



Management Discussion and Analysis
For the quarter and six-month period ended June 30, 2009

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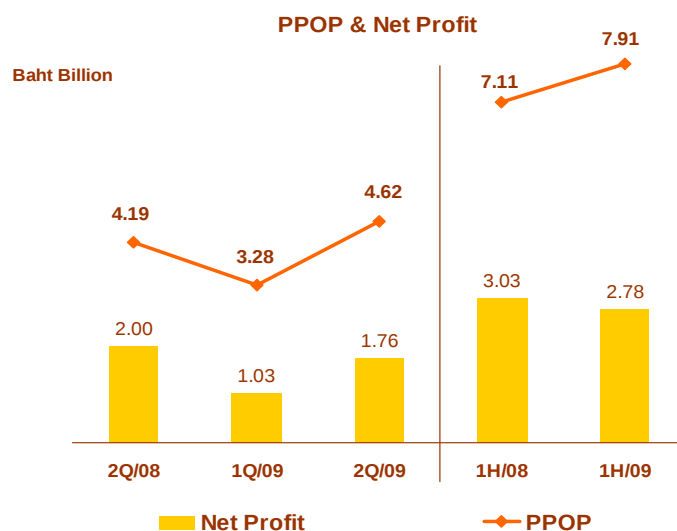
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Management Discussion and Analysis (MD&A)

1. Summary of Financial Performance and Status

Statements of Income Consolidated	2Q/09	1Q/09	2Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest and Dividend Income	9,455	9,668	10,592	(213)	(2.2)	(1,137)	(10.7)
Interest Expenses	2,686	3,617	3,684	(931)	(25.7)	(998)	(27.1)
Interest and Dividend Income, Net	6,769	6,051	6,908	718	11.9	(139)	(2.0)
Non-Interest Income	3,557	2,456	2,566	1,101	44.8	991	38.6
Non- Interest Expenses	5,704	5,222	5,281	482	9.2	423	8.0
Pre-Provision Operating Profit (PPOP)	4,622	3,285	4,193	1,337	40.7	429	10.2
Bad Debt and Doubtful Accounts	1,495	1,935	1,316	(440)	(22.7)	179	13.6
Loss (Gain) on Debt Restructuring	1,041	43	581	998	n.a	460	79.2
Income Tax Expenses	330	282	295	48	17.0	35	11.9
Net Income	1,756	1,025	2,001	731	71.3	(245)	(12.2)
Attributable To							
Equity Holders of the Bank	1,752	1,028	2,002	724	70.4	(250)	(12.5)
Minority Interest	4	(3)	(1)	7	(233.3)	5	500.0
Net Income	1,756	1,025	2,001	731	71.3	(245)	(12.2)
Earning Per Share [Baht]	0.29	0.17	0.35	0.12	70.6	(0.06)	(17.14)

Statements of Income	1H/09	1H/08	Change YoY	
Consolidated			Baht mn	%
Interest and Dividend Income	19,123	19,476	(353)	(1.8)
Interest Expenses	6,303	6,853	(550)	(8.0)
Interest and Dividend Income, Net	12,820	12,623	197	1.6
Non-Interest Income	6,013	4,709	1,304	27.7
Non- Interest Expenses	10,926	10,219	707	6.9
Pre-Provision Operating Profit (PPOP)	7,907	7,113	794	11.2
Bad Debt and Doubtful Accounts	3,430	3,280	150	4.6
Loss (Gain) on Debt Restructuring	1,084	518	566	109.3
Income Tax Expenses	612	283	329	116.3
Net Income	2,781	3,032	(251)	(8.3)
Attributable To				
Equity Holders of the Bank	2,780	3,033	(253)	(8.3)
Minority Interest	1	(1)	2	200.0
Net Income	2,781	3,032	(251)	(8.3)
Earning Per Share [Baht]	0.46	0.53	(0.07)	(13.21)



In 2Q/09 the Bank completed the acquisition of AIG Retail Bank Plc (“AIGRB”) and AIG Card (Thailand) Co.,Ltd.(“AIGCC”) and their financial results have been consolidated into the Bank. As of acquisition on April 8, 2009, total assets of AIGRB and AIGCC were Baht 47,070 million with auto, credit card and personal loans portfolio totaling of Baht 21,402 million.

For the second quarter period ended June 30, 2009

In the second quarter of 2009, the economic slowdown continued, but Bank of Ayudhya Pcl and its subsidiaries recorded a further improvement in operating performance. The operating profit before provisioning for doubtful accounts and taxes was Baht 4,622 million representing an increase of Baht 429 million or 10.2% year over year when compared to 2Q/08. A major contribution was from a 38.6% growth in non-interest income while non-interest expenses grew by only 8.0%. In addition, net interest and dividend income decreased by 2.0% as a result of a decrease in interest rates in line with the market. Overall, the resulting in a decrease in interest income from the loan portfolio was slightly higher than the decrease in cost of funds. Although asset quality remained stable amidst the weakening economy and thus did not require an additional provision, a Baht 2,536 million in provision for bad debt and doubtful accounts was set aside to strengthen the overall provision balance, resulting in an increase in the consolidated loan loss coverage ratio to 65% from 59% at end of 1Q/2009. After the provision and a tax expense of Baht 330 million, a net profit of Baht 1,756 million was posted in 2Q/09.

The 2Q/09 operating profit before provisioning for doubtful accounts and taxes increased by Baht 1,337 million or 40.7% compared to the prior quarter while net profit increased by Baht 731 million or 71.3%. These improvements were mainly due to an increase in non-interest income and net interest income of 44.8% and 11.9%, respectively, with major contributions from an increase in non-interest income mainly from a gain on investment in the AIG Retail Bank Plc ('AIGRB') and AIG Card Thailand Co.,Ltd ('AIGCC') acquisitions and an improvement in the cost of funding, while non-interest expense increased only by 9.2%.

For the six-month period ended June 30, 2009

For six-month period, Bank of Ayudhya Pcl and its subsidiaries also recorded a satisfactory operating performance. The operating profit before provisioning for doubtful accounts and taxes was Baht 7,907 million representing an increase of Baht 794 million or 11.2% year over year when compared to 1H/08. Over the same period net interest and dividend income and non-interest income increased by 1.6% and 27.7%, respectively, while non-interest expenses grew by 6.9%. After setting aside Baht 4,514 million provision for bad debt and doubtful accounts and Baht 612 for tax expense, a net profit of Baht 2,781 million was posted representing a Baht 251 million or 8.3% drop year over year.

