



Management Discussion and Analysis

For the quarter and nine-month period ended September 30, 2009

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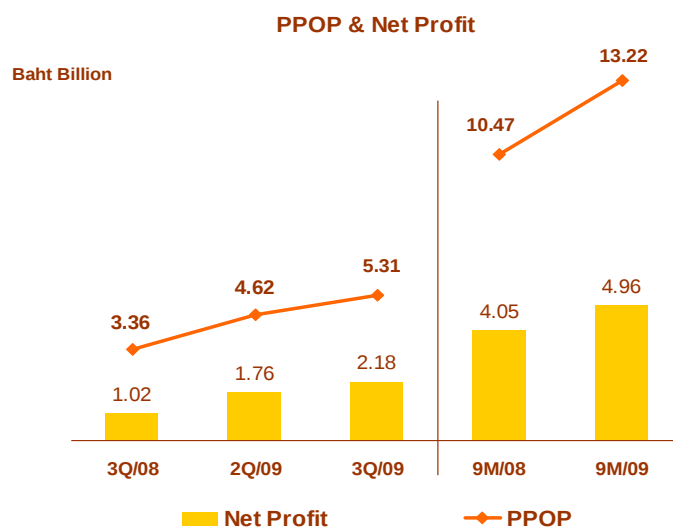
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Management Discussion and Analysis (MD&A)

1. Summary of Financial Performance and Status

Statements of Income Consolidated	3Q/09	2Q/09	3Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest and Dividend Income	9,515	9,455	10,916	60	0.6	(1,401)	(12.8)
Interest Expenses	2,250	2,686	3,820	(436)	(16.2)	(1,570)	(41.1)
Interest and Dividend Income, Net	7,265	6,769	7,096	496	7.3	169	2.4
Non-Interest Income	3,736	3,557	1,591	179	5.0	2,145	134.8
Non- Interest Expenses	5,692	5,704	5,326	(12)	(0.2)	366	6.9
Pre-Provision Operating Profit (PPOP)	5,309	4,622	3,361	687	14.9	1,948	58.0
Bad Debt and Doubtful Accounts	3,074	1,495	2,037	1,579	105.6	1,037	50.9
Loss (Gain) on Debt Restructuring	(537)	1,041	32	(1,578)	(151.6)	(569)	(1,778.1)
Income Tax Expenses	596	330	275	266	80.6	321	116.7
Net Income	2,176	1,756	1,017	420	23.9	1,159	114.0
Attributable To							
Equity Holders of the Bank	2,172	1,752	1,019	420	24.0	1,153	113.2
Minority Interest	4	4	(2)	0	0.0	6	300.0
Net Income	2,176	1,756	1,017	420	23.9	1,159	114.0
Earning Per Share [Baht]	0.36	0.29	0.17	0.07	24.1	0.19	111.76

Statements of Income Consolidated	9 Months	9 Months	Change YoY	
	2009	2008	Baht mn	%
Interest and Dividend Income	28,639	30,393	(1,754)	(5.8)
Interest Expenses	8,554	10,674	(2,120)	(19.9)
Interest and Dividend Income, Net	20,085	19,719	366	1.9
Non-Interest Income	9,748	6,299	3,449	54.8
Non- Interest Expenses	16,618	15,545	1,073	6.9
Pre-Provision Operating Profit (PPOP)	13,215	10,473	2,742	26.2
Bad Debt and Doubtful Accounts	6,504	5,316	1,188	22.3
Loss (Gain) on Debt Restructuring	547	551	(4)	(0.7)
Income Tax Expenses	1,208	558	650	116.5
Net Income	4,956	4,048	908	22.4
Attributable To				
Equity Holders of the Bank	4,951	4,052	899	22.2
Minority Interest	5	(4)	9	225.0
Net Income	4,956	4,048	908	22.4
Earning Per Share [Baht]	0.82	0.70	0.12	17.14



In 3Q/09 the Bank completed the acquisition of CFG Services Company Limited (“CFGS”), a hire-purchase and title loans business of AIG, and its financial results have been consolidated into the Bank. As of the acquisition date, September 9, 2009, total assets of CFGS were Baht 1,841 million with an auto and personal loans portfolio totaling Baht 1,252 million in total.

For the third quarter period ended September 30, 2009

In the third quarter of 2009, although the economy improved slightly from 1H/09, the overall economy was still weak. However, 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 5,309 million representing an increase of Baht 1,948 million or 58% year over year when compared to 3Q/08. A major contribution was from a 134.8% growth in non-interest income while non-interest expenses grew by only 6.9%. In addition, net interest and dividend income increased by 2.4% as a result of an improvement in the cost of funds. A Baht 2,537 million provision for bad debt and doubtful accounts was set aside consistent with the provision level in 2Q/09. This resulted in an increase in the consolidated loan loss coverage ratio from 65% to 68% at the end of 3Q/2009 as asset quality remained stable despite the weak economy. After the provision and a tax expense of Baht 596 million, a net profit of Baht 2,176 million was posted in 3Q/09, a 114% increase when compared to 3Q/08.

The 3Q/09 operating profit before provisioning for doubtful accounts and taxes increased by Baht 687 million or 14.9% compared to the prior quarter while net profit increased by Baht 420 million or 23.9%. These improvements were mainly due to an increase in net interest income and non-interest income of 7.3% and 5% respectively. A major contribution to an improvement in net interest income was a decrease in interest expenses by Baht 436 million or 16.2% as time deposits continued to mature and be re-priced to the current lower rate.

For the nine-month period ended September 30, 2009

For nine-month period, Bank of Ayudhya Pcl and its subsidiaries also recorded a strong operating performance. The operating profit before provisioning for doubtful accounts and taxes was Baht 13,215 million representing an increase of Baht 2,742 million or 26.2% year over year when compared to the nine-month period ended September 30, 2008. Over the same period non-interest income increased by Baht 3,449 million or 54.8% resulting from current year one time gains on investment of Baht 781 million compared to last year's MTM loss on CDOs of Baht 1,714 million. Concurrently, non-interest expenses only grew by Baht 1,073 million or 6.9%. After setting aside Baht 7,051 million in provisions for bad debt and doubtful accounts and Baht 1,208 for tax expense, a net profit of Baht 4,956 million was posted representing a Baht 908 million or 22.4% increase year over year.

Consolidated	As at	As at	As at	Change from		Change	
	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08	Jun. 30, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
Assets	750,601	719,390	744,755	31,211	4.3	5,846	0.8
Loans	557,553	556,160	557,077	1,393	0.3	476	0.1
Deposits	513,344	500,418	537,354	12,926	2.6	(24,010)	(4.5)
Liabilities	660,097	632,215	659,387	27,882	4.4	710	0.1
Shareholders' Equity	90,504	87,175	85,368	3,329	3.8	5,136	6.0

As of September 30, 2009, total assets were Baht 750,601 million, an increase of Baht 5,846 million or 0.8% from December 31, 2008. Key drivers were an increase in investments of 6,376 million or 11.2%, mainly from an increase in investments in government bonds of Baht 7,800 million or 64.5% and an increase in loans of Baht 476 million.

