

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, 2014, 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, 2014, 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, 2014, 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.

Emphasis of matter

Without modifying our conclusion on the aforementioned interim financial information, we draw attention to Note 3 to the interim financial statements, the Bank and subsidiaries have applied the new accounting policy regarding customer loyalty programmes which is in accordance with Thai Financial Reporting Interpretation No. 13 “Customer Loyalty Programmes” and restated the consolidated and Bank’s financial statements for the three-month and six-month periods ended June 30, 2013 and the consolidated and Bank’s statements of financial position as at December 31, 2013 and the beginning balances as at January 1, 2013, which are presented as comparative information, to be in accordance with the new accounting policy.

BANGKOK
August 27, 2014

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

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2014

BAHT: '000

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at June 30, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"	As at June 30, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"
ASSETS						
CASH	26,091,488	28,216,333	25,078,920	26,047,611	28,167,503	25,060,003
INTERBANK AND MONEY MARKET ITEMS, NET (Note 8.2)	99,085,693	87,027,241	79,389,674	96,699,047	84,980,814	78,155,680
CLAIMS ON SECURITY	16,059,930	13,104,938	13,592,478	16,059,930	13,104,938	13,592,478
DERIVATIVES ASSETS (Note 8.3)	1,769,511	4,879,633	3,414,492	1,769,511	4,879,633	3,414,492
INVESTMENTS, NET (Note 8.4)	76,058,973	73,274,123	78,302,398	76,021,401	73,240,687	77,829,013
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET (Note 8.5)	529,257	1,058,908	946,637	48,231,169	29,831,169	32,482,962
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 8.6)						
Loans to customers	990,811,333	988,013,869	869,382,125	829,889,009	822,204,678	733,870,285
Accrued interest receivables	2,586,658	2,647,891	2,256,924	1,545,774	1,741,605	1,417,982
Total loans to customers and accrued interest receivables	993,397,991	990,661,760	871,639,049	831,434,783	823,946,283	735,288,267
Less Deferred revenue	(44,788,543)	(44,511,467)	(39,374,222)	(7,212,299)	(74,674)	(38,868)
Less Allowance for doubtful accounts (Note 8.7)	(38,688,138)	(37,465,593)	(30,305,602)	(20,648,293)	(19,919,182)	(19,409,266)
Less Revaluation allowance for debt restructuring (Note 8.8)	(1,623,492)	(1,520,460)	(723,410)	(619,329)	(659,124)	(17,364)
Net loans and accrued interest receivables	908,297,818	907,164,240	801,235,815	802,954,862	803,293,303	715,822,769
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	774,339	879,171	682,147	774,339	879,171	682,147
PROPERTIES FOR SALE, NET (Note 8.9)	6,443,853	6,864,672	9,451,647	2,910,853	3,022,568	4,704,803
PREMISES AND EQUIPMENT, NET (Note 8.10)	19,665,442	20,138,759	18,299,724	18,062,167	18,533,326	16,893,475
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 8.11)	14,441,243	14,861,026	15,435,423	3,011,655	3,128,757	3,068,498
DEFERRED TAX ASSETS (Note 8.12)	7,153,963	7,005,711	6,083,823	2,071,928	2,277,318	2,637,131
ACCOUNTS RECEIVABLE FOR INVESTMENTS	8,017,295	1,621,205	7,777,647	8,017,295	1,621,205	7,777,647
OTHER ASSETS, NET (Note 8.13)	10,197,455	13,509,666	12,297,804	4,422,207	6,458,908	4,345,637
TOTAL ASSETS	1,194,586,260	1,179,605,626	1,071,988,629	1,107,053,975	1,073,419,300	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
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2014

BAHT: '000

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at June 30, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"	As at June 30, 2014	As at December 31, 2013 "Restated"	As at January 1, 2013 "Restated"
LIABILITIES AND EQUITY						
DEPOSITS (Note 8.14)	783,779,080	764,049,887	687,159,328	787,652,626	768,390,228	692,994,007
INTERBANK AND MONEY MARKET ITEMS, NET (Note 8.15)	56,288,039	55,496,687	48,821,459	57,493,128	56,703,612	48,366,000
LIABILITY PAYABLE ON DEMAND	3,232,522	2,545,378	2,776,041	3,232,522	2,545,378	2,776,041
LIABILITY TO DELIVER SECURITY	16,059,930	13,104,938	13,592,478	16,059,930	13,104,938	13,592,478
DERIVATIVES LIABILITIES (Note 8.3)	1,398,166	5,139,845	3,508,210	1,398,166	5,139,845	3,508,210
DEBT ISSUED AND BORROWINGS (Note 8.16)	166,584,581	174,604,804	154,628,639	108,497,812	107,336,654	103,738,778
BANK'S LIABILITY UNDER ACCEPTANCE	774,339	879,171	682,147	774,339	879,171	682,147
PROVISIONS (Note 8.17)	4,843,301	4,582,988	5,717,391	4,262,689	4,052,674	5,147,582
DEFERRED TAX LIABILITIES (Note 8.18)	2,806,800	2,602,640	2,505,437	2,080,515	1,824,126	1,617,322
ACCOUNTS PAYABLE FOR INVESTMENTS	3,046,074	27,367	5,694,321	3,046,074	27,367	5,694,321
OTHER LIABILITIES (Note 8.20)	28,845,869	35,018,693	33,509,603	11,740,829	14,028,459	13,093,063
TOTAL LIABILITIES	1,067,658,701	1,058,052,398	958,595,054	996,238,630	974,032,452	891,209,949
EQUITY						
SHARE CAPITAL (Note 8.21)						
Authorized share capital						
7,574,143,747 ordinary shares of						
Baht 10 each	75,741,437	75,741,437		75,741,437	75,741,437	
7,089,392,755 ordinary shares of						
Baht 10 each			70,893,928			70,893,928
Issued and paid-up share capital						
6,074,143,747 ordinary shares of						
Baht 10 each	60,741,437	60,741,437	60,741,437	60,741,437	60,741,437	60,741,437
PREMIUM ON ORDINARY SHARES	13,802,216	13,802,216	13,802,216	13,802,216	13,802,216	13,802,216
OTHER RESERVES	7,414,482	6,572,436	5,983,000	7,372,459	6,531,881	5,985,325
RETAINED EARNINGS						
Appropriated						
Legal reserve	2,042,700	2,042,700	1,641,500	2,042,700	2,042,700	1,641,500
Unappropriated	42,570,556	38,115,540	31,061,703	26,856,533	16,268,614	13,086,308
TOTAL BANK'S EQUITY	126,571,391	121,274,329	113,229,856	110,815,345	99,386,848	95,256,786
NON-CONTROLLING INTEREST	356,168	278,899	163,719	-	-	-
TOTAL EQUITY	126,927,559	121,553,228	113,393,575	110,815,345	99,386,848	95,256,786
TOTAL LIABILITIES AND EQUITY	1,194,586,260	1,179,605,626	1,071,988,629	1,107,053,975	1,073,419,300	986,466,735

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

(Mr. Noriaki Goto)
Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2014	2013 "Restated"	2014	2013 "Restated"
INTEREST INCOME (Note 8.29)	18,352,005	17,445,815	11,985,522	11,302,676
INTEREST EXPENSES (Note 8.30)	6,475,845	6,453,078	5,977,100	5,915,696
INTEREST INCOME, NET	<u>11,876,160</u>	<u>10,992,737</u>	<u>6,008,422</u>	<u>5,386,980</u>
FEES AND SERVICE INCOME	4,632,986	4,643,010	2,131,136	1,934,120
FEES AND SERVICE EXPENSES	1,042,954	1,048,798	482,515	426,529
FEES AND SERVICE INCOME, NET (Note 8.31)	<u>3,590,032</u>	<u>3,594,212</u>	<u>1,648,621</u>	<u>1,507,591</u>
GAINS ON TRADING AND FOREIGN EXCHANGE				
TRANSACTIONS, NET (Note 8.32)	350,819	364,801	350,188	334,894
GAINS ON INVESTMENTS, NET (Note 8.33)	115,440	205,746	113,712	205,792
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	58,396	38,819	-	-
DIVIDEND INCOME	48,045	44,175	9,765,935	708,941
BAD DEBTS RECOVERIES	686,554	1,409,757	10,283	609,955
GAINS ON SALE PROPERTIES FOR SALE	114,758	553,672	61,250	515,322
OTHER OPERATING INCOME	396,524	205,513	90,761	92,998
TOTAL OPERATING INCOME	<u>17,236,728</u>	<u>17,409,432</u>	<u>18,049,172</u>	<u>9,362,473</u>
OTHER OPERATING EXPENSES				
Employee's expenses	4,004,347	3,711,996	2,563,730	2,428,115
Directors' remuneration	12,545	8,956	11,574	8,199
Premises and equipment expenses	1,586,261	1,405,400	1,182,744	1,027,916
Taxes and duties	569,277	541,275	405,567	385,738
Reversal loss on impairment of assets transferred				
to the Thai Asset Management Corporation (Note 8.17)	-	(1,124,713)	-	(1,067,199)
Provision for contingent liabilities	-	785,939	-	785,939
Others	2,303,846	2,241,149	1,105,426	900,085
Total other operating expenses	<u>8,476,276</u>	<u>7,570,002</u>	<u>5,269,041</u>	<u>4,468,793</u>
IMPAIRMENT LOSS OF LOANS AND				
DEBT SECURITIES (Note 8.34)	4,254,605	5,907,519	950,000	1,950,000
PROFIT FROM OPERATING BEFORE				
INCOME TAX EXPENSES	4,505,847	3,931,911	11,830,131	2,943,680
INCOME TAX EXPENSES (Note 8.35)	1,004,592	858,970	426,671	492,408
NET PROFIT	<u><u>3,501,255</u></u>	<u><u>3,072,941</u></u>	<u><u>11,403,460</u></u>	<u><u>2,451,272</u></u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
		"Restated"		"Restated"
OTHER COMPREHENSIVE INCOME				
Changes in assets revaluation surplus	-	2,284,549	-	2,249,418
Gains (Loss) on remeasuring available-for-sale investment	535,311	(683,481)	527,209	(699,672)
Income tax relating to components of other comprehensive income	(107,062)	(320,213)	(105,442)	(309,949)
Total other comprehensive income, net (Note 8.36)	428,249	1,280,855	421,767	1,239,797
TOTAL COMPREHENSIVE INCOME	3,929,504	4,353,796	11,825,227	3,691,069
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	3,460,392	3,035,054	11,403,460	2,451,272
Non-controlling interest	40,863	37,887	-	-
	3,501,255	3,072,941	11,403,460	2,451,272
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	3,888,641	4,315,909	11,825,227	3,691,069
Non-controlling interest	40,863	37,887	-	-
	3,929,504	4,353,796	11,825,227	3,691,069
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT	0.57	0.50	1.88
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	6,074,143,747	6,074,143,747	6,074,143,747

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

(Mr. Noriaki Goto)
Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013 "Restated"	2014	2013 "Restated"
INTEREST INCOME (Note 8.29)	36,626,969	34,363,734	23,874,311	22,335,252
INTEREST EXPENSES (Note 8.30)	13,254,163	12,769,083	12,201,931	11,759,115
INTEREST INCOME, NET	<u>23,372,806</u>	<u>21,594,651</u>	<u>11,672,380</u>	<u>10,576,137</u>
FEES AND SERVICE INCOME	9,124,036	9,227,726	4,256,207	3,875,008
FEES AND SERVICE EXPENSES	2,086,626	2,096,208	1,002,440	896,800
FEES AND SERVICE INCOME, NET (Note 8.31)	<u>7,037,410</u>	<u>7,131,518</u>	<u>3,253,767</u>	<u>2,978,208</u>
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 8.32)	775,540	828,027	776,493	792,028
GAINS ON INVESTMENTS, NET (Note 8.33)	139,996	317,764	138,268	317,810
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	120,361	105,142	-	-
DIVIDEND INCOME	130,558	417,512	9,848,448	1,082,278
BAD DEBTS RECOVERIES	1,399,430	2,232,899	19,651	617,988
GAINS ON SALE PROPERTIES FOR SALE	231,736	726,613	121,992	617,168
OTHER OPERATING INCOME	615,180	418,142	174,943	163,929
TOTAL OPERATING INCOME	<u>33,823,017</u>	<u>33,772,268</u>	<u>26,005,942</u>	<u>17,145,546</u>
OTHER OPERATING EXPENSES				
Employee's expenses	8,039,162	7,594,112	5,142,614	4,848,289
Directors' remuneration	21,814	16,955	19,825	15,505
Premises and equipment expenses	3,170,549	2,886,863	2,364,233	2,109,550
Taxes and duties	1,146,339	1,065,015	813,254	756,235
Reversal loss on impairment of assets transferred to the Thai Asset Management Corporation (Note 8.17)	-	(1,124,713)	-	(1,067,199)
Provision for contingent liabilities	66,292	874,592	66,292	874,592
Others	4,337,789	4,506,022	2,113,218	1,839,305
Total other operating expenses	<u>16,781,945</u>	<u>15,818,846</u>	<u>10,519,436</u>	<u>9,376,277</u>
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 8.34)	8,338,527	8,988,254	1,850,000	2,850,000
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	8,702,545	8,965,168	13,636,506	4,919,269
INCOME TAX EXPENSES (Note 8.35)	1,898,543	1,825,047	776,521	826,144
NET PROFIT	<u>6,804,002</u>	<u>7,140,121</u>	<u>12,859,985</u>	<u>4,093,125</u>

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013 "Restated"	2014	2013 "Restated"
OTHER COMPREHENSIVE INCOME				
Changes in assets revaluation surplus	-	2,284,549	-	2,249,418
Gains (Loss) on remeasuring available-for-sale investment	1,250,052	(512,677)	1,247,712	(529,293)
Income tax relating to components of other comprehensive income	(250,010)	(354,349)	(249,543)	(344,025)
Total other comprehensive income, net (Note 8.36)	<u>1,000,042</u>	<u>1,417,523</u>	<u>998,169</u>	<u>1,376,100</u>
TOTAL COMPREHENSIVE INCOME	<u><u>7,804,044</u></u>	<u><u>8,557,644</u></u>	<u><u>13,858,154</u></u>	<u><u>5,469,225</u></u>
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	6,726,653	7,076,009	12,859,985	4,093,125
Non-controlling interest	77,349	64,112	-	-
	<u>6,804,002</u>	<u>7,140,121</u>	<u>12,859,985</u>	<u>4,093,125</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	7,726,695	8,493,532	13,858,154	5,469,225
Non-controlling interest	77,349	64,112	-	-
	<u>7,804,044</u>	<u>8,557,644</u>	<u>13,858,154</u>	<u>5,469,225</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT 1.11	1.16	2.12	0.67
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

(Mr. Noriaki Goto)
Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS								
	Owners of the Bank						Non- Controlling Interest	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves		Retained Earnings				Total Bank's Equity
			Asset Appraisal Surplus	Revaluation Surplus (deficit) on Investments	Appropriated Legal Reserve	Unappropriated			
Balance as of January 1, 2013 as previously reported	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
Effects on application of the new accounting policy (Note 3)	-	-	-	-	-	(92,539)	(92,539)	-	(92,539)
Balance as of January 1, 2013 as restated	60,741,437	13,802,216	5,038,510	944,490	1,641,500	31,061,703	113,229,856	163,719	113,393,575
Change in revaluation surplus	-	-	(92,541)	-	-	92,540	(1)	1	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	(2,429,657)	(2,429,657)	(5)	(2,429,662)
Total comprehensive income	-	-	1,827,640	(410,142)	-	7,076,034	8,493,532	64,112	8,557,644
Balance as of June 30, 2013	60,741,437	13,802,216	6,773,609	534,348	1,641,500	35,800,620	119,293,730	227,827	119,521,557
Balance as of January 1, 2014 as previously reported	60,741,437	13,802,216	6,672,878	(100,442)	2,042,700	38,210,268	121,369,057	278,899	121,647,956
Effects on application of the new accounting policy (Note 3)	-	-	-	-	-	(94,728)	(94,728)	-	(94,728)
Balance as of January 1, 2014 as restated	60,741,437	13,802,216	6,672,878	(100,442)	2,042,700	38,115,540	121,274,329	278,899	121,553,228
Change in revaluation surplus	-	-	(157,996)	-	-	157,996	-	-	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	(2,429,657)	(2,429,657)	(46)	(2,429,703)
Total comprehensive income	-	-	-	1,000,042	-	6,726,653	7,726,695	77,349	7,804,044
Change in shareholding in subsidiary company	-	-	-	-	-	24	24	(34)	(10)
Balance as of June 30, 2014	60,741,437	13,802,216	6,514,882	899,600	2,042,700	42,570,556	126,571,391	356,168	126,927,559

