

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 financial statements of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's financial statements of Bank of Ayudhya Public Company Limited, which comprise the consolidated and Bank's statements of financial position as at June 30, 2013, and the related consolidated and Bank's statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, 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 audit. We conducted our audit 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 its subsidiaries and of Bank of Ayudhya Public Company Limited as at June 30, 2013, and financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of comprehensive income of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's statement of comprehensive income of Bank of Ayudhya Public Company Limited for the three-month period ended June 30, 2013, and the 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 review.

Scope of Review

We conducted our review 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 review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

BANGKOK
August 16, 2013

Permsak Wongpatcharapakorn
Certified Public Accountant (Thailand)
Registration No. 3427
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2013

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
ASSETS				
CASH	24,485,756	25,078,920	24,453,243	25,060,003
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.2)	109,446,384	79,389,674	107,952,306	78,155,680
CLAIMS ON SECURITY	11,724,748	13,592,478	11,724,748	13,592,478
DERIVATIVES ASSETS (Note 7.3)	5,449,204	3,414,492	5,449,204	3,414,492
INVESTMENTS, NET (Note 7.4)	77,551,874	78,302,398	76,757,175	77,829,013
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET (Note 7.5)	1,051,779	946,637	32,482,962	32,482,962
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 7.6)				
Loans to customers	908,602,256	869,382,125	748,837,548	733,870,285
Accrued interest receivables	2,359,047	2,256,924	1,426,709	1,417,982
Total loans to customers and accrued interest receivables	910,961,303	871,639,049	750,264,257	735,288,267
Less Deferred revenue	(44,261,275)	(39,374,222)	(100,848)	(38,868)
Less Allowance for doubtful accounts (Note 7.7)	(34,006,804)	(30,305,602)	(20,436,108)	(19,409,266)
Less Revaluation allowance for debt restructuring (Note 7.8)	(498,427)	(723,410)	(14,424)	(17,364)
Net loans and accrued interest receivables	832,194,797	801,235,815	729,712,877	715,822,769
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	814,590	682,147	814,590	682,147
PROPERTIES FOR SALE, NET (Note 7.9)	8,846,745	9,451,647	3,670,209	4,704,803
PREMISES AND EQUIPMENT, NET (Note 7.10)	20,074,804	18,299,724	18,574,200	16,893,475
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 7.11)	15,115,292	15,435,423	3,043,791	3,068,498
DEFERRED TAX ASSETS (Note 7.12)	6,491,070	6,060,689	2,457,339	2,637,131
ACCOUNTS RECEIVABLE FOR INVESTMENTS	5,322,077	7,777,647	5,322,077	7,777,647
OTHER ASSETS, NET (Note 7.13)	11,586,468	12,297,804	4,367,801	4,345,637
TOTAL ASSETS	1,130,155,588	1,071,965,495	1,026,782,522	986,466,735

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
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2013

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
LIABILITIES AND EQUITY				
DEPOSITS (Note 7.14)	731,730,747	687,159,328	736,965,005	692,994,007
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.15)	53,001,733	48,821,459	51,985,901	48,366,000
LIABILITY PAYABLE ON DEMAND	4,548,439	2,776,041	4,548,439	2,776,041
LIABILITY TO DELIVER SECURITY	11,724,748	13,592,478	11,724,748	13,592,478
DERIVATIVES LIABILITIES (Note 7.3)	5,347,655	3,508,210	5,347,655	3,508,210
DEBT ISSUED AND BORROWINGS (Note 7.16)	159,558,447	154,628,639	93,675,961	103,738,778
BANK'S LIABILITY UNDER ACCEPTANCE	814,590	682,147	814,590	682,147
PROVISIONS (Note 7.17)	7,370,466	7,334,404	5,113,537	5,175,737
DEFERRED TAX LIABILITIES (Note 7.18)	2,822,422	2,505,437	1,987,338	1,617,322
ACCOUNTS PAYABLE FOR INVESTMENTS	4,390,603	5,694,321	4,390,603	5,694,321
OTHER LIABILITIES (Note 7.20)	29,223,575	31,776,917	11,932,391	13,064,908
TOTAL LIABILITIES	<u>1,010,533,425</u>	<u>958,479,381</u>	<u>928,486,168</u>	<u>891,209,949</u>
EQUITY				
SHARE CAPITAL (Note 7.21)				
Authorized share capital				
7,089,392,755 ordinary shares of				
Baht 10 each	<u>70,893,928</u>	<u>70,893,928</u>	<u>70,893,928</u>	<u>70,893,928</u>
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	7,307,957	5,983,000	7,269,377	5,985,325
RETAINED EARNINGS				
Appropriated				
Legal reserve	1,641,500	1,641,500	1,641,500	1,641,500
Unappropriated	35,901,226	31,154,242	14,841,824	13,086,308
TOTAL BANK'S EQUITY	<u>119,394,336</u>	<u>113,322,395</u>	<u>98,296,354</u>	<u>95,256,786</u>
NON-CONTROLLING INTEREST	227,827	163,719	-	-
TOTAL EQUITY	<u>119,622,163</u>	<u>113,486,114</u>	<u>98,296,354</u>	<u>95,256,786</u>
TOTAL LIABILITIES AND EQUITY	<u>1,130,155,588</u>	<u>1,071,965,495</u>	<u>1,026,782,522</u>	<u>986,466,735</u>

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

(Mrs. Janice Rae Van Ekeren)
Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
INTEREST INCOME (Note 7.29)	17,445,815	16,067,127	11,302,676	10,915,831
INTEREST EXPENSES (Note 7.30)	6,453,078	6,014,682	5,915,696	5,711,884
INTEREST INCOME, NET	10,992,737	10,052,445	5,386,980	5,203,947
FEES AND SERVICE INCOME	4,708,406	4,122,875	1,937,611	1,804,842
FEES AND SERVICE EXPENSES	1,048,798	862,476	426,529	345,615
FEES AND SERVICE INCOME, NET (Note 7.31)	3,659,608	3,260,399	1,511,082	1,459,227
GAINS ON TRADING AND FOREIGN EXCHANGE				
TRANSACTIONS, NET (Note 7.32)	364,801	379,524	334,894	368,002
GAINS ON INVESTMENTS, NET (Note 7.33)	205,746	394,391	205,792	396,411
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	38,819	45,444	-	-
DIVIDEND INCOME	44,175	26,919	708,941	214,104
BAD DEBTS RECOVERIES	1,409,757	734,398	609,955	28,332
GAINS ON SALE PROPERTIES FOR SALE	553,672	196,892	515,322	102,106
OTHER OPERATING INCOME	205,513	399,878	92,998	76,499
TOTAL OPERATING INCOME	17,474,828	15,490,290	9,365,964	7,848,628
OTHER OPERATING EXPENSES				
Employee's expenses	3,711,996	3,391,453	2,428,115	2,255,874
Directors' remuneration	8,956	8,752	8,199	8,199
Premises and equipment expenses	1,405,400	1,357,917	1,027,916	998,283
Taxes and duties	541,275	536,160	385,738	391,331
Reversal loss on impairment of assets transferred				
to the Thai Asset Management Corporation				
(Note 7.17)	(1,124,713)	-	(1,067,199)	-
Provision for contingent liabilities	785,939	-	785,939	-
Others	2,302,061	2,350,626	903,576	965,833
Total other operating expenses	7,630,914	7,644,908	4,472,284	4,619,520
IMPAIRMENT LOSS OF LOANS AND				
DEBT SECURITIES (Note 7.34)	5,907,519	2,989,615	1,950,000	1,000,004
PROFIT FROM OPERATING BEFORE				
INCOME TAX EXPENSES	3,936,395	4,855,767	2,943,680	2,229,104
INCOME TAX EXPENSES (Note 7.35)	859,867	1,140,752	492,408	479,155
NET PROFIT	3,076,528	3,715,015	2,451,272	1,749,949
OTHER COMPREHENSIVE INCOME				
Changes in assets revaluation surplus	2,284,549	-	2,249,418	-
Gains (Loss) on remeasuring				
available-for-sale investment	(683,481)	209,276	(699,672)	209,207
Income tax relating to components				
of other comprehensive income	(320,213)	(39,897)	(309,949)	(41,342)
Total other comprehensive income,				
net (Note 7.36)	1,280,855	169,379	1,239,797	167,865
TOTAL COMPREHENSIVE INCOME	4,357,383	3,884,394	3,691,069	1,917,814

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013
"UNAUDITED"

		BAHT : '000			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		3,038,641	3,698,538	2,451,272	1,749,949
Non-controlling interest		37,887	16,477	-	-
		<u>3,076,528</u>	<u>3,715,015</u>	<u>2,451,272</u>	<u>1,749,949</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		4,319,496	3,867,917	3,691,069	1,917,814
Non-controlling interest		37,887	16,477	-	-
		<u>4,357,383</u>	<u>3,884,394</u>	<u>3,691,069</u>	<u>1,917,814</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.50	0.61	0.40	0.29
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	6,074,143,747	6,074,143,747	6,074,143,747	6,074,143,747

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

(Mrs. Janice Rae Van Ekeren)
Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
INTEREST INCOME (Note 7.29)	34,363,734	31,429,152	22,335,252	21,366,075
INTEREST EXPENSES (Note 7.30)	12,769,083	11,996,730	11,759,115	11,388,245
INTEREST INCOME, NET	21,594,651	19,432,422	10,576,137	9,977,830
FEES AND SERVICE INCOME	9,362,300	7,859,167	3,881,399	3,526,697
FEES AND SERVICE EXPENSES	2,096,208	1,727,287	896,800	717,992
FEES AND SERVICE INCOME, NET (Note 7.31)	7,266,092	6,131,880	2,984,599	2,808,705
GAINS ON TRADING AND FOREIGN EXCHANGE				
TRANSACTIONS, NET (Note 7.32)	828,027	774,309	792,028	758,391
GAINS ON INVESTMENTS, NET (Note 7.33)	317,764	460,958	317,810	462,978
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	105,142	105,800	-	-
DIVIDEND INCOME	417,512	189,471	1,082,278	450,731
BAD DEBTS RECOVERIES	2,232,899	1,522,522	617,988	153,522
GAINS ON SALE PROPERTIES FOR SALE	726,613	364,130	617,168	163,674
OTHER OPERATING INCOME	418,142	689,856	163,929	163,064
TOTAL OPERATING INCOME	33,906,842	29,671,348	17,151,937	14,938,895
OTHER OPERATING EXPENSES				
Employee's expenses	7,594,112	6,598,644	4,848,289	4,354,040
Directors' remuneration	16,955	16,610	15,505	15,505
Premises and equipment expenses	2,886,863	2,567,585	2,109,550	1,853,254
Taxes and duties	1,065,015	1,029,223	756,235	749,891
Reversal loss on impairment of assets transferred				
to the Thai Asset Management Corporation				
(Note 7.17)	(1,124,713)	-	(1,067,199)	-
Provision for contingent liabilities	874,592	110,911	874,592	110,911
Others	4,630,512	4,328,897	1,845,696	1,834,520
Total other operating expenses	15,943,336	14,651,870	9,382,668	8,918,121
IMPAIRMENT LOSS OF LOANS AND				
DEBT SECURITIES (Note 7.34)	8,988,254	5,702,121	2,850,000	2,425,012
PROFIT FROM OPERATING BEFORE				
INCOME TAX EXPENSES	8,975,252	9,317,357	4,919,269	3,595,762
INCOME TAX EXPENSES (Note 7.35)	1,827,064	2,160,680	826,144	751,018
NET PROFIT	7,148,188	7,156,677	4,093,125	2,844,744
OTHER COMPREHENSIVE INCOME				
Changes in assets revaluation surplus	2,284,549	-	2,249,418	-
Gains (Loss) on remeasuring				
available-for-sale investment	(512,677)	381,515	(529,293)	381,233
Income tax relating to components				
of other comprehensive income	(354,349)	(79,666)	(344,025)	(80,381)
Total other comprehensive income,				
net (Note 7.36)	1,417,523	301,849	1,376,100	300,852
TOTAL COMPREHENSIVE INCOME	8,565,711	7,458,526	5,469,225	3,145,596

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	7,084,076	7,128,620	4,093,125	2,844,744
Non-controlling interest	64,112	28,057	-	-
	<u>7,148,188</u>	<u>7,156,677</u>	<u>4,093,125</u>	<u>2,844,744</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	8,501,599	7,430,469	5,469,225	3,145,596
Non-controlling interest	64,112	28,057	-	-
	<u>8,565,711</u>	<u>7,458,526</u>	<u>5,469,225</u>	<u>3,145,596</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT	1.17	1.17	0.67
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

(Mrs. Janice Rae Van Ekeren)
Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

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	Appropriated	Unappropriated			
			Appraisal	Surplus on	Legal				
Surplus			Investments	Reserve					
Balance as of January 1, 2012	60,741,437	13,802,216	5,252,637	250,322	1,316,500	21,125,871	102,488,983	206,612	102,695,595
Change in revaluation surplus	-	-	(111,422)	-	-	111,422	-	-	-
Dividend payment (Note 7.21.2)	-	-	-	-	-	(2,125,950)	(2,125,950)	(187)	(2,126,137)
Total comprehensive income	-	-	-	301,849	-	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	<u>60,741,437</u>	<u>13,802,216</u>	<u>5,141,215</u>	<u>552,171</u>	<u>1,316,500</u>	<u>26,243,836</u>	<u>107,797,375</u>	<u>149,887</u>	<u>107,947,262</u>
Balance as of January 1, 2013	60,741,437	13,802,216	5,038,510	944,490	1,641,500	31,154,242	113,322,395	163,719	113,486,114
Change in revaluation surplus	-	-	(92,541)	-	-	92,540	(1)	1	-
Dividend payment (Note 7.21.2)	-	-	-	-	-	(2,429,657)	(2,429,657)	(5)	(2,429,662)
Total comprehensive income	-	-	1,827,640	(410,142)	-	7,084,101	8,501,599	64,112	8,565,711
Balance as of June 30, 2013	<u>60,741,437</u>	<u>13,802,216</u>	<u>6,773,609</u>	<u>534,348</u>	<u>1,641,500</u>	<u>35,901,226</u>	<u>119,394,336</u>	<u>227,827</u>	<u>119,622,163</u>

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
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS						
	Issued and	Premium	Other reserves		Retained Earnings		Total
	Paid-up	on Share	Asset	Revaluation	Appropriated	Unappropriated	
	Share	Capital	Appraisal	Surplus on	Legal		
	Capital		Surplus	Investments	Reserve		
Balance as of January 1, 2012	60,741,437	13,802,216	5,252,637	254,179	1,316,500	11,184,540	92,551,509
Change in revaluation surplus	-	-	(111,422)	-	-	111,422	-
Dividend payment (Note 7.21.2)	-	-	-	-	-	(2,125,950)	(2,125,950)
Total comprehensive income	-	-	-	300,852	-	2,844,744	3,145,596
Balance as of June 30, 2012	60,741,437	13,802,216	5,141,215	555,031	1,316,500	12,014,756	93,571,155
Balance as of January 1, 2013	60,741,437	13,802,216	5,038,510	946,815	1,641,500	13,086,308	95,256,786
Change in revaluation surplus	-	-	(92,048)	-	-	92,048	-
Dividend payment (Note 7.21.2)	-	-	-	-	-	(2,429,657)	(2,429,657)
Total comprehensive income	-	-	1,799,534	(423,434)	-	4,093,125	5,469,225
Balance as of June 30, 2013	60,741,437	13,802,216	6,745,996	523,381	1,641,500	14,841,824	98,296,354