As of September 30, 2009, total liabilities were Baht 660,097 million, an increase of Baht 710 million or 0.1% from December 31, 2008. The major drivers were an increase in interbank and money market items and borrowings of Baht 11,200 million and Baht 2,913 million, respectively. In addition, other liabilities increased by Baht 10,607 million, mainly from an increase in liability under collateral of Baht 8,180 million while deposits decreased by Baht 24,010 million or 4.5% as a result of low deposit interest rates in the market which led depositors to switch to alternative investment options.

Shareholders' equity was Baht 90,504 million, representing an increase of Baht 5,136 million or 6.0% from December 31, 2008. This increase was due primarily to a net income of Baht 4,951 million for the nine-month period offset by dividends paid of Baht 1,814 million, an increase in land and building revaluation and minority interest of Baht 1,757 million and Baht 68 million, respectively, and an increase of the revaluation deficit on investments of Baht 174 million.

2. Financial Performance

2.1 Net interest and dividend income

Consolidated	3Q/09	2Q/09	3Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST AND DIVIDEND INCOME							
Interest on loans	5,638	5,728	6,353	(90)	(1.6)	(715)	(11.3)
Interest on interbank and money market items	140	218	577	(78)	(35.8)	(437)	(75.7)
Hire purchase and financial lease income	3,205	3,126	3,346	79	2.5	(141)	(4.2)
Investments	532	383	640	149	38.9	(108)	(16.9)
Total Interest and Dividend Income	9,515	9,455	10,916	60	0.6	(1,401)	(12.8)
INTEREST EXPENSES							
Interest on deposits	1,208	1,652	2,724	(444)	(26.9)	(1,516)	(55.7)
Interest on interbank and money market items	196	201	253	(5)	(2.5)	(57)	(22.5)
Interest on short-term borrowings	333	213	122	120	56.3	211	173.0
Interest on long-term borrowings	513	620	721	(107)	(17.3)	(208)	(28.8)
Total Interest Expenses	2,250	2,686	3,820	(436)	(16.2)	(1,570)	(41.1)
Interest and Dividend Income, net	7,265	6,769	7,096	496	7.3	169	2.4
Net Interest Margin	4.24%	3.98%	4.17%				
Yield on Earning Assets	5.55%	5.56%	6.42%				
Cost of Funds	1.45%	1.73%	2.46%				

Consolidated	9 Months	9 Months	Change YoY	
	2009	2008	Baht mn	%
INTEREST AND DIVIDEND INCOME				
Interest on loans	17,327	19,050	(1,723)	(9.0)
Interest on interbank and money market items	759	1,877	(1,118)	(59.6)
Hire purchase and financial lease income	9,178	7,541	1,637	21.7
Investments	1,375	1,925	(550)	(28.6)
Total Interest and Dividend Income	28,639	30,393	(1,754)	(5.8)
INTEREST EXPENSES				
Interest on deposits	5,465	7,811	(2,346)	(30.0)
Interest on interbank and money market items	570	772	(202)	(26.2)
Interest on short-term borrowings	609	459	150	32.7
Interest on long-term borrowings	1,910	1,632	278	17.0
Total Interest Expenses	8,554	10,674	(2,120)	(19.9)
Interest and Dividend Income, net	20,085	19,719	366	1.9
Net Interest Margin	3.87%	4.15%		
Yield on Earning Assets	5.52%	6.39%		
Cost of Funds	1.80%	2.47%		

For the third quarter period ended September 30, 2009

Net interest and dividend income in 3Q/09 was Baht 7,265 million, an increase of Baht 169 million or 2.4% as compared to the same period last year. On a quarter on quarter basis, net interest and dividend income increased by Baht 496 million or 7.3%. This increase was mainly due to a 26.9% decrease in interest on deposits as long-term time deposits continued to mature and be re-priced to the current lower rates.

Details of interest and dividend income and interest expenses are:

Compared to 3Q/08, interest and dividend income for 3Q/09 was Baht 9,515 million, a decrease of Baht 1,401 million or 12.8% year on year driven by:

- Interest on loans of Baht 5,638 million, decreasing by Baht 715 million or 11.3% as a result of lower interest rates.
- Interest on inter-bank and money market items of Baht 140 million, decreasing by Baht 437 million or 75.7%, as a result of lower interest rates in line with the market.
- Hire purchase and financial lease income of Baht 3,205 million, decreasing by Baht 141 million or 4.2%, as a result of lower interest rates in line with the market.

- Income on investments of Baht 532 million, decreasing by Baht 108 million or 16.9% mainly resulting from a decrease in dividends from the equity portfolio of listed companies and the lower average interest rates.

Interest expenses for 3Q/09 were Baht 2,250 million, a decrease of Baht 1,570 million or 41.1% from 3Q/08 driven by:

- Interest on deposits of Baht 1,208 million, decreasing by Baht 1,516 million or 55.7% mainly resulting from lower interest rates.

- Interest on inter-bank and money market items of Baht 196 million, decreasing by Baht 57 million or 22.5% due mainly to a lower interest rate in the market.

- Interest on short-term borrowings of Baht 333 million, increasing by Baht 211 million or 173% resulting primarily from an increase in the current portion of debentures of Baht 26,188 million in March and June 2009.

- Interest on long-term borrowings of Baht 513 million, decreasing by Baht 208 million or 28.8% due mainly to debentures of Baht 26,188 million moving to short-term borrowings in March and June 2009

Compared to 2Q/09, interest and dividend income for 3Q/09 decreased by Baht 60 million or 0.6% driven by:

- Lower interest on loans of Baht 90 million or 1.6% resulting from a decrease in interest rates and the outstanding balance.

- A decrease in interest on inter-bank and money market items of Baht 78 million or 35.8%, due mainly to the lower interest rates in the market and a decrease in outstanding balance.

- An increase in hire purchase and financial lease income of Baht 79 million or 2.5% resulting primarily from the CFGS acquisition on September 9, 2009.

- An increase in income on investments of Baht 149 million or 38.9% mainly resulting from the increase in the outstanding balance.

Interest expenses reduced by Baht 436 million or 16.2% driven by:

- A decrease in interest on deposits of Baht 444 million or 26.9% resulting from lower interest rates as time deposits continued to mature and be re-priced.

- A decrease in interest on inter-bank and money market items of Baht 5 million or 2.5% due mainly to the lower interest rates in the market.

