



Management Discussion and Analysis

For the quarter and six-month period ended June 30, 2011

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Executive Summary:

Amid the uncertainty surrounding the global economic environment compounded with increasing banking sector competition, Krungsri Group continued to thrive leveraging its strategic mission of “One krungsri”, encompassing the aim of “becoming our customers’ number one preferred bank”. “One krungsri” involves offering simple, comprehensive products and services across our customer groups. To this end, notable advancement has been accomplished in SME growth, whereas our leadership in the consumer finance sphere remained strong, as reflected by the Group’s robust performance in 1H/11.

On the financial front, for the second quarter of 2011, the Group’s consolidated net profit stood at Baht 2,982 million, a 39.5% increase of Baht 845 million over 2Q/10. The year-on-year improvement in net profits was largely attributed to higher net interest income from strong asset growth, in particular loans to customers and strong fee and service income growth.

For the first half of 2011, net profit rose 37.7% year-on-year to Baht 5,802 million from Baht 4,212 million in 1H/11, primarily reflecting higher net interest income from strong asset growth, in particular loans to customers, strong fee and service income growth, and lower provisions as our asset quality continued to improve.

Earning per share (EPS) rose to Baht 0.96 in 1H/11 from Baht 0.69 in 1H/10, a 39.1% increase.

As of June 30, 2011, Krungsri Group’s consolidated loans totaled Baht 670,953 million, an increase of 3.4% over the end of 2010. The key drivers were robust growth in the retail segment and SME business loans. Non-performing loans reduced by Baht 2,285 million from December 31, 2010 to Baht 35,864 million, highlighting both our vigilant risk management standards and practices as well as our continued active resolution of legacy NPLs. Krungsri’s deposits equaled Baht 551,775 million, a decrease of Baht 24,704 million, reflecting a shift to employ greater use of bills of exchange to provide an alternative investment product to our customers providing higher yields. The buildup in liquidity in 1H/11 is in anticipation of stronger growth momentum in 2H/11 to achieve our full year performing loan growth target of 11%.

Management Discussion and Analysis (MD&A)

1. Summary of Financial Performance and Status

Bank of Ayudhya Public Company Limited announced further improvement in its operating performance and financial position for the second quarter of 2011. The key financial highlights for Krungsri Group (the Bank and its subsidiaries) are:

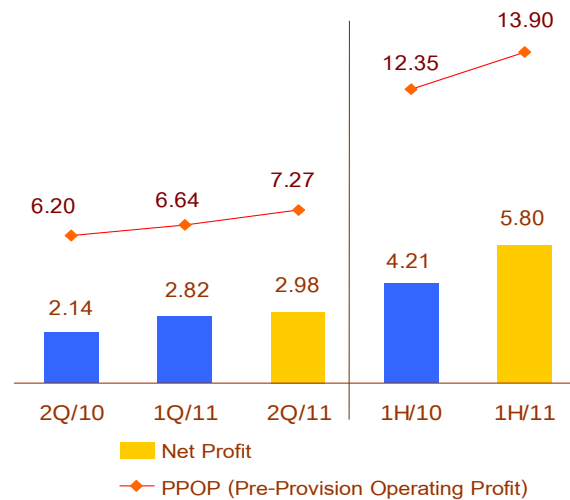
- **Net Profit:**
Baht 3.0 billion, Increased 39.5% compared to 2Q/10 and 5.7% compared to 1Q/11
- **Operating Profit:**
Baht 7.3 billion, Increased 17.1% compared to 2Q/10 and 9.5% compared to 1Q/11
- **Net Interest Margin:** Maintained at 4.6% for 2Q/11
- **Net Fees and Service Income:** Increased 20.7% compared to 2Q/10 and increased 12.0% compared to 1Q/11
- **Performing Loan Growth:** Increased Baht 65.9 billion or 11.6% compared to June 2010 and Baht 24.3 billion or 4.0% compared to December 2010
- **Funding Growth:** Increased Baht 84.6 billion or 13.3% increase compared to June 2010 and Baht 45.1 billion or 6.7% compared to December 2010
- **Coverage:** Increased to 93% from 89% when compared to December 2010
- **Reserves:** Increased excess to Baht 14.4 billion, equivalent to 176% of Bank of Thailand requirements
- **Non-Performing Loans:** Decreased to Baht 35.9 billion from Baht 38.1 billion in December 2010 and from 5.5% to 4.7% on gross NPLs to total loans basis
- **Capital Adequacy Ratio:** Increased from 15.8% to 16.9%

Statements of Comprehensive Income Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	13,713	12,876	11,468	837	6.5	2,245	19.6
Interest Expenses	4,319	3,685	3,028	634	17.2	1,291	42.6
Interest Income, Net	9,394	9,191	8,440	203	2.2	954	11.3
Fees and Service Income	3,581	3,340	3,037	241	7.2	544	17.9
Fees and Service Expenses	762	822	702	(60)	(7.3)	60	8.5
Fees and Service Income, Net	2,819	2,518	2,335	301	12.0	484	20.7
Non-interest and Non-fees Income	1,731	1,813	1,271	(82)	(4.5)	460	36.2
Other Operating Expenses	6,678	6,887	5,842	(209)	(3.0)	836	14.3
Pre-Provision Operating Profit (PPOP)	7,266	6,635	6,204	631	9.5	1,062	17.1
Impairment Loss of Loan and Debt Securities	3,098	2,750	2,905	348	12.7	193	6.6
Income Tax Expenses	1,186	1,065	1,162	121	11.4	24	2.1
Net Profit	2,982	2,820	2,137	162	5.7	845	39.5
Other Comprehensive income	(22)	(197)	343	175	88.8	(365)	(106.4)
Total Comprehensive income	2,960	2,623	2,480	337	12.8	480	19.4
Net Profit Attributable To							
Owners of the Bank	2,972	2,808	2,131	164	5.8	841	39.5
Non-Controlling Interest	10	12	6	(2)	(16.7)	4	66.7
Net Profit	2,982	2,820	2,137	162	5.7	845	39.5
Total Comprehensive Income Attributable To							
Owners of the Bank	2,950	2,611	2,474	339	13.0	476	19.2
Non-Controlling Interest	10	12	6	(2)	(16.7)	4	66.7
Total Comprehensive income	2,960	2,623	2,480	337	12.8	480	19.4
Earning Per Share [Baht]	0.49	0.46	0.35	0.03	6.5	0.14	40.0