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

(Mrs. Janice Rae Van Ekeren)
Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	8,975,252	9,317,357	4,919,269	3,595,762
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,467,735	1,313,918	897,295	831,984
Deferred interest expenses	2,036	717	2,036	717
Bad debt and doubtful accounts	8,890,527	5,101,376	2,852,273	2,308,081
Losses on debt restructuring (reversal)	97,727	600,745	(2,273)	116,931
(Gains) losses on translation in foreign currencies	257,706	(208,239)	257,706	(211,266)
Share of profit from investment for using equity method	(105,142)	(105,800)	-	-
Gains on investments	(317,764)	(460,958)	(317,810)	(462,978)
Increase (decrease) in discount on investments	(42,620)	136,550	(58,490)	(219,978)
Gains on sales of properties for sale	(726,613)	(364,130)	(617,168)	(163,674)
(Gains) losses on sales of premises and equipment	1,700	(11,351)	17,489	9,679
Loss on impairment of investments (reversal)	(16,571)	40,700	(16,571)	40,700
Loss on impairment of properties for sale	279,773	204,123	110,829	171,128
Reversal on impairment of premises and equipment	(13,942)	(3,861)	(12,255)	(5,462)
Loss on impairment of other asset (reversal)	(2,820)	119,709	(2,820)	8,768
Reversal loss on impairment of assets transferred				
to the Thai Asset Management Corporation	(1,124,713)	-	(1,067,199)	-
Provision for contingent liabilities	874,592	110,911	874,592	110,911
Decrease in other reserves	286,182	382,891	130,407	71,871
Interest income, net	(21,594,651)	(19,432,422)	(10,576,137)	(9,977,830)
Interest received	34,274,992	31,365,612	22,373,931	21,336,192
Interest paid	(12,804,987)	(12,519,952)	(11,710,001)	(11,216,523)
Dividend income	(417,512)	(189,471)	(1,082,278)	(450,731)
Dividend received	393,457	183,542	416,898	188,169
Decrease in other accrued expenses	(472,476)	(394,599)	(362,425)	(158,408)
Income tax paid	(2,528,765)	(2,329,041)	(810,588)	(758,815)
Income from operations before changes in				
operating assets and liabilities	15,633,103	12,858,327	6,216,710	5,165,228
(Increase) decrease in operating assets				
Interbank and money market items	(30,007,982)	(17,864,589)	(29,897,154)	(17,720,528)
Derivatives assets	(2,034,995)	1,604,914	(2,034,995)	1,604,914
Current investments - securities for trading	807,279	(4,559,678)	807,365	(4,559,678)
Loans to customers	(40,669,396)	(30,323,160)	(16,627,070)	(27,219,571)
Properties for sale	2,010,533	1,212,128	1,610,677	595,769
Other assets	553,313	5,728,396	11,913	6,150,707

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	44,580,904	53,529,477	43,980,483	59,699,159
Interbank and money market items	3,951,164	9,045,563	3,390,791	3,049,899
Liability payable on demand	1,772,398	927,475	1,772,398	927,475
Derivatives liabilities	1,839,768	(1,849,871)	1,839,768	(1,849,871)
Other liabilities	(1,131,014)	(4,942,486)	(174,783)	(5,216,678)
Net cash from operating activities	<u>(2,694,925)</u>	<u>25,366,496</u>	<u>10,896,103</u>	<u>20,626,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	212,082,349	602,434,196	211,367,252	602,377,537
Cash paid for purchases of investments in securities	(211,272,362)	(607,576,913)	(210,341,878)	(607,523,974)
Dividend received from subsidiaries	-	-	665,267	262,779
Cash paid for purchase of shares in subsidiaries	-	(80,392)	-	(80,392)
Proceeds from sales of premises and equipment	46,573	67,369	27,401	31,895
Cash paid for purchases of premises and equipment	(722,313)	(2,138,080)	(434,098)	(1,892,056)
Cash paid for purchases of other assets	(391,327)	(248,045)	(302,372)	(199,216)
Cash received (paid) for purchases business acquisition	-	(7,585,573)	-	3,488,085
Net cash from investing activities	<u>(257,080)</u>	<u>(15,127,438)</u>	<u>981,572</u>	<u>(3,535,342)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	119,914,493	194,119,834	65,016,500	187,381,809
Cash paid for repayment of debts issued and borrowings	(114,984,684)	(204,743,347)	(75,079,317)	(204,743,347)
Cash paid for repayment of liabilities under finance lease agreements	(13,186)	(4,334)	(13,186)	(4,334)
Dividend payment	(2,429,657)	(2,126,089)	(2,429,657)	(2,125,950)
Net cash from financing activities	<u>2,486,966</u>	<u>(12,753,936)</u>	<u>(12,505,660)</u>	<u>(19,491,822)</u>
Total	<u>(465,039)</u>	<u>(2,514,878)</u>	<u>(627,985)</u>	<u>(2,400,339)</u>
Effect of exchange rate change on cash	21,225	8,172	21,225	8,172
Net decrease in cash and cash equivalents	<u>(443,814)</u>	<u>(2,506,706)</u>	<u>(606,760)</u>	<u>(2,392,167)</u>
Cash and cash equivalents as at January 1,	25,753,004	26,102,863	25,060,003	25,140,395
Cash and cash equivalents as at June 30,	<u><u>25,309,190</u></u>	<u><u>23,596,157</u></u>	<u><u>24,453,243</u></u>	<u><u>22,748,228</u></u>

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

(Mrs. Janice Rae Van Ekeren)
Chief Executive Officer

(Mr. Pongpinit Tejagupta)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2013

NOTE	CONTENT	PAGE
1.	General information	1
2.	Basis for preparation of the consolidated and the Bank's financial statements	3
3.	Adoption of new and revised Thai Financial Reporting Standards	5
4.	Significant accounting policies	5
5.	Risk management	15
6.	Estimates and assumptions	25
7.	Additional information	
7.1	Additional information of cash flows	27
7.2	Interbank and money market items, net (Asset)	29
7.3	Derivatives	30
7.4	Investments, net	31
7.5	Investments in subsidiaries and associates, net	34
7.6	Loans to customers and accrued interest receivables, net	38
7.7	Allowance for doubtful accounts	46
7.8	Revaluation allowance for debt restructuring	48
7.9	Properties for sale, net	49
7.10	Premises and equipment, net	50
7.11	Goodwill and other intangible assets, net	52
7.12	Deferred tax assets	54
7.13	Other assets, net	56
7.14	Deposits	56
7.15	Interbank and money market items, net (Liability)	57
7.16	Debt issued and borrowings	58
7.17	Provisions	59
7.18	Deferred tax liabilities	61
7.19	Finance lease liabilities	63
7.20	Other liabilities	63
7.21	Share capital	63
7.22	Assets with obligations and restrictions	64
7.23	Contingencies	64
7.24	Related party transactions	64
7.25	Management compensation	70
7.26	Long-term leases	71
7.27	Operating segments	71
7.28	Position and results of operations classified by domestic and foreign business	74
7.29	Interest income	77
7.30	Interest expenses	78
7.31	Fees and service income, net	79
7.32	Gains on trading and foreign exchange transactions, net	79
7.33	Gains (losses) on investments	80
7.34	Impairment loss of loans and debt securities	80
7.35	Income tax	81
7.36	Income tax related to other comprehensive income	82
7.37	Event after the reporting period	83
7.38	Approval of financial statements	84

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2013

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, 2013 and December 31, 2012, the Bank has 16 subsidiaries, as follows:

- 1.1 Ayudhya Development Leasing Company Limited, incorporated in Thailand since July 25, 1991 and located at 65/182-185, Fl 22, Chamnan Phenjati Business Center, Rama IX Road, Huey Khuang Subdistrict, Huey Khuang District, Bangkok. The subsidiary’s main business include leasing and hire-purchase.
- 1.2 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 are auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ayudhya Total Solutions Public Company Limited, incorporated in Thailand since May 9, 1994 and located at 550, Fl 7, Bank of Ayudhya Building Ploenchit Office, 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.

- 1.4 CFG Services Company Limited, incorporated in Thailand since October 24, 2006, and located at 89/170, Fl 4, 5, 9 and 10 Moo 3, Juthamard Building, Vipavadee Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary’s main business are hire-purchase loan and secured personal loan for vehicles and motorcycles.

- 1.5 Ayudhya Card Services Company Limited, incorporated in Thailand since December 4, 1997, and located at 550, Fl 7, Bank of Ayudhya Building Ploenchit office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans.
- 1.6 Ayudhya Capital Services Company Limited, incorporated in Thailand since November 9, 1994 and located at 87/1, Fl 1-6 and 8-10, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans.
- 1.7 General Card Services Limited, incorporated in Thailand since January 24, 1995 and located at 87/1, Fl 1-6 and 8, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans.
- 1.8 Krungsriayudhya Card Company Limited, incorporated in Thailand since August 29, 1996 and located at 87/1, Fl 1-6, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business are credit cards and personal loans.
- 1.9 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 are car leasing and personnel services.
- 1.10 Total Services Solutions Public Company Limited, incorporated as a public company limited in Thailand since May 19, 1997 and located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary's main business is collection services.
- 1.11 Krungsri Asset Management Company Limited, incorporated in Thailand since December 19, 1996 and located at 898, Fl 1-2 zone A, Fl 12, Ploenchit Tower Building, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business are mutual funds and individual private fund management.
- 1.12 Krungsri Ayudhya AMC 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 are to develop, manage and sell assets transferred from financial institutions.
- 1.13 Krungsri Securities Public Company Limited, incorporated in Thailand since April 16, 2004, and located at 550, Fl 5, Bank of Ayudhya Building Ploenchit Office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is securities businesses.

- 1.14 Krungsri Factoring Company Limited, incorporated in Thailand since February 1, 2007 and located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring.
- 1.15 Krungsri Life Assurance Broker Company Limited, which is 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, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is life insurance broker.
- 1.16 Krungsri General Insurance Broker Company Limited, which is 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, 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 Sor.Nor.Sor. 11/2553 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 interim financial statements are presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the financial statements to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

The Bank prepares its financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

Financial Reporting Standards announced but not effective in 2013

The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards, which are effective for the accounting period beginning on or after January 1, 2014 onwards. Thai Financial Reporting Interpretations which are related to the Bank and subsidiaries are as follows:

Thai Financial Reporting Interpretations (TFRI)

TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining Whether an Arrangement Contains a Lease
TFRI 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 13	Customer Loyalty Programmes

The Bank and subsidiaries anticipate that the above Thai Financial Reporting Standards will be adopted in the Bank and subsidiaries' financial statements when they become effective. However, 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, 2013	December 31, 2012
Subsidiaries			
Ayudhya Development Leasing Company Limited	Leasing and hire-purchase	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	99.99	99.99
Ayudhya Total Solutions Public Company Limited ⁽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	Human resource services and vehicle rental	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
Krungsri Securities Public Company Limited	Securities	98.71	98.71
Krungsri Factoring Company Limited	Factoring	99.99	99.99
Krungsri Life Assurance Broker Limited ⁽²⁾	Life assurance broker	99.99	99.99
Krungsri General Insurance Broker Limited ⁽²⁾	General insurance broker	99.99	99.99

⁽¹⁾ Subsidiary is under the liquidation process

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

All material intercompany transactions and balances have been eliminated.

- 2.3 The consolidated financial statements for the three-month periods and six-month periods ended June 30, 2013 and 2012, included financial statements of certain subsidiaries, prepared by subsidiaries' managements, which have not been reviewed / audited by the auditors as follows:

	Net profit		Unit : Million Baht	
	For the three-month		Net profit	
	periods ended June 30,		For the six-month	
	2013	2012	2013	2012
Ayudhya Total Solutions Public Company Limited ⁽¹⁾	8	2	8	63
Ayudhya Auto Lease Public Company Limited ⁽²⁾	-	1	-	1

⁽¹⁾ Subsidiary is under the liquidation process.

⁽²⁾ Subsidiary registered the completion of liquidation in 2012.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2013, the Bank and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards, in the preparation of interim financial statements. Such TFRSs consist of Thai Accounting Standard No. 21 (Revised 2009) "The Effects of Changes in Foreign Exchange Rates" which has no impact on the interim financial statements and Thai Financial Reporting Standard No. 8 "Operating Segments", which affects the disclosure regarding operating segments as disclosed in note 7.27.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

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

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

4.2 Investments

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

In addition, the Bank complies with the BOT's Notification dated December 3, 2010 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry, requiring commercial banks to present the investments as investments, net and investments in subsidiaries and associates companies, net.

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 dividends 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 last 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.

4.3 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

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

Other loans are stated at the principal amounts.

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

4.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the Bank of Thailand's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value 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.

Subsidiary 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 recovery are recorded as income in the statements of comprehensive income when received.

4.5 Troubled debt restructuring

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

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method 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.

4.6 Properties for sale

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

The Bank and subsidiaries provided the allowance for impairment of properties for sale as disclosed in note 6.3. Losses on impairment of properties for sale are shown as an expense in the statements of comprehensive income.

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

4.7 Property, premises and equipment

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

Revaluation of assets

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

The Bank and its subsidiary's suite units in condominiums used as 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 retained 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 (included revaluation) and equipment 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, furniture, fixtures, office equipment and vehicle	3 - 10 years

4.8 Goodwill in a business combination

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

Negative goodwill arising on 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.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of comprehensive income.

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

4.9 Intangible assets

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

Amortization

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

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

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

4.10 Recognition of income

Interest income from loans 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.

4.11 Recognition of expenses

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

4.12 Employee benefits

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

4.12.1 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 employee's expenses in the statements of comprehensive income.

4.12.2 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 employee's expenses in the statement of comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income.

4.12.3 Benefit from carryforward leave

The benefit from cumulative carryforward leave is recognized as a liability in the statement of financial position and employee's expenses in the statement of comprehensive income when the employees render the service.

4.13 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.

4.14 Taxation

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

4.14.1 Current tax

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

4.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at 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.

4.15 Earnings per share

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

4.16 Foreign currency transactions

Transactions during the period denominated in foreign currencies are translated into the currency of primary economic environment at the rates of exchange on the transaction dates. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into the functional currency at the exchange rates announced by the Bank of Thailand on that date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency at the rate of initial transaction.

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.

4.17 Translation of the financial statements of the foreign branches

The financial statements of foreign branches are translated into the functional currency using the reference exchange rates established by the BOT at the reporting date for the translation of foreign monetary items, using the historical exchange rates for the translation of foreign non-monetary items and using 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 into the functional currency are recognized as gains or losses on foreign exchange in the statements of comprehensive income.

4.18 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

1. Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in the statements of comprehensive income.
2. Derivatives for hedging 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.