- An increase in interest on short-term borrowings of Baht 120 million or 56.3% resulting primarily from an increase in the current portion of debentures in June 2009.

- A decrease in interest on long-term borrowings of Baht 107 million or 17.3% due mainly to current portion debentures moving to short-term borrowings in June 2009.

For the nine-month period ended September 30, 2009

Net interest and dividend income for the nine-month period ended September 30, 2009 was Baht 20,085 million, an increase of Baht 366 million or 1.9% as compared to the same period last year.

Details of interest and dividend income and interest expenses are:

Interest and dividend income for the nine-month period ended September 30, 2009 was Baht 28,639 million, decreasing by Baht 1,754 million or 5.8% year on year driven by:

- Interest on loans of Baht 17,327 million, decreasing by Baht 1,723 million or 9%, resulting from lower average rates in the market.

- Interest on inter-bank and money market items of Baht 759 million, decreasing by Baht 1,118 million or 59.6%, due mainly to the lower interest rates in the market.

- Hire purchase and financial lease income of Baht 9,178 million, increasing by Baht 1,637 million or 21.7% resulting primarily from the AIGRB and AIGCC acquisitions on April 8, 2009 and the CFGS acquisition on September 9, 2009.

- Income on investments of Baht 1,375 million, decreasing by Baht 550 million or 28.6% mainly resulting from lower average rates and a decrease in dividends received from the equity portfolio of listed companies.

Interest expenses for the nine-month period ended September 30, 2009 was Baht 8,554 million, a decrease of Baht 2,120 million or 19.9% from the nine-month period ended September 30, 2008 driven by:

- Interest on deposits of Baht 5,465 million, decreasing by Baht 2,346 million or 30% resulting from lower interest rates.

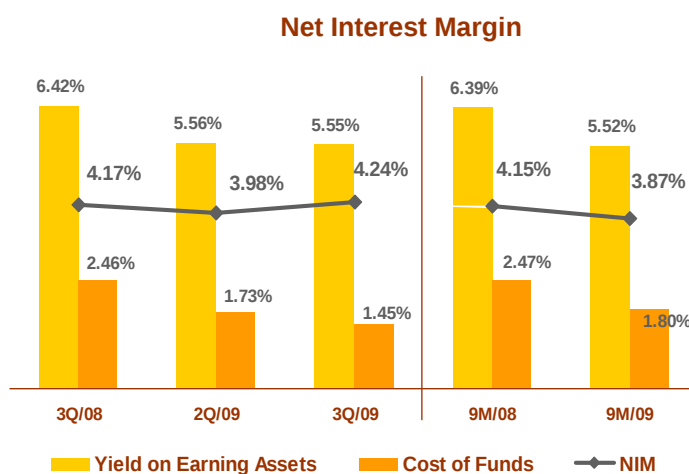
- Interest on inter-bank and money market items of Baht 570 million, decreasing by Baht 202 million or 26.2% due mainly to the lower interest rates in the market.

- Interest on short-term borrowings of Baht 609 million, increasing by Baht 150 million or 32.7% resulting from an increase in the current portion of debentures of Baht 26,188 million in March and June 2009.

- Interest on long-term borrowings of Baht 1,910 million, increasing by Baht 278 million or 17.0% resulting from long-term debentures of Baht 19,667 million issued during March, June and December 2008, in which the interest were recoded for a full 9 months in 2009. In addition there was BE issuance in the amount of Baht 1,622 million in 3Q/09.

Net interest margin (NIM) for 3Q/09 was 4.24%, increasing slightly from last year but improving significantly from 2Q/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 experiencing 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 3Q/09.



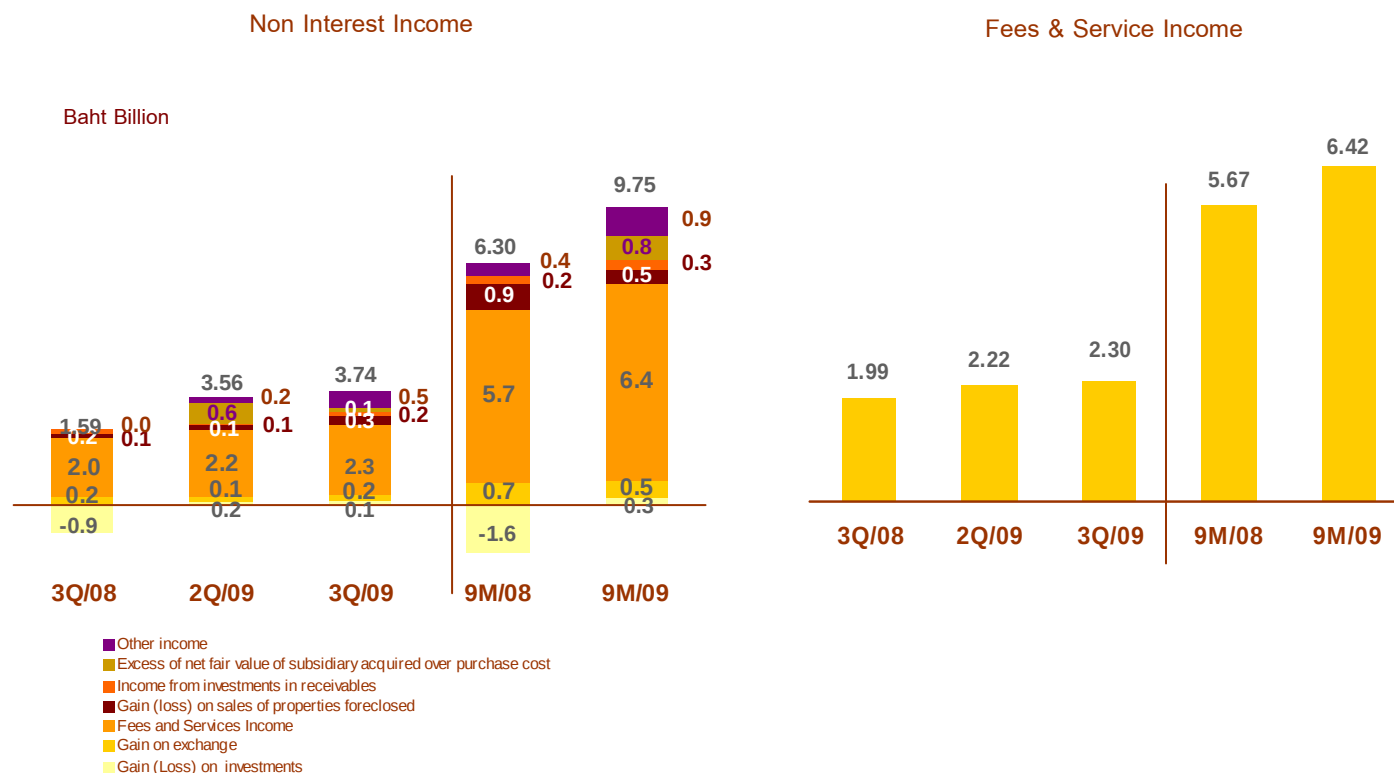
	Sep-08	Dec-08	Jan-09	Mar-09	Jun-09	Sep-09
Policy Rate	3.75%	2.75%	2.00%	1.50%	1.25%	1.25%
BAY Lending Rate	7.50%	7.00%	6.75%	6.50%	6.25%	6.25%
Fixed Deposit rate						
3 - month deposits	2.375-2.625%	1.625-2.625%	1.25-1.50%	1.00%	0.75%	0.75%
6 - month deposits	2.50-2.75%	1.75-2.75%	1.50%	1.00%	0.75%	0.75%
12 - month deposits	2.75-3.00%	2.00-3.00%	1.75%	1.25%	1.00-1.50%	1.00-1.50%