Consolidated	As at	As at	As at	Change from		Change	
	Jun. 30, 09	Mar. 31, 09	Dec. 31, 08	Mar. 31, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
Assets	719,630	734,246	745,109	(14,616)	(2.0)	(25,479)	(3.4)
Loans	556,160	535,126	557,077	21,034	3.9	(917)	(0.2)
Deposits	500,563	524,388	537,354	(23,825)	(4.5)	(36,791)	(6.8)
Liabilities	632,455	647,950	659,742	(15,495)	(2.4)	(27,287)	(4.1)
Shareholders' Equity	87,174	86,296	85,367	878	1.0	1,807	2.1

As of June 30, 2009, the total assets of the Bank and its subsidiaries were Baht 719,630 million, a decrease of Baht 25,479 million or 3.4% as compared to December 31, 2008. This decrease was due primarily to a reduction in inter-bank and money market items of Baht 17,135 million or 20.2%, mainly from a decrease in deposit facilities of Baht 19,400 million. Loan growth from December 31, 2008 was flat but increased from March 31, 2009 mainly from the acquisitions of AIGRB and AIGCC. Over the same period the loan loss provision increased by Baht 4,172 million or 12.7%.

Total liabilities were Baht 632,455 million, a decrease of Baht 27,287 million or 4.1% , mainly due to a decrease in deposits of Baht 36,791 million or 6.8%, partially offset by an increase in interbank and money market items and borrowings of Baht 2,253 million or 11.3% and Baht 7,540 million or 9.2%, respectively. Total shareholders' equity rose to Baht 87,175 million, an increase of Baht 1,808 million or 2.1% as compared to December 31, 2008, due primarily to an increase of 1H/09 net income of Baht 2,781 million offset by dividends paid during the 1H/09 of Baht 906 million, a decrease in land and building revaluation of Baht 83 million and a decrease of the revaluation deficit on investments of Baht 10 million.

On the June 24, 2009, the Bank announced that it had approved Ayudhya Fund Management Co.,Ltd.(AYF) to acquire 100% of the shares of PrimaVest Asset Management Co.,Ltd. (Primavest). The transaction is expected to be completed by July 2009 subject to approvals of the Securities Exchange Commission (SEC) and relevant authorities. This acquisition streamline the Bank's group companies. (Details are provided in the Notification to the Stock Exchange of Thailand (SET) which was posted on the SET's website).

In addition, in the line with the Bank's inorganic growth strategy and its plan to increase the consumer banking proportion, on July 10, 2009 the Bank announced two acquisition plans. Firstly, the Bank and GE Capital reached an agreement in principle on the sale of GE Money's businesses in Thailand to the Bank. The proposed transaction is subject to various regulatory, corporate and shareholder approvals, as well as

the completion of a definitive agreement. If closed, the transaction would represent an investment of approximately Baht 13.75 billion subject to closing adjustment (Details are provided in the Notification to the SET which was posted in the SET website).

Secondly, the Bank and American International Group, Inc (AIG) reached an agreement in which the Bank will acquire 100% shares of CFG Services Company Limited (CFGs). The transaction is subject to the approval of the Bank of Thailand and Bank's shareholders. (Details are provided in the Notification to the SET which was posted in the SET website).

2. Financial Performance

2.1 Net interest and dividend income

Consolidated	2Q/09	1Q/09	2Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST AND DIVIDEND INCOME							
Interest on loans	5,728	5,960	6,709	(232)	(3.9)	(981)	(14.6)
Interest on interbank and money market items	218	401	644	(183)	(45.6)	(426)	(66.1)
Hire purchase and financial lease income	3,126	2,846	2,560	280	9.8	566	22.1
Investments	383	461	679	(78)	(16.9)	(296)	(43.6)
Total Interest and Dividend Income	9,455	9,668	10,592	(213)	(2.2)	(1,137)	(10.7)
INTEREST EXPENSES							
Interest on deposits	1,652	2,604	2,586	(952)	(36.6)	(934)	(36.1)
Interest on interbank and money market items	201	173	316	28	16.2	(115)	(36.4)
Interest on short-term borrowings	213	63	220	150	238.1	(7)	(3.2)
Interest on long-term borrowings	620	777	562	(157)	(20.2)	58	10.3
Total Interest Expenses	2,686	3,617	3,684	(931)	(25.7)	(998)	(27.1)
Interest and Dividend Income, net	6,769	6,051	6,908	718	11.9	(139)	(2.0)
Net Interest Margin	3.98%	3.53%	4.02%				
Yield on Earning Assets	5.56%	5.63%	6.17%				
Cost of Funds	1.73%	2.28%	2.32%				

Consolidated	1H/09	1H/08	Change YoY	
			Baht mn	%
INTEREST AND DIVIDEND INCOME				
Interest on loans	11,688	12,697	(1,009)	(7.9)
Interest on interbank and money market items	618	1,300	(682)	(52.5)
Hire purchase and financial lease income	5,973	4,195	1,778	42.4
Investments	844	1,284	(440)	(34.3)
Total Interest and Dividend Income	19,123	19,476	(353)	(1.8)
INTEREST EXPENSES				
Interest on deposits	4,257	5,087	(830)	(16.3)
Interest on interbank and money market items	374	519	(145)	(27.9)
Interest on short-term borrowings	275	337	(62)	(18.4)
Interest on long-term borrowings	1,397	910	487	53.5
Total Interest Expenses	6,303	6,853	(550)	(8.0)
Interest and Dividend Income, net	12,820	12,623	197	1.6
Net Interest Margin	3.77%	3.92%		
Yield on Earning Assets	5.63%	5.96%		
Cost of Funds	2.01%	2.28%		

For the second quarter period ended June 30, 2009

Net interest and dividend income in 2Q/09 was Baht 6,769 million, a decrease of Baht 139 million or 2.0% as compared to the same period last year. On a quarter on quarter basis, net interest and dividend income increased by Baht 718 million or 11.9%. This increase was mainly due to a 36.6% decrease in interest on deposits, resulting from the deposit balance reduction and lower interest costs on fixed term deposits.

Details of interest and dividend income and interest expenses are:

Compared to 2Q/08, interest and dividend income for 2Q/09 was Baht 9,455 million, a decrease of Baht 1,137 million or 10.7% year on year driven by:

- Interest on loans of Baht 5,728 million, decreasing by Baht 981 million or 14.6% as a result of lower interest rates.
- Interest on inter-bank and money market items of Baht 218 million, decreasing by Baht 426 million or 66.1%, as a result of lower interest rates in line with the market.
- Hire purchase and financial lease income of Baht 3,126 million, increasing by Baht 566 million or 22.1%, due mainly to a growth in the hire-purchase portfolio from the acquisition of AIGRB.

- Income on investments of Baht 383 million, decreasing by Baht 296 million or 43.6% mainly resulting from a decrease in dividends from the equity portfolio of listed companies and the lower average interest rates.

