462)	-
Loss on impairment of other assets (reversal)	119,709	(14,160)	8,768	(23,572)
Decrease in other reserves	493,802	324,932	182,782	300,540
Interest income, net	(19,432,422)	(18,585,138)	(9,977,830)	(9,453,465)
Interest received	31,365,612	26,527,676	21,336,192	16,839,720
Interest paid	(12,519,952)	(7,657,884)	(11,216,523)	(7,220,193)
Dividend income	(189,471)	(166,447)	(450,731)	(852,875)
Dividend received	183,542	188,305	188,169	174,175
Decrease in other accrued expenses	(394,599)	(705,880)	(158,408)	(283,910)
Income tax paid	(2,329,041)	(2,564,078)	(758,815)	(709,095)
Income from operations before changes in operating assets and liabilities	12,858,327	11,638,776	5,165,228	4,595,183
(Increase) decrease in operating assets				
Interbank and money market items	(17,864,589)	(38,535,614)	(17,720,528)	(38,705,447)
Derivatives assets	1,604,914	1,973,960	1,604,914	1,973,960
Current investments - securities for trading	(4,559,678)	1,075,932	(4,559,678)	1,075,947
Loans to customers	(30,323,160)	(27,718,793)	(27,219,571)	(15,727,860)
Properties for sale	1,212,128	1,665,818	595,769	432,990
Other assets	5,728,396	876,277	6,150,707	1,162,682
Increase (decrease) in operating liabilities				
Deposits	53,529,477	(24,815,642)	59,699,159	(24,320,121)
Interbank and money market items	9,045,563	3,401,828	3,049,899	37,403
Liability payable on demand	927,475	780,759	927,475	773,113
Derivatives liabilities	(1,849,871)	(1,618,382)	(1,849,871)	(1,618,382)
Other liabilities	(4,942,486)	(703,708)	(5,216,678)	(545,799)
Net cash from operating activities	25,366,496	(71,978,789)	20,626,825	(70,866,331)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS AND SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

NOTE	CONTENT	PAGE
1.	General information	1
2.	Basis for preparation of the consolidated and the Bank's financial statements	3
3.	Significant accounting policies	5
4.	Risk management	16
5.	Estimates and assumptions	25
6.	Additional information	
6.1	Additional information of cash flows	27
6.2	Interbank and money market items, net (Asset)	29
6.3	Derivatives	30
6.4	Investments, net	31
6.5	Investments in subsidiaries and associates, net	33
6.6	Loans to customers and accrued interest receivables, net	37
6.7	Allowance for doubtful accounts	45
6.8	Revaluation allowance for debt restructuring	47
6.9	Properties for sale, net	48
6.10	Premises and equipment, net	50
6.11	Goodwill and other intangible assets, net	53
6.12	Deferred tax assets	55
6.13	Other assets, net	56
6.14	Deposits	56
6.15	Interbank and money market items, net (Liability)	57
6.16	Debt issued and borrowings	58
6.17	Provisions	59
6.18	Deferred tax liabilities	62
6.19	Finance lease liabilities	63
6.20	Other liabilities	63
6.21	Share capital	64
6.22	Assets with obligations and restrictions	64
6.23	Contingencies	65
6.24	Related party transactions	65
6.25	Management compensation	72
6.26	Long-term leases	72
6.27	Position and results of operations classified by domestic and foreign business	73
6.28	Interest income	76
6.29	Interest expenses	77
6.30	Fees and service income, net	78
6.31	Gains (losses) on trading and foreign exchange transactions, net	78
6.32	Gains (losses) on investments	79
6.33	Impairment loss of loans and debt securities	80
6.34	Income tax	80
6.35	Income tax related to other comprehensive income	81
6.36	Approval of financial statements	82

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS AND SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

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, 2012 and December 31, 2011, the Bank has 17 subsidiaries as follows:

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

On June 18, 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 65 million, having total assets and total liabilities of Baht 144 million and Baht 79 million, respectively on the transfer date. On September 23, 2011, the extraordinary shareholders’ meeting of Ayudhya Auto Lease Public Company Limited approved a resolution to liquidate with an effective date on September 30, 2011. Currently, the subsidiary is in the process of liquidation.

- 1.3 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.
- 1.4 Ayudhya Total Solutions Public Company Limited, incorporated in Thailand since May 9, 1994 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 hire-purchase.

On April 21, 2012, Ayudhya Total Solutions Public Company Limited (AYTS) has already completed the transfer of its entire business to Ayudhya Capital Auto Lease Public Company Limited (AYCAL) at net book value of Baht 721 million, having total assets and total liabilities of Baht 858 million and Baht 137 million, respectively on the transfer date, as approved by the extraordinary meeting of shareholders No. 1/2011 of AYTS as well as the annual general meeting of shareholders No. 51 of AYTS and the extraordinary meeting of shareholders No. 1/2011 of AYCAL.

On June 22, 2012, the extraordinary shareholders' meeting of AYTS No. 1/2012 approved a resolution to liquidate the subsidiary with an effective date on June 29, 2012. Currently, the subsidiary is in the process of liquidation.

- 1.5 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.
- 1.6 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.
- 1.7 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.

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

- 1.8 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.
- 1.9 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.
- 1.10 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.
- 1.11 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, Fl 1-6 and 8, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is providing collection services.
- 1.12 Krungsri Asset Management Company Limited, incorporated in Thailand since December 19, 1996 and located at 898 Ploenchit Tower Building, Fl 11-12, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and individual private fund management.

- 1.13 Krungsri Ayudhya AMC Limited (formerly 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.

On July 21, 2011, Ayudhya Asset Management Company Limited has registered to change the Company name in English from Ayudhya Asset Management Company Limited to Krungsri Ayudhya AMC Limited.

- 1.14 Krungsri Securities Public Company Limited (formerly 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.
- 1.15 Krungsri Factoring Company Limited (formerly 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.
- 1.16 Krungsri Life Assurance Broker Company Limited (Formerly Quality Life Assurance Broker Company Limited), which was 99.99% 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.
- 1.17 Krungsri General Insurance Broker Company Limited (Formerly Quality General Insurance Broker Company Limited), which was 99.99% 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.

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

- 2.1 The consolidated and the Bank's financial statements have been 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 interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The Bank prepares its statutory interim financial statements in the Thai language in conformity with Thai accounting standards and Notifications noted above. The accompanying interim 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 interim financial statements in English, by translating from the Thai version.

Financial Reporting Standards announced but not effective in 2012

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 (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretations (TFRI) 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

TFRS

TFRS 8 Operating Segments

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. For TAS 21 and TFRS 8, the Bank and subsidiaries' managements are still evaluating the first-year impact on 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:

	Business Type	Percentage of Holdings	
		As at	
		June 30, 2012	December 31, 2011
Subsidiaries			
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	99.99	99.99
Ayudhya Auto Lease Public Company Limited ⁽¹⁾	Hire-purchase	99.79	99.79
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	99.99	99.99
Ayudhya Total Solutions Public Company Limited ⁽¹⁾	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	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	Fund management	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	99.99	99.99
(Formerly Ayudhya Asset Management Company Limited)			

	Business Type	Percentage of Holdings	
		As at	
		June 30, 2012	December 31, 2011
Subsidiaries (continue)			
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	Securities	98.71	88.13
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	Factoring	99.99	99.99
Krungsri Life Assurance Broker Limited ⁽²⁾ (Formerly Quality Life Assurance Broker Limited)	Life assurance broker	99.99	99.99
Krungsri General Insurance Broker Limited ⁽²⁾ (Formerly Quality General Insurance Broker Limited)	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 three-month periods and six-month periods ended June 30, 2012 and 2011, included financial statements of certain subsidiaries, prepared by subsidiaries' managements, which have not been reviewed / audited by the auditors as follows:

	Net profit For the three-month periods ended June 30,		Unit : Million Baht Net profit For the six-month periods ended June 30,	
	2012	2011	2012	2011
Ayudhya Auto Lease Public Company Limited ⁽¹⁾	1	-	1	-
Ayudhya Capital Lease Company Limited ⁽²⁾	-	6	-	10

⁽¹⁾ Subsidiary is under the liquidation process.

⁽²⁾ Subsidiary registered the completion of liquidation in 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Investments

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

In addition, the Bank complies with the BOT's Notification dated 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.

Investments are initially recognized on the trade date.

Trading securities represent securities acquired with the intent to hold short-term as 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 or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the 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 and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the sale or disposition or permanent decline in value occurred of such securities. Gain or loss on disposal or loss on impairment is 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 any. Valuation allowances are established to recognize an unrealized loss in the statements of comprehensive income when impairment is determined by management.

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 are estimated by using the BOT's formula, based on The Thai Bond Market Association's Yield Curve at the reporting date.
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 at the reporting date.
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. The fair value of unit trusts is estimated based on the net asset value at the reporting date.

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 or loss from sales of debt and equity securities are included in the statements of comprehensive income.

3.3 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 discount from notes, unearned interest income and deferred subsidy income are presented in deferred revenue.

3.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the Bank of Thailand's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and 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 and present value of expected cash flow from proceeds from disposal 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 as specified in 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 written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debt and doubtful accounts are shown as expenses in the statements of comprehensive income.

Bad debts recovered are recorded as income in the statements of comprehensive income when received.

3.5 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 to estimate 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 for any change, in accordance with the BOT's criteria. The valuation adjustment 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.

3.6 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 dated December 9, 2009 regarding the 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 5.3.

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.

3.7 Property, premises and equipment

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

Revaluation of assets

Land and premises have been revalued by independent appraisers based on 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, the revaluation surplus will be gradually transferred directly to retain earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balance of outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the 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 and building improvement	10 - 50 years
Equipment	3 - 5 years

3.8 Goodwill in a business combination

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

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other cost is recognized as expense in the statements of comprehensive income.

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).

3.9 Intangible assets

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

Amortization

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

Amortization 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.

3.10 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 some subsidiaries where income has been recognized by the effective interest rate method from its inception.

3.11 Recognition of expenses

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

3.12 Employee benefits

The Bank and subsidiaries have 3 types of employee benefits as follows:

3.12.1 Provident funds

The Bank and its subsidiaries established the provident fund under the Provident Fund Act (B.E. 2530). The fund is managed by a financial institution which is an authorized fund manager. The Bank, subsidiaries 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 and subsidiaries' contribution.

The Bank and its subsidiaries will contribute as follows:

Service periods	Contribute rate (%)
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as expenses in the statements of comprehensive income.

3.12.2 Post-employment benefit obligations

- Pension plan

The employees who were hired prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the bank. 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 will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

The obligations of these plans are considered as 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 (losses) are recognized in other comprehensive income.

3.12.3 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.

3.13 Contributions to the Financial Institution and Development Fund and the Deposit Protection Agency

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

3.14 Taxation

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

3.14.1 Current tax

The tax currently payable is based on taxable profit for the 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 reporting date.

3.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax 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 the reporting 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 goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

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.

3.15 Earnings per share

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

3.16 Foreign currency transactions

Transactions during the period denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities at the reporting date 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 gains (losses) on trading and foreign exchange transactions, net in the statements of comprehensive income.

3.17 Translation of the financial statements of the foreign branches

The financial statements of foreign branches are translated into Baht using the reference exchange rates established by the BOT at the reporting date 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 gains or losses on foreign exchange in the statements of comprehensive income.

3.18 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 are recorded and profit or loss from the price appraisal are recognized as income or expense based on the accrual basis in line with the underlying transactions.

4. RISK MANAGEMENT

4.1 Information of risk of the Bank

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 require an approval from 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 allowance for doubtful accounts (see Note 6.7), 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 financial 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 refers to the risk arising from change in interest rates that have an adverse effect on the net interest earnings and shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

Interest rate risk management is under the Assets and Liabilities Committee supervision (ALCO) who sets guidelines for managing assets and liabilities, together with monitoring and controlling interest rate risk to ensure that it is at an appropriate level and in line with the policy as approved by the Board of Directors.

The Bank employs various tools and approaches for its interest rate risk management. Net interest income simulation is applied to assess the impact on banking book position and Value-at-Risk tool is used for the trading book position to predict the Bank's maximum loss.

Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from exchange rate fluctuations that affect foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap its net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. In addition, 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 hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the relevant departments and Committees.

The Bank's Board of Directors is in charge of setting the limits for each specific currency under an acceptable risk level while the ALCO ensures that the limits remain within the specified amount. The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as the tool to manage the exchange rate risk and prepares a daily report for the Bank's top officers in related Groups.

Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

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.

The Bank's Board of Directors sets the total limit at an acceptable risk level and revises it annually. The Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk and prepares a daily report for the Bank's top officers in related Groups.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations when due because of its inability to convert assets into cash, or its failure to procure enough fund, or, if it can, that the fund comes with an exceptionally high cost that may affect incomes and capital fund now and in the future.

The Bank maintains excess liquidity cushion at a level commensurated 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.

The Bank uses tools to manage liquidity risk such as the liquidity gap analysis including behavioural adjustment, and liquidity ratio analysis. This task is done in addition to the requirement to maintain liquid assets according to the Bank of Thailand's requirements.