2.2 Non-Interest Income

Consolidated	3Q/09	2Q/09	3Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gain (loss) on investments	131	158	(898)	(27)	(17.1)	1,029	114.6
Income (loss) from equity interest in associated company	(21)	28	(67)	(49)	(175.0)	46	(68.7)
Fees and service income							
- Acceptances, aval and guarantees	12	13	13	(1)	(7.7)	(1)	(7.7)
- Others	2,288	2,207	1,980	81	3.7	308	15.6
Gain on exchange	196	121	234	75	62.0	(38)	(16.2)
Gain (loss) on sales of properties foreclosed	308	126	156	182	144.4	152	97.4
Income from investments in receivables	156	63	76	93	147.6	80	105.3
Excess of net fair value of acquired subsidiary over purchase cost	142	638	0	(496)	(77.7)	142	100.0
Other income	524	203	97	321	158.1	427	440.2
Total Non-Interest Income	3,736	3,557	1,591	179	5.0	2,145	134.8

Consolidated	9 Months	9 Months	Change YoY	
	2009	2008	Baht mn	%
Gain (loss) on investments	291	(1,585)	1,876	118.4
Income (loss) from equity interest in associated company	92	33	59	178.8
Fees and service income				
- Acceptances, aval and guarantees	36	38	(2)	(5.3)
- Others	6,382	5,627	755	13.4
Gain on exchange	521	720	(199)	(27.6)
Gain (loss) on sales of properties foreclosed	509	883	(374)	(42.4)
Income from investments in receivables	301	229	72	31.4
Excess of net fair value of acquired subsidiary over purchase cost	781	0	781	100.0
Other income	835	354	481	135.9
Total Non-Interest Income	9,748	6,299	3,449	54.8



For the third quarter period ended September 30, 2009

Compared with 3Q/08, non-interest income was Baht 3,736 million, an increase of Baht 2,145 million or 134.8% driven by:

- Gain on investments increasing by Baht 1,029 million or 114.6%, driven by an increase in gain on sales trading securities and available for sale securities by Baht 116 million and Baht 62 million, respectively, and a MTM loss on CDOs of Baht 852 million booked in 3Q/08.

- Excess of net fair value of subsidiary acquired over purchase cost increasing by Baht 142 million, driven by gain on investments in CFGS of Baht 89 million and adjustment of gain on investment in AIGRB and AIGCC of Baht 53 million.

- Fees and service income increasing by Baht 307 million or 15.4%, driven by increases in credit card fees, ATM fees, bancassurance fees, collection fees and fee from hire-purchase business of Baht 106 million, Baht 48 million, Baht 24 million, Baht 39 and Baht 42 million, respectively.

- Gain on sales of properties foreclosed increasing by Baht 152 million or 97.4%, driven by an increase in sales volume of properties foreclosed.

- Gain on exchange decreasing by Baht 38 million or 16.2% in line with a significant drop in exports and trade finance activities.

- Other income increasing by Baht 427 million or 440.2% mainly driven by an increase in bad debt recoveries of Baht 397 million.

Compared with 2Q/09, non-interest income increased by Baht 179 million or 5% driven by:

- Gain on investments decreasing by Baht 27 million, driven by a decrease in gain on sale of equity securities and debt securities of Baht 24 million.
- Excess of net fair value of subsidiary acquired over purchase cost decreasing by Baht 496 million or 77.7%, driven by initial gains on investments in AIGRB and AIGCC booked in 2Q/09.
- Fees and service income increasing by Baht 80 million or 3.6%, primarily from credit card fees of Baht 102 million while other fees decreased by Baht 37 million
- Gain on sales of properties foreclosed increasing by Baht 182 million or 144.4%, primarily from an increase in sales volume.
- Other income increasing by Baht 321 million or 158.1%, primarily from an increase in bad debt recoveries of Baht 329 million.

For the nine-month period ended September 30, 2009

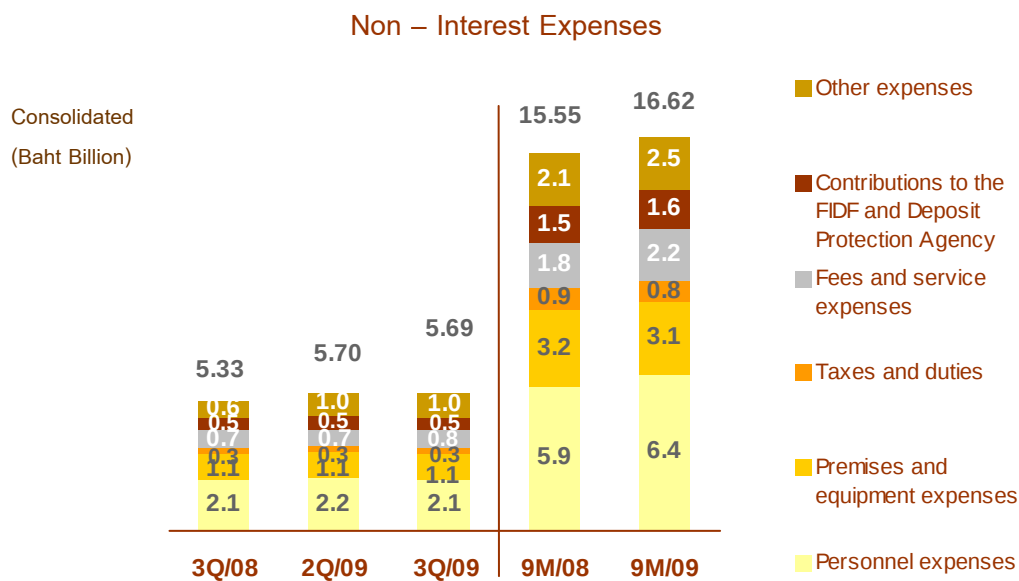
Compared with the nine-month period ended September 30, 2009 non-interest income was Baht 9,748 million, increasing by Baht 3,449 million or 54.8% driven by:

- Gain on investments increasing by Baht 1,876 million or 118.4%, mainly due to a MTM loss on CDOs of Baht 1,714 million booked in the same period last year and an increase in gain on sales of equity securities of Baht 175 million.
- Excess of net fair value of subsidiary acquired over purchase cost increasing by Baht 781 million, driven by gains on investments in AIGRB and AIGCC of Baht 692 million and CFGS of Baht 89 million.
- Fees and service income increasing by Baht 753 million or 13.3% mainly driven by an increase in bancassurance fees, credit card fees, collection fees and fees from the hire purchase business of Baht 129 million, Baht 120 million, Baht 79 million and Baht 372 million, respectively.
- Other income increasing by Baht 481 million or 135.9% primarily from an increase in bad debt recoveries of Baht 461 million.