5. RISK MANAGEMENT

5.1 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 and Bank of Thailand's notification regarding guidelines on risk management for derivatives transactions.

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 will review the policy on a regular basis and 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 7.7), represents the Bank's maximum exposure to credit risk.

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

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

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-financial statement 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 changes 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.

Market risk management is carried out by the Risk Management Committee and the Asset and Liability Management Committee (ALCO), which have been empowered by the Board of Directors with the authority to manage and control market risk in a manner consistent with the Bank's policy. Asset and Liability Management Committee (ALCO) is responsible 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 market risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with situations and changes in business.

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 and regularly reviewed to be in line with business strategy and change in market circumstance 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 has established the liquidity risk management policy and the daily liquidity management policy. In addition, contingency plans are formulated and conducted a plan testing to ensure readiness to deal with crisis situations. All of these are aimed at ensuring the efficiency of the Bank's liquidity risk management.

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.

Liquidity risk management of Bank is under the Asset and Liability Management Committee (ALCO), together with monitoring and controlling liquidity risk to ensure that it is at an appropriate level and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank will review such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

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 and Basel III regarding framework for liquidity risk measurement and standards in order to buttress liquidity management tools and customer savings alternatives by focusing on the continuous issuance an innovative saving products combines higher interest rates with greater flexibility allowing customers to access their accounts through any of our channels at any time.

5.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries have summarized financial assets and liabilities classified by maturity of interest repricing periods as at June 30, 2013 and December 31, 2012, as follows :

							Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2013							
	Not over 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	93,672	-	-	-	-	15,774	109,446
Investments, net	17,625	14,744	28,546	10,329	-	6,308	77,552
Loans to customers	488,830	97,641	180,445	14,673	22,817	104,196	908,602
Financial liabilities							
Deposits	535,382	170,616	7,464	-	-	18,269	731,731
Interbank and money market Items, net	33,442	1,745	15,143	13	-	2,659	53,002
Debt issued and borrowings	51,212	29,364	44,138	34,844	-	-	159,558

							Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2012							
	Not over 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	64,586	-	-	-	-	14,804	79,390
Investments, net	13,051	20,215	32,037	4,903	-	8,096	78,302
Loans to customers	474,525	96,457	167,278	9,626	21,292	100,204	869,382
Financial liabilities							
Deposits	500,734	160,122	7,657	-	-	18,646	687,159
Interbank and money market Items, net	34,593	2,355	8,773	13	-	3,087	48,821
Debt issued and borrowings	60,487	13,586	45,711	34,844	-	1	154,629

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2013

	Not Over 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	93,098	-	-	-	-	14,854	107,952
Investments, net	16,869	14,742	28,546	10,326	-	6,274	76,757
Loans to customers	524,448	77,833	121,215	9,886	15,456	-	748,838
Financial liabilities							
Deposits	539,895	170,616	7,469	-	-	18,985	736,965
Interbank and money market Items, net	32,669	905	15,726	13	-	2,673	51,986
Debt issued and borrowings	27,331	18,191	13,310	34,844	-	-	93,676

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2012

	Not Over 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	64,026	-	-	-	-	14,130	78,156
Investments, net	12,610	20,201	32,037	4,903	-	8,078	77,829
Loans to customers	520,675	74,520	115,758	8,439	14,478	-	733,870
Financial liabilities							
Deposits	505,586	160,122	7,660	-	-	19,626	692,994
Interbank and money market Items, net	34,113	2,355	8,773	13	-	3,112	48,366
Debt issued and borrowings	37,249	9,435	22,210	34,844	-	1	103,739

5.3 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, 2013 and 2012, as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2013			June 30, 2012		
	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	102,318	1,309	2.6	90,480	1,232	2.7
Investments	74,181	1,156	3.1	85,993	1,409	3.3
Loans to customers	885,603	31,899	7.2	757,001	28,788	7.6
Total	<u>1,062,102</u>	<u>34,364</u>		<u>933,474</u>	<u>31,429</u>	
Interest bearing financial liabilities						
Deposits	714,355	9,270	2.6	581,409	7,556	2.6
Interbank and money market items	58,811	712	2.4	40,423	592	2.9
Debt issued and borrowings	149,056	2,787	3.7	207,010	3,849	3.7
Total	<u>922,222</u>	<u>12,769</u>		<u>828,842</u>	<u>11,997</u>	

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2013			June 30, 2012		
	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	101,167	1,302	2.6	89,206	1,228	2.8
Investments	73,666	1,146	3.1	84,969	1,394	3.3
Loans to customers	732,649	19,887	5.4	659,430	18,744	5.7
Total	<u>907,482</u>	<u>22,335</u>		<u>833,605</u>	<u>21,366</u>	
Interest bearing financial liabilities						
Deposits	719,636	9,303	2.6	585,145	7,565	2.6
Interbank and money market items	58,131	694	2.4	40,385	584	2.9
Debt issued and borrowings	88,601	1,762	4.0	173,306	3,239	3.7
Total	<u>866,368</u>	<u>11,759</u>		<u>798,836</u>	<u>11,388</u>	

5.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at June 30, 2013 and December 31, 2012, as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2013								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money market items, net	15,910	92,884	321	-	-	-	331	109,446
Investments, net	-	10,123	17,539	33,156	10,408	-	6,326	77,552
Loans to customers	21,915	178,245	182,809	330,986	171,830	22,817	-	908,602

Financial liabilities								
Deposits	373,218	180,433	170,603	7,477	-	-	-	731,731
Interbank and money market items, net	6,333	28,859	2,071	15,726	13	-	-	53,002
Debt issued and borrowings	-	51,212	29,364	44,138	34,844	-	-	159,558

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 2012								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money market items, net	15,046	63,705	200	120	-	-	319	79,390
Investments, net	90	9,990	20,429	34,762	9,079	-	3,952	78,302
Loans to customers	17,941	178,953	180,224	303,509	167,463	21,292	-	869,382
Financial liabilities								
Deposits	369,460	149,920	160,116	7,663	-	-	-	687,159
Interbank and money market items, net	8,722	30,674	640	8,773	12	-	-	48,821
Debt issued and borrowings	-	60,559	13,598	45,711	34,761	-	-	154,629

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
June 30, 2013								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money market items, net	14,526	92,775	320	-	-	-	331	107,952
Investments, net	-	9,368	17,536	33,156	10,405	-	6,292	76,757
Loans to customers	72,005	146,875	125,585	223,889	165,028	15,456	-	748,838
Financial liabilities								
Deposits	378,446	180,434	170,608	7,477	-	-	-	736,965
Interbank and money market items, net	6,861	27,454	1,931	15,727	13	-	-	51,986
Debt issued and borrowings	-	27,331	18,191	13,310	34,844	-	-	93,676

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2012								
	Call	Not Over 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	13,812	63,705	200	120	-	-	319	78,156
Investments, net	-	9,639	20,415	34,762	9,079	-	3,934	77,829
Loans to customers	80,637	144,434	121,680	211,081	161,560	14,478	-	733,870
Financial liabilities								
Deposits	375,290	149,922	160,119	7,663	-	-	-	692,994
Interbank and money market items, net	9,677	29,412	491	8,773	13	-	-	48,366
Debt issued and borrowings	-	37,249	9,435	22,211	34,844	-	-	103,739

5.5 Estimated fair value of financial instruments

The fair value of financial instruments has been estimated by using available market information and appropriate valuation methodologies for each type of financial instruments. A summary of carrying amounts and fair values of financial instruments as at June 30, 2013 and December 31, 2012, is as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	June 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	24,486	24,486	25,079	25,079
Interbank and money market items, net	109,446	109,446	79,390	79,390
Derivatives assets	5,449	5,491	3,414	3,471
Investments, net	77,552	77,680	78,302	78,434
Loans to customers and accrued interest receivables, net	832,195	832,195	801,236	801,236
Total	<u>1,049,128</u>	<u>1,049,298</u>	<u>987,421</u>	<u>987,610</u>
Financial liabilities:				
Deposits	731,731	728,258	687,159	684,166
Interbank and money market items, net	53,002	53,002	48,821	48,821
Liability payable on demand	4,548	4,548	2,776	2,776
Derivatives liabilities	5,348	5,363	3,508	3,541
Debt issued and borrowings	159,558	158,637	154,629	154,206
Total	<u>954,187</u>	<u>949,808</u>	<u>896,893</u>	<u>893,510</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2013		December 31, 2012		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	24,453	24,453	25,060	25,060
Interbank and money market items, net	107,952	107,952	78,156	78,156
Derivatives assets	5,449	5,491	3,414	3,471
Investments, net	76,757	76,885	77,829	77,961
Loans to customers and accrued interest receivables, net	729,713	729,713	715,823	715,823
Total	<u>944,324</u>	<u>944,494</u>	<u>900,282</u>	<u>900,471</u>
Financial liabilities:				
Deposits	736,965	733,493	692,994	690,000
Interbank and money market items, net	51,986	51,986	48,366	48,366
Liability payable on demand	4,548	4,548	2,776	2,776
Derivatives liabilities	5,348	5,363	3,508	3,541
Debt issued and borrowings	93,676	93,655	103,739	103,949
Total	<u>892,523</u>	<u>889,045</u>	<u>851,383</u>	<u>848,632</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 4.2 to the financial statements except for non-listed equity securities which are presented at net book value and listed equity securities acquired from troubled debt restructurings and having an obligation to hold such securities according to debt restructuring agreements which are presented at cost.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. 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 which 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.

5.6 Capital funds

As a result of improvement on supervisory guideline on capital fund of commercial bank on November 8, 2012, the Bank of Thailand issued the new supervisory guideline on capital fund for the commercial bank to comply with the BASEL III; global regulatory framework of Basel Committee on Banking Supervision (BCBS) which is effective by phasing in gradually starting on January 1, 2013 up to January 1, 2019. During the period from January 1, 2013 to December 31, 2015, the minimum capital requirement ratio is 8.5% of total risk weighted assets with the conditions that Tier 1 capital shall not be less than 6.0% of total risk weighted assets and common equity Tier 1 capital shall not be less than 4.5% of total risk weighted assets.

Under the Basel II regulation, 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, 2013 and December 31, 2012, the Bank's total capital funds can be categorized as follows:

	June 30, 2013	Unit : Million Baht December 31, 2012
	Basel III	Basel II
Common Equity Tier 1 capital		
Issued and paid-up share capital	60,741	60,741
Premium on share capital	13,802	13,802
Statutory reserve	1,642	1,642
Unappropriated retained earning	10,657	9,260
Other comprehensive income	7,331	-
<u>Less</u> Deduction items from Tier 1	<u>(1,524)</u>	<u>(3,691)</u>
Total Common Equity Tier 1 capital	92,649	81,754
Additional Tier 1	-	-
Total Tier 1 capital	92,649	81,754
Tier 2 capital	38,464	44,799
Total capital fund	<u>131,113</u>	<u>126,553</u>

	Percentage June 30, 2013	December 31, 2012
	Basel III	Basel II
Total common equity Tier 1 capital / Total risk assets	12.03	n.a.
Total tier 1 capital / Total risk assets	12.03	10.94
Total capital / Total risk assets	17.02	16.94

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 2013
Information as at	June 30, 2013

6. ESTIMATES AND ASSUMPTIONS

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

6.1 Fair value

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.

6.2 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.

6.3 Allowance for properties for sale

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

6.4 Goodwill

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

6.5 Impairment of assets

The carrying amounts of the Bank and subsidiaries' assets are reviewed at each financial statement date to determine whether there are any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated by using discounted cash flows.

6.6 Provisions

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

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

The probable loss arising from the impaired assets transferred to the Thai Asset Management Corporation (TAMC) is estimated from expected loss based on the maximized loss sharing that the Bank and subsidiaries will absorb.

6.8 Provision for contingent liabilities

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

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions 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	
	2013	2012	2013	2012
Premises and equipment payable at the beginning of the periods	404	1,255	345	1,303
Purchases of premises and equipment	456	1,001	169	696
<u>Less</u> Cash payment	<u>(722)</u>	<u>(2,138)</u>	<u>(434)</u>	<u>(1,892)</u>
Premises and equipment payable at the end of the periods	<u>138</u>	<u>118</u>	<u>80</u>	<u>107</u>

7.1.2 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	
	2013	2012	2013	2012
Computer software payable at the beginning of the periods	243	30	205	30
Purchases of computer software	297	220	173	188
<u>Less</u> Cash payment	<u>(391)</u>	<u>(220)</u>	<u>(302)</u>	<u>(199)</u>
Computer software payable at the end of the periods	<u>149</u>	<u>30</u>	<u>76</u>	<u>19</u>

7.1.3 Others non-cash transactions for the six-month periods ended June 30, are as follows:

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Increase in revaluation surplus on investments	(513)	381	(529)	381
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(116)	(139)	(115)	(139)
Increase in Changes assets revaluation surplus	2,285	-	2,249	-
Properties for sale acquired from debt repayment	895	-	6	-
Properties and premises transferred to be properties foreclosed	26	-	26	-

7.1.4 The Extraordinary Meeting of Shareholders 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	13,042	13,889
Others	454	1,314
	<u>13,496</u>	<u>15,203</u>
Liabilities		
Deposit and borrowings	9,557	9,557
Others	233	633
	<u>9,790</u>	<u>10,190</u>
Net assets	<u>3,706</u>	<u>5,013</u>
Goodwill		2,426
Purchase price		<u>7,439</u>

As at December 31, 2012, the final fair values for assets and liabilities of acquired HSBC's retail banking business were completely determined, and there were retrospective adjustments to those provisional values as of the acquisition date.

7.1.5 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.

