

BANK OF AYUDHYA

2Q/2010 and 1H/2010 Financial Performance

21st July 2010



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Agenda

- Introduction and Key Developments
- Strategies and Focus Areas
- Financial Performance for 2Q/2010 and 1H/2010

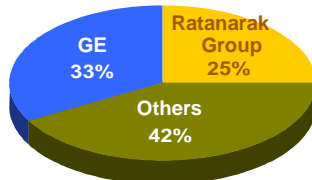
Introduction and Key Developments

BAY's Profile

5th Largest Bank in Thailand

Consolidated	June 10 (Baht bn)	Ranking
Assets	851.6	5
Deposits	523.3	5
Loans	618.9	5
	Number	
Domestic Branches	578	
Overseas Branches	4	
ATMs	2,879	
Exchange Booth	65	
Employees	9,437	
Workforce	17,000	

Shareholding as of June 2010



Group Companies

Auto Hire Purchase and Leasing Ayudhya Capital Auto Lease Plc. (AYCAL) Ayudhya Auto Lease Plc. (AYAL) Ayudhya Total Solution Plc. (AYTS)	
Auto Hire Purchase and Leasing Ayudhya Card Services Co., Ltd. (AYCS) Krungsriayudhya Card Co., Ltd. (KCC) Ayudhya Capital Services Co., Ltd. (AYCAP) * Tesco Card Services Co., Ltd. (TCS) General Card Services Co., Ltd. (GCS)	
Collection Services Total Services Solutions Plc. (TSS)	
Micro Finance CFG Services Co., Ltd. (CFGs)	
Fund Management Ayudhya Fund Management Co., Ltd. (AYF) Prima Vest Asset Management Co., Ltd. (PMV)	
Securities Ayudhya Securities Plc. (AYS)	
Leasing Ayudhya Development Leasing Co., Ltd. (ADLC)	
Factoring Ayudhya Factoring Co., Ltd. (AYFT)	
Non-life Insurance The Ayudhya Insurance Plc. (AYUD)	
Life Insurance Ayudhya Alliance C.P. Life Plc. (AACP)	
Insurance Broker QGIB, QLAB, TGIB, TLAB	
Support Business SRS	

* Formerly GECT

One

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What we have built ... Market Leading Position

As of Dec 09

	Corporate	SME	Consumer
Product Offered	Loan, Deposit, Investment, Cash Management, Credit Facilities, Trade Service, Insurance, Value Chain & Treasury		Deposit, Auto, Personal loan, Mortgage, Credit Card, Bancassurance, Wealth Management, Payment & Money Transfer
Acquisitions			2008 GE AYCAL 80 bn. 2009 AIG Group 23 bn. 2009 GEMT 60 bn.
Platform Scale	# accounts 2,000 Portfolio size 182 bn. # market position 5	# accounts 45,000 Portfolio size 170 bn. # market position 5	# accounts 8 mm. Portfolio size 253 bn. # market position 2

Major Product Line

Product Line	Market Share	Portfolio Size	Market Position
Cards	19%	Baht 33 bn. with 2.6 mm. cards	1
Personal Loan	16%	Baht 34 bn.	1
Auto	14%	Baht 112 bn.	2
Corporate & SME	8% & 7%	Baht 182 bn. & Baht 170 bn.	5



One

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Key Development in 2010

Continued Improvement in Profitability

- Net Profit grew by 24% and 53% versus 2Q/09 and 1H/09, respectively.

Progress on OneBAY and Integration

- OneBAY strategy introduced with 6 pillars.
 - Cross Sell
 - Primary Banking
 - Cost Management
 - Deposits
 - Customer Engagement
 - Employee Engagement
- Integration proceeding well and expected to complete on plan

Pick Up in Loan Growth Momentum

- Performing loan grew by 2.3% and 3.2% in 2Q/10 and 1H/10.

Asset Quality Improvement

- NPLs continued to decline from Baht 52.1 to 49.7 billion or 7.1% of loans.
- NPL sale of Baht 5.3 billion completed in July 2010, expected NPLs of less than Baht 45 billion.

Matched Funding Strategy Continued

- AYCAL's debenture issuances match funded its assets
 - February 2010 : Baht 7 billion
 - May 2010 : Baht 5 billion

NIM Target Maintained

- NIM maintained for 1H/10 at 5% in line with plan.

Capital Base Strengthened and Liquidity Remains Solid

- Subordinated debt issuance of Baht 20 billion strengthened CAR to 17.7% with Tier 2 rising to 5.7%.
- Liquidity position remains solid from Baht 20 billion subordinated debenture issue in June.



