

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2013
and
Independent Auditor's Report



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Independent Auditor's Report

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

Audit Report

I have audited the accompanying interim consolidated and Bank only financial statements of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries, and of Standard Chartered Bank (Thai) Public Company Limited respectively, which comprise the consolidated and Bank only statements of financial position as at 30 June 2013, the consolidated and Bank only statements of comprehensive income, changes in equity and cash flows for the six-month period then ended; and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Interim Consolidated and Bank only Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these interim consolidated and Bank only financial statements based on my audit. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated and Bank only financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

W.



Opinion

In my opinion, the interim consolidated and Bank only financial statements referred to above present fairly, in all material respects, the consolidated and Bank only financial position of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries, and of Standard Chartered Bank (Thai) Public Company Limited respectively, as at 30 June 2013; and of the consolidated and Bank only financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

Review Report

I have also reviewed the accompanying interim consolidated and Bank only statements of comprehensive income for the three-month period ended 30 June 2013 of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries, and of Standard Chartered Bank (Thai) Public Company Limited respectively. Management is responsible for the preparation and presentation of these interim consolidated and Bank only statements of comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim consolidated and Bank only statements of comprehensive income based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and Bank only statements of comprehensive income for the three-month period ended 30 June 2013 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

W.



Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 3 and 5 to the interim financial statements respectively:

- (a) The effect of the Bank and its Subsidiaries' adoption of certain new accounting policies from 1 January 2013.
- (b) On 24 August 2012 the Bank acquired Standard Chartered (Thai) Asset Management Company Limited. The acquisition has been accounted for as a business combination under common control in accordance with the Federation of Accounting Professions ("FAP") Guideline on Business Combinations Involving Entities Under Common Control.

The consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2012, which are included as comparative information, are a components of the audited interim consolidated financial statements for the six-month period ended 30 June 2012 after making the adjustments described in note 5. Furthermore, the consolidated statements of comprehensive income for the three-month period ended 30 June 2012, which are included as comparative information, have also been adjusted as described in note 5.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
21 August 2013

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated		Bank only	
	Note	30 June 2013	31 December 2012	30 June 2013	31 December 2012
		(in thousand Baht)			
Assets					
Cash		553,463	509,835	553,458	509,832
Interbank and money market items, net	9,35	54,844,611	58,851,057	54,833,223	58,798,371
Claims on security		-	6,000,000	-	6,000,000
Derivative assets	10,35	30,527,440	28,091,102	30,527,440	28,091,102
Investments, net	11	64,209,218	58,480,879	60,795,740	54,223,340
Investments in subsidiaries	12	-	-	698,281	698,281
Loans to customers and accrued interest receivable, net	13,15,35				
Loans to customers		104,367,221	105,721,402	107,526,271	109,564,644
Accrued interest receivable		486,746	504,033	543,435	558,437
Total loans to customers and accrued interest receivable		104,853,967	106,225,435	108,069,706	110,123,081
Less deferred revenue		-	-	-	-
Less allowance for doubtful accounts	16	(6,727,882)	(6,165,907)	(6,727,882)	(6,165,907)
Total loans to customers and accrued interest receivable, net		98,126,085	100,059,528	101,341,824	103,957,174
Properties for sale, net	17	28,245	40,024	28,245	40,024
Premises and equipment, net	18	795,854	828,518	795,711	828,271
Intangible assets, net		1,465	1,465	1,465	1,465
Deferred tax assets	19	605,647	543,639	412,338	383,969
Accounts receivable from sales of investments and debt securities in issue	20	8,442,843	2,408,174	8,442,843	2,408,174
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		3,125,000	2,825,791	3,125,000	2,825,791
Other assets, net	21,35	1,241,913	1,269,336	1,253,221	1,241,466
Total assets		262,501,784	259,909,348	262,808,789	260,007,260
Liabilities and equity					
Deposits	22,35	106,293,583	114,227,936	106,493,452	114,575,922
Interbank and money market items	23,35	63,251,776	54,909,641	63,251,776	54,909,641
Liabilities payable on demand		2,475,649	2,543,471	2,475,649	2,543,471
Liabilities to deliver security		-	6,000,000	-	6,000,000
Derivative liabilities	10,35	30,669,549	28,521,657	30,669,549	28,521,657
Debt issued and borrowings	24,35	5,459,493	6,778,122	5,459,493	6,778,122
Provisions	25,26	541,114	518,979	530,910	509,551
Accounts payable from purchase of investments	27	7,942,574	1,604,222	7,942,574	1,604,222
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		3,179,753	2,307,903	3,179,753	2,307,903
Accrued expenses	28,35	2,772,183	2,476,672	2,668,891	2,338,286
Other liabilities	29,35	1,554,727	2,024,411	1,547,127	1,615,986
Total liabilities		224,140,401	221,913,014	224,219,174	221,704,761
Equity					
Share capital	30				
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	33	9,055,819	9,055,819	9,055,819	9,055,819
Reserve arising from business combination under common control	5	(496,906)	(496,906)	-	-
Other reserves	33	82,620	174,315	82,620	174,315
Retained earnings					
Appropriated					
Legal reserve	33	842,954	842,954	836,954	836,954
Unappropriated		14,039,847	13,583,104	13,777,177	13,398,366
Total shareholders' equity		38,361,379	37,996,331	38,589,615	38,302,499
Non-controlling interest		4	3	-	-
Total equity		38,361,383	37,996,334	38,589,615	38,302,499
Total liabilities and equity		262,501,784	259,909,348	262,808,789	260,007,260

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

Standard Chartered Bank (Thailand) Public Company Limited and its Subsidiaries

Statements of comprehensive income

	Note	Consolidated		Bank only	
		For the three-month period ended		For the three-month period ended	
		30 June		30 June	
		2013	2012	2013	2012
		(Restated)			
		(in thousand Baht)			
Interest income	35,39	3,331,421	3,373,573	3,320,058	3,238,778
Interest expenses	35,40	1,103,941	1,256,583	1,104,710	1,240,736
Net interest income		2,227,480	2,116,990	2,215,348	1,998,042
Fees and service income	35	514,774	399,098	514,774	399,317
Fees and service expenses	35	215,531	234,161	255,190	263,447
Net fees and service income	41	299,243	164,937	259,584	135,870
Gains on trading and foreign exchange transactions	35,42	455,877	932,289	455,877	936,735
Gains on investments	43	52,741	18,748	28,347	18,748
Other operating income	35	20,765	(2,255)	62,689	36,241
Total operating income		3,056,106	3,230,709	3,021,845	3,125,636
Other operating expenses	35				
Employee expenses	44	795,193	729,053	763,954	699,998
Directors' remuneration		2,427	2,387	2,427	2,387
Premises and equipment expenses		134,809	130,455	131,868	126,901
Taxes and duties		101,791	98,375	97,073	91,339
Service agreements		125,113	110,864	125,113	110,864
Others		278,787	299,562	235,518	264,800
Total other operating expenses		1,438,120	1,370,696	1,355,953	1,296,289
Impairment loss of loans and debt securities	45	670,730	362,225	665,791	349,613
Profit from operations before income tax expense		947,256	1,497,788	1,000,101	1,479,734
Income tax expenses	46	233,353	399,430	233,111	390,543
Profit for the period		713,903	1,098,358	766,990	1,089,191
Other comprehensive income					
Gains (losses) on remeasuring available-for-sale investments		(136,256)	96,235	(136,256)	96,235
Gains on cash flow hedges		14,039	90,459	14,039	90,459
Income tax relating to other comprehensive income	46	24,648	(37,339)	24,648	(37,339)
Total other comprehensive income, net		(97,569)	149,355	(97,569)	149,355
Total comprehensive income for the period		616,334	1,247,713	669,421	1,238,546
Profit attributable to:					
Shareholders of the Bank		713,903	1,078,776	766,990	1,089,191
Non-controlling interest	5	-	19,582	-	-
Profit for the period		713,903	1,098,358	766,990	1,089,191
Total comprehensive income attributable to:					
Shareholders of the Bank		616,334	1,228,131	669,421	1,238,546
Non-controlling interest	5	-	19,582	-	-
Total comprehensive income for the period		616,334	1,247,713	669,421	1,238,546
Earnings per share					
Basic earnings per share (in Baht)	31	0.48	0.73	0.52	0.73

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Statements of comprehensive income