7.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2013 and December 31, 2012, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2013			December 31, 2012			
At Call	Time	Total	At Call	Time	Total	
Domestic items						
Bank of Thailand and Financial Institution Development Fund	9,703	45,397	55,100	8,865	24,900	33,765
Commercial banks	1,710	35,044	36,754	1,710	30,283	31,993
Specialized financial institutions	4	-	4	-	-	-
Other financial institutions	3	12,775	12,778	4,215	8,834	13,049
Total	11,420	93,216	104,636	14,790	64,017	78,807
<u>Add</u> Accrued interest receivables	-	65	65	-	106	106
<u>Less</u> Allowance for doubtful accounts	-	(132)	(132)	-	(98)	(98)
Total domestic items	11,420	93,149	104,569	14,790	64,025	78,815
Foreign items						
US Dollar	2,944	79	3,023	125	22	147
Yen	245	-	245	-	-	-
Euro	282	-	282	-	-	-
Other currencies	1,019	308	1,327	131	297	428
Total foreign items	4,490	387	4,877	256	319	575
Total domestic and foreign items	15,910	93,536	109,446	15,046	64,344	79,390

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2013			December 31, 2012			
At Call	Time	Total	At Call	Time	Total	
Domestic items						
Bank of Thailand and Financial Institution Development Fund	9,703	45,397	55,100	8,864	24,900	33,764
Commercial banks	466	34,934	35,400	477	30,283	30,760
Specialized financial institutions	4	-	4	-	-	-
Other financial institutions	3	12,775	12,778	4,215	8,834	13,049
Total	10,176	93,106	103,282	13,556	64,017	77,573
<u>Add</u> Accrued interest receivables	-	65	65	-	106	106
<u>Less</u> Allowance for doubtful accounts	-	(132)	(132)	-	(98)	(98)
Total domestic items	10,176	93,039	103,215	13,556	64,025	77,581
Foreign items						
US Dollar	2,804	79	2,883	125	22	147
Yen	245	-	245	-	-	-
Euro	282	-	282	-	-	-
Other currencies	1,019	308	1,327	131	297	428
Total foreign items	4,350	387	4,737	256	319	575
Total domestic and foreign items	14,526	93,426	107,952	13,812	64,344	78,156

7.3 Derivatives

7.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2013 and December 31, 2012, are as follows:

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						Unit: Million Baht
Risk type	June 30, 2013			December 31, 2012		
	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	5,027	4,887	344,649	3,002	3,063	301,138
Interest rate	422	461	72,409	412	445	86,054
Total	5,449	5,348	417,058	3,414	3,508	387,192

7.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2013 and December 31, 2012, are as follows:

Counterparty	CONSOLIDATED AND THE BANK'S	
	FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012
	Proportion (%)	Proportion (%)
Financial institution	84.72	84.86
Third party	<u>15.28</u>	<u>15.14</u>
Total	<u>100.00</u>	<u>100.00</u>

7.4 Investments, net

Investments, net as at June 30, 2013 and December 31, 2012, consisted of the following:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2013				December 31, 2012			
	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	2,858	1	(1)	2,858	2,527	2	-	2,529
Private sector's debt securities	205	-	(1)	204	61	-	-	61
Domestic marketable equity								
Securities	39	-	(1)	38	-	-	-	-
	3,102	1	(3)	3,100	2,588	2	-	2,590
<u>Add Revaluation allowance</u>	(2)			-	2			-
Total	3,100			3,100	2,590			2,590
Securities Available-for-Sale								
Government and state								
enterprise securities	50,583	112	(147)	50,548	49,890	154	(25)	50,019
Private sector's debt securities	15,010	48	(90)	14,968	14,352	107	(6)	14,453
Domestic marketable equity								
Securities	4,951	820	(75)	5,696	6,677	1,020	(70)	7,627
	70,544	980	(312)	71,212	70,919	1,281	(101)	72,099
<u>Add Revaluation allowance</u>	668			-	1,180			-
<u>Less Allowance for impairment</u>	(353)			(353)	(373)			(373)
Total	70,859			70,859	71,726			71,726
Securities Held-to-Maturity								
Government and state								
enterprise securities	311				336			
Private sector's debt securities	801				250			
Investment in accounts								
receivable	1,971				2,964			
	3,083				3,550			
<u>Less Allowance for impairment</u>	(90)				(91)			
Total	2,993				3,459			
Securities for General Investments								
Domestic non-marketable equity								
securities	791				715			
Foreign non-marketable								
equity securities	28				28			
	819				743			
<u>Less Allowance for impairment</u>	(219)				(216)			
Total	600				527			
Total Investments, net	77,552				78,302			

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2013				December 31, 2012			
	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	2,858	1	(1)	2,858	2,527	2	-	2,529
Private sector's debt securities	205	-	(1)	204	61	-	-	61
Domestic marketable equity								
Securities	39	-	(1)	38	-	-	-	-
	<u>3,102</u>	<u>1</u>	<u>(3)</u>	<u>3,100</u>	<u>2,588</u>	<u>2</u>	<u>-</u>	<u>2,590</u>
<u>Add</u> Revaluation allowance	(2)			-	2			-
Total	<u>3,100</u>			<u>3,100</u>	<u>2,590</u>			<u>2,590</u>
Securities Available-for-Sale								
Government and state								
enterprise securities	50,583	112	(147)	50,548	49,890	154	(25)	50,019
Private sector's debt securities	14,663	48	(90)	14,621	13,775	107	(6)	13,876
Domestic marketable equity								
Securities	4,946	806	(75)	5,677	6,671	1,020	(66)	7,625
	<u>70,192</u>	<u>966</u>	<u>(312)</u>	<u>70,846</u>	<u>70,336</u>	<u>1,281</u>	<u>(97)</u>	<u>71,520</u>
<u>Add</u> Revaluation allowance	654			-	1,184			-
<u>Less</u> Allowance for impairment	(6)			(6)	(26)			(26)
Total	<u>70,840</u>			<u>70,840</u>	<u>71,494</u>			<u>71,494</u>
Securities Held-to-Maturity								
Government and state								
enterprise securities	311				336			
Private sector's debt securities	50				50			
Investment in accounts								
receivable	<u>1,963</u>				<u>2,940</u>			
	<u>2,324</u>				<u>3,326</u>			
<u>Less</u> Allowance for impairment	(90)			(90)	(91)			
Total	<u>2,234</u>				<u>3,235</u>			
Securities for General Investments								
Domestic non-marketable equity								
securities	758				682			
Foreign non-marketable								
equity securities	<u>28</u>				<u>28</u>			
	<u>786</u>				<u>710</u>			
<u>Less</u> Allowance for impairment	(203)				(200)			
Total	<u>583</u>				<u>510</u>			
Total Investments, net	<u>76,757</u>				<u>77,829</u>			

As at June 30, 2013 and December 31, 2012, 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 311 million and Baht 336 million, respectively, issued by the Thai Asset Management Corporation (TAMC) for assets transferred to TAMC. During the six-month period ended June 30, 2013, TAMC redeemed promissory notes of the Bank of Baht 22 million and during the years 2012, TAMC redeemed promissory notes of the Bank of Baht 697 million.

For the six-month period ended June 30, 2013 and 2012, revaluation surplus (deficit) on investments presented in the equity consists of the following:

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Beginning balance	1,181	319	1,184	323
Increase (decrease) during the period	(513)	381	(529)	381
Ending balance	<u>668</u>	<u>700</u>	<u>655</u>	<u>704</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, 2013	December 31, 2012
Manufacturing	-	3
Total	<u>-</u>	<u>3</u>

In the consolidated and the Bank's financial statements as at June 30, 2013 and December 31, 2012, 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.

7.5 Investments in subsidiaries and associates, net

The Bank's investments in companies in which the Bank holds more than 20% of the paid-up capital, with the percentage of beneficial ownership and amount of investments as at June 30, 2013 and December 31, 2012, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS										Unit : Million Baht
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	June 30, 2013			December 31, 2012		
					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	978	-	390	886	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance Broker	Common stock	2	50.00	-	27	-	-	20	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	77	50.00	-	47	-	-	41	-
Metro Designee Company Limited ⁽³⁾	Special Purpose vehicle	Common stock	-	21.90	-	-	-	-	-	-
Investments in associates, net					390	1,052	-	390	947	-

⁽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, 2013						
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 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	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	190	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	600
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	30
Total Services Solutions Public Company Limited	Collection services	Common stock	331	99.99	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	204	-
Krungsri Ayudhya AMC Limited	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri 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					35,150	665
<u>Less</u> Allowance for impairment					(2,667)	-
Investments in subsidiaries and associated company, net					<u>32,483</u>	<u>665</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, 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 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	190	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	1,000
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	Asset management	Common stock	6,000	99.99	6,000	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri 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					35,150	1,263
<u>Less</u> Allowance for impairment					(2,667)	-
Investments in subsidiaries and associated company, net					<u>32,483</u>	<u>1,263</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.

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY (“AMC”)

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

	Unit : Million Baht	
	2013	2012
Cash flows from operating activities		
Income before income tax	125	241
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts (reversal)	(3)	128
Loss on impairment of properties for sale	88	15
Depreciation and amortization	1	1
Gain on sales of properties for sale	(117)	(123)
Employment benefits expenses	4	3
Interest income, net	(49)	(3)
Dividend income	-	(1)
Dividend received	-	1
Interest received	83	108
Interest paid	(34)	(106)
Income tax paid	(69)	(7)
Income from operations before changes in operating assets and liabilities	29	257
(Increase) decrease in operating assets		
Investment in receivables	63	955
Loans to customers	84	119
Properties for sale	561	630
Other assets	46	1
Increase (decrease) in operating liabilities		
Other liabilities	37	50
Net cash from operating activities	820	2,012
Cash flows from investing activities		
Cash paid for purchase of equipment	(3)	(3)
Net cash from investing activities	(3)	(3)
Cash flows from financing activities		
Proceeds from bill of exchange issued	52,274	13,932
Cash paid for repayment of bill of exchange	(53,045)	(15,938)
Net cash from financing activities	(771)	(2,006)
Net increase in cash and cash equivalents	46	3
Cash and cash equivalents as at January 1,	13	93
Cash and cash equivalents as at June 30,	59	96

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2013 and December 31, 2012, are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Overdrafts	49,203	46,547	48,841	46,111
Loan against contract	382,577	366,030	564,089	542,882
Trade bill	135,918	144,923	135,745	144,742
Hire-purchase receivable	266,354	234,404	-	-
Lease contract receivable	22,624	24,069	-	-
Credit card receivable	46,052	45,985	-	-
Others	5,874	7,424	163	135
Total	908,602	869,382	748,838	733,870
<u>Less</u> Deferred revenue	(44,261)	(39,374)	(101)	(39)
Loans to customers after deferred revenue, net	864,341	830,008	748,737	733,831
<u>Add</u> Accrued interest receivables	2,359	2,257	1,426	1,418
Loans to customers and accrued interest receivable after deferred revenue, net	866,700	832,265	750,163	735,249
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
Individual approach	(14,351)	(14,591)	(13,331)	(13,780)
Collective approach	(3,995)	(3,429)	-	-
2) Surplus reserve	(15,661)	(12,286)	(7,105)	(5,629)
<u>Less</u> Revaluation allowance for debt restructuring	(498)	(723)	(14)	(17)
Total loans to customers, net	832,195	801,236	729,713	715,823

(2) Classified by currency and residence of debtors

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2013			December 31, 2012			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	849,747	437	850,184	814,414	817	815,231
US Dollar	11,665	1,964	13,629	13,231	984	14,215
Other currencies	528	-	528	562	-	562
Total	861,940	2,401	864,341	828,207	1,801	830,008

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2013			December 31, 2012			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	734,143	437	734,580	718,237	817	719,054
US Dollar	11,665	1,964	13,629	13,231	984	14,215
Other currencies	528	-	528	562	-	562
Total	746,336	2,401	748,737	732,030	1,801	733,831

(3) Classified by business type and classification

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2013						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	6,983	1,026	33	46	378	8,466
Manufacturing and trading	209,705	2,585	1,178	988	4,577	219,033
Real estate and construction	64,032	1,650	684	533	609	67,508
Public utilities and services	68,053	3,834	3,525	268	1,341	77,021
Housing loans	80,151	786	538	831	968	83,274
Others	388,182	14,537	3,472	2,062	786	409,039
Total	817,106	24,418	9,430	4,728	8,659	864,341

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 2012						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	6,834	187	42	102	249	7,414
Manufacturing and trading	199,280	2,979	1,979	1,064	5,001	210,303
Real estate and construction	45,834	1,463	181	387	748	48,613
Public utilities and services	98,152	5,328	1,236	1,100	1,093	106,909
Housing loans	100,072	1,587	979	956	1,109	104,703
Others	334,252	12,748	2,640	1,598	828	352,066
Total	784,424	24,292	7,057	5,207	9,028	830,008

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2013

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	6,967	130	33	41	98	7,269
Manufacturing and trading	207,556	2,243	978	911	3,604	215,292
Real estate and construction	63,269	1,610	679	534	409	66,501
Public utilities and services	67,963	3,807	3,514	204	1,059	76,547
Housing loans	80,151	786	538	831	704	83,010
Others	298,145	654	596	487	236	300,118
Total	<u>724,051</u>	<u>9,230</u>	<u>6,338</u>	<u>3,008</u>	<u>6,110</u>	<u>748,737</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2012

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	5,899	187	30	102	140	6,358
Manufacturing and trading	196,321	2,751	1,946	950	3,589	205,557
Real estate and construction	44,978	1,417	177	348	315	47,235
Public utilities and services	97,873	5,277	1,188	1,009	820	106,167
Housing loans	100,072	1,587	979	956	833	104,427
Others	262,393	598	398	525	173	264,087
Total	<u>707,536</u>	<u>11,817</u>	<u>4,718</u>	<u>3,890</u>	<u>5,870</u>	<u>733,831</u>

(4) Classified by type of classification

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013

	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	819,335	489,243	1	5,100
Special mention	24,535	14,667	2, 14	2,134
Substandard	9,430	6,125	40, 100	5,471
Doubtful	4,728	1,951	41, 100	1,651
Doubtful of loss	8,672	3,427	100	3,990
Total	<u>866,700</u>	<u>515,413</u>		<u>18,346⁽¹⁾</u>
2. Surplus Reserve				<u>15,661⁽²⁾</u>
Total				<u>34,007</u>

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 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	786,545	462,438	1	7,205
Special mention	24,414	11,758	2 , 11	1,651
Substandard	7,057	3,778	38, 100	3,337
Doubtful	5,207	2,243	38, 100	2,142
Doubtful of loss	9,042	3,259	100	3,685
Total	<u>832,265</u>	<u>483,476</u>		<u>18,020⁽¹⁾</u>
2. Surplus Reserve				<u>12,286⁽²⁾</u>
Total				<u>30,306</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2013 and December 31, 2012, of Baht 3,995 million and Baht 3,429 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2013 and December 31, 2012, at the rate of 1% of Baht 213,064 million and Baht 208,851 million equal to Baht 2,131 million and Baht 2,089 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, 2013 and December 31, 2012, of Baht 498 million and Baht 723 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2013 and December 31, 2012, of Baht 132 million and Baht 98 million, respectively.

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2013			
	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	725,426	410,871	1	4,693
Special mention	9,281	898	2	508
Substandard	6,338	3,467	100	3,890
Doubtful	3,008	667	100	1,069
Doubtful of loss	6,110	2,607	100	3,171
Total	<u>750,163</u>	<u>418,510</u>		<u>13,331</u>
2. Surplus Reserve				<u>7,105⁽¹⁾</u>
Total				<u>20,436</u>

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 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	708,892	402,105	1	6,829
Special mention	11,879	925	2	601
Substandard	4,718	1,470	100	1,945
Doubtful	3,890	933	100	1,491
Doubtful of loss	5,870	2,489	100	2,914
Total	<u>735,249</u>	<u>407,922</u>		<u>13,780</u>
2. Surplus Reserve				<u>5,629⁽¹⁾</u>
Total				<u>19,409</u>

⁽¹⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2013 and December 31, 2012, at the rate of 1% of Baht 213,064 million and Baht 208,851 million, equal to Baht 2,131 million and Baht 2,089 million, respectively.

⁽²⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2013 and December 31, 2012, of Baht 14 million and Baht 17 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2013 and December 31, 2012, of Baht 132 million and Baht 98 million, respectively.

