

**Standard Chartered Bank (Thai)
Public Company Limited and its Subsidiary**

Interim financial statements
for the six-month period ended
30 June 2017
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

To the Board of Directors of Standard Chartered Bank (Thai) Public Company Limited

Opinion

I have audited the interim consolidated and the Bank only financial statements of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary (the "Group") and of Standard Chartered Bank (Thai) Public Company Limited (the "Bank") respectively, which comprise the consolidated and the Bank only statements of financial position as at 30 June 2017, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank only, respectively, as at 30 June 2017 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the interim consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Interim Consolidated and the Bank only Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated and the Bank only financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of interim consolidated and the Bank only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated and the Bank only financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Bank's financial reporting process.



Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the interim consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the interim consolidated and the Bank only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank only financial statements, including the disclosures, and whether the interim consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
25 August 2017

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statement of financial position

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Assets	Note	2017	2016	2017	2016
(in thousand Baht)					
Cash		289,495	271,469	289,495	271,469
Interbank and money market items, net	7, 30	57,636,112	56,697,846	57,636,112	56,697,846
Derivative assets	8, 30	18,335,426	23,277,544	18,335,426	23,277,544
Investments, net	9, 28	32,263,119	32,646,309	32,263,119	32,646,309
Investments in subsidiary	10	-	-	48,170	48,170
Loans to customers and accrued interest receivable, net	11, 12, 30				
Loans to customers		41,996,239	38,138,566	41,996,239	38,138,566
Accrued interest receivable		109,563	78,761	109,563	78,761
Total loans to customers and accrued interest receivable		42,105,802	38,217,327	42,105,802	38,217,327
Less allowance for doubtful accounts	11.4, 13	(5,525,836)	(5,854,255)	(5,525,836)	(5,854,255)
Total loans to customers and accrued interest receivable, net		36,579,966	32,363,072	36,579,966	32,363,072
Customer's liability under acceptance		440,399	313,267	440,399	313,267
Premises and equipment, net	14	367,989	432,259	367,989	432,259
Intangible assets, net		96,157	96,973	96,157	96,973
Deferred tax assets	15	883,635	925,990	883,635	925,990
Accounts receivable from sales of investments and debt securities in issue	16	1,686,533	1,147,401	1,686,533	1,147,401
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		1,382,649	2,338,298	1,382,649	2,338,298
Assets of disposal group classified as held for sale	18	36,685,161	39,653,124	36,685,161	39,653,124
Other assets, net	19, 30	489,923	495,715	483,612	489,423
Total assets		187,136,564	190,659,267	187,178,423	190,701,145
Liabilities and equity					
Liabilities					
Deposits	20, 30	64,339,823	52,136,653	64,383,444	52,180,497
Interbank and money market items	21, 30	26,234,393	28,047,796	26,234,393	28,047,796
Liabilities payable on demand		1,324,117	1,548,139	1,324,117	1,548,139
Liabilities to deliver security		3,423,015	-	3,423,015	-
Derivative liabilities	8, 30	16,028,429	22,736,229	16,028,429	22,736,229
Debt issued and borrowings	22	3,278,599	2,022,600	3,278,599	2,022,600
Bank's liability under acceptances		440,399	313,267	440,399	313,267
Provisions	23	459,149	443,979	459,149	443,979
Accounts payable from purchase of investments	24	886,655	1,286,799	886,655	1,286,799
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	30	2,117,859	3,525,951	2,117,859	3,525,951
Accrued expenses	30	3,514,929	4,332,373	3,514,619	4,330,443
Liabilities of disposal group classified as held for sale	18	24,800,941	34,530,261	24,800,941	34,530,261
Other liabilities	25, 30	1,061,091	1,289,657	1,061,059	1,289,621
Total liabilities		147,909,399	152,213,704	147,952,678	152,255,582
Equity					
Share capital	26				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045	14,837,045	14,837,045
Premium on share capital	26	9,055,819	9,055,819	9,055,819	9,055,819
Other reserves	27	(56,751)	(197,007)	(56,751)	(197,007)
Retained earnings					
Appropriated					
Legal reserve	27	1,102,086	1,102,086	1,096,086	1,096,086
Unappropriated		14,288,966	13,647,620	14,293,546	13,653,620
Total equity		39,227,165	38,445,563	39,225,745	38,445,563
Total liabilities and equity		187,136,564	190,659,267	187,178,423	190,701,145

(นาย พลากร หวังหลี่)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรุณฯ นามพูลสุกันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statement of profit or loss and other comprehensive income

		Consolidated		Bank only	
		Six-month period ended		Six-month period ended	
	Note	30 June		30 June	
		2017	2016	2017	2016
			(Restated)		(Restated)
		(in thousand Baht)			
Continued operations					
Interest income	30, 33	1,364,724	1,414,066	1,364,724	1,259,062
Interest expenses	34	647,173	647,965	647,227	648,152
Net interest income		717,551	766,101	717,497	610,910
Fees and service income		474,722	404,024	474,722	404,024
Fees and service expenses		78,496	94,654	78,496	72,978
Net fees and service income	35	396,226	309,370	396,226	331,046
Gains on trading and foreign exchange transactions, net	30, 36	594,159	880,482	594,159	880,482
Gains (losses) on investments, net	37	(3,285)	258,178	(3,285)	250,058
Other operating income	30	4,579	48,417	4,579	29,620
Total operating income		1,709,230	2,262,548	1,709,176	2,102,116
Other operating expenses	30				
Employee expenses	38	786,565	836,103	786,563	805,694
Directors' remuneration		3,900	4,098	3,900	4,098
Premises and equipment expenses		53,997	74,461	53,997	69,511
Taxes and duties		40,831	40,678	40,831	32,521
Service agreements		261,097	286,224	261,097	286,224
Others		216,229	245,413	217,597	212,537
Total other operating expenses		1,362,619	1,486,977	1,363,985	1,410,585
Reversal of impairment loss of loans and debt securities	13, 39	(252,320)	(142,746)	(252,320)	(140,084)
Profit from continued operations before income tax		598,931	918,317	597,511	831,615
Income tax	40	177,619	307,490	177,619	278,873
Profit from continued operations		421,312	610,827	419,892	552,742
Discontinued operation					
Profit from discontinued operation, net of tax	17	605,797	450,536	605,797	410,174
Profit for the period		1,027,109	1,061,363	1,025,689	962,916
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Gain (losses) on remeasuring available-for-sale investments		182,634	(63,257)	182,634	(63,257)
Gain (losses) on cash flow hedges of derivatives revaluation		(7,314)	50,719	(7,314)	50,719
Income tax relating to other comprehensive income	40	(35,064)	2,759	(35,064)	2,508
Total other comprehensive income for the period, net of tax		140,256	(9,779)	140,256	(10,030)
Total comprehensive income for the period		1,167,365	1,051,584	1,165,945	952,886
Profit attributable to:					
Shareholders of the Bank		1,027,109	1,061,362	1,025,689	962,916
Non-controlling interest		-	1	-	-
Profit for the period		1,027,109	1,061,363	1,025,689	962,916
Total comprehensive income attributable to :					
Shareholders of the Bank		1,167,365	1,051,583	1,165,945	952,886
Non-controlling interest		-	1	-	-
Total comprehensive income for the period		1,167,365	1,051,584	1,165,945	952,886
Earnings per share					
Basic earnings per share (in Baht)	41	0.69	0.72	0.69	0.65

(นาย พลภกร หวังหลี)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรณูช นามพูลสุขสันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary

Statement of changes in equity

Consolidated											
			Reserve arising	Other reserves			Retained earnings				
	Issued and	Premium on	from business	Fair value		Total other			Total	Non-controlling	Total equity
Note	paid-up	share capital	combination under	change in	Cash flow hedges	reserves	Legal reserve	Unappropriated	shareholders'	interest	
	share capital		common control	available-for-sale		(in thousand Baht)			equity		
				investments							
Six-month period ended 30 June 2016											
Balance as at 1 January 2016	14,837,045	9,055,819	(496,906)	43,701	2,791	46,492	1,083,609	13,890,740	38,416,799	14	38,416,813
Transactions with owners, recorded directly in equity											
Distribution to owners of the Bank											
Dividends	42	-	-	-	-	-	-	(178,045)	(178,045)	-	(178,045)
Total distribution to owners of the Bank		-	-	-	-	-	-	(178,045)	(178,045)	-	(178,045)
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	1,061,362	1,061,362	1	1,061,363
Other comprehensive income											
Available-for-sale investments											
Net change in fair value recognised in equity, net of tax		-	-	-	(50,605)	-	(50,605)	-	(50,605)	-	(50,605)
Cash flow hedges											
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	40,575	40,575	-	-	40,575	-	40,575
Acturial gains on defined benefit plan, net of tax		-	-	-	-	-	-	251	251	-	251
Total other comprehensive income		-	-	-	40,575	(10,030)	-	251	(9,779)	-	(9,779)
Total comprehensive income for the period		-	-	-	(50,605)	40,575	(10,030)	-	1,061,613	1	1,051,584
Balance as at 30 June 2016	14,837,045	9,055,819	(496,906)	(6,904)	43,366	36,462	1,083,609	14,774,308	39,290,337	15	39,290,352
Six-month period ended 30 June 2017											
Balance as at 1 January 2017	14,837,045	9,055,819	-	(191,784)	(5,223)	(197,007)	1,102,086	13,647,620	38,445,563	-	38,445,563
Transactions with owners, recorded directly in equity											
Distribution to owners of the Bank											
Dividends	42	-	-	-	-	-	-	(385,763)	(385,763)	-	(385,763)
Total distribution to owners of the Bank		-	-	-	-	-	-	(385,763)	(385,763)	-	(385,763)
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	1,027,109	1,027,109		1,027,109
Other comprehensive income											
Available-for-sale investments											
Net change in fair value recognised in equity, net of tax		-	-	-	146,108	-	146,108	-	146,108	-	146,108
Cash flow hedges											
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(5,852)	(5,852)	-	-	(5,852)	-	(5,852)
Total other comprehensive income		-	-	-	146,108	(5,852)	140,256	-	140,256	-	140,256
Total comprehensive income for the period		-	-	-	146,108	(5,852)	140,256	-	1,167,365	-	1,167,365
Balance as at 30 June 2017	14,837,045	9,055,819	-	(45,676)	(11,075)	(56,751)	1,102,086	14,288,966	39,227,165		39,227,165

(นาย พลากร หวังเหล็ก)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรุณ นามพูลสุขสันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary

Statement of changes in equity

Note	Issued and paid-up share capital	Premium on share capital	Bank only			Retained earnings			Total equity
			Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves <i>(in thousand Baht)</i>	Legal reserve	Unappropriated		
Six-month period ended 30 June 2016									
Balance as at 1 January 2016	14,837,045	9,055,819	43,701	2,791	46,492	1,075,109	13,367,098	38,381,563	
Transactions with owners, recorded directly in equity									
<i>Distribution to owners of the Bank</i>									
Dividends	42	-	-	-	-	-	(178,045)	(178,045)	
<i>Total distribution to owners of the Bank</i>		-	-	-	-	-	(178,045)	(178,045)	
Comprehensive income for the period									
Profit for the period		-	-	-	-	-	962,916	962,916	
Other comprehensive income									
Available-for-sale investments									
Net change in fair value recognised in equity, net of tax		-	-	(50,605)	-	(50,605)	-	(50,605)	
Cash flow hedges									
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	40,575	40,575	-	-	
Total other comprehensive income		-	-	(50,605)	40,575	(10,030)	-	(10,030)	
Total comprehensive income for the period		-	-	(50,605)	40,575	(10,030)	-	962,916	
Balance as at 30 June 2016		14,837,045	9,055,819	(6,904)	43,366	36,462	1,075,109	14,151,969	
Six-month period ended 30 June 2017									
Balance as at 1 January 2017	14,837,045	9,055,819	(191,784)	(5,223)	(197,007)	1,096,086	13,653,620	38,445,563	
Transactions with owners, recorded directly in equity									
<i>Distribution to owners of the Bank</i>									
Dividends	42	-	-	-	-	-	(385,763)	(385,763)	
<i>Total distribution to owners of the Bank</i>		-	-	-	-	-	(385,763)	(385,763)	
Comprehensive income for the period									
Profit for the period		-	-	-	-	-	1,025,689	1,025,689	
Other comprehensive income									
Available-for-sale investments									
Net change in fair value recognised in equity, net of tax		-	-	146,108	-	146,108	-	146,108	
Cash flow hedges									
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(5,852)	(5,852)	-	(5,852)	
Total other comprehensive income		-	-	146,108	(5,852)	140,256	-	140,256	
Total comprehensive income for the period		-	-	146,108	(5,852)	140,256	-	1,165,945	
Balance as at 30 June 2017		14,837,045	9,055,819	(45,676)	(11,075)	(56,751)	1,096,086	39,225,745	