Interest expenses for 2Q/09 were Baht 2,686 million, a decrease of Baht 998 million or 27.1% from 2Q/08 driven by:

- Interest on deposits of Baht 1,652 million, decreasing by Baht 934 million or 36.1% mainly resulting from lower interest rates.
- Interest on inter-bank and money market items of Baht 201 million, decreasing by Baht 115 million or 36.4% due mainly to a decrease in the outstanding balance.
- Interest on short-term borrowings of Baht 213 million, decreasing by Baht 7 million or 3.2% resulting from AYCAL credit facilities settled in 3Q/08.
- Interest on long-term borrowings of Baht 620 million, increasing by Baht 58 million or 10.3% resulting from an increase in long-term debentures of Baht 27,110 million issued in June and December 2008 to provide match funding for the auto hire purchase portfolio.

Compared to 1Q/09, interest and dividend income for 2Q/09 decreased by Baht 213 million or 2.2% driven by:

- Lower interest on loans of Baht 232 million or 3.9% resulting from a decrease in interest rates.
- A decrease in interest on inter-bank and money market items of Baht 183 million or 45.6%, due mainly to the lower interest rates in the market and a decrease in volume as a result of the AIGRB and AIGCC acquisitions.
- An increase in hire purchase and financial lease income of Baht 280 million or 9.8% resulting primarily from the AIGRB and AIGCC acquisitions.
- A decrease in income on investments of Baht 78 million or 16.9% mainly resulting from lower average rates.

Interest expenses reduced by Baht 931 million or 25.7% driven by:

- A decrease in interest on deposits of Baht 952 million or 36.6% resulting from lower interest rates.
- An increase in interest on inter-bank and money market items of Baht 28 million or 16.2% due mainly to an increase in the average outstanding balance and offsetting with lower market rate.
- An increase in interest on short-term borrowings of Baht 150 million or 238.1% resulting from an increase in bills of exchange of Baht 10,575 million issued during the quarter as an investment alternative for depositors and an increase in the current portion of debentures of Baht 26,189 million.

- A decrease in interest on long-term borrowings of Baht 157 million or 20.2% due mainly to debentures of Baht 26,189 million moving to short-term borrowings during the quarter.

For the six-month period ended June 30, 2009

Net interest and dividend income in 1H/09 was Baht 12,820 million, an increase of Baht 197 million or 1.6% as compared to the same period last year.

Details of interest and dividend income and interest expenses are:

Interest and dividend income for 1H/09 was Baht 19,123 million, decreasing by Baht 353 million or 1.8% year on year driven by:

- Interest on loans of Baht 11,688 million, decreasing by Baht 1,009 million or 7.9%, resulting from a reduction in loan volume and a sharp decrease in interest rates which immediately affected floating rate loans.

- Interest on inter-bank and money market items of Baht 618 million, decreasing by Baht 682 million or 52.5%, due mainly to the lower interest rates in the market.

- Hire purchase and financial lease income of Baht 5,973 million, increasing by Baht 1,778 million or 42.4% resulting primarily from the GECAL acquisition on February 14, 2008 and AIGRB and AIGCC acquisitions on April 8, 2009.

- Income on investments of Baht 844 million, decreasing by Baht 440 million or 34.3% mainly resulting from lower average rates and a decrease in dividends received from the equity portfolio of listed companies.

Interest expenses for 1H/09 was Baht 6,303 million, a decrease of Baht 550 million or 8.0% from 1H/08 driven by:

- Interest on deposits of Baht 4,257 million, decreasing by Baht 830 million or 16.3% resulting from lower interest rates.

- Interest on inter-bank and money market items of Baht 374 million, decreasing by Baht 145 million or 27.9% due mainly to the lower outstanding balance.

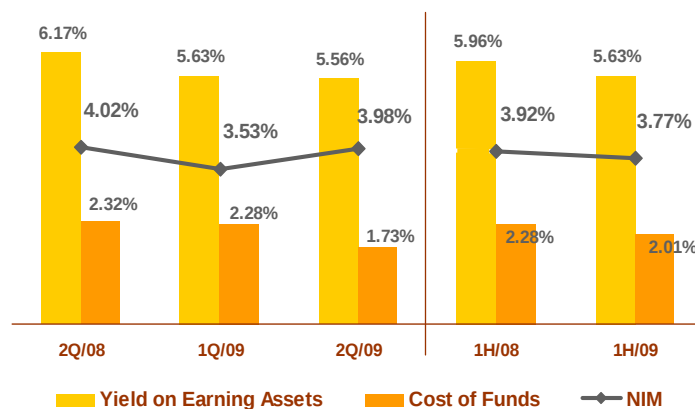
- Interest on short-term borrowings of Baht 275 million, decreasing by Baht 62 million or 18.4% as a result of lower interest rates.

- Interest on long-term borrowings of Baht 1,397 million, increasing by Baht 487 million or 53.5% resulting from an increase in long-term debentures of Baht 45,855 million issued in March, June and December 2008 to provide match funding for the auto hire purchase portfolio.

Net interest margin (NIM) for 2Q/09 was 3.98%, decreasing slightly from last year but improving significantly from 1Q/09. These movements were mainly attributed to sharp and successive reductions in interest rates in 4Q/08 and 1Q/09 which immediately and negatively affected the income from the floating rate loan portfolio while there is a lagging effect on the reduction in funding costs as the majority of

deposits are fixed term deposits. These deposits continued to mature and be re-priced at lower rates in 2Q/09. NIM for 1H/09 was at 3.77%, lower than 3.92% in 1H/08 due to the rate reductions referenced above.