In addition, the Bank establishes liquidity cushion and adjusts the strategies to deal with the Deposit Insurance Act in order to buttress liquidity management tools and customer savings alternatives by the continuous issuance of bills of exchange and debentures within the limits approved by the Bank's Board of Directors.

4.2 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, 2012 and December 31, 2011, as follows :

CONSOLIDATED FINANCIAL STATEMENTS							Unit : Million Baht
June 30, 2012							
	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	86,968	-	-	-	-	12,603	99,571
Investments, net	13,862	17,672	41,768	4,697	-	10,693	88,692
Loans to customers	446,397	86,736	151,423	8,041	24,177	75,689	792,463
Financial liabilities							
Deposits	452,343	131,726	18,630	-	-	19,692	622,391
Interbank and money market Items, net	28,267	220	2,723	699	-	2,145	34,054
Debt issued and borrowings	100,471	38,071	39,095	20,000	-	2	197,639

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	71,366	-	-	-	-	10,452	81,818
Investments, net	15,975	31,963	23,770	2,154	-	7,342	81,204
Loans to customers	442,472	69,310	126,436	6,614	29,536	77,037	751,405
Financial liabilities							
Deposits	370,958	147,880	21,385	-	-	20,317	560,540
Interbank and money market Items, net	14,861	5,934	1,122	13	-	1,811	23,741
Debt issued and borrowings	106,116	53,743	28,356	20,044	-	4	208,263

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2012

	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	86,216	-	-	-	-	12,038	98,254
Investments, net	13,581	17,623	41,756	4,697	-	10,677	88,334
Loans to customers	469,617	64,679	113,574	7,557	15,700	-	671,127
Financial liabilities							
Deposits	455,268	131,731	18,630	-	-	20,525	626,154
Interbank and money market Items, net	28,219	289	2,655	699	-	2,145	34,007
Debt issued and borrowings	87,582	17,562	29,537	20,000	-	2	154,683

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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	71,005	-	-	-	-	9,514	80,519
Investments, net	15,122	32,354	23,730	2,152	-	7,324	80,682
Loans to customers	470,205	56,751	90,771	4,611	18,931	-	641,269
Financial liabilities							
Deposits	374,596	147,881	21,385	-	-	20,317	564,179
Interbank and money market Items, net	13,893	6,099	1,820	13	-	1,821	23,646
Debt issued and borrowings	94,726	45,473	11,798	20,044	-	4	172,045

4.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the six-month periods ended June 30, 2012 and 2011, as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2012			June 30, 2011		
	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	90,480	1,232	2.7	99,982	1,235	2.5
Investments	85,993	1,409	3.3	56,685	848	3.0
Loans to customers	757,001	28,788	7.6	640,974	24,507	7.6
Total	<u>933,474</u>	<u>31,429</u>		<u>797,641</u>	<u>26,590</u>	
Interest bearing financial liabilities						
Deposits	581,409	7,556	2.6	569,717	5,004	1.8
Interbank and money market items	40,423	592	2.9	58,692	791	2.7
Debt issued and borrowings	207,010	3,849	3.7	149,214	2,210	3.0
Total	<u>828,842</u>	<u>11,997</u>		<u>777,623</u>	<u>8,005</u>	
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2012			June 30, 2011		
	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	89,206	1,228	2.8	97,107	1,224	2.5
Investments	84,969	1,394	3.3	57,757	837	2.9
Loans to customers	659,430	18,744	5.7	590,912	14,965	5.1
Total	<u>833,605</u>	<u>21,366</u>		<u>745,776</u>	<u>17,026</u>	
Interest bearing financial liabilities						
Deposits	585,145	7,565	2.6	571,916	5,024	1.8
Interbank and money market items	40,385	584	2.9	48,286	674	2.8
Debt issued and borrowings	173,306	3,239	3.7	110,855	1,875	3.4
Total	<u>798,836</u>	<u>11,388</u>		<u>731,057</u>	<u>7,573</u>	

4.4 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, 2012 and December 31, 2011, as follows:

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2012								
	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	13,277	86,089	118	-	-	-	87	99,571
Investments, net	126	13,736	17,893	45,600	7,702	-	3,635	88,692
Loans to customers	13,040	155,779	157,516	277,718	164,233	24,177	-	792,463
Financial liabilities								
Deposits	280,126	191,907	131,724	18,634	-	-	-	622,391
Interbank and money market items, net	6,627	23,481	634	2,655	657	-	-	34,054
Debt issued and borrowings	-	100,471	38,071	39,097	20,000	-	-	197,639

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 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	10,610	70,685	200	120	-	-	203	81,818
Investments, net	300	2,224	24,827	44,345	2,166	-	7,342	81,204
Loans to customers	6,401	165,074	142,986	246,941	160,467	29,536	-	751,405
Financial liabilities								
Deposits	237,660	153,616	147,855	21,409	-	-	-	560,540
Interbank and money market items, net	3,720	11,942	6,248	1,818	13	-	-	23,741
Debt issued and borrowings	-	106,116	53,744	28,359	20,044	-	-	208,263

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
June 30, 2012								
	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	11,960	86,089	118	-	-	-	87	98,254
Investments, net	-	13,581	17,845	45,588	7,702	-	3,618	88,334
Loans to customers	39,005	140,811	107,476	206,592	161,543	15,700	-	671,127
Financial liabilities								
Deposits	283,883	191,909	131,728	18,634	-	-	-	626,154
Interbank and money market items, net	7,519	22,845	289	2,655	699	-	-	34,007
Debt issued and borrowings	-	87,582	17,562	29,539	20,000	-	-	154,683

Unit : Million Baht

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2011								
	Call	0 - 3	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Months	3 - 12	1 - 5	5 Years	Loans	Maturity	
			Months	Years				
Financial assets								
Interbank and money								
market items, net	9,311	70,685	200	120	-	-	203	80,519
Investments, net	-	2,171	24,718	44,305	2,164	-	7,324	80,682
Loans to customers	35,858	149,582	101,344	179,814	155,740	18,931	-	641,269
Financial liabilities								
Deposits	241,294	153,620	147,856	21,409	-	-	-	564,179
Interbank and money								
market items, net	4,469	11,245	6,099	1,820	13	-	-	23,646
Debt issued and borrowings	-	94,726	45,474	11,801	20,044	-	-	172,045

4.5 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 instruments. A summary of carrying amounts and fair values of financial instruments as at June 30, 2012 and December 31, 2011, is as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2012		December 31, 2011		
Carrying	Fair	Carrying	Fair	
Amount	Value	Amount	Value	
Financial assets:				
Cash	22,787	22,787	25,165	25,165
Interbank and money market items, net	99,571	99,571	81,818	81,818
Derivatives assets	3,228	3,231	4,834	4,871
Investments, net	88,692	88,826	81,204	81,505
Loans to customers and accrued interest				
receivables, net	728,778	728,778	690,087	690,087
Total	<u>943,056</u>	<u>943,193</u>	<u>883,108</u>	<u>883,446</u>
Financial liabilities:				
Deposits	622,391	618,679	560,540	556,430
Interbank and money market items, net	34,054	34,054	23,741	23,741
Liability payable on demand	2,578	2,578	1,651	1,651
Derivatives liabilities	3,547	3,616	5,394	5,531
Debt issued and borrowings	197,639	197,857	208,263	201,628
Total	<u>860,209</u>	<u>856,784</u>	<u>799,589</u>	<u>788,981</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	June 30, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	22,748	22,748	25,140	25,140
Interbank and money market items, net	98,254	98,254	80,519	80,519
Derivatives assets	3,228	3,231	4,834	4,871
Investments, net	88,334	88,467	80,682	80,983
Loans to customers and accrued interest receivables, net	652,989	652,989	623,096	623,096
Total	<u>865,553</u>	<u>865,689</u>	<u>814,271</u>	<u>814,609</u>
Financial liabilities:				
Deposits	626,154	622,442	564,179	560,068
Interbank and money market items, net	34,007	34,007	23,646	23,646
Liability payable on demand	2,578	2,578	1,651	1,651
Derivatives liabilities	3,547	3,616	5,397	5,534
Debt issued and borrowings	154,683	154,736	172,045	166,096
Total	<u>820,969</u>	<u>817,379</u>	<u>766,918</u>	<u>756,995</u>

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

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) 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 3.2 to the financial statements except for non-listed equity securities which are presented at net book value and listed equity securities acquired from troubled debt restructurings and having an obligation to hold such securities according to debt restructuring agreements which are presented at cost.

Loans 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. The fair value approximates 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 long-term senior securities floating rate notes which fair values are based on the actual market price.

Derivative assets and liabilities

Derivative assets and liabilities 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 estimates the fair value by applying the mark to market model policy which is required to determine the validated rate for revaluation in accordance with the criteria established by the Bank and accounting standards.

4.6 Capital funds

Under the Bank of Thailand's regulation on supervision of capital fund, it requires the commercial bank to maintain the minimum capital requirement, to have the capital adequacy assessment process in place and to disclose of both quantitative and qualitative information relevant to capital maintenance. The minimum capital requirement ratio is 8.5% of total risk weighted assets with the condition that the Tier 1 capital shall not be less than 4.25% of total risk weighted assets. The Bank thus conducts the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Bank.

The Bank maintains its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As at June 30, 2012 and December 31, 2011, the Bank's total capital funds can be categorized as follows:

	Unit : Million Baht	
	June 30, 2012	December 31, 2011
Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	1,317	1,014
Unappropriated retained earning	9,059	7,642
Less Deduction items from Tier 1	(3,546)	(2,356)
Total Tier 1 capital	81,373	80,843
Tier 2 capital	31,749	30,279
Total capital fund	113,122	111,122

	Percentage	
	June 30, 2012	December 31, 2011
Total capital/ Total risk assets	16.00	16.29
Total tier 1 capital / Total risk assets	11.51	11.85

The Bank discloses the capital maintenance information under the Notification of the Bank of Thailand Re : Public Disclosure of Capital Maintenance for Commercial Bank as details as below.

Location of disclosure	www.krungsri.com
Date of disclosure	within October 2012
Information as of	June 30, 2012

5. 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:

5.1 Fair value

For a business acquisition, the Bank's management estimates 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.

5.2 Allowance for doubtful accounts

The Bank and subsidiaries estimate 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 estimate 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 consider the value of collateral where the source of repayment comes from the sales of the collateral.

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.

5.3 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.

5.4 Goodwill

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

5.5 Impairment of assets

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

5.6 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.

5.7 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.

5.8 Provision for contingent liabilities

The Bank provides 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.

6. ADDITIONAL INFORMATION

6.1 Additional information of cash flows

6.1.1 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	
	2012	2011	2012	2011
Increase (decrease) in revaluation surplus on investments	381	(367)	381	(367)
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(139)	(121)	(139)	(121)
Properties for sale acquired from debt repayment	-	81	-	81

6.1.2 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	
	2012	2011	2012	2011
Premises and equipment payable at the beginning of the periods	1,255	493	1,303	493
Purchases of premises and equipment	1,001	1,276	696	984
<u>Less</u> Cash payment	<u>(2,138)</u>	<u>(727)</u>	<u>(1,892)</u>	<u>(435)</u>
Premises and equipment payable at the end of the periods	<u>118</u>	<u>1,042</u>	<u>107</u>	<u>1,042</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2012	2011	2012	2011
Computer software payable at the beginning of the periods	30	5	30	5
Purchases of computer software	220	179	188	106
Less Cash payment	<u>(220)</u>	<u>(180)</u>	<u>(199)</u>	<u>(107)</u>
Computer software payable at the end of the periods	<u>30</u>	<u>4</u>	<u>19</u>	<u>4</u>

6.1.4 The Extraordinary Meeting of Shareholders of the Bank No. 1/2012 held on March 20, 2012 approved the Bank and/ or its subsidiaries' acquisition of the retail banking business in Thailand from the Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch ("HSBC"), which operates credit card, personal loan and mortgage businesses and raising deposits and bills of exchange funding, under a foreign bank branch license and the Bank of Thailand's supervision. This acquisition was successfully completed on March 31, 2012.

Consolidated financial statements

Fair value of assets and liabilities of HSBC's retail banking business and book value of each item are as follows:

	Unit : Million Baht	
	Book Value	Fair Value
Assets		
Receivable and loans	13,114	13,928
Others	<u>442</u>	<u>1,384</u>
	<u>13,556</u>	<u>15,312</u>
Liabilities		
Deposit and borrowings	9,557	9,557
Others	<u>115</u>	<u>631</u>
	<u>9,672</u>	<u>10,188</u>
Net assets	<u>3,884</u>	<u>5,124</u>
Goodwill		<u>2,461</u>
Purchase price		<u>7,585</u>

The initial accounting for the acquisition of HSBC's retail banking business has been adjusted to be in accordance with those provisionally determined as at June 30, 2012. At the date of finalization of these financial statements, the necessary market valuations and other calculations have not been finalized and goodwill noted above has therefore only been provisionally determined based on the best estimate of the likely values.

The Bank and its subsidiaries are in the process of adjusting purchase price and the necessary market valuations and other calculations which is still in the twelve-month period from the purchase date.