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

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS						Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves		Retained Earnings		
			Asset	Revaluation	Appropriated	Unappropriated	
			Appraisal Surplus	Surplus (deficit) on Investments	Legal Reserve		
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 8.21.3)	-	-	-	-	-	(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
Balance as of January 1, 2014	60,741,437	13,802,216	6,645,590	(113,709)	2,042,700	16,268,614	99,386,848
Change in revaluation surplus	-	-	(157,591)	-	-	157,591	-
Dividend payment (Note 8.21.3)	-	-	-	-	-	(2,429,657)	(2,429,657)
Total comprehensive income	-	-	-	998,169	-	12,859,985	13,858,154
Balance as of June 30, 2014	60,741,437	13,802,216	6,487,999	884,460	2,042,700	26,856,533	110,815,345

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

(Mr. Noriaki Goto)
Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2014	2013 "Restated"	2014	2013 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	8,702,545	8,965,168	13,636,506	4,919,269
Adjustments to reconcile income to cash received (paid) from operating activities:				
Depreciation and amortization	1,670,335	1,467,735	1,107,718	897,295
Deferred interest expenses	2,066	2,036	2,066	2,036
Bad debt and doubtful accounts	7,611,009	8,890,527	1,886,982	2,852,273
Losses on debt restructuring (reversal)	727,518	97,727	(36,982)	(2,273)
(Gains) losses on translation in foreign currencies	(143,580)	257,706	(143,580)	257,706
Share of profit from investment for using equity method	(120,361)	(105,142)	-	-
Gains on investments	(139,996)	(317,764)	(138,268)	(317,810)
Decrease in discount on investments	(25,198)	(42,620)	(25,402)	(58,490)
Gains on sales of properties for sale	(231,736)	(726,613)	(121,992)	(617,168)
(Gains) losses on sales of premises and equipment	(7,693)	1,700	(945)	17,489
Loss on impairment of properties for sale	173,929	279,773	3,620	110,829
Loss on impairment of premises and equipment (reversal)	68	(13,942)	-	(12,255)
Loss on impairment of other assets (reversal)	80,874	(2,820)	12,983	(2,820)
Reversal loss on impairment of assets transferred to the Thai Asset Management Corporation	-	(1,124,713)	-	(1,067,199)
Provision for contingent liabilities	66,292	874,592	66,292	874,592
Decrease in other reserves	194,020	161,693	87,574	124,016
Interest income, net	(23,372,806)	(21,594,651)	(11,672,380)	(10,576,137)
Interest received	36,827,809	34,274,992	24,207,794	22,373,931
Interest paid	(13,549,204)	(12,804,987)	(12,465,316)	(11,710,001)
Dividend income	(130,558)	(417,512)	(9,848,448)	(1,082,278)
Dividend received	129,193	393,457	127,144	416,898
Decrease in other accrued expenses	(351,048)	(472,476)	(380,933)	(362,425)
Income tax paid	(2,694,904)	(2,528,765)	(911,026)	(810,588)
Income from operations before changes in operating assets and liabilities	15,418,574	15,515,101	5,393,407	6,226,890
(Increase) decrease in operating assets				
Interbank and money market items	(13,051,850)	(30,007,982)	(11,627,220)	(29,897,154)
Derivatives assets	3,109,981	(2,034,995)	3,109,981	(2,034,995)
Current investments - securities for trading	(8,482,304)	807,279	(8,480,304)	807,365
Loans to customers	(9,539,378)	(40,669,396)	(1,775,446)	(16,627,070)
Properties for sale	516,483	2,010,533	287,497	1,610,677
Other assets	3,884,542	553,313	1,938,506	11,913

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2014	2013 "Restated"	2014	2013 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	19,764,567	44,580,904	19,297,771	43,980,483
Interbank and money market items	878,046	3,951,163	876,209	3,390,791
Liability payable on demand	687,144	1,772,398	687,144	1,772,398
Derivatives liabilities	(3,741,552)	1,839,768	(3,741,552)	1,839,768
Other liabilities	(4,928,643)	(996,440)	(1,113,898)	(168,392)
Net cash from operating activities	<u>4,515,610</u>	<u>(2,678,354)</u>	<u>4,852,095</u>	<u>10,912,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	567,257,954	212,085,439	567,256,226	211,370,297
Cash paid for purchases of investments in securities	(563,536,792)	(211,292,023)	(563,536,792)	(210,361,494)
Cash paid for investment in subsidiaries	-	-	(18,400,000)	-
Dividend received from subsidiaries	-	-	9,719,940	665,267
Proceeds from sales of premises and equipment	41,801	46,573	1,592	27,401
Cash paid for purchases of premises and equipment	(797,556)	(722,313)	(552,131)	(434,098)
Cash paid for purchases of other assets	(212,673)	(391,327)	(166,408)	(302,372)
Net cash from investing activities	<u>2,752,734</u>	<u>(273,651)</u>	<u>(5,677,573)</u>	<u>965,001</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	140,689,420	119,914,493	115,839,800	65,016,500
Cash paid for repayment of debts issued and borrowings	(148,709,642)	(114,984,684)	(114,678,642)	(75,079,317)
Cash paid for repayment of liabilities under finance lease agreements	(14,299)	(13,186)	(14,299)	(13,186)
Dividend payment	(2,429,703)	(2,429,657)	(2,429,657)	(2,429,657)
Net cash from financing activities	<u>(10,464,224)</u>	<u>2,486,966</u>	<u>(1,282,798)</u>	<u>(12,505,660)</u>
Total	<u>(3,195,880)</u>	<u>(465,039)</u>	<u>(2,108,276)</u>	<u>(627,985)</u>
Effect of exchange rate change on cash	(11,616)	21,225	(11,616)	21,225
Net decrease in cash and cash equivalents	<u>(3,207,496)</u>	<u>(443,814)</u>	<u>(2,119,892)</u>	<u>(606,760)</u>
Cash and cash equivalents as at January 1,	30,031,231	25,753,004	28,167,503	25,060,003
Cash and cash equivalents as at June 30,	<u><u>26,823,735</u></u>	<u><u>25,309,190</u></u>	<u><u>26,047,611</u></u>	<u><u>24,453,243</u></u>

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

(Mr. Noriaki Goto)
Chief Executive Officer

(Mrs. Janice Rae Van Ekeren)
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, 2014**

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.	Change in accounting estimates	6
5.	Significant accounting policies	7
6.	Risk management	16
7.	Estimates and assumptions	25
8.	Additional information	
8.1	Additional information of cash flows	27
8.2	Interbank and money market items, net (Asset)	28
8.3	Derivatives	29
8.4	Investments, net	30
8.5	Investments in subsidiaries and associates, net	32
8.6	Loans to customers and accrued interest receivables, net	36
8.7	Allowance for doubtful accounts	44
8.8	Revaluation allowance for debt restructuring	47
8.9	Properties for sale, net	47
8.10	Premises and equipment, net	49
8.11	Goodwill and other intangible assets, net	51
8.12	Deferred tax assets	52
8.13	Other assets, net	54
8.14	Deposits	54
8.15	Interbank and money market items, net (Liability)	55
8.16	Debt issued and borrowings	56
8.17	Provisions	57
8.18	Deferred tax liabilities	59
8.19	Finance lease liabilities	60
8.20	Other liabilities	60
8.21	Share capital	60
8.22	Assets with obligations and restrictions	61
8.23	Contingencies	62
8.24	Related party transactions	62
8.25	Management compensation	69
8.26	Long-term leases	69
8.27	Operating segments	70
8.28	Position and results of operations classified by domestic and foreign business	72
8.29	Interest income	75
8.30	Interest expenses	75
8.31	Fees and service income, net	76
8.32	Gains on trading and foreign exchange transactions, net	77
8.33	Gains on investments, net	77
8.34	Impairment loss of loans and debt securities	78
8.35	Income tax expenses	79
8.36	Income tax relating to components of other comprehensive income	80
8.37	Approval of financial statements	80

**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, 2014**

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. The Ministry of Commerce granted approval, in principle, for the Bank and its subsidiaries to operate businesses under Foreign Business Act B.E. 2542 in September 2013. Currently, the Bank and its subsidiaries are in the process of obtaining the license from the Director General Department of Business Development, Ministry of Commerce. As at June 30, 2014 and December 31, 2013, the Bank has 16 subsidiaries, as follows:

- 1.1 Ayudhya Development Leasing Company Limited, was incorporated in Thailand on July 25, 1991 and is located at 65/182-185, 22nd Floor, Chamnan Phenjati Business Center, Rama IX Road, Huey Khuang Subdistrict, Huey Khuang District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.2 Ayudhya Capital Auto Lease Public Company Limited, was incorporated in Thailand on November 27, 1995 and is located at 87/1, 3rd Floor, Capital Tower, and 87/2, 30th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ayudhya Total Solutions Public Company Limited, was incorporated in Thailand on May 9, 1994 and is located at 550, 7th Floor, Bank of Ayudhya Building Ploenchit Office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is hire-purchase. Currently, the subsidiary is in the process of liquidation.
- 1.4 CFG Services Company Limited, was incorporated in Thailand on October 24, 2006, and is located at 89/170, 4th, 5th, 9th and 10th Floor, Juthamard Building, Viphavadi Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary’s main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.
- 1.5 Ayudhya Card Services Company Limited, was incorporated in Thailand on December 4, 1997, and is located at 550, 7th Floor, Bank of Ayudhya Building Ploenchit office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.

On July 24, 2013, Ayudhya Card Services Company Limited (AYCS) completed the transfer of its entire business to Krungsriayudhya Card Company Limited (KCC) at fair value of Baht 270 million for an exchange of new ordinary shares of KCC totaling 10,552,000 shares as payment in lieu for AYCS entire business comprising total assets and total liabilities of Baht 4,256 million and Baht 4,054 million, respectively. The entire business transfer under share swap scheme was approved by AYCS's 2013 Annual General Meeting of Shareholders held on April 26, 2013 and, KCC's Extraordinary General Meeting of Shareholders No. 1/2013 held on July 24, 2013.

On July 24, 2013, AYCS's Extraordinary General Meeting of Shareholders No. 2/2013 resolved to approve the dissolution of AYCS on July 24, 2013, and make the payment of capital repatriation to its shareholders. Currently, the subsidiary is in process of liquidation.

- 1.6 Ayudhya Capital Services Company Limited, was incorporated in Thailand on November 9, 1994 and is located at 87/1, 1st-6th and 8th-10th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.7 General Card Services Limited, was incorporated in Thailand on January 24, 1995 and is located at 87/1, 1st-6th and 8th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.8 Krungsriayudhya Card Company Limited, was incorporated in Thailand on August 29, 1996 and is located at 87/1, 1st-6th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.9 Siam Realty and Services Company Limited, was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car leasing and personnel services.
- 1.10 Total Services Solutions Public Company Limited, was incorporated as a public company limited in Thailand on May 19, 1997 and is 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, was incorporated in Thailand on December 19, 1996 and is located at 898, 1st-2nd zone A and 12th Floor, Ploenchit Tower Building, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.12 Krungsri Ayudhya AMC Limited, was incorporated in Thailand on August 18, 2000 and is located at 1222 Rama III Road, Bang Pongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.

- 1.13 Krungsri Securities Public Company Limited, was incorporated in Thailand on April 16, 2004, has changed its registered address from 550, 5th Floor, Bank of Ayudhya Building Ploenchit Office, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok to 898, 3rd Floor, Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities businesses.
- 1.14 Krungsri Factoring Company Limited, was incorporated in Thailand on February 1, 2007 and is 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% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on 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 as a life insurance broker.
- 1.16 Krungsri General Insurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and is located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a 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 2012) "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 the convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

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 has invested over 50% of their voting rights. These subsidiaries are as follows:

	Business Type	Percentage of Holdings	
		As at	
		June 30, 2014	December 31, 2013
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 ⁽¹⁾	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 in the process of liquidation

⁽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, 2014 and 2013, included financial statements of certain subsidiaries, prepared by subsidiaries' managements, which have not been reviewed / audited by the auditors as follows:

	Unit: Million Baht			
	Net profit		Net profit	
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Ayudhya Card Services Company Limited ⁽¹⁾	-	-	-	-
Ayudhya Total Solutions Public Company Limited ⁽¹⁾	-	8	-	8

⁽¹⁾ Subsidiary is in the process of liquidation

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2014, 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, 2014. Such TFRSs have no significant impact on the Bank and its subsidiaries' financial statements except the accounting policy of Customer Loyalty Programmes, which has been adopted in order to comply with TFRI 13 "Customer Loyalty Programmes".

The effects of application of accounting policy of customer loyalty programmes on the consolidated and the Bank's financial statements for the three-month period and six-month period ended June 30, 2013 and the consolidated and the Bank's financial position as at December 31, 2013 and January 1, 2013 are as follows:

	Unit : Million Baht			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	December 31,	January 1,	December 31,	January 1,
	2013	2013	2013	2013
STATEMENTS OF FINANCIAL POSITION				
Deferred tax assets				
Balance before application of new accounting policy	6,982	6,061	2,277	2,637
Increase in deferred tax assets	24	23	-	-
Balance after application of new accounting policy	<u>7,006</u>	<u>6,084</u>	<u>2,277</u>	<u>2,637</u>
Provision				
Balance before application of new accounting policy	6,422	7,334	4,109	5,176
Decrease in provision	(1,839)	(1,617)	(56)	(28)
Balance after application of new accounting policy	<u>4,583</u>	<u>5,717</u>	<u>4,053</u>	<u>5,148</u>
Other liabilities				
Balance before application of new accounting policy	33,062	31,778	13,972	13,065
Increase in other liabilities	1,957	1,732	56	28
Balance after application of new accounting policy	<u>35,019</u>	<u>33,510</u>	<u>14,028</u>	<u>13,093</u>
Retained earnings - Unappropriated				
Balance before application of new accounting policy	38,210	31,154	16,269	13,086
Decrease in provision	1,839	1,617	56	28
Increase in others liabilities - deferred income	(1,957)	(1,732)	(56)	(28)
Increase in deferred tax assets	24	23	-	-
Balance after application of new accounting policy	<u>38,116</u>	<u>31,062</u>	<u>16,269</u>	<u>13,086</u>

	Unit: Million Baht			
	For the three-month period ended June 30, 2013		For the six-month period ended June 30, 2013	
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME				
Fees and service income				
Fees and service income for the period before application of new accounting policy	4,708	1,937	9,362	3,881
Decrease in fees and service income	(65)	(3)	(134)	(6)
Fees and service income for the period after application of new accounting policy	<u>4,643</u>	<u>1,934</u>	<u>9,228</u>	<u>3,875</u>
Other operating expenses - Others				
Other operating expenses -others for the period before application of new accounting policy	2,302	903	4,630	1,845
Decrease in other operating expenses - others	(61)	(3)	(124)	(6)
Other operating expenses - others for the period after application of new accounting policy	<u>2,241</u>	<u>900</u>	<u>4,506</u>	<u>1,839</u>
Income tax expenses				
Income tax expenses for the period before application of new accounting policy	860	492	1,827	826
Decrease in income tax expense	(1)	-	(2)	-
Income tax expenses for the period after application of new accounting policy	<u>859</u>	<u>492</u>	<u>1,825</u>	<u>826</u>
Net profit				
Net profit for the period before application of new accounting policy	3,077	2,451	7,148	4,093
Decrease in net profit	(4)	-	(8)	-
Net profit for the period after application of new accounting policy	<u>3,073</u>	<u>2,451</u>	<u>7,140</u>	<u>4,093</u>
Earnings per share of owners of the Bank (Baht)				
Basic earnings per share before application of new accounting policy	0.50	0.40	1.17	0.67
Basic earnings per share after application of new accounting policy	0.50	0.40	1.16	0.67

4. CHANGE IN ACCOUNTING ESTIMATES

For the six-month period ended June, 30 2014, the Bank's management has reviewed the estimated useful life of a building and determined that the useful life of such building should be changed to appropriately reflect future economic benefit. The effect of such change in accounting estimates was an increase in depreciation expense and decrease in net profit by the same amount of Baht 190 million in the statement of comprehensive income for the six-month period ended June 30, 2014.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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 BOT'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 whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

5.2 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as 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 intention to hold short-term to benefit from the anticipated changes in market value. 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 received from 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 intention 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.