(นาย พลากร หวังหลี)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรณุช นามพูลสุขสันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statement of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	1,336,240	1,487,059	1,334,822	1,359,994
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	37,648	53,853	37,648	52,202
Impairment loss of loans and debt securities	252,006	630,041	252,006	630,041
Impairment loss of investments (reversal of)	-	(2,661)	-	8,119
Amortisation of discount of debt instruments	(365,691)	(243,807)	(365,691)	(243,807)
Amortisation of discount of debt issued and borrowings	10,400	14,286	10,400	14,286
Loss (gains) on disposal of investments	3,285	(258,178)	3,285	(258,178)
Loss (gains) on disposal of premises and equipment	334	(390)	334	(390)
Impairment loss of properties for sale	-	562	-	-
Provisions made (reversal of)	22,609	(11,155)	22,609	(11,806)
Net interest income	(2,200,955)	(2,530,772)	(2,200,902)	(2,375,580)
Interest received	3,073,755	3,485,270	3,073,755	3,333,515
Interest paid	(851,764)	(967,789)	(851,817)	(967,976)
Income tax paid	(184,374)	(78,877)	(184,373)	(22,101)
Profit from operations before changes in operating assets and liabilities	1,133,493	1,577,442	1,132,076	1,518,319
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(938,265)	(34,524,050)	(938,265)	(34,523,794)
Derivative assets and liabilities, net	(1,773,628)	1,098,548	(1,773,628)	1,098,548
Trading investments	(1,877,521)	(241,317)	(1,877,521)	(241,317)
Investments in receivables	-	(135,637)	-	-
Loans to customers	(1,550,317)	12,389,992	(1,550,317)	12,661,908
Properties for sale	-	55,725	-	-
Other assets	966,240	3,468,289	966,256	3,458,118
<i>Increase (decrease) in operating liabilities</i>				
Deposits	2,395,705	(5,049,374)	2,395,484	(5,343,200)
Interbank and money market items	(1,813,404)	10,782,351	(1,813,404)	10,782,351
Liabilities payable on demand	(239,178)	273,663	(239,178)	273,663
Short-term debt issued and borrowings	1,270,594	741,019	1,270,594	741,019
Provisions used	(7,439)	(21,658)	(7,439)	(13,550)
Other liabilities	(2,470,295)	(3,795,557)	(2,468,673)	(3,780,252)
Net cash used in operating activities	(4,904,015)	(13,380,564)	(4,904,015)	(13,368,187)
<i>Cash flows from investing activities</i>				
Purchase of premises and equipment	(3,271)	(18,502)	(3,271)	(18,502)
Purchase of intangible assets	-	(22,007)	-	(22,007)
Proceeds from disposals of premises and equipment	2	392	2	392
Purchase of available-for-sale investments	(210,070)	(13,509,017)	(210,070)	(13,509,017)
Proceeds from available-for-sale investments	5,475,195	27,101,931	5,475,195	27,101,931
Net cash provided by investing activities	5,261,856	13,552,797	5,261,856	13,552,797

(นาย พลากร หวังหลี)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรุณ นามพูลสุขสันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statement of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from financing activities</i>				
Dividends paid	(385,763)	(178,045)	(385,763)	(178,045)
Net cash used in financing activities	(385,763)	(178,045)	(385,763)	(178,045)
Net increase (decrease) in cash	(27,922)	(5,812)	(27,922)	6,565
Cash at beginning of the period	271,469	381,509	271,469	366,546
Cash at beginning of the period transferred to assets of disposal group classified as held for sale	45,948	-	45,948	-
Cash transfer to assets of disposal group classified as held for sale	-	(2,586)	-	-
Cash at end of the period	289,495	373,111	289,495	373,111
<i>Non-cash transactions</i>				
Gains (losses) on remeasuring available-for-sale investments, net of deferred tax	146,108	(50,606)	146,108	(50,606)
Gain (losses) on cash flow hedges of derivatives revaluation, net of deferred tax	(5,852)	40,575	(5,852)	40,575

(นาย พลากร หวังหลี)
(Mr.Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรณัฐ นามพูลสุขสันต์)
(Ms.Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Note Contents

1	General information
2	Basis of preparation of the interim financial statements
3	Significant accounting policies
4	Financial risk management
5	Fair value of financial assets and liabilities
6	Maintenance of capital fund
7	Interbank and money market items, net (assets)
8	Derivatives
9	Investments, net
10	Investments in subsidiary
11	Loans to customers and accrued interest receivable, net
12	Troubled debt restructuring
13	Allowance for doubtful accounts
14	Premises and equipment
15	Deferred tax
16	Accounts receivable from sales of investments and debt securities in issue
17	Discontinued operation
18	Assets and liabilities of disposal group classified as held for sales
19	Other assets
20	Deposits
21	Interbank and money market items (liabilities)
22	Debt issued and borrowings
23	Provisions
24	Accounts payable from purchase of investments
25	Other liabilities
26	Share capital
27	Reserves
28	Assets pledged as collateral
29	Contingent liabilities
30	Related parties
31	Non-cancellable operating lease agreements
32	Segment information
33	Interest income
34	Interest expenses
35	Net fees and service income
36	Gains on trading and foreign exchange transactions, net
37	Gains (losses) on investments, net
38	Employee expenses
39	Reversal of impairment loss of loans and debt securities
40	Income tax
41	Basic earnings per share
42	Dividends

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 August 2017.

1 General information

Standard Chartered Bank (Thai) Public Company Limited (the “Bank”), is incorporated in Thailand and has its Head Office located at 90 North Sathorn Road, Silom, Bangrak, Bangkok.

The immediate and ultimate parent companies of the Bank are Standard Chartered Bank and Standard Chartered PLC, respectively, which are incorporated in the United Kingdom.

The Bank is a commercial bank, which provides a wide range of banking services to retail and corporate and institutional clients. Details of the Bank’s subsidiary as at 30 June 2017 and 31 December 2016 are given in notes 10 and 30. On 22 December 2016, the Bank entered into a binding agreement to dispose of its Retail Banking Business (Note 18).

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2016) *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRSs effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiary.

(b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following material items:

<i>Items</i>	<i>Measurement bases</i>
Derivative instruments	Fair value
Trading and available-for-sale financial assets	Fair value

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(c) *Functional and presentation currency*

The interim financial statements are presented in Thai Baht, which is the Bank and its subsidiary's functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand, and in the notes to interim financial statements to the nearest million, unless otherwise stated.

(d) *Use of judgments and estimates*

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment to the amount recognised in the interim financial statements is included in the following notes:

Note 5	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 13	Allowance for doubtful accounts

Measurement of fair values

A number of the Bank and its subsidiary's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank and its subsidiary have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values.

If the inputs used to measure the fair value of an asset or liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiary recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 5 Fair value of financial assets and liabilities

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiary.

Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Group. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of the subsidiary have been changed where necessary to align them with the policies adopted by the Bank.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Significant intra-group balances and transactions, and any unrealised income or expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the date of the transactions.

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts at the reporting date are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, changes in fair value on outstanding forward foreign exchange contracts calculated as described above are recognised in profit or loss except for effective cash flow hedges (note 3(j)).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(c) Cash

Cash comprises cash on hand and cash on collection.

(d) Investments

Investments in subsidiary

Investments in subsidiary in the Bank only financial statements are accounted for using the cost method.

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Bank and its subsidiary have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Initial recognition

Purchases and sales of investments are initially recognised on trade date which is the date that the Bank and its subsidiary commit to purchase or sell the investments.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiary dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(d) *Loans to customers*

Loans to customers are stated at the outstanding principal amount, except for bank overdrafts which include accrued interest receivable. Bills purchased at a discount are stated at the face value of the bill, net of deferred revenue.

(e) *Allowance for doubtful accounts*

The Bank and its subsidiary' allowance for doubtful accounts is established to recognise impairment losses either on specific loan assets or within a portfolio of loans to customers.

Specific provisions are made where the repayment of identified loans to customer is in doubt and reflects expected losses. The amount of specific provision is the excess of the carrying value over the present value of estimated future cash flows, discounted at the loan's effective interest rate. A portfolio provision is established to cover the inherent risk of losses that, although not specifically identified, are known from experience to have been incurred and are present in any loan portfolio. The amount of the portfolio provision is computed primarily based on historical experience and adjusted for current trends, economic conditions and management consideration.

To the extent that the above policy does not meet the minimum provisioning guidelines established by the BoT, the Bank and its subsidiary raise additional provisions to meet such requirements.

Estimating the amount and timing of future recoveries involves significant judgment, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral for which there may not be a readily accessible market. Actual losses identified could differ significantly from the impairment provisions reported as a result of uncertainties arising from the economic environment.

Any allowances for doubtful accounts established during the year are recorded as impairment loss of loans and debt securities. The Bank and its subsidiary write off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of impairment loss of loans and debt securities in profit or loss.

(f) *Troubled debt restructuring*

Where the troubled debt restructuring of loans involves modification of the terms and conditions of the remaining loan balances, the fair value of the investment in loans after restructuring is calculated based on the expected future cash flows discounted by the market rate of interest as per the Bank and its subsidiary' risk criteria applicable to such loans as at the restructuring date.

The Bank records transferred assets from customers at the lower of the fair value of the assets or the book value of the loans to customers as at the restructuring date.

Losses on troubled debt restructuring are recognised in profit or loss. Gains are not recognised.

(g) *Premises and equipment*

Recognition and measurement

Owned assets

Premises and equipment are stated at cost less accumulated depreciation and impairment losses.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items of premises and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by difference between the proceeds from disposal and the carrying amount of premises and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiary, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Leased assets

Leases for which the Bank and its subsidiary assume substantially all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Buildings	20 - 50 years
Equipment	3 - 5 years
Leased assets	Life of lease, not exceeding the period of the lease of the associated property

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Leasehold premises

Leasehold premises included in other assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis not exceeding the shorter of 50 years or the term of the lease agreement.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(i) Impairment

The carrying amounts of the Bank and its subsidiary' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost and investments in receivables is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate in order to reflect current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(j) *Financial instruments*

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently re-measured at their fair values. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivative is a designated hedge instrument in a cash flow hedge relationship. All derivatives are carried as assets when the fair value is positive as “Derivative assets” and as liabilities when the fair value is negative as “Derivative liabilities” in the statements of financial position.

Hedging

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or an identified portion of such asset, any gain or loss on re-measuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income, presented as gains or loss on cash flow hedges in equity and transferred to profit or loss when the risk on the hedge item impacts profit or loss. Any ineffective portion is recognised immediately in profit or loss.

Discontinuing hedge accounting

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on hedging instrument recognised in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

(k) *Borrowing transactions with embedded derivatives*

In accordance with the BoT notification regarding the permission for commercial banks to undertake borrowing transactions with embedded derivatives dated 31 May 2011, the Bank records embedded derivatives separately from the host contracts when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in the fair value recognised in profit or loss.

(l) *Employee benefits*

The Bank and its subsidiary operate post-employment benefit plans, including defined contribution plans and defined benefit plans.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank and its subsidiary pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

The Bank and its subsidiary' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income. The Bank and its subsidiary determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiary recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Bank and its subsidiary has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based compensation

The Standard Chartered Group operates a number of share-based payment schemes for its directors and employees, for which the fair value of the services received in exchange for the grant of the options is recognised as an expense.

Cash-settled awards are revalued at each reporting date and a liability recognised in the statements of financial position for all unpaid amounts, with any changes in fair value charged or credited to employee expense in profit or loss.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(m) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiary have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for contingent liabilities is recognised when the transactions relate to credit facilities (e.g. letter of credit and guarantee) that are classified as substandard, doubtful and doubtful of loss. The provision has been determined by using the same rate as the allowance for doubtful accounts on each of those loans to customers and after management's estimate of the likelihood of these contingent liabilities being realised.