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Strategies and Focus Areas



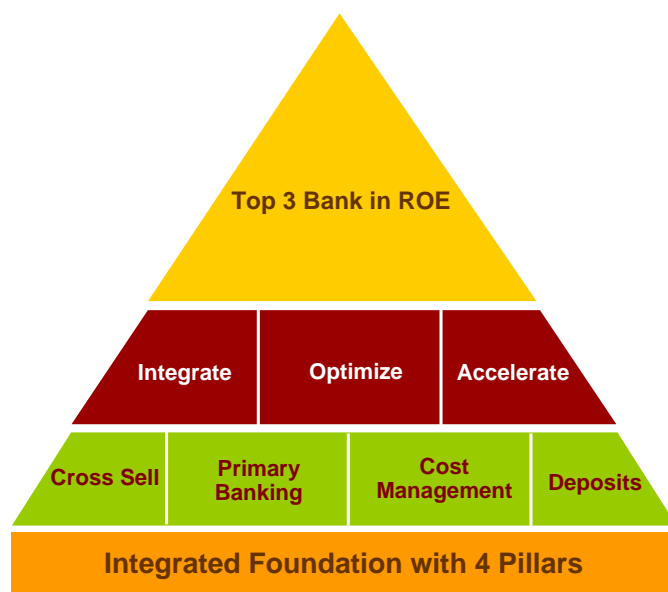
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Objective Based on 4 Important Pillars

Universal Bank with Leading Retail Business



Key Actions for Each Business

Corporate

- Focus on middle market to fast track cross sell
- Capitalize investment banking platform

SME

- Drive penetration in faster growing segments, SME-S + SME-R
- Instill performance driven culture
- Leverage customers insights to prioritize improvement
- Drive simplification
- Execute a multi-channel strategy, beyond branch

Retail

- Mortgage: Product enhancement and improvement in process
- Primary Banking: Dive deeper relationships with customers
- Auto HP: Continue to focus on used car and refinance while leveraging all the branches



Strategies Under 4 Pillars

Cross Sell

- Using various cross sell tools to sell comprehensive range of products.
- Cross sell at business units and subsidiaries.
- Specific target on product per customer to improve to top peers' level.
- Holistic view of customers in relative to group products.



Lending Products



Transactional Services



Investment/Deposits



Treasury



Investment Banking



Consumer Products



BAY Group Products

Primary Banking Relationship

- Customers to perceive BAY as main bank, making at least three transactions per month.
- Deeper relationships with 8 million customers.

Strategic Cost Management

- Using the foundation to manage cost with efficiency / effectiveness and simplicity.
 - Centralizing back-end process and logistics.
 - IT consolidation, eliminating overlaps.
 - Utilizing and sharing best practice across group.

Deposits

- Increase current and savings accounts industry average.
- Using payroll penetration, up sell to loan clients and cross sell to retail customers.