Statements of Comprehensive Income Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
Interest Income	26,590	22,915	3,675	16.0
Interest Expenses	8,005	5,998	2,007	33.5
Interest Income, Net	18,585	16,917	1,668	9.9
Fees and Service Income	6,921	6,254	667	10.7
Fees and Service Expenses	1,583	1,485	98	6.6
Fees and Service Income, Net	5,338	4,769	569	11.9
Non-interest and Non-fees Income	3,544	2,757	787	28.5
Other Operating Expenses	13,566	12,094	1,472	12.2
Pre-Provision Operating Profit (PPOP)	13,901	12,349	1,552	12.6
Impairment Loss of Loan and Debt Securities	5,849	6,086	(237)	(3.9)
Income Tax Expenses	2,250	2,051	199	9.7
Net Profit	5,802	4,212	1,590	37.7
Other Comprehensive income	(219)	458	(677)	(147.8)
Total Comprehensive income	5,583	4,670	913	19.6
Net Profit Attributable To				
Owners of the Bank	5,780	4,201	1,579	37.6
Non-Controlling Interest	22	11	11	100.0
Net Profit	5,802	4,212	1,590	37.7
Total Comprehensive Income Attributable To				
Owners of the Bank	5,561	4,659	902	19.4
Non-Controlling Interest	22	11	11	100.0
Total Comprehensive income	5,583	4,670	913	19.6
Earning Per Share [Baht]	0.96	0.69	0.27	39.1

PPOP & Net Profit (Consolidated)

Unit: Baht Billion


For the second quarter period ended June 30, 2011

In 2Q/11, the operating profit before provisioning for doubtful accounts and taxes was Baht 7,266 million, representing a marked increase of Baht 1,062 million, or 17.1%, when compared to 2Q/10 due to increases in both net interest income and non-interest income. The strong growth in net interest income of 11.3% was mainly driven by (1) higher average loan and hire purchase volumes and higher lending rates; and (2) an increase in average repurchase transactions and higher money market rates. The robust growth in non-interest income was driven by a 20.7% growth in net fees and service income and a 36.2% growth in non-interest and non-fee income. Other operating expenses grew by 14.3%, driven mainly by (1) an increase in employee's expenses from the adoption of employee benefits and annual merit increases; (2) an increase of the amortization of the fair value of intangible assets; and (3) an increase in promotional expenses.

In 2Q/11, operating profit increased by Baht 631 million, or 9.5%, compared to the prior quarter due to increases in both net interest income and non-interest income. In addition, the operating profit was elevated by a decrease in other operating expenses, which partially offset the impact of the non-interest and non-fee income decrease in 2Q/11.

For the six-month period ended June 30, 2011

For the six-month period, operating profit rose to Baht 13,901 million, representing an increase of Baht 1,552 million, or 12.6% year-on-year, resulting from robust growth in both net interest income and non-interest income. The non-interest and non-fees income growth observed in 1H/11 was largely attributed to a gain from investment for a reversal of a reserve for Dubai World Group Limited in the amount of Baht 424 million which was moved to the loan provision account with no net profit or loss impact.

Consolidated	As at	As at	As at	Change from		Change from	
	Jun. 30, 11	Mar. 31, 11	Dec. 31, 10	Mar. 31, 11		Dec. 31, 10	
				Baht mn	%	Baht mn	%
Assets	915,058	870,410	869,834	44,648	5.1	45,224	5.2
Loans to customers*	670,953	658,148	648,960	12,805	1.9	21,993	3.4
Deposits	551,775	572,270	576,479	(20,495)	(3.6)	(24,704)	(4.3)
Liabilities	814,288	770,474	770,730	43,814	5.7	43,558	5.7
Shareholders' Equity	100,770	99,936	99,104	834	0.8	1,666	1.7

* Loans to customers net of deferred income

As of June 30, 2011, total assets of the Bank and its subsidiaries rose 5.1% to Baht 915,058 million, an increase of Baht 44,648 million from Baht 870,410 million at the end of March 2011, in part due to higher loan volume of Baht 12,805, or 1.9%, and a robust increase in interbank and money market items of Baht 28,448 million, or 33.5%. The pronounced increase in interbank and money market items reflected both a strong liquidity management position as well as preparation for growth in the second half of the year.

Total liabilities stood at Baht 814,288 million, an increase of Baht 43,814 million, or 5.7%, from the end of March 2011. This increase was mainly attributed to an increase in interbank and money market items of Baht 13,460 million, or 39.9%, together with an increase in bills of exchange and borrowings of Baht 51,283 million or 43.5%. Deposits decreased by Baht 20,495 million, or 3.6%.

Total shareholders' equity rose 0.8% to Baht 100,770 million, an increase of Baht 834 million from March 31, 2011. The increase was due to equity holders' net income of Baht 2,972 million for the quarter offset by dividends paid of Baht 2,126 million.