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, disposition or a permanent decline in value occurs on 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 registered 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 on 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 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 gains or losses from sales of debt and equity securities are included in the statements of comprehensive income.

5.3 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 initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract are presented in deferred revenue and recognized by the effective interest rate method.

Initial direct cost is recognized by the effective interest rate method.

5.4 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT'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 its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables is calculated 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.

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 debt recovery is recorded as income in the statements of comprehensive income when received.

5.5 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and 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 and 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 discounted market interest rate as of the date of the financial statements, except for commercial loan, the recalculation based on the discounted interest rate at contractual rate. The Bank adjusted the valuation on debt restructured for any change on monthly basis, 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 incurred prior to January 1, 2013, that are 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.

5.6 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 the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in note 7.3. 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.

5.7 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 subsidiaries' 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 usage of the revalued 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 balances of the 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 or 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

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expense in the statements of comprehensive income.

5.8 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.

5.9 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 relationships, dealer relationships and the 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.

5.10 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on hire-purchase contract is recognized by the effective interest rate.

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 when 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 represents 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 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.

5.11 Recognition of expenses

Expenses, including interest expenses are recognized on an accrual basis.

5.12 Employee benefits

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

5.12.1 Provident funds

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

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	Contribution 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 employees' expenses in the statements of comprehensive income.

5.12.2 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.

5.12.3 Benefit from carry forward leave

The benefit from cumulative carry forward 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.

5.13 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.

5.14 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

5.15 Taxation

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

5.15.1 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 on the reporting date.

5.15.2 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 its subsidiaries do not recognize deferred tax assets and liabilities for 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 on 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 its 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.

5.16 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.

5.17 Foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statement of comprehensive income.

5.18 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.

6. RISK MANAGEMENT

6.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These 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 these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The introduction of new derivative products require an approval from the Board of Directors. Operating processes, including the breach of prescribed limits, and risk control are governed under the Derivatives Product Program and BOT's notification regarding guidelines on risk management for derivatives transactions.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in 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 8.7), 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's 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 the on-statement of financial position's 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 the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

Interest rate risk management is 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 interest rate risk. Asset and Liability Management Committee (ALCO) is responsible for determining interest rate risk management, together with monitoring and controlling interest rate risk to ensure that it is at an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and method for its interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position and Value-at-Risk tool is employed for the trading book position to predict the Bank's potential 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 reviews to be in line with business strategy and change in market circumstance, meanwhile 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 management in the relevant departments.

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 purposed. 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 the positions.

The Bank's Board of Directors sets the total limit at an acceptable risk level and reviews 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 management in relevant departments.

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 guideline. In addition, liquidity contingency plan and guideline 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 an excess liquidity cushion at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. Liquidity management utilizes qualitative and quantitative methods to ensure of appropriate risk diversification.

Liquidity risk management of Bank is under the supervision of the Asset and Liability Management Committee (ALCO). ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews 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 behavioral adjustment, and liquidity ratio analysis. This task is done in addition to the maintenance of liquid assets in accordance to the BOT's requirements.

The Bank has adjusted the strategies and prepared for the reduction in the amount of deposits insured by the Deposit Protection Agency Act and Basel III in regard to the framework for liquidity risk measurements and standards. In addition, amid high competition for in savings and investment products among financial institutions, the Bank continues to pursue a strategy to increase new deposit products and further with diversify the customer base. This strategy is to enlarge the main sources of funding and to support appropriate lending growth.

6.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing periods as at June 30, 2014 and December 31, 2013 are summarized as follows :

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

	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	90,589	-	-	-	-	8,497	99,086
Investments, net	5,875	20,208	37,241	6,208	-	6,527	76,059
Loans to customers	560,770	102,934	194,894	7,751	30,254	94,208	990,811
Financial liabilities							
Deposits	489,743	270,364	4,291	-	-	19,381	783,779
Interbank and money market Items, net	33,372	6,469	14,819	13	-	1,615	56,288
Debt issued and borrowings	55,130	45,538	31,073	34,844	-	-	166,585

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 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	69,250	-	-	-	-	17,777	87,027
Investments, net	9,180	14,296	32,561	11,176	-	6,061	73,274
Loans to customers	550,531	109,377	184,017	6,509	27,014	110,566	988,014
Financial liabilities							
Deposits	530,982	166,960	46,638	-	-	19,470	764,050
Interbank and money market Items, net	31,118	5,014	16,056	13	-	3,296	55,497
Debt issued and borrowings	66,332	34,929	38,500	34,844	-	-	174,605

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
June 30, 2014

	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	89,094	-	-	-	-	7,605	96,699
Investments, net	5,875	20,208	37,241	6,207	-	6,490	76,021
Loans to customers	568,379	74,504	152,413	11,467	16,470	6,656	829,889
Financial liabilities							
Deposits	492,951	270,366	4,296	-	-	20,040	787,653
Interbank and money market Items, net	34,563	6,469	14,819	13	-	1,629	57,493
Debt issued and borrowings	37,749	22,869	13,036	34,844	-	-	108,498

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
December 31, 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	68,034	-	-	-	-	16,947	84,981
Investments, net	9,180	14,296	32,561	11,175	-	6,029	73,241
Loans to customers	595,419	83,187	117,812	10,742	14,970	75	822,205
Financial liabilities							
Deposits	534,597	166,962	46,638	-	-	20,193	768,390
Interbank and money market Items, net	32,313	5,014	16,056	13	-	3,308	56,704
Debt issued and borrowings	45,564	13,646	13,283	34,844	-	-	107,337

6.3 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, 2014 and 2013.

CONSOLIDATED FINANCIAL STATEMENTS							
	June 30, 2014			June 30, 2013			
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)	
Interest bearing financial assets							
Interbank and money market items	92,004	1,235	2.7	102,318	1,309	2.6	
Investments	71,016	1,093	3.1	74,181	1,156	3.1	
Loans to customers	937,244	34,299	7.3	885,603	31,899	7.2	
Total	<u>1,100,264</u>	<u>36,627</u>		<u>1,062,102</u>	<u>34,364</u>		
Interest bearing financial liabilities							
Deposits	758,649	9,575	2.5	714,355	9,270	2.6	
Interbank and money market items	64,057	683	2.1	58,811	712	2.4	
Debt issued and borrowings	163,831	2,996	3.7	149,056	2,787	3.7	
Total	<u>986,537</u>	<u>13,254</u>		<u>922,222</u>	<u>12,769</u>		

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
	June 30, 2014			June 30, 2013			
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)	
Interest bearing financial assets							
Interbank and money market items	90,588	1,224	2.7	101,167	1,302	2.6	
Investments	70,837	1,091	3.1	73,666	1,146	3.1	
Loans to customers	816,567	21,559	5.3	732,649	19,887	5.4	
Total	<u>977,992</u>	<u>23,874</u>		<u>907,482</u>	<u>22,335</u>		
Interest bearing financial liabilities							
Deposits	761,533	9,577	2.5	719,636	9,303	2.6	
Interbank and money market items	65,224	691	2.1	58,131	694	2.4	
Debt issued and borrowings	101,698	1,934	3.8	88,601	1,762	4.0	
Total	<u>928,455</u>	<u>12,202</u>		<u>866,368</u>	<u>11,759</u>		

6.4 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, 2014 and December 31, 2013.

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2014								
	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	8,740	79,729	330	10,046	-	-	241	99,086
Investments, net	-	5,345	20,218	37,721	6,229	-	6,546	76,059
Loans to customers	24,743	183,458	148,170	359,537	244,649	30,254	-	990,811
Financial liabilities								
Deposits	412,386	96,738	270,345	4,310	-	-	-	783,779
Interbank and money								
market items, net	6,497	31,464	9,986	8,328	13	-	-	56,288
Debt issued and borrowings	-	61,684	39,123	31,073	34,705	-	-	166,585
Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 2013								
	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	18,899	67,518	210	167	-	-	233	87,027
Investments, net	-	7,915	14,535	33,495	11,238	-	6,091	73,274
Loans to customers	25,494	201,626	162,335	338,122	233,423	27,014	-	988,014
Financial liabilities								
Deposits	402,941	147,511	166,951	46,647	-	-	-	764,050
Interbank and money								
market items, net	5,944	37,656	2,391	9,493	13	-	-	55,497
Debt issued and borrowings	-	66,469	34,978	38,500	34,658	-	-	174,605
Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
June 30, 2014								
	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	7,368	78,714	330	10,046	-	-	241	96,699
Investments, net	-	5,345	20,218	37,721	6,230	-	6,507	76,021
Loans to customers	53,275	157,027	134,978	266,185	201,954	16,470	-	829,889
Financial liabilities								
Deposits	416,252	96,740	270,351	4,310	-	-	-	787,653
Interbank and money								
market items, net	7,701	31,465	9,986	8,328	13	-	-	57,493
Debt issued and borrowings	-	44,218	16,401	13,035	34,844	-	-	108,498

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2013

	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	16,962	67,409	210	167	-	-	233	84,981
Investments, net	-	7,915	14,535	33,495	11,242	-	6,054	73,241
Loans to customers	82,046	173,306	141,960	227,795	182,128	14,970	-	822,205
Financial liabilities								
Deposits	407,276	147,514	166,953	46,647	-	-	-	768,390
Interbank and money market items, net	7,150	37,656	2,391	9,494	13	-	-	56,704
Debt issued and borrowings	-	45,564	13,646	13,283	34,844	-	-	107,337

6.5 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, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 December 31, 2013

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	26,091	26,091	28,216	28,216
Interbank and money market items, net	99,086	99,086	87,027	87,027
Derivatives assets	1,770	1,770	4,880	4,880
Investments, net	76,059	76,244	73,274	73,426
Loans to customers and accrued interest receivables, net	908,298	908,298	907,164	907,164
Total	<u>1,111,304</u>	<u>1,111,489</u>	<u>1,100,561</u>	<u>1,100,713</u>
Financial liabilities:				
Deposits	783,779	784,099	764,050	764,360
Interbank and money market items, net	56,288	56,288	55,497	55,497
Liability payable on demand	3,233	3,233	2,545	2,545
Derivatives liabilities	1,398	1,398	5,140	5,140
Debt issued and borrowings	166,585	167,093	174,605	174,834
Total	<u>1,011,283</u>	<u>1,012,111</u>	<u>1,001,837</u>	<u>1,002,376</u>

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	June 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	26,048	26,048	28,168	28,168
Interbank and money market items, net	96,699	96,699	84,981	84,981
Derivatives assets	1,770	1,770	4,880	4,880
Investments, net	76,021	76,207	73,241	73,392
Loans to customers and accrued interest receivables, net	802,955	802,955	803,293	803,293
Total	<u>1,003,493</u>	<u>1,003,679</u>	<u>994,563</u>	<u>994,714</u>
Financial liabilities:				
Deposits	787,653	787,973	768,390	768,701
Interbank and money market items, net	57,493	57,493	56,704	56,704
Liability payable on demand	3,233	3,233	2,545	2,545
Derivatives liabilities	1,398	1,398	5,140	5,140
Debt issued and borrowings	108,498	108,751	107,337	107,342
Total	<u>958,275</u>	<u>958,848</u>	<u>940,116</u>	<u>940,432</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 are the approximated fair value.

Investments, net

The determination of fair value for investments, net, is as disclosed in note 5.2 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 is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits 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 is the approximated fair value.

Liabilities payable on demand

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

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices.

Derivative assets and liabilities

Derivative assets and liabilities mainly comprise of forward foreign exchange contracts which derive their value from underlying interest rates and foreign exchange rates. The fair values of derivatives are determined by 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.

6.6 Capital funds

As a result of the revision on supervisory guideline on capital fund of commercial bank on November 8, 2012, the BOT issued a new supervisory guideline on capital funds for the commercial banks to comply with the BASEL III, a global regulatory framework of the Basel Committee on Banking Supervision (BCBS) which is effective in phases 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 assets with the condition that Tier 1 capital shall not be less than 6.0% of total risk assets and common equity Tier 1 capital shall not be less than 4.5% of total risk 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 of the Bank.

The Bank maintains its capital funds in accordance with the criteria, methodologies and conditions prescribed by the BOT. As at June 30, 2014 and December 31, 2013, the Bank's total capital funds can be categorized as follows:

	June 30, 2014	Unit: Million Baht December 31, 2013
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	2,043	2,043
Unappropriated retained earning	13,839	12,011
Other comprehensive income	7,185	6,515
<u>Less</u> Deduction items from Common Equity Tier 1	<u>(8,152)</u>	<u>(10,387)</u>
Total Common Equity Tier 1 capital	<u>89,458</u>	<u>84,725</u>
Additional Tier 1	-	-
Total Tier 1 capital	<u>89,458</u>	<u>84,725</u>
Tier 2 capital	<u>33,455</u>	<u>37,600</u>
Total capital fund	<u><u>122,913</u></u>	<u><u>122,325</u></u>
	Percentage	
	June 30, 2014	December 31, 2013
Total Common Equity Tier 1 capital/ Total risk assets	10.36	10.17
Total Tier 1 capital/ Total risk assets	10.36	10.17
Total capital / Total risk assets	14.24	14.68

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

Location of disclosure	www.krungsri.com
Date of disclosure	April 28, 2014
Information as at	December 31, 2013

The disclosure for the six-month period ended June 30, 2014 will be provided on or before October 31, 2014 on the above Bank's website as indicated in the BOT notification.

7. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumption affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements that are differed estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

7.1 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. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

7.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its 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 its subsidiaries consider the value of collateral when deemed the primary 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 typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

7.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of 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.

7.4 Goodwill

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

7.5 Impairment of assets

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

7.6 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, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

7.7 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 provision rate as that provided for the same debtor on the statement of financial position.

8. ADDITIONAL INFORMATION

8.1 Additional information of cash flows

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

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	2014	2013	2014	2013
Premises and equipment payable at the beginning of the periods	291	404	226	345
Purchases of premises and equipment	621	456	367	169
<u>Less</u> Cash payment	<u>(797)</u>	<u>(722)</u>	<u>(552)</u>	<u>(434)</u>
Premises and equipment payable at the end of the periods	<u>115</u>	<u>138</u>	<u>41</u>	<u>80</u>

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

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	2014	2013	2014	2013
Computer software payable at the beginning of the periods	97	243	69	205
Purchases of computer software	155	297	127	173
<u>Less</u> Cash payment	<u>(213)</u>	<u>(391)</u>	<u>(167)</u>	<u>(302)</u>
Computer software payable at the end of the periods	<u>39</u>	<u>149</u>	<u>29</u>	<u>76</u>

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

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	2014	2013	2014	2013
Increase (decrease) in revaluation surplus on investments	1,250	(513)	1,248	(529)
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(199)	(116)	(197)	(115)
Increase in assets revaluation surplus	-	2,285	-	2,249
Properties for sale acquired from debt repayment	-	895	-	6
Properties and premises transferred to be properties foreclosed	20	26	20	26

8.1.4 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.