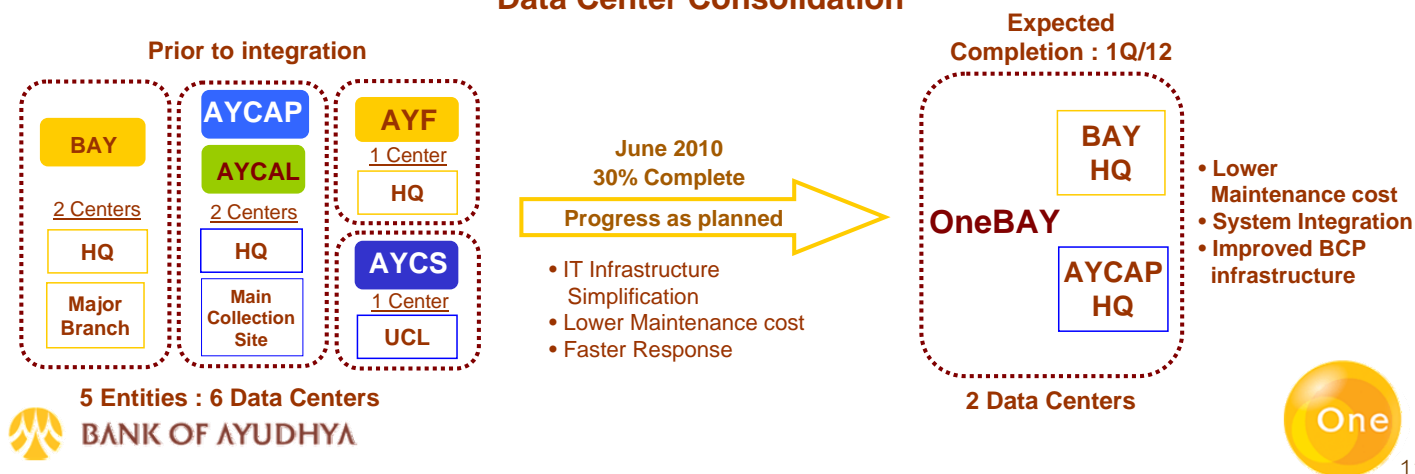


Integration Progress

Customer Service Consolidation



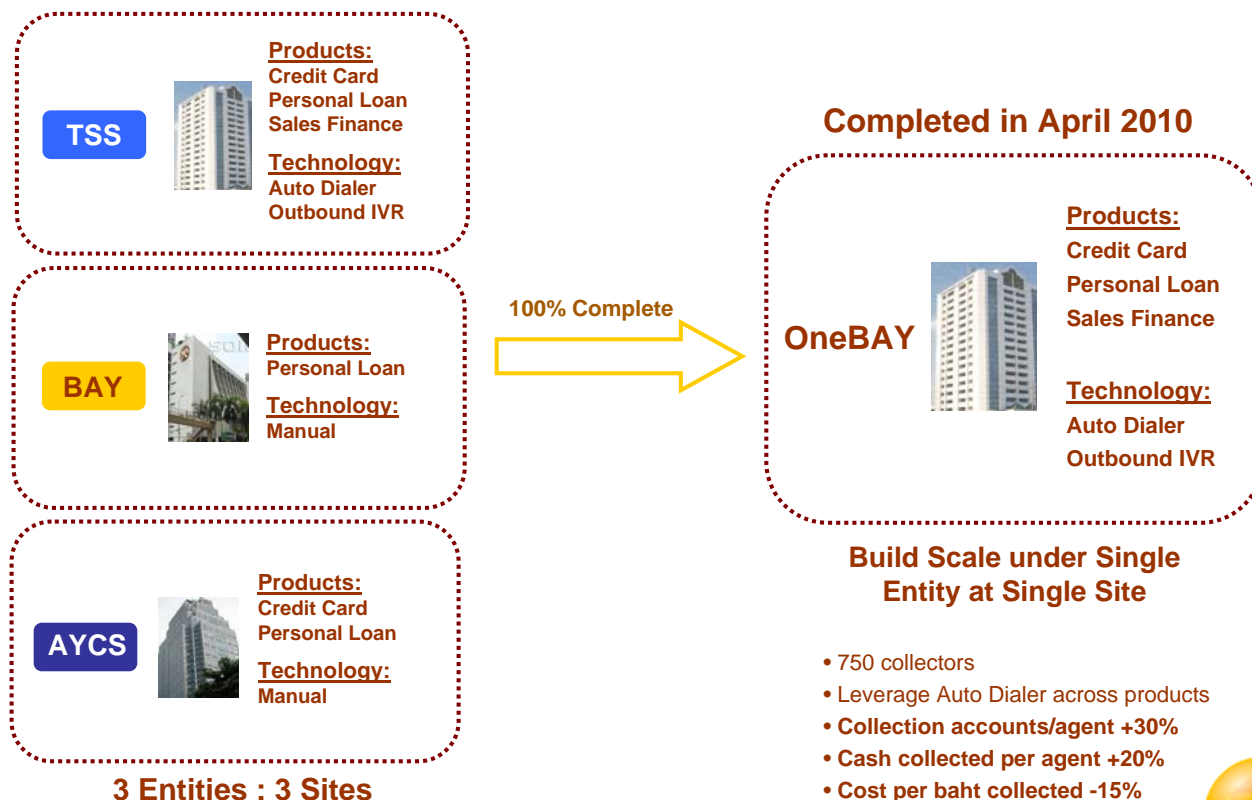
Data Center Consolidation



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Integration : Collections Consolidation