2. Financial Performance

2.1 Net Interest Income

Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	8,858	8,373	7,607	485	5.8	1,251	16.4
Interest on interbank and money market items	692	543	243	149	27.4	449	184.8
Hire purchase and financial lease income	3,711	3,565	3,248	146	4.1	463	14.3
Investments and trading transactions	25	25	13	0	0.0	12	92.3
Investments in debt securities	427	370	357	57	15.4	70	19.6
Total Interest Income	13,713	12,876	11,468	837	6.5	2,245	19.6
INTEREST EXPENSES							
Interest on deposits	2,085	1,777	1,301	308	17.3	784	60.3
Interest on interbank and money market items	430	358	156	72	20.1	274	175.6
Interest on borrowings	1,236	974	1,023	262	26.9	213	20.8
Contribution to Deposit Protection Agency	566	575	546	(9)	(1.6)	20	3.7
Other interest expenses	2	1	2	1	100.0	0	0.0
Total Interest Expenses	4,319	3,685	3,028	634	17.2	1,291	42.6
Interest Income, net	9,394	9,191	8,440	203	2.2	954	11.3
Net Interest Margin	4.56%	4.62%	4.44%				
Yield on Earning Assets	6.65%	6.48%	6.03%				
Cost of Funds	2.32%	2.05%	1.77%				

Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	17,230	15,320	1,910	12.5
Interest on interbank and money market items	1,235	426	809	189.9
Hire purchase and financial lease income	7,277	6,422	855	13.3
Investments and trading transactions	51	31	20	64.5
Investments in debt securities	797	716	81	11.3
Total Interest Income	26,590	22,915	3,675	16.0
INTEREST EXPENSES				
Interest on deposits	3,862	2,636	1,226	46.5
Interest on interbank and money market items	788	280	508	181.4
Interest on borrowings	2,210	2,014	196	9.7
Contribution to Deposit Protection Agency	1,142	1,065	77	7.2
Other interest expenses	3	3	0	0.0
Total Interest Expenses	8,005	5,998	2,007	33.5
Interest Income, net	18,585	16,917	1,668	9.9
Net Interest Margin	4.54%	4.54%		
Yield on Earning Assets	6.49%	6.15%		
Cost of Funds	2.16%	1.79%		

For the second quarter period ended June 30, 2011

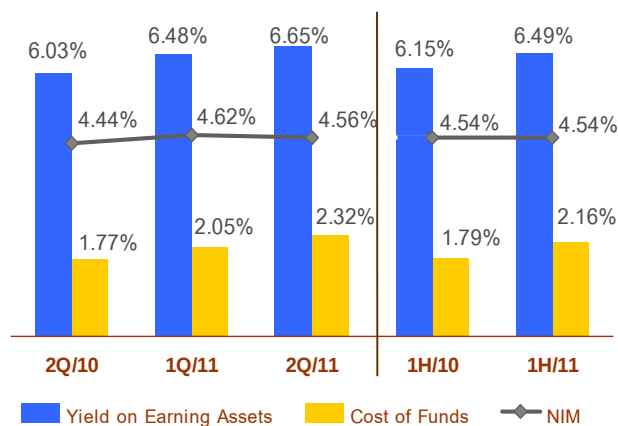
Net interest income in 2Q/11 was Baht 9,394 million, a notable improvement of Baht 954 million, or 11.3%, when compared to the same period last year. The key drivers for the increase in net interest income were primarily due to (1) higher average loan and hire purchase volumes and higher lending rates; and (2) an increase in average repurchase transactions and higher money market rates. Interest expense also rose primarily due to rising deposit and borrowing rates, in line with the market, together with the higher average deposits and increased interest expense from interbank and money market items following an increase in average repurchase transactions and higher money market rates. Notwithstanding both rising interest rates and a highly competitive environment, our NIM firmly stood at 4.56%.

On a quarter-on-quarter basis, net interest income rose to baht 9,394 million, an increase of 2.2%. The improvement in net interest income was primarily due to: (1) higher average loan and hire purchase volumes and higher lending rates; and (2) a significant increase on average repurchase transactions from our primary dealer activities and higher money market rates. Interest expense rose in 2Q/11 due to rising deposit and borrowing rates, in line with the market, together with higher average deposits and bills of exchange outstanding, and increased interest expense from interbank and money market items following an increase in average repurchase transactions and higher money market rates. As a result, NIM moderated slightly to 4.56% from the 4.62% recorded in 1Q/11. Despite the expected rising interest rate environment, the Bank maintains a full year NIM target of 4.38 - 4.44%.

For the six-month period ended June 30, 2011

In the first half of 2011, net interest income reached Baht 18,585 million, an increase of Baht 1,668 million, or 9.9%, compared to the same period last year, resulting primarily from higher interest rates, higher loan and hire purchase volumes, and higher average repurchase transactions. The higher interest expense on deposits and interbank and money market items resulted from both higher average balances and interest rate increases in line with the market.

Net Interest Margin (NIM)(Consolidated)



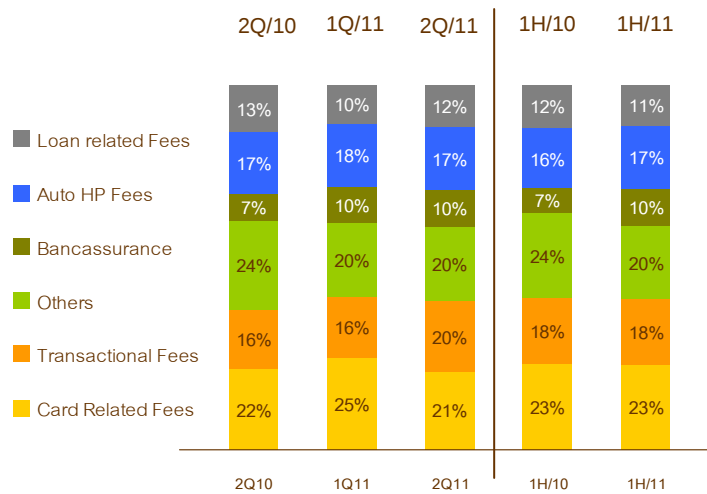
	Jun-10	Jul-10	Sep-10	Dec-10	Jan-11	Mar-11	Apr-11	Jun-11
Policy Rate	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
BAY Lending Rate	6.25%	6.375%	6.375%	6.50%	6.75%	7.00%	7.125%	7.25%
Saving Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%
3 - month deposits	0.75%	0.875%	1.05%	1.125-1.30%	1.25-1.40%	1.40-1.70%	1.50-1.75%	1.65-1.90%
6 - month deposits	0.75%	1.10%	1.20-1.30%	1.10-1.55%	1.55-1.675%	1.65-1.90%	1.90-2.10%	2.00-2.30%
12 - month deposits	0.75%	1.10-1.20%	1.35-1.50%	1.45-1.70%	1.65-1.85%	2.00%	2.15-2.30%	2.30-2.50%