Net Interest Margin

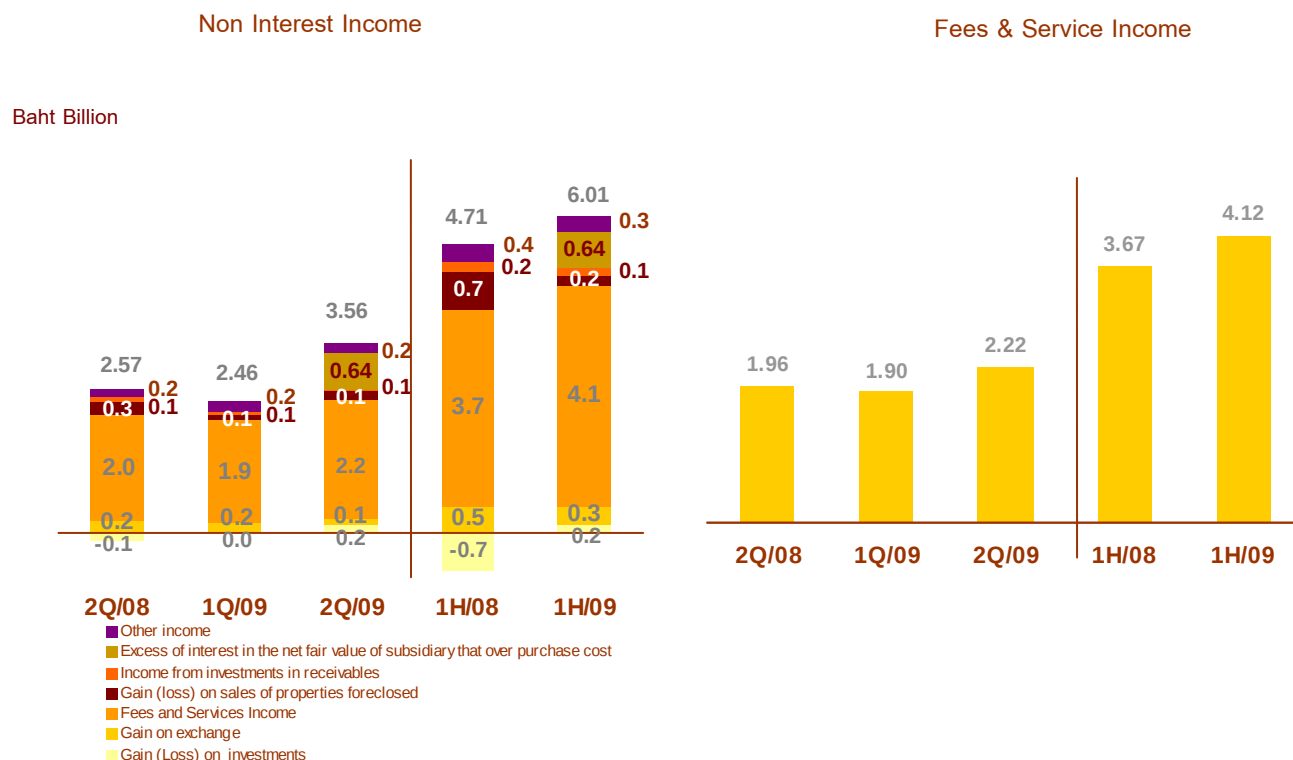


	Jun-08	Sep-08	Dec-08	Jan-09	Mar-09	Jun-09
Policy Rate	3.25%	3.75%	2.75%	2.00%	1.50%	1.25%
BAY Lending Rate	7.500%	7.500%	7.000%	6.750%	6.500%	6.25%
Fixed Deposit rate						
3 - month deposits	2.00-2.625%	2.375-2.625%	1.625-2.625%	1.25-1.50%	1.00%	0.75%
6 - month deposits	2.00-2.75%	2.50-2.75%	1.75-2.75%	1.50%	1.00%	0.75%
12 - month deposits	2.25-3.00%	2.75-3.00%	2.00-3.00%	1.75%	1.25%	1.00-1.50%

2.2 Non-Interest Income

Consolidated	2Q/09	1Q/09	2Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gain (loss) on investments	158	2	(130)	156	n.a.	288	221.5
Income (loss) from equity interest in associated	28	85	17	(57)	(67.1)	11	64.7
Fees and service income							
- Acceptances, aval and guarantees	13	12	13	1	8.3	0	0.0
- Others	2,207	1,888	1,950	319	16.9	257	13.2
Gain on exchange	121	204	234	(83)	(40.7)	(113)	(48.3)
Gain (loss) on sales of properties foreclosed	126	75	267	51	68.0	(141)	(52.8)
Income from investments in receivables	63	82	75	(19)	(23.2)	(12)	(16.0)
Excess of interest in the net fair value of							
subsidiary that over purchase cost	638	0	0	638	100.0	638	100.0
Other income	203	108	140	95	88.0	63	45.0
Total Non-Interest Income	3,557	2,456	2,566	1,101	44.8	991	38.6

Consolidated	1H/09	1H/08	Change YoY	
			Baht mn	%
Gain (loss) on investments	160	(687)	847	123.3
Income (loss) from equity interest in associated company	113	101	12	11.9
Fees and service income				
- Acceptances, aval and guarantees	24	25	(1)	(4.0)
- Others	4,094	3,647	447	12.3
Gain on exchange	325	486	(161)	(33.1)
Gain (loss) on sales of properties foreclosed	201	726	(525)	(72.3)
Income from investments in receivables	145	154	(9)	(5.8)
Excess of interest in the net fair value of				
subsidiary that over purchase cost	638	0	638	100.0
Other income	313	257	56	21.8
Total Non-Interest Income	6,013	4,709	1,304	27.7



For the second quarter period ended June 30, 2009

Compared with 2Q/08, non-interest income was Baht 3,557 million, an increase of Baht 991 million or 38.6% driven by:

- Gain on investments increased by Baht 288 million or 221.5%, driven by an increase in gain on sales trading securities and available for sale securities by Baht 61 million and Baht 63 million, respectively, and a MTM loss on CDOs of Baht 172 million booked in 1Q/08.

- Excess of interest in the net fair value of subsidiary that over purchase cost increasing by Baht 638 million, driven by gain on investments in AIGRB and AIGCC booked in 2Q/09

- Fees and service income increasing by Baht 257 million or 13.1%, driven by increases in bancassurance fees and collection fee income.

- Gain on sales of properties foreclosed decreasing by Baht 141 million or 52.8%, driven by a decrease the sales volume of properties foreclosed.

- Gain on exchange rate decreasing by Baht 113 million or 48.3% in line with a significant drop in exports and trade finance activities.

- Other income increasing by Baht 63 million or 45.0% driven by an increase in bad debt recoveries of Baht 68 million.

Compared with 1Q/09, non-interest income increased by Baht 1,101 or 44.8% driven by:

- Gain on investments increasing by Baht 156 million, driven by an increase in gain on sale trading securities by Baht 124 million.

- Excess of interest in the net fair value of subsidiary that over purchase cost increasing by Baht 638 million, driven by gain on investments in AIGRB and AIGCC booked in 2Q/09

- Fees and service income increasing by Baht 320 million or 16.8%, primarily from the hire purchase business and bancassurance fee.

- Gain on of properties foreclosed increasing by Baht 51 million or 68.0%, primarily from an increase in sales volume.

- Other income increasing by Baht 95 million or 88.0%, primarily from an increase in bad debt recoveries of Baht 68 million and other miscellaneous income of Baht 32 million.

For the six-month period ended June 30, 2009

Compared with 1H/08, non-interest income was Baht 6,013 million, increasing by Baht 1,304 million or 27.7% driven by:

- Gain on investments increasing by Baht 847 million or 123.3%, mainly due to a MTM loss on CDOs of Baht 862 million booked in 1H/08.