Prior to integration



2010 Key Performance Targets

Consolidated	2Q/09	2009	1Q/10	2Q/10	1H/10	2010 Targets	
Loan Growth (Net)	+21.0 bn (+3.9%)	+46.4 bn (+8.3%)	+3.4 bn (+0.57%)	+12.0 bn (+2.0%)	+15.4 bn (+2.5%)	n.a.	
PL Growth	+21.5 bn (+4.5%)	+49.4 bn (+9.8%)	+5.0 bn (+0.9%)	+12.8 bn (+2.3%)	+17.8 bn (+3.2%)	+48 bn (+8%)	✓
NPL Movement	-0.4 bn (-0.7%)	-3.0 bn (-5.4%)	-1.6 bn (-3.1%)	-0.8 bn (-1.6%)	-2.4 bn (-4.6%)	n.a.	
Deposit Mix: Savings and Current	40%	38%	39%	41%	41%	40%	✓
Loan Mix : Retail	36%	42%	42%	42%	42%	42%	✓
L/D Ratio	111%	116%	114%	118%	118%	110%	-
L/Deposit+Debentures+B/E	97%	102%	100%	105%	105%	94%	-
NIM	4.0%	4.1%	5.1%	4.9%	5.0%	> 5%	✓
Fee income growth	13%	26%	70%	37%	52%	> 30%	✓
Cost to Income Ratio	54.7%	56.4%	56.0%	54.3%	55.2%	56%	✓
NPLs	55.9 bn	52.1 bn	50.5 bn	49.7 bn	49.7 bn	52 bn	✓
Provisions *	182 bps	169 bps	210 bps	188 bps	197 bps	198 bps	✓
Loan Loss Coverage	65%	74%	79%	82%	82%	70-75%	✓
CAR **	15.9%	14.2%	14.5%	17.7%	17.7%	n.a.	
Inorganic Growth	AIGRB & AIGCC Acquisition	AIGRB + AIGCC CFGs GEMT					

* Provision included loss on sale of foreclosed properties

** Bank only, 2009 included DTA



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Financial Performance for 2Q/2010 and 1H/2010



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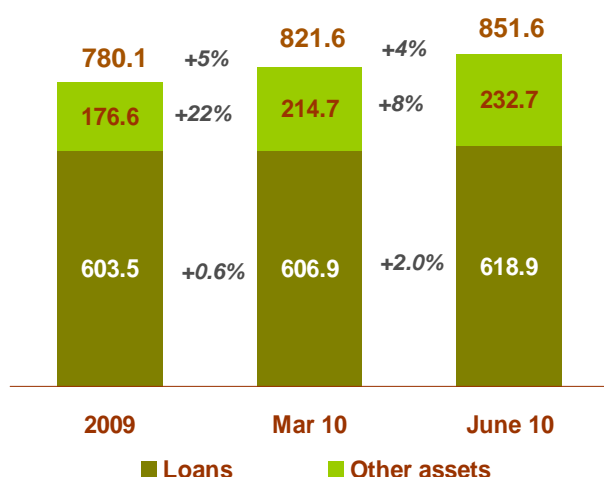


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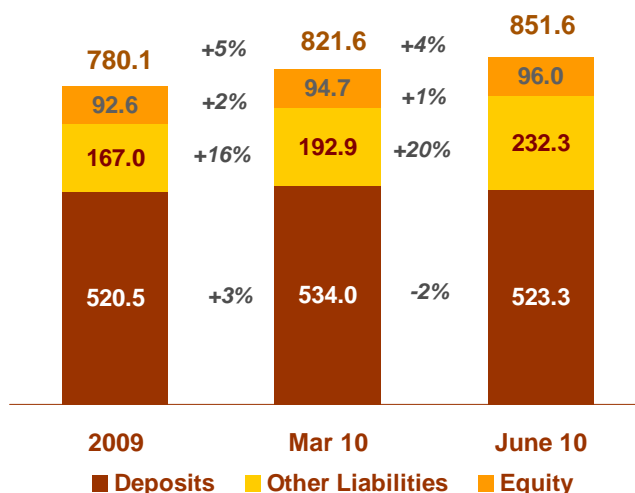
Balance Sheet

Consolidated
(Baht Billion)

Assets



Liabilities & Equity

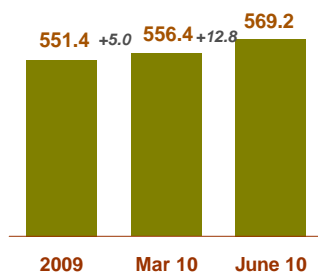


- **Assets** increased from interbank, money market items and loan growth.
- **Loans** increased organically by Baht 12 billion and Baht 15 billion in 2Q/10 and 1H/10.
- **Liabilities** increased mainly from interbank, money market items and borrowings.
- **Equity** rose by 3.7% mainly driven by the Bank's net profit in 1H/10.