For the six-month periods ended June 30, 2013 and 2012, the Bank and a subsidiary entered into agreements to sell non-performing loans (NPLs) to the third parties and a related company as follows:

Unit : Million Baht				
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
Book value	2,297	3,057	2,804	1,763
Net book value	1,290	1,940	1,290	1,158
Sale price	1,290	2,064	1,290	1,158

As at June 30, 2013 and December 31, 2012, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit : Million Baht			
	June 30, 2013		
	The Bank	AMC	The Bank and AMC
Non-performing loans	15,456	1,809	17,265
Percentage of total loans	1.85	100.00	2.06
Non-performing loans, net	7,326	1,417	8,743
Percentage of total loans, net	0.88	100.00	1.05

	Unit : Million Baht		
	December 31, 2012		
	The Bank	AMC	The Bank and AMC
Non-performing loans	14,478	2,086	16,564
Percentage of total loans	1.82	100.00	2.08
Non-performing loans, net	8,128	1,583	9,711
Percentage of total loans, net	1.03	100.00	1.23

As at June 30, 2013 and December 31, 2012, the Bank and its subsidiaries' non-performing loans are Baht 22,817 million and Baht 21,292 million, respectively

(5) Troubled debt restructuring

For the three-month periods and six-month periods ended June 30, 2013 and 2012, the Bank and its subsidiaries had restructured the following debts:

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2013				For the three-month period ended June 30, 2012			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	4,427	1,905	-	-	3,535	1,490	-	-
Reduction of principal and interest	1,382	329	-	-	1,059	1,634	-	-
Various forms of restructuring	56	196	-	-	71	478	-	-
Total	5,865	2,430		-	4,665	3,602		-

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2013				For the six-month period ended June 30, 2012			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	8,362	3,127	-	-	7,756	2,252	-	-
Reduction of principal and interest	2,938	579	-	-	2,498	2,111	-	-
Various forms of restructuring	110	383	-	-	150	954	-	-
Total	11,410	4,089		-	10,404	5,317		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2013				For the three-month period ended June 30, 2012			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	273	684	-	-	303	1,266	-	-
Reduction of principal and interest	109	275	-	-	121	1,598	-	-
Various forms of restructuring	56	196	-	-	71	478	-	-
Total	438	1,155		-	495	3,342		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2013				For the six-month period ended June 30, 2012			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	519	1,386	-	-	606	1,832	-	-
Reduction of principal and interest	207	451	-	-	248	2,024	-	-
Various forms of restructuring	108	322	-	-	150	954	-	-
Total	834	2,159		-	1,004	4,810		-

For the six-month periods ended June 30, 2013 and 2012, 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, 2013				For the six-month period ended June 30, 2012			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtor	Before Restructuring	After Restructuring	Aging (Year)	of Debtor	Before Restructuring	After Restructuring
Present value of future cash flows	4.16	7,806	1,826	1,826	1.95	7,082	609	609
Fair value of collateral	6.62	556	1,301	1,301	7.05	674	1,643	1,549

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2013				For the six-month period ended June 30, 2012			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtor	Before Restructuring	After Restructuring	Aging (Year)	of Debtor	Before Restructuring	After Restructuring
Present value of future cash flows	4.21	14	129	129	8.33	12	283	283
Fair value of collateral	7.29	505	1,257	1,257	7.99	594	1,549	1,549

For the three-month periods and six-month periods ended June 30, 2013 and 2012, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of comprehensive income 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,	
	2013	2012	2013	2012
Losses on debt restructured (reversal)	(80)	216	(2)	124
Interest received from debt restructured	172	460	184	418

	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,	
	2013	2012	2013	2012
Losses on debt restructured (reversal)	98	601	(2)	117
Interest received from debt restructured	335	735	362	647

As at June 30, 2013 and December 31, 2012, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2013 and during the year ended December 31, 2012, in the statements of financial position as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Balances of total debt restructured	15,745	13,168	11,243	11,582
Balances of debt restructured during the periods / years	3,530	4,475	1,600	3,619

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

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2013			Unit : Million Baht
	Amount due per agreements			
	Within 1 Year	Over 1-5 Years	Over 5 Years	Total
Minimum lease payments	89,291	187,174	12,513	288,978
<u>Less</u> Unearned interest income				<u>(43,954)</u>
Present value of the minimum lease payments				245,024
<u>Less</u> Allowance for doubtful accounts				<u>(6,347)</u>
Total lease receivables, net				<u>238,677</u>

				Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2012				
Amount due per agreements				
	Within 1 year	Over 1-5 Years	Over 5 Years	Total
Minimum lease payments	80,232	166,379	11,862	258,473
<u>Less</u> Unearned interest income				<u>(39,200)</u>
Present value of the minimum lease payments				219,273
<u>Less</u> Allowance for doubtful accounts				<u>(5,404)</u>
Total lease receivables, net				<u>213,869</u>

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2013 and December 31, 2012, are as follows:

							Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2013							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	7,205	1,651	3,337	2,142	3,685	12,286	30,306
Doubtful accounts (reversal)	(2,103)	510	3,523	449	3,103	3,374	8,856
Bad debts written off	-	(27)	(1,381)	(187)	(2,039)	-	(3,634)
Bad debts written off from sales of NPLs	(2)	-	(8)	(753)	(759)	-	(1,522)
Other	-	-	-	-	-	1	1
Ending balance	<u>5,100</u>	<u>2,134</u>	<u>5,471</u>	<u>1,651</u>	<u>3,990</u>	<u>15,661</u>	<u>34,007</u>

							Unit : Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 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 (reversal)	2,175	(948)	3,480	(431)	6,365	(180)	10,461
Bad debts written off	-	-	(3,038)	(3)	(5,613)	-	(8,654)
Bad debts written off from sales of NPLs	(1)	(4)	(28)	(513)	(1,730)	-	(2,276)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>7,205</u>	<u>1,651</u>	<u>3,337</u>	<u>2,142</u>	<u>3,685</u>	<u>12,286</u>	<u>30,306</u>

As at June 30, 2013 and December 31, 2012, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applying a collective approach basis in the amounts of Baht 3,995 million and Baht 3,429 million, respectively.

Unit : Million Baht							
THE BANK'S FINANCIAL STATEMENTS							
June 30, 2013							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	6,829	601	1,945	1,491	2,914	5,629	19,409
Doubtful accounts (reversal)	(2,134)	(93)	1,953	443	1,174	1,475	2,818
Bad debts written off	-	-	-	(112)	(158)	-	(270)
Bad debts written off from sales of NPLs	(2)	-	(8)	(753)	(759)	-	(1,522)
Other	-	-	-	-	-	1	1
Ending balance	4,693	508	3,890	1,069	3,171	7,105	20,436

Unit : Million Baht							
THE BANK'S FINANCIAL STATEMENTS							
December 31, 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 (reversal)	2,341	(904)	1,482	(496)	2,428	(472)	4,379
Bad debts written off	-	-	(873)	(3)	(1,043)	-	(1,919)
Bad debts written off from sales of NPLs	(1)	(4)	(28)	(513)	(1,730)	-	(2,276)
Other	-	-	-	-	-	(1)	(1)
Ending balance	6,829	601	1,945	1,491	2,914	5,629	19,409

As at June 30, 2013 and December 31, 2012, the Bank estimated the minimum total allowance* under the BOT Guidelines of Baht 18,977 million and Baht 18,841 million, respectively for the consolidated financial statements and Baht 13,478 million and Baht 13,895 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, 2013	Unit : Million Baht December 31, 2012
Consolidated financial statements	34,638	31,127
The Bank and Krungsri Ayudhya AMC Limited	21,437	20,512
The Bank's financial statements	20,583	19,525

As at June 30, 2013 and December 31, 2012, 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, 2013				
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	1	2,613	681	2,032
Total	1	2,613	681	2,032

Unit : Million Baht				
CONSOLIDATED AND THE BANK'S				
FINANCIAL STATEMENTS				
December 31, 2012				
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	4	2,629	655	2,070
Total	4	2,629	655	2,070

7.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2013 and December 31, 2012, are as follows:

Unit : Million Baht			
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Beginning balance	723	17	27
Increase (decrease) during the period / year	95	(2)	162
Amount written off	(320)	(1)	(172)
Ending balance	498	14	17

7.9 Properties for sale, net

Properties for sale, net as at June 30, 2013 and December 31, 2012, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at June 30, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	11,504	94	(1,927)	9,671
1.2 Movable	539	2,982	(1,965)	1,556
Total	12,043	3,076	(3,892)	11,227
2. Others	74	22	(29)	67
Total properties for sale	12,117	3,098	(3,921)	11,294
<u>Less</u> Provision for impairment	(2,665)	(866)	1,084	(2,447)
Total properties for sale	9,452	2,232	(2,837)	8,847

CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2012	Acquisition	Disposition	Balance as at December 31, 2012
1. Assets acquired from debt repayment				
1.1 Immovable	13,808	235	(2,539)	11,504
1.2 Movable	373	3,744	(3,578)	539
Total	14,181	3,979	(6,117)	12,043
2. Others	85	31	(42)	74
Total properties for sale	14,266	4,010	(6,159)	12,117
<u>Less</u> Provision for impairment	(2,529)	(1,405)	1,269	(2,665)
Total properties for sale	11,737	2,605	(4,890)	9,452

THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at June 30, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	6,896	69	(1,445)	5,520
1.2 Movable	12	-	-	12
Total	6,908	69	(1,445)	5,532
2. Others	71	22	(29)	64
Total properties for sale	6,979	91	(1,474)	5,596
<u>Less</u> Provision for impairment	(2,274)	(111)	459	(1,926)
Total properties for sale	4,705	(20)	(1,015)	3,670

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2012	Acquisition	Disposition	Balance as at December 31, 2012
1. Assets acquired from debt repayment				
1.1 Immovable	8,011	210	(1,325)	6,896
1.2 Movable	12	-	-	12
Total	8,023	210	(1,325)	6,908
2. Others	79	31	(39)	71
Total properties for sale	8,102	241	(1,364)	6,979
<u>Less</u> Provision for impairment	(2,165)	(466)	357	(2,274)
Total properties for sale	5,937	(225)	(1,007)	4,705

Immovable assets for sale classified by external and internal appraisers as at June 30, 2013 and December 31, 2012 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Immovable assets-Foreclosed assets				
Appraised by external appraisers	2,855	3,805	2,434	3,382
Appraised by internal appraisers	6,816	7,699	3,086	3,514
Total	9,671	11,504	5,520	6,896

7.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2013 and December 31, 2012, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Increase	Decrease	Others	Balance as at June 30, 2013
Land					
Cost	3,731	-	(9)	(14)	3,708
Appraisal increase (Year 2013)	3,740	1,477	(12)	-	5,205
Appraisal decrease (Year 2013)	(178)	(10)	109	-	(79)
Premises					
Cost	6,801	28	(16)	25	6,838
Appraisal increase (Year 2013)	6,074	3,042	(670)	-	8,446
Appraisal decrease (Year 2013)	(68)	(97)	14	16	(135)
Equipment	13,389	256	(350)	14	13,309
Leasehold improvement	2,085	152	(7)	43	2,273
Total	35,574	4,848	(941)	84	39,565
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(3,106)	(129)	5	(10)	(3,240)
- Appraisal increase (Year 2013)	(3,516)	(1,973)	304	-	(5,185)
Equipment	(9,430)	(604)	334	-	(9,700)
Leasehold improvement	(1,352)	(92)	7	-	(1,437)
Total	(17,404)	(2,798)	650	(10)	(19,562)
Construction in progress	130	38	(1)	(95)	72
Premises and equipment, net	18,300				20,075

	Unit : Million Baht	
	June 30, 2013	June 30, 2012
Depreciation for the six-month periods	915	827

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at December 31, 2012
Land					
Cost	3,775	-	(33)	(11)	3,731
Appraisal increase (Year 2009)	3,759	-	(13)	(6)	3,740
Appraisal decrease (Year 2009)	(190)	-	7	5	(178)
Premises					
Cost	6,332	83	(49)	435	6,801
Appraisal increase (Year 2009)	6,105	-	(27)	(4)	6,074
Appraisal decrease (Year 2009)	(70)	-	2	-	(68)
Equipment	12,860	1,834	(1,389)	84	13,389
Leasehold improvement	1,721	271	(120)	213	2,085
Total	34,292	2,188	(1,622)	716	35,574
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,877)	(259)	22	8	(3,106)
- Appraisal increase (Year 2009)	(3,291)	(242)	16	1	(3,516)
Equipment	(9,657)	(1,133)	1,363	(3)	(9,430)
Leasehold improvement	(1,305)	(144)	99	(2)	(1,352)
Total	(17,130)	(1,778)	1,500	4	(17,404)
Construction in progress	406	464	-	(740)	130
Premises and equipment, net	17,568				18,300

Unit : Million Baht
December 31, 2012

Depreciation for the year

1,778

As at June 30, 2013 and December 31, 2012, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,818 million and Baht 7,749 million, respectively.

The equipment at cost of Baht 97 million and Baht 100 million, respectively, is under finance leases as at June 30, 2013 and December 31, 2012.

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2013	Increase	Decrease	Others	Balance as at June 30, 2013
Land					
Cost	3,724	-	(9)	(8)	3,707
Appraisal increase (Year 2013)	3,740	1,477	(12)	(4)	5,201
Appraisal decrease (Year 2013)	(178)	(10)	109	-	(79)
Premises					
Cost	6,752	29	(16)	18	6,783
Appraisal increase (Year 2013)	6,074	2,907	(670)	-	8,311
Appraisal decrease (Year 2013)	(68)	(97)	14	16	(135)
Equipment	10,474	43	(246)	6	10,277
Leasehold improvement	1,010	90	(6)	43	1,137
Total	31,528	4,439	(836)	71	35,202
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(3,080)	(129)	5	(10)	(3,214)
- Appraisal increase (Year 2013)	(3,516)	(1,868)	304	-	(5,080)
Equipment	(7,642)	(441)	242	-	(7,841)
Leasehold improvement	(513)	(39)	4	-	(548)
Total	(14,751)	(2,477)	555	(10)	(16,683)
Construction in progress	116	24	-	(85)	55
Premises and equipment, net	16,893				18,574

Unit : Million Baht
June 30, 2013 June 30, 2012

Depreciation for the six-month periods

699

656

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at December 31, 2012
Land					
Cost	3,767	-	(33)	(10)	3,724
Appraisal increase (Year 2009)	3,759	-	(13)	(6)	3,740
Appraisal decrease (Year 2009)	(190)	-	7	5	(178)
Premises					
Cost	6,298	68	(49)	435	6,752
Appraisal increase (Year 2009)	6,105	-	(27)	(4)	6,074
Appraisal decrease (Year 2009)	(70)	-	2	-	(68)
Equipment	9,937	1,334	(881)	84	10,474
Leasehold improvement	718	112	(31)	211	1,010
Total	30,324	1,514	(1,025)	715	31,528
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(2,853)	(257)	23	7	(3,080)
- Appraisal increase (Year 2009)	(3,290)	(243)	16	1	(3,516)
Equipment	(7,665)	(842)	867	(2)	(7,642)
Leasehold improvement	(463)	(70)	20	-	(513)
Total	(14,271)	(1,412)	926	6	(14,751)
Construction in progress	407	450	-	(741)	116
Premises and equipment, net	16,460				16,893
Unit : Million Baht					
December 31, 2012					
Depreciation for the year					1,412

As at June 30, 2013 and December 31, 2012, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 5,954 million and Baht 5,942 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2013 and December 31, 2012, are as follows:

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2013	Increase	Decrease	Others	Balance as at June 30, 2013
Cost					
Goodwill	9,947	-	-	-	9,947
Software	4,770	229	-	3	5,002
Other intangible assets	5,588	68	(69)	-	5,587
Total	20,305	297	(69)	3	20,536
Accumulated amortization					
Software	(2,428)	(240)	-	-	(2,668)
Other intangible assets	(2,442)	(311)	-	-	(2,753)
Total	(4,870)	(551)	-	-	(5,421)
Goodwill and other intangible assets, net	15,435				15,115
Unit : Million Baht					
June 30, 2013 June 30, 2012					
Amortization for the six-month periods		551		515	

Unit : Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at December 31, 2012
Cost					
Goodwill	7,521	2,426	-	-	9,947
Software	3,938	947	(113)	(2)	4,770
Other intangible assets	4,494	1,119	(25)	-	5,588
Total	<u>15,953</u>	<u>4,492</u>	<u>(138)</u>	<u>(2)</u>	<u>20,305</u>
Accumulated amortization					
Software	(2,135)	(388)	94	1	(2,428)
Other intangible assets	(1,764)	(678)	-	-	(2,442)
Total	<u>(3,899)</u>	<u>(1,066)</u>	<u>94</u>	<u>1</u>	<u>(4,870)</u>
Goodwill and other intangible assets, net	<u>12,054</u>				<u>15,435</u>

Unit : Million Baht
December 31, 2012

Amortization for the year 1,066

As at June 30, 2013 and December 31, 2012, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,331 million and Baht 1,199 million, respectively.