Restructuring costs

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(n) Income

Interest income on loans to customers, discounts on loans to customers and other income are recognised on an accrual basis, except for interest income on loans overdue for more than three months and interest on loans where the borrowers' ability to pay is uncertain. In accordance with the BoT's regulations, interest in arrears for more than three months from the due date, regardless of whether it is covered by collateral, is reversed from profit or loss. Subsequent interest receipts are recognised on a cash basis.

Fees and commission income is recognised when the services are rendered.

(o) Expenses

Interest expenses and non-interest expenses are recognised on an accrual basis. The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

(p) Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiary and jointly ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiary expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiary take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiary believe that its accruals for tax liabilities are adequate for all tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiary to change its judgment regarding the adequacy of existing tax liabilities; such changes to judgements on tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) *Disposal group held for sale*

Disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, is classified as held for sale. The disposal group is measured at the lower of its carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(r) *Discontinued operations*

A discontinued operation is a component of the Bank and its subsidiary' business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classified as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(s) *Earnings per share*

The Bank and its subsidiary present basic earnings per share (EPS) which is calculated by dividing the profit attributable to ordinary shareholders of the Bank and its subsidiary by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(t) Segment information

Segment results that are reported to the management of the Bank and its subsidiary (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results shown as others.

(u) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiary has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 Financial risk management

4.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has credit risk management policies and procedures which aim to mitigate the risk of financial losses from default by dealing with the creditworthiness of counterparties and/or where appropriate obtaining sufficient collateral or other security.

In respect of financial assets in the statements of financial position, the carrying value of the assets, less the allowance for doubtful accounts, reflect the Bank's maximum exposure to credit losses.

The Bank's exposure to credit loss for contingent liabilities to extend credit, standby letters of credit, and financial guarantees, are represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for financial instruments in the statement of financial position. For derivative contracts, the Bank controls the credit risk of its financial instruments through credit approvals, limits, and monitoring procedures. All credit risks are assessed in line with the Credit Policy which has been approved by the Board of Directors. Credit risk also arises from the possibility that the counterparty to financial instruments in the contingent liabilities will not adhere to the terms of the contract with the Bank when settlement becomes due.

4.2 Market risk

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Bank's exposure to market risk arises predominantly from these sources:

- **Trading book:** The Bank provides clients access to financial markets, facilitation of which entails the Bank taking moderate market risk positions. All trading terms support client activity; there are no proprietary teams. Hence, income earned from market-risk related activities is primarily driven by the volume of client activity rather than risk-taking. From 1 January 2016, a CVA desk has been actively hedging the credit and market exposure arising from CVA (Credit Valuation Adjustment) and FVA (Funding Valuation Adjustment). Nonetheless, the Bank did not adopt FVA in the financial statement.
- **Non-trading book:** Market risk also arises in the non-trading book from the requirement to hold a large liquid assets buffer of high-quality liquid debt securities and from the translation of non-Thai baht denominated assets, liabilities and earnings

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The primary categories of market risk for the Bank are :

- (a) Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options
- (b) Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options
- (c) Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agricultural. For this category of market risk, the Bank is fully hedged through a back-to-back position
- (d) Credit spread risk: arising from changed in the credit spread of its derivatives' counterparties through credit value adjustment (CVA) accounting

Market risk governance

The Bank has established standards, principles, policies and techniques for managing market risk. The Board of Directors approve the Bank's market risk limits taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Market and Traded Credit Risk Function, which is independent from the business, measures and monitors exposures against the approved limits to ensure the Bank's market risk exposures are within acceptable levels.

Value at Risk (VaR)

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 percent. This confidence level suggests that potential daily losses, in excess of the VaR measures, are likely to be experienced six times per year.

The Bank applies two VaR methodologies:

- Historical simulation: involves the revaluation of all existing positions to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio. This approach is applied for general market risk factors and the majority of specific (credit spread) risk VaR.
- Monte Carlo simulation: this methodology is similar to historical simulation but with considerably more input risk factor observations. These are generated by random sampling techniques, but the results retain the essential variability and correlations of historically observed risk factor changes. This approach is now applied for some of the specific (credit spread) risk VaR in relation to idiosyncratic exposures in credit markets.

In both methods an historical observation period of one year is chosen and applied.

VaR is calculated as our exposure as at the close of business. Intra-day risk levels may vary from those reported at the end of the day.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Sensitivity measures are used in addition to VaR as a risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts, limits on volatility risk and other variables that determine the option's value.

Stress Testing

Losses beyond the 97.5 percent confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations.

The Bank complements the VaR measurement by monthly stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Stress scenarios are regularly updated to reflect the changes in risk profile and economic events. The Market and Traded Credit Risk function reviews stress exposures and, where necessary, enforces reductions in overall market risk exposure. The Risk Committee considers the results of stress tests as part of its supervision of risk appetite.

Regular stress-test scenarios are applied to interest rates, credit spread, exchange rates, commodity prices and equity prices. This covers all asset classes in the Financial Markets banking and trading books.

Non-trading book and Treasury markets risk treatment

Interest rate risk from non-trading book portfolios is transferred to financial markets where it is managed by Asset and Liability Management (ALM) desks under the supervision of Asset and Liability Committee (ALCO). ALM deals in the market in approved financial instruments in order to manage the net interest rate risk, subject to approved VaR and risk limits.

VaR and stress tests are therefore applied to these non-trading book exposures in the same way as for trading book, including available-for-sale securities.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(a) Interest rate risk

The Bank and its subsidiary receive both fixed and floating rate interest on their interest bearing assets which can be analysed as follows:

		Consolidated 30 June 2017		
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		<i>(in million Baht)</i>		
Financial assets				
Cash	-	-	289	289
Interbank and money market items, net	13,316	41,681	2,639	57,636
Investments, net	10,474	21,775	14	32,263
Loans to customers and accrued interest receivable	12,080	25,276	4,750	42,106
Customer's liability under acceptance	-	-	440	440
Accounts receivable from sales of investments and debt securities in issue	-	-	1,687	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	1,383	-	-	1,383
Other assets	-	-	168	168
Total financial assets	37,253	88,732	9,987	135,972
Financial liabilities				
Deposits	44,032	16,913	3,395	64,340
Interbank and money market items	6,513	12,330	7,391	26,234
Liabilities payable on demand	-	-	1,324	1,324
Liabilities to deliver security	-	-	3,423	3,423
Debt issued and borrowings	-	3,279	-	3,279
Bank's liability under acceptances	-	-	440	440
Accounts payable from purchase of investments	-	-	887	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,118	-	-	2,118
Other liabilities	-	-	93	93
Total financial liabilities	52,663	32,522	16,953	102,138
Off-financial reporting items, net	(8,369)	8,369	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

		Consolidated 31 December 2016		
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		<i>(in million Baht)</i>		
<i>Financial assets</i>				
Cash	-	-	271	271
Interbank and money market items, net	3,267	48,868	4,563	56,698
Investments, net	10,471	22,161	14	32,646
Loans to customers and accrued interest receivable	10,869	22,675	4,673	38,217
Customer's liability under acceptance	-	-	313	313
Accounts receivable from sales of investments and debt securities in issue	-	-	1,147	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,338	-	-	2,338
Other assets	-	-	182	182
Total financial assets	26,945	93,704	11,163	131,812
<i>Financial liabilities</i>				
Deposits	41,285	7,494	3,358	52,137
Interbank and money market items	7,750	12,118	8,180	28,048
Liabilities payable on demand	-	-	1,548	1,548
Debt issued and borrowings	-	2,023	-	2,023
Bank's liability under acceptances	-	-	313	313
Accounts payable from purchase of investments	-	-	1,287	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,526	-	-	3,526
Other liabilities	-	-	98	98
Total financial liabilities	52,561	21,635	14,784	88,980
Off-financial reporting items, net	27,643	(27,643)	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Bank only 30 June 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	289	289
Interbank and money market items, net	13,316	41,681	2,639	57,636
Investments, net	10,474	21,775	14	32,263
Loans to customers and accrued interest receivable	12,080	25,276	4,750	42,106
Customer's liability under acceptance	-	-	440	440
Accounts receivable from sales of investments and debt securities in issue	-	-	1,687	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	1,383	-	-	1,383
Other assets	-	-	168	168
Total financial assets	37,253	88,732	9,987	135,972
<i>Financial liabilities</i>				
Deposits	44,075	16,913	3,395	64,383
Interbank and money market items	6,513	12,330	7,391	26,234
Liabilities payable on demand	-	-	1,324	1,324
Liabilities to deliver security	-	-	3,423	3,423
Debt issued and borrowings	-	3,279	-	3,279
Bank's liability under acceptances	-	-	440	440
Accounts payable from purchase of investments	-	-	887	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,118	-	-	2,118
Other liabilities	-	-	93	93
Total financial liabilities	52,706	32,522	16,953	102,181
Off-financial reporting items, net	(8,369)	8,369	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Bank only 31 December 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	271	271
Interbank and money market items, net	3,267	48,868	4,563	56,698
Investments, net	10,471	22,161	14	32,646
Loans to customers and accrued interest receivable	10,869	22,675	4,673	38,217
Customer's liability under acceptance	-	-	313	313
Accounts receivable from sales of investments and debt securities in issue	-	-	1,147	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,338	-	-	2,338
Other assets	-	-	182	182
Total financial assets	26,945	93,704	11,163	131,812
<i>Financial liabilities</i>				
Deposits	41,328	7,494	3,358	52,180
Interbank and money market items	7,750	12,118	8,180	28,048
Liabilities payable on demand	-	-	1,548	1,548
Debt issued and borrowings	-	2,023	-	2,023
Bank's liability under acceptances	-	-	313	313
Accounts payable from purchase of investments	-	-	1,287	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,526	-	-	3,526
Other liabilities	-	-	98	98
Total financial liabilities	52,604	21,635	14,784	89,023
Off-financial reporting items, net	27,643	(27,643)	-	-

As at 30 June 2017, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 2,450 million (31 December 2016: Baht 5,050 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The Bank and its subsidiary' average interest bearing financial assets and financial liabilities, together with the average interest rates are as follows:

	Consolidated					
	30 June 2017			31 December 2016		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
Financial assets						
Interbank and money market items	62,820	519	1.67	69,076	1,016	1.47
Investments	30,489	299	1.98	25,143	697	2.77
Loans to customers	78,080	2,227	5.75	74,199	5,206	7.02
Total	171,389	3,045	3.58	168,418	6,919	4.11
Financial liabilities						
Deposits	96,698	700	1.62	90,435	1,470	1.62
Interbank and money market items	18,242	129	1.43	19,136	273	1.43
Debt issued and borrowings	3,155	15	0.75	3,056	23	0.75
Total	118,095	844	1.44	112,627	1,766	1.57
Bank only						
	30 June 2017			31 December 2016		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
Financial assets						
Interbank and money market items	62,820	519	1.67	69,076	1,016	1.47
Investments	30,489	299	1.98	23,939	429	1.79
Loans to customers	78,080	2,227	5.75	75,466	4,983	6.60
Total	171,389	3,045	3.58	168,481	6,428	3.82
Financial liabilities						
Deposits	96,742	700	1.46	90,844	1,470	1.62
Interbank and money market items	18,242	129	1.43	19,136	273	1.43
Debt issued and borrowings	3,155	15	0.96	3,056	23	0.75
Total	118,139	844	1.44	113,036	1,766	1.56

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2017 and 31 December 2016 are as follows:

	Consolidated 30 June 2017							
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	289	-	289
Interbank and money market items, net	12,376	34,425	7,856	340	-	2,639	-	57,636
Investments, net	-	10,496	321	12,624	8,808	14	-	32,263
Loans to customers and accrued interest receivable	6,397	28,475	976	1,508	-	110	4,640	42,106
Customer's liability under acceptance	-	-	-	-	-	440	-	440
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,687	-	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	1,383	-	-	-	-	-	1,383
Other assets	-	-	-	-	-	168	-	168
Total financial assets	18,773	74,779	9,153	14,472	8,808	5,347	4,640	135,972
<i>Financial liabilities</i>								
Deposits	44,032	16,449	448	16	-	3,395	-	64,340
Interbank and money market items	9,803	5,636	-	1,965	1,439	7,391	-	26,234
Liabilities payable on demand	-	-	-	-	-	1,324	-	1,324
Liabilities to deliver security	-	-	-	-	-	3,423	-	3,423
Debt issued and borrowings	-	3,279	-	-	-	-	-	3,279
Bank's liability under acceptances	-	-	-	-	-	440	-	440
Accounts payable from purchase of investments	-	-	-	-	-	887	-	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	2,118	-	-	-	-	-	2,118
Other liabilities	-	-	-	-	-	93	-	93
Total financial liabilities	53,835	27,482	448	1,981	1,439	16,953	-	102,138
Off-financial reporting items, net	-	6,091	(10,389)	5,637	(1,339)	-	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Consolidated 31 December 2016							
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	271	-	271
Interbank and money market items, net	20,848	25,632	5,297	358	-	4,563	-	56,698
Investments, net	-	6,732	-	22,548	3,352	14	-	32,646
Loans to customers and accrued interest receivable	10,869	21,616	602	457	-	79	4,594	38,217
Customer's liability under acceptance	-	-	-	-	-	313	-	313
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,147	-	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,338	-	-	-	-	-	2,338
Other assets	-	-	-	-	-	182	-	182
Total financial assets	31,717	56,318	5,899	23,363	3,352	6,569	4,594	131,812
<i>Financial liabilities</i>								
Deposits	41,285	7,399	95	-	-	3,358	-	52,137
Interbank and money market items	9,750	5,100	-	3,592	1,426	8,180	-	28,048
Liabilities payable on demand	-	-	-	-	-	1,548	-	1,548
Debt issued and borrowings	-	2,023	-	-	-	-	-	2,023
Bank's liability under acceptances	-	-	-	-	-	313	-	313
Accounts payable from purchase of investments	-	-	-	-	-	1,287	-	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,526	-	-	-	-	-	3,526
Other liabilities	-	-	-	-	-	98	-	98
Total financial liabilities	51,035	18,048	95	3,592	1,426	14,784	-	88,980
Off-financial reporting items, net	-	(11,582)	14,280	(5,106)	2,408	-	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Bank only 30 June 2017							
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	289	-	289
Interbank and money market items, net	12,376	34,425	7,856	340	-	2,639	-	57,636
Investments, net	-	10,496	321	12,624	8,808	14	-	32,263
Loans to customers and accrued interest receivable	6,397	28,475	976	1,508	-	110	4,640	42,106
Customer's liability under acceptance	-	-	-	-	-	440	-	440
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,687	-	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	1,383	-	-	-	-	-	1,383
Other assets	-	-	-	-	-	168	-	168
Total financial assets	18,773	74,779	9,153	14,472	8,808	5,347	4,640	135,972
<i>Financial liabilities</i>								
Deposits	44,075	16,449	448	16	-	3,395	-	64,383
Interbank and money market items	9,803	5,636	-	1,965	1,439	7,391	-	26,234
Liabilities payable on demand	-	-	-	-	-	1,324	-	1,324
Liabilities to deliver security	-	-	-	-	-	3,423	-	3,423
Debt issued and borrowings	-	3,279	-	-	-	-	-	3,279
Bank's liability under acceptances	-	-	-	-	-	440	-	440
Accounts payable from purchase of investments	-	-	-	-	-	887	-	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	2,118	-	-	-	-	-	2,118
Other liabilities	-	-	-	-	-	93	-	93
Total financial liabilities	53,878	27,482	448	1,981	1,439	16,953	-	102,181
Off-financial reporting items, net	-	6,091	(10,389)	5,637	(1,339)	-	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Bank only 31 December 2016							
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	271	-	271
Interbank and money market items, net	20,848	25,632	5,297	358	-	4,563	-	56,698
Investments, net	-	6,732	-	22,548	3,352	14	-	32,646
Loans to customers and accrued interest receivable	10,869	21,616	602	457	-	79	4,594	38,217
Customer's liability under acceptance	-	-	-	-	-	313	-	313
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,147	-	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,338	-	-	-	-	-	2,338
Other assets	-	-	-	-	-	182	-	182
Total financial assets	31,717	56,318	5,899	23,363	3,352	6,569	4,594	131,812
<i>Financial liabilities</i>								
Deposits	41,328	7,399	95	-	-	3,358	-	52,180
Interbank and money market items	9,750	5,100	-	3,592	1,426	8,180	-	28,048
Liabilities payable on demand	-	-	-	-	-	1,548	-	1,548
Debt issued and borrowings	-	2,023	-	-	-	-	-	2,023
Bank's liability under acceptances	-	-	-	-	-	313	-	313
Accounts payable from purchase of investments	-	-	-	-	-	1,287	-	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,526	-	-	-	-	-	3,526
Other liabilities	-	-	-	-	-	98	-	98
Total financial liabilities	51,078	18,048	95	3,592	1,426	14,784	-	89,023
Off-financial reporting items, net	-	(11,582)	14,280	(5,106)	2,408	-	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

(b) Currency exchange rate risk

As at 30 June 2017 and 31 December 2016, net open position assets (liabilities) denominated in various currencies were as follows:

	Consolidated and Bank only	
	30 June	31 December
	2017	2016
	<i>(in million USD)</i>	
Net foreign currency exposure		
US Dollar	(20)	82
Euro ^(*)	(4)	5
Others ^(*)	1	-

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

4.3 Liquidity risk

Liquidity risk is the potential for loss because the Bank, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can access these financial resources only at excessive cost.

The Bank seeks to manage our liquidity and funding prudently for all currencies. Exceptional market events could impact us adversely, thereby potentially affecting our ability to fulfil our obligations as they fall due.

The Bank has a robust risk type framework for managing the Bank's liquidity and funding risk. Through this framework, the Bank controls and optimises the risk return profile of the Bank. This is principally achieved by:

- Setting risk appetites aligned with strategic objectives
- Identifying, measuring and monitoring liquidity risks:
 - Assessment of regulatory requirements and internal balance sheet characteristics driving liquidity risk
 - Assessment of the liquidity adequacy of the Bank under business as usual and stressed conditions
 - The Bank's liquidity stress testing framework covering both internal and regulatory scenarios
- Constraining risk profile within the Board approved risk appetite:
 - Development of policies to address the liquidity and funding risks identified
 - Implementation of associated risk measures that act as mitigants of these risks
 - Ongoing monitoring of risk measures against limits

To mitigate liquidity risk, the Bank maintains a well diversified, customer driven funding base and access to wholesale funds under normal market conditions. In addition, the Bank maintains a diversified portfolio of marketable securities that can be monetised or pledged as collateral in the event of a liquidity stress. Country Liquidity Crisis Management Plan (CLCMP) is reviewed and approved annually. The CLCMP includes a broad set of Early Warning Indicators (EWIs), an escalation framework and a set of management actions that could be effectively implemented by the appropriate level of senior management in the event of a liquidity stress.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Liquidity risk governance

The Board approves the Bank's risk appetite for liquidity and funding risk along with supporting metrics.

The Asset and Liability Committee (ALCO) is the responsible governing body to ensure that the liquidity and funding risks are managed effectively in compliance with Group liquidity policies and practice, as well as local regulatory requirements.

Stress Testing

The Bank intends to maintain a prudent and sustainable funding and liquidity position, such that it can withstand a severe yet plausible liquidity stress.

Regular stress testing is conducted to demonstrate that the Bank's liquidity exposure remains within the approved Risk Appetite Statement as well as within regulatory limits.

The internal liquidity stress testing framework includes multiple stress scenarios with varied survival periods and stressed conditions to appropriately reflect the liquidity risks undertaken by the Bank. The framework includes an idiosyncratic stress, a market wide stress and a combined stress.

The Board and ALCO have oversight over the appropriateness of the stress scenarios and the assumption contained within them.

As at 30 June 2017, the loan to deposits ratio of the Bank is 69% (*31 December 2016: 71%*).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The remaining periods to maturity of significant financial assets and financial liabilities as at 30 June 2017 and 31 December 2016 based on contractual maturity is as follows:

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 30 June 2017 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	289	-	-	-	-	-	289
Interbank and money market items, net	14,967	34,427	7,875	340	27	-	57,636
Derivative assets	-	5,195	2,432	6,637	4,071	-	18,335
Investments, net	-	21	10,796	12,624	8,808	14	32,263
Loans to customers and accrued interest receivables	14,114	7,361	3,907	10,760	5,964	-	42,106
Customer's liability under acceptance	48	314	78	-	-	-	440
Accounts receivable from sales of investments and debt securities in issue	1,687	-	-	-	-	-	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	1,383	-	-	-	-	-	1,383
Other assets	-	-	-	168	-	-	168
Total financial assets	32,488	47,318	25,088	30,529	18,870	14	154,307
<i>Financial liabilities</i>							
Deposits	47,427	16,566	336	11	-	-	64,340
Interbank and money market items	17,644	1,707	-	5,443	1,440	-	26,234
Liabilities payable on demand	1,324	-	-	-	-	-	1,324
Liabilities to delivery security	3,423	-	-	-	-	-	3,423
Derivative liabilities	-	4,547	2,045	5,987	3,449	-	16,028
Debt issued and borrowings	-	3,279	-	-	-	-	3,279
Bank's liability under acceptances	48	314	78	-	-	-	440
Accounts payable from purchase of investments	887	-	-	-	-	-	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,118	-	-	-	-	-	2,118
Other liabilities	93	-	-	-	-	-	93
Total financial liabilities	72,964	26,413	2,459	11,441	4,889	-	118,166
Net liquidity gap	(40,478)	20,905	22,629	19,088	13,980	14	36,141

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Consolidated 31 December 2016						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	271	-	-	-	-	-	271
Interbank and money market items, net	21,819	29,452	5,069	358	-	-	56,698
Derivative assets	-	4,729	2,117	10,550	5,882	-	23,278
Investments, net	-	2,485	-	23,847	6,300	14	32,646
Loans to customers and accrued interest receivables	14,322	9,234	1,341	8,295	5,025	-	38,217
Customer's liability under acceptance	6	307	-	-	-	-	313
Accounts receivable from sales of investments and debt securities in issue	1,147	-	-	-	-	-	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,338	-	-	-	-	-	2,338
Other assets	-	-	-	182	-	-	182
Total financial assets	39,903	46,207	8,527	43,232	17,207	14	155,090
<i>Financial liabilities</i>							
Deposits	44,642	7,222	241	32	-	-	52,137
Interbank and money market items	17,930	4,000	-	3,592	2,526	-	28,048
Liabilities payable on demand	1,548	-	-	-	-	-	1,548
Derivative liabilities	-	5,791	1,963	9,227	5,755	-	22,736
Debt issued and borrowings	-	2,023	-	-	-	-	2,023
Bank's liability under acceptances	6	307	-	-	-	-	313
Accounts payable from purchase of investments	1,287	-	-	-	-	-	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,526	-	-	-	-	-	3,526
Other liabilities	98	-	-	-	-	-	98
Total financial liabilities	69,037	19,343	2,204	12,851	8,281	-	111,716
Net liquidity gap	(29,134)	26,864	6,323	30,381	8,926	14	43,374

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

				Bank only 30 June 2017			
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	289	-	-	-	-	-	289
Interbank and money market items, net	14,967	34,427	7,875	340	27	-	57,636
Derivative assets	-	5,195	2,432	6,637	4,071	-	18,335
Investments, net	-	21	10,796	12,624	8,808	14	32,263
Loans to customers and accrued interest receivables	14,114	7,361	3,907	10,760	5,964	-	42,106
Customer's liability under acceptance	48	314	78	-	-	-	440
Accounts receivable from sales of investments and debt securities in issue	1,687	-	-	-	-	-	1,687
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	1,383	-	-	-	-	-	1,383
Other assets	-	-	-	168	-	-	168
Total financial assets	32,488	47,318	25,088	30,529	18,870	14	154,307
<i>Financial liabilities</i>							
Deposits	47,470	16,566	336	11	-	-	64,383
Interbank and money market items	17,645	1,707	-	5,443	1,439	-	26,234
Liabilities payable on demand	1,324	-	-	-	-	-	1,324
Liabilities to delivery security	3,423	-	-	-	-	-	3,423
Derivative liabilities	-	4,547	2,045	5,987	3,449	-	16,028
Debt issued and borrowings	-	3,279	-	-	-	-	3,279
Bank's liability under acceptances	48	314	78	-	-	-	440
Accounts payable from purchase of investments	887	-	-	-	-	-	887
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,118	-	-	-	-	-	2,118
Other liabilities	93	-	-	-	-	-	93
Total financial liabilities	73,008	26,413	2,459	11,441	4,888	-	118,209
Net liquidity gap	(40,520)	20,905	22,629	19,088	13,982	14	36,098