	Note	Consolidated For the six-month period ended 30 June		Bank only For the six-month period ended 30 June	
		2013	2012 (Restated) (in thousand Baht)	2013	2012
Interest income	35,39	6,647,679	6,620,557	6,653,586	6,451,333
Interest expenses	35,40	2,215,260	2,544,305	2,216,691	2,506,015
Net interest income		4,432,419	4,076,252	4,436,895	3,945,318
Fees and service income	35	954,927	785,700	954,927	782,990
Fees and service expenses	35	428,553	429,342	507,601	487,476
Net fees and service income	41	526,374	356,358	447,326	295,514
Gains on trading and foreign exchange transactions	35,42	927,852	1,139,311	927,867	1,149,757
Gains on investments	43	297,338	89,057	60,706	45,293
Other operating income	35	42,553	10,268	95,994	53,552
Total operating income		6,226,536	5,671,246	5,968,788	5,489,434
Other operating expenses	35				
Employee expenses	44	1,515,236	1,436,583	1,465,523	1,386,363
Directors' remuneration		4,414	4,775	4,414	4,775
Premises and equipment expenses		283,294	274,887	277,297	268,010
Taxes and duties		205,911	189,658	191,443	179,356
Service agreements		249,438	224,221	249,438	224,221
Others		516,955	546,922	445,584	484,611
Total other operating expenses		2,775,248	2,677,046	2,633,699	2,547,336
Impairment loss of loans and debt securities	45	1,361,095	582,102	1,356,156	569,586
Profit from operations before income tax expense		2,090,193	2,412,098	1,978,933	2,372,512
Income tax expenses	46	476,159	604,086	442,832	590,546
Profit for the period		1,614,034	1,808,012	1,536,101	1,781,966
Other comprehensive income					
Gains (losses) on remeasuring available-for-sale investments		(121,560)	6,394	(121,560)	6,394
Gains on cash flow hedges		6,685	8,426	6,685	8,426
Income tax relating to other comprehensive income	46	23,180	(2,965)	23,180	(3,009)
Total other comprehensive income, net		(91,695)	11,855	(91,695)	11,811
Total comprehensive income for the period		1,522,339	1,819,867	1,444,406	1,793,777
Profit attributable to:					
Shareholders of the Bank		1,614,033	1,782,563	1,536,101	1,781,966
Non-controlling interest	5	1	25,449	-	-
Profit for the period		1,614,034	1,808,012	1,536,101	1,781,966
Total comprehensive income attributable to:					
Shareholders of the Bank		1,522,338	1,794,418	1,444,406	1,793,777
Non-controlling interest	5	1	25,449	-	-
Total comprehensive income for the period		1,522,339	1,819,867	1,444,406	1,793,777
Earnings per share					
Basic earnings per share (in Baht)	31	1.09	1.20	1.04	1.20

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Statements of changes in equity (Restated)

		Consolidated						
		(in thousand Baht)						
Note	Issued and paid-up share capital	Premium on share capital	Reserve arising from business combination under common control	Fair value change in available-for-sale investments	Other reserves		Retained earnings	
					Cash flow hedges	Total other reserves	Legal reserve	Unappropriated
								shareholders' equity
								Non-controlling interest
								Total equity
Six-month period ended 30 June 2012								
Balance as at 1 January 2012	14,837,045	9,055,819	25,000	29,752	3,704	33,456	688,700	11,751,668
Dividends	-	-	-	-	-	-	-	(1,246,312)
Comprehensive income for the period	-	-	-	-	-	-	-	-
Profit for the period - restated	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-	-	-
Net change in fair value recognised in equity, net of tax	-	-	-	5,115	-	5,115	-	-
Cash flow hedges	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax	-	-	-	-	6,740	6,740	-	-
Total other comprehensive income	-	-	-	5,115	6,740	11,855	-	6,740
Total comprehensive income for the period	-	-	-	5,115	6,740	11,855	-	11,855
Balance as at 30 June 2012 - restated	14,837,045	9,055,819	25,000	34,867	10,444	45,311	688,700	12,287,919
								36,939,794
								37,673,705
Six-month period ended 30 June 2013								
Balance as at 1 January 2013	14,837,045	9,055,819	(496,906)	125,364	48,951	174,315	842,954	13,583,104
Dividends	-	-	-	-	-	-	-	(1,157,290)
Comprehensive income for the period	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-	-	-
Net change in fair value recognised in equity, net of tax	-	-	-	(97,043)	-	(97,043)	-	(97,043)
Cash flow hedges	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax	-	-	-	-	5,348	5,348	-	5,348
Total other comprehensive income	-	-	-	(97,043)	5,348	(91,695)	-	(91,695)
Total comprehensive income for the period	-	-	-	(97,043)	5,348	(91,695)	-	(91,695)
Balance as at 30 June 2013	14,837,045	9,055,819	(496,906)	25,321	54,299	87,620	842,954	14,039,847
								38,361,379
								38,361,383

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

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

Statements of changes in equity

	Bank only							
	Note	(in thousand Baht)						
		Issued and paid-up share capital	Premium on share capital	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves	Retained earnings	Total equity
						Legal reserve	Unappropriated	
Six-month period ended 30 June 2012								
Balance as at 1 January 2012	14,837,045	9,055,819	29,752	3,704	33,456	682,700	11,725,668	36,334,688
Dividends	-	-	-	-	-	-	(1,246,312)	(1,246,312)
Comprehensive income for the period	-	-	-	-	-	-	1,781,966	1,781,966
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	5,115	-	5,115	-	-	5,115
Net change in fair value recognised in equity, net of tax	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	6,740	6,740	-	-	6,740
Net change of effective portion of fair value of cash flow hedges, net of tax	-	-	-	-	-	-	(44)	(44)
Actuarial losses on defined benefit plans, net of tax	-	-	5,115	6,740	11,855	-	(44)	11,811
Total other comprehensive income	-	-	5,115	6,740	11,855	-	1,781,922	1,793,777
Total comprehensive income for the period	-	-	34,867	10,444	45,311	682,700	12,261,278	36,882,153
Balance as at 30 June 2012	14,837,045	9,055,819	34,867	10,444	45,311	682,700	12,261,278	36,882,153
Six-month period ended 30 June 2013								
Balance as at 1 January 2013	14,837,045	9,055,819	125,364	48,951	174,315	836,954	13,398,366	38,302,499
Dividends	-	-	-	-	-	-	(1,157,290)	(1,157,290)
Comprehensive income for the period	-	-	-	-	-	-	1,536,101	1,536,101
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	(97,043)	-	(97,043)	-	-	(97,043)
Net change in fair value recognised in equity, net of tax	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax	-	-	-	5,348	5,348	-	-	5,348
Total other comprehensive income	-	-	(97,043)	5,348	(91,695)	-	-	(91,695)
Total comprehensive income for the period	-	-	(97,043)	5,348	(91,695)	-	1,536,101	1,444,406
Balance as at 30 June 2013	14,837,045	9,055,819	28,321	54,299	82,620	836,954	13,777,177	38,589,615

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

Standard Chartered Bank (Thailand) Public Company Limited and its Subsidiaries
Statements of cash flows

	Consolidated		Bank only	
	For the six-month period ended 30 June		For the six-month period ended 30 June	
	2013	2012 (Restated)	2013	2012
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax expense	2,090,193	2,412,098	1,978,933	2,372,512
Adjustments to reconcile net profit to net cash provided by (used in) operating activities				
Depreciation and amortisation	72,604	66,721	72,500	66,565
Impairment loss of loans and debt securities	1,561,531	1,063,861	1,561,531	1,063,659
Impairment loss of investments	4,940	12,612	-	-
Impairment on amounts due from related parties	19,669	-	-	-
Amortisation of (premium) discount of debt instruments	(274,085)	495,912	(274,085)	495,912
Amortisation of discount of debt issued and borrowings	83,575	248,755	83,575	248,755
Gains on disposal of investments	(61,994)	(45,293)	(61,994)	(45,293)
Gains on disposal of premises and equipment	(20)	(1,777)	(20)	(1,926)
(Reversal of) impairment loss of properties for sale	(6,016)	1,379	(6,016)	1,379
Provisions made	22,872	21,564	22,097	20,990
Net interest income	(4,432,419)	(4,076,252)	(4,436,895)	(3,945,318)
Interest received	6,669,192	6,671,675	6,672,813	6,503,794
Interest paid	(2,205,192)	(2,463,460)	(2,206,625)	(2,422,759)
Income tax paid	(253,252)	(122,880)	(159,445)	(39,057)
Profit from operations before changes in operating assets and liabilities	3,291,598	4,284,915	3,246,369	4,319,213
(Increase) decrease in operating assets				
Interbank and money market items	4,006,446	19,299,503	3,965,148	19,375,545
Derivative assets and liabilities, net	(272,040)	(1,451,132)	(272,040)	(1,453,873)
Trading investments	(1,803,410)	(744,120)	(1,803,410)	(744,120)
Investments in receivables	189,561	865,770	-	-
Loans to customers	472,595	(6,820,156)	1,191,787	(6,228,321)
Properties for sale	17,796	(359)	17,796	(359)
Other assets	(302,800)	(1,339,324)	(322,300)	(1,359,980)
Increase (decrease) in operating liabilities				
Deposits	(7,934,353)	8,713,394	(8,082,471)	8,495,106
Interbank and money market items	8,342,136	14,651,702	8,342,136	15,227,788
Liabilities payable on demand	(67,823)	472,754	(67,823)	472,754
Short-term debt issued and borrowings	(1,442,190)	(22,764,066)	(1,442,190)	(22,766,645)
Provisions used	(737)	(1,443)	(737)	(1,443)
Other liabilities	1,110,443	(582,674)	834,955	(751,089)
Net cash provided by operating activities	5,607,222	14,584,764	5,607,220	14,584,576
Cash flows from investing activities				
Purchase of premises and equipment	(38,925)	(49,187)	(38,925)	(49,000)
Proceeds from disposals of premises and equipment	139	2,743	139	2,743
Purchase of available-for-sale investments	(46,371,507)	(33,685,366)	(46,371,507)	(33,685,366)
Proceeds from available-for-sale investments	41,945,116	20,873,696	41,945,116	20,873,696
Purchase of investments in receivables	-	(359,905)	-	(359,905)
Proceeds from investments in receivables	47,500	21,212	47,500	21,212
Proceeds from disposal of general investments	11,373	4,258	11,373	4,258
Net cash used in investing activities	(4,406,304)	(13,192,549)	(4,406,304)	(13,192,362)
Cash flows from financing activities				
Proceeds from debt issued and borrowings	-	5,733	-	5,733
Dividends paid	(1,157,290)	(1,246,312)	(1,157,290)	(1,246,312)
Net cash used in financing activities	(1,157,290)	(1,240,579)	(1,157,290)	(1,240,579)
Net increase in cash	43,628	151,636	43,626	151,635
Cash at beginning of the period	509,835	387,859	509,832	387,841
Cash at end of the period	553,463	539,495	553,458	539,476

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

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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 21 August 2013.