2.2 Net Fees and Service Income

Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	12	13	14	(1)	(7.7)	(2)	(14.3)
Other fees and service income	3,569	3,327	3,023	242	7.3	546	18.1
Fees and service income	3,581	3,340	3,037	241	7.2	544	17.9
Fees and service expenses	762	822	702	(60)	(7.3)	60	8.5
Fee and Service Income, net	2,819	2,518	2,335	301	12.0	484	20.7

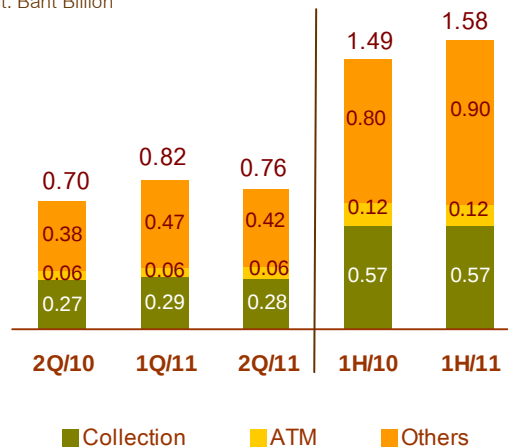
Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	25	28	(3)	(10.7)
Other fees and service income	6,896	6,226	670	10.8
Fees and service income	6,921	6,254	667	10.7
Fees and service expenses	1,583	1,485	98	6.6
Fee and Service Income, net	5,338	4,769	569	11.9

Fees & Service Income Breakdown (Consolidated)



Fees&Service Expenses (Consolidated)

Unit: Baht Billion



For the second quarter period ended June 30, 2011

Compared with 2Q/10, net fees and service income rose 20.7% to Baht 2,819 million. Key drivers came from bancassurance, the card business, and commission income. The higher volume of fee-based activities increased fee and service expenses by 8.5%.

On a quarter-on-quarter basis, net fees and service income increased by Baht 301 million, or 12.0%, driven primarily by an increase in fees and service income of a larger magnitude than an increase in fees and services expenses associated with higher volumes.

For the six-month period ended June 30, 2011

Compared with 1H/10, net fees and service income increased by Baht 569 million, or 11.9%, driven primarily by an increase of Baht 667 million from bancassurance and the card business, partially offset by an increase in fees and service expenses of Baht 98 million.

2.3 Non-interest and Non-fees Income

Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	241	266	137	(25)	(9.4)	104	75.9
Gains (losses) on investments	504	180	154	324	180.0	350	227.3
Share of profit (loss) from investment for							
using equity method	17	6	27	11	183.3	(10)	(37.0)
Other operating income	969	1,360	953	(391)	(28.8)	16	1.7
Total Non-interest and Non-fees Income	1,731	1,812	1,271	(81)	(4.5)	460	36.2

Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign				
exchange transactions	507	306	201	65.7
Gains (losses) on investments	684	201	483	240.3
Share of profit (loss) from investment for				
using equity method	23	66	(43)	(65.2)
Other operating income	2,330	2,184	146	6.7
Total Non-interest and Non-fees Income	3,544	2,757	787	28.5

For the second quarter period ended June 30, 2011

Compared with 2Q/10, non-interest and non-fees income rose 36.2% to Baht 1,731 million. The key drivers were:

- An increase in gains on trading and foreign exchange (FX) transactions of Baht 104 million, or 75.9%, resulting from a gain on FX and derivatives of Baht 99 million.

- An increase in gains on investments of Baht 350 million, or 227.3%, from a reversal of the reserve for the Dubai World Group Finance Limited investment in loan of Baht 424 million recorded in 2Q/11.

On a quarter-on-quarter basis, non-interest and non-fees income decreased by Baht 81 million, or 4.5%, driven primarily by:

- A decrease in other operating income of Baht 391 million, or 28.8%, mainly due to a decrease in property foreclosed income of Baht 143 million and dividend income of Baht 94 million.

- An increase in gains on investments of Baht 324 million, or 180.0%, mainly from a reversal of reserve for the Dubai World Group Finance Limited investment in loan of Baht 424 million recorded in 2Q/11.

For the six-month period ended June 30, 2011

Compared with 1H/10, non-interest and non-fees income rose 28.5% to Baht 3,544 million, driven primarily by:

- An increase in gains on trading and FX transactions of Baht 201 million, resulting from a gain on FX and derivatives of Baht 179 million.

- An increase in gains on investments of Baht 483 million, or 240.3%, mainly from a reversal of reserve for investment in loan to the Dubai World Group Finance Limited of Baht 424 million recorded in 2Q/11.

- An increase in other operating income of Baht 146 million, or 6.7%, mainly from an increase in property foreclosed income.