8.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2014			December 31, 2013			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	935	25,598	26,533	8,114	29,300	37,414
Commercial banks	1,285	31,768	33,053	1,831	17,840	19,671
Other financial institutions	4	32,995	32,999	248	20,537	20,785
Total	2,224	90,361	92,585	10,193	67,677	77,870
<u>Add</u> Accrued interest receivables	-	42	42	2	56	58
<u>Less</u> Allowance for doubtful accounts	-	(331)	(331)	-	(199)	(199)
Total domestic items	2,224	90,072	92,296	10,195	67,534	77,729
Foreign items						
US Dollar	5,179	62	5,241	6,745	385	7,130
Yen	187	-	187	276	-	276
Euro	262	-	262	267	-	267
Other currencies	888	212	1,100	1,416	209	1,625
Total foreign items	6,516	274	6,790	8,704	594	9,298
Total domestic and foreign items	8,740	90,346	99,086	18,899	68,128	87,027

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2014			December 31, 2013			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	935	25,598	26,533	8,114	29,300	37,414
Commercial banks	-	30,755	30,755	-	17,730	17,730
Other financial institutions	4	32,995	32,999	248	20,537	20,785
Total	939	89,348	90,287	8,362	67,567	75,929
<u>Add</u> Accrued interest receivables	-	40	40	-	57	57
<u>Less</u> Allowance for doubtful accounts	-	(331)	(331)	-	(199)	(199)
Total domestic items	939	89,057	89,996	8,362	67,425	75,787
Foreign items						
US Dollar	5,092	62	5,154	6,641	385	7,026
Yen	187	-	187	276	-	276
Euro	262	-	262	267	-	267
Other currencies	888	212	1,100	1,416	209	1,625
Total foreign items	6,429	274	6,703	8,600	594	9,194
Total domestic and foreign items	7,368	89,331	96,699	16,962	68,019	84,981

8.3 Derivatives

8.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

Risk type	June 30, 2014			December 31, 2013		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis	Liabilities	Amount	an accrual basis	Liabilities	Amount
	Asset			Asset		
Exchange rate	1,346	961	310,339	4,449	4,691	258,673
Interest rate	424	437	46,294	431	449	62,215
Total	<u>1,770</u>	<u>1,398</u>	<u>356,633</u>	<u>4,880</u>	<u>5,140</u>	<u>320,888</u>

8.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2014 and December 31, 2013 are as follows:

CONSOLIDATED AND THE BANK'S
FINANCIAL STATEMENTS

Counterparty	June 30, 2014	December 31, 2013
	Proportion (%)	Proportion (%)
Financial institution	87.91	82.05
Related company	0.28	4.51
Third party	11.81	13.44
Total	<u>100.00</u>	<u>100.00</u>

8.4 Investments, net

Investments, net as at June 30, 2014 and December 31, 2013 consisted of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	June 30, 2014				December 31, 2013			
	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	6,106	2	(4)	6,104	974	2	-	976
Private sector's debt securities	4	-	-	4	21	-	-	21
	<u>6,110</u>	<u>2</u>	<u>(4)</u>	<u>6,108</u>	<u>995</u>	<u>2</u>	<u>-</u>	<u>997</u>
<u>Add (less) Revaluation allowance</u>	<u>(2)</u>			<u>-</u>	<u>2</u>			<u>-</u>
Total	<u>6,108</u>			<u>6,108</u>	<u>997</u>			<u>997</u>
Securities Available-for-Sale								
Government and state enterprise securities	51,664	236	(39)	51,861	49,352	176	(93)	49,435
Private sector's debt securities	11,593	128	(33)	11,688	15,616	41	(103)	15,554
Domestic marketable equity securities	5,493	1,001	(169)	6,325	5,746	300	(447)	5,599
	<u>68,750</u>	<u>1,365</u>	<u>(241)</u>	<u>69,874</u>	<u>70,714</u>	<u>517</u>	<u>(643)</u>	<u>70,588</u>
<u>Add (less) Revaluation allowance</u>	<u>1,124</u>			<u>-</u>	<u>(126)</u>			<u>-</u>
<u>Less Allowance for impairment</u>	<u>(355)</u>			<u>(355)</u>	<u>(92)</u>			<u>(92)</u>
Total	<u>69,519</u>			<u>69,519</u>	<u>70,496</u>			<u>70,496</u>
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	214				1,279			
	<u>264</u>				<u>1,329</u>			
<u>Less Allowance for impairment</u>	<u>(64)</u>				<u>(64)</u>			
Total	<u>200</u>				<u>1,265</u>			
Securities for General Investments								
Domestic non-marketable equity securities	420				705			
Foreign non-marketable equity securities	29				29			
	<u>449</u>				<u>734</u>			
<u>Less Allowance for impairment</u>	<u>(217)</u>				<u>(218)</u>			
Total	<u>232</u>				<u>516</u>			
Total Investments, net	<u><u>76,059</u></u>				<u><u>73,274</u></u>			

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2014				December 31, 2013			
	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	6,106	2	(4)	6,104	974	2	-	976
Private sector's debt securities	7	-	-	7	26	-	-	26
	<u>6,113</u>	<u>2</u>	<u>(4)</u>	<u>6,111</u>	<u>1,000</u>	<u>2</u>	<u>-</u>	<u>1,002</u>
<u>Add (less) Revaluation allowance</u>	<u>(2)</u>			<u>-</u>	<u>2</u>			<u>-</u>
Total	<u>6,111</u>			<u>6,111</u>	<u>1,002</u>			<u>1,002</u>
Securities Available-for-Sale								
Government and state enterprise securities	51,664	236	(39)	51,861	49,352	176	(93)	49,435
Private sector's debt securities	11,247	128	(33)	11,342	15,548	41	(103)	15,486
Domestic marketable equity securities	5,487	981	(168)	6,300	5,741	283	(447)	5,577
	<u>68,398</u>	<u>1,345</u>	<u>(240)</u>	<u>69,503</u>	<u>70,641</u>	<u>500</u>	<u>(643)</u>	<u>70,498</u>
<u>Add (less) Revaluation allowance</u>	<u>1,105</u>			<u>-</u>	<u>(143)</u>			<u>-</u>
<u>Less Allowance for impairment</u>	<u>(8)</u>			<u>(8)</u>	<u>(24)</u>			<u>(24)</u>
Total	<u>69,495</u>			<u>69,495</u>	<u>70,474</u>			<u>70,474</u>
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	214				1,279			
	<u>264</u>				<u>1,329</u>			
<u>Less Allowance for impairment</u>	<u>(64)</u>				<u>(64)</u>			
Total	<u>200</u>				<u>1,265</u>			
Securities for General Investments								
Domestic non-marketable equity securities	388				673			
Foreign non-marketable equity securities	29				29			
	<u>417</u>				<u>702</u>			
<u>Less Allowance for impairment</u>	<u>(202)</u>				<u>(202)</u>			
Total	<u>215</u>				<u>500</u>			
Total Investments, net	<u>76,021</u>				<u>73,241</u>			

For the six-month periods ended June 30, 2014 and 2013, revaluation surplus (deficit) on investments presented in the equity consists of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Beginning balance	(125)	1,181	(142)	1,184
Increase (decrease) during the period	<u>1,250</u>	<u>(513)</u>	<u>1,248</u>	<u>(529)</u>
Ending balance	<u>1,125</u>	<u>668</u>	<u>1,106</u>	<u>655</u>

In the consolidated and the Bank's financial statements as at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries had investments in available-for-sale securities and general investments of 3 and 1 companies, respectively, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

8.5 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, 2014 and December 31, 2013 are as follows:

Unit: Million Baht										
CONSOLIDATED FINANCIAL STATEMENTS										
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Ownership %	June 30, 2014			December 31, 2013		
					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	440	650	390	966	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	2	50.00	-	33	5	-	34	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	77	50.00	-	56	15	-	59	-
Metro Designee Company Limited ⁽³⁾	Special purpose vehicle	Common stock	-	21.90	-	-	-	-	-	-
Investments in associates, net					390	529	670	390	1,059	-

⁽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 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, 2014

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	1,905	99.99	2,129	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	99.99	19,880	-
Ayudhya Total Solutions Public Company Limited ⁽¹⁾	Hire-purchase	Common stock	299	99.81	-	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock	1,990	99.99	1,826	600
		Preferred stock			1	-
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	99.99	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	99.99	11,941	5,800
General Card Services Limited	Credit cards and personal loans	Common stock	2,058	99.99	2,181	1,300
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	99.99	6,275	2,000
Siam Realty and Services Company Limited	Car leasing and personnel services	Common stock	100	99.99	100	20
Total Services Solutions Public Company Limited	Collection services	Common stock	401	99.99	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	-
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					53,183	9,720
<u>Less</u> Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					<u>48,231</u>	<u>9,720</u>

⁽¹⁾ Subsidiary is in the process of liquidation

⁽²⁾ The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BMCL in case 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, 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	-	-
CFG Services Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	190	99.99	26 1	- -
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	99.99	-	237
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	1,206	99.99	1,575	-
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					34,783	902
<u>Less</u> Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					<u>29,831</u>	<u>902</u>

⁽¹⁾ Subsidiary is in the process of liquidation

⁽²⁾ The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BMCL in case 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, 2014

	Unit: Million Baht	
	2014	2013
Cash flows from operating activities		
Income before income tax	273	125
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts (reversal)	-	(3)
Loss on impairment of properties for sale	65	88
Depreciation and amortization	1	1
Gain on sales of properties for sale	(95)	(117)
Employment benefits expenses	4	4
Interest income, net	(52)	(49)
Interest received	56	83
Interest paid	(5)	(34)
Income tax paid	(95)	(69)
Income from operations before changes in operating assets and liabilities	152	29
(Increase) decrease in operating assets		
Investment in receivables	233	63
Loans to customers	68	84
Properties for sale	442	561
Other assets	93	46
Increase in operating liabilities		
Other liabilities	15	37
Net cash from operating activities	1,003	820
Cash flows from investing activities		
Cash paid for purchase of equipment	-	(3)
Net cash from investing activities	-	(3)
Cash flows from financing activities		
Proceeds from bill of exchange issued	55	20
Cash paid for repayment of bill of exchange	(609)	(791)
Net cash from financing activities	(554)	(771)
Net increase in cash and cash equivalents	449	46
Cash and cash equivalents as at January 1,	21	13
Cash and cash equivalents as at June 30,	470	59

8.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2014 and December 31, 2013 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Overdrafts	55,171	52,359	55,010	52,095
Loan against contract	444,239	421,067	581,131	603,574
Trade bill	153,827	166,373	153,766	166,259
Hire-purchase receivable	273,739	269,453	39,061	-
Lease contract receivable	21,066	22,837	570	-
Credit card receivable	41,354	51,439	-	-
Others	1,415	4,486	351	277
Total	990,811	988,014	829,889	822,205
<u>Less</u> Deferred revenue	(44,788)	(44,512)	(7,212)	(75)
Loans to customers after deferred revenue, net	946,023	943,502	822,677	822,130
<u>Add</u> Accrued interest receivables	2,586	2,648	1,545	1,741
Loans to customers and accrued interest receivable after deferred revenue, net	948,609	946,150	824,222	823,871
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
Individual approach	(19,403)	(18,200)	(14,143)	(13,677)
Collective approach	(5,106)	(4,499)	(409)	-
2) Surplus reserve	(14,179)	(14,767)	(6,096)	(6,242)
<u>Less</u> Revaluation allowance for debt restructuring	(1,623)	(1,520)	(619)	(659)
Total loans to customers, net	908,298	907,164	802,955	803,293

(2) Classified by currency and residence of debtors

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2014			December 31, 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	920,662	7,562	928,224	919,461	6,177	925,638
US Dollar	9,573	5,618	15,191	11,862	4,291	16,153
Other currencies	388	2,220	2,608	585	1,126	1,711
Total	930,623	15,400	946,023	931,908	11,594	943,502

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2014			December 31, 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	797,316	7,562	804,878	798,089	6,177	804,266
US Dollar	9,573	5,618	15,191	11,862	4,291	16,153
Other currencies	388	2,220	2,608	585	1,126	1,711
Total	807,277	15,400	822,677	810,536	11,594	822,130

(3) Classified by business type and classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2014					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	8,527	167	35	22	1,146	9,897
Manufacturing and trading	232,772	5,049	1,679	1,236	2,149	242,885
Real estate and construction	63,994	3,028	712	1,927	1,049	70,710
Public utilities and services	83,356	4,186	812	469	3,437	92,260
Housing loans	121,737	1,337	916	1,144	1,181	126,315
Others	371,365	20,251	5,471	4,348	2,521	403,956
Total	881,751	34,018	9,625	9,146	11,483	946,023

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2013					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	7,474	159	27	946	343	8,949
Manufacturing and trading	223,558	5,871	1,249	1,314	1,943	233,935
Real estate and construction	67,324	3,638	644	2,194	542	74,342
Public utilities and services	77,636	4,766	811	2,804	899	86,916
Housing loans	115,813	1,807	846	893	1,212	120,571
Others	389,106	19,336	5,630	2,863	1,854	418,789
Total	880,911	35,577	9,207	11,014	6,793	943,502

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
June 30, 2014

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	8,505	167	35	22	118	8,847
Manufacturing and trading	232,001	5,020	1,361	1,057	1,197	240,636
Real estate and construction	63,698	2,856	712	1,891	960	70,117
Public utilities and services	83,356	4,186	812	463	3,035	91,852
Housing loans	121,737	1,338	916	1,144	1,098	126,233
Others	282,067	1,276	829	622	198	284,992
Total	791,364	14,843	4,665	5,199	6,606	822,677

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
December 31, 2013

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	7,453	159	27	62	126	7,827
Manufacturing and trading	222,100	5,854	1,061	910	1,079	231,004
Real estate and construction	66,717	3,601	644	2,190	359	73,511
Public utilities and services	77,632	4,766	809	2,786	653	86,646
Housing loans	115,813	1,808	846	893	1,001	120,361
Others	300,188	1,069	747	574	203	302,781
Total	789,903	17,257	4,134	7,415	3,421	822,130

(4) Classified by type of classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

	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	884,168	540,755	1	5,680
Special mention	34,182	19,162	12-13, 2	3,424
Substandard	9,625	5,263	40-45, 100	4,571
Doubtful	9,146	3,678	40-44, 100	3,722
Doubtful of loss	11,488	6,124	100	7,112
Total	948,609	574,982		24,509⁽¹⁾
2. Surplus Reserve				14,179 ⁽²⁾
Total				38,688

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	883,380	544,189	1	5,713
Special mention	35,747	17,944	2, 11	3,664
Substandard	9,207	4,904	42, 100	4,419
Doubtful	11,014	5,612	42, 100	5,706
Doubtful of loss	6,802	1,701	100	3,197
Total	<u>946,150</u>	<u>574,350</u>		<u>22,699⁽¹⁾</u>
2. Surplus Reserve				<u>14,767⁽²⁾</u>
Total				<u>37,466</u>

(1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2014 and December 31, 2013, of Baht 5,106 million and Baht 4,499 million, respectively

(2) Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2014 and December 31, 2013, at the rate of 1% of Baht 181,221 million and Baht 218,354 million equal to Baht 1,812 million and Baht 2,183 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, 2014 and December 31, 2013, of Baht 1,623 million and Baht 1,520 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2014 and December 31, 2013, of Baht 331 million and Baht 199 million, respectively

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2014

	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	792,836	457,018	1	5,136
Special mention	14,916	1,913	13, 2	1,428
Substandard	4,665	1,597	40, 100	2,033
Doubtful	5,199	1,437	40, 100	1,982
Doubtful of loss	6,606	3,505	100	3,973
Total	<u>824,222</u>	<u>465,470</u>		<u>14,552⁽¹⁾</u>
2. Surplus Reserve				<u>6,096⁽²⁾</u>
Total				<u>20,648</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2013

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	791,563	463,460	1	4,957
Special mention	17,338	1,891	2	1,654
Substandard	4,134	1,282	100	1,718
Doubtful	7,415	3,668	100	4,167
Doubtful of loss	3,421	745	100	1,181
Total	<u>823,871</u>	<u>471,046</u>		<u>13,677</u>
2. Surplus Reserve				<u>6,242⁽²⁾</u>
Total				<u>19,919</u>

- (1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2014 of Baht 409 million.
- (2) Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2014 and December 31, 2013, at the rate of 1% of Baht 181,221 million and Baht 218,354 million, equal to Baht 1,812 million and Baht 2,183 million, respectively
- (3) % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation
- (4) Excluding revaluation allowance for debt restructuring as at June 30, 2014 and December 31, 2013, of Baht 619 million and Baht 659 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2014 and December 31, 2013, of Baht 331 million and Baht 199 million, respectively

For the six-month periods ended June 30, 2014 and 2013, the Bank and a subsidiary entered into agreements to sell non-performing loans (NPLs) to the third parties and a related company as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2014	2013	2014	2013
Book value	1,260	2,297	1,579	2,804
Net book value	974	1,290	732	1,290
Sale price	1,151	1,290	732	1,290

As at June 30, 2014 and December 31, 2013, 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, 2014		
	The Bank	AMC	The Bank and AMC
Non-performing loans	16,470	834	17,304
Percentage of total loans	1.81	100.00	1.90
Non-performing loans, net	8,413	557	8,970
Percentage of total loans, net	0.93	100.00	0.99

Unit: Million Baht

December 31, 2013

	The Bank	AMC	The Bank and AMC
Non-performing loans	14,970	1,288	16,258
Percentage of total loans	1.68	100.00	1.82
Non-performing loans, net	7,835	969	8,804
Percentage of total loans, net	0.89	100.00	1.00

As at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries' non-performing loans are Baht 30,254 million and Baht 27,014 million, respectively.