2.3 Non-Interest Expenses

Consolidated	3Q/09	2Q/09	3Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Personnel expenses	2,094	2,197	2,088	(103)	(4.7)	6	0.3
Premises and equipment expenses	1,064	1,056	1,087	8	0.8	(23)	(2.1)
Taxes and duties	274	267	290	7	2.6	(16)	(5.5)
Fees and service expenses	768	694	717	74	10.7	51	7.1
Directors' remuneration	7	7	9	0	0.0	(2)	(22.2)
Contributions to the FIDF and Depositor Protection Fund	526	533	528	(7)	(1.3)	(2)	(0.4)
Other expenses	959	950	607	9	0.9	352	58.0
Total Non-Interest Expenses	5,692	5,704	5,326	(12)	(0.2)	366	6.9

Consolidated	9 Months	9 Months	Change YoY	
	2009	2008	Baht mn	%
Personnel expenses	6,414	5,941	473	8.0
Premises and equipment expenses	3,089	3,161	(72)	(2.3)
Taxes and duties	824	916	(92)	(10.0)
Fees and service expenses	2,174	1,844	330	17.9
Directors' remuneration	22	26	(4)	(15.4)
Contributions to the FIDF and Depositor Protection Fund	1,578	1,542	36	2.3
Other expenses	2,517	2,115	402	19.0
Total Non-Interest Expenses	16,618	15,545	1,073	6.9



For the third quarter period ended September 30, 2009

Compared to 3Q/08, non-interest expenses were Baht 5,692 million, an increase of Baht 366 million or 6.9% driven by:

- Personnel expenses increasing only slightly by Baht 6 million or 0.3% due mainly to the AIGRB, AIGCC and CFGS acquisitions.
- Fee and service expenses increasing by Baht 51 million or 7.1% driven mainly by an increase in ATM fees of Baht 55 million.
- Premises and equipment expenses decreasing by Baht 23 million or 2.1%.
- Taxes and duties expense decreasing by Baht 16 million or 5.5%, driven mainly by a decrease in specific business tax of Baht 12 million.
- Other expenses increasing by Baht 352 million or 58%, primarily driven by loss on impairment of property foreclosed and loss on impaired assets transferred to TAMC of Baht 146 million and Baht 100 million, respectively, and an increase in outsource expenses of Baht 111 million.

Compared to 2Q/09, non-interest expenses decreased by Baht 12 million or 0.2% driven by:

- Personal expenses decreasing by Baht 103 million or 4.7% mainly driven by the early retirement program offered in 2Q/09 and an overall reduction in total headcount.
- Premises and equipment expenses increasing by Baht 8 million or 0.8% mainly driven by increases in depreciation expense and maintenance expense.
- Fees and service expenses increasing by Baht 74 million or 10.7% mainly driven by collection fees and professional service fees of Baht 15 million and Baht 46 million, respectively.

- Tax and duties increasing by Baht 7 million or 2.6% mainly driven by an increase in specific business tax of Baht 10 million.

- Other expenses increasing by Baht 9 million or 0.9%, mainly from an increase in impairment of properties foreclosed of Baht 180 million offset by decreases in the reserve for off-balance sheet obligations of Baht 137 million and other expenses of Baht 34 million.

For the nine-month period ended September 30, 2009

Compared to the nine-month period ended September 30, 2009, non-interest expenses were Baht 16,618 million, an increase of Baht 1,073 million or 6.9% driven by:

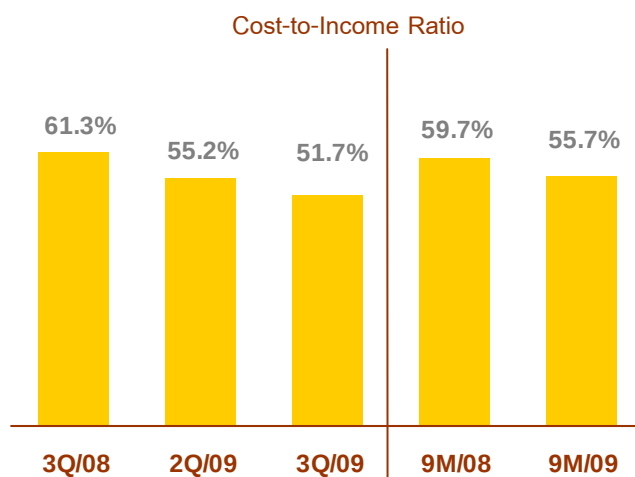
- Personnel expenses increasing by Baht 473 million or 8% mainly driven by annual merit increases of Baht 298 million and early retirement program expense of Baht 186 million in 2Q/09.

- Fees and service expenses increasing by Baht 330 million or 17.9% driven mainly by an increase in ATM Fees, card fees and collection fees of Baht 188 million, Baht 103 million and Baht 107 million, respectively.

- Premises and equipment expenses decreasing by Baht 72 million or 2.3%.

- Taxes and duties expense decrease of Baht 92 million or 10%, mainly contributed by a decrease in specific business tax of Baht 69 million.

- Other expenses increasing by Baht 402 million or 19%, mainly from an increase in properties foreclosed expenses of Baht 41 million, reserve on other receivable from subsidiary of Baht 49 million, legal expenses of Baht 66 million and outsource expenses of Baht 261 million.



One of the Bank's objectives is to improve its operating efficiency as reflected in the cost to income ratio. In 3Q/09 the Bank's cost to income ratio significantly improved to 51.7% from 55.2% and 61.3% in the 2Q/09 and 3Q/08, respectively.