2.4 Other Operating Expenses

Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	3,218	2,873	2,683	345	12.0	535	19.9
Premises and equipment expenses	1,173	1,175	1,101	(2)	(0.2)	72	6.5
Taxes and duties	442	408	373	34	8.3	69	18.5
Directors' remuneration	8	7	7	1	14.3	1	14.3
Other expenses	1,837	2,424	1,678	(587)	(24.2)	159	9.5
Total Other Operating Expenses	6,678	6,887	5,842	(209)	(3.0)	836	14.3

Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
Employee's expenses	6,090	5,471	619	11.3
Premises and equipment expenses	2,348	2,141	207	9.7
Taxes and duties	850	742	108	14.6
Directors' remuneration	16	14	2	14.3
Other expenses	4,262	3,726	536	14.4
Total Other Operating Expenses	13,566	12,094	1,472	12.2

For the second quarter period ended June 30, 2011

Compared to 2Q/10, other operating expenses were Baht 6,678 million, an increase of Baht 837 million, or 14.3%, driven primarily by:

- An increase in employee's expenses of Baht 535 million, or 19.9%, driven mainly by annual merit increases and the adoption of a new accounting principle governing employee benefits in early 2011.

- An increase in other expenses of Baht 159 million, or 9.5%, primarily driven by an increase in the amortization of the fair value of intangible assets of Baht 139 million and promotion expenses of Baht 285 million, offset by a reserve on asset transferred to TAMC of Baht 200 million recorded in 2Q/10.

On a quarter-on-quarter basis, other operating expenses decreased by Baht 209 million, or 3.0%, driven by:

- A decrease in other expenses of Baht 587 million, or 24.2%, mainly from a decrease in the amortization of the fair value of intangible assets of Baht 307 million and impairment on NPA of Baht 169 million.

- An increase in employee's expenses of Baht 345 million, or 12.0%, mainly driven by an increase in bonus and carried forward leave benefits.

For the six-month period ended June 30, 2011

Compared to 1H/10, other operating expenses increased by Baht 1,472 million, or 12.2%, driven by:

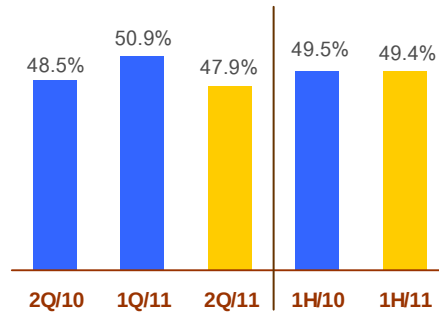
- An increase in employee's expenses of Baht 619 million, or 11.3%, mainly driven by annual merit increases and the adoption of a new accounting principle governing employee benefits in early 2011.

- An increase in premises and equipment expenses of Baht 207 million, or 9.7%, mainly driven by depreciation of property revaluation of Baht 120 million.

- An increase in other expenses of Baht 536 million, or 14.4%, mainly from an increase in the amortization of the fair value of intangible assets and reserving for customer loyalty program bonus points.

Management Discussion and Analysis

Cost-to-Income Ratio(Consolidated)



Overall, in 2Q/11, the Bank's cost-to-income ratio dropped significantly from 50.9% to 47.9%. The improvement in the cost-to-income ratio was due to our continued efforts to enhance operating efficiency and improve income generating capabilities.

2.5 Impairment loss of loans and debt securities

Consolidated	2Q/11	1Q/11	2Q/10	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	3,079	2,737	2,407	342	12.5	672	27.9
Loss on Debt Restructuring	19	13	498	6	46.2	(479)	96.2
Total impairment loss of loan and debt securities	3,098	2,750	2,905	348	12.7	193	6.6

Consolidated	1H/11	1H/10	Change YoY	
			Baht mn	%
Bad Debt and Doubtful Accounts	5,817	5,757	60	1.0
Loss on Debt Restructuring	32	329	(297)	90.3
Total impairment loss of loan and debt securities	5,849	6,086	(237)	(3.9)

The Bank and its subsidiaries set aside loan loss provisions in 2Q/11 totaling Baht 3,098 million, an increase of Baht 348 million or 12.7% from the previous quarter, due to a reserve of Baht 424 million on Dubai World Group Finance Limited loan which was transferred from an investment in loan during the quarter. On a year-on-year basis, loan loss provisions decreased by Baht 193 million, or 6.6%. Overall, the loan loss coverage ratio improved to 93.0% from 89.1% at the end of 2010.

Management Discussion and Analysis

3. Financial Status

3.1 Financial Position

Consolidated	As at Jun. 30, 11	As at Mar. 31, 11	As at Dec. 31, 10	Change from		Change from Dec. 31, 10	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	19,595	19,367	22,461	228	1.2	(2,866)	(12.8)
Interbank and money market items, net	113,292	84,844	74,527	28,448	33.5	38,765	52.0
Investments, net	73,357	70,107	78,360	3,250	4.6	(5,003)	(6.4)
Investments in subsidiaries and associates, net	753	735	729	18	2.4	24	3.3
Loans to customers	700,659	686,632	674,596	14,027	2.0	26,063	3.9
Accrued interest receivable	1,797	1,707	1,724	90	5.3	73	4.2
Deferred revenue	(29,706)	(28,484)	(25,636)	(1,222)	4.3	(4,070)	(15.9)
Allowance for doubtful accounts	(32,796)	(33,001)	(33,410)	205	0.6	614	1.8
Revaluation allowance for debt restructuring	(513)	(507)	(543)	(6)	(1.2)	30	5.5
Properties for sale, net	13,103	13,460	14,727	(357)	(2.7)	(1,624)	(11.0)
Others	55,517	55,550	62,299	(33)	(0.1)	(6,782)	(10.9)
TOTAL ASSETS	915,058	870,410	869,834	44,648	5.1	45,224	5.2
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	551,775	572,270	576,479	(20,495)	(3.6)	(24,704)	(4.3)
Interbank and money market items, net	47,168	33,708	43,762	13,460	39.9	3,406	7.8
Debt issued and borrowings	169,137	117,854	99,365	51,283	43.5	69,772	70.2
Others	46,208	46,642	51,124	(434)	(0.9)	(4,916)	(9.6)
TOTAL LIABILITIES	814,288	770,474	770,730	43,814	5.7	43,558	5.7
Issued and paid-up share capital	60,741	60,741	60,741	0	-	0	-
Retained earning	21,213	20,306	19,225	907	4.5	1,988	10.3
Others	18,816	18,889	19,138	(73)	(0.4)	(322)	(1.7)
TOTAL SHAREHOLDERS' EQUITY	100,770	99,936	99,104	834	0.8	1,666	1.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	915,058	870,410	869,834	44,648	5.1	45,224	5.2