(5) Troubled debt restructuring

For the three-month periods and six-month periods ended June 30, 2014 and 2013, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Form of Restructuring	For the three-month period ended June 30, 2014				For the three-month period ended June 30, 2013			
	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	4,622	1,064	-	-	4,427	1,905	-	-
Reduction of principal and interest	2,655	254	-	-	1,382	329	-	-
Various forms of restructuring	35	84	-	-	56	196	-	-
Total	7,312	1,402		-	5,865	2,430		-

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Form of Restructuring	For the six-month period ended June 30, 2014				For the six-month period ended June 30, 2013			
	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	9,463	1,907	-	-	8,362	3,127	-	-
Reduction of principal and interest	5,216	508	-	-	2,938	579	-	-
Various forms of restructuring	78	228	-	-	110	383	-	-
Total	14,757	2,643		-	11,410	4,089		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2014				For the three-month period ended June 30, 2013			
	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	193	478	-	-	273	684	-	-
Reduction of principal and interest	68	137	-	-	109	275	-	-
Various forms of restructuring	35	83	-	-	56	196	-	-
Total	296	698			438	1,155		

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2014				For the six-month period ended June 30, 2013			
	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	351	1,001	-	-	519	1,386	-	-
Reduction of principal and interest	142	274	-	-	207	451	-	-
Various forms of restructuring	78	228	-	-	108	322	-	-
Total	571	1,503			834	2,159		

For the six-month periods ended June 30, 2014 and 2013, 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, 2014				For the six-month period ended June 30, 2013			
	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
	Present value of future cash flows	4.43	9,068	949	949	4.16	7,806	1,826
Fair value of collateral	6.05	395	958	958	6.62	556	1,301	1,301

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2014				For the six-month period ended June 30, 2013			
	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtor	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
	Present value of future cash flows	5.49	10	107	107	4.21	14	129
Fair value of collateral	7.01	341	894	894	7.29	505	1,257	1,257

For the three-month periods and six-month periods ended June 30, 2014 and 2013, 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		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the three-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the three-month periods	
	2014	2013	2014	2013
Losses on debt restructured (reversal)	336	(80)	(26)	(2)
Interest received from debt restructured	244	172	164	184

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2014	2013	2014	2013
Losses on debt restructured (reversal)	728	98	(37)	(2)
Interest received from debt restructured	477	335	350	362

As at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2014 and during the year ended December 31, 2013, in the statements of financial position as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	June 30,	December 31,	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2014	2013	June 30,	December 31,
		2014	2013	
Balances of total debt restructured	18,769	18,755	14,791	15,335
Balances of debt restructured during the period / year	2,378	11,063	1,302	8,168

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

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	94,038	181,779	18,988	294,805
<u>Less</u> Unearned interest income				<u>(44,695)</u>
Present value of the minimum lease payments				250,110
<u>Less</u> Allowance for doubtful accounts				<u>(11,032)</u>
Total lease receivables, net				<u>239,078</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

	Within 1 year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	93,290	187,604	11,396	292,290
<u>Less</u> Unearned interest income				<u>(44,127)</u>
Present value of the minimum lease payments				248,163
<u>Less</u> Allowance for doubtful accounts				<u>(10,454)</u>
Total lease receivables, net				<u>237,709</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
June 30, 2014

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	5,505	22,932	11,194	39,631
<u>Less</u> Unearned interest income				<u>(7,130)</u>
Present value of the minimum lease payments				32,501
<u>Less</u> Allowance for doubtful accounts				<u>(409)</u>
Total lease receivables, net				<u>32,092</u>

8.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,713	3,664	4,419	5,706	3,197	14,767	37,466
Doubtful accounts (reversal)	(33)	(240)	2,197	(1,434)	7,576	(587)	7,479
Bad debts written off	-	-	(2,044)	(73)	(3,287)	-	(5,404)
Bad debts written off from sales of NPLs	-	-	(1)	(477)	(374)	-	(852)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>5,680</u>	<u>3,424</u>	<u>4,571</u>	<u>3,722</u>	<u>7,112</u>	<u>14,179</u>	<u>38,688</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 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)	(1,490)	2,041	4,033	5,053	5,191	2,478	17,306
Bad debts written off	-	(28)	(2,917)	(274)	(4,580)	-	(7,799)
Bad debts written off from sales of NPLs	(2)	-	(34)	(1,215)	(1,099)	-	(2,350)
Other	-	-	-	-	-	3	3
Ending balance	<u>5,713</u>	<u>3,664</u>	<u>4,419</u>	<u>5,706</u>	<u>3,197</u>	<u>14,767</u>	<u>37,466</u>

As at June 30, 2014 and December 31, 2013, the consolidated financial statements included the allowance for doubtful account of hire-purchase loans applying a collective approach basis in the amounts of Baht 5,106 million and Baht 4,499 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
June 30, 2014

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	4,957	1,654	1,718	4,167	1,181	6,242	19,919
Doubtful accounts (reversal)	179	(226)	316	(1,635)	3,266	(145)	1,755
Bad debts written off	-	-	-	(73)	(100)	-	(173)
Bad debts written off from sales of NPLs	-	-	(1)	(477)	(374)	-	(852)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>5,136</u>	<u>1,428</u>	<u>2,033</u>	<u>1,982</u>	<u>3,973</u>	<u>6,096</u>	<u>20,648</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
December 31, 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)	(1,870)	1,054	(193)	4,092	(456)	610	3,237
Bad debts written off	-	(1)	-	(201)	(178)	-	(380)
Bad debts written off from sales of NPLs	(2)	-	(34)	(1,215)	(1,099)	-	(2,350)
Other	-	-	-	-	-	3	3
Ending balance	<u>4,957</u>	<u>1,654</u>	<u>1,718</u>	<u>4,167</u>	<u>1,181</u>	<u>6,242</u>	<u>19,919</u>

As at June 30, 2014 and December 31, 2013, the Bank estimated the minimum total allowance under the BOT Guidelines as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Allowance for doubtful accounts*	26,464	24,418	15,502	14,536

* 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, 2014	Unit: Million Baht December 31, 2013
	Consolidated financial statements	40,643
The Bank and Krungsri Ayudhya AMC Limited	22,033	21,403
The Bank's financial statements	21,599	20,777

As at June 30, 2014 and December 31, 2013, 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 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, 2014			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,511	943	1,462
Total	<u>3</u>	<u>2,511</u>	<u>943</u>	<u>1,462</u>

	Unit: Million Baht			
	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
	December 31, 2013			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,612	991	1,417
Total	<u>3</u>	<u>2,612</u>	<u>991</u>	<u>1,417</u>

8.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2014 and December 31, 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Beginning balance	1,520	723	659	17
Increase (decrease) during the period / year	728	1,579	(37)	654
Amount written off	(625)	(782)	(3)	(12)
Ending balance	<u>1,623</u>	<u>1,520</u>	<u>619</u>	<u>659</u>

8.9 Properties for sale, net

Properties for sale, net as at June 30, 2014 and December 31, 2013 are as follows:

Type of Properties For Sale	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2014	Acquisition	Disposition	Balance as at June 30, 2014
1. Assets acquired from debt repayment				
1.1 Immovable	8,074	82	(698)	7,458
1.2 Movable	821	3,570	(3,395)	996
Total	<u>8,895</u>	<u>3,652</u>	<u>(4,093)</u>	<u>8,454</u>
2. Others	99	20	(3)	116
Total properties for sale	<u>8,994</u>	<u>3,672</u>	<u>(4,096)</u>	<u>8,570</u>
Less Provision for impairment	<u>(2,129)</u>	<u>(1,552)</u>	<u>1,555</u>	<u>(2,126)</u>
Total properties for sale	<u>6,865</u>	<u>2,120</u>	<u>(2,541)</u>	<u>6,444</u>

Type of Properties For Sale	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at December 31, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	11,504	195	(3,625)	8,074
1.2 Movable	539	5,371	(5,089)	821
Total	<u>12,043</u>	<u>5,566</u>	<u>(8,714)</u>	<u>8,895</u>
2. Others	74	70	(45)	99
Total properties for sale	<u>12,117</u>	<u>5,636</u>	<u>(8,759)</u>	<u>8,994</u>
Less Provision for impairment	<u>(2,665)</u>	<u>(2,167)</u>	<u>2,703</u>	<u>(2,129)</u>
Total properties for sale	<u>9,452</u>	<u>3,469</u>	<u>(6,056)</u>	<u>6,865</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

Type of Properties For Sale	Balance as at January 1, 2014	Acquisition	Disposition	Balance as at June 30, 2014
1. Assets acquired from debt repayment				
1.1 Immovable	4,369	76	(321)	4,124
1.2 Movable	-	7	-	7
Total	<u>4,369</u>	<u>83</u>	<u>(321)</u>	<u>4,131</u>
2. Others	96	19	-	115
Total properties for sale	<u>4,465</u>	<u>102</u>	<u>(321)</u>	<u>4,246</u>
<u>Less</u> Provision for impairment	<u>(1,442)</u>	<u>(3)</u>	<u>110</u>	<u>(1,335)</u>
Total properties for sale	<u><u>3,023</u></u>	<u><u>99</u></u>	<u><u>(211)</u></u>	<u><u>2,911</u></u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

Type of Properties For Sale	Balance as at January 1, 2013	Acquisition	Disposition	Balance as at December 31, 2013
1. Assets acquired from debt repayment				
1.1 Immovable	6,896	150	(2,677)	4,369
1.2 Movable	12	-	(12)	-
Total	<u>6,908</u>	<u>150</u>	<u>(2,689)</u>	<u>4,369</u>
2. Others	71	70	(45)	96
Total properties for sale	<u>6,979</u>	<u>220</u>	<u>(2,734)</u>	<u>4,465</u>
<u>Less</u> Provision for impairment	<u>(2,274)</u>	<u>(109)</u>	<u>941</u>	<u>(1,442)</u>
Total properties for sale	<u><u>4,705</u></u>	<u><u>111</u></u>	<u><u>(1,793)</u></u>	<u><u>3,023</u></u>

Immovable assets for sale classified by external and internal appraisers as at June 30, 2014 and December 31, 2013 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Immovable assets-Foreclosed assets				
Appraised by external appraisers	2,390	2,343	1,915	1,921
Appraised by internal appraisers	5,068	5,731	2,209	2,448
Total	<u><u>7,458</u></u>	<u><u>8,074</u></u>	<u><u>4,124</u></u>	<u><u>4,369</u></u>

8.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Increase	Decrease	Balance as at June 30, 2014
Land				
Cost	3,631	15	(13)	3,633
Appraisal increase (Year 2013)	5,179	-	-	5,179
Appraisal decrease (Year 2013)	(79)	-	-	(79)
Premises				
Cost	6,826	115	(8)	6,933
Appraisal increase (Year 2013)	8,434	-	(5)	8,429
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	13,467	353	(326)	13,494
Leasehold improvement	2,153	161	(7)	2,307
Total	<u>39,477</u>	<u>644</u>	<u>(359)</u>	<u>39,762</u>
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,347)	(210)	2	(3,555)
- Appraisal increase (Year 2013)	(5,272)	(193)	1	(5,464)
Equipment	(9,603)	(595)	312	(9,886)
Leasehold improvement	(1,339)	(111)	4	(1,446)
Total	<u>(19,561)</u>	<u>(1,109)</u>	<u>319</u>	<u>(20,351)</u>
Construction in progress	223	170	(139)	254
Premises and equipment, net	<u><u>20,139</u></u>			<u><u>19,665</u></u>

Unit: Million Baht		
	June 30, 2014	June 30, 2013
Depreciation for the six-month periods	<u>1,109</u>	<u>915</u>

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Land				
Cost	3,731	-	(100)	3,631
Appraisal increase (Year 2013)	3,740	1,481	(42)	5,179
Appraisal decrease (Year 2013)	(178)	(10)	109	(79)
Premises				
Cost	6,801	111	(86)	6,826
Appraisal increase (Year 2013)	6,074	3,043	(683)	8,434
Appraisal decrease (Year 2013)	(68)	(98)	32	(134)
Equipment	13,389	1,193	(1,115)	13,467
Leasehold improvement	2,085	318	(250)	2,153
Total	<u>35,574</u>	<u>6,038</u>	<u>(2,135)</u>	<u>39,477</u>
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,106)	(249)	8	(3,347)
- Appraisal increase (Year 2013)	(3,516)	(2,064)	308	(5,272)
Equipment	(9,430)	(1,218)	1,045	(9,603)
Leasehold improvement	(1,352)	(190)	203	(1,339)
Total	<u>(17,404)</u>	<u>(3,721)</u>	<u>1,564</u>	<u>(19,561)</u>
Construction in progress	130	215	(122)	223
Premises and equipment, net	<u><u>18,300</u></u>			<u><u>20,139</u></u>

Unit: Million Baht	
	December 31, 2013
Depreciation for the year	<u>1,838</u>

As at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,949 million and Baht 7,971 million, respectively.

The equipments at cost of Baht 78 million and Baht 92 million, respectively, are under finance leases as at June 30, 2014 and December 31, 2013.

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Increase	Decrease	Balance as at June 30, 2014
Land				
Cost	3,630	15	(13)	3,632
Appraisal increase (Year 2013)	5,175	-	-	5,175
Appraisal decrease (Year 2013)	(79)	-	-	(79)
Premises				
Cost	6,769	115	(8)	6,876
Appraisal increase (Year 2013)	8,298	-	(5)	8,293
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	10,542	162	(221)	10,483
Leasehold improvement	1,160	117	(7)	1,270
Total	<u>35,361</u>	<u>409</u>	<u>(254)</u>	<u>35,516</u>
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,320)	(209)	2	(3,527)
- Appraisal increase (Year 2013)	(5,167)	(193)	2	(5,358)
Equipment	(7,997)	(414)	219	(8,192)
Leasehold improvement	(564)	(48)	3	(609)
Total	<u>(17,048)</u>	<u>(864)</u>	<u>226</u>	<u>(17,686)</u>
Construction in progress	220	148	(136)	232
Premises and equipment, net	<u>18,533</u>			<u>18,062</u>

Unit: Million Baht

June 30, 2014 June 30, 2013

Depreciation for the six-month periods

864 699

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Land				
Cost	3,724	-	(94)	3,630
Appraisal increase (Year 2013)	3,740	1,477	(42)	5,175
Appraisal decrease (Year 2013)	(178)	(10)	109	(79)
Premises				
Cost	6,752	103	(86)	6,769
Appraisal increase (Year 2013)	6,074	2,907	(683)	8,298
Appraisal decrease (Year 2013)	(68)	(98)	32	(134)
Equipment	10,474	613	(545)	10,542
Leasehold improvement	1,010	181	(31)	1,160
Total	<u>31,528</u>	<u>5,173</u>	<u>(1,340)</u>	<u>35,361</u>
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,080)	(248)	8	(3,320)
- Appraisal increase (Year 2013)	(3,516)	(1,959)	308	(5,167)
Equipment	(7,642)	(880)	525	(7,997)
Leasehold improvement	(513)	(75)	24	(564)
Total	<u>(14,751)</u>	<u>(3,162)</u>	<u>865</u>	<u>(17,048)</u>
Construction in progress	116	208	(104)	220
Premises and equipment, net	<u>16,893</u>			<u>18,533</u>

Unit: Million Baht

December 31, 2013

Depreciation for the year

1,383

As at June 30, 2014 and December 31, 2013, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 6,376 million and Baht 6,200 million, respectively.