Unit : Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2013	Increase	Decrease	Others	Balance as at June 30, 2013
Cost					
Goodwill	1,054	-	-	-	1,054
Software	3,942	173	-	-	4,115
Other intangible assets	51	-	-	-	51
Total	<u>5,047</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>5,220</u>
Accumulated amortization					
Software	(1,973)	(195)	-	-	(2,168)
Other intangible assets	(6)	(2)	-	-	(8)
Total	<u>(1,979)</u>	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>(2,176)</u>
Goodwill and other intangible assets, net	<u>3,068</u>				<u>3,044</u>

Unit : Million Baht
June 30, 2013 June 30, 2012

Amortization for the six-month periods 197 172

					Unit : Million Baht
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2012	Increase	Decrease	Others	Balance as at December 31, 2012
Cost					
Goodwill	-	1,054	-	-	1,054
Software	3,308	658	(24)	-	3,942
Other intangible assets	13	38	-	-	51
Total	3,321	1,750	(24)	-	5,047
Accumulated amortization					
Software	(1,667)	(311)	7	(2)	(1,973)
Other intangible assets	(6)	-	-	-	(6)
Total	(1,673)	(311)	7	(2)	(1,979)
Goodwill and other intangible assets, net	<u>1,648</u>				<u>3,068</u>

Unit : Million Baht
December 31, 2012

Amortization for the year 311

As at June 30, 2013 and December 31, 2012, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 991 million and Baht 940 million, respectively.

7.12 Deferred tax assets

Deferred tax assets as at June 30, 2013 and December 31, 2012, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Deferred tax assets	<u>6,491</u>	<u>2,457</u>	<u>2,637</u>

Movements of deferred tax assets during the periods/years are as follows:

				Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into other comprehensive income	Balance at June 30, 2013
Temporary differences				
Impairment of assets	663	(76)	-	587
Loans and accrued interest receivables, net	3,724	538	-	4,262
Provisions	1,586	3	-	1,589
Others	88	(97)	62	53
Total	<u>6,061</u>	<u>368</u>	<u>62</u>	<u>6,491</u>

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				Balance at December 31, 2012
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	
Temporary differences					
Impairment of assets	764	-	(101)	-	663
Loans and accrued interest receivables, net	3,243	-	481	-	3,724
Provisions	1,453	-	148	(15)	1,586
Others	171	(118)	35	-	88
Total	<u>5,631</u>	<u>(118)</u>	<u>563</u>	<u>(15)</u>	<u>6,061</u>

Unit : Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2013
Temporary differences				
Impairment of assets	551	(67)	-	484
Loans and accrued interest receivables, net	836	(116)	-	720
Provisions	1,123	(5)	-	1,118
Others	127	(54)	62	135
Total	2,637	(242)	62	2,457

Unit : Million Baht

	THE BANK'S FINANCIAL STATEMENTS				Balance at December 31, 2012
	Balance at January 1, 2012	Items arising from business combination	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	
Temporary differences					
Impairment of assets	604	-	(53)	-	551
Loans and accrued interest receivables, net	490	-	346	-	836
Provisions	1,104	-	36	(17)	1,123
Others	158	12	(43)	-	127
Total	<u>2,356</u>	<u>12</u>	<u>286</u>	<u>(17)</u>	<u>2,637</u>

7.13 Other assets, net

Other assets, net as at June 30, 2013 and December 31, 2012, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Accrued income	1,825	2,206	370	344
Prepayment	421	404	171	182
Other receivables	7,821	8,420	2,692	2,943
Others	1,519	1,268	1,135	877
Total	<u>11,586</u>	<u>12,298</u>	<u>4,368</u>	<u>4,346</u>

7.14 Deposits

Deposits as at June 30, 2013 and December 31, 2012, are as follows:

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Current deposit	18,269	18,646	18,985	19,626
Savings deposit	354,949	350,814	359,461	355,664
Time deposit				
- Less than 6 months	156,875	147,053	156,877	147,055
- 6 months to 1 year	154,653	120,927	154,653	120,927
- over 1 year	46,985	49,719	46,989	49,722
Total	<u>731,731</u>	<u>687,159</u>	<u>736,965</u>	<u>692,994</u>

(2) Classified by currency and residence of depositors

	CONSOLIDATED FINANCIAL STATEMENTS			Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2013			December 31, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	726,648	519	727,167	682,292	553	682,845
US Dollar	1,322	1,331	2,653	2,228	189	2,417
Other currencies	650	1,261	1,911	1,854	43	1,897
Total	<u>728,620</u>	<u>3,111</u>	<u>731,731</u>	<u>686,374</u>	<u>785</u>	<u>687,159</u>

	THE BANK'S FINANCIAL STATEMENTS			Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2013			December 31, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	731,882	519	732,401	688,127	553	688,680
US Dollar	1,322	1,331	2,653	2,228	189	2,417
Other currencies	650	1,261	1,911	1,854	43	1,897
Total	<u>733,854</u>	<u>3,111</u>	<u>736,965</u>	<u>692,209</u>	<u>785</u>	<u>692,994</u>

7.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2013 and December 31, 2012, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2013			December 31, 2012		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	9,470	9,470	-	9,265	9,265
Commercial banks	2,081	17,530	19,611	1,358	24,120	25,478
Specialized financial institutions	118	11,270	11,388	181	6,026	6,207
Other financial institutions	3,823	2,174	5,997	5,558	688	6,246
Total domestic items	6,022	40,444	46,466	7,097	40,099	47,196
Foreign items						
US Dollar	173	6,225	6,398	56	1,532	1,588
Yen	126	-	126	-	-	-
Other currencies	12	-	12	37	-	37
Total foreign items	311	6,225	6,536	93	1,532	1,625
Total domestic and foreign items	6,333	46,669	53,002	7,190	41,631	48,821

Unit : Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2013			December 31, 2012		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	9,470	9,470	-	9,265	9,265
Commercial banks	1,381	17,530	18,911	1,358	22,710	24,068
Specialized financial institutions	118	11,270	11,388	181	6,026	6,207
Other financial institutions	5,051	630	5,681	6,513	688	7,201
Total domestic items	6,550	38,900	45,450	8,052	38,689	46,741
Foreign items						
US Dollar	173	6,225	6,398	56	1,532	1,588
Yen	126	-	126	-	-	-
Other currencies	12	-	12	37	-	37
Total foreign items	311	6,225	6,536	93	1,532	1,625
Total domestic and foreign items	6,861	45,125	51,986	8,145	40,221	48,366

Additional information on Interbank and money market items, net (liability) is as follows:

- As at June 30, 2013 and December 31, 2012, the outstanding balance of borrowing from the Bank of Thailand is Baht 9,470 million and Baht 9,265 million, respectively bearing interest rate at 0.01% per annum. The loan is restricted for soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at the rate not over 3% per annum. The soft loan program duration is 5 years and will be ended on December 31, 2018.
- On October 25, 2012, the Bank entered into a loan agreement facility of USD 200 million with International Finance Corporation, a member of the World Bank, which composed of a 36-month term loan of USD 100 million, a 48-month term loan of USD 50 million and a 60-month term loan of USD 50 million at the interest rate of 3-month LIBOR plus applicable spreads. The purpose of this facility is to provide the Bank funding for financing to small or medium enterprises directly and indirectly impacted by flooding in Thailand.

7.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2013 and December 31, 2012, are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
					June 30, 2013		December 31, 2012		
	Currency	Interest rate	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
Subordinated									
Debenture	THB	4.75-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844
Senior securities	THB	2.68-4.50	2013-2016	81,240	-	81,240	71,170	-	71,170
Bill of exchange	THB	1.82-4.15	2013-2014	43,402	-	43,402	48,523	-	48,523
Other borrowings	THB	0.00-0.50	2013-2017	72	-	72	92	-	92
				159,558	-	159,558	154,629	-	154,629

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS									
					June 30, 2013		December 31, 2012		
	Currency	Interest rate	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
Subordinated									
Debenture	THB	4.75-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844
Senior securities	THB	2.68-4.50	2013-2016	41,773	-	41,773	39,112	-	39,112
Bill of exchange	THB	1.82-4.15	2013-2014	16,987	-	16,987	29,691	-	29,691
Other borrowings	THB	0.00-0.50	2013-2017	72	-	72	92	-	92
				93,676	-	93,676	103,739	-	103,739

Additional information on debts issued and borrowings is as follows:

1. On June 23, 2010, the Bank issued subordinated debentures #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 debentures #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.
2. On November 7, 2012, the Bank issued subordinated debentures No. 1/2012 in the amount of Baht 14,844 million for a 10-year tenor at the fixed interest rate of 4.70% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem debentures on the fifth anniversary of the issue date or on any interest payment date after the fifth anniversary.

7.17 Provisions

Provisions for the six-month period ended June 30, 2013 and for the year ended December 31, 2012, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2012	Increase (Decrease)	Balance at December 31, 2012	Increase (Decrease) Balance at June 30, 2013
Provision for post-employment benefits obligation	2,792	150	2,942	162
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,106	25	2,131	(1,125)
Provision for customer loyalty program	1,244	373	1,617	125
Others	754	(110)	644	874
Total	6,896	438	7,334	36

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2012	Increase (Decrease)	Balance at December 31, 2012	Increase (Decrease) Balance at June 30, 2013
Provision for post-employment benefits obligation	2,358	75	2,433	124
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,070	-	2,070	(1,067)
Provision for customer loyalty program	21	8	29	6
Others	721	(77)	644	875
Total	5,170	6	5,176	(62)

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, 2013 and 2012, are as follows:

Unit : Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
2013	2012	2013	2012
Opening defined benefits obligation	2,942	2,433	2,358
Current service cost	130	95	90
Interest cost	57	47	45
Benefit paid	(25)	(18)	(67)
Closing defined benefit obligation	3,104	2,557	2,426

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, 2013 and 2012, 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,	
	2013	2012	2013	2012
Current service cost	66	59	47	45
Interest on obligation	28	26	24	22
	<u>94</u>	<u>85</u>	<u>71</u>	<u>67</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,	
	2013	2012	2013	2012
Current service cost	130	119	95	90
Interest on obligation	57	53	47	45
	<u>187</u>	<u>172</u>	<u>142</u>	<u>135</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2013 and December 31, 2012, are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	3.9%
Salary increase rate	6.0%
Turnover rate	9.9%
Retirement age	55 and 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 its 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.

On June 9, 2011, TAMC has liquidated and consequently the Bank and its subsidiary have confirmed the profit and loss calculation report received from TAMC on April 30, 2013. As a result, as at June 30, 2013 and December 31, 2012, the provisions for possible losses were set up in the amounts of Baht 1,006 million and Baht 2,131 million, respectively for the consolidated financial statements and Baht 1,003 million and Baht 2,070 million, respectively for the Bank's financial statements. During the six-month period ended June 30, 2013, the Bank and its subsidiary recorded reversal on provision for possible losses in the consolidated and the Bank's financial statements of Baht 1,125 million and Baht 1,067 million, respectively, which presented negative amount in other operating expenses.

On June 8, 2013, TAMC has dissolved and transferred its assets and liabilities to Ministry of Finance for further processing.

7.18 Deferred tax liabilities

Deferred tax liabilities as at June 30, 2013 and December 31, 2012, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit : Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Deferred tax liabilities	<u>2,822</u>	<u>2,505</u>	<u>1,987</u>	<u>1,617</u>

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

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2013
Temporary differences				
Asset appraisal surplus	1,260	(33)	460	1,687
Investments	585	(84)	(44)	457
Others	660	18	-	678
Total	<u>2,505</u>	<u>(99)</u>	<u>416</u>	<u>2,822</u>

					Unit : Million Baht
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	Balance at December 31, 2012
Temporary differences					
Asset appraisal surplus	1,323	-	(58)	(5)	1,260
Investments	554	-	(137)	168	585
Others	399	282	(21)	-	660
Total	2,276	282	(216)	163	2,505

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2013
Temporary differences				
Asset appraisal surplus	1,259	(23)	450	1,686
Investments	237	(46)	(44)	147
Others	121	33	-	154
Total	<u>1,617</u>	<u>(36)</u>	<u>406</u>	<u>1,987</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	Items as recognized into Other Comprehensive Income	Balance at December 31, 2012
Temporary differences					
Asset appraisal surplus	1,322	-	(58)	(5)	1,259
Investments	69	-	-	168	237
Others	61	62	(2)	-	121
Total	1,452	62	(60)	163	1,617

7.19 Finance lease liabilities

Finance lease liabilities as at June 30, 2013 and December 31, 2012, are as follows:

	Unit : Million Baht					
	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2013			December 31, 2012		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	21	2	23	17	4	21
One year to five years	67	7	74	73	6	79
Total	<u>88</u>	<u>9</u>	<u>97</u>	<u>90</u>	<u>10</u>	<u>100</u>

7.20 Other liabilities

Other liabilities as at June 30, 2013 and December 31, 2012, are as follows:

	Unit : Million Baht			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Accrued expenses	8,548	9,041	6,184	6,577
Tax payable	2,627	2,959	937	1,200
Deposit	7,935	8,001	131	183
Other payable	1,563	3,322	668	1,638
Others	8,551	8,454	4,012	3,467
Total	<u>29,224</u>	<u>31,777</u>	<u>11,932</u>	<u>13,065</u>

7.21 Share capital

7.21.1 Legal reserve

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

7.21.2 Dividend payment

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.