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Bank only 31 December 2016						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	271	-	-	-	-	-	271
Interbank and money market items, net	21,819	29,452	5,069	358	-	-	56,698
Derivative assets	-	4,729	2,117	10,550	5,882	-	23,278
Investments, net	-	2,485	-	23,847	6,300	14	32,646
Loans to customers and accrued interest receivables	14,322	9,234	1,341	8,295	5,025	-	38,217
Customer's liability under acceptance	6	307	-	-	-	-	313
Accounts receivable from sales of investments and debt securities in issue	1,147	-	-	-	-	-	1,147
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,338	-	-	-	-	-	2,338
Other assets	-	-	-	182	-	-	182
Total financial assets	39,903	46,207	8,527	43,232	17,207	14	155,090
<i>Financial liabilities</i>							
Deposits	44,685	7,222	241	32	-	-	52,180
Interbank and money market items	17,930	4,000	-	3,592	2,526	-	28,048
Liabilities payable on demand	1,548	-	-	-	-	-	1,548
Derivative liabilities	-	5,791	1,963	9,227	5,755	-	22,736
Debt issued and borrowings	-	2,023	-	-	-	-	2,023
Bank's liability under acceptances	6	307	-	-	-	-	313
Accounts payable from purchase of investments	1,287	-	-	-	-	-	1,287
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,526	-	-	-	-	-	3,526
Other liabilities	98	-	-	-	-	-	98
Total financial liabilities	69,080	19,343	2,204	12,851	8,281	-	111,759
Net liquidity gap	(29,177)	26,864	6,323	30,381	8,926	14	43,331

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 30 June 2017 and 31 December 2016 are as follows:

Consolidated and Bank only			
30 June 2017			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	371,074	9,570	380,644
Cross currency swap contracts	53,159	149,645	202,804
Currency option contracts	15,267	-	15,267
<i>Interest rate related</i>			
Interest rate swap contracts	175,126	482,260	657,386
Interest rate option contracts	-	19,336	19,336
<i>Others</i>			
Bond forward contracts	973	8,246	9,219
Commodities	11,635	238	11,873
Total	627,234	669,295	1,296,529

Consolidated and Bank only			
31 December 2016			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	303,980	9,407	313,387
Cross currency swap contracts	59,113	181,381	240,494
Currency option contracts	5,290	-	5,290
<i>Interest rate related</i>			
Interest rate swap contracts	199,836	540,862	740,698
Interest rate option contracts	-	10,404	10,404
<i>Others</i>			
Bond forward contracts	1,263	2,434	3,697
Commodities	9,228	1,565	10,793
Total	578,710	746,053	1,324,763

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

5 Fair value of financial assets and liabilities

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiary use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5.1 Financial instruments measured at fair value - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Consolidated and Bank only				
Fair value				
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
30 June 2017				
<i>Financial assets</i>				
Derivatives				
- Foreign currency related	5	8,848	-	8,853
- Interest rate related	-	7,526	-	7,526
- Bond forward contracts	-	175	-	175
- Commodities contracts	-	1,781	-	1,781
Debt securities held for trading	-	11,164	-	11,164
Debt securities available-for-sale	-	21,085	-	21,085
<i>Financial liabilities</i>				
Derivatives				
- Foreign currency related	2	8,266	-	8,268
- Interest rate related	-	5,852	-	5,852
- Bond forward contracts	-	124	-	124
- Commodities contracts	-	1,784	-	1,784
Consolidated and Bank only				
Fair value				
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
31 December 2016				
<i>Financial assets</i>				
Derivatives				
- Foreign currency related	2	14,038	-	14,040
- Interest rate related	-	8,176	-	8,176
- Bond forward contracts	-	275	-	275
- Commodities contracts	-	787	-	787
Debt securities held for trading	-	6,429	-	6,429
Debt securities available-for-sale	-	26,203	-	26,203

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Consolidated and Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
31 December 2016	(in million Baht)			
Financial liabilities				
Derivatives				
- Foreign currency related	2	15,169	-	15,171
- Interest rate related	-	6,597	-	6,597
- Bond forward contracts	-	180	-	180
- Commodities contracts	-	788	-	788

The Bank and its subsidiary determine Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative are based on inputs which are observable from independent and reliable market data sources. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of derivative financial assets reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the counterparty when appropriate.

The Bank and its subsidiary recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six-month period ended 30 June 2017 and for the year ended 31 December 2016.

The Bank and its subsidiary have an established control framework with respect to the measurement of fair values. This framework includes a valuation team and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRSs, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

5.2 Financial instruments not measured at fair value

The carrying value of significant financial assets and liabilities not measured at fair value approximates the fair value.

The following methods and assumptions were used by the Bank in estimating the fair value of financial instruments as disclosed herein.

Interbank and money market items (assets and liabilities)

The fair value of interbank and money market items (assets and liabilities) which bear variable rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Trading securities, available-for-sale securities and held-to-maturity debt instruments

The fair value is based on quoted market prices, where available. If quoted market prices are not available, fair value is based on quoted market prices of comparable instruments after adjustment for the risk involved or the net asset values of such securities.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

General investments

The fair value of non-marketable equity securities is determined based on unobservable market data.

Loans to customers

For floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar credit quality.

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of floating-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits repricing within 1 year approximate their market value at the reporting date. The fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on deposits to a schedule of aggregate expected monthly maturities on time deposits.

Debts issued and borrowings

The fair value of debts issued and borrowings which bear variable rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Liabilities payable on demand

The carrying value of liabilities payable on demand approximates fair value.

Other financial instruments

The fair value of the above financial assets and liabilities approximate the carrying value at which they are stated on the statement of financial position.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

6 Maintenance of capital fund

The Bank, which is financial institutions, is subject to various capital and regulatory requirements of the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial statement position as calculated in accordance with regulatory practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 30 June 2017 and 31 December 2016, the Bank's total capital funds can be categorised as follows:

	Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, share premium	23,893	23,893
Legal reserve	1,096	1,075
Net profit after appropriation	13,202	13,189
Other reserves	(37)	(115)
Less capital deduction items on CET1	(960)	(984)
Total Tier 1 Capital Base	37,194	37,058
<i>Tier 2 capital</i>		
Provision for normal classified assets	76	238
Surplus of provision	563	498
Total Tier 2 Capital Base	639	736
Total Capital Base	37,833	37,794
Total Risk-Weighted Assets	135,492	143,630
	The BoT's regulation minimum requirement*	
	2017	2016
	(%)	
Capital Adequacy Ratio	9.75	9.125
Tier-1 Capital ratio	7.25	6.625
Tier-1 Common Equity ratio	5.75	5.125
Tier-2 Capital ratio	-	-
Capital after deducting capital add-on arising from Single Lending Limit <i>(in million Baht)</i>	-	-
Capital after deducting capital add-on arising from Single Lending Limit to total risk-weighted assets ratio	-	-
	2017	31 December 2016
	27.92	26.31
	27.45	25.80
	27.45	25.80
	0.47	0.51
	37,833	37,794
	27.92	26.31

*Includes capital conservation buffer as required by the BOT commencing 1 January 2016.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013 required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015.

The Bank has applied the calculation for minimum credit risk capital under the Advanced Internal Ratings-Based Approach (AIRB) for certain products, as approved by the Bank of Thailand and in accordance with the BoT Notification.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: “Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks”, the Bank intends to disclose Capital Maintenance information as of 30 June 2017 within 4 months after the period end date, as indicated in the notification, through the Bank’s website www.sc.com/th/.

Capital management

The Bank’s capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

7 Interbank and money market items, net (assets)

	Consolidated and Bank only					
	30 June 2017			31 December 2016		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<i>Domestic</i>						
Bank of Thailand	9,343	10,367	19,710	8,154	2,355	10,509
Commercial banks	20	2,220	2,240	5,373	15,532	20,905
Other financial institutions	300	-	300	270	294	564
Total	9,663	12,587	22,250	13,797	18,181	31,978
Add accrued interest receivable	1	6	7	1	3	4
Less allowance for doubtful accounts	(3)	(2)	(5)	(3)	(26)	(29)
Total domestic, net	9,661	12,591	22,252	13,795	18,158	31,953
<i>Foreign</i>						
US Dollar	3,168	30,082	33,250	2,256	16,677	18,933
Japanese Yen	1,696	-	1,696	3,330	-	3,330
Euro	110	-	110	2,032	15	2,047
Chinese Yuan	27	-	27	16	-	16
Other currencies	305	-	305	391	-	391
Total	5,306	30,082	35,388	8,025	16,692	24,717
Add accrued interest receivable	-	133	133	-	71	71
Less allowance for doubtful accounts	-	(137)	(137)	(1)	(42)	(43)
Total foreign, net	5,306	30,078	35,384	8,024	16,721	24,745
Total domestic and foreign, net	14,967	42,669	57,636	21,819	34,879	56,698

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

8 Derivatives

8.1 Derivatives held for trading

As at 30 June 2017 and 31 December 2016, the fair value and notional amount of derivatives classified by type of risks are as follows:

Consolidated and Bank only						
	30 June 2017			31 December 2016		
	Fair value		Notional	Fair value		Notional
Type of risks	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign currency related	8,853	8,268	598,715	14,040	15,171	559,171
Interest rate related	7,526	5,831	674,272	8,176	6,535	746,052
Others						
- Bond forward contracts	175	124	9,219	275	180	3,697
- Commodities	1,781	1,784	11,873	787	788	10,793
	<u>1,956</u>	<u>1,908</u>	<u>21,092</u>	<u>1,062</u>	<u>968</u>	<u>14,490</u>
Total	18,335	16,007	1,294,079	23,278	22,674	1,319,713

As at 30 June 2017 and 31 December 2016, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(%)</i>	
Counterparties		
Financial institutions	67.4	65.2
Related parties	25.5	27.0
Other parties	7.1	7.8
Total	<u>100.0</u>	<u>100.0</u>

8.2 Derivatives held for hedging

8.2.1 Fair value hedges

Type of risks	Consolidated and Bank only					
	30 June 2017			31 December 2016		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Interest rate related	-	21	2,450	-	17	750
Total	-	21	2,450	-	17	750

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognised in profit or loss. For the six-month period ended 30 June 2017, the Bank recognised loss on fair value hedges in profit or loss amounted to Baht 0.1 million (30 June 2016: gain on fair value hedges Baht 0.2 million).

8.2.2 Cash flow hedges

Consolidated and Bank only						
Type of risks	30 June 2017			31 December 2016		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related	-	-	-	-	-	-
Interest rate related	-	-	-	-	45	4,300
Total	-	-	-	-	45	4,300

The Bank uses interest rate swaps to manage the variability in future cash flows on assets and liabilities and cross-currency swaps to manage the variability in future exchange rates on its assets and liabilities and costs in foreign currencies. The interest rate swaps are contracts which involve the exchange of floating rates for fixed rates. The cross-currency swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period. Gains or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss. For the six-month period ended 30 June 2017, the Bank recognised loss on cash flow hedges in other comprehensive income amounted to Baht 7 million (30 June 2016: gain on cash flow hedges Baht 50 million) and gain on cash flow hedges in profit or loss amounted to Baht 53 million (30 June 2016: loss on cash flow hedges Baht 29 million).

As at 30 June 2017 and 31 December 2016, the time periods in which cash flows of hedged items are expected to impact in profit or loss are as follows:

Consolidated and Bank only				
30 June 2017				
Cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
(in million Baht)				
Cash inflows	-	-	-	-
Cash outflows	-	-	-	-
Net cash flows	-	-	-	-

Consolidated and Bank only				
31 December 2016				
Cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
<i>(in million Baht)</i>				
Cash inflows	17	52	323	392
Cash outflows	(6)	-	-	(6)
Net cash flows	11	52	323	386

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

9 Investments, net

9.1 As at 30 June 2017 and 31 December 2016, the Bank and its subsidiary classify investment types, as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
<i>Trading investments - Fair value</i>		
Government bonds	8,235	4,040
Private debt instruments	2,929	2,389
Total	11,164	6,429
<i>Available-for-sale investments - Fair value</i>		
Government bonds	21,085	26,203
Total	21,085	26,203
<i>General investments - Cost</i>		
Domestic non-marketable equity securities	23	23
Foreign non-marketable equity securities	1	1
Total	24	24
<i>Less allowance for impairment</i>	<i>(10)</i>	<i>(10)</i>
Net	14	14
Total investments, net	32,263	32,646

9.2 Fair value changes in available-for-sale investments consisted of:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	(40)	(223)
<i>Less fair value changes in fair value hedged investments</i>	<i>(17)</i>	<i>(17)</i>
<i>Less deferred tax</i>	<i>11</i>	<i>48</i>
Net	(46)	(192)

9.3 Investments in companies with problems in relation to their financial positions and results of operations are as follows:

	Consolidated and Bank only			
	30 June 2017			
	No. of companies	Cost	Fair value	Allowance for revaluation
				Allowance for impairment
			<i>(in million Baht)</i>	
Non-listed companies in SET	5	23	13	-
Total	5	23	13	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	No. of companies	Cost	Consolidated and Bank only 31 December 2016		
			Fair value	Allowance for revaluation (in million Baht)	Allowance for impairment
Non-listed companies in SET	5	23	13	-	10
Total	5	23	13	-	10

10 Investment in subsidiary

Companies	Type of business	Type of investment	Percentage of ownership interest	Bank only			
				At cost		Dividend income for the period ended 30 June	
				30 June 2017	31 December 2016	2017	2016
				(in million Baht)			
Thai Exclusive Leasing Company Limited (TEL) (*)	Debt collection business	Ordinary shares	99.99	59	59	-	-
Less allowance for impairment				(11)	(11)	-	-
Net				48	48	-	-

(*) The entity is registered for dissolution on 23 December 2016 and is currently under liquidation process.