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 individual and corporate customers. Details of the Bank’s subsidiaries as at 30 June 2013 and 31 December 2012 are given in notes 12 and 35.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standards (TAS) No.34 (revised 2009) *Interim Financial Reporting*, Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 11/2553, directive dated 3 December 2010, 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 the following new and revised TFRS and Announcements relevant to the Bank and its subsidiaries’ operations and effective for accounting periods beginning on or after 1 January 2013:

TAS/TFRS and Announcement	Topic
TAS 20	Accounting for Government Grants and disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
FAP Announcement 34/2555	Accounting guidance for Transfers and receivables of Financial Assets

The adoption of these new and revised TAS/TFRS and FAP Announcements has resulted in changes in the Bank and its subsidiaries’ accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TAS/TFRS and Announcement, as at 30 June 2013 the FAP had issued a number of other new and revised TFRS and interpretations which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new interpretations that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 37.

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Furthermore, with effect from 1 January 2013, the Bank establishes its regulatory capital requirements in accordance with BoT notification dated on 8 November 2012 which in line with the requirements of Basel III.

Except for the changes in accounting policies referred to above, the accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2012.

Significant inter-office transactions between the Bank's head office and all its branches have been eliminated.

(b) Basis of measurement

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

- Derivative instruments are measured at fair value
- Trading investments are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Liabilities for cash-settled share-based payment arrangement are measured at fair value
- The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation as explained in Note 4.16

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, 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 estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements is included in the following notes:

Note 6	Risk management
Note 7	Fair value of financial instruments
Note 11	Investments
Note 16	Allowance for doubtful accounts
Note 19	Deferred tax
Note 25	Employee benefit obligations
Note 26	Provisions
Note 28	Share-based payments
Note 46	Income tax expenses

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3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS and FAP Announcement as set out in note 2, the Bank and its subsidiaries have changed their accounting policies in the following areas:

- Presentation of information on operating segments
- Accounting for transfers of financial assets

Details of the new accounting policies adopted by the Bank and its subsidiaries are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Bank and its subsidiaries.

(b) Presentation of information on operating segments

From 1 January 2013, the Bank and its subsidiaries have adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which is included in the Bank and subsidiaries' 2013 interim financial statements for comparative purposes, and has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Bank and its subsidiaries' reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Bank and subsidiaries' management in order to assess each segment's performance and to allocate resources to those segments.

The change in basis of presentation and disclosure of segment information has resulted in the Bank and its subsidiaries presenting segment information (Note 38) in respect of the following segments: Consumer Banking and Wholesale Banking.

(c) Accounting guidance for transfers of financial assets

The FAP has issued accounting guidance for transfers of financial assets in accordance with international financial reporting standards, under which the classification of receivables purchased or transferred to the Bank and its subsidiaries should be classified as loans, unless the Bank and its subsidiaries have the intention to sell the debt in the future to be classified as investments, was adopted by the Bank and its subsidiaries for the reporting period beginning on 1 January 2013 onwards. The change in policy only impacts presentational aspects and has no impact on the Bank and its subsidiaries' reported assets, liabilities, results or earnings per share. There were no such transactions in the current period.

The classification of receivables purchased or acquired prior to 1 January 2013 is maintained investment in receivables to which the criteria specified in accounting standards related to investments as in debt and equity securities are applied.

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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies in the current year.

4.1 Basis of consolidation

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

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and is in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Bank are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Bank controlling shareholder's consolidated financial statements. The components of equity of the acquired entity is added to the same components within Bank equity except that any share capital of the acquired entity is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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.

4.2 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.

The asset management subsidiary recognised interest income on investments in receivables and loans on a cash basis.

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

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4.3 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.

4.4 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.

4.5 Allowance for doubtful accounts

The Bank and its subsidiaries' 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 raises 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 period are recorded as impairment loss of loans and debt securities. The Bank and its subsidiaries 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.

4.6 Troubled debt restructuring

Where the troubled debt restructuring of loans involves modification of the terms 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 subsidiaries' risk criteria applicable to such loans as at the restructuring date.

The Bank record transferred assets 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.

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4.7 Investments

Investments in subsidiaries

Investments in subsidiaries 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 stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Bank and its subsidiaries 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 on monetary items 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.

Investments in receivables stated at the acquisition cost, net of allowance for impairment.

When the debts of the asset management subsidiary are restructured, it will record the account for the restructuring by recording a transfer of investments in receivables to loans to customers at the fair value on the transfer date, but not normally exceeding the carrying value.

The fair value of investments and loans to customers are the expected recoverable amount determined based on the net present value of expected future cash collections calculated using discount rates equivalent to the market interest rate, which is adjusted by a risk premium. In cases the discount rates cannot be reasonably estimated, the discount rates are equivalent to the rates that make the net present value of expected future cash flow equal to the carrying value of investment in receivables. The difference between the carrying value and fair value on transfer date is recognised in profit or loss, except in the case of gains.

Initial recognition

Purchases and sales of investments are initially recognised on trade date which is the date that the Bank and its subsidiaries 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.

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If the Bank and its subsidiaries 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.

4.8 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Bank and its subsidiaries at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the reporting date are translated to Thai Baht using the foreign exchange rates ruling 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 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 reflected in profit or loss.

4.9 Premises and equipment

Owned assets

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

Leased assets

Leases for which the Bank assumes 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 and 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 exceed the period of the lease of the associated property

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

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Disposals of premises and equipment

Gains and losses on disposals of premises and equipment are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

4.10 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.

4.11 Properties for sale

Properties for sale, which comprise land, buildings and vehicles, are measured at the lower of their carrying value and fair value less costs to sell. The fair value is based on independent appraisals.

Loss on impairment of properties for sale is recognised in profit or loss. Gains or losses on the disposal of properties for sale are reflected in profit or loss.

4.12 Claims on security and liability to deliver security

The Bank records claims on security and liability to deliver security in the statements of financial position as assets and liabilities, respectively, according to the BoT's guidance.

4.13 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 and presented as gains (losses) on cash flow hedges in equity. Any ineffective portion is recognised immediately in profit or loss.

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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 occurred 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.

4.14 Deposit or borrowing transactions with embedded derivatives

The Bank assesses and records fair value relating to deposit or borrowing transactions with embedded derivatives in accordance with the BoT notification regarding the permission for commercial banks to undertake deposit or borrowing transactions with embedded derivatives dated 3 August 2008. 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.

4.15 Impairment

The carrying amounts of the Bank and its subsidiaries' 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.

Calculation of recoverable amount

The recoverable amount of 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 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 is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to determine the recoverable amount. The reversal of impairment loss is recognised in profit or loss.

4.16 Employee benefits

The Bank and its subsidiaries operate post-retirement benefit plans, including defined contribution plans and defined benefit plans.

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Defined contribution plans

For defined contribution plans, the Bank and its subsidiaries pay contributions to provident funds on a voluntary basis, and such amounts are charged to employee expenses. The Bank and its subsidiaries have no further payment obligations once the contributions have been paid.

Defined benefit plans

For unfunded defined benefit plans, the liability recognised at the reporting date is the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an interest rate equal to the yield on high quality government bonds that are denominated in the currency in which the benefits will be paid, and that have a term to maturity approximating to the term of the related pension liability.

Actuarial gains and losses that arise are recognised and presented in other comprehensive income in the period they arise. Past service costs are recognised over the vesting period. Current service costs and any past service costs, together with the unwinding of the discount on plan liabilities, are charged to employee expenses.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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.

Equity-settled awards are recognised at the time of grant based on the fair value of the equity instruments granted in the statements of financial position. The cost of the awards is recognised to profit or loss over the vesting period.

4.17 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries 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, including the provision for employee benefit obligations, share-based payment and a reliable estimate can be made of the amount of 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.