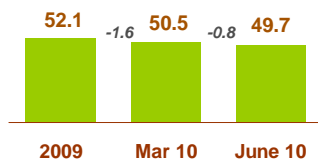
Loans & Deposits+

Loans PL

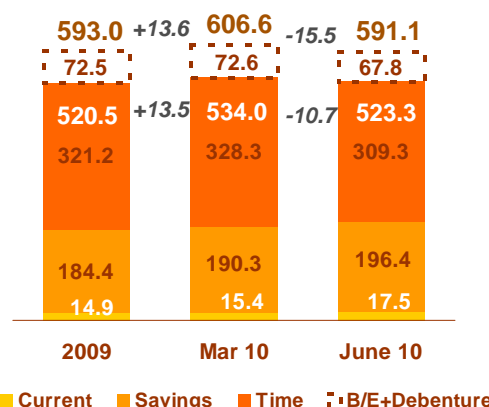
Consolidated
(Baht Billion)



Loans NPL



Deposits+



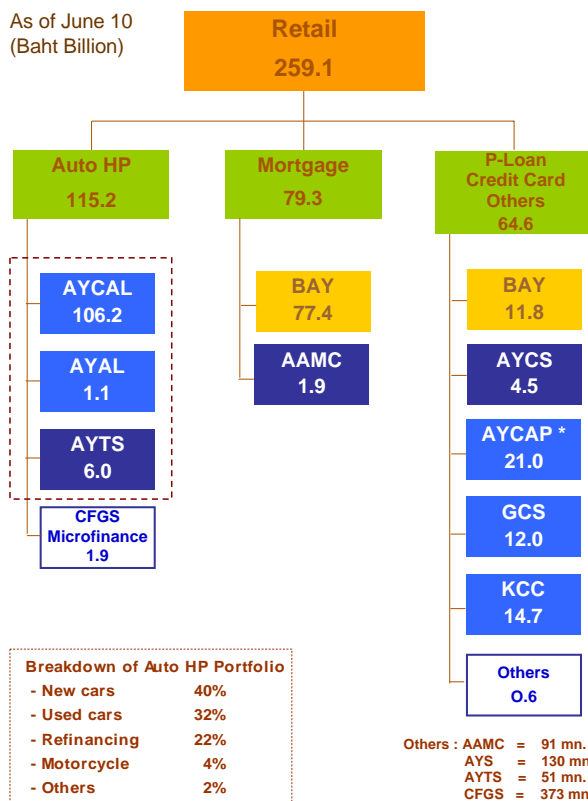
- **Loans** increased organically by 2.5%. SME and Retail showing strongest growth.
- **Deposits** continued to increase in current and saving, with CASA portion rising from 38% to 41%.
- Strong demand for AYCAL two debenture issues totaling Baht 12 billion in 1H/10.

- **Loan-to-Deposit +B/E +Debenture** up slightly to 105% but liquidity remains strong with subordinated debt issuance of Baht 20 billion.

Loan Mix & Retail Loan Composition

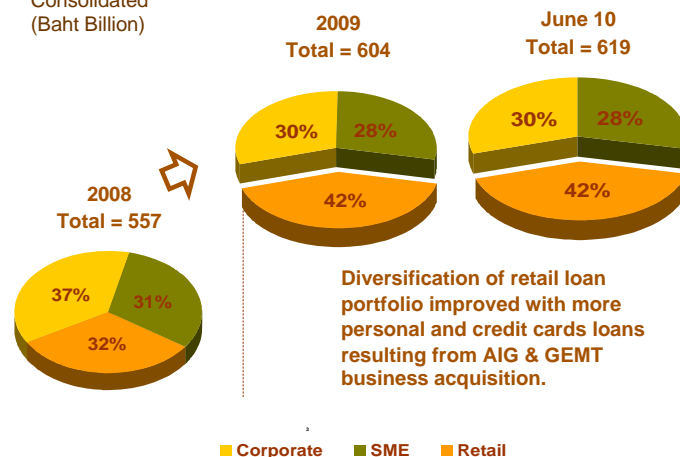
Current Retail Composition

As of June 10
(Baht Billion)



Expansion of Retail Loan Mix

Consolidated
(Baht Billion)



	2008		2009		June 10		% chg
	Bn	%	Bn	%	Bn	%	
Corporate	203.4	37	181.5	30	183.3	30	1.0
SME	172.8	31	169.7	28	176.5	28	4.0
Retail	180.9	32	252.3	42	259.1	42	2.7
- Auto HP	102.6	18	111.8	19	115.2	19	3.1
- Mortgage	68.1	12	73.6	12	79.3	13	7.7
- P loan, CC & Others	10.2	2	66.9	11	64.6	10	-3.4
Total	557.1	100	603.5	100	618.9	100	2.6