As of June 30, 2011, the total assets of the Bank and its subsidiaries rose 5.1% to Baht 915,058 million, an increase of Baht 44,648 million from the end of March 2011, in part due to a higher loan volume of Baht 12,805, or 1.9%, and a robust increase in interbank and money market items of Baht 28,448 million, or 33.5%. The increase in interbank and money market items was driven by an increase in bilateral repurchase agreements of Baht 24,890 million. This marked increase reflected our strong liquidity position in preparation for future growth, given the increasing interest rate environment and heightened competitive pressure in fund mobilization. Net investments increased by Baht 3,250 million, or 4.6%, largely attributed to an increase in investments in government bonds.

On a year-to-date basis, loans grew 3.4% while interbank and money market items grew 52.0%.

Total liabilities rose 5.7% to Baht 814,288 million, an increase of Baht 43,814 million from March 31, 2011. This increase was mainly attributed to an increase in interbank and money market items of Baht 13,460 million, or 39.9%, together with an increase in bills of exchange and borrowings of Baht 51,283 million, or 43.5%. Deposits decreased by Baht 20,495 million, or 3.6%. The decline in deposit base during 2Q/11 was, in part, due to a shift to bills of exchange to meet the needs of our customers for alternative products that provided higher yields.

On a year-to-date basis, growth in liabilities was driven by a strong increase in bills of exchange at 70.2%, while deposits contracted by 4.3%.

Total shareholders' equity rose to Baht 100,770 million, an increase of Baht 834 million, or 0.8%, from March 31, 2011. The increase was mainly due to equity holders' net income of Baht 2,972 million for the quarter, offset by dividends paid of Baht 2,126 million.

Book value per share as of June 30, 2011 was Baht 16.59, up from Baht 16.45 at the end of March 2011, an increase of 0.85%.

3.2 Loans to customer

3.2.1 Loans by segment

Consolidated	Jun. 30, 11	Mar. 31, 11	Dec. 31, 10	Change from		Change from	
				Mar. 31, 2011		Dec. 31, 2010	
				Baht mn	%	Baht mn	%
Corporate	186,534	187,660	190,046	(1,126)	(0.6)	(3,512)	(1.8)
SMEs	183,307	180,985	180,104	2,322	1.3	3,203	1.8
Retail	301,112	289,503	278,810	11,609	4.0	22,302	8.0
- Hire purchases	142,664	136,509	126,444	6,155	4.5	16,220	12.8
- Housing	88,825	86,124	82,280	2,701	3.1	6,545	8.0
- Personal & other	69,623	66,870	70,086	2,753	4.1	(463)	(0.7)
Total *	670,953	658,148	648,960	12,805	1.9	21,993	3.4

* Loans to customers net of deferred income

Year-to-date, total loans rose 3.4% to 670,593 million, an increase of Baht 21,993 million from the end of December 31, 2010, driven by an increase in performing loans of Baht 24,278 million. In line with our strategic direction, the retail segment continued to drive growth with a notable increase of Baht 22,302 million, or 8%, followed by SME segment growth of 1.8%. The minor contraction on the corporate side reflects our conscious “selective approach” and flexibility in light of a highly competitive wholesale segment with minimal margins.

Following our SME customer segmentation strategy, complemented by product and customer touch point simplification, strong growth was achieved in the SME-Medium and SME-Small segments, and contributed to the overall growth in the SME segment of 1.8% on a year-to-date basis, and 1.3% on a quarter-on-quarter basis.

For retail loans, the impressive growth continued to be supported by the auto hire purchase business. Notwithstanding the supply-chain disruption from Japan in 2Q/11, hire purchase loans grew a record of Baht 16,220 million, or 12.8%, on a year-to-date basis, and 4.5% on a quarter-on-quarter basis. Our performance was enabled by our diversified portfolio mix of new car, used car and refinance program volume, together with a diversified brand mix. This strategy provides us greater flexibility to shift to an unaffected segment or brand in light of a changing environment and market conditions. The fast-growing volume generated from Krungsri channels, together with special programs such as the one offered to 1.2 million members of the Government Pension Fund (GPF), also helped to boost volume.

Housing loans increased 8% on a year-to-date basis, and 3.1% on a quarter-on-quarter basis. This reflected both sustained positive economic development and an improvement in the residential homes market. Year-to-date, personal loans and credit card balances moderated slightly, while rising 4.1% quarter-on-quarter. The ability to maintain a relatively flat balance from December 2010 was meaningful, in light of a significant seasonality factor in the credit card and personal loan segments, as spending normally peaks in 4Q and contracts in subsequent quarters.

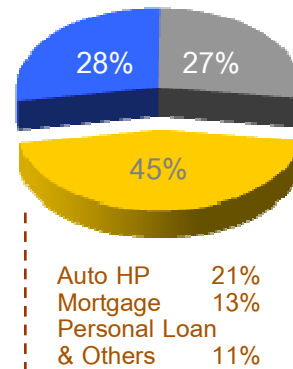
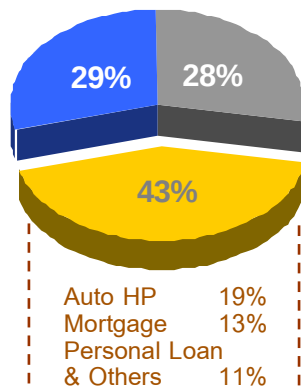
Our outlook for 2H/11 and full year 2011 loan growth guidance remains strong, as both consumer and business confidence continue to improve from the first half of 2011.