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4.18 Reserve arising from business combination under common control

The reserve arising from business combination under common control arises from the merger of businesses under the common control of the ultimate parent company of the Bank. The reserve represents the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination. The Bank recognises the difference arising from common control transactions under shareholders' equity until disposal of the investment.

4.19 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 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 years.

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 subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries 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 subsidiaries take into account the impact of uncertain tax positions (if any) and whether additional taxes and interest may be due. The Bank and its subsidiaries 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 and a series of judgements about future events, 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.

4.20 Earnings per share

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

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4.21 Segment information

The Bank and its subsidiaries have two reportable segments. The strategic divisions offer different products and services, and are managed separately because they require different technologies, allocation of resources, distribution channels and marketing strategies. For each of the strategic divisions, management reviews internal management reports on at least a monthly basis.

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to management of the Bank and its subsidiaries for the purposes of allocating resources to, and assessing the performance of, the Bank and its subsidiaries' various lines of business.

5 Acquisition of Standard Chartered (Thai) Asset Management Company Limited

Acquisition of Standard Chartered (Thai) Asset Management Company Limited

At the annual general meeting ("AGM") of the shareholders on 25 April 2012, the shareholders approved the purchase of 249,997 shares (equivalent to 99.9988%) in Standard Chartered (Thai) Asset Management Company Limited ("SCTAMC") at a price no higher than Baht 750 million from Standard Chartered Bank (Hong Kong) Limited ("SCB-HK"), a company under common control of the ultimate parent company.

The price limit was determined based on forecast cash flows under an applied discounted cash flows model as per the report of an Independent Financial Advisor (IFA) dated 2 April 2012, which was distributed to shareholders in the AGM. The IFA had opined that the purchase at a price within this limit is fair, reasonable, and beneficial to the Bank's shareholders.

The Bank obtained approval from the Bank of Thailand ("BoT") on 22 August 2012 for the acquisition. On 23 August 2012, the Bank entered into the share purchase agreement at the purchase price of Baht 639 million, with the shares being transferred to the Bank on the following day.

In the Bank only financial statements, the investment in subsidiary is accounted at cost subject to annual impairment testing. As at 30 June 2013, this investment is stated at its cost of Baht 639 million and in the opinion of management, no indication of impairment existed.

In the consolidated financial statements, the acquisition has been accounted as a transaction between entities under common control in accordance with the FAP guideline on Business Combinations Involving Entities under Common Control. This guideline requires the acquisition to be recorded in the consolidated financial statements at the net book value of the assets acquired and liabilities assumed.

Identifiable assets acquired and liabilities assumed

The statement of financial position of SCTAMC as of 31 July 2012, the agreed book value date, consisted of the following:

	<i>(in million Baht)</i>
Investments, net	5,164
Loans to customers	796
Other assets	482
Interbank and money market items	(5,912)
Other liabilities	(388)
Total equity (net assets)	142
Total consideration paid	639
Reserve arising from business combination under common control	497

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The resulting difference of Baht 497 million between the purchase price and the net book value of assets acquired and liabilities assumed has been recognised directly in equity as a reserve arising from business combination under common control according to the FAP guideline on Business Combinations Involving Entities under Common Control.

The assets acquired and liabilities assumed approximate their fair value, except for the investments in receivables. Investments in receivables are stated at their acquisition cost net of allowance for impairment, in accordance with the Bank of Thailand Notification No. Sor Nor Sor. 67/2551. The SCTAMC recognises income on its investment in receivables in the statutory financial statements on a cash basis and not an accrual basis. The fair value of investments in receivables, which is reflected in the purchase price is based upon the expected future cash flows discounted at an appropriate market rate.

The consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 have been restated accordingly. The effect of the restatements are summarised as follows:

	Amount previously reported	Consolidated Effect of the acquisition restatement (in million Baht)	Amount after the acquisition restatement
<i>Statement of comprehensive income for the three-month period ended 30 June 2012</i>			
Interest income	3,239	135	3,374
Interest expenses	1,240	17	1,257
Total other operating expense	1,315	56	1,371
Profit for the period	1,079	19	1,098
Total comprehensive income for the period	1,228	20	1,248
Basic earnings per share (in Baht)	0.73	-	0.73
<i>Statement of comprehensive income for the six-month period ended 30 June 2012</i>			
Interest income	6,451	170	6,621
Interest expenses	2,505	39	2,544
Total other operating expense	2,584	93	2,677
Profit for the period	1,783	25	1,808
Total comprehensive income for the period	1,794	26	1,820
Basic earnings per share (in Baht)	1.20	-	1.20

Acquisition-related costs

The Bank incurred acquisition-related costs of approximately Baht 1 million mainly related to external advisor fees. The costs have been included in administrative expenses in the Bank's consolidated statement of comprehensive income

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6 Risk management

Financial instruments

Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 4.

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.

Market risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates. The Bank is exposed to market risk arising principally from customer driven transactions.

The Bank undertakes transactions in the money markets, foreign exchange markets, and capital markets which gives rise to market risk exposure.

Other financial instruments undertaken include debt and other securities and certain off-balance sheet financial instruments (derivatives). Derivative instruments are contracts whose characteristics and value derived from underlying financial instruments, interest and exchange rates or indices. They include forwards, swaps, and options transactions in the foreign exchange and interest rate markets. The Bank enters derivative positions to meet customer demand or for hedging purposes. Derivative contracts entered into by the Bank are primarily over-the-counter derivatives.

The Bank has established standards, principles, policies, and techniques for managing market risk. Market risk limits are proposed by the business within the terms of agreed policy. Market Risk function, which is independent from the business, monitors exposures against these limits approved by Board of Directors.

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Historical simulation is used to measure Value at Risk (VaR) on trading exposure by applying actual historical market rate movements based on a one-day holding period and a 97.5% confidence level. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to Value at Risk (VaR) as part of the overall risk management tools. Market risk exposures are measured and monitored against approved limits or triggers to ensure the Bank's market risk exposures are within acceptable levels.

Foreign exchange risk

The Bank is exposed to foreign exchange risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at each reporting date. Details in respect of these significant exposures are described in notes 9, 10, 13, 22 and 23.

Interest rate risk

Interest rate risk in the statements of financial position arises from the potential for a change in interest rates to have an effect on the net interest income of the Bank in the current reporting period and future years. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity, and in the mismatch in repricing dates of its assets and liabilities.

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

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Fixed interest rate	154,245	157,271	158,562	162,188
Floating interest rate	62,526	59,613	57,955	54,282
Total	216,771	216,884	216,517	216,470

As at 30 June 2013, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 15,020 million (2012: Baht 15,020 million).

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

	Consolidated					
	30 June 2013			31 December 2012		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	59,847	862	2.89%	62,177	1,901	3.06%
Investments	62,909	975	3.12%	68,229	2,382	3.49%
Loans to customers	102,724	4,811	9.42%	94,470	9,428	9.98%
Total	225,480	6,648	5.93%	224,876	13,711	6.10%
<i>Interest-bearing financial liabilities</i>						
Deposits	112,155	1,596	2.86%	106,860	2,938	2.75%
Interbank and money market items	56,442	521	1.86%	56,216	1,536	2.73%
Debt issued and borrowings	7,738	98	2.56%	17,730	592	3.34%
Total	176,335	2,215	2.53%	180,806	5,066	2.80%
	Bank only					
	30 June 2013			31 December 2012		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	59,847	862	2.89%	62,173	1,901	3.06%
Investments	59,192	907	3.08%	62,774	2,072	3.30%
Loans to customers	106,025	4,885	9.27%	99,264	9,299	9.37%
Total	225,064	6,654	5.95%	224,211	13,272	5.92%
<i>Interest-bearing financial liabilities</i>						
Deposits	112,305	1,598	2.86%	107,235	2,939	2.74%
Interbank and money market items	56,442	521	1.86%	55,657	1,481	2.66%
Debt issued and borrowings	7,832	98	2.53%	17,788	594	3.34%
Total	176,579	2,217	2.52%	180,680	5,014	2.77%

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Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2013 and 31 December 2012 are as follows:

	Consolidated 30 June 2013						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	553	-	553
Interbank and money market items, net	599	50,841	1,616	623	1,166	-	54,845
Derivative assets	-	-	-	-	30,527	-	30,527
Investments, net	3,413	24,002	2,719	34,058	17	-	64,209
Loans to customers	47,773	41,437	4,534	5,156	21	5,446	104,367
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	8,443	-	8,443
Total financial assets	51,785	116,280	8,869	39,837	40,727	5,446	262,944
Financial liabilities							
Deposits	70,960	27,782	3,062	1,213	3,277	-	106,294
Interbank and money market items	11,947	41,891	-	2,875	6,539	-	63,252
Liabilities payable on demand	-	-	-	-	2,476	-	2,476
Derivative liabilities	-	-	-	-	30,670	-	30,670
Debt issued and borrowings	-	5,459	-	-	-	-	5,459
Accounts payable from purchase of investments	-	-	-	-	7,943	-	7,943
Total financial liabilities	82,907	75,132	3,062	4,088	50,905	-	216,094
Notional							
Interest rate swap contracts	-	269,293	304,841	1,207,777	-	-	1,781,911
Interest rate option contracts	-	1,400	1,200	14,153	-	-	16,753