The Board of Directors' Meeting No. 8/2012 held on August 22, 2012, had approved a resolution authorizing a dividend payment for the first half year ended June 30, 2012 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share which totaled Baht 2,430 million, with payment made on September 20, 2012.

At the General Shareholders' meeting held on April 10, 2013, the shareholders approved a resolution authorizing a dividend payment for the second half year ended December 31, 2012 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share which totaled Baht 2,430 million, with payment made on May 7, 2013.

7.22 Assets with obligations and restrictions

As at June 30, 2013 and December 31, 2012, government and state enterprise securities with book value of Baht 8,133 million and Baht 4,412 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.23 Contingencies

Contingencies as at June 30, 2013 and December 31, 2012, are as follows:

	CONSOLIDATED		Unit : Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Avals to bills	1,121	977	1,121	977
Guarantees of loans	46	90	46	90
Liability under unmatured import bills	1,575	1,548	1,575	1,548
Letters of credit	8,886	8,043	8,886	8,043
Other contingencies				
- Unused overdraft limit	58,282	59,049	58,432	59,181
- Other guarantees	44,424	35,172	44,424	35,172
- Others	550	506	550	506
Total	<u>114,884</u>	<u>105,385</u>	<u>115,034</u>	<u>105,517</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, 2013 and December 31, 2012, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 4,056 million and Baht 4,386 million, respectively.

As at June 30, 2013 and December 31, 2012, the Bank has commitments to pay regarding the information technology services in the amounts of Baht 10 million and Baht 86 million, respectively.

7.24 Related party transactions

The Bank has business transactions with subsidiaries, associates and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which complied with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification and Sor.Nor.Sor. 19/2555 regarding the guideline on Consolidated Supervision (No.2) dated December 17, 2012, and 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:

7.24.1 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, 2013 and December 31, 2012 are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2013				December 31, 2012			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Associates								
Tesco Card Services Limited	10,853	303	-	-	10,073	397	-	-
Tesco Life Assurance Broker Limited	-	58	-	-	-	47	-	-
Tesco General Insurance Broker Limited	-	255	-	-	-	231	-	-
<u>Less</u> Allowance for doubtful accounts	(109)	-	-	-	(101)	-	-	-
Total	10,744	616	-	-	9,972	675	-	-
Related companies having joint major shareholders or directors								
<u>Less</u> Allowance for doubtful accounts	(19)	-	-	-	(13)	-	-	-
Total	2,151	2,714	1,700	2,366	1,322	4,099	1,700	418
Individual and related parties								
<u>Less</u> Allowance for doubtful accounts	(1)	-	-	-	(1)	-	-	-
Total	235	631	-	-	244	547	21	-
Total	13,130	3,961	1,700	2,366	11,537	5,321	1,721	418

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	June 30, 2013				December 31, 2012			
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies
Subsidiaries								
Ayudhya Development Leasing Company Limited	8,834	18	-	175	10,013	45	-	161
Ayudhya Capital Auto Lease Public Company Limited	132,920	353	-	-	125,441	693	-	-
Ayudhya Total Solutions Public Company Limited	-	2,078	-	-	-	2,070	-	-
CFG Services Company Limited	6,579	56	-	-	5,273	17	-	-
Ayudhya Card Services Company Limited	3,598	173	-	-	4,600	247	-	-
Ayudhya Capital Services Company Limited	22,580	481	-	3	21,109	738	-	3
General Card Services Limited	10,730	321	-	-	11,658	268	-	-
Krungsriayudhya Card Company Limited	25,197	575	-	1	26,471	885	-	1
Siam Realty and Services Company Limited	456	38	-	-	496	71	-	-
Total Services Solutions Public Company Limited	-	307	500	-	-	246	400	-
Krungsri Asset Management Company Limited	-	117	-	622	-	104	300	613
Krungsri Ayudhya AMC Limited	1,586	58	-	38	2,357	15	-	38
Krungsri Securities Public Company Limited	-	1,124	-	-	-	853	-	-
Krungsri Factoring Company Limited	583	96	-	-	1,433	177	-	-
Krungsri Life Assurance Broker Company Limited	-	261	-	-	-	137	-	-
Krungsri General Insurance Broker Company Limited	-	407	-	-	-	224	-	-
Total	213,063	6,463	500	839	208,851	6,790	700	816
<u>Less</u> Allowance for doubtful accounts	(2,130)	-	-	-	(2,088)	-	-	-
Total	210,933	6,463	500	839	206,763	6,790	700	816
Associates								
Tesco Card Services Limited	10,853	303	-	-	10,073	397	-	-
Tesco Life Assurance Broker Limited	-	58	-	-	-	47	-	-
Tesco General Insurance Broker Limited	-	255	-	-	-	231	-	-
<u>Less</u> Allowance for doubtful accounts	(109)	-	-	-	(101)	-	-	-
Total	10,744	616	-	-	9,972	675	-	-
Related companies having joint major shareholders or directors								
	2,170	2,714	1,700	2,366	1,335	4,099	1,700	418
<u>Less</u> Allowance for doubtful accounts	(19)	-	-	-	(13)	-	-	-
Total	2,151	2,714	1,700	2,366	1,322	4,099	1,700	418
Individual and related parties								
	206	631	-	-	196	547	21	-
Total	224,034	10,424	2,200	3,205	218,253	12,111	2,421	1,234

As at June 30, 2013 and December 31, 2012, the Bank charges interest rates to the officer or related parties at 1.00% - 15.99% p.a. and 1.00% - 18.99%, respectively.

As at June 30, 2013 and December 31, 2012, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 2,130 million and Baht 2,088 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

As at June 30, 2013 and December 31, 2012, the Bank granted loans to Krungsri Ayudhya AMC Limited as call promissory notes of Baht 1,586 million at the interest rates of 3.30% per annum and short-term promissory notes of Baht 2,357 million at the interest rates of 3.57% - 4.00% per annum, respectively.

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

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS								
			June 30, 2013		December 31, 2012			
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Ownership (%)	Investment Cost	Dividend Amount
Related companies								
Sriayudhya Capital Insurance Public Company Limited	Investment holding company	250	9.72	373	10	10.92	419	14
Less	Allowance for impairment			(6)	-		(7)	-
Investment in related companies, net				367	10		412	14

7.24.3 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, 2013 and 2012, are as follows:

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the three-month period ended June 30, 2013				For the three-month period ended June 30, 2012				
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	99	142	-	-	86	36	-	-
Tesco General Insurance Broker Limited	-	9	1	-	-	2	1	-
Total	99	151	1	-	86	38	1	-
Related companies having joint major shareholders or directors								
	22	14	25	83	8	22	33	77
Total	22	14	25	83	8	22	33	77
Individual and related parties								
	2	2	3	-	2	-	4	-
Total	123	167	29	83	96	60	38	77

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2013				For the six-month period ended June 30, 2012				
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	195	183	1	-	169	72	1	-
Tesco General Insurance Broker Limited	-	12	1	-	-	4	1	-
Total	195	195	2	-	169	76	2	-
Related companies having joint major shareholders or directors								
	36	21	50	155	15	27	79	169
Total	36	21	50	155	15	27	79	169
Individual and related parties								
	4	4	6	-	3	-	6	-
Total	235	220	58	155	187	103	87	169

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended June 30, 2013				For the three-month period ended June 30, 2012			
	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	90	-	-	-	101	-	-	-
Ayudhya Auto Lease Public Company Limited	-	-	-	-	-	-	2	-
Ayudhya Capital Auto Lease Public Company Limited	1,279	42	1	-	1,076	15	1	-
Ayudhya Total Solutions Public Company Limited	-	-	11	-	-	1	10	-
CFG Services Company Limited	75	4	-	-	54	5	1	-
Ayudhya Card Services Company Limited	33	18	-	-	31	20	-	-
Ayudhya Capital Services Company Limited	217	53	1	3	194	35	1	-
General Card Services Limited	105	2	1	-	111	2	1	-
Krungsri Ayudhya Card Company Limited	229	20	1	-	244	34	1	-
Siam Realty and Services Company Limited	4	1	-	112	4	-	-	108
Total Services Solutions Public Company Limited	-	1	4	16	-	1	2	21
Krungsri Asset Management Company Limited	-	57	2	1	-	23	2	2
Krungsri Ayudhya AMC Limited	15	5	-	-	49	3	-	-
Krungsri Securities Public Company Limited	-	5	6	1	-	5	5	1
Krungsri Factoring Company Limited	7	2	-	-	27	1	-	-
Total	2,054	210	27	133	1,891	145	26	132
Associates								
Tesco Card Services Limited	99	5	-	-	86	3	-	-
Tesco General Insurance Broker Limited	-	4	1	-	-	2	1	-
Total	99	9	1	-	86	5	1	-
Related companies having joint major shareholders or directors	22	14	25	83	8	22	33	77
Total	22	14	25	83	8	22	33	77
Individual and related parties	2	2	3	-	2	-	4	-
Total	2,177	235	56	216	1,987	172	64	209

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 2013				For the six-month period ended June 30, 2012			
	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	188	1	-	-	198	1	-	-
Ayudhya Auto Lease Public Company Limited	-	-	-	-	-	-	4	-
Ayudhya Capital Auto Lease Public Company Limited	2,507	64	3	1	2,071	29	2	-
Ayudhya Total Solutions Public Company Limited	-	-	23	-	-	2	18	-
CFG Services Company Limited	140	8	-	-	100	9	1	-
Ayudhya Card Services Company Limited	68	35	-	-	66	41	-	-
Ayudhya Capital Services Company Limited	427	100	1	7	378	61	1	1
General Card Services Limited	215	4	1	-	223	4	2	-
Krungsriayudhya Card Company Limited	460	42	1	-	386	39	2	-
Siam Realty and Services Company Limited	8	1	-	219	8	1	-	217
Total Services Solutions Public Company Limited	-	2	6	31	-	1	5	35
Krungsri Asset Management Company Limited	-	116	4	3	-	42	5	3
Krungsri Ayudhya AMC Limited	34	10	-	-	105	21	-	-
Krungsri Securities Public Company Limited	-	11	12	2	-	9	10	2
Krungsri Factoring Company Limited	17	3	-	-	57	2	-	-
Krungsri Life Assurance Broker Limited	-	-	1	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	1	-	-	-	-	-
Total	4,064	397	53	263	3,592	262	50	258
Associates								
Tesco Card Services Limited	195	9	1	-	169	5	1	-
Tesco General Insurance Broker Limited	-	7	1	-	-	4	1	-
Total	195	16	2	-	169	9	2	-
Related companies having joint major shareholders or directors	36	21	50	155	15	27	79	169
Total	36	21	50	155	15	27	79	169
Individual and related parties	4	4	6	-	3	-	6	-
Total	4,299	438	111	418	3,779	298	137	427

7.24.4 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.

7.24.5 For the six-month periods ended June 30, 2013 and 2012, related party transactions among subsidiaries and associates include collection services and other services of Baht 457 million and Baht 423 million and office and vehicle rental and facilities service of Baht 29 million and Baht 23 million, respectively.

7.24.6 For the six-month periods ended June 30, 2013 and 2012, subsidiaries have related party transactions from the licenses relevant to technology and software for Baht 35 million and Baht 30 million, respectively.

7.24.7 For the six-month periods ended June 30, 2013 and 2012, related party transactions among subsidiaries from other services are Baht 425 million and Baht 517 million, respectively.

7.24.8 The Extraordinary Board of Directors' Meeting of the Bank on July 20, 2009 approved the Bank to accept the entire business transfer of Ayudhya Card Services Company Limited, 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.

7.24.9 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

7.25 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, 2013 and 2012, 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,	
	2013	2012	2013	2012
Short-term employee benefits	284	302	176	206
Post-employment benefits	9	8	5	5
Total	<u>293</u>	<u>310</u>	<u>181</u>	<u>211</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,	
	2013	2012	2013	2012
Short-term employee benefits	698	674	469	458
Post-employment benefits	19	16	10	10
Total	<u>717</u>	<u>690</u>	<u>479</u>	<u>468</u>

7.26 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, 2013 and December 31, 2012, which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit : Million Baht THE BANK'S			
		CONSOLIDATED FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Land and/or premises and equipment	Within 1 year	711	460	658	489
	Over 1-5 years	708	581	654	537
	Over 5 years	75	85	75	85
		<u>1,494</u>	<u>1,126</u>	<u>1,387</u>	<u>1,111</u>

7.27 Operating Segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard as adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and unsecured lending, hire-purchase and leasing, wealth management and Bancassurance.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, treasury and markets products; corporate finance, transactional banking and advisory banking.

Others: encompasses a range of activities from corporate decisions, income and expenses not attributed to the business segments described above and eliminated transaction for preparation of consolidated financial statements.

During the three-month periods and six-month periods ended June 30, 2013 and 2012, there is no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by business for the three-month periods and the six-month periods ended June 30, 2013 and 2012, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2013				
	Retail	Commercial	Others	Total
Interest income, net	7,290	3,701	2	10,993
Other operating income	4,227	2,928	(673)	6,482
Total operating income	11,517	6,629	(671)	17,475
Operating expenses	6,008	1,788	(165)	7,631
Impairment loss of loans and debt securities	4,250	217	1,441	5,908
Profit (loss) before tax	1,259	4,624	(1,947)	3,936
Taxation	284	785	(210)	859
Net Profit (loss)	975	3,839	(1,737)	3,077
Total assets	471,923	909,123	(250,890)	1,130,156

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2012				
	Retail	Commercial	Others	Total
Interest income, net	6,599	3,450	3	10,052
Other operating income	3,591	2,142	(295)	5,438
Total operating income	10,190	5,592	(292)	15,490
Operating expenses	5,768	1,637	240	7,645
Impairment loss of loans and debt securities	1,654	404	932	2,990
Profit (loss) before tax	2,768	3,551	(1,464)	4,855
Taxation	631	789	(280)	1,140
Net Profit (loss)	2,137	2,762	(1,184)	3,715
Total assets	394,906	864,910	(225,275)	1,034,541

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2013				
	Retail	Commercial	Others	Total
Interest income, net	14,347	7,246	2	21,595
Other operating income	8,501	4,508	(697)	12,312
Total operating income	22,848	11,754	(695)	33,907
Operating expenses	12,096	3,482	365	15,943
Impairment loss of loans and debt securities	6,611	904	1,474	8,989
Profit (loss) before tax	4,141	7,368	(2,534)	8,975
Taxation	883	1,263	(319)	1,827
Net Profit (loss)	3,258	6,105	(2,215)	7,148
Total assets	471,923	909,123	(250,890)	1,130,156

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2012				
	Retail	Commercial	Others	Total
Interest income, net	12,723	6,704	5	19,432
Other operating income	7,148	3,553	(462)	10,239
Total operating income	19,871	10,257	(457)	29,671
Operating expenses	11,212	3,157	283	14,652
Impairment loss of loans and debt securities	3,071	1,169	1,462	5,702
Profit (loss) before tax	5,588	5,931	(2,202)	9,317
Taxation	1,278	1,277	(395)	2,160
Net Profit (loss)	4,310	4,654	(1,807)	7,157
Total assets	394,906	864,910	(225,275)	1,034,541