6.1.5 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

6.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	7,569	56,500	64,069	6,047	60,500	66,547
Commercial banks	1,459	22,555	24,014	1,488	5,617	7,105
Other financial institutions	3,510	7,370	10,880	2,784	4,786	7,570
Total	12,538	86,425	98,963	10,319	70,903	81,222
<u>Add</u> Accrued interest receivables	-	26	26	-	86	86
<u>Less</u> Allowance for doubtful accounts	-	(244)	(244)	-	(86)	(86)
Total domestic items	12,538	86,207	98,745	10,319	70,903	81,222
Foreign items						
US Dollar	510	16	526	164	92	256
Other currencies	229	71	300	162	178	340
Total foreign items	739	87	826	326	270	596
Total domestic and foreign items	13,277	86,294	99,571	10,645	71,173	81,818

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial						
Institution Development Fund	7,569	56,500	64,069	6,047	60,500	66,547
Commercial banks	287	22,555	22,842	189	5,617	5,806
Other financial institutions	3,510	7,370	10,880	2,784	4,786	7,570
Total	11,366	86,425	97,791	9,020	70,903	79,923
<u>Add</u> Accrued interest receivables	-	26	26	-	86	86
<u>Less</u> Allowance for doubtful accounts	-	(244)	(244)	-	(86)	(86)
Total domestic items	11,366	86,207	97,573	9,020	70,903	79,923
Foreign items						
US Dollar	365	16	381	164	92	256
Other currencies	229	71	300	162	178	340
Total foreign items	594	87	681	326	270	596
Total domestic and foreign items	11,960	86,294	98,254	9,346	71,173	80,519

6.3 Derivatives

6.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2012 and December 31, 2011, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						Unit: Million Baht
Risk type	June 30, 2012			December 31, 2011		
	Fair value /		Notional Amount	Fair value /		Notional Amount
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Asset	Liabilities		Asset	Liabilities	
Exchange rate	2,774	3,065	328,862	4,437	5,025	315,060
Interest rate	454	482	93,448	397	369	86,573
Total	3,228	3,547	422,310	4,834	5,394	401,633

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
Risk type	June 30, 2012			December 31, 2011		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Asset	Liabilities	Amount	Asset	Liabilities	Amount
Exchange rate	2,774	3,065	328,862	4,437	5,028	315,178
Interest rate	454	482	93,448	397	369	86,573
Total	3,228	3,547	422,310	4,834	5,397	401,751

6.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2012 and December 31, 2011, are as follows:

Unit: Million Baht

Counterparty	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	Proportion (%)	Proportion (%)	Proportion (%)	Proportion (%)
Financial institution	87.33	78.93	87.33	78.91
Subsidiary and associates	-	-	-	0.03
Third party	<u>12.67</u>	<u>21.07</u>	<u>12.67</u>	<u>21.06</u>
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

6.4 Investments, net

Investments, net as at June 30, 2012 and December 31, 2011 consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS								
Unit : Million Baht								
	June 30, 2012				December 31, 2011			
	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	2,672	17	-	2,689	196	1	-	197
Private sector's debt securities	494	-	(1)	493	56	-	-	56
	3,166	17	(1)	3,182	252	1	-	253
<u>Add Revaluation allowance</u>	16			-	1			-
Total	3,182			3,182	253			253
Securities Available-for-Sale								
Government and state								
enterprise securities	57,389	31	(70)	57,350	54,240	61	(105)	54,196
Private sector's debt securities	17,196	101	(26)	17,271	13,435	89	(31)	13,493
Domestic marketable equity	5,482	752	(88)	6,146	6,042	434	(128)	6,348
	80,067	884	(184)	80,767	73,717	584	(264)	74,037
<u>Add Revaluation allowance</u>	700			-	320			-
<u>Less Allowance for impairment</u>	(373)			(373)	(373)			(373)
Total	80,394			80,394	73,664			73,664
Securities Held-to-Maturity								
Government and state								
enterprise securities	452				1,033			
Private sector's debt securities	50				50			
Investment in account	4,146				5,232			
receivable								
	4,648				6,315			
<u>Less Allowance for impairment</u>	(93)				(50)			
Total	4,555				6,265			
Securities for General Investments								
Domestic non-marketable equity								
securities	748				1,192			
Foreign non-marketable								
equity securities	28				28			
	776				1,220			
<u>Less Allowance for impairment</u>	(215)				(198)			
Total	561				1,022			
Total Investments, net	88,692				81,204			

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2012			December 31, 2011				
	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	2,672	17	-	2,689	196	1	-	197
Private sector's debt securities	494	-	(1)	493	56	-	-	56
	3,166	17	(1)	3,182	252	1	-	253
<u>Add</u> Revaluation allowance	16			-	1			-
Total	3,182			3,182	253			253
Securities Available-for-Sale								
Government and state enterprise securities	57,389	31	(70)	57,350	54,240	61	(105)	54,196
Private sector's debt securities	16,598	101	(26)	16,673	12,787	89	(31)	12,845
Domestic marketable equity Securities	5,477	752	(84)	6,145	6,037	434	(125)	6,346
	79,464	884	(180)	80,168	73,064	584	(261)	73,387
<u>Add</u> Revaluation allowance	704			-	323			-
<u>Less</u> Allowance for impairment	(26)			(26)	(26)			(26)
Total	80,142			80,142	73,361			73,361
Securities Held-to-Maturity								
Government and state enterprise securities	452				1,033			
Private sector's debt securities	50				50			
Investment in accounts receivable	4,054				5,031			
	4,556				6,114			
<u>Less</u> Allowance for impairment	(91)				(50)			
Total	4,465				6,064			
Securities for General Investments								
Domestic non-marketable equity securities	717				1,158			
Foreign non-marketable equity securities	28				28			
	745				1,186			
<u>Less</u> Allowance for impairment	(200)				(182)			
Total	545				1,004			
Total Investments, net	88,334				80,682			

As at June 30, 2012 and December 31, 2011, the 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 Institution Development Fund in the consolidated financial statements and the Bank's financial statements of Baht 452 million and Baht 1,033 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for assets transferred to TAMC. During the six-month period ended June 30, 2012, TAMC redeemed promissory notes of the Bank of Baht 581 million, and during the year 2011, TAMC redeemed promissory notes of the Bank of Baht 2,241 million.

For the six-month period ended June 30, 2012 and 2011, revaluation surplus (deficit) on investments presented in the equity consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2012	2011	2012	2011
Beginning balance	319	532	323	536
Increase (decrease) during the period	381	(367)	381	(367)
Ending balance	<u>700</u>	<u>165</u>	<u>704</u>	<u>169</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, 2012	December 31, 2011
Manufacturing	<u>21</u>	<u>21</u>
Total	<u>21</u>	<u>21</u>

In the consolidated and the Bank's financial statements as at June 30, 2012 and December 31, 2011, 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 cost of Baht 13 million and market price of Baht 0.

6.5 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 as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht										
CONSOLIDATED FINANCIAL STATEMENTS										
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	June 30, 2012			December 31, 2011		
					Investment (Cost)	Investment (Equity Method)	Dividend	Investment (Cost)	Investment (Equity Method)	Dividend
Associates										
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	780	50.00	390	829	-	390	726	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance Broker	Common stock	2	50.00	-	14	-	-	12	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	77	50.00	-	32	-	-	32	-
Metro Designee Company Limited ⁽³⁾	Special Purpose vehicle	Common stock	-	21.90	-	-	-	-	-	-
Investments in associates, net					390	875	-	390	770	-

⁽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 Mass Rapid Transit Authority of Thailand (MRT) and Bangkok Metro Public Company Limited (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						
June 30, 2012						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	705	99.99	929	35
Ayudhya Auto Lease Public Company Limited ⁽¹⁾	Hire-purchase	Common stock	713	99.79	813	-
		Preferred stock			197	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	1,045	99.99	16,281	-
Ayudhya Total Solutions Public Company Limited ⁽¹⁾	Hire-purchase	Common stock	299	99.81	634	98
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	514	99.99	26	-
		Preferred stock			1	-
Ayudhya Card Services Company Limited	Credit cards and personal loans	Common stock	180	99.99	4	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	125	99.99	6,141	-
General Card Services Limited	Credit cards and personal loans	Common stock	758	99.99	881	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	1,100	99.99	1,304	-
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	100	99.99	100	50
Total Services Solutions Public Company Limited	Collection services	Common stock	331	99.99	1,614	80
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	204	-
Krungsri Ayudhya AMC Limited (Formerly Ayudhya Asset Management Company Limited)	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	Factoring	Common stock	300	99.99	300	-
Associated Company						
Metro Designee Company Limited ⁽²⁾	Special purpose vehicle	Common stock	-	21.90	-	-
Investments in subsidiaries and associated company					36,160	263
Less Allowance for impairment					(2,984)	-
Investments in subsidiaries and associated company, net					<u>33,176</u>	<u>263</u>

⁽¹⁾ Subsidiary is under the liquidation process.

⁽²⁾ 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						
December 31, 2011						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	705	99.99	929	35
Ayudhya Auto Lease Public Company Limited ⁽¹⁾	Hire-purchase	Common stock	713	99.79	813	-
		Preferred stock			197	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	1,045	99.99	16,281	601
Ayudhya Total Solutions Public Company Limited	Hire-purchase	Common stock	299	99.81	634	215
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	514	99.99	26	-
		Preferred stock			1	-
Ayudhya Card Services Company Limited	Credit cards and personal loans	Common stock	180	99.99	4	180
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	125	99.99	6,141	2,400
General Card Services Limited	Credit cards and personal loans	Common stock	758	99.99	881	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	1,100	99.99	1,304	-
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	100	99.99	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	331	99.99	1,614	72
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	204	-
Krungsri Ayudhya AMC Limited (Formerly Ayudhya Asset Management Company Limited)	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	Securities	Common stock	600	88.13	651	-
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	Factoring	Common stock	300	99.99	300	-
Associated Company						
Metro Designee Company Limited ⁽²⁾	Special purpose vehicle	Common stock	-	21.90	-	-
Investments in subsidiaries and associated company					36,080	3,503
<u>Less</u> Allowance for impairment					(2,984)	-
Investments in subsidiaries and associated company, net					<u>33,096</u>	<u>3,503</u>

⁽¹⁾ Subsidiary is under the liquidation process.

⁽²⁾ 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 the statements of cash flows of Asset Management Company (“AMC”)

**KRUNGSRI AYUDHYA AMC LIMITED
(FORMERLY AYUDHYA ASSET MANAGEMENT COMPANY LIMITED)
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011**

	Unit : Million Baht	
	2012	2011
Cash flows from operating activities		
Income before income tax	241	261
Adjustments to reconcile income to cash provided by (used in) operating activities		
Income from investment in receivable	(82)	-
Impairment loss of loans and debt securities	128	69
Loss on impairment of properties for sale	15	15
Depreciation and amortization	1	1
Gain on sales of properties for sale	(123)	(108)
Employment benefits expenses	3	2
Interest income, net	(3)	1
Dividend income	(1)	-
Proceeds from dividend	1	-
Proceeds from interest income	108	155
Cash paid for interest expenses	(106)	(157)
Cash paid for income tax	(7)	(10)
Income from operations before changes in operating assets and liabilities	175	229
(Increase) decrease in operating assets		
Investment in receivables	1,037	98
Loans to customers	119	(61)
Properties for sale	630	705
Other assets	1	238
Increase (decrease) in operating liabilities		
Other liabilities	50	7
Net cash from operating activities	2,012	1,216
Cash flows from investing activities		
Cash paid for purchase of equipment	(3)	-
Net cash from investing activities	(3)	-
Cash flows from financing activities		
Proceeds from bill of exchange issued	13,932	25,969
Cash paid for repayment of bill of exchange	(15,938)	(27,148)
Net cash from financing activities	(2,006)	(1,179)
Net increase (decrease) in cash and cash equivalents	3	37
Cash and cash equivalents as at January 1,	93	12
Cash and cash equivalents as at June 30,	96	49

6.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2012 and December 31, 2011, are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Overdrafts	44,055	44,489	43,261	43,119
Loan against contract	339,992	319,653	490,205	452,170
Trade bill	137,839	145,998	137,537	145,606
Hire-purchase receivable	203,227	182,249	-	-
Lease contract receivable	24,519	22,441	-	-
Credit card receivable	39,592	28,683	-	-
Others	3,239	7,892	124	374
Total	792,463	751,405	671,127	641,269
<u>Less</u> Deferred revenue	(34,834)	(31,898)	(58)	(26)
Loans to customers after deferred revenue, net	757,629	719,507	671,069	641,243
<u>Add</u> Accrued interest receivables	1,972	1,859	1,230	1,106
Loans to customers and accrued interest receivable after deferred revenue, net	759,601	721,366	672,299	642,349
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
Individual approach	(12,658)	(14,445)	(11,782)	(13,124)
Collective approach	(3,807)	(3,864)	-	-
2) Surplus reserve	(13,666)	(12,467)	(7,483)	(6,102)
<u>Less</u> Revaluation allowance for debt restructuring	(692)	(503)	(45)	(27)
Total loans to customers, net	728,778	690,087	652,989	623,096