8.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2014 and December 31, 2013 are as follows:

				Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Increase	Decrease	Balance as at June 30, 2014
Cost				
Goodwill	9,947	-	-	9,947
Software	5,293	155	(15)	5,433
Other intangible assets	5,605	2	-	5,607
Total	20,845	157	(15)	20,987
Accumulated amortization				
Software	(2,865)	(273)	-	(3,138)
Other intangible assets	(3,099)	(289)	-	(3,388)
Total	(5,964)	(562)	-	(6,526)
Allowance for impairment	(20)	-	-	(20)
Goodwill and other intangible assets, net	14,861			14,441

		Unit: Million Baht
		June 30, 2014
Amortization for the six-month periods		562
		551

				Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Cost				
Goodwill	9,947	-	-	9,947
Software	4,770	582	(59)	5,293
Other intangible assets	5,588	17	-	5,605
Total	20,305	599	(59)	20,845
Accumulated amortization				
Software	(2,428)	(491)	54	(2,865)
Other intangible assets	(2,442)	(657)	-	(3,099)
Total	(4,870)	(1,148)	54	(5,964)
Allowance for impairment	-	(20)	-	(20)
Goodwill and other intangible assets, net	15,435			14,861

		Unit: Million Baht
		December 31, 2013
Amortization for the year		1,148

As at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,492 million and Baht 1,419 million, respectively.

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2014	Increase	Decrease	Balance as at June 30, 2014
Cost				
Goodwill	1,054	-	-	1,054
Software	4,399	127	-	4,526
Other intangible assets	66	-	-	66
Total	5,519	127	-	5,646
Accumulated amortization				
Software	(2,377)	(231)	-	(2,608)
Other intangible assets	(13)	(13)	-	(26)
Total	(2,390)	(244)	-	(2,634)
Goodwill and other intangible assets, net	3,129			3,012

Unit: Million Baht		
	June 30, 2014	June 30, 2013
Amortization for the six-month periods	244	197

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2013	Increase	Decrease	Balance as at December 31, 2013
Cost				
Goodwill	1,054	-	-	1,054
Software	3,942	462	(5)	4,399
Other intangible assets	51	15	-	66
Total	5,047	477	(5)	5,519
Accumulated amortization				
Software	(1,973)	(404)	-	(2,377)
Other intangible assets	(6)	(7)	-	(13)
Total	(1,979)	(411)	-	(2,390)
Goodwill and other intangible assets, net	3,068			3,129

Unit: Million Baht	
	December 31, 2013
Amortization for the year	411

As at June 30, 2014 and December 31, 2013, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,135 million and Baht 1,089 million, respectively.

8.12 Deferred tax assets

Deferred tax assets as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Deferred tax assets	7,154	7,006	2,072	2,277

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

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2014	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2014
Temporary differences				
Impairment of assets	489	43	-	532
Loans and accrued interest receivables, net	4,816	83	-	4,899
Provisions	931	27	-	958
Others	770	19	(24)	765
Total	7,006	172	(24)	7,154

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 December 31, 2013
Temporary differences				
Impairment of assets	663	(174)	-	489
Loans and accrued interest receivables, net	3,724	1,092	-	4,816
Provisions	1,181	(186)	(64)	931
Others	516	31	223	770
Total	6,084	763	159	7,006

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2014	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2014
Temporary differences				
Impairment of assets	369	(24)	-	345
Loans and accrued interest receivables, net	723	(34)	-	689
Provisions	817	31	-	848
Others	368	(154)	(24)	190
Total	2,277	(181)	(24)	2,072

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 December 31, 2013
Temporary differences				
Impairment of assets	551	(182)	-	369
Loans and accrued interest receivables, net	836	(113)	-	723
Provisions	1,047	(173)	(57)	817
Others	203	(58)	223	368
Total	2,637	(526)	166	2,277

8.13 Other assets, net

Other assets, net as at June 30, 2014 and December 31, 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	Accrued income	1,580	2,753	294
Prepayment	486	345	211	106
Other receivables	6,892	9,476	2,908	4,563
Others	1,239	936	1,009	1,414
Total	<u>10,197</u>	<u>13,510</u>	<u>4,422</u>	<u>6,459</u>

8.14 Deposits

Deposits as at June 30, 2014 and December 31, 2013 are as follows:

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
	Current deposit	19,381	19,470	20,040
Savings deposit	393,005	383,471	396,212	387,083
Time deposit				
- Less than 6 months	101,905	133,061	101,909	133,065
- 6 months to 1 year	151,738	127,010	151,740	127,009
- Over 1 year	117,750	101,038	117,752	101,040
Total	<u>783,779</u>	<u>764,050</u>	<u>787,653</u>	<u>768,390</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2014			December 31, 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	777,837	769	778,606	758,552	551	759,103
US Dollar	1,637	1,600	3,237	1,329	1,585	2,914
Other currencies	527	1,409	1,936	616	1,417	2,033
Total	<u>780,001</u>	<u>3,778</u>	<u>783,779</u>	<u>760,497</u>	<u>3,553</u>	<u>764,050</u>

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2014			December 31, 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	781,711	769	782,480	762,893	551	763,444
US Dollar	1,637	1,600	3,237	1,329	1,585	2,914
Other currencies	527	1,409	1,936	615	1,417	2,032
Total	<u>783,875</u>	<u>3,778</u>	<u>787,653</u>	<u>764,837</u>	<u>3,553</u>	<u>768,390</u>

8.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2014			December 31, 2013		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	8,328	8,328	-	9,397	9,397
Commercial banks	602	19,960	20,562	576	23,610	24,186
Specialized financial institutions	2,026	11,019	13,045	31	4,564	4,595
Other financial institutions	3,638	3,993	7,631	5,289	5,419	10,708
Total domestic items	<u>6,266</u>	<u>43,300</u>	<u>49,566</u>	<u>5,896</u>	<u>42,990</u>	<u>48,886</u>
Foreign items						
US Dollar	165	6,491	6,656	22	6,563	6,585
Other currencies	66	-	66	26	-	26
Total foreign items	<u>231</u>	<u>6,491</u>	<u>6,722</u>	<u>48</u>	<u>6,563</u>	<u>6,611</u>
Total domestic and foreign items	<u>6,497</u>	<u>49,791</u>	<u>56,288</u>	<u>5,944</u>	<u>49,553</u>	<u>55,497</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2014			December 31, 2013		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	8,328	8,328	-	9,397	9,397
Commercial banks	602	19,960	20,562	576	23,610	24,186
Specialized financial institutions	2,026	11,019	13,045	31	4,564	4,595
Other financial institutions	4,842	3,994	8,836	6,495	5,420	11,915
Total domestic items	<u>7,470</u>	<u>43,301</u>	<u>50,771</u>	<u>7,102</u>	<u>42,991</u>	<u>50,093</u>
Foreign items						
US Dollar	165	6,491	6,656	22	6,563	6,585
Other currencies	66	-	66	26	-	26
Total foreign items	<u>231</u>	<u>6,491</u>	<u>6,722</u>	<u>48</u>	<u>6,563</u>	<u>6,611</u>
Total domestic and foreign items	<u>7,701</u>	<u>49,792</u>	<u>57,493</u>	<u>7,150</u>	<u>49,554</u>	<u>56,704</u>

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

- As at June 30, 2014 and December 31, 2013, the outstanding balance of borrowing from the Bank of Thailand is Baht 8,328 million and Baht 9,397 million, respectively bearing an interest rate at 0.01% per annum. The loan is restricted to a soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at a rate not over 3% per annum. The soft loan program duration is 5 years and will end 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 was 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 to finance small or medium enterprises directly and indirectly impacted by flooding in Thailand.

8.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS										
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2014			December 31, 2013		
					Foreign	Total	Domestic	Foreign	Total	
Subordinated										
debentures	THB	4.70-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844	
Senior securities	THB	2.25-4.50	2014-2018	100,180	-	100,180	101,053	-	101,053	
Bill of exchange	THB	1.75-3.14	2014-2015	31,517	-	31,517	38,649	-	38,649	
Other borrowings	THB	0.00-0.50	2014-2017	44	-	44	59	-	59	
				<u>166,585</u>	<u>-</u>	<u>166,585</u>	<u>174,605</u>	<u>-</u>	<u>174,605</u>	

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS										
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2014			December 31, 2013		
					Foreign	Total	Domestic	Foreign	Total	
Subordinated										
debentures	THB	4.70-5.50	2020-2022	34,844	-	34,844	34,844	-	34,844	
Senior securities	THB	2.25-4.50	2014-2017	64,355	-	64,355	62,230	-	62,230	
Bill of exchange	THB	1.75-3.14	2014	9,255	-	9,255	10,204	-	10,204	
Other borrowings	THB	0.00-0.50	2014-2017	44	-	44	59	-	59	
				<u>108,498</u>	<u>-</u>	<u>108,498</u>	<u>107,337</u>	<u>-</u>	<u>107,337</u>	

Additional information on debts issued and borrowings is as follows:

1. On June 23, 2010, the Bank issued subordinated debentures No. 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 years 1-3, 4.75% per annum for years 4-6 and 5.50% per annum for years 7-10, payable quarterly on the 23rd of March, June, September and December of each year. The Bank has the right to redeem debentures No. 1/2010 before the maturity date subject to the approval of the BOT. The Bank may redeem the debentures prior to the fifth anniversary of the issued date if the Bank is notified by the BOT 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 issued date or on any interest payment date after the fifth anniversary.

8.17 Provisions

Provisions for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 are as follows:

	Unit: Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Increase (Decrease)	Balance at December 31, 2013	Increase (Decrease)	Balance at June 30, 2014
Provision for post-employment benefits obligation	2,942	(50)	2,892	152	3,044
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,131	(2,131)	-	-	-
Others	644	1,047	1,691	109	1,800
Total	<u>5,717</u>	<u>(1,134)</u>	<u>4,583</u>	<u>261</u>	<u>4,844</u>

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2013	Increase (Decrease)	Balance at December 31, 2013	Increase (Decrease)	Balance at June 30, 2014
Provision for post-employment benefits obligation	2,433	(68)	2,365	109	2,474
Provision for loss on impairment of assets transferred to the Thai Asset Management Corporation	2,071	(2,071)	-	-	-
Others	644	1,044	1,688	101	1,789
Total	<u>5,148</u>	<u>(1,095)</u>	<u>4,053</u>	<u>210</u>	<u>4,263</u>

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, 2014 and 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2014	2013	2014	2013
Opening defined benefits obligation	2,892	2,942	2,365	2,433
Current service cost	128	130	95	95
Interest cost	65	57	53	47
Benefit paid	(41)	(25)	(39)	(18)
Closing defined benefit obligation	<u>3,044</u>	<u>3,104</u>	<u>2,474</u>	<u>2,557</u>

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, 2014 and 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2014	2013	2014	2013
Current service cost	64	66	48	47
Interest on obligation	33	28	26	24
	<u>97</u>	<u>94</u>	<u>74</u>	<u>71</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Current service cost	128	130	95	95
Interest on obligation	65	57	53	47
	<u>193</u>	<u>187</u>	<u>148</u>	<u>142</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2014 and December 31, 2013 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	4.5%
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 (TAMC)

On June 9, 2011, TAMC was liquidated. The Bank and its subsidiary have confirmed the profit and loss calculation report received from TAMC on April 30, 2013. As a result, 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.

8.18 Deferred tax liabilities

Deferred tax liabilities as at June 30, 2014 and December 31, 2013 are as follows:

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Deferred tax liabilities	2,807	2,603	2,081	1,824

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2014	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2014
	Temporary differences			
Asset appraisal surplus	1,669	226	-	1,895
Investments	9	(170)	226	65
Others	925	(78)	-	847
Total	<u>2,603</u>	<u>(22)</u>	<u>226</u>	<u>2,807</u>

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance at January 1, 2013	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2013
	Temporary differences			
Asset appraisal surplus	1,260	(48)	457	1,669
Investments	585	(538)	(38)	9
Others	660	265	-	925
Total	<u>2,505</u>	<u>(321)</u>	<u>419</u>	<u>2,603</u>

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2014	Items as recognized into Profit and Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2014
	Temporary differences			
Asset appraisal surplus	1,661	(39)	-	1,622
Investments	4	(171)	226	59
Others	159	241	-	400
Total	<u>1,824</u>	<u>31</u>	<u>226</u>	<u>2,081</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 December 31, 2013
Temporary differences				
Asset appraisal surplus	1,259	(48)	450	1,661
Investments	237	(191)	(42)	4
Others	121	38	-	159
Total	<u>1,617</u>	<u>(201)</u>	<u>408</u>	<u>1,824</u>

8.19 Finance lease liabilities

Finance lease liabilities as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2014			December 31, 2013		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	25	2	27	28	3	31
One year to five years	48	3	51	57	4	61
Total	<u>73</u>	<u>5</u>	<u>78</u>	<u>85</u>	<u>7</u>	<u>92</u>

8.20 Other liabilities

Other liabilities as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Accrued expenses	8,857	9,630	6,310	7,050
Tax payable	2,756	3,938	1,035	1,526
Deposit	7,249	7,376	275	101
Unearned income from customer loyalty program	2,159	1,958	59	56
Other payable	676	3,971	454	2,158
Others	7,149	8,146	3,608	3,137
Total	<u>28,846</u>	<u>35,019</u>	<u>11,741</u>	<u>14,028</u>

8.21 Share capital

8.21.1 Authorized share capital

The Extraordinary General Meeting of shareholders No. 1/2013 of the Bank, held on October 31, 2013, approved the reduction of the Bank's registered capital from Baht 70,893,927,550 to Baht 60,741,437,470 and approved the increase of the Bank's registered capital from Baht 60,741,437,470 to Baht 75,741,437,470, by issuing not more than 1,500,000,000 new ordinary shares at par value of Baht 10. These new shares will be issued as a private placement to BTMU as follows:

Tranche 1: In case the aggregate amount of ordinary shares which BTMU acquires through Voluntary Tender Offer and from other kind of acquisition, combined with capital-increased shares that BTMU will receive as consideration for the business transfer of BTMU's Bangkok Branch is less than 50 percent of all issued shares of the Bank.

Tranche 2: In case there is no private placement of Tranche 1 or there are remaining shares from Tranche 1, the allotment shall be made as consideration and/or exchange for the transfer of the business of BTMU's Bangkok Branch.

The Bank registered the reduction and the increase of the Bank's registered capital with Ministry of Commerce on November 1, 2013.

8.21.2 Legal reserve

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

8.21.3 Dividend payment

The Annual General Meeting of Shareholder No. 101 held on April 10, 2013, approved the 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 totaling Baht 2,430 million with payment date on May 7, 2013.

The Board of Directors' Meeting No.8/2013 held on August 28, 2013, approved the interim dividend payment for the first half year ended June 30, 2013 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on September 26, 2013.

The Annual General Meeting of Shareholder No. 102 held on April 9, 2014, approved the dividend payment for the second half year ended December 31, 2013 to the shareholders of 6,074,143,747 ordinary shares at Baht 0.40 per share totaling Baht 2,430 million with payment date on May 7, 2014.