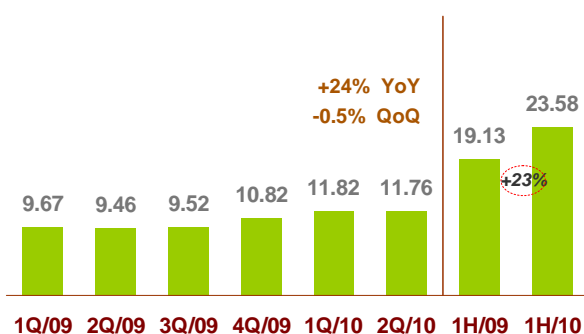


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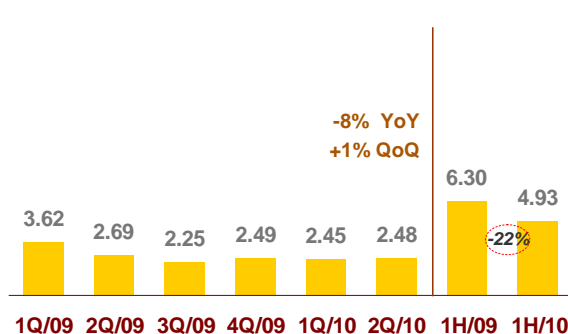
Interest Accounts

Consolidated
(Baht Billion)

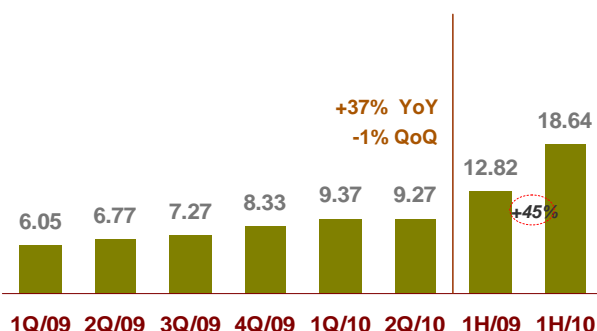
Interest Income



Interest Expense



Net Interest Income



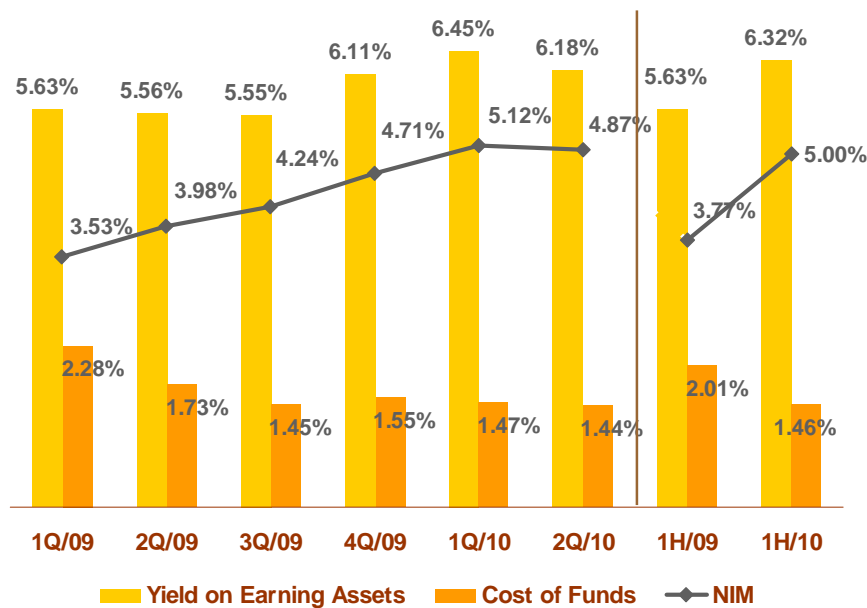
- Interest income increased significantly YoY with business acquisitions in 2009.
- Cost of funds improved YoY primarily resulting from a declining rate environment.
- Consequently, net interest income improved overall on a YoY basis.



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Net Interest Margin

Consolidated

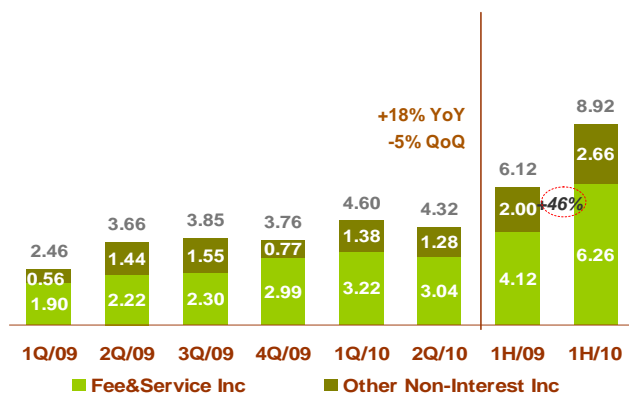


- NIM in 1H/10 reported in line with the annual target of 5%.