11 Loans to customers and accrued interest receivable, net

11.1 Classified by type of loans

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	(in million Baht)	
Overdrafts	337	186
Loans	34,245	31,944
Bills	7,414	6,008
Total	41,996	38,138
Add accrued interest receivable	110	79
Total loans and accrued interest receivable	42,106	38,217
Less allowance for doubtful accounts		
- Minimum allowance as BoT's regulations		
- Individual approach	(4,299)	(4,288)
- Excess allowance	(1,227)	(1,566)
Total	(5,526)	(5,854)
Total loans to customers and accrued interest receivable, net	36,580	32,363

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

11.2 Classified by currency and residence of debtors

	Consolidated and Bank only			31 December 2016		
	30 June 2017		Total <i>(in million Baht)</i>	31 December 2016		Total
	Domestic	Foreign		Domestic	Foreign	
Thai Baht	28,274	-	28,274	25,556	20	25,576
US Dollar	9,088	4,378	13,466	6,774	5,769	12,543
Other currencies	256	-	256	19	-	19
Total	37,618	4,378	41,996	32,349	5,789	38,138

11.3 Classified by industry and loan classification

Consolidated and Bank only						
30 June 2017						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	(in million Baht)					
Agriculture and mining	611	-	-	-	-	611
Manufacturing and commerce	24,407	234	19	-	4,479	29,139
Property development and construction	3,346	-	-	-	-	3,346
Infrastructure and services	3,331	-	-	-	-	3,331
Others	5,569	-	-	-	-	5,569
Total	37,264	234	19	-	4,479	41,996

Consolidated and Bank only						
31 December 2016						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	(in million Baht)					
Agriculture and mining	1,039	-	-	-	-	1,039
Manufacturing and commerce	23,365	265	35	-	4,559	28,224
Property development and construction	430	-	-	-	-	430
Infrastructure and services	4,628	-	-	-	-	4,628
Others	3,817	-	-	-	-	3,817
Total	33,279	265	35	-	4,559	38,138

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

11.4 Classified by loan classification

	Consolidated and Bank only			
	30 June 2017			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	37,374	32,981	1	330
Special mention	234	217	2	4
Substandard	19	19	100	19
Doubtful	-	-	100	-
Doubtful of loss	4,479	3,946	100	3,946
Total	42,106	37,163		4,299
Excess allowance				1,227
Total				5,526

	Consolidated and Bank only			
	31 December 2016			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	33,358	29,494	1	295
Special mention	265	245	2	5
Substandard	35	20	100	20
Doubtful	-	-	100	-
Doubtful of loss	4,559	3,968	100	3,968
Total	38,217	33,727		4,288
Excess allowance				1,566
Total				5,854

* Net amount for allowance for doubtful accounts means the outstanding debt after deducting the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral.

11.5 Non-performing loans

According to the BoT's regulations, commercial banks are required to report additional information on non-performing loans ("NPL"), which include:

- NPL net and the ratio of NPL net to total loans after allowances for doubtful accounts; and
- NPL gross and the ratio of NPL gross to total loans before allowances for doubtful accounts.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

As at 30 June 2017 and 31 December 2016, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
Non-performing loans, net (<i>in million Baht</i>)	1,474	1,541
Total loans used for NPL net ratio calculation (<i>in million Baht</i>)	111,200	109,984
Ratio of total loans (%)	1.33	1.40

As at 30 June 2017 and 31 December 2016, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
Non-performing loans, gross (<i>in million Baht</i>)	6,235	6,466
Total loans used for NPL gross ratio calculation (<i>in million Baht</i>)	115,961	114,910
Ratio of total loans (%)	5.38	5.63

Total loans used for NPL ratio calculation are loans to customers as presented in the statement of financial position, loans to financial institutions as included in interbank and money market items and loan to retail banking customer as included in assets of disposal group classified as held for sales.

As at 30 June 2017 and 31 December 2016, NPL net (including financial institutions) exclude assets of disposal group classified as held for sales based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
Non-performing loans, net (<i>in million Baht</i>)	258	335
Total loans used for NPL net ratio calculation (<i>in million Baht</i>)	72,917	68,918
Ratio of total loans (%)	0.35	0.49

As at 30 June 2017 and 31 December 2016, NPL gross (including financial institutions) exclude assets of disposal group classified as held for sales based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
Non-performing loans, gross (<i>in million Baht</i>)	4,498	4,594
Total loans used for NPL gross ratio calculation (<i>in million Baht</i>)	77,157	73,178
Ratio of total loans (%)	5.83	6.28

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

12 Troubled debt restructuring

During the six-month periods ended 30 June 2017 and 2016, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
Six-month period ended 30 June 2017				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 1 year and 11 months to 7 years and 2 months	138	117	117
Total		138	117	117

Consolidated and Bank only				
Six-month period ended 30 June 2016				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	1 year to 6 years	176	184	183
Total		176	184	183

The Bank measures the expected recoverable amounts of loans restructured by modification of terms and conditions by using the present value of future cash flows discounted by the market rate.

The Bank and its subsidiary had outstanding balances of restructured debt as follows:

Consolidated and Bank only		
	30 June 2017	31 December 2016
	(in million Baht)	
Troubled restructured debt	5,457	5,510

The loss incurred arising from restructuring, before allowance for doubtful accounts for the six-month periods ended 30 June as following:

Consolidated and Bank only		
	2017	2016
	(in million Baht)	
The loss incurred arising from restructuring, before allowance for doubtful accounts	-	1

If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank and its subsidiary had no loss on debt restructuring for the six-month periods ended 30 June 2017 and 2016.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The Bank and its subsidiary recognised interest income from debt restructuring for the six-month period ended 30 June as follows:

	Consolidated and Bank only	
	2017	2016
	<i>(in million Baht)</i>	
Interest income	<u>56</u>	<u>57</u>

Restructured debts are a part of loans to customers as presented in the statement of financial position and loan to retail banking customer as included in assets of disposal group classified as held for sales.

The loss incurred arising from restructuring, before allowance for doubtful accounts and interest income is included in both continued operations and discontinued operation presented in statement of profit or loss and other comprehensive income.

13 Allowance for doubtful accounts

Consolidated and Bank only							
30 June 2017							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Beginning balance	295	5	20	-	3,968	1,566	5,854
Allowance for doubtful accounts	35	(1)	(1)	-	(16)	(269)	(252)
Others	-	-	-	-	(6)	(70)	(76)
Ending balance	<u>330</u>	<u>4</u>	<u>19</u>	<u>-</u>	<u>3,946</u>	<u>1,227</u>	<u>5,526</u>

Consolidated							
31 December 2016							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Beginning balance	530	23	425	36	5,387	2,935	9,336
Allowance for doubtful accounts	(99)	(9)	(188)	(23)	1,499	251	1,431
Bad debt written off	-	-	-	-	(2,480)	-	(2,480)
Reclassification to disposal group of assets held for sale	(136)	(9)	(217)	(13)	(436)	(1,554)	(2,365)
Others	-	-	-	-	(2)	(66)	(68)
Ending balance	<u>295</u>	<u>5</u>	<u>20</u>	<u>-</u>	<u>3,968</u>	<u>1,566</u>	<u>5,854</u>

Bank only							
31 December 2016							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Beginning balance	550	23	425	36	5,387	2,915	9,336
Allowance for doubtful accounts	(119)	(9)	(188)	(23)	1,499	271	1,431
Bad debt written off	-	-	-	-	(2,480)	-	(2,480)
Reclassification to disposal group of assets held for sale	(136)	(9)	(217)	(13)	(436)	(1,554)	(2,365)
Others	-	-	-	-	(2)	(66)	(68)
Ending balance	<u>295</u>	<u>5</u>	<u>20</u>	<u>-</u>	<u>3,968</u>	<u>1,566</u>	<u>5,854</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Six-month period ended 30 June	Consolidated		Bank only	
	2017	2016 (Restated) <i>(in million Baht)</i>	2017	2016 (Restated)
Allowance for doubtful accounts	(252)	(140)	(252)	(140)
<i>Less</i> Reversal of impairment loss of investment in receivables	-	(3)	-	-
Reversal of impairment loss of loans and debt securities	<u>(252)</u>	<u>(143)</u>	<u>(252)</u>	<u>(140)</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

14 Premises and equipment

As at 30 June 2017 and 31 December 2016, changes in premises and equipment are as follows:

	Consolidated and Bank only												
	30 June 2017												
	Cost					Accumulated depreciation							
	Net book value as of 1 January 2017	Beginning balance	Purchases and transfers in	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Beginning balance	Depreciation	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Allowance for impairment	Net book value as of 30 June 2017
								<i>(in million Baht)</i>					
Land	11	20	-	-	(20)	-	-	-	-	-	-	-	-
Freehold premises	353	1,683	-	-	(208)	1,475	929	20	-	(187)	762	(394)	319
Equipment	68	436	3	(32)	(34)	373	368	16	(32)	(28)	324	-	49
Total	432	2,139	3	(32)	(262)	1,848	1,297	36	(32)	(215)	1,086	(394)	368

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Consolidated
31 December 2016

	Cost						Accumulated depreciation						Net book value as of 31 December 2016
	Net book value as of 1 January 2016	Beginning balance	Purchases and transfers in	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Beginning balance	Depreciation	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Allowance for impairment	
								(in million Baht)					
Land	11	20	-	-	-	20	-	-	-	-	-	(9)	11
Freehold premises	416	1,830	2	(149)	-	1,683	1,013	48	(132)	-	929	(401)	353
Equipment	107	1,156	19	(695)	(44)	436	1,049	47	(690)	(38)	368	-	68
Total	534	3,006	21	(844)	(44)	2,139	2,062	95	(822)	(38)	1,297	(410)	432

Bank only
31 December 2016

	Cost						Accumulated depreciation						Net book value as of 31 December 2016
	Net book value as of 1 January 2016	Beginning balance	Purchases and transfers in	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Beginning balance	Depreciation	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Allowance for impairment	
								(in million Baht)					
Land	11	20	-	-	-	20	-	-	-	-	-	(9)	11
Freehold premises	416	1,830	2	(149)	-	1,683	1,013	48	(132)	-	929	(401)	353
Equipment	107	1,153	19	(692)	(44)	436	1,046	47	(687)	(38)	368	-	68
Total	534	3,003	21	(841)	(44)	2,139	2,059	95	(819)	(38)	1,297	(410)	432

The gross amount of the Bank and its subsidiary' fully depreciated premises and equipment that was still in use as at 30 June 2017 amounted Baht 292 million (31 December 2016: Baht 461 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

15 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
Deferred tax assets	884	926

Movements in total deferred tax assets and liabilities during the six-month period ended 30 June 2017 and 2016 were as follows:

	Consolidated and Bank only		
	<i>(Charged) / Credited to:</i>		
At 1 January 2017	Profit or loss	Other comprehensive income	At 30 June 2017
	<i>(note 40)</i>		
	<i>(in million Baht)</i>		
Deferred tax assets			
Investments	73	(15)	22
Loans and accrued interest receivable	169	(5)	164
Premises and equipment	67	1	68
Other assets	71	(3)	68
Provisions	91	2	93
Other liabilities	453	19	472
Assets of disposal group classified as held for sale	-	(6)	(6)
Cash flow hedges	2	-	3
Total	926	(7)	884