(2) Classified by currency and residence of debtors

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2012			December 31, 2011			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	740,845	765	741,610	689,013	811	689,824
US Dollar	14,088	1,333	15,421	15,574	2,634	18,208
Other currencies	598	-	598	11,475	-	11,475
Total	<u>755,531</u>	<u>2,098</u>	<u>757,629</u>	<u>716,062</u>	<u>3,445</u>	<u>719,507</u>

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2012			December 31, 2011			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	654,285	765	655,050	621,476	811	622,287
US Dollar	14,088	1,333	15,421	15,574	2,634	18,208
Other currencies	598	-	598	748	-	748
Total	<u>668,971</u>	<u>2,098</u>	<u>671,069</u>	<u>637,798</u>	<u>3,445</u>	<u>641,243</u>

(3) Classified by business type and classification

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2012						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	5,399	175	22	125	355	6,076
Manufacturing and trading	174,468	4,758	1,067	994	6,205	187,492
Real estate and construction	45,205	1,257	326	245	1,566	48,599
Public utilities and services	98,613	4,910	1,603	1,029	1,782	107,937
Housing loans	94,492	1,196	684	835	1,984	99,191
Others	291,418	11,561	2,786	1,338	1,231	308,334
Total	<u>709,595</u>	<u>23,857</u>	<u>6,488</u>	<u>4,566</u>	<u>13,123</u>	<u>757,629</u>

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 2011						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	6,452	263	59	157	465	7,396
Manufacturing and trading	171,845	7,031	1,210	1,360	7,396	188,842
Real estate and construction	40,535	2,132	1,139	358	2,558	46,722
Public utilities and services	95,230	7,091	1,082	3,289	1,517	108,209
Housing loans	88,500	1,794	880	949	1,920	94,043
Others	256,100	12,998	2,890	1,418	889	274,295
Total	<u>658,662</u>	<u>31,309</u>	<u>7,260</u>	<u>7,531</u>	<u>14,745</u>	<u>719,507</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2012

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	4,369	175	22	114	190	4,870
Manufacturing and trading	170,764	4,529	991	874	4,472	181,630
Real estate and construction	43,594	1,121	304	158	846	46,023
Public utilities and services	97,789	4,884	1,597	1,020	1,380	106,670
Housing loans	94,492	1,196	684	835	1,334	98,541
Others	232,016	440	343	325	211	233,335
Total	643,024	12,345	3,941	3,326	8,433	671,069

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2011

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,612	263	49	82	210	6,216
Manufacturing and trading	168,599	6,578	1,175	1,055	4,874	182,281
Real estate and construction	39,453	1,927	1,072	317	1,435	44,204
Public utilities and services	94,248	7,074	1,076	3,289	884	106,571
Housing loans	88,500	1,794	880	950	940	93,064
Others	207,878	386	199	293	151	208,907
Total	604,290	18,022	4,451	5,986	8,494	641,243

(4) Classified by type of classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	711,444	399,550	1	5,629
Special mention	23,951	11,941	2 , 12	2,600
Substandard	6,488	3,513	45 , 100	2,582
Doubtful	4,566	1,762	46 , 100	1,221
Doubtful of loss	13,152	4,310	100	4,433
Total	759,601	421,076		16,465 ⁽¹⁾
2. Surplus Reserve				13,666 ⁽²⁾
Total				30,131

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	660,330	363,443	1	5,031
Special mention	31,444	13,855	2, 11	2,603
Substandard	7,260	3,998	49, 100	2,923
Doubtful	7,532	3,542	50, 100	3,089
Doubtful of loss	14,800	4,563	100	4,663
Total	<u>721,366</u>	<u>389,401</u>		<u>18,309⁽¹⁾</u>
2. Surplus Reserve				<u>12,467⁽²⁾</u>
Total				<u>30,776</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2012 and December 31, 2011 of Baht 3,780 million and Baht 3,853 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2012 and December 31, 2011, at the rate of 1% of Baht 184,349 million and Baht 164,433 million equal to Baht 1,843 million and Baht 1,644 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements.

⁽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.

⁽⁴⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2012 and December 31, 2011, of Baht 692 million and Baht 503 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2012 and December 31, 2011, of Baht 244 million and Baht 87 million, respectively.

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2012

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts ⁽²⁾
1. Minimum allowance per BOT guideline				
Normal	644,209	350,971	1	5,092
Special mention	12,390	1,582	2	1,461
Substandard	3,941	1,023	100	1,023
Doubtful	3,326	634	100	634
Doubtful of loss	8,433	3,450	100	3,572
Total	<u>672,299</u>	<u>357,660</u>		<u>11,782</u>
2. Surplus Reserve				<u>7,483⁽¹⁾</u>
Total				<u>19,265</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2011				
	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts ⁽²⁾
1. Minimum allowance per BOT guideline				
Normal	605,319	324,486	1	4,489
Special mention	18,099	2,106	2	1,509
Substandard	4,451	1,364	100	1,364
Doubtful	5,986	2,475	100	2,503
Doubtful of loss	8,494	3,159	100	3,259
Total	<u>642,349</u>	<u>333,590</u>		<u>13,124</u>
2. Surplus Reserve				<u>6,102⁽¹⁾</u>
Total				<u>19,226</u>

⁽¹⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2012 and December 31, 2011, at the rate of 1% of Baht 184,349 million and Baht 164,433 million, equal to Baht 1,843 million and Baht 1,644 million, respectively.

⁽²⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2012 and December 31, 2011, of Baht 45 million and Baht 27 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2012 and December 31, 2011, of Baht 244 million and Baht 87 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.

In the consolidated and the Bank's financial statements, for the six-month period ended June 30, 2012, the Bank and a subsidiary entered into an agreement to sell non-performing loan (NPLs) to third parties and a related company totalling Baht 2,064 million and Baht 1,158 million with a book value of Baht 3,057 million and Baht 1,763 million and a net book value of Baht 1,940 million and Baht 1,158 million, respectively. The sale amount has been received.

As at June 30, 2012 and December 31, 2011, the Bank and KrungsriAyudhaya AMC Limited (formerly Ayudhya Asset Management Company Limited) ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit : Million Baht			
June 30, 2012			
	The Bank	AMC	The Bank and AMC
Non-performing loans	15,700	3,584	19,284
Percentage of total loans	2.09	100.00	2.56
Non-performing loans, net	10,440	2,863	13,303
Percentage of total loans, net	1.40	100.00	1.78

Unit : Million Baht			
December 31, 2011			
	The Bank	AMC	The Bank and AMC
Non-performing loans	18,931	5,479	24,410
Percentage of total loans	2.66	100.00	3.40
Non-performing loans, net	11,801	4,465	16,266
Percentage of total loans, net	1.67	100.00	2.29

As at June 30, 2012 and December 31, 2011, the Bank and its subsidiaries' non-performing loans are Baht 24,177 million and Baht 29,536 million, respectively.

(5) Troubled debt restructuring

For the three-month periods and six-month periods ended June 30, 2012 and 2011, the Bank and its subsidiaries had restructured the following debts:

Unit : Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2012				For the three-month period ended June 30, 2011			
	Number of Debtors	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
Modification of terms	3,535	1,490		-	3,548	1,880		-
Reduction of principal and interest	1,059	1,634		-	1,078	856		-
Various forms of restructuring	71	478		-	51	263		-
Total	4,665	3,602		-	4,678	3,028		29

Unit : Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2012				For the six-month period ended June 30, 2011			
	Number of Debtors	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
Modification of terms	7,756	2,252		-	7,724	3,003		-
Reduction of principal and interest	2,498	2,111		-	2,609	1,299		-
Various forms of restructuring	150	954		-	114	867		-
Total	10,404	5,317		-	10,448	5,198		29

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2012				For the three-month period ended June 30, 2011			
	Number of Debtors	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
Modification of terms	303	1,266		-	203	1,502		-
Reduction of principal and interest	121	1,598		-	164	819		-
Various forms of restructuring	71	478		-	51	263		-
Total	495	3,342		-	419	2,613		29

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2012				For the six-month period ended June 30, 2011			
	Number of Debtors	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
Modification of terms	606	1,832		-	489	2,376		-
Reduction of principal and interest	248	2,024		-	339	1,211		-
Various forms of restructuring	150	954		-	113	863		-
Total	1,004	4,810		-	942	4,479		29

For the six-month periods ended June 30, 2012 and 2011, 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 June 30, 2012				For the six-month period ended June 30, 2011			
	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
Present value of future cash flows	1.95	7,082	609	609	0.51	7,123	366	366
Fair value of collateral	7.05	674	1,643	1,549	5.55	601	2,637	2,324

Unit : Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2012				For the six-month period ended June 30, 2011			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging	of	Before	After	Aging	of	Before	After
	(Year)	Debtor	Restructuring	Restructuring	(Year)	Debtor	Restructuring	Restructuring
Present value of future cash flows	8.33	12	283	283	6.33	16	52	52
Fair value of collateral	7.99	594	1,549	1,549	7.02	473	2,324	2,324

For the three-month periods and six-month periods ended June 30, 2012 and 2011, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of comprehensive income as follows:

Unit : Million Baht			
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
For the three-month periods ended June 30,		For the three-month periods ended June 30,	
2012	2011	2012	2011
Losses on debt restructured	216	20	124
Interest received from debt restructured	460	314	418

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,	
2012	2011	2012	2011
Losses on debt restructured	601	33	117
Interest received from debt restructured	735	618	647

As at June 30, 2012 and December 31, 2011, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2012 and during the year ended December 31, 2011, in the statements of financial position as follows:

Unit : Million Baht			
CONSOLIDATED FINANCIAL		THE BANK'S	
STATEMENTS		FINANCIAL STATEMENTS	
June 30,	December 31,	June 30,	December 31,
2012	2011	2012	2011
Balances of total debt restructured	16,014	20,242	14,274
Balances of debt restructured during the periods / years	5,223	9,633	4,810

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

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2012				
	Amount due per agreements			
	Within 1 Year	Over 1-5 Years	Over 5 Years	Total
Minimum lease payments	74,204	145,227	8,315	227,746
<u>Less</u> Unearned interest income				<u>(34,776)</u>
Present value of the minimum lease payments				192,970
<u>Less</u> Allowance for doubtful accounts				<u>(5,745)</u>
Total lease receivables, net				<u>187,225</u>

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2011				
	Amount due per agreements			
	Within 1 year	Over 1-5 Years	Over 5 Years	Total
Minimum lease payments	65,791	129,770	9,129	204,690
<u>Less</u> Unearned interest income				<u>(31,769)</u>
Present value of the minimum lease payments				172,921
<u>Less</u> Allowance for doubtful accounts				<u>(6,115)</u>
Total lease receivables, net				<u>166,806</u>

6.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2012							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,031	2,603	2,923	3,089	4,663	12,467	30,776
Doubtful accounts	521	(6)	2,776	(1,786)	2,255	1,103	4,863
Bad debts written off	-	-	(2,785)	-	(1,770)	-	(4,555)
Bad debts written off from sales of NPLs	-	-	(524)	(82)	(715)	-	(1,321)
Other	77	3	192	-	-	96	368
Ending balance	<u>5,629</u>	<u>2,600</u>	<u>2,582</u>	<u>1,221</u>	<u>4,433</u>	<u>13,666</u>	<u>30,131</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	(225)	1,434	(251)	3,547	7,124	(201)	11,428
Bad debts written off	-	-	(2,325)	(1,318)	(4,825)	-	(8,468)
Bad debts written off from sales of NPLs	(1)	(1)	(65)	(408)	(5,121)	-	(5,596)
Other	-	-	-	-	-	2	2
Ending balance	<u>5,031</u>	<u>2,603</u>	<u>2,923</u>	<u>3,089</u>	<u>4,663</u>	<u>12,467</u>	<u>30,776</u>

As at June 30, 2012 and December 31, 2011, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applying a collective approach basis in the amounts of Baht 3,780 million and Baht 3,853 million, respectively.