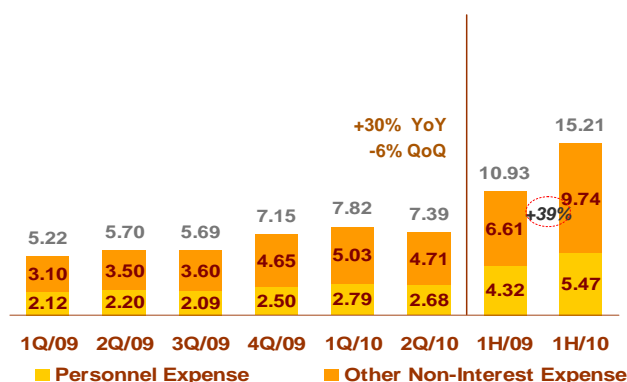
Non Interest Accounts

Consolidated
(Baht Billion)

Non-Interest Income

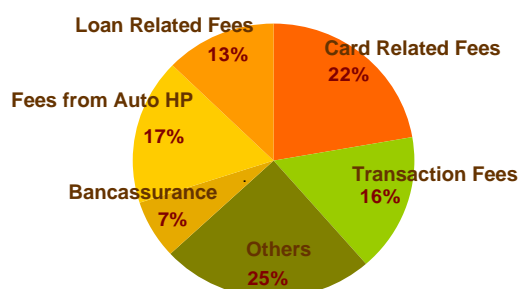


Non-Interest Expenses



Fee & Service Income Breakdown

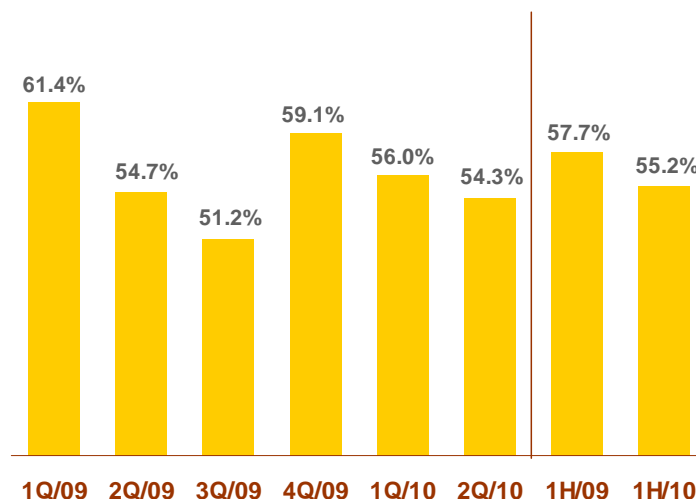
2Q/10 Consolidated



- Fees & services income increased significantly YoY driven by fee structures of acquired businesses.
- Non-interest expenses increased YoY as personnel expenses rose as a result of GEMT acquisition.

Cost-to-Income Ratio

Consolidated

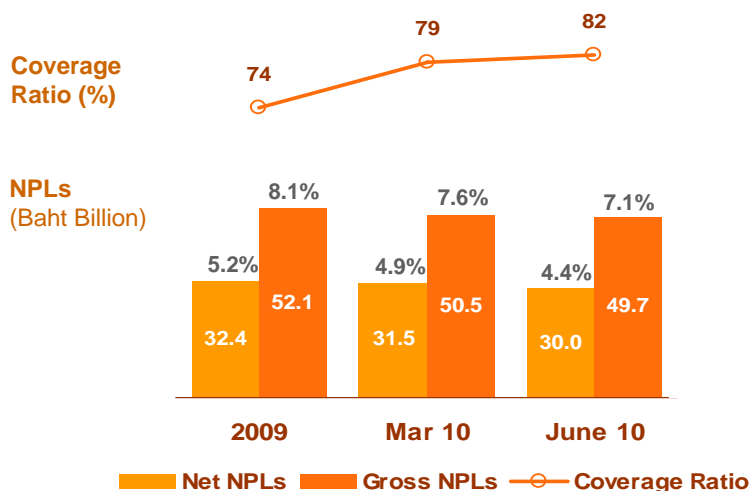


- Cost-to-Income Ratio improved in 2Q/10 as the Bank leveraged synergies and managed expenses tightly in a tough operating environment.