2.4 Loan Loss Provision

Consolidated	3Q/09	2Q/09	3Q/08	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	3,074	1,495	2,037	1,579	105.6	1,037	50.9
Loss on Debt Restructuring	(537)	1,041	32	(1,578)	(151.6)	(569)	(1,778.1)
Total Provisioning	2,537	2,536	2,069	1	0.0	468	22.6

Consolidated	9 Months	9 Months	Change YoY	
	2009	2008	Baht mn	%
Bad Debt and Doubtful Accounts	6,504	5,316	1,188	22.3
Loss on Debt Restructuring	547	551	(4)	(0.7)
Total Provisioning	7,051	5,867	1,184	20.2

Although asset quality remained stable amidst the weakening economy, the bank and its subsidiaries set aside loan loss provisions in 3Q/09 totaling Baht 2,537 million, the same level as in 2Q/09 and an increase of Baht 468 million or 22.6% from 3Q/08. The provision for the nine-month period ended September 30, 2009, totaled Baht 7,051 million, an increase of Baht 1,184 million or 20.2% from the nine-month period ended September 30, 2008. The provision increase on a year over year basis was to strengthen the balance sheet and provide a more conservative provision in case the economy weakens further in the fourth quarter of 2009. The consolidated loan loss coverage ratio was thus strengthened to 68% level up from 65% and 57% in 2Q/09 and 3Q/08, respectively.

3. Financial Status

3.1 Balance Sheet

Consolidated	As at	As at	As at	Change from		Change from	
	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08	Jun. 30, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
<u>ASSETS</u>							
Cash	16,878	18,316	20,419	(1,438)	(7.9)	(3,541)	(17.3)
Interbank and money market items, net	83,810	67,719	84,854	16,091	23.8	(1,044)	(1.2)
Investments, net	63,190	56,568	56,875	6,622	11.7	6,315	11.1
Loans	557,553	556,160	557,077	1,393	0.3	476	0.1
Accrued interest receivable	1,542	1,620	1,683	(78)	(4.8)	(141)	(8.4)
Allowance for doubtful accounts	(37,327)	(35,564)	(31,410)	(1,763)	(5.0)	(5,917)	(18.8)
Revaluation allowance for debt restructuring	(352)	(915)	(897)	563	61.5	545	60.8
Properties foreclosed, net	19,410	20,710	21,371	(1,300)	(6.3)	(1,961)	(9.2)
Others	45,897	34,776	34,783	11,121	32.0	11,114	32.0
TOTAL ASSETS	750,601	719,390	744,755	31,211	4.3	5,846	0.8
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>							
Deposits	513,344	500,418	537,354	12,926	2.6	(24,010)	(4.5)
Interbank and money market items	31,203	22,260	20,003	8,943	40.2	11,200	56.0
Borrowings	84,770	89,397	81,857	(4,627)	(5.2)	2,913	3.6
Others	30,780	20,140	20,173	10,640	52.8	10,607	52.6
TOTAL LIABILITIES	660,097	632,215	659,387	27,882	4.4	710	0.1
Issued and paid-up share capital	60,741	60,741	60,741	-	-	-	-
Retained earning	8,566	7,302	5,433	1,264	17.3	3,133	57.7
Others	21,197	19,132	19,194	2,065	10.8	2,003	10.4
TOTAL SHAREHOLDERS' EQUITY	90,504	87,175	85,368	3,329	3.8	5,136	6.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	750,601	719,390	744,755	31,211	4.3	5,846	0.8

As of September 30, 2009, total assets were Baht 750,601 million, an increase of Baht 5,846 million or 0.8% from December 31, 2008. Key drivers were an increase in investments of 6,315 million or 11.1%, mainly from an increase in investments in government bonds of Baht 7,800 million or 64.5% and an increase in other assets of Baht 11,114 million or 32.0%, mainly from an increase in customer liability under collateral of Baht 8,180 million and property premise and equipment increased by Baht 1,493 million. In addition, loans increased by Baht 476 million while loan loss provision increased by Baht 5,917 million or 18.8%. Moreover, cash and interbank and money market items decreased by Baht 3,541 million and Baht 1,082 million, respectively.

Compared to June 30, 2009, total assets increased by Baht 31,211 or 4.3%. This increase was mainly due to a Baht 16,091 million or 23.8% increase in inter-bank and money market items and increase in investments and other assets of Baht 6,622 million and Baht 11,121 million, respectively.

As of September 30, 2009, total liabilities were Baht 660,097 million, an increase of Baht 710 million or 0.1% from December 31, 2008. Major drivers included an increase in interbank and money market items and borrowings of Baht 11,200 million and Baht 2,913 million, respectively. In addition, an increase in other liabilities of Baht 10,607 million was mainly driven from an increase in liability under collateral deliver of Baht 8,180 million, while deposits decreased by Baht 24,010 million or 4.5% as a result of lower deposit interest rates in the market which led depositors to switch to alternative investment options.

Compared to June 30, 2009, total liabilities increased by Baht 27,882 or 4.4%. Major drivers were an increase in deposits and interbank and money market items and other liabilities of Baht 12,926 million, Baht 8,943 million and Baht 10,640 million, respectively, while borrowings decreased by Baht 4,627 million.

Shareholders' equity was Baht 90,504 million, representing an increase of Baht 5,136 million or 6.0% from December 31, 2008. This increase was due primarily to a net income of Baht 4,951 million for the nine-month period offset by dividends paid of Baht 1,814 million, an increase in land and building revaluation and minority interest of Baht 1,757 million and Baht 68 million, respectively, and an increase of the revaluation on investments of Baht 174 million.