- Excess of interest in the net fair value of subsidiary that over purchase cost increasing by Baht 638 million, driven by gain on investments in AIGRB and AIGCC booked in 2Q/09

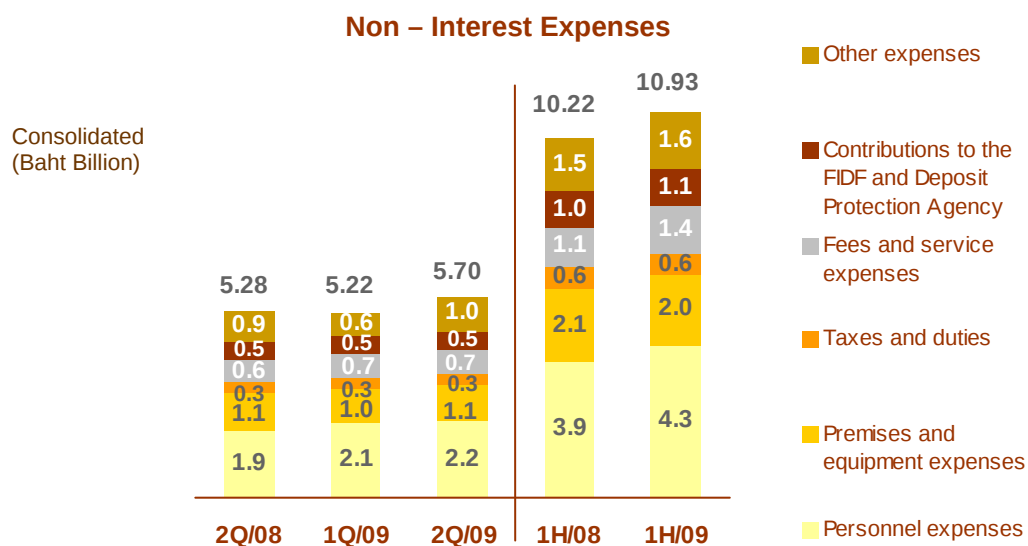
- Fees and service income increasing by Baht 446 million or 12.1% mainly driven by an increase in bancassurance fees and fees from the hire purchase business.

- Other income increasing by Baht 56 million or 21.8% primarily from an increase in bad debt recoveries of Baht 64 million.

2.3 Non-Interest Expenses

Consolidated	2Q/09	1Q/09	2Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Personnel expenses	2,197	2,122	1,891	75	3.5	306	16.2
Premises and equipment expenses	1,056	968	1,080	88	9.1	(24)	(2.2)
Taxes and duties	267	284	333	(17)	(6.0)	(66)	(19.8)
Fees and service expenses	694	712	603	(18)	(2.5)	91	15.1
Directors' remuneration	7	8	10	(1)	(12.5)	(3)	(30.0)
Contributions to the FIDF and							
Depositor Protection Fund	533	519	507	14	2.7	26	5.1
Other expenses	950	609	857	341	56.0	93	10.9
Total Non-Interest Expenses	5,704	5,222	5,281	482	9.2	423	8.0

Consolidated	1H/09	1H/08	Change YoY	
			Baht mn	%
Personnel expenses	4,319	3,853	466	12.1
Premises and equipment expenses	2,025	2,074	(49)	(2.4)
Taxes and duties	550	626	(76)	(12.1)
Fees and service expenses	1,406	1,127	279	24.8
Directors' remuneration	15	17	(2)	(11.8)
Contributions to the FIDF and Depositor Protection Fund	1,052	1,014	38	3.7
Other expenses	1,559	1,508	51	3.4
Total Non-Interest Expenses	10,926	10,219	707	6.9



For the second quarter period ended June 30, 2009

Compared to 2Q/08, non-interest expenses were Baht 5,704 million, an increase of Baht 423 million or 8.0% driven by:

- Personnel expenses increasing of Baht 306 million or 16.2% driven by headcount and annual merit increases of Baht 112 million and the Q2 early retirement program expense of Baht 186 million.
- Fee and service expenses increasing by Baht 91 million or 15.1% driven mainly by an increase in collection fees and commission fees of the hire purchase business.
- Premises and equipment expenses decreasing by Baht 24 million or 2.2%. Taxes and duties expense decreased by Baht 66 million or 19.8%, driven mainly by a decrease in specific business tax of Baht 61 million.

- Other expenses increasing by Baht 93 million or 10.9%, primarily driven by collection outsource expenses of Baht 87 million.

Compared to 1Q/09, non-interest expenses increased by Baht 482 million or 9.2% driven by:

- Personal expenses increasing by Baht 75 million or 3.5% mainly driven by the early retirement program offered in 2Q/09.

- Premises and equipment expenses increasing by Baht 88 million or 9.1% mainly driven by an increase in rental expenses, depreciation expense and maintenance expense

- Fees and services expenses fee decreasing by Baht 18 million or 2.5% mainly driven by a decrease in professional fee.

- Tax and duties decreasing by Baht 17 million or 6.0% mainly contributed by a decrease in specific business tax.

- Other expenses increasing by Baht 341 million or 56.0%, mainly from an increase in reserve for off-balance sheet obligations of Baht 59 million, impairment of properties foreclosed of Baht 37 million and outsource expenses of Baht 25 million.

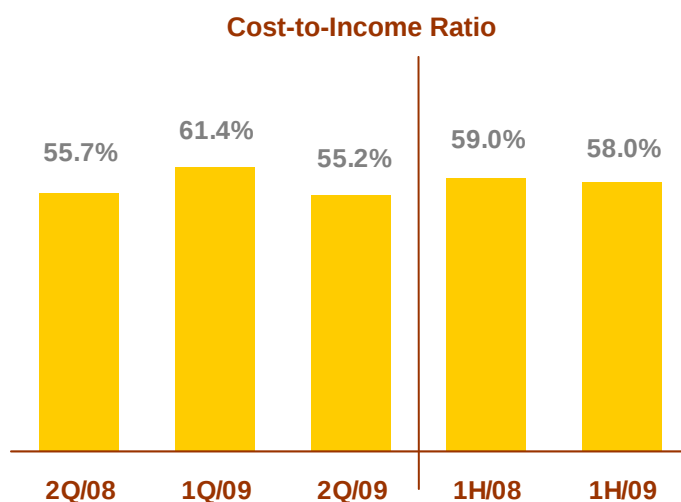
For the six-month period ended June 30, 2009

Compared to 1H/08, non-interest expenses were Baht 10,926 million, an increase of Baht 707 million or 6.9% driven by:

- Personnel expenses increasing by Baht 466 million or 12.1% driven by headcount and annual merit increases of Baht 221 million and the Q2 early retirement program expense of Baht 186 million.