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2012

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	4,489	1,509	1,364	2,503	3,259	6,102	19,226
Doubtful accounts	603	(48)	1,500	(1,787)	554	1,329	2,151
Bad debts written off	-	-	(1,316)	-	(38)	-	(1,354)
Bad debts written off from sales of NPLs	-	-	(525)	(82)	(203)	-	(810)
Other	-	-	-	-	-	52	52
Ending balance	<u>5,092</u>	<u>1,461</u>	<u>1,023</u>	<u>634</u>	<u>3,572</u>	<u>7,483</u>	<u>19,265</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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	(504)	982	(2,362)	3,266	4,149	708	6,239
Bad debts written off	-	-	(155)	(1,318)	(101)	-	(1,574)
Bad debts written off from sales of NPLs	(1)	(1)	(65)	(407)	(5,121)	-	(5,595)
Other	-	-	-	-	-	2	2
Ending balance	<u>4,489</u>	<u>1,509</u>	<u>1,364</u>	<u>2,503</u>	<u>3,259</u>	<u>6,102</u>	<u>19,226</u>

As at June 30, 2012 and December 31, 2011, the Bank estimated the minimum total allowance* under the BOT Guidelines of Baht 17,401 million and Baht 18,899 million, respectively for the consolidated financial statements and Baht 12,072 million and Baht 13,238 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 the financial statements as follows:

	June 30, 2012	Unit : Million Baht December 31, 2011
Consolidated financial statements	31,067	31,366
The Bank and KrungsriAyudhya AMC Limited (formerly Ayudhya Asset Management Company Limited	21,010	21,514
The Bank's financial statements	19,555	19,340

As at June 30, 2012 and December 31, 2011, 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, 2012				
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,626	655	2,070
Total	3	2,626	655	2,070

Unit : Million Baht CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS December 31, 2011				
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	70	53	20
Total	3	70	53	20

6.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2012 and December 31, 2011, are as follows:

	Unit : Million Baht CONSOLIDATED FINANCIAL STATEMENTS June 30, 2012	December 31, 2011
Beginning balance	503	543
Increase during the periods / year	601	821
Amount written off	(412)	(861)
Ending balance	692	503

	Unit : Million Baht	
	THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011
Beginning balance	27	35
Increase during the periods / year	116	117
Amount written off	(98)	(125)
Ending balance	<u>45</u>	<u>27</u>

6.9 Properties for sale, net

Properties for sale, net as at June 30, 2012 and December 31, 2011, are as follows:

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2012	Acquisition	Disposition	Balance as at June 30, 2012
1. Assets acquired from debt repayment				
1.1 Immovable	13,808	69	(1,170)	12,707
1.2 Movable	<u>373</u>	<u>1,636</u>	<u>(1,561)</u>	<u>448</u>
Total	<u>14,181</u>	<u>1,705</u>	<u>(2,731)</u>	<u>13,155</u>
2. Others	<u>85</u>	<u>10</u>	<u>(26)</u>	<u>69</u>
Total properties for sale	<u>14,266</u>	<u>1,715</u>	<u>(2,757)</u>	<u>13,224</u>
<u>Less</u> Provision for impairment	<u>(2,529)</u>	<u>(554)</u>	<u>544</u>	<u>(2,539)</u>
Total properties for sale	<u>11,737</u>	<u>1,161</u>	<u>(2,213)</u>	<u>10,685</u>

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2011	Acquisition	Disposition	Balance as at December 31, 2011
1. Assets acquired from debt repayment				
1.1 Immovable	16,739	714	(3,645)	13,808
1.2 Movable	<u>316</u>	<u>2,821</u>	<u>(2,764)</u>	<u>373</u>
Total	<u>17,055</u>	<u>3,535</u>	<u>(6,409)</u>	<u>14,181</u>
2. Others	<u>90</u>	<u>-</u>	<u>(5)</u>	<u>85</u>
Total properties for sale	<u>17,145</u>	<u>3,535</u>	<u>(6,414)</u>	<u>14,266</u>
<u>Less</u> Provision for impairment	<u>(2,418)</u>	<u>(1,102)</u>	<u>991</u>	<u>(2,529)</u>
Total properties for sale	<u>14,727</u>	<u>2,433</u>	<u>(5,423)</u>	<u>11,737</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2012	Acquisition	Disposition	Balance as at June 30, 2012
1. Assets acquired from debt repayment				
1.1 Immovable	8,011	58	(619)	7,450
1.2 Movable	12	-	-	12
Total	8,023	58	(619)	7,462
2. Others	79	10	(26)	63
Total properties for sale	8,102	68	(645)	7,525
<u>Less</u> Provision for impairment	(2,165)	(175)	149	(2,191)
Total properties for sale	5,937	(107)	(496)	5,334

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2011	Acquisition	Disposition	Balance as at December 31, 2011
1. Assets acquired from debt repayment				
1.1 Immovable	9,327	539	(1,855)	8,011
1.2 Movable	13	-	(1)	12
Total	9,340	539	(1,856)	8,023
2. Others	84	-	(5)	79
Total properties for sale	9,424	539	(1,861)	8,102
<u>Less</u> Provision for impairment	(1,864)	(641)	340	(2,165)
Total properties for sale	7,560	(102)	(1,521)	5,937

Immovable assets for sale classified by external and internal appraisers as at June 30, 2012 and December 31, 2011 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Immovable assets-Foreclosed assets				
Appraised by external appraisers	3,923	4,063	3,402	3,475
Appraised by internal appraisers	<u>8,784</u>	<u>9,745</u>	<u>4,048</u>	<u>4,536</u>
Total	12,707	13,808	7,450	8,011

6.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2012 and December 31, 2011, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at June 30, 2012
Land					
Cost	3,775	-	(9)	-	3,766
Appraisal increase (Year 2009)	3,759	-	(11)	-	3,748
Appraisal decrease (Year 2009)	(190)	-	4	-	(186)
Premises					
Cost	6,332	9	(19)	14	6,336
Appraisal increase (Year 2009)	6,105	-	(11)	-	6,094
Appraisal decrease (Year 2009)	(70)	-	2	-	(68)
Equipment	12,860	682	(893)	2	12,651
Leasehold improvement	1,721	73	(69)	26	1,751
Total	34,292	764	(1,006)	42	34,092
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,877)	(111)	3	4	(2,981)
- Appraisal increase (Year 2009)	(3,291)	(121)	4	-	(3,408)
Equipment	(9,657)	(538)	886	(2)	(9,311)
Leasehold improvement	(1,305)	(57)	59	-	(1,303)
Total	(17,130)	(827)	952	2	(17,003)
Construction in progress	406	329	(2)	(42)	691
Premises and equipment, net	17,568				17,780

	Unit : Million Baht	
	June 30, 2012	June 30, 2011
Depreciation for the six-month periods	827	870

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at December 31, 2011
Land					
Cost	3,777	-	(2)	-	3,775
Appraisal increase (Year 2009)	3,765	-	(6)	-	3,759
Appraisal decrease (Year 2009)	(190)	-	-	-	(190)
Premises					
Cost	6,065	43	(2)	226	6,332
Appraisal increase (Year 2009)	6,109	-	(4)	-	6,105
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	12,190	1,206	(537)	1	12,860
Leasehold improvement	1,584	152	(79)	64	1,721
Total	33,230	1,401	(630)	291	34,292
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,661)	(217)	1	-	(2,877)
- Appraisal increase (Year 2009)	(3,049)	(244)	-	2	(3,291)
Equipment	(9,087)	(1,087)	517	-	(9,657)
Leasehold improvement	(1,247)	(120)	64	(2)	(1,305)
Total	(16,044)	(1,668)	582	-	(17,130)
Construction in progress	366	335	(4)	(291)	406
Premises and equipment, net	17,552				17,568

Unit : Million Baht
December 31, 2011

Depreciation for the year

1,668

As at June 30, 2012 and December 31, 2011, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,725 million and Baht 8,474 million, respectively.

The equipment at cost of Baht 92 million is under finance leases as at June 30, 2012.

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at June 30, 2012
Land					
Cost	3,767	-	(9)	-	3,758
Appraisal increase (Year 2009)	3,759	-	(11)	-	3,748
Appraisal decrease (Year 2009)	(190)	-	4	-	(186)
Premises					
Cost	6,298	9	(19)	15	6,303
Appraisal increase (Year 2009)	6,105	-	(11)	-	6,094
Appraisal decrease (Year 2009)	(70)	-	2	-	(68)
Equipment	9,937	439	(463)	1	9,914
Leasehold improvement	718	14	(10)	26	748
Total	30,324	462	(517)	42	30,311
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,853)	(111)	3	4	(2,957)
- Appraisal increase (Year 2009)	(3,290)	(121)	3	-	(3,408)
Equipment	(7,665)	(399)	458	(2)	(7,608)
Leasehold improvement	(463)	(25)	10	-	(478)
Total	(14,271)	(656)	474	2	(14,451)
Construction in progress	407	325	(2)	(42)	688
Premises and equipment, net	16,460				16,548

	Unit : Million Baht	
	June 30, 2012	June 30, 2011
Depreciation for the six-month periods	<u>656</u>	<u>683</u>

	Unit : Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at December 31, 2011
Land					
Cost	3,770	-	(3)	-	3,767
Appraisal increase (Year 2009)	3,765	-	(6)	-	3,759
Appraisal decrease (Year 2009)	(190)	-	-	-	(190)
Premises					
Cost	6,031	43	(2)	226	6,298
Appraisal increase (Year 2009)	6,109	-	(4)	-	6,105
Appraisal decrease (Year 2009)	(70)	-	-	-	(70)
Equipment	9,357	788	(207)	(1)	9,937
Leasehold improvement	661	25	(32)	64	718
Total	<u>29,433</u>	<u>856</u>	<u>(254)</u>	<u>289</u>	<u>30,324</u>
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,638)	(216)	1	-	(2,853)
- Appraisal increase (Year 2009)	(3,049)	(243)	-	2	(3,290)
Equipment	(7,018)	(840)	193	-	(7,665)
Leasehold improvement	(426)	(65)	30	(2)	(463)
Total	<u>(13,131)</u>	<u>(1,364)</u>	<u>224</u>	<u>-</u>	<u>(14,271)</u>
Construction in progress	<u>365</u>	<u>335</u>	<u>(4)</u>	<u>(289)</u>	<u>407</u>
Premises and equipment, net	<u>16,667</u>				<u>16,460</u>

	Unit : Million Baht
	December 31, 2011
Depreciation for the year	<u>1,364</u>

As at June 30, 2012 and December 31, 2011, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 5,938 million and Baht 6,564 million, respectively.

6.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at June 30, 2012
Cost					
Goodwill	7,521	2,460	-	-	9,981
Software	3,938	220	(89)	-	4,069
Other intangible assets	4,494	1,202	(23)	-	5,673
Total	<u>15,953</u>	<u>3,882</u>	<u>(112)</u>	<u>-</u>	<u>19,723</u>
Accumulated amortization					
Software	(2,135)	(173)	87	(2)	(2,223)
Other intangible assets	(1,764)	(342)	-	-	(2,106)
Total	<u>(3,899)</u>	<u>(515)</u>	<u>87</u>	<u>(2)</u>	<u>(4,329)</u>
Goodwill and other intangible assets, net	<u>12,054</u>				<u>15,394</u>

Unit : Million Baht		
	June 30, 2012	June 30, 2011
Amortization for the six-month periods	<u>515</u>	<u>735</u>

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2011	Increase	Decrease	Others	Balance as at December 31, 2011
Cost					
Goodwill	7,521	-	(97)	97	7,521
Software	3,333	609	(8)	4	3,938
Other intangible assets	4,310	131	-	53	4,494
Total	<u>15,164</u>	<u>740</u>	<u>(105)</u>	<u>154</u>	<u>15,953</u>
Accumulated amortization					
Software	(1,874)	(304)	(2)	45	(2,135)
Other intangible assets	(663)	(918)	14	(197)	(1,764)
Total	<u>(2,537)</u>	<u>(1,222)</u>	<u>12</u>	<u>(152)</u>	<u>(3,899)</u>
Goodwill and other intangible assets, net	<u>12,627</u>				<u>12,054</u>

Unit : Million Baht	
	December 31, 2011
Amortization for the year	<u>1,222</u>

As at June 30, 2012 and December 31, 2011, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,065 million and Baht 986 million, respectively.

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2012	Increase	Decrease	Balance as at June 30, 2012
Cost				
Goodwill	-	878	-	878
Software	3,308	188	-	3,496
Other intangible assets	13	277	-	290
Total	3,321	1,343	-	4,664
Accumulated amortization				
Software	(1,667)	(138)	-	(1,807)
Other intangible assets	(6)	(34)	-	(40)
Total	(1,673)	(172)	-	(1,847)
Goodwill and other intangible assets, net	<u>1,648</u>			<u>2,817</u>

Unit : Million Baht		
	June 30, 2012	June 30, 2011
Amortization for the six-month periods	<u>172</u>	<u>105</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2011	Increase	Decrease	Balance as at December 31, 2011
Cost				
Software	2,796	512	-	3,308
Other intangible assets	7	6	-	13
Total	2,803	518	-	3,321
Accumulated amortization				
Software	(1,430)	(237)	-	(1,667)
Other intangible assets	(5)	(1)	-	(6)
Total	(1,435)	(238)	-	(1,673)
Goodwill and other intangible assets, net	<u>1,368</u>			<u>1,648</u>

Unit : Million Baht	
	December 31, 2011
Amortization for the year	<u>238</u>

As at June 30, 2012 and December 31, 2011, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 839 million and Baht 791 million, respectively.