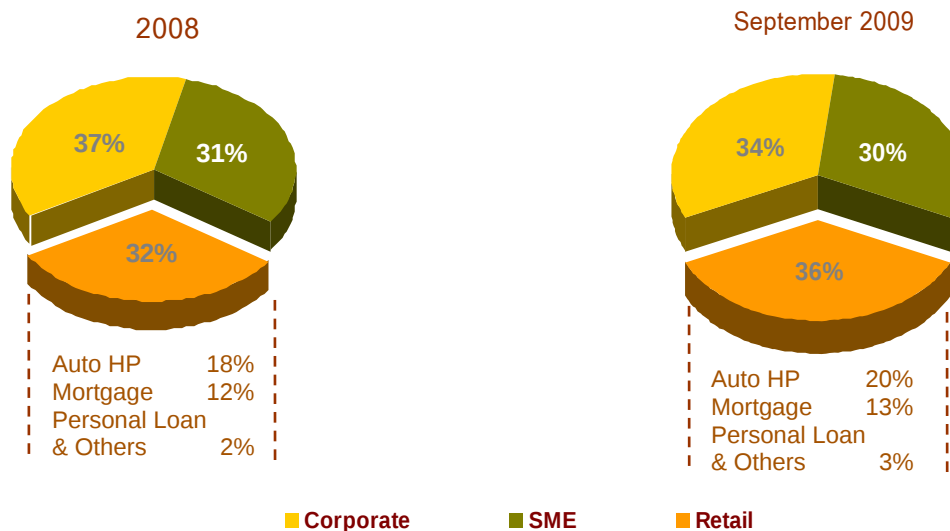
3.2 Details on loans

3.2.1 Loans by segment

Consolidated	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08	Change from		Change from	
				Jun. 30, 2009		Dec. 31, 2008	
				Baht mn	%	Baht mn	%
Corporate	192,475	192,464	203,395	11	0.0	(10,920)	(5.4)
SMEs (M+S)	165,483	166,071	172,764	(588)	(0.4)	(7,281)	(4.2)
Retail	199,595	197,625	180,918	1,970	1.0	18,677	10.3
-Hire purchases	111,332	112,059	102,616	(727)	(0.6)	8,716	8.5
- Housing	71,124	69,112	68,087	2,012	2.9	3,037	4.5
- Personal & other	17,139	16,454	10,215	685	4.2	6,924	67.8
Total	557,553	556,160	557,077	1,393	0.3	476	0.1

Total loans increased slightly by Baht 476 million or 0.1% from Baht 557,077 million as of December 31, 2008 to Baht 557,553 million as of September 30, 2009, mainly from the acquisitions of AIGRB, AIGCC and CFGS, resulting in the retail loans portfolio increasing from 32% to 36% of the Bank's total loan portfolio. In 3Q/09, a slight increase occurred in organic loans from June 2009, mainly from customer banking.

Loan Composition



3.2.2 Loans classification and Provision

Unit : Baht mn

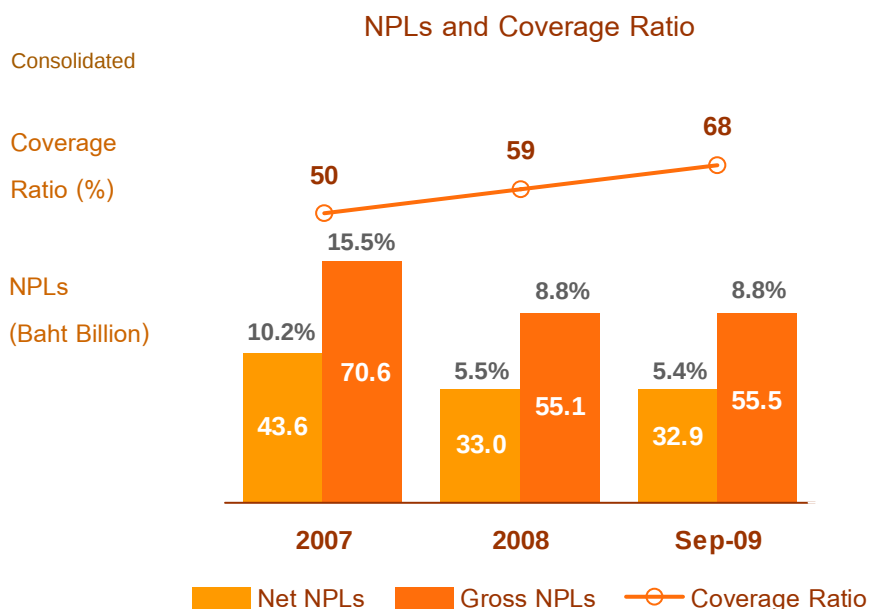
Consolidated	Sep. 30, 2009		Jun. 30, 2009		Dec. 31, 2008		Change from Jun. 30, 2009		Change from Dec. 31, 2008	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	479,889	4,042	476,275	2,862	478,590	2,732	3,614	1,180	1,299	1,310
Special mentioned	22,127	1,118	24,071	1,171	23,479	517	(1,944)	(53)	(1,352)	601
Substandard	7,035	2,837	6,932	2,372	9,256	3,594	103	465	(2,221)	(757)
Doubtful	8,500	3,518	9,382	3,722	10,207	5,238	(882)	(204)	(1,707)	(1,720)
Doubtful of loss	40,560	16,212	40,155	14,996	36,227	13,352	405	1,216	4,333	2,860
Total BOT Provision	558,111	27,727	556,815	25,123	557,759	25,433	1,296	2,604	352	2,294
Plus (less) deferred income / commission	985		965		1,001		20		(16)	
Surplus Reserve		9,599		10,441		5,977		(842)		3,622
Total	559,096	37,326	557,780	35,564	558,760	31,410	1,316	1,762	336	5,916

Non-performing loans

Unit : Baht mn

Consolidated	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08	Change from		Change from	
				Jun.30, 09		Dec. 31, 08	
	Baht mn	%		Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	32,871	34,835	32,954	(1,964)	(5.6)	(83)	(0.3)
Non-Performing Loans (Gross)	55,504	55,927	55,137	(423)	(0.8)	367	0.7
Loans loss reserves (LLR)	37,756	36,517	32,359	1,239	3.4	5,397	16.7
Coverage	68.0%	65.3%	58.7%	2.7%	4.2	9.3%	15.9
BOT Requirement	28,155	26,076	26,380	2,079	8.0	1,775	6.7
Actual / Required LLR	134.1%	140.0%	122.7%	-5.9%	(4.2)	11.4%	9.3

Amidst the deteriorating economy in 2009, asset quality was tightly controlled resulting in a minimal increase in NPL. As of September 30, 2009, gross non-performing loans increased by Baht 367 million or 0.7% from December 31, 2008, while the surplus reserve increased to Baht 9,599 million from Baht 5,977 million. The coverage ratio increased significantly to 68.0% from 58.7% and the actual provision to BOT requirement ratio increased to 134.1% from 122.7% as of December 31, 2008.