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	At 1 January 2016	Consolidated (Charged) / Credited to:			At 30 June 2016
		Profit or loss	Other comprehensive income	Transfer to assets of disposal group classified as held for sale	
		(note 40) (in million Baht)			
Deferred tax assets					
Investments	261	(1)	13	(275)	(2)
Loans and accrued interest receivable	144	15	-	-	159
Premises and equipment	71	(2)	-	-	69
Intangible assets	1	-	-	-	1
Other assets	71	(1)	-	-	70
Derivative instrument	96	(42)	-	-	54
Provisions	110	(8)	-	(1)	101
Other liabilities	90	11	-	(3)	98
Loss carry forward	4	(4)	-	-	-
Total	848	(32)	13	(279)	550
Deferred tax liabilities					
Cash flow hedges	-	-	(10)	-	(10)
Total	-	-	(10)	-	(10)
Net	848	(32)	3	(279)	540

	At 1 January 2016	Bank only (Charged) / Credited to:			At 30 June 2016
		Profit or loss	Other comprehensive income		
		(note 40) (in million Baht)			
Deferred tax assets					
Loans and accrued interest receivable	144	15	-		159
Premises and equipment	71	(2)	-		69
Intangible assets	1	-	-		1
Other assets	72	(2)	-		70
Derivative instrument	96	(42)	-		54
Provisions	106	(7)	-		99
Other liabilities	85	16	-		101
Total	575	(22)	-		553
Deferred tax liabilities					
Investments	(12)	(4)	13		(3)
Cash flow hedges	-	-	(10)		(10)
Total	(12)	(4)	3		(13)
Net	563	(26)	3		540

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

16 Accounts receivable from sales of investments and debt securities in issue

Accounts receivable from sales of investments and debt securities in issue arise as a result of the Bank accounting for these transactions at the trade date while the settlement date occurs in the following period. These accounts receivable occur in the normal course of the Bank's business.

17 Discontinued operation

On 22 December 2016, the Bank has reached a binding agreement to sell retail banking business including credit cards, personal loans, business loans, wealth management, mortgage loans, bancassurance and retail deposits. The process is expected to be completed in 2017.

The details of assets and liabilities of the discontinued operation classified as held for sale are disclosed in note 18.

An analysis of the results of the discontinued operation for the six-month period ended 30 June 2017 and 2016 was as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Interest income	1,680	2,042	1,680	2,042
Interest expense	197	277	197	277
Net interest income	1,483	1,765	1,483	1,765
Fees and service income	266	325	266	325
Fees and service expenses	122	156	122	197
Net fees and service income	144	169	144	128
Losses on trading and foreign exchange transactions	(8)	(6)	(8)	(6)
Other operating income	3	3	3	3
Total operating income	1,622	1,931	1,622	1,890
Employee expense	397	525	397	525
Premises and equipment expenses	127	131	127	131
Taxes and duties	64	76	64	76
Other operating expense	186	152	186	152
Total other operating expenses	774	884	774	884
Impairment loss of loans and debt securities	110	478	110	478
Operating profit before income tax from discontinued operations	738	569	738	528
Income tax	132	118	132	118
Net profit from discontinued operations	606	451	606	410

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Cash flows provided by the discontinued operation during the six-month period ended 30 June 2017 and 2016 were as follows:

	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Net cash provided by (used in)				
operating activities	<u>(6,189)</u>	<u>3,730</u>	<u>(6,189)</u>	<u>3,730</u>
	<u>(6,189)</u>	<u>3,730</u>	<u>(6,189)</u>	<u>3,730</u>

18 Assets and liabilities of disposal group classified as held for sale

The details of assets and liabilities of discontinued operation classified as held for sale as of 30 June 2017 and 31 December 2016 were as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
<i>Assets of disposal group classified as held for sale - Retail Banking</i>		
Cash	-	46
Loans to customers and accrued interest receivables - net	36,633	39,579
Premises and equipment, net	6	6
Other assets, net	16	22
	<u>36,655</u>	<u>39,653</u>
<i>Assets of disposal group classified as held for sale - other</i>	30	-
	<u>36,685</u>	<u>39,653</u>
Total		
	<u>36,685</u>	<u>39,653</u>
<i>Liabilities of disposal group classified as held for sale- Retail Banking</i>		
Deposits	23,816	33,623
Liability payable on demand	-	15
Other liabilities	985	892
	<u>24,801</u>	<u>34,530</u>
Total		
	<u>24,801</u>	<u>34,530</u>

Cumulative income or expense recognised in other comprehensive income

There is no cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

19 Other assets

	Consolidated		Bank only	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
Accrued interest and income receivable	169	182	169	182
Prepayments	48	50	48	50
Leasehold premises, net	2	14	2	14
Other receivable	158	152	158	152
Others	113	98	107	91
Total	490	496	484	489

20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
Current	3,795	3,594	3,795	3,595
Savings	43,632	41,049	43,675	41,091
Term				
- Less than 6 months	16,566	4,677	16,566	4,677
- 6 months to less than 1 year	336	1,807	336	1,807
- 1 year and over	11	1,010	11	1,010
Total	64,340	52,137	64,383	52,180

20.2 Classified by currency and residence of depositors

Consolidated						
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	55,517	1,034	56,551	39,701	1,380	41,081
US Dollar	6,728	565	7,293	9,488	807	10,295
Other currencies	379	117	496	597	164	761
Total	62,624	1,716	64,340	49,786	2,351	52,137

Bank only						
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	55,560	1,034	56,594	39,744	1,380	41,124
US Dollar	6,728	565	7,293	9,488	807	10,295
Other currencies	379	117	496	597	164	761
Total	62,667	1,716	64,383	49,829	2,351	52,180

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

21 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2017			31 December 2016		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	2,600	2,379	4,979	310	1,592	1,902
Special financial institutions	450	-	450	2,000	4,000	6,000
Other financial institutions	7,131	4,504	11,635	7,073	4,526	11,599
Total domestic	10,181	6,883	17,064	9,383	10,118	19,501
Foreign						
US Dollar	2	1,699	1,701	406	-	406
Thai Baht	7,449	-	7,449	8,138	-	8,138
Japanese Yen	12	-	12	3	-	3
Chinese Yuan	-	8	8	-	-	-
Total foreign	7,463	1,707	9,170	8,547	-	8,547
Total domestic and foreign	17,644	8,590	26,234	17,930	10,118	28,048

As at 30 June 2017, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 4,504 million (*31 December 2016: Baht 4,525 million*).

22 Debt issued and borrowings

As at 30 June 2017 and 31 December 2016, debt issued and borrowings balances are denominated in Thai Baht with terms as follows:

	Consolidated and Bank only					
	30 June 2017			31 December 2016		
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	<i>(in million Baht)</i>		(%)	<i>(in million Baht)</i>
Debentures	2017	0.90	2,226	2017	0.90	1,826
Structured notes	2017	1.09-1.28	1,053	2017	0.93-1.20	197
Total			3,279			2,023

As at 30 June 2017, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,053 million (*31 December 2016: Baht 197 million*).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

23 Provisions

	Employee benefits	Consolidated Contingent liabilities <i>(in million Baht)</i>	Total
At 1 January 2016	444	97	541
Provisions made	57	4	61
Provisions used	(10)	(18)	(28)
Provision reversed	(83)	(41)	(124)
Transfer to liabilities of disposal group classified as held for sale	(6)	-	(6)
At 31 December 2016 and 1 January 2017	402	42	444
Provisions made	27	4	31
Provisions used	(8)	-	(8)
Provision reversed	-	(8)	(8)
At 30 June 2017	421	38	459

	Employee benefits obligation	Bank only Contingent liabilities <i>(in million Baht)</i>	Total
At 1 January 2016	431	97	528
Provisions made	64	4	68
Provisions used	(10)	(18)	(28)
Provision reversed	(83)	(41)	(124)
At 31 December 2016 and 1 January 2017	402	42	444
Provisions made	27	4	31
Provisions used	(8)	-	(8)
Provision reversed	-	(8)	(8)
At 30 June 2017	421	38	459

24 Accounts payable from purchase of investments

Accounts payable from purchase of investments arise as a result of the Bank accounting for these transactions at the trade date while the settlement date occurs in the following period. These accounts payable occur in the normal course of the Bank's business.

25 Other liabilities

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
Withholding tax payables	152	160
VAT payable	59	11
Other payables	330	420
Accrued interest payable	94	92
Others	426	607
Total	1,061	1,290

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

26 Share capital

	Par value per share (in Baht)	Consolidated and Bank only			
		2017	2016	2017	2016
		Number	Amount	Number	Amount
		(in million shares)	(in million Baht)	(in million shares)	(in million Baht)
<i>Authorised</i>					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At 30 June - ordinary shares	10	1,484	14,843	1,484	14,843
<i>Issued and paid-up</i>					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At 30 June - ordinary shares	10	1,484	14,837	1,484	14,837

Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires the Bank to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

27 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 and under the provision of the Civil and Commercial Code, requires that the Bank and its subsidiary shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other reserves

Fair value change in available-for-sale investments

The fair value change in available-for-sale investments account within equity comprises the cumulative net changes in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Cash flow hedges

The cash flow hedges account within equity comprise the cumulative net change in the fair value of effective cash flow hedges related to hedged transactions that have not yet occurred.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

28 Assets pledged as collateral

Assets pledged as collateral as of 30 June 2017 and 31 December 2016 consisted of:

		Consolidated and Bank only	
	<i>Note</i>	30 June 2017	31 December 2016
		<i>(in million Baht)</i>	
Government bonds			
- Pledged as collateral for intraday liquidity		54	-
- Pledged as collateral against repurchase transactions		2,623	313
- Pledged as collateral for derivatives	30	150	1,971
Total		2,827	2,284

29 Contingent liabilities

		Consolidated and Bank only	
		30 June 2017	31 December 2016
		<i>(in million Baht)</i>	
Guarantees of loans		273	217
Letters of credit		1,270	1,057
Other contingencies			
- Unused credit line of overdrafts		627	785
- Other letters of guarantee		22,429	22,933
- Committed line		40,285	34,052
		63,341	57,770
Total		64,884	59,044

Litigation

As at 30 June 2017, the Bank has received claims in respect of letters of guarantee and other items from the Bank's customers totaling Baht 56 million (excluding interest) (*31 December 2016: Baht 46 million*) and the lawsuit is under court process. As at 30 June 2017, the Bank has recorded provision for possible loss from these claims of Baht 4 million (*31 December 2016: Baht 0.2 million*).

30 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Relationships with key management and other related parties were as follows:

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand / Foreign	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiary
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank
Thai Exclusive Leasing Company Limited (*)	Thailand	Subsidiary, 99.9% shareholding
Standard Chartered (Thailand) Company Limited (*)	Thailand	Affiliated company of Standard Chartered Group
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Scope International Private Limited	India	Affiliated company of Standard Chartered Group
Scope International (Malaysia) Sendirian Berhad	Malaysia	Affiliated company of Standard Chartered Group
Scope International (China) Company Limited	China	Affiliated company of Standard Chartered Group

(*) The entities were registered for dissolution on 23 December 2016 and is currently under liquidation process.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest rate	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

Significant transactions for the six-month period ended 30 June 2017 and 2016 with key management and other related parties were as follows:

	Consolidated		Bank only	
Six-month period ended 30 June	2017	2016	2017	2016
Interest income	113	59	113	100
Losses on trading and foreign exchange transactions, net	(1,231)	(1,644)	(1,231)	(1,644)
Service agreements	261	286	261	286
Others	76	86	85	109

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Significant balances and business transactions with executives and other related parties

Significant balances and business transactions with executive directors and authorised management, including their related parties and business entities in which the Bank, its directors or key management, including their related parties hold 10% or more of the paid up capital as of 30 June 2017 and 31 December 2016 were as follows:

	Consolidated and Bank only			
	30 June 2017		31 December 2016	
	Ending balance	Average	Ending balance	Average
	<i>(in million Baht)</i>			
<i>Loans to customers and accrued interest receivable</i>				
To executive directors and authorised management, including their related parties	<u>1,873</u>	<u>1,880</u>	<u>1,893</u>	<u>1,890</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>101</u>	<u>110</u>	<u>107</u>	<u>136</u>
	Consolidated	Bank only		
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Group	<u>21,717</u>	<u>20,381</u>	<u>21,717</u>	<u>20,381</u>
<i>Derivative assets (marked to market value)</i>				
Standard Chartered Group	<u>4,782</u>	<u>5,214</u>	<u>4,782</u>	<u>5,214</u>
<i>Governments bonds - Pledged as collateral for derivatives</i>				
Standard Chartered Group	<u>150</u>	<u>1,971</u>	<u>150</u>	<u>1,971</u>
<i>Other assets</i>				
Standard Chartered Group	<u>32</u>	<u>53</u>	<u>32</u>	<u>53</u>
<i>Deposits</i>				
Others	<u>355</u>	<u>364</u>	<u>398</u>	<u>408</u>
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Group	<u>2,591</u>	<u>988</u>	<u>2,591</u>	<u>988</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