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	Consolidated 31 December 2012						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	510	-	510
Interbank and money market items, net	190	57,001	-	613	1,047	-	58,851
Derivative assets	-	-	-	-	28,091	-	28,091
Investments, net	4,257	47,800	451	5,951	22	-	58,481
Loans to customers	54,858	23,436	10,427	11,900	55	5,045	105,721
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	2,408	-	2,408
Total financial assets	59,305	128,237	10,878	18,464	32,133	5,045	254,062
Financial liabilities							
Deposits	76,749	25,803	7,479	1,142	3,055	-	114,228
Interbank and money market items	6,608	37,487	49	2,756	8,010	-	54,910
Liabilities payable on demand	-	-	-	-	2,543	-	2,543
Derivative liabilities	-	-	-	-	28,522	-	28,522
Debt issued and borrowings	-	6,772	6	-	-	-	6,778
Accounts payable from purchase of investments	-	-	-	-	1,604	-	1,604
Total financial liabilities	83,357	70,062	7,534	3,898	43,734	-	208,585
Notional							
Interest rate swap contracts	-	243,790	232,979	1,148,762	-	-	1,625,531
Interest rate option contracts	-	-	1,550	15,419	-	-	16,969

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	Bank only 30 June 2013						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	553	-	553
Interbank and money market items, net	599	50,841	1,616	623	1,154	-	54,833
Derivative assets	-	-	-	-	30,527	-	30,527
Investments, net	-	24,002	2,719	34,058	17	-	60,796
Loans to customers	46,615	44,022	5,576	5,846	21	5,446	107,526
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	8,443	-	8,443
Total financial assets	47,214	118,865	9,911	40,527	40,715	5,446	262,678
Financial liabilities							
Deposits	71,064	27,876	3,062	1,213	3,278	-	106,493
Interbank and money market items	11,947	41,891	-	2,875	6,539	-	63,252
Liabilities payable on demand	-	-	-	-	2,476	-	2,476
Derivative liabilities	-	-	-	-	30,670	-	30,670
Debt issued and borrowings	-	5,459	-	-	-	-	5,459
Accounts payable from purchase of investments	-	-	-	-	7,943	-	7,943
Total financial liabilities	83,011	75,226	3,062	4,088	50,906	-	216,293
Notional							
Interest rate swap contracts	-	269,293	304,841	1,207,777	-	-	1,781,911
Interest rate option contracts	-	1,400	1,200	14,153	-	-	16,753

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	Bank only 31 December 2012						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year (in million Baht)	Non- interest bearing	Non accrual	Total
Financial assets							
Cash	-	-	-	-	510	-	510
Interbank and money market items, net	190	57,001	-	613	994	-	58,798
Derivative assets	-	-	-	-	28,091	-	28,091
Investments, net	-	47,799	451	5,951	22	-	54,223
Loans to customers	53,785	25,668	12,912	12,100	55	5,045	109,565
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	2,408	-	2,408
Total financial assets	53,975	130,468	13,363	18,664	32,080	5,045	253,595
Financial liabilities							
Deposits	77,002	25,896	7,479	1,142	3,057	-	114,576
Interbank and money market items	6,608	37,487	49	2,756	8,010	-	54,910
Liabilities payable on demand	-	-	-	-	2,543	-	2,543
Derivative liabilities	-	-	-	-	28,522	-	28,522
Debt issued and borrowings	-	6,772	6	-	-	-	6,778
Accounts payable from purchase of investments	-	-	-	-	1,604	-	1,604
Total financial liabilities	83,610	70,155	7,534	3,898	43,736	-	208,933
Notional							
Interest rate swap contracts	-	243,790	232,979	1,148,762	-	-	1,625,531
Interest rate option contracts	-	-	1,550	15,419	-	-	16,969

Liquidity risk

Liquidity risk is the risk that bank either does not have sufficient financial resources available to meet all its obligations as they fall due, or can only secure these financial resources at an excessive cost.

It is the Bank policy to maintain adequate liquidity at all times, and hence to be in a position to meet obligations as they fall due. The Bank manages liquidity risk both on a short-term and medium-term basis. In the short term, the Bank's focus is on ensuring that the cash flow demands can be met where required. In the medium term the focus is on ensuring that the statement of financial position remains structurally sound and aligned to the strategy.

The Asset & Liability Committee (ALCO) is the responsible governing body to ensure that the financial position of the Bank is managed in accordance with the policies of the Standard Chartered Group and any other applicable regulatory requirements relating to management of liquidity, capital adequacy and structural market risks.

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Financial Markets is responsible for the day-to-day management of all the liquidity risk arising in the Bank, executing liquidity directives and operating within the liquidity policy and approved limits. Liquidity limits are regularly monitored by the Market Risk function that is independent from the business. Liquidity profiles are reviewed by ALCO on a regular basis.

Liquidity risk management framework of the Bank requires limits to be set for prudent liquidity management. All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on a regular basis by Market Risk and Finance.

In addition, under liquidity stress scenarios, the Bank has to ensure that cash inflows exceed outflows under all stress scenarios. Liquidity stress tests are carried out daily on the Bank-specific scenario, and quarterly on the Market-wide scenario and Combined scenarios; as at 30 June 2013, the Bank passed liquidity stress tests on all scenarios.

A substantial portion of the Bank's assets is funded by customer deposit made up of current and saving accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. The ALCO monitors trends in the statement of financial position and ensure that any issues that might impact the stability of these deposits are addressed effectively. The ALCO also reviews the statement of financial position plans to ensure that projected asset growth is matched by growth in the stable funding base.

The Bank also has access to wholesale funding markets including commercial paper issuance to ensure that it has flexibility around maturity transformation, market intelligence and can obtain optimal pricing when performing interest rate risk management activities.

As at 30 June 2013, the loan to deposits ratio of the Bank is 84% (*31 December 2012: 83%*).

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The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2013 and 31 December 2012 based on contractual maturity are as follows:

	Consolidated 30 June 2013					
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	553	-	-	-	-	553
Interbank and money market items, net	1,685	50,337	2,092	731	-	54,845
Derivative assets	-	7,837	3,193	19,497	-	30,527
Investments in debt securities	-	4,320	11,566	44,810	-	60,696
Investments in equity securities, net	-	-	-	-	17	17
Investments in receivables	3,413	-	-	83	-	3,496
Loans to customers	20,987	23,991	5,269	54,120	-	104,367
Accounts receivable from sales of investments and debt securities in issue	8,443	-	-	-	-	8,443
Total financial assets	35,081	86,485	22,120	119,241	17	262,944
<i>Financial liabilities</i>						
Deposits	74,237	25,443	5,322	1,292	-	106,294
Interbank and money market items	20,686	37,591	-	4,975	-	63,252
Liabilities payable on demand	2,476	-	-	-	-	2,476
Derivative liabilities	55	7,735	4,283	18,597	-	30,670
Debt issued and borrowings	-	4,459	-	1,000	-	5,459
Accounts payable from purchase of investments	7,943	-	-	-	-	7,943
Total financial liabilities	105,397	75,228	9,605	25,864	-	216,094

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	Consolidated 31 December 2012					
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	510	-	-	-	-	510
Interbank and money market items, net	1,143	57,098	-	610	-	58,851
Derivative assets	14	6,223	2,095	19,759	-	28,091
Investments in debt securities	-	3,209	7,920	43,073	-	54,202
Investments in equity securities, net	-	-	-	-	22	22
Investments in receivables	4,257	-	-	-	-	4,257
Loans to customers	19,567	19,483	8,128	58,543	-	105,721
Accounts receivable from sales of investments and debt securities in issue	2,408	-	-	-	-	2,408
Total financial assets	27,899	86,013	18,143	121,985	22	254,062
<i>Financial liabilities</i>						
Deposits	79,803	23,825	8,989	1,611	-	114,228
Interbank and money market items	14,618	35,387	49	4,856	-	54,910
Liabilities payable on demand	2,543	-	-	-	-	2,543
Derivative liabilities	68	6,249	2,111	20,094	-	28,522
Debt issued and borrowings	-	5,772	6	1,000	-	6,778
Accounts payable from purchase of investments	1,604	-	-	-	-	1,604
Total financial liabilities	98,636	71,233	11,155	27,561	-	208,585

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	Bank only 30 June 2013					
	At call	Within 6 months	Over 6 months to 1 year (in million Baht)	Over 1 year	No maturity	Total
<i>Financial assets</i>						
Cash	553	-	-	-	-	553
Interbank and money market items, net	1,673	50,337	2,092	731	-	54,833
Derivative assets	-	7,837	3,193	19,497	-	30,527
Investments in debt securities	-	4,320	11,566	44,810	-	60,696
Investments in equity securities, net	-	-	-	-	17	17
Investments in receivables	-	-	-	83	-	83
Loans to customers	20,987	23,991	5,269	57,279	-	107,526
Accounts receivable from sales of investments and debt securities in issue	8,443	-	-	-	-	8,443
Total financial assets	31,656	86,485	22,120	122,400	17	262,678