- Fee and service expenses increasing by Baht 279 million or 24.8% driven mainly by an increase in collection fees and commission fees of the hire purchase business.

- Premises and equipment expenses decreasing by Baht 49 million or 2.4%. Taxes and duties expense decrease of Baht 76 million or 12.1%, mainly contributed by a decrease in specific business tax of Baht 57 million.



One of the Bank's objectives is to improve its operating efficiency as reflected in the cost to income ratio. In 2Q/09 the Bank's cost to income ratio significantly improved to 55.2% from 61.4% in the previous quarter.

2.4 Loan Loss Provision

Consolidated	2Q/09	1Q/09	2Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	1,495	1,935	1,316	(440)	(22.7)	179	13.6
Loss on Debt Restructuring	1,041	43	581	998	2,320.9	460	79.2
Total Provisioning	2,536	1,978	1,897	558	28.2	639	33.7

Consolidated	1H/09	1H/08	Change YoY	
			Baht mn	%
Bad Debt and Doubtful Accounts	3,430	3,280	150	4.6
Loss on Debt Restructuring	1,084	518	566	109.3
Total Provisioning	4,514	3,798	716	18.9

Although asset quality remained stable amidst the weakening economy and thus did not require an additional provision, the bank and its subsidiaries set aside loan loss provisions in 2Q/09 totaling Baht 2,536 million, an increase of Baht 558 million or 28.2% from 1Q/09 and an increase of Baht 639 million or 33.7% from 2Q/08. The provision in 1H/09 totaled Baht 4,514 million, an increase of Baht 716 million or 18.9% from 1H/08. The provision increase on a quarter over quarter and year over year basis was to strengthen the balance sheet and provide a more conservative provision in case the economy weakens further in the second half of 2009.

3. Financial Status

3.1 Balance Sheet

Consolidated	As at	As at	As at	Change from		Change from	
	Jun. 30, 09	Mar. 31, 09	Dec. 31, 08	Mar. 31, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	18,316	19,351	20,419	(1,035)	(5.3)	(2,103)	(10.3)
Interbank and money market items, net	67,719	100,687	84,854	(32,968)	(32.7)	(17,135)	(20.2)
Investments, net	56,808	56,609	57,229	199	0.4	(421)	(0.7)
Loans	556,160	535,126	557,077	21,034	3.9	(917)	(0.2)
Accrued interest receivable	1,620	1,555	1,683	65	4.2	(63)	(3.7)
Allowance for doubtful accounts	(35,564)	(32,565)	(31,410)	(2,999)	(9.2)	(4,154)	(13.2)
Revaluation allowance for debt restructuring	(915)	(862)	(897)	(53)	(6.1)	(18)	(2.0)
Properties foreclosed, net	20,710	20,765	21,371	(55)	(0.3)	(661)	(3.1)
Others	34,776	33,579	34,783	1,197	3.6	(7)	(0.0)
TOTAL ASSETS	719,630	734,245	745,109	(14,615)	(2.0)	(25,479)	(3.4)
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	500,563	524,388	537,354	(23,825)	(4.5)	(36,791)	(6.8)
Interbank and money market items	22,260	23,787	20,003	(1,527)	(6.4)	2,257	11.3
Borrowings	89,397	80,563	81,857	8,834	11.0	7,540	9.2
Others	20,235	19,212	20,528	1,023	5.3	(293)	(1.4)
TOTAL LIABILITIES	632,455	647,950	659,742	(15,495)	(2.4)	(27,287)	(4.1)
Issued and paid-up share capital	60,741	60,741	60,741	-	-	-	-
Retained earning	7,302	6,456	5,433	846	13.1	1,869	34.4
Others	19,132	19,099	19,193	33	0.2	(61)	(0.3)
TOTAL SHAREHOLDERS' EQUITY	87,175	86,296	85,367	879	1.0	1,808	2.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	719,630	734,246	745,109	(14,616)	(2.0)	(25,479)	(3.4)

As of June 30, 2009, total assets were Baht 719,630 million, a decrease of Baht 25,479 million or 3.4% from December 31, 2008. Key drivers were a decrease in inter-bank and money market items of 17,135 million or 20.2%, mainly from a decrease in deposit facilities of Baht 19,400 million or 64.5% and a decrease in investments of Baht 421 million or 0.7%. In addition, loans decreased by Baht 917 million or 0.2%, mainly due to lower loan demand in line with the contraction of the economy while loan loss provision increased by Baht 4,172 million or 12.7%. Compared to March 31, 2009, total assets decreased slightly by Baht 14,616 or 2.0%. This decrease was mainly due to a Baht 32,968 million or 37.2% decrease in inter-

bank and money market items while loans grew by Baht 21,034 million or 3.9% mainly as a result of the AIGRB and AIGCC acquisitions.

As of June 30, 2009, total liabilities were Baht 632,455 million, a decrease of Baht 27,287 million or 4.1% from December 31, 2008. The major driver was a decrease in deposits of Baht 36,791 million or 6.8% as a result of lower deposit interest rates in the market which led depositors to employ alternative investment options. On the other hand, interbank and money market items and borrowings increased by Baht 2,257 million and Baht 7,540 million, respectively. Compared to March 31, 2009, total liabilities slightly decreased by Baht 15,495 or 2.4%. Major drivers were a Baht 23,825 million decrease in deposits, while borrowings increased by Baht 8,834 million.

Shareholders' equity was Baht 87,175 million, representing an increase of Baht 1,808 million or 2.1% from December 31, 2008. This increase was due primarily to 1H/09 net income of Baht 2,781 million offset by dividends paid during the 1H/09 of Baht 906 million, a decrease in land and building revaluation of Baht 83 million and a decrease of the revaluation deficit on investments of Baht 10 million.