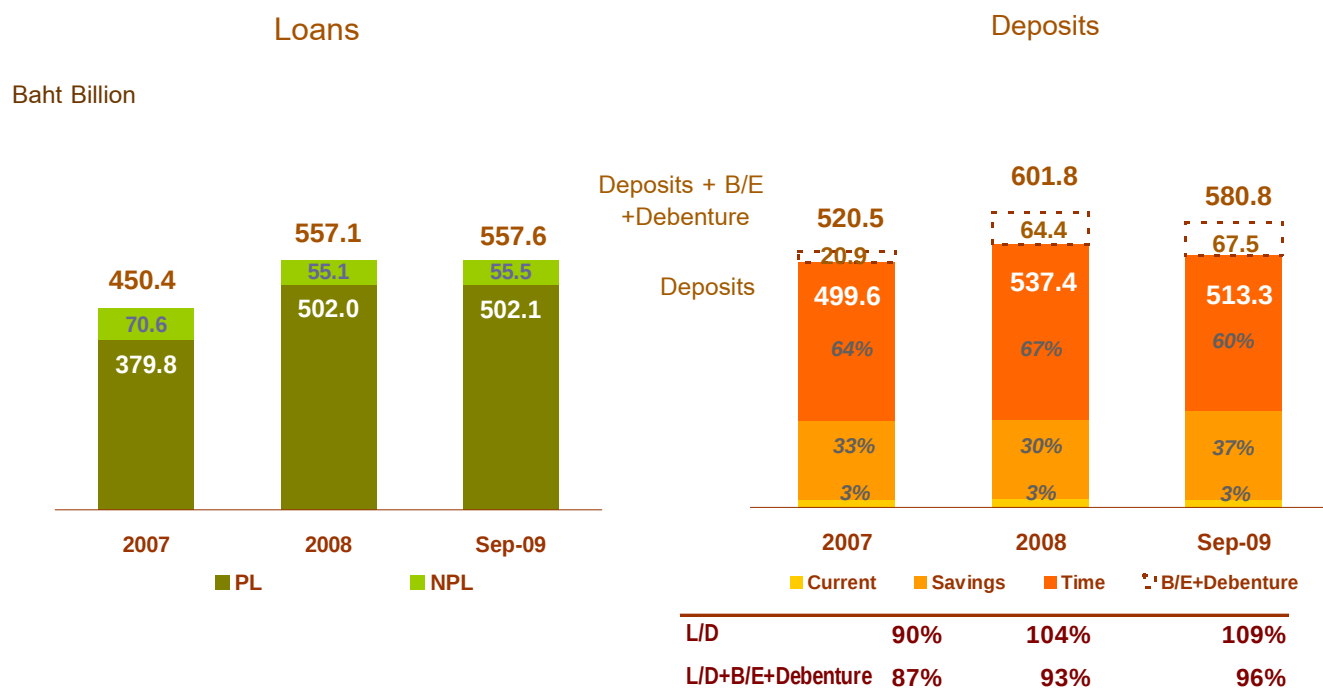
3.3 Details of deposits

Consolidated	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08	Change from Jun. 30, 09		Change from Dec. 31, 08	
	(Baht mn.)	(Baht mn.)	(Baht mn.)	Baht mn	%	Baht mn	%
Current	15,557	14,136	17,772	1,421	10.1	(2,215)	(12.5)
Savings	182,581	186,257	161,401	(3,676)	(2.0)	21,180	13.1
Time	315,206	300,025	358,181	15,181	5.1	(42,975)	(12.0)
< 6 months	104,682	151,895	101,748	(47,213)	(31.1)	2,934	2.9
6 M - 1 Year	91,824	42,479	163,080	49,345	116.2	(71,256)	(43.7)
> 1 Year	118,700	105,651	93,353	13,049	12.4	25,347	27.2
Total	513,344	500,418	537,354	28,106	5.6	(24,010)	(4.5)

Consolidated	Deposit Structure		
	Sep. 30, 09	Jun. 30, 09	Dec. 31, 08
Current	3.03	2.82	3.30
Savings	35.57	37.22	30.04
Time	61.40	59.96	66.66
< 6 months	20.39	30.35	18.94
6 M - 1 Year	17.89	8.49	30.35
> 1 Year	23.12	21.12	17.37
Total	100.00	100.00	100.00

As of September 30, 2009, deposits totaled Baht 513,344 million, a decrease of Baht 24,010 million or 4.5% from December 31, 2008. The decrease was due primarily to a reduction in time deposits of Baht 42,975 million or 12.0% driven by time deposits in the 6 months to 1 year category decreasing by Baht 71,256 million or 43.7% while time deposits with tenors less than 6 months increased by Baht 2,934 million or 2.9% and time deposits with tenors more than 1 year increased by Baht 25,347 million or 27.2%. At the same time, current deposits decreased by Baht 2,215 million or 12.5% while savings increased by Baht 21,180 million or 13.1%. These movements resulted in a shift in the overall deposit mix with the fixed term deposit portion decreasing from 66.7% to 61.4%.

Compared to June 30, 2009, deposits increased by Baht 28,106 million or 5.6%. This increase was mainly from special campaign of short-term time deposits.



3.4 Off balance sheet items

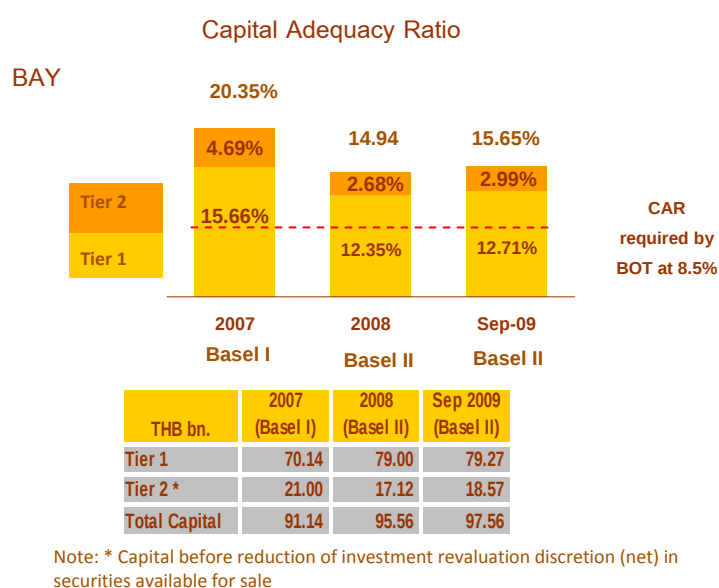
Consolidated	Sep.30, 09	Jun.30, 09	Dec. 31, 08	Change from		Change from	
				Jun. 30, 09		Dec. 31, 08	
				Baht mn	%	Baht mn	%
<u>Off-Balance Sheet Items - Contingencies</u>							
Avals to bills and Guarantees of loans	3,187	3,387	3,037	(200)	(5.9)	150	4.9
Liability under unmatured import bills	1,426	1,320	2,056	106	8.0	(630)	(30.6)
Letters of credit	5,580	4,503	3,691	1,077	23.9	1,889	51.2
Other contingencies	261,960	248,830	243,920	13,130	5.3	18,040	7.4
Total	272,153	258,040	252,704	14,113	5.5	19,449	7.7

The Bank and subsidiaries' off balance sheet items as of September 30, 2009 totaled Baht 272,153 million, an increase of Baht 19,449 million or 7.7% as compared to December 31, 2008. This was due mainly to an increase in other contingencies by Baht 18,040 million as a result of an increase in the level of FX transactions of Baht 12,907 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 September 30, 2009, the Bank's capital totaled Baht 97,559 million, equivalent to 15.65% of risk-weighted assets with 12.71% in Tier 1 capital. The Bank's capital base remained at a healthy level, thus supporting further potential inorganic growth activities in the Bank.



4. Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of September 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

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