Continued Asset Quality Improvement

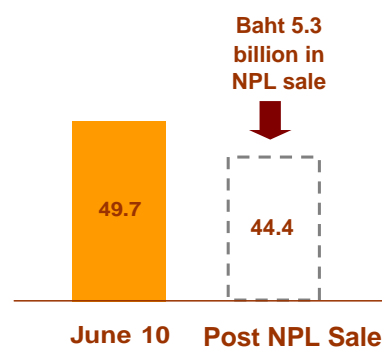
Consolidated

NPL and Coverage Ratio



- Despite the political unrest, asset quality remained strong throughout the quarter resulting in decreasing NPLs.
- Surplus reserve increased, coverage ratio improved to 82%.
- Actual provision was at 141% of BOT requirement.

NPL Sale

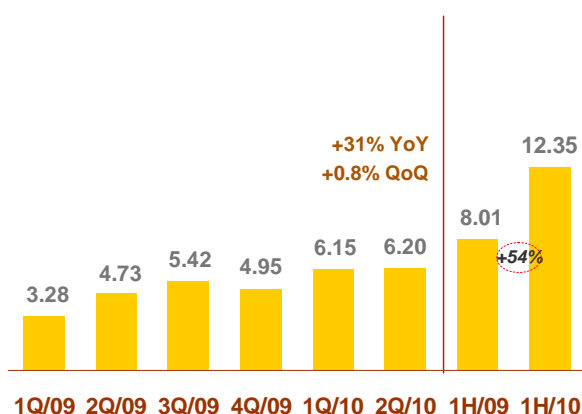


- Completion with agreements signed on 13 July 2010.
- Tranches sold were composed of Corporate, SME and Mortgage.
- No P&L impact from the sale.

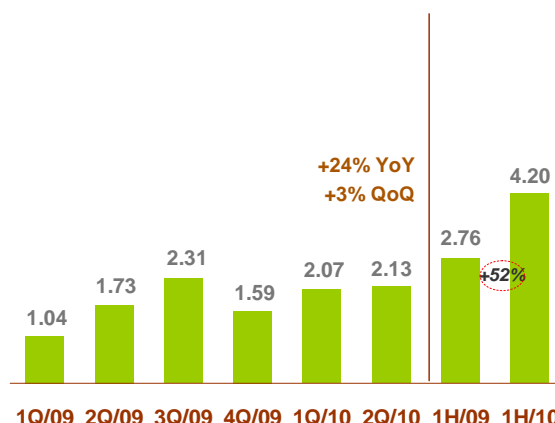
Profit before Provision and Tax and Net Income

Consolidated
(Baht Billion)

Profit before Provision and Tax



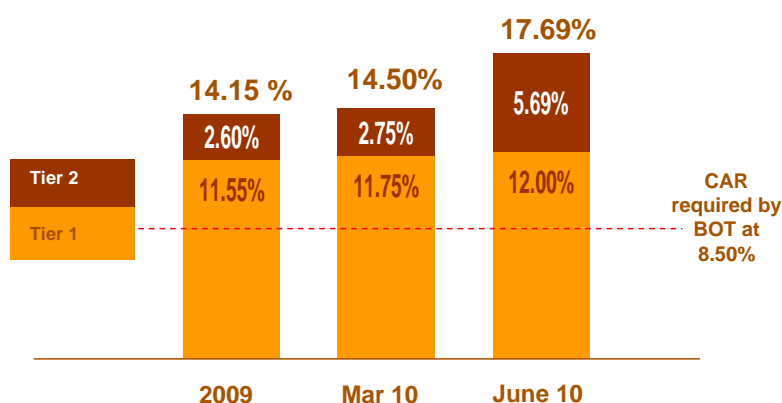
Net Income



- Operating performance improved significantly driven by interest and non-interest income.
- Despite setting a higher provision for bad debt, doubtful accounts, and tax payments, net profit increased 24% YoY and 3% QoQ.

Improving Capital Management

Strong Capital Base



- CAR increased to 17.7% with Tier 1 at 12.0%.
- CAR improved with Tier 2 increasing from the issuance of subordinated debentures in June 2010.

Subordinated debentures

- Amount : Baht 20 billion
- Tenor : 10 years
- Rates : Yr 1-3 = 4.35%
- Yr 4-6 = 4.75%
- Yr 7-10 = 5.50%

Baht Billion	2009	Mar 10	June 10
Tier 1	76.47	76.47	79.17
Tier 2	17.27	17.93	37.48
Total Capital	93.74	94.40	116.65



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