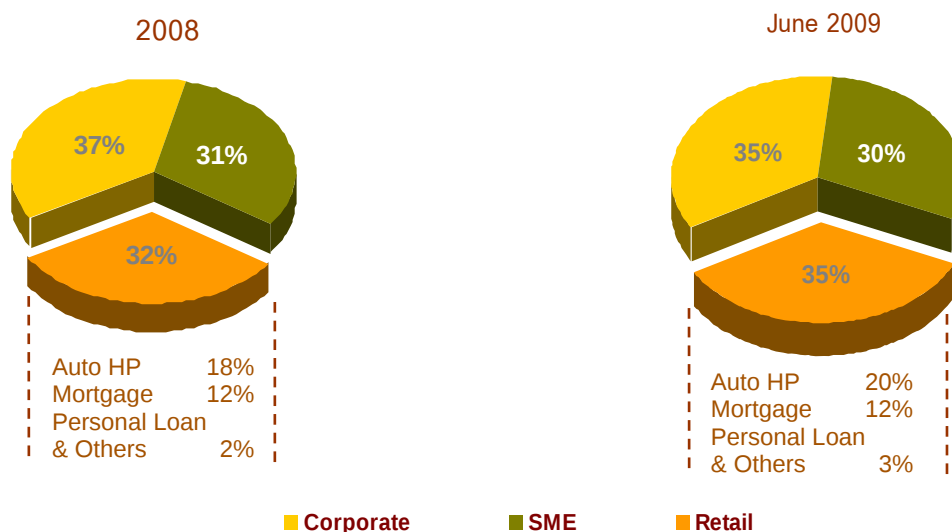
3.2 Details on loans

3.2.1 Loans by segment

Consolidated	Jun. 30, 09	Mar. 31, 09	Dec. 31, 08	Change from		Change from	
				Mar. 31, 2009		Dec. 31, 2008	
				Baht mn	%	Baht mn	%
Corporate	192,464	190,280	203,395	2,184	1.1	(10,931)	(5.4)
SMEs (M+S)	166,071	166,289	172,764	(218)	(0.1)	(6,693)	(3.9)
Retail	197,625	178,557	180,918	19,068	10.7	16,707	9.2
-Hire purchases	112,059	99,851	102,616	12,208	12.2	9,443	9.2
- Housing	69,112	68,438	68,087	674	1.0	1,025	1.5
- Personal & other	16,454	10,268	10,215	6,186	60.2	6,239	61.1
Total	556,160	535,126	557,077	21,034	3.9	(917)	(0.2)

Total loans decreased slightly by Baht 917 million or 0.2% from Baht 557,077 million as of December 31, 2008 to Baht 556,160 million as of June 30, 2009, mainly as a result of the economic slowdown which caused a drop in loan demand. The decline in organic loans was offset by loans from acquisitions of approximately Baht 21,000 million, resulting in the retail loans portfolio increasing from 32% to be 35%.

Loan Composition



3.2.2 Loans classification and Provision

Unit : Baht mn

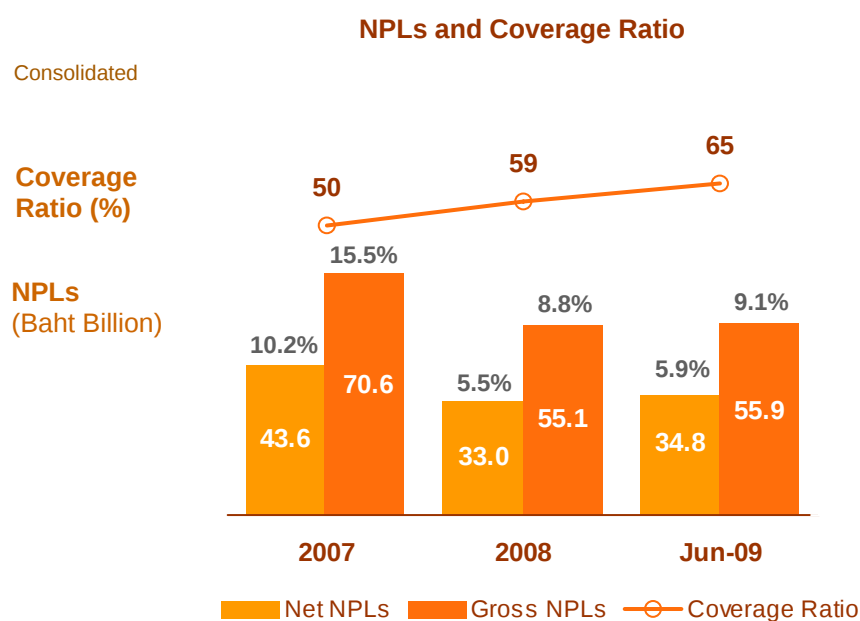
Consolidated	Jun. 30, 2009		Dec. 31, 2008		Change	
	Loans and Accrued Interest	Provision	Loans and Accrued Interest	Provision	Loans and Accrued Interest	Provision
Normal	476,275	2,862	478,590	2,732	(2,315)	130
Special mentioned	24,071	1,171	23,479	517	592	654
Substandard	6,932	2,372	9,256	3,594	(2,324)	(1,222)
Doubtful	9,382	3,722	10,207	5,238	(825)	(1,516)
Doubtful of loss	40,155	14,996	36,227	13,352	3,928	1,644
Total BOT Provision	556,815	25,123	557,759	25,433	(944)	(310)
Plus (less) deferred income / commission	965		1,001		(36)	
Surplus Reserve		10,441		5,977		4,464
Total	557,780	35,564	558,760	31,410	(980)	4,154

Non-performing loans

Unit : Baht mn

Consolidated	Jun 30, 09	Mar. 31, 09	Dec. 31, 08	Change from		Change from	
				Mar.31, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	34,835	34,415	32,954	420	1.2	1,881	5.7
Non-Performing Loans (Gross)	55,927	56,274	55,137	(347)	(0.6)	790	1.4
Loans loss reserves (LLR)	36,517	33,451	32,359	3,066	9.2	4,158	12.8
Coverage	65.3%	59.4%	58.7%	5.9%	9.8	6.6%	11.3
BOT Requirement	26,076	26,876	26,380	(800)	(3.0)	(304)	(1.2)
Actual / Required LLR	140.0%	124.5%	122.7%	15.6%	12.5	17.4%	14.2

Amidst the deteriorating economy in 1H/09, asset quality was satisfactorily controlled resulting in a minimal increase in NPL. As of June 30, 2009, gross non-performing loans increased by Baht 790 million or 1.4% from December 31, 2008, while the surplus reserve increased to Baht 10,441 million from Baht 5,979 million. The coverage ratio increased significantly to 65.3% from 58.7% and the actual provision to BOT requirement ratio increased to 140.0% from 122.7% as of December 31, 2008.