Financial liabilities						
Deposits	74,342	25,537	5,322	1,292	-	106,493
Interbank and money market items	20,686	37,591	-	4,975	-	63,252
Liabilities payable on demand	2,476	-	-	-	-	2,476
Derivative liabilities	55	7,735	4,283	18,597	-	30,670
Debt issued and borrowings	-	4,459	-	1,000	-	5,459
Accounts payable from purchase of investments	7,943	-	-	-	-	7,943
Total financial liabilities	105,502	75,322	9,605	25,864	-	216,293

	Bank only 31 December 2012					
		Over				
	At call	Within 6 months	6 months to 1 year	Over 1 year	No maturity	Total
	(in million Baht)					
<i>Financial assets</i>						
Cash	510	-	-	-	-	510
Interbank and money market items, net	1,090	57,098	-	610	-	58,798
Derivative assets	14	6,223	2,095	19,759	-	28,091
Investments in debt securities	-	3,209	7,920	43,072	-	54,201
Investments in equity securities, net	-	-	-	-	22	22
Loans to customers	19,482	21,716	9,782	58,585	-	109,565
Accounts receivable from sales of investments and debt securities in issue	2,408	-	-	-	-	2,408
Total financial assets	23,504	88,246	19,797	122,026	22	253,595

Financial liabilities						
Deposits	80,058	23,918	8,989	1,611	-	114,576
Interbank and money market items	14,618	35,387	49	4,856	-	54,910
Liabilities payable on demand	2,543	-	-	-	-	2,543
Derivative liabilities	68	6,249	2,111	20,094	-	28,522
Debt issued and borrowings	-	5,772	6	1,000	-	6,778
Accounts payable from purchase of investments	1,604	-	-	-	-	1,604
Total financial liabilities	98,891	71,326	11,155	27,561	-	208,933

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 30 June 2013 and 31 December 2012 are as follows:

Consolidated and Bank only			
30 June 2013			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	550,414	19,862	570,276
Cross currency swap contracts	82,621	256,426	339,047
Currency option contracts	4,644	8,500	13,144
<i>Interest rate related</i>			
Interest rate swap contracts	574,134	1,207,777	1,781,911
Interest rate option contracts	2,600	14,153	16,753
<i>Others</i>			
- Commodities	21,655	11,896	33,551
Consolidated and Bank only			
31 December 2012			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	622,296	22,903	645,199
Cross currency swap contracts	84,772	249,929	334,701
Currency option contracts	4,116	8,500	12,616
<i>Interest rate related</i>			
Interest rate swap contracts	476,769	1,148,762	1,625,531
Interest rate option contracts	1,550	15,419	16,969
<i>Others</i>			
- Equity option	-	1	1
- Commodities	25,231	2,419	27,650

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7 Fair value of financial instruments

Fair value is the estimated value that the Bank and its subsidiaries could receive from selling its financial assets or the estimated cost for redeeming its financial liabilities based on market values, or estimated values that can be derived from using general market principles of calculation.

The following is a summary of the carrying amount and estimated fair values of financial assets and financial liabilities.

	Consolidated			
	30 June 2013		31 December 2012	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
<i>Financial assets</i>				
Cash	553	553	510	510
Interbank and money market items, net	54,845	54,845	58,851	58,851
Derivative assets	30,527	30,527	28,091	28,091
Investments, net	64,209	64,209	58,481	58,481
Loans to customers	104,367	102,375	105,721	107,064
Accounts receivable from sales of investments and debt securities in issue	8,443	8,443	2,408	2,408
Total financial assets	262,944	260,952	254,062	255,405
<i>Financial liabilities</i>				
Deposits	106,294	106,294	114,228	114,228
Interbank and money market items	63,252	63,254	54,910	54,947
Liabilities payable on demand	2,476	2,476	2,543	2,543
Derivative liabilities	30,670	30,670	28,522	28,522
Debt issued and borrowings	5,459	5,463	6,778	6,793
Accounts payable from purchase of investments	7,943	7,943	1,604	1,604
Total financial liabilities	216,094	216,100	208,585	208,637

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	Bank only			
	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	(in million Baht)			
Financial assets				
Cash	553	553	510	510
Interbank and money market items, net	54,833	54,833	58,798	58,798
Derivative assets	30,527	30,527	28,091	28,091
Investment, net	60,796	60,796	54,223	54,223
Loans to customers	107,526	105,534	109,565	110,908
Accounts receivable from sales of investments and debt securities in issue	8,443	8,443	2,408	2,408
Total financial assets	262,678	260,686	253,595	254,938
Financial liabilities				
Deposits	106,493	106,493	114,576	114,576
Interbank and money market items	63,252	63,254	54,910	54,947
Liabilities payable on demand	2,476	2,476	2,543	2,543
Derivative liabilities	30,670	30,670	28,522	28,522
Debt issued and borrowings	5,459	5,464	6,778	6,793
Accounts payable from purchase of investments	7,943	7,943	1,604	1,604
Total financial liabilities	216,293	216,300	208,933	208,985

Methods and assumptions in estimating fair value of financial instruments

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

Cash, interbank and money market items (assets)

The fair value of cash, short-term instruments and floating rate instruments is their carrying amounts presented in the statements of financial position. The estimated fair value of fixed interest bearing items is based on discounted cash flows using the prevailing money market rates 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, market value is based on quoted market prices of comparable instruments after adjustment for the risk involved or the net asset values of such securities.

General investments

The fair value of general investments is based on the carrying amount presented in the statements of financial position.

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Investments in receivables

The fair value of investments in receivables are the expected recoverable amount determined based on the net present value of expected future cash collections calculated using discount rates equivalent to the market interest rate, adjusted by a risk premium. In cases the discount rates cannot be reasonably estimated, the discount rates are equivalent to the rates that make the net present value of expected future cash flow equals to the carrying value of investments in the receivables.

Loans to customers

For variable-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 variable-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.

Interbank and money market items (liabilities) and debts issued and borrowings

The fair value of interbank and money market items and 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.

Derivatives

The fair values of foreign exchange contracts, interest rate contracts and other contracts are determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, and are disclosed in Note 10.

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8 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 30 June 2013 were calculated from the financial statements of the Bank. The Bank has chosen to adopt the Advanced Internal Ratings-Based Approach (AIRB) in compliance with the Basel III accord on first time adoption, which is consistent with BoT requirements.

	30 June 2013 (in million Baht)
<i>Tier 1 capital</i>	
Common Equity Tier 1 (CET1)	
Issued and paid-up share capital, share premium	23,893
Legal reserve	837
Net profit after appropriation	12,241
Other comprehensive income (OCI)	54
<u>Less cash flow hedge reserve</u>	<u>(54)</u>
<u>Less deferred tax assets</u>	<u>(412)</u>
Total Tier 1 Capital Base	36,559
<i>Tier 2 capital</i>	
Provision for normal classified assets	283
Surplus of provision	268
Total Tier 2 Capital Base	551
Total Capital Base	37,110
Total Risk-Weighted Assets	194,876

	The BoT's regulation minimum requirement (%)	30 June 2013
Capital adequacy ratio	8.50%	19.04%
Tier-1 Capital ratio	6.00%	18.76%
Tier-1 Common Equity ratio	4.50%	18.76%
Tier-2 Capital ratio	-	0.28%

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 2013 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.standardchartered.co.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.

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9 Interbank and money market items (assets)

	Consolidated					
	30 June 2013		Total (in million Baht)	31 December 2012		
	At call	Term		At call	Term	Total
Domestic						
Bank of Thailand	852	25,000	25,852	482	40,100	40,582
Commercial banks	337	16,601	16,938	213	4,130	4,343
Other financial institutions	-	1,700	1,700	-	-	-
Total	1,189	43,301	44,490	695	44,230	44,925
Add accrued interest receivable	-	13	13	-	23	23
Less allowance for doubtful accounts	(2)	(5)	(7)	-	-	-
Total domestic, net	1,187	43,309	44,496	695	44,253	44,948
Foreign						
US Dollar	115	9,797	9,912	8	13,384	13,392
Japanese Yen	52	-	52	211	-	211
Euro	121	-	121	39	-	39
Chinese Yuan	59	51	110	72	-	72
Other currencies	151	-	151	118	-	118
Total	498	9,848	10,346	448	13,384	13,832
Add accrued interest receivable	-	23	23	-	74	74
Less allowance for doubtful accounts	-	(20)	(20)	-	(3)	(3)
Total foreign	498	9,851	10,349	448	13,455	13,903
Total domestic and foreign, net	1,685	53,160	54,845	1,143	57,708	58,851