Loan Composition

Consolidated

2010

Jun-2011



■ Corporate ■ SME ■ Retail

3.2.2 Loan classification and provision

Unit : Baht mn

Consolidated	Jun. 30, 2011		Dec. 31, 2010		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	610,640	5,581	586,356	5,257	24,284	324
Special mentioned	24,864	1,255	24,864	1,170	0	85
Substandard	8,889	4,383	10,104	5,564	(1,215)	(1,181)
Doubtful	6,366	2,811	4,897	1,268	1,469	1,543
Doubtful of loss	20,715	4,358	23,269	7,485	(2,554)	(3,127)
Total BOT Provision	671,474	18,388	649,490	20,744	21,984	(2,356)
Plus (less) deferred income / commission	1,275		1,194		81	
Surplus Reserve		14,408		12,666		1,742
Total	672,749	32,796	650,684	33,410	22,065	(614)

Non-performing loans

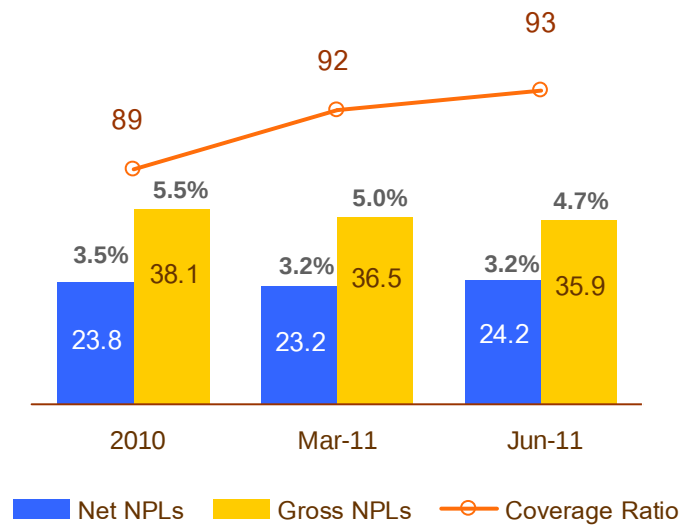
Consolidated	Jun 30, 11	Mar 31, 11	Dec 31, 10	Change from Mar 31, 11		Change from Dec 31, 10	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	24,215	23,228	23,832	987	4.2	383	1.6
Non-Performing Loans (Gross)	35,864	36,457	38,149	(593)	(1.6)	(2,285)	(6.0)
Loans loss reserves (LLR)	33,367	33,552	33,988	(185)	(0.6)	(621)	(1.8)
Coverage	93.0%	92.0%	89.1%	1.0%	1.1	3.9%	4.4
BOT Requirement	18,960	20,458	21,322	(1,498)	(7.3)	(2,362)	(11.1)
Actual / Required LLR	176.0%	164.0%	159.4%	12.0%	7.3	16.6%	10.4

NPLs and Coverage Ratio

Consolidated

Coverage
Ratio (%)

NPLs
(Baht Billion)



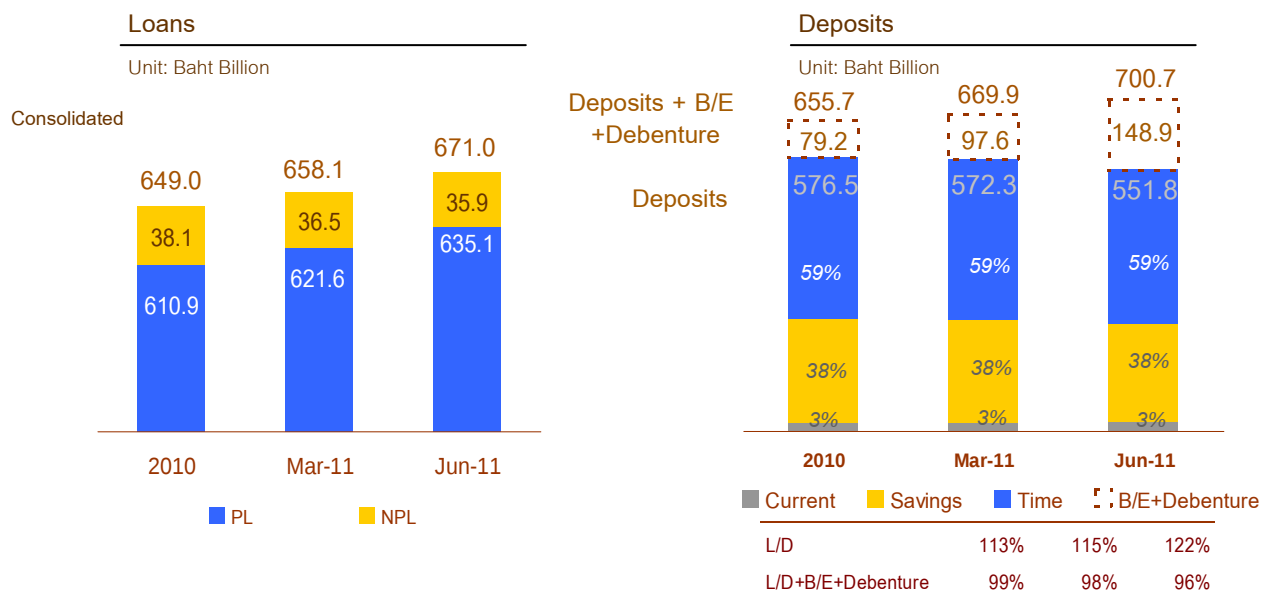
Asset quality continued to improve notwithstanding the transfer to NPL of the USD 25 million Dubai World Group Finance Limited investment in 2Q/11. Gross NPLs fell to Baht 35,864 million from Baht 36,457 million at the end of March 2011, equivalent to a 1.6 % reduction. On a year-to-date basis, gross NPLs dropped by Baht 2,285 million, or 6.0%. The gross NPL ratio stood at 4.7%, a strong improvement from 5.5% at the end of 2010. The improvement in asset quality is due to the Bank's vigilant credit risk management policies and standards, our continued efforts to resolve legacy NPLs, and improved economic conditions in 1H/11. The Bank plans to sell up to Baht 5,000 million of NPLs in 3Q/11.