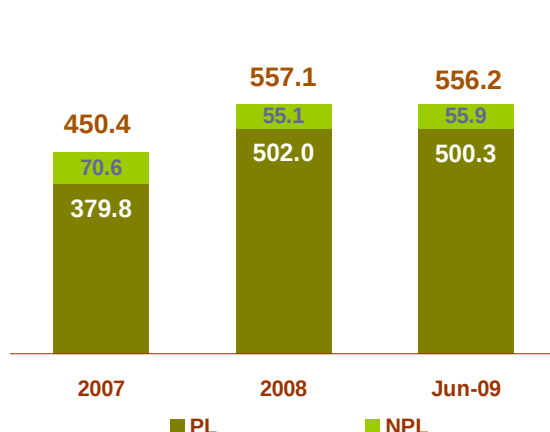
3.3 Details of deposits

Consolidated	Jun. 30, 2009	Dec. 31, 2008	Change		Deposit Structure	
	(Baht mn.)	(Baht mn.)	Baht mn	%	Jun. 30, 2009	Dec. 31, 2008
Current	14,136	17,772	(3,636)	(20.5)	2.82	3.30
Savings	186,257	161,401	24,856	15.4	37.21	30.04
Time	300,170	358,181	(58,011)	(16.2)	59.97	66.66
< 6 months	151,895	101,748	50,147	49.3	30.34	18.94
6 M - 1 Year	42,479	163,080	(120,601)	(74.0)	8.49	30.35
> 1 Year	105,796	93,353	12,443	13.3	21.14	17.37
Total	500,563	537,354	(36,791)	(6.8)	100.00	100.00

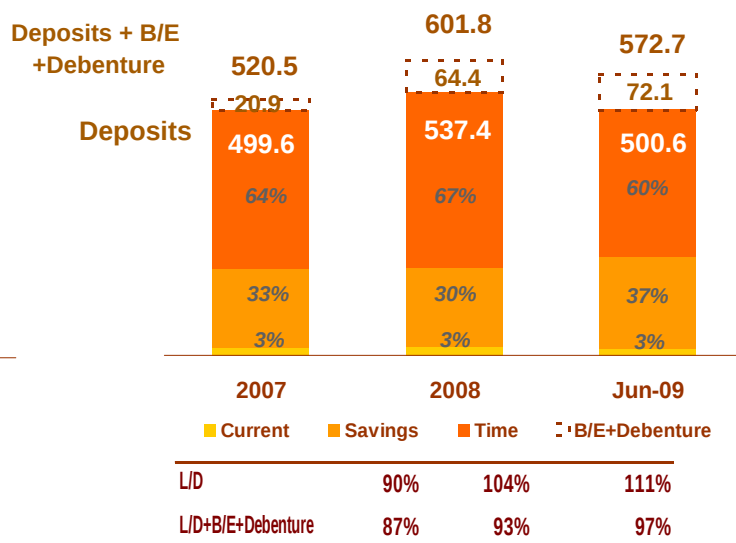
As of June 30, 2009, deposits totaled Baht 500,563 million, a decrease of Baht 36,791 million or 6.8% from December 31, 2008. The decrease was due primarily to a reduction in time deposits of Baht 58,011 million or 16.2% driven by time deposits in the 6 months to 1 year category decreasing by Baht 120,601 million or 74.0% while time deposits with tenors less than 6 months increased by Baht 50,147 million or 49.3% and time deposits with tenors more than 1 year increased by Baht 12,443 million or 13.3%. The portfolio shift was due to the Bank promoting short-term fixed deposit campaigns since Q4/08. At the same time, current deposits decreased by Baht 3,636 million or 20.5% while savings increased by Baht 24,856 million or 15.4%. These movements resulted in a shift in the overall deposit mix with the fixed term deposit portion decreasing from 66.7% to be 60%.

Loans

Baht Billion



Deposits



3.4 Off balance sheet items

Consolidated	Jun.30, 09	Mar. 31, 09	Dec. 31, 08	Change from		Change from	
				Mar. 31, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
<u>Off-Balance Sheet Items - Contingencies</u>							
Avals to bills and Guarantees of loans	3,387	2,957	3,037	430	14.5	350	11.5
Liability under unmatured import bills	1,320	1,217	2,056	103	8.5	(736)	(35.8)
Letters of credit	4,503	6,145	3,691	(1,642)	(26.7)	812	22.0
Other contingencies	248,930	241,526	243,920	7,404	3.1	5,010	2.1
Total	258,140	251,845	252,704	6,295	2.5	5,436	2.2

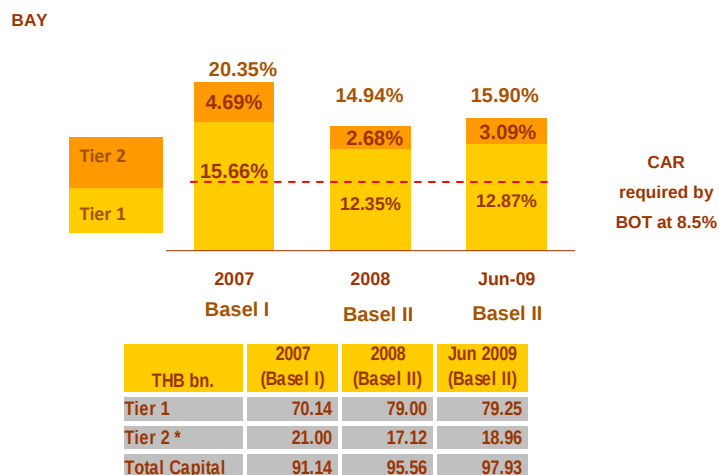
The Bank and subsidiaries' off balance sheet items as of June 30, 2009 totaled Baht 258,140 million, an increase of Baht 5,436 million or 2.2% as compared to December 31, 2008. This was due mainly to an increase in other contingencies by Baht 5,010 million as a result of an increase in the level of FX transactions of Baht 3,967 million.

3.5 Statutory Capital

The Bank changed the method of capital calculation from Basel I to Basel II effective as of December 31, 2008 as required by the Bank of Thailand.

As of June 30, 2009, the Bank's capital totaled Baht 97,930 million, equivalent to 15.90% of risk-weighted assets with 12.87% in Tier 1 capital. The Bank's capital base remained at a healthy level, thus supporting further potential inorganic growth activities in the Bank.

Capital Adequacy Ratio



Note: * Capital before reduction of investment revaluation discretion (net) in securities available for sale

4. Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of June 30, 2009 are as follows:

Moody's Investors Service

Bank Deposits

- Long Term	Baa2
- Short Term	Prime-2

Debt

- Long Term -Senior Debt	Baa2
- Long Term -Subordinated	Ba1
- Short Term	Prime-3

Debt and Deposit Rating Outlook	Stable
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Bank Financial Strength Ratings	D
Outlook	Stable

Standard and Poor's

Local Currency

- Long Term	BBB-
- Short Term	A-3

Foreign Currency

- Long Term - Senior Debt	BBB-
- Short Term	A-3

Bank Financial Strength Ratings	C
Outlook	Stable

Fitch Ratings

Foreign Currency Issuer Default

- Long Term	BBB
- Subordinated Debt	BBB-
- Short Term	F3
- Individual Rating	C
- Support	3
- Support Rating Floor	BB+
- Outlook	Negative

National Ratings

- Long Term –Senior Debt	AA- (tha)
- Subordinated Debt	A+ (tha)
- Short Term	F1+ (tha)
- Outlook	Stable