6.12 Deferred tax assets

Deferred tax assets as at June 30, 2012 and December 31, 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Deferred tax assets	<u>6,123</u>	<u>5,631</u>	<u>2,668</u>	<u>2,356</u>

Movements in deferred tax assets during the periods/years were as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Balance at June 30, 2012
Temporary differences				
Impairment of assets	764	-	25	789
Allowance for doubtful debt	2,753	-	194	2,947
Employee benefits	627	-	31	658
Unrealized loss on investment	415	-	-	415
Others	1,072	(102)	344	1,314
Total	<u>5,631</u>	<u>(102)</u>	<u>594</u>	<u>6,123</u>

	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 December 31, 2011
Temporary differences				
Impairment of assets	1,670	(906)	-	764
Allowance for doubtful debt	3,489	(736)	-	2,753
Unrealized loss on investment	607	(192)	-	415
Others	1,820	(748)	-	1,072
Total before adoption of TAS 19 "Employee Benefits"	7,586	(2,582)	-	5,004
Effect of the adoption of TAS 19 "Employee Benefits"	758	(177)	46	627
Total after adoption of TAS 19 "Employee Benefits"	<u>8,344</u>	<u>(2,759)</u>	<u>46</u>	<u>5,631</u>

	Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Balance at June 30, 2012
Temporary differences				
Impairment of assets	604	-	16	620
Employee benefits	531	-	25	556
Unrealized loss on investment	414	-	-	414
Other	807	12	259	1,078
Total	<u>2,356</u>	<u>12</u>	<u>300</u>	<u>2,668</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 December 31, 2011
Temporary differences				
Impairment of assets	1,456	(852)	-	604
Unrealized loss on investment	599	(185)	-	414
Other	1,135	(328)	-	807
Total before adoption of TAS 19 "Employee Benefits"	3,190	(1,365)	-	1,825
Effect of the adoption of TAS 19 "Employee Benefits"	658	(160)	33	531
Total after adoption of TAS 19 "Employee Benefits"	3,848	(1,525)	33	2,356

For the year 2011, the Bank and its subsidiaries have decreased deferred tax assets with respect to reduction of the income tax rate in accordance with the Royal Decree No. 530 B.E. 2554.

6.13 Other assets, net

Other assets, net as at June 30, 2012 and December 31, 2011, are as follows:

		Unit : Million Baht			
		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Accrued income		1,396	1,196	334	324
Prepayment		578	377	187	113
Other receivables		2,983	3,503	1,147	1,350
Others		1,774	1,336	917	750
Total		<u>6,731</u>	<u>6,412</u>	<u>2,585</u>	<u>2,537</u>

6.14 Deposits

Deposits as at June 30, 2012 and December 31, 2011, are as follows:

(1) Classified by product

		Unit : Million Baht			
		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Current deposit		19,692	19,265	20,525	20,317
Savings deposit		260,434	218,395	263,358	220,977
Time deposit					
- Less than 6 months		176,243	153,741	176,247	153,745
- 6 months to 1 year		82,436	71,319	82,438	71,320
- over 1 year		83,586	97,820	83,586	97,820
Total		<u>622,391</u>	<u>560,540</u>	<u>626,154</u>	<u>564,179</u>

(2) Classified by currency and residence of depositors

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	617,521	397	617,918	557,137	339	557,476
US Dollar	2,326	208	2,534	1,766	208	1,974
Other currencies	1,899	40	1,939	1,045	45	1,090
Total	<u>621,746</u>	<u>645</u>	<u>622,391</u>	<u>559,948</u>	<u>592</u>	<u>560,540</u>

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	621,284	397	621,681	560,775	339	561,114
US Dollar	2,301	208	2,509	1,766	208	1,974
Other currencies	1,924	40	1,964	1,045	45	1,090
Total	<u>625,509</u>	<u>645</u>	<u>626,154</u>	<u>563,586</u>	<u>592</u>	<u>564,178</u>

6.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	2,544	2,544	-	700	700
Commercial banks	1,527	23,499	25,026	214	7,036	7,250
Specialized financial institutions	30	699	729	98	760	858
Other financial institutions	5,070	685	5,755	3,074	11,525	14,599
Total domestic items	<u>6,627</u>	<u>27,427</u>	<u>34,054</u>	<u>3,386</u>	<u>20,021</u>	<u>23,407</u>
Foreign items						
US Dollar	-	-	-	334	-	334
Total foreign items	<u>-</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>334</u>
Total domestic and foreign items	<u>6,627</u>	<u>27,427</u>	<u>34,054</u>	<u>3,720</u>	<u>20,021</u>	<u>23,741</u>

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2012			December 31, 2011		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution						
Development Fund	-	2,544	2,544	-	700	700
Commercial banks	2,420	22,560	24,980	963	6,192	7,155
Specialized financial institutions	30	699	729	98	760	858
Other financial institutions	5,069	685	5,754	3,074	11,525	14,599
Total domestic items	<u>7,519</u>	<u>26,488</u>	<u>34,007</u>	<u>4,135</u>	<u>19,177</u>	<u>23,312</u>
Foreign items						
US Dollar	-	-	-	334	-	334
Total foreign items	<u>-</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>334</u>
Total domestic and foreign items	<u>7,519</u>	<u>26,488</u>	<u>34,007</u>	<u>4,469</u>	<u>19,177</u>	<u>23,646</u>

6.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2012		December 31, 2011		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
Debenture	THB	4.35–5.50	2020	20,000	-	20,000	20,000	-	20,000
Senior securities	THB	3.05–4.50	2015	68,218	-	68,218	26,300	-	26,300
Bill of exchange	THB	2.05–4.50	2014	104,139	-	104,139	155,785	-	155,785
Other borrowings	THB	0.00–2.91	2017	5,282	-	5,282	6,178	-	6,178
				<u>197,639</u>	<u>-</u>	<u>197,639</u>	<u>208,263</u>	<u>-</u>	<u>208,263</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2012		December 31, 2011		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
Debenture	THB	4.35–5.50	2020	20,000	-	20,000	20,000	-	20,000
Senior securities	THB	3.05–4.50	2015	45,924	-	45,924	4,000	-	4,000
Bill of exchange	THB	2.05–4.50	2014	83,477	-	83,477	141,867	-	141,867
Other borrowings	THB	0.00–2.91	2017	5,282	-	5,282	6,178	-	6,178
				<u>154,683</u>	<u>-</u>	<u>154,683</u>	<u>172,045</u>	<u>-</u>	<u>172,045</u>

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 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.

6.17 Provisions

Provisions for the six-month period ended June 30, 2012 and for the year ended December 31, 2011, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance at January 1, 2011	Adjustment due to change in accounting policies	Increase (Decrease)	Balance at December 31, 2011	Increase (Decrease)	Balance at June 30, 2012
Provision for post-employment benefits obligation	15	2,333	444	2,792	100	2,892
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,057	-	49	2,106	-	2,106
Provision for customer loyalty program	1,156	-	88	1,244	354	1,598
Others	462	-	292	754	42	796
Total	3,690	2,333	873	6,896	496	7,392

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	Balance at January 1, 2011	Adjustment due to change in accounting policies	Increase (Decrease)	Balance at December 31, 2011	Increase (Decrease)	Balance at June 30, 2012
Provision for post-employment benefits obligation	4	2,021	333	2,358	68	2,426
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	1,996	-	74	2,070	-	2,070
Provision for customer loyalty program	7	-	14	21	4	25
Others	469	-	252	721	110	831
Total	2,476	2,021	673	5,170	182	5,352

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 for the six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Opening defined benefits obligation	2,792	15	2,358	4
Add Adjustment due to change in accounting policies	-	2,333	-	2,021
Opening defined benefit obligation – as adjusted	2,792	2,348	2,358	2,025
Current service cost	119	99	90	72
Interest cost	53	47	45	41
Benefit paid	(72)	(16)	(67)	(10)
Closing defined benefit obligation	2,892	2,478	2,426	2,128

Amounts recognized in the statements of comprehensive income in respect of the defined benefit plans for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Current service cost	59	49	45	38
Interest on obligation	26	25	22	22
	85	74	67	60

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Current service cost	119	99	90	72
Interest on obligation	53	47	45	41
	172	146	135	113

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2012 and December 31, 2011, are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	3.8%
Expected rate of salary increase	6.0%
Turnover rate	11.2%
Retirement age	60 years

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, 2012 and December 31, 2011, the provisions for possible losses were set up in the amounts of Baht 2,106 million for the consolidated financial statements and 2,071 million for the Bank's financial statements.

TAMC has liquidated since June 9, 2011. On October 14, 2011, the Liquidation Committee of Thai Asset Management Corporation (TAMC) sent a letter to the Bank regarding the principles and guidelines for the redemption of maturing promissory notes following the wrap-up of the TAMC.

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.

6.18 Deferred tax liabilities

Deferred tax liabilities as at June 30, 2012 and December 31, 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	Unit : Million Baht		Unit : Million Baht	
Deferred tax liabilities	<u>2,548</u>	<u>2,276</u>	<u>1,599</u>	<u>1,452</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income
	Unit : Million Baht			
Temporary differences				
Asset appraisal surplus	1,323	-	(33)	-
Other	<u>953</u>	<u>292</u>	<u>(68)</u>	<u>81</u>
Total	<u>2,276</u>	<u>292</u>	<u>(101)</u>	<u>81</u>

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2011	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2011
	Unit : Million Baht			
Temporary differences				
Asset appraisal surplus	2,048	(73)	(652)	1,323
Other	<u>1,991</u>	<u>(944)</u>	<u>(94)</u>	<u>953</u>
Total	<u>4,039</u>	<u>(1,017)</u>	<u>(746)</u>	<u>2,276</u>

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income
	Unit : Million Baht			
Temporary differences				
Asset appraisal surplus	1,322	-	(33)	-
Other	<u>130</u>	<u>104</u>	<u>(5)</u>	<u>81</u>
Total	<u>1,452</u>	<u>104</u>	<u>(38)</u>	<u>81</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 December 31, 2011
Temporary differences				
Assets appraisal surplus	2,047	(73)	(652)	1,322
Other	272	(48)	(94)	130
Total	<u>2,319</u>	<u>(121)</u>	<u>(746)</u>	<u>1,452</u>

For the year 2011, the Bank and subsidiaries have decreased deferred tax liabilities with respect to reduction of the income tax rate in accordance with the Royal Decree No.530 B.E.2554.

6.19 Finance lease liabilities

Finance lease liabilities as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	June 30, 2012		
	Principal	Interest	Payment
Within one year	14	3	17
One year to five years	<u>74</u>	<u>8</u>	<u>82</u>
Total	<u>88</u>	<u>11</u>	<u>99</u>

As at December 31, 2011, the Bank and subsidiaries did not have any finance lease liabilities.

6.20 Other liabilities

Other liabilities as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Accrued expenses	7,740	8,047	5,684	5,753
Tax payable	3,209	3,692	1,463	1,177
Deposit	7,458	6,675	152	73
Other payable	843	1,019	392	756
Others	<u>6,375</u>	<u>6,391</u>	<u>2,574</u>	<u>2,456</u>
Total	<u>25,625</u>	<u>25,824</u>	<u>10,265</u>	<u>10,215</u>

6.21 Share capital

6.21.1 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 cost 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, or issue new shares or sell property in order to reduce debt obligation.

6.21.2 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.

6.21.3 Dividend payment

At 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.

The Board of Directors' Meeting No.8/2011 held on August 24, 2011, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2011 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 September 22, 2011.

At the General Shareholders' meeting held on April 24, 2012, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2011 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 22, 2012.

6.22 Assets with obligations and restrictions

As at June 30, 2012 and December 31, 2011, government and state enterprise securities with book value of Baht 5,760 million and Baht 6,313 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

6.23 Contingencies

Contingencies as at June 30, 2012 and December 31, 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Avals to bills	720	1,585	720	1,585
Guarantees of loans	149	180	149	180
Liability under unmatured import bills	1,893	1,465	1,893	1,465
Letters of credit	7,626	8,293	7,626	8,293
Other contingencies				
- Unused overdraft limit	57,418	53,734	57,568	53,884
- Other guarantees	36,469	36,063	36,469	36,063
- Others	513	293	513	293
Total	<u>104,788</u>	<u>101,613</u>	<u>104,938</u>	<u>101,763</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2019, with a local company. As at June 30, 2012, the Bank and its subsidiaries have a commitment to pay in the amount of Baht 4,428 million.

As at June 30, 2012 and December 31, 2011, the Bank has commitments to be paid regarding the information technology services in the amounts of Baht 144 million and Baht 35 million, respectively.