	Bank only					
	30 June 2013		Total (in million Baht)	31 December 2012		
	At call	Term		At call	Term	Total
Domestic						
Bank of Thailand	852	25,000	25,852	482	40,100	40,582
Commercial banks	325	16,601	16,926	160	4,130	4,290
Other financial institutions	-	1,700	1,700	-	-	-
Total	1,177	43,301	44,478	642	44,230	44,872
Add accrued interest receivable	-	13	13	-	23	23
Less allowance for doubtful accounts	(2)	(5)	(7)	-	-	-
Total domestic, net	1,175	43,309	44,484	642	44,253	44,895
Foreign						
US Dollar	115	9,797	9,912	8	13,384	13,392
Japanese Yen	52	-	52	211	-	211
Euro	121	-	121	39	-	39
Chinese Yuan	59	51	110	72	-	72
Other currencies	151	-	151	118	-	118
Total	498	9,848	10,346	448	13,384	13,832
Add accrued interest receivable	-	23	23	-	74	74
Less allowance for doubtful accounts	-	(20)	(20)	-	(3)	(3)
Total foreign	498	9,851	10,349	448	13,455	13,903
Total domestic and foreign, net	1,673	53,160	54,833	1,090	57,708	58,798

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10 Derivatives

Derivatives held for trading

Fair value and notional amount classified by type of risks

Type of risks	Consolidated and Bank only					
	30 June 2013			31 December 2012		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities	Notional amount
	<i>(in million Baht)</i>					
Foreign currency related	15,634	16,949	922,467	12,287	12,435	992,516
Interest rate related	14,136	12,986	1,783,644	14,295	14,585	1,627,480
<i>Others</i>						
- Equity option	-	-	-	1	-	1
- Commodities	658	658	33,551	1,406	1,406	27,650
	<u>658</u>	<u>658</u>	<u>33,551</u>	<u>1,407</u>	<u>1,406</u>	<u>27,651</u>
Total	<u>30,428</u>	<u>30,593</u>	<u>2,739,662</u>	<u>27,989</u>	<u>28,426</u>	<u>2,647,647</u>

Proportion of the notional amount classified by counterparties

Counterparties	Consolidated and Bank only	
	30 June 2013	31 December 2012
	<i>(%)</i>	
Financial institutions	68.25%	68.12%
Related parties	22.38%	20.53%
Other parties	9.37%	11.35%

Derivatives held for hedging

Fair value hedges

Type of risks	Consolidated and Bank only				
	30 June 2013		31 December 2012		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities
	<i>(in million Baht)</i>				
Interest rate related	-	40	1,850	-	55
Total	<u>-</u>	<u>40</u>	<u>1,850</u>	<u>-</u>	<u>55</u>

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.

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Cash flow hedges

Type of risks	Consolidated and Bank only					
	30 June 2013			31 December 2012		
	Fair value Assets	Fair value Liabilities	Notional amount (in million Baht)	Fair value Assets	Fair value Liabilities	Notional amount
Interest rate related	99	37	13,170	102	41	13,170
Total	99	37	13,170	102	41	13,170

The Bank uses interest rate swaps to manage the variability in future cash flows on assets and liabilities that have floating rates of interest by exchanging the floating rates for fixed rates. Gains and 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.

The time periods in which hedged items cash flows are expected to impact in profit or loss are as follows:

Forecast cash flows	Consolidated and Bank only				
	30 June 2013				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast receivable cash flows	170	460	682	-	1,312
Forecast payable cash flows	(39)	(82)	(215)	-	(336)
Net forecast cash flows	131	378	467	-	976

Forecast cash flows	Consolidated and Bank only				
	31 December 2012				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast receivable cash flows	184	484	976	4	1,648
Forecast payable cash flows	(38)	(76)	(187)	-	(301)
Net forecast cash flows	146	408	789	4	1,347

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11 Investments

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Trading investments	Fair value			
Government and state enterprise bonds	5,782	3,070	5,782	3,070
Private debt instruments	92	702	92	702
Total	5,874	3,772	5,874	3,772
Available-for-sale investments	Fair value			
Government and state enterprise bonds	52,316	46,841	52,316	46,841
Private debt instruments	2,506	3,317	2,506	3,317
Domestic marketable equity securities	-	6	-	6
Total	54,822	50,164	54,822	50,164
Investments in receivables	Cost			
Investments in receivables	3,496	4,528	83	270
Total	3,496	4,528	83	270
General investments	Cost			
Domestic non-marketable equity securities	35	35	35	35
Foreign non-marketable equity securities	1	1	1	1
Total	36	36	36	36
<i>Less allowance for impairment</i>	<i>(19)</i>	<i>(19)</i>	<i>(19)</i>	<i>(19)</i>
Net	17	17	17	17
Total investments, net	64,209	58,481	60,796	54,223

As at 30 June 2013, the Bank has government and state enterprise bonds which were pledged as collateral amounting to Baht 21,460 million (31 December 2012: Baht 17,500 million).

Fair value changes in available-for-sale investments as of 30 June 2013 and 31 December 2012 consisted of:

	Consolidated and Bank only	
	30 June 2013	31 December 2012
	<i>(in million Baht)</i>	
Fair value changes in available-for-sale investments		
Debt securities	63	198
Equity securities	-	(4)
Total	63	194
<i>Less fair value changes in fair value hedged investments</i>	<i>(28)</i>	<i>(38)</i>
<i>Less deferred tax</i>	<i>(7)</i>	<i>(31)</i>
Fair value changes in available-for-sale investments	28	125

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Investments in companies with problems in relation to their financial positions and results of operations as at 30 June 2013 and 31 December 2012 are as follows:

Consolidated and Bank only					
30 June 2013					
	No. of companies	Cost	Fair value	Allowance for revaluation (in million Baht)	Allowance for impairment
Non-listed companies	7	24	13	-	(11)
Total	7	24	13	-	(11)

Consolidated and Bank only					
31 December 2012					
	No. of companies	Cost	Fair value	Allowance for revaluation (in million Baht)	Allowance for impairment
Listed company	1	99	6	(4)	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	19	(4)	(100)

12 Investment in subsidiaries

Company name	Type of business	Type of investment	Bank only Ownership interest	30 June 2013	31 December 2012
				Investment (Cost method)	
				(in million Baht)	
Standard Chartered (Thai) Asset Management Company Limited (SCTAMC)	Managing substandard assets purchased or transferred from financial institutions	Ordinary shares	99.9988%	639	639
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	99.9999%	59	59
Investment in subsidiaries				698	698

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13 Loans to customers and accrued interest receivable

Classified by type of loans

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Overdrafts	1,539	1,585	1,539	1,585
Loans	88,715	81,975	91,874	85,819
Bills	13,872	22,157	13,872	22,157
Others	241	4	241	4
Total	104,367	105,721	107,526	109,565
Add accrued interest receivable	487	504	544	558
Total	104,854	106,225	108,070	110,123
Less allowance for doubtful accounts				
Minimum allowance as BoT's regulations				
- Individual approach	(3,965)	(3,751)	(4,009)	(3,800)
- Collective approach	(774)	(658)	(774)	(658)
Excess allowance	(1,989)	(1,757)	(1,945)	(1,708)
	(6,728)	(6,166)	(6,728)	(6,166)
Net	98,126	100,059	101,342	103,957

Classified by currency and residence of debtors

	Consolidated					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	90,410	168	90,578	94,570	227	94,797
US Dollar	9,196	1,801	10,997	5,345	2,336	7,681
Other currencies	717	2,075	2,792	1,129	2,114	3,243
Total	100,323	4,044	104,367	101,044	4,677	105,721

	Bank only					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	93,569	168	93,737	98,413	227	98,640
US Dollar	9,196	1,801	10,997	5,345	2,336	7,681
Other currencies	717	2,075	2,792	1,130	2,114	3,244
Total	103,482	4,044	107,526	104,888	4,677	109,565

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Classified by industry and loan classification

	Consolidated 30 June 2013					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	2,145	-	-	-	8	2,153
Manufacturing and commerce	31,641	3,176	196	-	3,559	38,572
Property development and construction	4,481	76	228	4	533	5,322
Infrastructure and services	4,945	68	327	-	170	5,510
Housing loans	23,811	404	105	27	458	24,805
Others	26,181	855	275	7	687	28,005
Total	93,204	4,579	1,131	38	5,415	104,367

	31 December 2012					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,977	-	1	-	7	1,985
Manufacturing and commerce	33,235	3,295	99	12	3,643	40,284
Property development and construction	5,935	45	309	-	105	6,394
Infrastructure and services	6,713	106	6	3	108	6,936
Housing loans	24,539	328	166	38	380	25,451
Others	23,350	702	228	37	354	24,671
Total	95,749	4,476	809	90	4,597	105,721

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	Bank only 30 June 2013					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	2,145	-	-	-	8	2,153
Manufacturing and commerce	31,641	3,176	35	-	3,503	38,355
Property development and construction	4,481	76	6	4	130	4,697
Infrastructure and services	4,945	68	11	-	170	5,194
Housing loans	23,811	404	105	27	458	24,805
Others	30,498	855	275	7	687	32,322
Total	97,521	4,579	432	38	4,956	107,526

	31 December 2012					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,977	-	1	-	7	1,985
Manufacturing and commerce	33,119	3,295	37	12	3,558	40,021
Property development and construction	5,577	45	3	-	105	5,730
Infrastructure and services	6,566	106	6	3	108	6,789
Housing loans	24,539	328	166	38	380	25,451
Others	28,267	702	228	37	355	29,589
Total	100,045	4,476	441	90	4,513	109,565

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Classified by loan classification

Consolidated				
30 June 2013				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	93,661	60,877	1	609
Special mention	4,609	3,245	2	65
Substandard	1,131	316	100	316
Doubtful	38	6	100	6
Doubtful of loss	5,415	3,743	100	3,743
				<u>4,739</u>
<i>Excess allowance</i>				<u>1,989</u>
Total	104,854	68,187		6,728

Bank only				
30 June 2013				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	98,035	65,251	1	653
Special mention	4,609	3,245	2	65
Substandard	432	316	100	316
Doubtful	38	6	100	6
Doubtful of loss	4,956	3,743	100	3,743
				<u>4,783</u>
<i>Excess allowance</i>				<u>1,945</u>
Total	108,070	72,561		6,728

* 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 or the outstanding debt to be used in the calculation of the collective approach provision.