8.22 Assets with obligations and restrictions

As at June 30, 2014 and December 31, 2013, government and state enterprise securities with book value of Baht 2,163 million and Baht 5,857 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

8.23 Contingencies

Contingencies as at June 30, 2014 and December 31, 2013 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Avals to bills	851	1,270	851	1,270
Guarantees of loans	47	45	47	45
Liability under unmatured import bills	1,468	1,559	1,468	1,559
Letters of credit	8,479	9,335	8,479	9,335
Other contingencies				
- Unused overdraft limit	60,183	57,884	60,313	58,014
- Other guarantees	48,029	44,200	48,029	44,200
- Others	348	253	348	253
Total	<u>119,405</u>	<u>114,546</u>	<u>119,535</u>	<u>114,676</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will expired in 2019 with a local company. As at June 30, 2014 and December 31, 2013, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 3,664 million and Baht 3,726 million, respectively.

As at June 30, 2014 and December 31, 2013, the Bank has commitments to pay regarding the information technology services the amounts of Baht 727 million and Baht 14 million, respectively.

8.24 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 comply 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:

8.24.1 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 have significant voting right either directly and indirectly, as at June 30, 2014 and December 31, 2013 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	June 30, 2014				December 31, 2013			
	Loans	Deposits	Borrowings	Others*	Loans	Deposits	Borrowings	Others*
Parent companies								
The Bank of Tokyo-Mitsubishi UFJ Ltd, Bangkok Branch	-	1	-	5,619	-	1	-	12,844
The Bank of Tokyo-Mitsubishi UFJ Ltd, Singapore Branch	-	-	-	4,661	-	-	-	1,559
Total	-	1	-	10,280	-	1	-	14,403
Associates								
Tesco Card Services Limited	11,350	302	-	-	11,520	398	-	-
Tesco Life Assurance Broker Limited	-	86	-	-	-	75	-	-
Tesco General Insurance Broker Limited	-	355	-	-	-	308	-	-
<u>Less</u> Allowance for doubtful accounts	(114)	-	-	-	(115)	-	-	-
Total	11,236	743	-	-	11,405	781	-	-
Related companies having joint major shareholders or directors	2,865	4,364	-	5,474	3,605	3,559	-	2,742
<u>Less</u> Allowance for doubtful accounts	(27)	-	-	-	(31)	-	-	-
Total	2,838	4,364	-	5,474	3,574	3,559	-	2,742
Individual and related parties	275	568	-	-	268	637	-	-
<u>Less</u> Allowance for doubtful accounts	(1)	-	-	-	(1)	-	-	-
Total	274	568	-	-	267	637	-	-
Total	14,348	5,676	-	15,754	15,246	4,978	-	17,145

* Others contain investment, derivatives (notional amount) and contingencies

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
June 30, 2014				December 31, 2013				
	Loans	Deposits	Borrowings	Others*	Loans	Deposits	Borrowings	Others*
Parent companies								
The Bank of Tokyo-Mitsubishi UFJ Ltd, Bangkok Branch	-	1	-	5,619	-	1	-	12,844
The Bank of Tokyo-Mitsubishi UFJ Ltd, Singapore Branch	-	-	-	4,661	-	-	-	1,559
Total	-	1	-	10,280	-	1	-	14,403
Subsidiaries								
Ayudhya Development Leasing Company Limited	7,978	96	-	47	10,371	20	-	44
Ayudhya Capital Auto Lease Public Company Limited	105,171	367	-	3	130,012	601	-	5
Ayudhya Total Solutions Public Company Limited	-	3	-	-	-	10	-	-
CFG Services Company Limited	6,548	185	-	2	8,391	29	-	2
Ayudhya Capital Services Company Limited	24,273	559	-	3	24,774	801	-	3
General Card Services Limited	10,995	313	-	-	11,492	335	-	-
Krungsri Ayudhya a Card Company Limited	25,696	540	-	1	32,180	1,142	-	1
Siam Realty and Services Company Limited	560	29	-	-	580	43	-	-
Total Services Solutions Public Company Limited	-	202	700	-	-	193	700	-
Krungsri Asset Management Company Limited	-	263	150	649	-	218	150	656
Krungsri Ayudhya a AMC Limited	-	467	-	38	554	17	-	38
Krungsri Securities Public Company Limited	-	943	-	-	-	991	-	-
Krungsri Factoring Company Limited	-	202	-	-	-	92	-	-
Krungsri Life Assurance Broker Company Limited	-	368	-	-	-	434	-	-
Krungsri General Insurance Broker Company Limited	-	542	-	-	-	621	-	-
Total	181,221	5,079	850	743	218,354	5,547	850	749
Less Allowance for doubtful accounts	(1,812)	-	-	-	(2,184)	-	-	-
Total	179,409	5,079	850	743	216,170	5,547	850	749
Associates								
Tesco Card Services Limited	11,350	302	-	-	11,520	398	-	-
Tesco Life Assurance Broker Limited	-	86	-	-	-	75	-	-
Tesco General Insurance Broker Limited	-	355	-	-	-	308	-	-
Less Allowance for doubtful accounts	(114)	-	-	-	(115)	-	-	-
Total	11,236	743	-	-	11,405	781	-	-
Related companies having joint major shareholders or directors								
	2,865	4,364	-	5,474	3,605	3,559	-	2,742
Less Allowance for doubtful accounts	(27)	-	-	-	(31)	-	-	-
Total	2,838	4,364	-	5,474	3,574	3,559	-	2,742
Individual and related parties								
	251	568	-	-	221	637	-	-
Total	193,734	10,755	850	16,497	231,370	10,525	850	17,894

* Others contain investment, derivatives (notional amount) and contingencies

As at June 30, 2014 and December 31, 2013, the Bank charges interest rates to the officer or related parties at 1.00% - 19.99% p.a. and 1.00% - 15.99%, respectively.

As at June 30, 2014 and December 31, 2013, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,812 million and Baht 2,184 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

As at December 31, 2013, the Bank granted loans to Krungsri Ayudhya AMC Limited in the form of promissory notes of Baht 554 million at the interest rates of 3.10% p.a.

8.24.2 The Bank has investments in subsidiaries and associates as disclosed in note 8.5 to the financial statements and has investments in related companies as follows:

Unit: Million Baht							
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
June 30, 2014							
December 31, 2013							
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related companies							
Sriayudhya Capital Insurance Public Company Limited	Investment holding company	250	9.72	373	27	373	27
<u>Less</u> Allowance for impairment				(6)	-	(6)	-
Investment in related companies, net				<u>367</u>	<u>27</u>	<u>367</u>	<u>27</u>

8.24.3 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, 2014 and 2013 are as follows:

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
For the three-month period ended June 30, 2014				For the three-month period ended June 30, 2013			
Income		Expenses		Income		Expenses	
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company							
The Bank of Tokyo-Mitsubishi UFJ Ltd.							
-	-	-	26	-	-	-	-
Total							
-	-	-	26	-	-	-	-
Associates							
Tesco Card Services Limited							
95	93	-	1	99	142	-	-
Tesco General Insurance Broker Limited							
-	5	1	-	-	9	1	-
Total							
95	98	1	1	99	151	1	-
Related companies having joint major shareholders or directors							
30	11	14	47	22	14	25	83
Total							
30	11	14	47	22	14	25	83
Individual and related parties							
3	5	3	-	2	2	3	-
Total							
128	114	18	74	123	167	29	83

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	For the six-month period ended June 30, 2014				For the six-month period ended June 30, 2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	90	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd, Singapore Branch	1	-	-	-	-	-	-	-
Total	1	-	-	90	-	-	-	-
Associates								
Tesco Card Services Limited	193	188	1	1	195	183	1	-
Tesco General Insurance Broker Limited	-	9	1	-	-	12	1	-
Total	193	197	2	1	195	195	2	-
Related companies having joint major shareholders or directors								
	66	21	28	86	36	21	50	155
Total	66	21	28	86	36	21	50	155
Individual and related parties								
	5	5	6	-	4	4	6	-
Total	265	223	36	177	235	220	58	155

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended June 30, 2014				For the three-month period ended June 30, 2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	26	-	-	-	-
Total	-	-	-	26	-	-	-	-
Subsidiaries								
Ayudhya Development Leasing Company Limited	78	1	-	-	90	-	-	-
Ayudhya Capital Auto Lease Public Company Limited	1,142	15	1	155	1,279	42	1	-
Ayudhya Total Solutions Public Company Limited	-	-	-	-	-	-	11	-
CFG Services Company Limited	93	2	-	-	75	4	-	-
Ayudhya Card Services Company Limited	-	-	-	-	33	18	-	-
Ayudhya Capital Services Company Limited	226	54	-	3	217	53	1	3
General Card Services Limited	95	3	-	1	105	2	1	-
Krungsri Ayudhya Card Company Limited	222	33	1	24	229	20	1	-
Siam Realty and Services Company Limited	4	-	-	117	4	1	-	112
Total Services Solutions Public Company Limited	-	-	4	16	-	1	4	16
Krungsri Asset Management Company Limited	-	73	3	3	-	57	2	1
Krungsri Ayudhya AMC Limited	2	3	-	-	15	5	-	-
Krungsri Securities Public Company Limited	-	6	3	3	-	5	6	1
Krungsri Factoring Company Limited	-	2	-	-	7	2	-	-
Total	1,862	192	12	322	2,054	210	27	133
Associates								
Tesco Card Services Limited	95	6	-	1	99	5	-	-
Tesco General Insurance Broker Limited	-	2	1	-	-	4	1	-
Total	95	8	1	1	99	9	1	-

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	For the three-month period ended June 30, 2014				For the three-month period ended June 30, 2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Related companies having joint major shareholders or directors	30	11	14	47	22	14	25	83
Total	30	11	14	47	22	14	25	83
Individual and related parties	3	5	3	-	2	2	3	-
Total	1,990	216	30	396	2,177	235	56	216

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	For the six-month period ended June 30, 2014				For the six-month period ended June 30, 2013			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	90	-	-	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd, Singapore Branch	1	-	-	-	-	-	-	-
Total	1	-	-	90	-	-	-	-
Subsidiaries								
Ay udhya Development Leasing Company Limited	168	4	-	-	188	1	-	-
Ay udhya Capital Auto Lease Public Company Limited	2,380	34	2	255	2,507	64	3	1
Ay udhya Total Solutions Public Company Limited	-	-	-	-	-	-	23	-
CFG Services Company Limited	194	4	-	-	140	8	-	-
Ay udhya Card Services Company Limited	-	-	-	-	68	35	-	-
Ay udhya Capital Services Company Limited	455	108	1	7	427	100	1	7
General Card Services Limited	195	5	1	2	215	4	1	-
Krungsriayudhya Card Company Limited	468	68	1	45	460	42	1	-
Siam Realty and Services Company Limited	9	1	-	231	8	1	-	219
Total Services Solutions Public Company Limited	-	-	7	33	-	2	6	31
Krungsri Asset Management Company Limited	-	136	3	6	-	116	4	3
Krungsri Ayudhya AMC Limited	4	8	-	-	34	10	-	-
Krungsri Securities Public Company Limited	-	11	7	6	-	11	12	2
Krungsri Factoring Company Limited	-	3	-	-	17	3	-	-
Krungsri Life Assurance Broker Limited	-	-	1	-	-	-	1	-
Krungsri General Insurance Broker Limited	-	1	1	-	-	-	1	-
Total	3,873	383	24	585	4,064	397	53	263
Associates								
Tesco Card Services Limited	193	11	1	1	195	9	1	-
Tesco General Insurance Broker Limited	-	4	1	-	-	7	1	-
Total	193	15	2	1	195	16	2	-
Related companies having joint major shareholders or directors	66	21	28	86	36	21	50	155
Total	66	21	28	86	36	21	50	155
Individual and related parties	5	5	6	-	4	4	6	-
Total	4,138	424	60	762	4,299	438	111	418

8.24.4 For the six-month periods ended June 30, 2014 and 2013, related party transactions among subsidiaries included collection services and other services of Baht 433 million and Baht 457 million, respectively, and office and vehicle rental and facilities service of Baht 34 million and Baht 29 million, respectively.

- 8.24.5 For the six-month periods ended June 30, 2014 and 2013, subsidiaries had related party transactions from the licenses relevant to technology and software for Baht 36 million and Baht 35 million, respectively.
- 8.24.6 For the six-month periods ended June 30, 2014 and 2013, related party transactions among subsidiaries from other services were Baht 650 million and Baht 425 million, respectively.
- 8.24.7 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement, BTMU shall provide various services to the Bank as agreed between the Bank and BTMU prior to the transfer. Such services shall include existing services provided by BTMU to BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service of BTMU's Bangkok Branch's customers after the transfer of the assets. The Bank and BTMU will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date BTMU holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later). The Bank may request for BTMU to provide funding assistance to the Bank and BTMU shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the Funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements. If BTMU agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenure and interest rate of such assistance.

- 8.24.8 On July 24, 2013, Ayudhya Card Services Company Limited (AYCS) has already completed the transfer of its entire business to Krungsriayudhya Card Company Limited (KCC) at fair value of Baht 270 million for an exchange of new ordinary share of KCC totaling 10,552,000 shares as payment in lieu for AYCS entire business with total assets and total liabilities of Baht 4,256 million and Baht 4,054 million, respectively. The entire business transfer under share swap scheme was approved by AYCS's 2013 Annual General Meeting of Shareholders, held on April 26, 2013 and KCC's Extraordinary General Meeting of Shareholders No. 1/2013, held on July 24, 2013.

8.25 Management compensation

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

The Bank did not sell, give or lease any properties to 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, 2014 and 2013, compensations paid to key management personnel under TAS 24 (Revised 2012) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2014	2013	2014	2013
Short-term employee benefits	288	284	209	176
Post-employment benefits	9	9	5	5
Total	<u>297</u>	<u>293</u>	<u>214</u>	<u>181</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Short-term employee benefits	749	698	548	469
Post-employment benefits	19	19	10	10
Total	<u>768</u>	<u>717</u>	<u>558</u>	<u>479</u>

8.26 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, 2014 and December 31, 2013 which are summarized as follows:

TYPE OF LEASE	PERIOD	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
		June 30,	December 31,	June 30,	December 31,
		2014	2013	2014	2013
Land and/or premises and equipment	Within 1 year	836	741	672	703
	Greater than 1-5 years	1,071	782	663	831
	Greater than 5 years	58	81	58	81
		<u>1,965</u>	<u>1,604</u>	<u>1,393</u>	<u>1,615</u>

8.27 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 decision about resources allocations, and assess the performance of, operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party transactions. Transactions between segments 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 sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

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 money markets products; corporate finance, transactional banking and advisory services.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the three-month periods and six-month periods ended June 30, 2014 and 2013, 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 businesses for the three-month periods and six-month periods ended June 30, 2014 and 2013 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2014			
	Retail	Commercial	Others	Total
Interest income, net	7,768	4,108	-	11,876
Other operating income	4,280	1,377	(296)	5,361
Total operating income	<u>12,048</u>	<u>5,485</u>	<u>(296)</u>	<u>17,237</u>
Operating expenses	6,573	1,965	(62)	8,476
Impairment loss of loans and debt securities	<u>3,793</u>	<u>439</u>	<u>23</u>	<u>4,255</u>
Profit (loss) before tax	<u>1,682</u>	<u>3,081</u>	<u>(257)</u>	<u>4,506</u>
Taxation	354	696	(45)	1,005
Net Profit (loss)	<u><u>1,328</u></u>	<u><u>2,385</u></u>	<u><u>(212)</u></u>	<u><u>3,501</u></u>

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	4,161	2,928	(673)	6,416
Total operating income	11,451	6,629	(671)	17,409
Operating expenses	5,947	1,788	(165)	7,570
Impairment loss of loans and debt securities	4,249	217	1,441	5,907
Profit (loss) before tax	1,255	4,624	(1,947)	3,932
Taxation	284	785	(210)	859
Net Profit (loss)	971	3,839	(1,737)	3,073

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2014

	Retail	Commercial	Others	Total
Interest income, net	15,310	8,063	-	23,373
Other operating income	8,498	2,479	(527)	10,450
Total operating income	23,808	10,542	(527)	33,823
Operating expenses	12,722	3,996	64	16,782
Impairment loss of loans and debt securities	7,530	953	(145)	8,338
Profit (loss) before tax	3,556	5,593	(446)	8,703
Taxation	744	1,231	(76)	1,899
Net Profit (loss)	2,812	4,362	(370)	6,804