6.24 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 Transactions in the Financial Business Group Policy as follows:

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

The inter-group transactions shall be 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:

6.24.1 Loans to, deposits, borrowing and contingencies with certain officers from the levels of 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 and the companies in which the directors and/or shareholders of the Bank having significant voting right either direct and indirect as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2012				December 31, 2011			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Associates								
Tesco Card Services Limited	8,437	368	-	25	7,595	267	-	-
Tesco Life Assurance Broker Limited	-	25	-	-	-	18	-	-
Tesco General Insurance Broker Limited	-	182	-	-	-	186	-	-
<u>Less</u> Allowance for doubtful accounts	(84)	-	-	-	(76)	-	-	-
Total	8,353	575	-	25	7,519	471	-	-
Related companies having joint major shareholders or directors								
<u>Less</u> Allowance for doubtful accounts	(8)	-	-	-	(6)	-	-	-
Total	797	4,522	1,700	640	613	9,032	353	169
Individual and related parties								
Total	217	523	97	-	178	284	127	-
	9,367	5,620	1,797	665	8,310	9,787	480	169

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	June 30, 2012				December 31, 2011			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Subsidiaries								
Ayudhya Development Leasing Company Limited	9,891	6	-	232	9,154	50	-	642
Ayudhya Auto Lease Public Company Limited	-	693	-	-	-	695	-	-
Ayudhya Capital Auto Lease Public Company Limited	105,539	526	-	-	94,019	345	-	-
Ayudhya Total Solutions Public Company Limited	-	254	1,800	-	-	151	751	-
CFG Services Company Limited	4,510	125	-	-	3,750	218	-	-
Ayudhya Card Services Company Limited	3,321	145	-	-	4,100	216	-	-
Ayudhya Capital Services Company Limited	18,853	484	-	3	18,100	471	-	3
General Card Services Limited	10,666	264	-	-	11,190	161	-	-
Krungsriayudhya Card Company Limited	24,582	455	-	1	14,748	342	-	1
Siam Realty and Services Company Limited	446	21	-	-	335	40	-	-
Total Services Solutions Public Company Limited	-	260	300	-	-	351	200	-
Krungsri Asset Management Company Limited	-	140	300	636	-	78	300	634
Krungsri Ayudhya AMC Limited (Formerly Ayudhya Asset Management Company Limited)	3,961	84	-	38	5,967	83	-	38
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	-	759	6	-	-	82	600	-
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	2,580	247	-	-	3,070	235	-	-
Krungsri Life Assurance Broker Company Limited (Formerly Quality Life Assurance Broker Company Limited)	-	94	-	-	-	90	-	-
Krungsri General Insurance Broker Company Limited (Formerly Quality General Insurance Broker Company Limited)	-	98	-	-	-	179	-	-
Total	184,349	4,655	2,406	910	164,433	3,787	1,851	1,318
<u>Less</u> Allowance for doubtful accounts	(1,843)	-	-	-	(1,644)	-	-	-
Total	182,506	4,655	2,406	910	162,789	3,787	1,851	1,318
Associates								
Tesco Card Services Limited	8,437	368	-	25	7,595	267	-	-
Tesco Life Assurance Broker Limited	-	25	-	-	-	18	-	-
Tesco General Insurance Broker Limited	-	182	-	-	-	186	-	-
<u>Less</u> Allowance for doubtful accounts	(84)	-	-	-	(76)	-	-	-
Total	8,353	575	-	25	7,519	471	-	-
Related companies having joint major shareholders or directors	805	4,522	1,700	640	619	9,032	353	169
<u>Less</u> Allowance for doubtful accounts	(8)	-	-	-	(6)	-	-	-
Total	797	4,522	1,700	640	613	9,032	353	169
Individual and related parties	180	523	97	-	140	284	127	-
Total	191,836	10,275	4,203	1,575	171,061	13,574	2,331	1,487

As at June 30, 2012 and December 31, 2011, the Bank charges interest rates to the officer or related parties at 1.00% - 15.00% p.a. and 1.00% - 7.63%, respectively.

As at June 30, 2012 and December 31, 2011, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,843 million and Baht 1,644 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

As at June 30, 2012 and December 31, 2011, the Bank granted loans to KrungsriAyudhya AMC Limited (formerly Ayudhya Asset Management Company Limited) as short-term promissory notes of Baht 3,961 million and Baht 5,967 million at the interest rates of 3.80% - 4.00% and 4.01% - 4.05% per annum, respectively.

6.24.2 The Bank has investments in subsidiaries and associates as disclosed in note 6.5 and has investments in related companies as follows:

Unit: Million Baht							
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
				June 30, 2012		December 31, 2011	
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related companies							
Sriayudhya Capital Insurance Public Company Limited (Formerly Ayudhya Insurance Public Company Limited)	Insurance	250	10.92	419	14	419	33
<u>Less</u> Allowance for impairment				(7)	-	(7)	-
Investment in related companies, net				412	14	412	33

6.24.3 Income and expenses between the Bank and its subsidiaries, associates and related companies for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS								Unit : Million Baht
	For the three-month period ended June 30, 2012				For the three-month period ended June 30, 2011			
	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	86	3	-	-	62	2	1	-
Tesco General Insurance Broker Limited	-	2	1	-	-	-	1	-
Total	86	5	1	-	62	2	2	-
Related companies having joint major shareholders or directors								
	8	22	33	77	4	22	69	85
Total	8	22	33	77	4	22	69	85
Individual and related parties								
	2	-	4	-	1	-	1	-
Total	96	27	38	77	67	24	72	85

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	For the six-month period ended June 30, 2012				For the six-month period ended June 30, 2011			
	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	169	5	1	-	116	3	1	-
Tesco General Insurance Broker Limited	-	4	1	-	-	-	1	-
Total	169	9	2	-	116	3	2	-
Related companies having joint major shareholders or directors								
	15	27	79	169	8	43	131	180
Total	15	27	79	169	8	43	131	180
Individual and related parties								
	3	-	6	-	2	-	2	-
Total	187	36	87	169	126	46	135	180

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended June 30, 2012				For the three-month period ended June 30, 2011			
	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	101	-	-	-	54	1	-	-
Ayudhya Auto Lease Public Company Limited	-	-	2	-	-	-	4	-
Ayudhya Capital Lease Company Limited	-	-	-	-	-	-	6	-
Ayudhya Capital Auto Lease Public Company Limited	1,076	15	1	-	814	1	1	-
Ayudhya Total Solutions Public Company Limited	-	1	10	-	-	1	3	-
CFG Services Company Limited	54	5	1	-	32	3	-	-
Ayudhya Card Services Company Limited	31	20	-	-	29	18	-	-
Ayudhya Capital Services Company Limited	194	35	1	-	145	25	2	6
General Card Services Limited	111	2	1	-	94	1	2	-
KrungsriAyudhya Card Company Limited	244	34	1	-	117	17	2	-
Siam Realty and Services Company Limited	4	-	-	108	3	-	-	109
Total Services Solutions Public Company Limited	-	1	2	21	-	1	2	9
KrungsriAsset Management Company Limited	-	23	2	2	-	29	2	2
KrungsriAyudhya AMC Limited (Formerly Ayudhya Asset Management Company Limited)	49	3	-	-	81	13	-	-
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	-	5	5	1	-	4	3	1
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	27	1	-	-	27	1	-	-
Total	1,891	145	26	132	1,396	115	27	127
Associates								
Tesco Card Services Limited	86	3	-	-	62	2	1	-
Tesco General Insurance Broker Limited	-	2	1	-	-	-	1	-
Total	86	5	1	-	62	2	2	-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended June 30, 2012				For the three-month period ended June 30, 2011			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Related companies having joint major shareholders or directors	8	22	33	77	4	22	69	85
Total	8	22	33	77	4	22	69	85
Individual and related parties	2	-	4	-	1	-	1	-
Total	1,987	172	64	209	1,463	139	99	212

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the six-month period ended June 30, 2012				For the six-month period ended June 30, 2011			
	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	198	1	-	-	95	3	-	-
Ayudhya Auto Lease Public Company Limited	-	-	4	-	1	1	14	-
Ayudhya Capital Lease Company Limited	-	-	-	-	-	-	10	-
Ayudhya Capital Auto Lease Public Company Limited	2,071	29	2	-	1,550	1	1	1
Ayudhya Total Solutions Public Company Limited	-	2	18	-	2	2	3	-
CFG Services Company Limited	100	9	1	-	58	7	-	-
Ayudhya Card Services Company Limited	66	41	-	-	59	40	-	-
Ayudhya Capital Services Company Limited	378	61	1	1	282	44	2	11
General Card Services Limited	223	4	2	-	182	2	2	-
Krungsriayudhya Card Company Limited	386	39	2	-	224	33	1	-
Siam Realty and Services Company Limited	8	1	-	217	5	-	-	218
Total Services Solutions Public Company Limited	-	1	5	35	-	1	2	22
Krungsri Asset Management Company Limited	-	42	5	3	-	45	2	3
KrungsriAyudhya AMC Limited (Formerly Ayudhya Asset Management Company Limited)	105	21	-	-	157	15	-	-
Krungsri Securities Public Company Limited (Formerly Ayudhya Securities Public Company Limited)	-	9	10	2	-	8	5	2
Krungsri Factoring Company Limited (Formerly Ayudhya Factoring Company Limited)	57	2	-	-	46	2	-	-
Total	3,592	262	50	258	2,661	204	42	257
Associates								
Tesco Card Services Limited	169	5	1	-	116	3	1	-
Tesco General Insurance Broker Limited	-	4	1	-	-	-	1	-
Total	169	9	2	-	116	3	2	-
Related companies having joint major shareholders or directors	15	27	79	169	8	43	131	180
Total	15	27	79	169	8	43	131	180
Individual and related parties	3	-	6	-	2	-	2	-
Total	3,779	298	137	427	2,787	250	177	437

- 6.24.4 For the six-month period ended June 30, 2012, a subsidiary entered into an agreement to sell non-performing loan (NPLs) to a related company totalling Baht 850 million with a book value of Baht 1,171 million and a net book value of Baht 718 million. The sale amount has been received.

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.

- 6.24.5 For the six-month periods ended June 30, 2012 and 2011, related party transactions among subsidiaries and associates include collection services and other services of Baht 490 million and Baht 497 million and office and vehicle rental and facilities service of Baht 23 million and Baht 11 million, respectively.
- 6.24.6 For the six-month periods ended June 30, 2012 and 2011, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 30 million and Baht 26 million, respectively.
- 6.24.7 For the six-month periods ended June 30, 2012 and 2011, related party transactions among subsidiaries from other services were Baht 517 million and Baht 595 million, respectively.

- 6.24.8 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, 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.

The Bank's Board of Directors Meeting No. 6/2012 held on June 27, 2012 resolved to adjust its operating plan whereby the Bank will not accept the entire business transfer of AYCS as previously approved by the EGM referred above. However, Krungsriayudhya Card Company Limited, operating credit card and personal loan business in which the Bank currently holds 100% of the total shares sold, will consider accepting the entire business transfer of Ayudhya Card Services Company Limited.

- 6.24.9 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%.
- 6.24.10 On June 18, 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 65 million, having total assets and total liabilities of Baht 144 million and Baht 79 million, respectively at the transfer date.
- 6.24.11 On April 21, 2012, Ayudhya Total Solutions Public Company Limited (AYTS) has already completed the transfer of its entire business to Ayudhya Capital Auto Lease Public Company Limited (AYCAL) at net book value of Baht 721 million, having total assets and total liabilities of Baht 858 million and Baht 137 million, respectively on the transfer date, as approved by the extraordinary meeting of shareholders No. 1/2011 of AYTS as well as the annual general meeting of shareholders No. 51 of AYTS and the extraordinary meeting of shareholders No. 1/2011 of AYCAL

6.25 Management compensation

The Bank has no special benefits given to the directors and executive officers beyond the general benefits made as usual, included contingency benefits from employment agreements compensation and other benefits from those persons.

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.

For the three-month periods and six-month periods ended June 30, 2012 and 2011, compensations paid to key management personnel under TAS 24 (Revised 2009) “Related Party Disclosures” are as follows.