Operating segment by product for the three-month periods and six-month periods ended June 30, 2013 and 2012, are as follows:

Unit : Million Baht		
CONSOLIDATED FINANCIAL STATEMENTS		
For the three-month periods ended June 30,		
	2013	2012
1. Retail		
- Credit cards, personal loans and unsecured loan	5,221	4,571
- Hire-purchase and leasing	3,813	3,348
- Others retail	2,483	2,271
Total Retail	11,517	10,190
2. Commercial		
- Lending and related income	4,868	3,533
- Others commercial	1,761	2,059
Total Commercial	6,629	5,592
3. Others	(671)	(292)
Total operating income	17,475	15,490

Unit : Million Baht		
CONSOLIDATED FINANCIAL STATEMENTS		
For the six-month periods ended June 30,		
	2013	2012
1. Retail		
- Credit cards, personal loans and unsecured loan	10,264	8,592
- Hire-purchase and leasing	7,582	6,621
- Others retail	5,002	4,658
Total Retail	22,848	19,871
2. Commercial		
- Lending and related income	8,701	7,648
- Others commercial	3,053	2,609
Total Commercial	11,754	10,257
3. Others	(695)	(457)
Total operating income	33,907	29,671

7.28 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, 2013 and December 31, 2012, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2013				
	Domestic	Foreign	Elimination	Total
Total assets	1,131,597	4,852	(6,293)	1,130,156
Interbank and money market items, net (Assets)	108,466	980	-	109,446
Investments, net	77,263	289	-	77,552
Loans to customers and accrued interest receivable, net	829,816	2,379	-	832,195
Deposits	731,214	517	-	731,731
Interbank and money market items, net (Liabilities)	52,996	6	-	53,002
Debt issued and borrowings	159,558	-	-	159,558

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2012				
	Domestic	Foreign	Elimination	Total
Total assets	1,073,071	4,037	(5,143)	1,071,965
Interbank and money market items, net (Assets)	78,815	575	-	79,390
Investments, net	77,765	537	-	78,302
Loans to customers and accrued interest receivable, net	799,456	1,780	-	801,236
Deposits	686,675	484	-	687,159
Interbank and money market items, net (Liabilities)	48,811	10	-	48,821
Debt issued and borrowings	154,629	-	-	154,629

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2013				
	Domestic	Foreign	Elimination	Total
Total assets	1,028,224	4,852	(6,293)	1,026,783
Interbank and money market items, net (Assets)	106,972	980	-	107,952
Investments, net	76,468	289	-	76,757
Loans to customers and accrued interest receivable, net	727,334	2,379	-	729,713
Deposits	736,448	517	-	736,965
Interbank and money market items, net (Liabilities)	51,980	6	-	51,986
Debt issued and borrowings	93,676	-	-	93,676

Unit : Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2012				
	Domestic	Foreign	Elimination	Total
Total assets	987,573	4,037	(5,143)	986,467
Interbank and money market items, net (Assets)	77,581	575	-	78,156
Investments, net	77,292	537	-	77,829
Loans to customers and accrued interest receivable, net	714,043	1,780	-	715,823
Deposits	692,510	484	-	692,994
Interbank and money market items, net (Liabilities)	48,356	10	-	48,366
Debt issued and borrowings	103,739	-	-	103,739

(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, 2013 and 2012, are as follows:

Unit : Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2013				
	Domestic	Foreign	Elimination	Total
Interest income	17,410	36	-	17,446
Interest expenses	6,452	1	-	6,453
Net interest income	10,958	35	-	10,993
Fees and service income, net	3,653	6	-	3,659
Other operating income	3,819	(7)	(990)	2,822
Other operating expenses	14,510	18	(990)	13,538
Profit from operating before tax	3,920	16	-	3,936

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 six-month period ended June 30, 2013			
	Domestic	Foreign	Elimination	Total
Interest income	34,304	60	-	34,364
Interest expenses	12,768	1	-	12,769
Net interest income	21,536	59	-	21,595
Fees and service income, net	7,252	14	-	7,266
Other operating income	7,089	(16)	(2,027)	5,046
Other operating expenses	26,908	51	(2,027)	24,932
Profit from operating before tax	8,969	6	-	8,975

	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			
	THE BANK'S FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2013			
	Domestic	Foreign	Elimination	Total
Interest income	11,267	36	-	11,303
Interest expenses	5,915	1	-	5,916
Net interest income	5,352	35	-	5,387
Fees and service income, net	1,505	6	-	1,511
Other operating income	3,465	(7)	(990)	2,468
Other operating expenses	7,394	18	(990)	6,422
Profit from operating before tax	2,928	16	-	2,944

	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 six-month period ended June 30, 2013			
	Domestic	Foreign	Elimination Total
Interest income	22,275	60	- 22,335
Interest expenses	11,758	1	- 11,759
Net interest income	10,517	59	- 10,576
Fees and service income, net	2,971	14	- 2,985
Other operating income	5,634	(16)	(2,027) 3,591
Other operating expenses	14,209	51	(2,027) 12,233
Profit from operating before tax	4,913	6	- 4,919

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

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

7.29 Interest income

Interest income for the three-month periods and six-month periods ended June 30, 2013 and 2012, are as follows:

	CONSOLIDATED		Unit : Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the three-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the three-month periods	
	2013	2012	2013	2012
Interbank and money market items	668	520	663	518
Investment and trading transactions	34	49	34	49
Investment in debt securities	531	674	530	666
Loans to customers	11,347	10,708	10,076	9,683
Hire purchase and financial lease	4,866	4,116	-	-
Total interest income	17,446	16,067	11,303	10,916

	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,	
	2013	2012	2013	2012
Interbank and money market items	1,309	1,232	1,302	1,228
Investment and trading transactions	87	94	86	94
Investment in debt securities	1,070	1,315	1,060	1,300
Loans to customers	22,358	20,683	19,887	18,744
Hire purchase and financial lease	9,540	8,105	-	-
Total interest income	34,364	31,429	22,335	21,366

7.30 Interest expenses

Interest expenses for the three-month periods and six-month periods ended June 30, 2013 and 2012, 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,	
	2013	2012	2013	2012
Deposits	3,844	3,109	3,861	3,117
Interbank and money market items	379	259	369	255
Contributions to Financial Institution Development Fund and Deposit Protection Agency	899	809	899	809
Debt issued and borrowing - Subordinated debenture - Other	399 926	225 1,610	399 387	225 1,306
Borrowing fee expense	1	-	1	-
Other	5	3	-	-
Total interest expenses	6,453	6,015	5,916	5,712

	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,	
	2013	2012	2013	2012
Deposits	7,587	6,053	7,620	6,068
Interbank and money market items	712	592	694	584
Contributions to Financial Institution Development Fund and Deposit Protection Agency	1,779	1,497	1,779	1,497
Debt issued and borrowing - Subordinated debenture - Other	795 1,882	450 3,399	795 865	450 2,789
Borrowing fee expense	5	-	5	-
Other	9	6	1	-
Total interest expenses	12,769	11,997	11,759	11,388

7.31 Fees and service income, net

Fees and service income, net for the three-month periods and six-month periods ended June 30, 2013 and 2012, 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,	
	2013	2012	2013	2012
Fees and service income				
- Acceptances, aval and guarantees	126	128	126	128
- Other	4,582	3,995	1,811	1,677
Total fees and service income	4,708	4,123	1,937	1,805
Fees and service expenses	1,048	863	426	346
Total fees and service income, net	3,660	3,260	1,511	1,459

	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,	
	2013	2012	2013	2012
Fees and service income				
- Acceptances, aval and guarantees	246	259	247	259
- Other	9,116	7,600	3,635	3,268
Total fees and service income	9,362	7,859	3,882	3,527
Fees and service expenses	2,096	1,727	897	718
Total fees and service income, net	7,266	6,132	2,985	2,809

7.32 Gains from trading and foreign exchange transactions, net

Gains from trading and foreign exchange transactions, net for the three-month periods and six-month periods ended June 30, 2013 and 2012, 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,	
	2013	2012	2013	2012
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	359	364	353	359
- Derivative of interest rates	(11)	(4)	(11)	(4)
- Debt securities	6	34	6	34
- Equity securities	11	(14)	(13)	(21)
Total	365	380	335	368

	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,	
	2013	2012	2013	2012
Gains (losses) from trading and foreign exchange transactions				
- Foreign currency and derivative of currency	798	727	799	729
- Derivative of interest rates	(12)	(1)	(12)	(1)
- Debt securities	9	42	9	42
- Equity securities	33	6	(4)	(12)
Total	<u>828</u>	<u>774</u>	<u>792</u>	<u>758</u>

7.33 Gains on investments, net

Gains on investments, net for the three-month periods and six-month periods ended June 30, 2013 and 2012, 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,	
	2013	2012	2013	2012
Gains (losses) on sales of investments				
- Available-for-sale	209	70	209	70
- General investments	(3)	324	(3)	326
Total	<u>206</u>	<u>394</u>	<u>206</u>	<u>396</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,	
	2013	2012	2013	2012
Gains on sales of investments				
- Available-for-sale	296	137	296	137
- General investments	22	324	22	326
Total	<u>318</u>	<u>461</u>	<u>318</u>	<u>463</u>

7.34 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, 2013 and 2012, 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,	
	2013	2012	2013	2012
Interbank and money market items	2	15	2	15
Loans to customers	5,986	2,696	1,950	861
Loss on troubled debt restructuring (reversal)	(80)	279	(2)	124
Total	<u>5,908</u>	<u>2,990</u>	<u>1,950</u>	<u>1,000</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,	
	2013	2012	2013	2012
Interbank and money market items	34	157	34	157
Loans to customers	8,856	4,944	2,818	2,152
Loss on troubled debt restructuring (reversal)	98	601	(2)	116
Total	<u>8,988</u>	<u>5,702</u>	<u>2,850</u>	<u>2,425</u>

7.35 Income tax

Income tax for the three-month periods and six-month periods ended June 30, 2013 and 2012, 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,	
	2013	2012	2013	2012
Current tax for the period	1,069	1,519	233	610
Deferred tax	<u>(209)</u>	<u>(378)</u>	<u>259</u>	<u>(131)</u>
Total income tax expense	<u>860</u>	<u>1,141</u>	<u>492</u>	<u>479</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,	
	2013	2012	2013	2012
Current tax for the period	2,296	2,855	620	1,089
Deferred tax	<u>(469)</u>	<u>(694)</u>	<u>206</u>	<u>(338)</u>
Total income tax expense	<u>1,827</u>	<u>2,161</u>	<u>826</u>	<u>751</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,				THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,			
	2013	2012	2013	2012	2013	2012	2013	2012
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>8,975</u>		<u>9,317</u>		<u>4,919</u>		<u>3,596</u>	
Income tax at the domestic tax rate	1,795	20.00	2,143	23.00	984	20.00	827	23.00
Add Tax effect of income and expense that are not exempt for tax purposes	251	2.80	182	1.95	56	1.14	54	1.50
Less Tax effect of income and expense that are exempt for tax purposes	<u>(219)</u>	<u>(2.44)</u>	<u>(164)</u>	<u>(1.76)</u>	<u>(214)</u>	<u>(4.35)</u>	<u>(130)</u>	<u>(3.62)</u>
Income tax as statements of comprehensive income	<u>1,827</u>	<u>20.36</u>	<u>2,161</u>	<u>23.19</u>	<u>826</u>	<u>16.79</u>	<u>751</u>	<u>20.88</u>

According to the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax rates were reduced from 30% to 23% for an accounting period beginning on or after January 1, 2012 and 20% for accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

Therefore, the Bank and subsidiaries used tax rate of 23% for the corporate income tax calculation for the six-month period ended June 30, 2012 and used tax rate of 20% for the corporate income tax calculation for the six-month period ended June 30, 2013 to conform to such tax rate changes.

The Bank and subsidiaries used the tax rates of 23% and 20% for the calculation of deferred tax for the six-month period ended June 30, 2012 and 20% for the calculation of deferred tax for the six-month period ended June 30, 2013.

7.36 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, 2013 and 2012, are as follows:

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
For the three-month periods ended June 30,						
	2013			2012		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Changes in assets revaluation surplus	2,285	(457)	1,828	-	-	-
Gains (losses) on remeasuring available-for-sale investment	(684)	137	(547)	209	(40)	169
Other comprehensive income	<u>1,601</u>	<u>(320)</u>	<u>1,281</u>	<u>209</u>	<u>(40)</u>	<u>169</u>

Unit : Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
For the six-month periods ended June 30,						
	2013			2012		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Changes in assets revaluation surplus	2,285	(457)	1,828	-	-	-
Gains (losses) on remeasuring available-for-sale investment	(513)	103	(410)	382	(80)	302
Other comprehensive income	<u>1,772</u>	<u>(354)</u>	<u>1,418</u>	<u>382</u>	<u>(80)</u>	<u>302</u>

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
For the three-month periods ended June 30,						
	2013			2012		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Changes in assets revaluation surplus	2,249	(450)	1,799	-	-	-
Gains (losses) on remeasuring available-for-sale investment	(699)	140	(559)	209	(41)	168
Other comprehensive income	1,550	(310)	1,240	209	(41)	168

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS						
For the six-month periods ended June 30,						
	2013			2012		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Changes in assets revaluation surplus	2,249	(450)	1,799	-	-	-
Gains (losses) on remeasuring available-for-sale investment	(529)	106	(423)	381	(80)	301
Other comprehensive income	1,720	(344)	1,376	381	(80)	301

7.37 Events after the reporting period

7.37.1 On July 2, 2013 the Bank had been notified by GE Capital International Holdings Corporation (“GECIH”) that GECIH and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) had signed a Share Tender Agreement regarding GECIH’s shareholding in Krungsri. Under such agreement BTMU will launch a Voluntary Tender Offer (“VTO”) for all of Krungsri shares (6,074,143,747 shares) at Baht 39 per share and GECIH will participate and tender its entire shareholding of 1,538,365,000 shares (approximately 25.33% of Krungsri’s total outstanding shares) in the VTO (at the same price) with expected timeline of VTO launch in early November 2013 and close in December 2013.

Post successful completion of the VTO, BTMU will replace GECIH as a major shareholder in Krungsri. Pursuant to the Bank of Thailand’s One Presence Policy, both banks will be in discussion on the potential integration of BTMU Bangkok Branch with Krungsri. Such integration, once agreed, will take place following the VTO completion.

7.37.2 On July 24, 2013, Ayudhya Card Services Company Limited (AYCS) transferred its entire business to Krungsriayudhya Card Company Limited (KCC) as approved by the extraordinary meeting of shareholders No. 2/2012 of AYCS, held on October 4, 2012.

On July 24, 2013, the extraordinary meeting of shareholders No. 2/2013 of AYCS, approved a resolution to liquidate the subsidiary with an effective date on July 24, 2013. Currently, the AYCS is in process of liquidation.

7.38 Approval of financial statements

These financial statements have been approved for issue by the Bank's authorized directors and the Audit Committee on August 16, 2013.