As of June 30, 2011, the provision stood at Baht 32,796 million, resulting in an increase in excess provisions over Bank of Thailand requirements of Baht 14,408 million, up from Baht 12,666 million as of December 2010. Consequently, the coverage ratio improved to 93%, from 89% at the end of 2010, while the actual provision ratio when compared to Bank of Thailand requirements increased to 176% from 159.4%.

3.3 Deposits

Consolidated	Jun. 30, 11	Dec. 31, 10	Change		Deposit Structure	
	(Baht mn.)	(Baht mn.)	Baht mn.	%	Jun. 30, 11	Dec. 31, 10
Current	17,903	18,129	(226)	(1.2)	3.24	3.14
Savings	207,332	219,464	(12,132)	(5.5)	37.58	38.07
Time	326,540	338,886	(12,346)	(3.6)	59.18	58.79
< 6 months	88,914	95,395	(6,481)	(6.8)	16.11	16.55
6 M - 1 Year	96,517	106,666	(10,149)	(9.5)	17.49	18.50
> 1 Year	141,109	136,825	4,284	3.1	25.57	23.73
Total	551,775	576,479	(24,704)	(4.3)	100.00	100.00

As of June 30, 2011, overall funding for the Bank including deposits, bills of exchange and debentures, increased Baht 45,060 million, or 6.9%, from December 2010. Deposits totaled Baht 551,775 million, a decrease of Baht 24,704 million, or 4.3%, from December 31, 2010. The proportion of savings and demand deposits as a percentage of total deposits moderated slightly to 40.8%. Year-to-date, debenture and bills of exchange increased Baht 69,763 million. Consequently, the loan to deposit plus bills of exchange and debenture ratio improved to 96%.



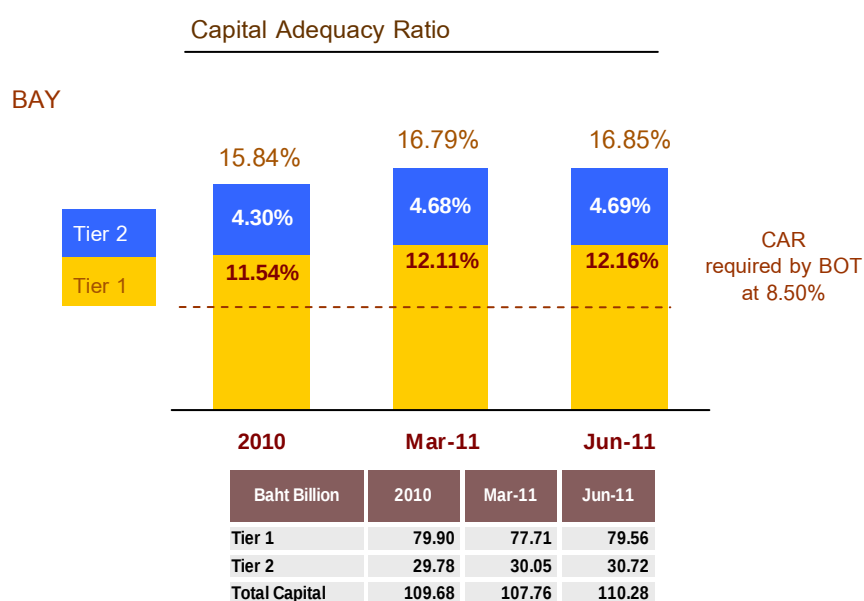
3.4 Contingencies

Consolidated	Jun.30, 11	Mar.31, 11	Dec. 31, 10	Change from		Change from	
				Mar. 31, 12		Dec. 31, 10	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	2,729	2,848	3,929	(119)	(4.2)	(1,200)	(30.5)
Liability under unmatured import bills	1,561	1,257	1,202	304	24.2	359	29.9
Letters of credit	7,810	7,257	8,126	553	7.6	(316)	(3.9)
Other contingencies	407,328	401,971	387,165	5,357	1.3	20,163	5.2
Total	419,428	413,333	400,422	6,095	1.5	19,006	4.7

The Bank and its subsidiaries' contingencies as of June 30, 2011 totaled Baht 419,428 million, an increase of Baht 19,006 million or 4.7% from December 31, 2010. This increase was driven by other contingencies of Baht 20,163 million, resulting from derivative transactions of Baht 18,309 million and unused overdrafts of Baht 2,816 million.

3.2 Statutory Capital

As of June 30, 2011, the Bank's capital remained robust at Baht 110,278 million, equivalent to 16.9% of risk-weighted assets with 12.2% in Tier 1 capital under Basel II.



4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of June 30, 2011 remained unchanged from March 31, 2011 as follows:

Moody's Investors Service

Bank Deposits

- Long Term	Baa2
- Short Term	Prime-2

Debt

- Long Term -Senior Debt	Baa2
- Long Term –Subordinated Debt	Ba2
- 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

International Rating (Foreign Currency)

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

National Ratings

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