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	8,366	4,508	(697)	12,177
Total operating income	22,713	11,754	(695)	33,772
Operating expenses	11,972	3,482	365	15,819
Impairment loss of loans and debt securities	6,610	904	1,474	8,988
Profit (loss) before tax	4,131	7,368	(2,534)	8,965
Taxation	881	1,263	(319)	1,825
Net Profit (loss)	3,250	6,105	(2,215)	7,140

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2014	515,123	913,968	(234,505)	1,194,586
As at December 31, 2013	505,088	928,009	(253,491)	1,179,606

8.28 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, 2014 and December 31, 2013 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	June 30, 2014			
	Domestic	Foreign	Elimination	Total
Total assets	1,194,361	16,147	(15,922)	1,194,586
Interbank and money market items, net (Assets)	97,824	1,262	-	99,086
Investments, net	75,859	200	-	76,059
Loans to customers and accrued interest receivable, net	901,772	6,526	-	908,298
Deposits	782,967	812	-	783,779
Interbank and money market items, net (Liabilities)	56,285	3	-	56,288
Debt issued and borrowings	166,585	-	-	166,585

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	December 31, 2013			
	Domestic	Foreign	Elimination	Total
Total assets	1,181,098	11,336	(12,828)	1,179,606
Interbank and money market items, net (Assets)	85,811	1,216	-	87,027
Investments, net	73,008	266	-	73,274
Loans to customers and accrued interest receivable, net	902,778	4,386	-	907,164
Deposits	763,342	708	-	764,050
Interbank and money market items, net (Liabilities)	55,496	1	-	55,497
Debt issued and borrowings	174,605	-	-	174,605

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	June 30, 2014			
	Domestic	Foreign	Elimination	Total
Total assets	1,106,829	16,147	(15,922)	1,107,054
Interbank and money market items, net (Assets)	95,437	1,262	-	96,699
Investments, net	75,821	200	-	76,021
Loans to customers and accrued interest receivable, net	796,429	6,526	-	802,955
Deposits	786,841	812	-	787,653
Interbank and money market items, net (Liabilities)	57,490	3	-	57,493
Debt issued and borrowings	108,498	-	-	108,498

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	December 31, 2013			
	Domestic	Foreign	Elimination	Total
Total assets	1,074,911	11,336	(12,828)	1,073,419
Interbank and money market items, net (Assets)	83,765	1,216	-	84,981
Investments, net	72,975	266	-	73,241
Loans to customers and accrued interest receivable, net	798,907	4,386	-	803,293
Deposits	767,682	708	-	768,390
Interbank and money market items, net (Liabilities)	56,703	1	-	56,704
Debt issued and borrowings	107,337	-	-	107,337

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month periods and six-month periods ended June 30, 2014 and 2013 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2014			
	Domestic	Foreign	Elimination	Total
Interest income	18,296	56	-	18,352
Interest expenses	6,475	1	-	6,476
Net interest income	<u>11,821</u>	<u>55</u>	<u>-</u>	<u>11,876</u>
Fees and service income, net	3,583	7	-	3,590
Other operating income	2,559	(21)	(767)	1,771
Other operating expenses	<u>13,453</u>	<u>45</u>	<u>(767)</u>	<u>12,731</u>
Profit (loss) from operating before tax	<u>4,510</u>	<u>(4)</u>	<u>-</u>	<u>4,506</u>

	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	<u>10,958</u>	<u>35</u>	<u>-</u>	<u>10,993</u>
Fees and service income, net	3,588	6	-	3,594
Other operating income	3,819	(7)	(990)	2,822
Other operating expenses	<u>14,449</u>	<u>18</u>	<u>(990)</u>	<u>13,477</u>
Profit from operating before tax	<u>3,916</u>	<u>16</u>	<u>-</u>	<u>3,932</u>

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2014			
	Domestic	Foreign	Elimination	Total
Interest income	36,522	105	-	36,627
Interest expenses	13,252	2	-	13,254
Net interest income	<u>23,270</u>	<u>103</u>	<u>-</u>	<u>23,373</u>
Fees and service income, net	7,023	14	-	7,037
Other operating income	5,104	(32)	(1,659)	3,413
Other operating expenses	<u>26,684</u>	<u>95</u>	<u>(1,659)</u>	<u>25,120</u>
Profit (loss) from operating before tax	<u>8,713</u>	<u>(10)</u>	<u>-</u>	<u>8,703</u>

	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	<u>21,536</u>	<u>59</u>	<u>-</u>	<u>21,595</u>
Fees and service income, net	7,118	14	-	7,132
Other operating income	7,089	(16)	(2,027)	5,046
Other operating expenses	<u>26,784</u>	<u>51</u>	<u>(2,027)</u>	<u>24,808</u>
Profit from operating before tax	<u>8,959</u>	<u>6</u>	<u>-</u>	<u>8,965</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2014				
	Domestic	Foreign	Elimination	Total
Interest income	11,929	56	-	11,985
Interest expenses	5,976	1	-	5,977
Net interest income	<u>5,953</u>	<u>55</u>	<u>-</u>	<u>6,008</u>
Fees and service income, net	1,642	7	-	1,649
Other operating income	11,180	(21)	(767)	10,392
Other operating expenses	<u>6,941</u>	<u>45</u>	<u>(767)</u>	<u>6,219</u>
Profit (loss) from operating before tax	<u><u>11,834</u></u>	<u><u>(4)</u></u>	<u><u>-</u></u>	<u><u>11,830</u></u>

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	<u>5,352</u>	<u>35</u>	<u>-</u>	<u>5,387</u>
Fees and service income, net	1,502	6	-	1,508
Other operating income	3,465	(7)	(990)	2,468
Other operating expenses	<u>7,391</u>	<u>18</u>	<u>(990)</u>	<u>6,419</u>
Profit from operating before tax	<u><u>2,928</u></u>	<u><u>16</u></u>	<u><u>-</u></u>	<u><u>2,944</u></u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2014				
	Domestic	Foreign	Elimination	Total
Interest income	23,769	105	-	23,874
Interest expenses	12,200	2	-	12,202
Net interest income	<u>11,569</u>	<u>103</u>	<u>-</u>	<u>11,672</u>
Fees and service income, net	3,240	14	-	3,254
Other operating income	12,771	(32)	(1,659)	11,080
Other operating expenses	<u>13,933</u>	<u>95</u>	<u>(1,659)</u>	<u>12,369</u>
Profit (loss) from operating before tax	<u><u>13,647</u></u>	<u><u>(10)</u></u>	<u><u>-</u></u>	<u><u>13,637</u></u>

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	<u>10,517</u>	<u>59</u>	<u>-</u>	<u>10,576</u>
Fees and service income, net	2,964	14	-	2,978
Other operating income	5,634	(16)	(2,027)	3,591
Other operating expenses	<u>14,202</u>	<u>51</u>	<u>(2,027)</u>	<u>12,226</u>
Profit from operating before tax	<u><u>4,913</u></u>	<u><u>6</u></u>	<u><u>-</u></u>	<u><u>4,919</u></u>

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

8.29 Interest income

Interest income for the three-month periods and six-month periods ended June 30, 2014 and 2013 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	
	2014	2013	2014	2013
Interbank and money market items	597	668	593	663
Investment and trading transactions	40	34	39	34
Investment in debt securities	499	531	497	530
Loans to customers	12,197	11,347	10,528	10,076
Hire purchase and financial lease	5,019	4,866	328	-
Total interest income	<u>18,352</u>	<u>17,446</u>	<u>11,985</u>	<u>11,303</u>

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2014	2013	2014	2013
Interbank and money market items	1,235	1,309	1,224	1,302
Investment and trading transactions	72	87	72	86
Investment in debt securities	1,021	1,070	1,019	1,060
Loans to customers	24,312	22,358	21,186	19,887
Hire purchase and financial lease	9,987	9,540	373	-
Total interest income	<u>36,627</u>	<u>34,364</u>	<u>23,874</u>	<u>22,335</u>

8.30 Interest expenses

Interest expenses for the three-month periods and six-month periods ended June 30, 2014 and 2013 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	
	2014	2013	2014	2013
Deposits	3,726	3,844	3,729	3,861
Interbank and money market items	347	379	351	369
Contributions to Financial Institution				
Development Fund and Deposit				
Protection Agency	1,008	899	1,008	899
Debt issued and borrowing				
- Subordinated debenture	399	399	399	399
- Other	989	926	486	387
Borrowing fee expense	4	1	4	1
Other	3	5	-	-
Total interest expenses	<u>6,476</u>	<u>6,453</u>	<u>5,977</u>	<u>5,916</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,	
	2014	2013	2014	2013
	Deposits	7,716	7,587	7,724
Interbank and money market items	683	712	691	694
Contributions to Financial Institution Development Fund and Deposit Protection Agency	2,003	1,779	2,003	1,779
Debt issued and borrowing				
- Subordinated debenture	793	795	793	795
- Other	2,048	1,882	986	865
Borrowing fee expense	4	5	4	5
Other	7	9	1	1
Total interest expenses	<u>13,254</u>	<u>12,769</u>	<u>12,202</u>	<u>11,759</u>

8.31 Fees and service income, net

Fees and service income, net for the three-month periods and six-month periods ended June 30, 2014 and 2013 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,	
	2014	2013	2014	2013
	Fees and service income			
- Acceptances, aval and guarantees	129	126	129	126
- Other	4,504	4,517	2,002	1,808
Total fees and service income	<u>4,633</u>	<u>4,643</u>	<u>2,131</u>	<u>1,934</u>
Fees and service expenses	<u>1,043</u>	<u>1,049</u>	<u>482</u>	<u>426</u>
Total fees and service income, net	<u>3,590</u>	<u>3,594</u>	<u>1,649</u>	<u>1,508</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,	
	2014	2013	2014	2013
	Fees and service income			
- Acceptances, aval and guarantees	256	246	256	247
- Other	8,868	8,982	4,000	3,628
Total fees and service income	<u>9,124</u>	<u>9,228</u>	<u>4,256</u>	<u>3,875</u>
Fees and service expenses	<u>2,087</u>	<u>2,096</u>	<u>1,002</u>	<u>897</u>
Total fees and service income, net	<u>7,037</u>	<u>7,132</u>	<u>3,254</u>	<u>2,978</u>

8.32 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the three-month periods and six-month periods ended June 30, 2014 and 2013 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	
	2014	2013	2014	2013
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	352	359	352	353
- Derivative of interest rates	(4)	(11)	(4)	(11)
- Debt securities	1	6	1	6
- Equity securities	3	12	1	(13)
- Other	(1)	(1)	-	-
Total	<u>351</u>	<u>365</u>	<u>350</u>	<u>335</u>

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2014	2013	2014	2013
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	746	798	751	799
- Derivative of interest rates	3	(12)	3	(12)
- Debt securities	12	9	12	9
- Equity securities	16	34	10	(4)
- Other	(1)	(1)	-	-
Total	<u>776</u>	<u>828</u>	<u>776</u>	<u>792</u>

8.33 Gains on investments, net

Gains on investments, net for the three-month periods and six-month periods ended June 30, 2014 and 2013 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	
	2014	2013	2014	2013
Gains on sales of investments				
- Available-for-sale	111	209	105	209
- General investments	6	-	6	-
- Subsidiaries and associates	-	-	5	-
	<u>117</u>	<u>209</u>	<u>116</u>	<u>209</u>
Loss on impairment				
- Available-for-sale	(2)	-	(2)	-
- General investments	-	(3)	-	(3)
- Subsidiaries and associates	-	-	-	-
Total	<u>115</u>	<u>206</u>	<u>114</u>	<u>206</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Gains on sales of investments				
- Available-for-sale	136	296	129	296
- General investments	6	25	6	25
- Subsidiaries and associates	-	-	5	-
	<u>142</u>	<u>321</u>	<u>140</u>	<u>321</u>
Loss on impairment				
- Available-for-sale	(2)	-	(2)	-
- General investments	-	(3)	-	(3)
- Subsidiaries and associates	-	-	-	-
Total	<u>140</u>	<u>318</u>	<u>138</u>	<u>318</u>

8.34 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, 2014 and 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2014	2013	2014	2013
Interbank and money market items	105	2	105	2
Loans to customers	3,814	5,986	871	1,950
Loss on troubled debt restructuring (reversal)	336	(80)	(26)	(2)
Total	<u>4,255</u>	<u>5,908</u>	<u>950</u>	<u>1,950</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Interbank and money market items	132	34	132	34
Loans to customers	7,479	8,856	1,755	2,818
Loss on troubled debt restructuring (reversal)	728	98	(37)	(2)
Total	<u>8,339</u>	<u>8,988</u>	<u>1,850</u>	<u>2,850</u>

8.35 Income tax expenses

Income tax expenses for the three-month periods and six-month periods ended June 30, 2014 and 2013 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2014	2013	2014	2013
Current tax for the period	969	1,069	219	233
Deferred tax	36	(210)	208	259
Total income tax expenses	<u>1,005</u>	<u>859</u>	<u>427</u>	<u>492</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2014	2013	2014	2013
Current tax for the period	2,093	2,296	564	620
Deferred tax	(194)	(471)	212	206
Total income tax expenses	<u>1,899</u>	<u>1,825</u>	<u>776</u>	<u>826</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2014		2013		2014		2013	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>8,703</u>		<u>8,965</u>		<u>13,637</u>		<u>4,919</u>	
Income tax at the domestic tax rate	1,741	20.00	1,793	20.00	2,727	20.00	984	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	2,532	29.10	251	2.80	180	1.32	56	1.14
Less Tax effect of income and expense that are not exempt for tax purposes	<u>(2,374)</u>	<u>(27.28)</u>	<u>(219)</u>	<u>(2.44)</u>	<u>(2,131)</u>	<u>(15.63)</u>	<u>(214)</u>	<u>(4.35)</u>
Income tax expenses as per statements of comprehensive income	<u>1,899</u>	<u>21.82</u>	<u>1,825</u>	<u>20.36</u>	<u>776</u>	<u>5.69</u>	<u>826</u>	<u>16.79</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 its subsidiaries used a tax rate of 20% for the corporate income tax and deferred tax calculation for the six-month periods ended June 30, 2014 and 2013.

8.36 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the three-month periods and six-month periods ended June 30, 2014 and 2013 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
For the three-month periods ended June 30,

	2014			2013		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Changes in assets revaluation surplus	-	-	-	2,285	(457)	1,828
Gains (losses) on remeasuring available-for-sale investment	535	(107)	428	(684)	137	(547)
Other comprehensive income	<u>535</u>	<u>(107)</u>	<u>428</u>	<u>1,601</u>	<u>(320)</u>	<u>1,281</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
For the six-month periods ended June 30,

	2014			2013		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Changes in assets revaluation surplus	-	-	-	2,285	(457)	1,828
Gains (losses) on remeasuring available-for-sale investment	1,250	(250)	1,000	(513)	103	(410)
Other comprehensive income	<u>1,250</u>	<u>(250)</u>	<u>1,000</u>	<u>1,772</u>	<u>(354)</u>	<u>1,418</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
For the three-month periods ended June 30,

	2014			2013		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Changes in assets revaluation surplus	-	-	-	2,249	(450)	1,799
Gains (losses) on remeasuring available-for-sale investment	527	(105)	422	(699)	140	(559)
Other comprehensive income	<u>527</u>	<u>(105)</u>	<u>422</u>	<u>1,550</u>	<u>(310)</u>	<u>1,240</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
For the six-month periods ended June 30,

	2014			2013		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Changes in assets revaluation surplus	-	-	-	2,249	(450)	1,799
Gains (losses) on remeasuring available-for-sale investment	1,248	(250)	998	(529)	106	(423)
Other comprehensive income	<u>1,248</u>	<u>(250)</u>	<u>998</u>	<u>1,720</u>	<u>(344)</u>	<u>1,376</u>

8.37 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on August 27, 2014.