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Short-term employee benefits	302	255	206	154
Post-employment benefits	8	5	5	3
Total	<u>310</u>	<u>260</u>	<u>211</u>	<u>157</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Short-term employee benefits	674	482	458	313
Post-employment benefits	16	11	10	5
Total	<u>690</u>	<u>493</u>	<u>468</u>	<u>318</u>

6.26 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental as at June 30, 2012 and December 31, 2011, which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit : Million Baht			
		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Land and/or premises and equipment	Within 1 year	476	446	489	451
	Over 1-5 years	543	625	599	666
	Over 5 years	90	96	90	96
		<u>1,109</u>	<u>1,167</u>	<u>1,178</u>	<u>1,213</u>

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

(1) Position classified by type of business

Position classified by domestic and foreign business as at June 30, 2012 and December 31, 2011, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2012				
	Domestic	Foreign	Elimination	Total
Total assets	1,035,311	4,437	(5,207)	1,034,541
Interbank and money market items, net (Assets)	98,890	681	-	99,571
Investments, net	88,094	598	-	88,692
Loans to customers and accrued interest receivable, net	726,710	2,068	-	728,778
Deposits	621,903	488	-	622,391
Interbank and money market items, net (Liabilities)	34,052	2	-	34,054
Debt issued and borrowings	197,639	-	-	197,639

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2011				
	Domestic	Foreign	Elimination	Total
Total assets	948,558	5,695	(6,456)	947,797
Interbank and money market items, net (Assets)	81,222	596	-	81,818
Investments, net	80,525	679	-	81,204
Loans to customers and accrued interest receivable, net	686,683	3,404	-	690,087
Deposits	560,030	510	-	560,540
Interbank and money market items, net (Liabilities)	23,741	-	-	23,741
Debt issued and borrowings	208,263	-	-	208,263

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2012				
	Domestic	Foreign	Elimination	Total
Total assets	963,345	4,437	(5,207)	962,575
Interbank and money market items, net (Assets)	97,573	681	-	98,254
Investments, net	87,736	598	-	88,334
Loans to customers and accrued interest receivable, net	650,920	2,068	-	652,988
Deposits	625,666	488	-	626,154
Interbank and money market items, net (Liabilities)	34,005	2	-	34,007
Debt issued and borrowings	154,683	-	-	154,683

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2011				
	Domestic	Foreign	Elimination	Total
Total assets	887,584	5,695	(6,456)	886,823
Interbank and money market items, net (Assets)	79,923	596	-	80,519
Investments, net	80,003	679	-	80,682
Loans to customers and accrued interest receivable, net	619,692	3,404	-	623,096
Deposits	563,669	510	-	564,179
Interbank and money market items, net (Liabilities)	23,646	-	-	23,646
Debt issued and borrowings	172,045	-	-	172,045

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month periods and the six-month periods ended June 30, 2012 and 2011, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2012				
	Domestic	Foreign	Elimination	Total
Interest income	16,039	28	-	16,067
Interest expenses	6,014	1	-	6,015
Net interest income	10,025	27	-	10,052
Fees and service income, net	3,256	5	-	3,261
Other operating income	2,968	(16)	(775)	2,177
Other operating expenses	11,396	14	(775)	10,635
Profit from operating before tax	4,853	2	-	4,855

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period 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 six-month period ended June 30, 2012			
	Domestic	Foreign	Elimination	Total
Interest income	31,368	61	-	31,429
Interest expenses	11,995	2	-	11,997
Net interest income	19,373	59	-	19,432
Fees and service income, net	6,123	9	-	6,132
Other operating income	5,455	(31)	(1,317)	4,107
Other operating expenses	21,628	43	(1,317)	20,354
Profit (loss) from operating before tax	9,323	(6)	-	9,317

	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			
	THE BANK'S FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2012			
	Domestic	Foreign	Elimination	Total
Interest income	10,888	28	-	10,916
Interest expenses	5,711	1	-	5,712
Net interest income	5,177	27	-	5,204
Fees and service income, net	1,455	5	-	1,460
Other operating income	1,976	(16)	(775)	1,185
Other operating expenses	6,381	14	(775)	5,620
Profit from operating before tax	2,227	2	-	2,229

	Unit : Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2011			
	Domestic	Foreign	Elimination	Total
Interest income	8,881	31	-	8,912
Interest expenses	4,097	1	-	4,098
Net interest income	4,784	30	-	4,814
Fees and service income, net	1,249	4	-	1,253
Other operating income	1,927	(13)	(578)	1,336
Other operating expenses	6,390	58	(578)	5,870
Profit (loss) from operating before tax	1,570	(37)	-	1,533

	Unit : Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2012			
	Domestic	Foreign	Elimination	Total
Interest income	21,306	61	-	21,367
Interest expenses	11,387	2	-	11,389
Net interest income	9,919	59	-	9,978
Fees and service income, net	2,800	9	-	2,809
Other operating income	3,500	(31)	(1,317)	2,152
Other operating expenses	12,617	43	(1,317)	11,343
Profit (loss) from operating before tax	3,602	(6)	-	3,596

	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	7,572	1	-	7,573
Net interest income	9,396	57	-	9,453
Fees and service income, net	2,455	8	-	2,463
Other operating income	3,501	(26)	(1,156)	2,319
Other operating expenses	12,440	84	(1,156)	11,368
Profit (loss) from operating before tax	2,912	(45)	-	2,867

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.

6.28 Interest income

Interest income for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Interbank and money market items	520	692	518	685
Investment and trading transactions	49	26	49	25
Investment in debt securities	674	427	666	419
Loans to customers	10,708	8,858	9,683	7,783
Hire purchase and financial lease	4,116	3,711	-	-
Total interest income	16,067	13,714	10,916	8,912

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Interbank and money market items	1,232	1,235	1,228	1,224
Investment and trading transactions	94	51	94	50
Investment in debt securities	1,315	797	1,300	787
Loans to customers	20,683	17,230	18,744	14,965
Hire purchase and financial lease	8,105	7,277	-	-
Total interest income	<u>31,429</u>	<u>26,590</u>	<u>21,366</u>	<u>17,026</u>

6.29 Interest expenses

Interest expenses for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Deposits	3,109	2,085	3,117	2,100
Interbank and money market items	259	430	255	367
Contributions to Financial Institution Development Fund and Deposit Protection Agency	809	566	809	566
Debt issued and borrowing				
- Subordinated debenture	225	249	225	249
- Other	1,610	987	1,306	816
Other	3	2	-	-
Total interest expenses	<u>6,015</u>	<u>4,319</u>	<u>5,712</u>	<u>4,098</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Deposits	6,053	3,862	6,068	3,882
Interbank and money market items	592	788	584	674
Contributions to Financial Institution Development Fund and Deposit Protection Agency	1,497	1,142	1,497	1,142
Debt issued and borrowing				
- Subordinated debenture	450	463	450	463
- Other	3,399	1,747	2,789	1,412
Other	6	3	-	-
Total interest expenses	<u>11,997</u>	<u>8,005</u>	<u>11,388</u>	<u>7,573</u>

6.30 Fees and service income, net

Fees and service income, net for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Fees and service income				
- Acceptances, aval and guarantees	128	156	128	156
- Other	3,995	3,425	1,677	1,435
Total fees and service income	4,123	3,581	1,805	1,591
Fees and service expenses	863	762	346	338
Total fees and service income, net	3,260	2,819	1,459	1,253

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Fees and service income				
- Acceptances, aval and guarantees	259	311	259	311
- Other	7,600	6,610	3,268	2,895
Total fees and service income	7,859	6,921	3,527	3,206
Fees and service expenses	1,727	1,583	718	743
Total fees and service income, net	6,132	5,338	2,809	2,463

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

Gains (losses) from trading and foreign exchange transactions, net for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	364	252	359	250
- Derivative of interest rates	(4)	-	(4)	-
- Debt securities	34	(20)	34	(20)
- Equity securities	(14)	9	(21)	2
Total	380	241	368	232

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	727	474	729	470
- Derivative of interest rates	(1)	21	(1)	20
- Debt securities	42	(12)	42	(12)
- Equity securities	6	24	(12)	11
Total	<u>774</u>	<u>507</u>	<u>758</u>	<u>489</u>

6.32 Gains (losses) on investments

Gains (losses) on investments for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Gains (losses) on sales of investments				
- Available-for-sale	70	74	70	74
- General investments	324	430	326	430
Total	<u>394</u>	<u>504</u>	<u>396</u>	<u>504</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Gains (losses) on sales of investments				
- Available-for-sale	137	205	137	205
- General investments	324	479	326	479
Total	<u>461</u>	<u>684</u>	<u>463</u>	<u>684</u>

6.33 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Interbank and money market items	15	15	15	15
Loans to customers	2,696	3,065	861	1,654
Loss on troubled debt restructuring	279	19	124	31
Total	<u>2,990</u>	<u>3,099</u>	<u>1,000</u>	<u>1,700</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Interbank and money market items	157	22	157	22
Loans to customers	4,944	5,794	2,152	2,978
Loss on troubled debt restructuring	601	33	116	50
Total	<u>5,702</u>	<u>5,849</u>	<u>2,425</u>	<u>3,050</u>

6.34 Income tax

Income tax for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2012	2011	2012	2011
Current tax for the period	1,519	1,417	610	358
Deferred tax	(378)	(231)	(131)	(67)
Total income tax expense	<u>1,141</u>	<u>1,186</u>	<u>479</u>	<u>291</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2012	2011	2012	2011
Current tax for the period	2,855	2,336	1,089	368
Deferred tax	(694)	(85)	(338)	251
Total income tax expense	<u>2,161</u>	<u>2,251</u>	<u>751</u>	<u>619</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2012		2011		2012		2011	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	9,317		8,052		3,596		2,867	
Income tax at the domestic tax rate	2,143	23.00	2,416	30.00	827	23.00	860	30.00
<u>Add</u> Tax effect of income and expense that are not exempt for tax purposes	182	1.95	302	3.75	54	1.50	78	2.70
<u>Less</u> Tax effect of income and expense that are exempt for tax purposes	(164)	(1.76)	(467)	(5.79)	(130)	(3.62)	(319)	(11.11)
Income tax as statements of comprehensive income	<u>2,161</u>	<u>23.19</u>	<u>2,251</u>	<u>27.96</u>	<u>751</u>	<u>20.88</u>	<u>619</u>	<u>21.59</u>

According to the Royal Decree No.530 B.E.2554 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 22, 2011, the corporate income tax was reduced from 30% to 23% for an accounting period beginning on or after January 1, 2012 and 20% for two consecutive accounting periods beginning on or after January 1, 2013.

Therefore, the Bank and subsidiaries used tax rate of 30% for the corporate income tax calculation for the six-month period ended June 30, 2011 and used tax rate of 23% for the corporate income tax calculation for the six-month period ended June 30, 2012 to conform to such tax rate changes.

The Bank and subsidiaries used the tax rate of 30% for the calculation of deferred tax for the six-month period ended June 30, 2011 and 23% and 20% for the calculation of deferred tax for the six-month period ended June 30, 2012.

6.35 Income tax related to other comprehensive income

Income tax related to other comprehensive income for the three-month periods and six-month periods ended June 30, 2012 and 2011, are as follows:

	Unit : Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the three-month periods ended June 30,					
	2012			2011		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Gains (losses) on remeasuring available-for-sale investment	209	(40)	169	(59)	37	(22)
Other comprehensive income	<u>209</u>	<u>(40)</u>	<u>169</u>	<u>(59)</u>	<u>37</u>	<u>(22)</u>

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
For the six-month periods ended June 30,					
	2012			2011	
	Amount	Tax	Net	Amount	Tax
	before tax	income	amount	before tax	income
		(expenses)	After tax		(expenses)
Gains (losses) on remeasuring available-for-sale investment	382	(80)	302	(367)	148
Other comprehensive income	382	(80)	302	(367)	148

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
For the three-month periods ended June 30,					
	2012			2011	
	Amount	Tax	Net	Amount	Tax
	before tax	income	amount	before tax	income
		(expenses)	After tax		(expenses)
Gains (losses) on remeasuring available-for-sale investment	209	(41)	168	(59)	37
Other comprehensive income	209	(41)	168	(59)	37

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
For the six-month periods ended June 30,					
	2012			2011	
	Amount	Tax	Net	Amount	Tax
	before tax	income	amount	before tax	income
		(expenses)	After tax		(expenses)
Gains (losses) on remeasuring available-for-sale investment	381	(80)	301	(367)	148
Other comprehensive income	381	(80)	301	(367)	148

6.36 Approval of financial statements

These financial statements have been approved for issue by the Bank's authorized directors and the Audit Committee on August 15, 2012.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2012	2011	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments - securities				
available-for-sale	602,434,196	363,842,722	602,377,537	363,108,535
Cash paid for purchases of investments - securities				
available-for-sale	(607,576,913)	(360,580,129)	(607,523,974)	(359,836,796)
Proceeds from repatriation of subsidiaries	-	-	-	1,725,610
Dividend received from subsidiaries	-	-	262,779	686,849
Cash paid for investment in subsidiaries	-	(999,462)	-	(999,462)
Cash paid for purchase of shares in subsidiaries	(80,392)	-	(80,392)	(200,000)
Proceeds from sales of premises and equipment	67,369	321,567	31,895	2,826
Cash paid for purchases of premises and equipment	(2,138,080)	(726,732)	(1,892,056)	(434,904)
Cash paid for purchases of other assets	(248,045)	(228,874)	(199,216)	(107,165)
Cash received (paid) for purchases business acquisition	(7,585,573)	-	3,488,085	-
Net cash from investing activities	<u>(15,127,438)</u>	<u>1,629,092</u>	<u>(3,535,342)</u>	<u>3,945,493</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	194,119,834	172,960,223	187,381,809	169,370,223
Cash paid for repayment of debts issued and borrowings	(204,743,347)	(103,188,605)	(204,743,347)	(103,188,605)
Cash paid for liabilities under finance lease agreements	(4,334)	(71,237)	(4,334)	(71,237)
Dividend payment	(2,126,089)	(2,125,950)	(2,125,950)	(2,125,950)
Net cash from financing activities	<u>(12,753,936)</u>	<u>67,574,431</u>	<u>(19,491,822)</u>	<u>63,984,431</u>
Total	<u>(2,514,878)</u>	<u>(2,775,266)</u>	<u>(2,400,339)</u>	<u>(2,936,407)</u>
Effect of exchange rate change on cash	8,172	59,756	8,172	59,756
Net decrease in cash and cash equivalents	<u>(2,506,706)</u>	<u>(2,715,510)</u>	<u>(2,392,167)</u>	<u>(2,876,651)</u>
Cash and cash equivalents as at January 1,	26,102,863	23,387,497	25,140,395	22,447,133
Cash and cash equivalents as at June 30,	<u><u>23,596,157</u></u>	<u><u>20,671,987</u></u>	<u><u>22,748,228</u></u>	<u><u>19,570,482</u></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