	Consolidated		Bank only	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
<i>Derivative liabilities (fair value)</i>				
Standard Chartered Group	<u>4,798</u>	<u>6,795</u>	<u>4,798</u>	<u>6,795</u>
<i>Collateral from Credit Support Annex</i>				
Standard Chartered Group	<u>44</u>	<u>-</u>	<u>44</u>	<u>-</u>
<i>Accrued expenses</i>				
Standard Chartered Group	968	1,572	968	1,572
Others	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u><u>978</u></u>	<u><u>1,582</u></u>	<u><u>978</u></u>	<u><u>1,582</u></u>
<i>Other liabilities</i>				
Standard Chartered Group	<u>139</u>	<u>161</u>	<u>139</u>	<u>161</u>
<i>Other letters of guarantee</i>				
Standard Chartered Group	<u>13,445</u>	<u>13,086</u>	<u>13,445</u>	<u>13,086</u>
<i>Derivatives (notional amount) - Foreign currency related</i>				
Standard Chartered Group	<u>112,728</u>	<u>116,922</u>	<u>112,728</u>	<u>116,922</u>
<i>Derivatives (notional amount) - Interest rate related</i>				
Standard Chartered Group	<u>209,988</u>	<u>235,923</u>	<u>209,988</u>	<u>235,923</u>
<i>Derivatives (notional amount) - Commodities</i>				
Standard Chartered Group	<u>8,112</u>	<u>5,209</u>	<u>8,112</u>	<u>5,209</u>
<i>Six-month period ended 30 June</i>				
	Consolidated 2017	Consolidated 2016	Bank only 2017	Bank only 2016
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Short-term employee benefits	171	204	171	194
Post-employment benefits	6	6	6	6
Share-based payments	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>
Total key management personnel compensation	<u><u>181</u></u>	<u><u>215</u></u>	<u><u>181</u></u>	<u><u>205</u></u>

Directors' and executives' benefits

The Bank has not paid any benefits to its directors and executives other than those in the normal course of business such as salary, executives' bonuses and directors' remuneration approved at a Shareholders' Meeting. Directors nominated by Standard Chartered PLC have waived directors' fees.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Significant agreements with related parties

(a) *Services agreement*

In 2011, the Bank entered into a services agreement with Standard Chartered Bank-UK relating to the provision of certain advisory and other services to the Bank by Standard Chartered Bank-UK. The fees payable by the Bank to Standard Chartered Bank-UK under the advisory and services agreement are based on an allocation of actual costs plus a margin, in accordance with the terms in the agreement.

(b) *Shared support function*

The Bank entered into a services agreement with Standard Chartered (Thailand) Company Limited and Thai Exclusive Leasing Company Limited related to the provision of support functions. The Bank will provide support service functions in the areas of Human Resources, Finance and Accounting, Information Technology, Legal, Compliance, Secretariat, Consumer Banking Operations and other upon request services for Internal Audit and Corporate Affairs. The fees are charged monthly and are based on the actual costs incurred plus a margin, in accordance with the terms in the agreement.

(c) *Outsourcing services*

In 2002 until present, the Bank entered into service agreements with related parties for certain accounting and financial processing activities, information technology support, and other related activities. The fees are based on the terms of the agreements which include actual cost, actual cost plus margin, fixed cost per transaction and other agreed fees.

31 Non-cancellable operating lease agreements

The Bank and its subsidiary have entered into operating lease and service agreements of premises and property, office equipments and vehicles for the periods ranging from 1 year to 30 years. The period to maturity of long-term lease payments is as follows:

	Consolidated and Bank only	
	30 June 2017	31 December 2016
	<i>(in million Baht)</i>	
Within one year	34	65
After one year but within five years	59	99
After five years	7	8
Total	100	172

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

32 Segment information

Client segments

The business in Thailand, consists of three client segments, namely Corporate and Institutional Banking (CIB), Commercial Banking (CB), and Retail Banking (RB) as follows;

- “Corporate and Institutional Banking” (CIB) comprises International Corporates (major multinational corporations and large business groups which have sophisticated, cross-border needs requiring high levels of international service); and Financial Institutions (Banks, Investor clients, Insurance companies, Broker, Dealers, Public Sector names (including Bank of Thailand, Sovereign Wealth Funds and Development Organisations) and other types of financial institutions).
- “Commercial Banking” (CB) comprises Commercial Clients that are medium-sized businesses and Local Corporates that are typically clients with operations in three geographies or less
- “Retail Banking” (RB) comprises Priority Clients, managing and servicing high value segment customers and delivering a distinct and differentiated customer experience to them; Personal & Preferred clients, providing banking products and services to a broader consumer market; and Small Business Clients, serving small business clients, sole proprietors and private companies, offering solutions such as working capital, business expansion, businesses protection and yield enhancement.

Activities not directly related to a client segment are included in “Central and other items” which mainly include Asset and Liability Management and unallocated central costs. This segment information is reported in a manner consistent with the internal performance framework as presented to the Bank’s management.

Geographical segments

The Bank and its subsidiary operate only in Thailand. Accordingly, no geographical segment information is disclosed.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

By client segment

<i>Six-month period ended 30 June</i>	Corporate and Institutional Banking		Commercial Banking		Retail Banking(*)		Central and other items		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>											
Net interest income	385	506	129	119	1,321	1,625	366	281	-	-	2,201	2,531
Other income	824	992	87	88	143	161	77	443	-	(22)	1,131	1,662
Operating income	1,209	1,498	216	207	1,464	1,786	443	724	-	(22)	3,332	4,193
Operating expenses	(929)	(869)	(267)	(277)	(942)	(1,209)	-	(38)	-	22	(2,138)	(2,371)
Operating profit (loss) before impairment loss of loans, debt securities and taxation	280	629	(51)	(70)	522	577	443	686	-	-	1,194	1,822
Impairment loss of loans and debt securities (reversal of)	-	136	252	7	(109)	(478)	-	-	-	-	143	(335)
Profit (loss) from operations before income tax	280	765	201	(63)	413	99	443	686	-	-	1,337	1,487
Segment assets as at 30 June 2017 / 31 December 2016	70,816	59,063	12,630	11,689	36,989	39,986	66,702	79,921	-	-	187,137	190,659

(*) classification as discontinued operation (Note17)

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

33 Interest income

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016 (Restated) (in million Baht)	2017	2016 (Restated)
Interbank and money market items	519	518	519	518
Investments and trading transactions	93	56	93	56
Investments in debt securities	206	132	206	132
Investments in receivables	-	177	-	-
Loans to customers	547	531	547	553
Total	1,365	1,414	1,365	1,259

34 Interest expenses

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2017	2016 (Restated) (in million Baht)
Deposits	244	237
Interbank and money market items	129	135
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	259	262
Debt issued and borrowings	15	14
Total	647	648

35 Net fees and service income

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016 (Restated) (in million Baht)	2017	2016 (Restated)
Fees and service income				
- Acceptance, avals and guarantees	68	76	68	76
- Transaction fees	199	180	199	180
- Others	208	148	208	148
	<u>475</u>	<u>404</u>	<u>475</u>	<u>404</u>
Fees and service expenses				
- Commission fees	4	4	4	4
- Collection fees	-	22	-	-
- Others	75	69	75	69
	<u>79</u>	<u>95</u>	<u>79</u>	<u>73</u>
Net	396	309	396	331

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

36 Gains on trading and foreign exchange transactions, net

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2017	2016 (Restated)
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions, net		
- Foreign currencies and foreign currency related derivatives	365	1,267
- Interest rate related derivatives	184	(417)
- Debt securities	72	77
- Others	(79)	(18)
Total	542	909
Gains (losses) on hedging transactions	52	(29)
Total	594	880

37 Gains (losses) on investments, net

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Gains (losses) on sales of				
Available-for-sale investments	(3)	258	(3)	258
Impairment on investments in subsidiary	-	-	-	(8)
Total	(3)	258	(3)	250

38 Employee expenses

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016 (Restated)	2017	2016 (Restated)
	<i>(in million Baht)</i>			
Management				
Wages and salaries	103	114	103	110
Post-employment benefits - defined benefit plans	5	5	5	5
Share-based payment transactions	4	4	4	4
Others	48	53	48	47
	160	176	160	166
Other employees				
Wages and salaries	415	447	415	435
Post-employment benefits - defined benefit plans	14	14	14	14
Share-based payment transactions	1	3	1	3
Others	197	196	197	188
	627	660	627	640
Total	787	836	787	806

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

The Bank and its subsidiary have established contributory provident fund for their employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Bank and its subsidiary at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

39 Reversal of impairment loss of loans and debt securities

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016 (Restated)	2017	2016 (Restated)
		(in million Baht)		
Interbank and money market items	70	2	70	2
Investment in receivables (reversal of)	-	(3)	-	-
Loans to customers	(322)	(142)	(322)	(142)
Total	(252)	(143)	(252)	(140)

40 Income tax

Income tax recognised in profit or loss

<i>Six-month period ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Current tax expense					
Current period		238	275	238	250
Under provided in prior years		65	119	65	121
		303	394	303	371
Deferred tax expense					
Movements in temporary differences		35	40	35	35
Over provided in prior periods		(28)	(8)	(28)	(9)
	15	7	32	7	26
Total		310	426	310	397

Distribution to

- Income tax from continued operation	178	308	178	279
- Income tax from discontinued operation	132	118	132	118

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

Income tax recognised in other comprehensive income

<i>Six-month period ended 30 June</i>	Consolidated and Bank only					
	Before tax	2017 Tax benefit	Net of tax <i>(in million Baht)</i>	Before tax	2016 Tax benefit	Net of tax
Cash flow hedges	(7)	1	(6)	51	(10)	41
Available-for-sale investments	182	(36)	146	(64)	13	(51)
Total	175	(35)	140	(13)	3	(10)

Reconciliation of effective tax rate

<i>Six-month period ended 30 June</i>	Consolidated			
	2017 <i>Rate (%)</i>	2017 <i>(in million Baht)</i>	2016 <i>Rate (%)</i>	2016 <i>(in million Baht)</i>
Profit before income tax		1,336		1,487
Income tax using the Thai corporation tax rate	20	267	20	297
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		6		19
Under provided in prior years		37		110
Total	23	310	29	426

<i>Six-month period ended 30 June</i>	Bank only			
	2017 <i>Rate (%)</i>	2017 <i>(in million Baht)</i>	2016 <i>Rate (%)</i>	2016 <i>(in million Baht)</i>
Profit before income tax		1,335		1,360
Income tax using the Thai corporation tax rate	20	267	20	272
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		6		13
Under provided in prior years		37		112
Total	23	310	29	397

Income tax reduction

On 4 March 2016, the Royal Thai Government Gazette issued Act No. 42 dated 3 March 2016 to grant the reduction of income tax rate from 30% to 20% of net taxable profit for the accounting period begins on or after 1 January 2016.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2017

41 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2017 and 2016 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2017	2016	2017	2016
Profit for the periods attributable to equity holders of the Bank (basic) <i>(in million Baht)</i>	1,027	1,061	1,026	963
Number of ordinary shares outstanding <i>(million shares)</i>	1484	1,484	1,484	1,484
Basic earnings per share (in Baht)	0.69	0.72	0.69	0.65
Distribution to				
- Basic earnings from continued operation per share	0.28	0.41	0.28	0.37
- Basic earnings from discontinued operation per share	0.41	0.31	0.41	0.28

42 Dividends

At the annual general meeting of the shareholders of the Bank held on 28 April 2017, the shareholders approved the appropriation of a dividend of Baht 0.26 per share, amounting to Baht 386 million. The dividends were paid to shareholders in May 2017.

At the annual general meeting of the shareholders of the Bank held on 22 April 2016, the shareholders approved the appropriation of a dividend of Baht 0.12 per share, amounting to Baht 178 million. The dividends were paid to shareholders in May 2016.