As at 30 June 2013, the collective approach is applied to loans to customers and accrued interest receivables of Baht 64,575 million, using provision rates between 0.03% and 4.10%. The total allowance under this approach is Baht 774 million.

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Consolidated 31 December 2012

	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	96,224	60,674	1	607
Special mention	4,505	2,916	2	58
Substandard	809	295	100	295
Doubtful	90	26	100	26
Doubtful of loss	4,597	3,423	100	3,423
				4,409
<i>Excess allowance</i>				1,757
Total	106,225	67,334		6,166

Bank only 31 December 2012

	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	100,574	65,591	1	656
Special mention	4,505	2,916	2	58
Substandard	441	295	100	295
Doubtful	90	26	100	26
Doubtful of loss	4,513	3,423	100	3,423
				4,458
<i>Excess allowance</i>				1,708
Total	110,123	72,251		6,166

* 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 or the outstanding debt to be used in the calculation of the collective approach provision.

As at 31 December 2012, the collective approach was applied to loans to customers and accrued interest receivables of Baht 65,163 million, using provision rates between 0.03% and 3.65%. The total allowance under this approach was Baht 658 million.

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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.

As at 30 June 2013 and 31 December 2012, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Non-performing loans, net	2,395	1,652	1,237	1,199
Total loans used for NPL net ratio calculation ⁽¹⁾	145,501	146,353	148,660	150,196
Ratio of total loans	1.65%	1.13%	0.83%	0.80%

As at 30 June 2013 and 31 December 2012, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Non-performing loans, gross	6,584	5,496	5,425	5,044
Total loans used for NPL gross ratio calculation ⁽¹⁾	149,690	150,197	152,849	154,041
Ratio of total loans	4.40%	3.66%	3.55%	3.27%

⁽¹⁾ Total loans used for NPL ratio calculation are loans to customers as presented in the statement of financial position and loans to financial institutions as included in interbank and money market items.

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14 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's notification, the Bank is required to disclose the statements of cash flows of the asset management company included in the consolidated financial statements. The statements of cash flows of Standard Chartered (Thai) Asset Management Company Limited are as follows:

Standard Chartered (Thai) Asset Management Company Limited		
Statements of cash flows (Audited)		
	For the six-month period ended 30 June	
	2013	2012
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	129,131	31,836
<i>Adjustments to reconcile net profit to net cash provided by (used in) operating activities</i>		
Loss from write off of fixed assets	-	149
Depreciation	103	156
Impairment loss of investments	4,940	12,612
Impairment on amounts due from related parties	19,669	-
Net loss (gain) on foreign exchange transactions	15	(4,704)
Provision for employee benefit obligations	251	209
Net interest income	5,838	(129,673)
Interest received	124,645	323,906
Interest paid	(128,197)	(197,902)
Income tax paid	(85,013)	(77,521)
Profit (loss) from operations before changes in operating assets and liabilities	71,382	(40,932)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	186,860	135,530
Investments in receivable	189,561	865,770
Loans to customers	(119,192)	(472,148)
Deposits	(2,277)	-
Other receivables	-	9,471
Amount due from related parties	-	11,450
Other assets	(464)	(409)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	4,724	7,094
Other payable to related party	-	(37,774)
Advance from asset purchaser	278,295	206,701
Accrued expenses and other liabilities	(8,885)	(4,359)
Net cash provided by operating activities	600,004	680,394
<i>Cash flows from investing activity</i>		
Purchase of equipment	-	(187)
Net cash used in investing activity	-	(187)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings of intercompany and money market items	200,000	-
Repayments of borrowings of intercompany and money market items	(800,000)	(680,205)
Net cash used in financing activities	(600,000)	(680,205)
Net increase in cash	4	2
Cash at beginning of the period	2	18
Cash at end of the period	6	20

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15 Troubled debt restructuring

During the periods ended 30 June 2013 and 2012, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
For the six-month period ended 30 June 2013				
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 10 months to 27 years	361	2,332	2,327
Total		361	2,332	2,327

Consolidated and Bank only				
For the six-month period ended 30 June 2012				
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 5 years to 27 years	76	151	150
Total		76	151	150

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 subsidiaries had outstanding balances of restructured debt as follows:

Consolidated and Bank only		
	30 June 2013	31 December 2012
	(in million Baht)	
Troubled restructured debt	3,239	1,094

The loss incurred arising from restructuring, before allowance for doubtful accounts, for the periods ended 30 June as follows:

Consolidated and Bank only			
	For the three-month 2013	For the six-month 2012	For the six-month 2013
	(in million Baht)		
The loss incurred arising from restructuring, before allowance for doubtful accounts	3	0.5	5

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 subsidiaries had no loss on debt restructuring for the three-month and six-month periods ended 30 June 2013 and 2012.

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The Bank and its subsidiaries recognised interest income from debt restructuring for the periods ended 30 June as follows:

	Consolidated and Bank only			
	For the three-month		For the six-month	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Interest income	55	42	73	76

16 Allowance for doubtful accounts

	Consolidated						
	For the six-month period ended 30 June 2013						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the period	607	58	295	26	3,423	1,757	6,166
Allowance for doubtful accounts	2	7	21	(20)	1,319	232	1,561
Bad debt written off	-	-	-	-	(980)	-	(980)
Others	-	-	-	-	(19)	-	(19)
Balance at end of the period	609	65	316	6	3,743	1,989	6,728

	Bank only						
	For the six-month period ended 30 June 2013						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the period	656	58	295	26	3,423	1,708	6,166
Allowance for doubtful accounts	(3)	7	21	(20)	1,319	237	1,561
Bad debt written off	-	-	-	-	(980)	-	(980)
Others	-	-	-	-	(19)	-	(19)
Balance at end of the period	653	65	316	6	3,743	1,945	6,728

	Consolidated						Total
	For the year ended 31 December 2012						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	
	(in million Baht)						
Balance at beginning of the year	519	9	172	1,647	1,321	1,103	4,771
Allowance for doubtful accounts	88	49	123	(1,621)	3,367	654	2,660
Bad debt written off	-	-	-	-	(1,347)	-	(1,347)
Other	-	-	-	-	82	-	82
Balance at end of the year	607	58	295	26	3,423	1,757	6,166

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	Bank only						
	For the year ended 31 December 2012						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the year	575	9	172	1,647	1,321	1,047	4,771
Allowance for doubtful accounts	81	49	123	(1,621)	3,367	661	2,660
Bad debt written off	-	-	-	-	(1,347)	-	(1,347)
Other	-	-	-	-	82	-	82
Balance at end of the year	656	58	295	26	3,423	1,708	6,166

Impairment loss of loans and debt securities recorded in the consolidated financial statement for the periods ended 30 June representing allowance for doubtful accounts, impairment of investment in transferred debt, and net of bad debts recovered.

	Consolidated		Bank only	
Three-month period ended 30 June	2013	2012	2013	2012
		(Restated)		
		(in million Baht)		
Allowance for doubtful accounts	754	428	754	428
Impairment of investment in receivables	5	12	-	-
Less bad debts recovered	(88)	(78)	(88)	(78)
Impairment loss of loans and debt securities	671	362	666	350

	Consolidated		Bank only	
<i>Six-month period ended 30 June</i>	2013	2012	2013	2012
		(Restated)		
		(in million Baht)		
Allowance for doubtful accounts	1,561	1,064	1,561	1,064
Impairment of investment in receivables	5	12	-	-
Less bad debts recovered	(205)	(494)	(205)	(494)
Impairment loss of loans and debt securities	1,361	582	1,356	570

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17 Properties for sale

The details of properties for sale are as follows:

Consolidated and Bank only				
For the six-month period ended 30 June 2013				
	Beginning balance	Increase	Disposals	Ending balance
		<i>(in million Baht)</i>		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	1	-	-	1
Total	9	-	-	9
Transfer from premises and equipment	51	-	(18)	33
Total properties for sale	60	-	(18)	42
Less allowance for impairment	(20)	(2)	8	(14)
Properties for sale, net	40	(2)	(10)	28

Consolidated and Bank only				
For the year ended 31 December 2012				
	Beginning balance	Increase	Disposals	Ending balance
		<i>(in million Baht)</i>		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	3	5	(7)	1
Total	11	5	(7)	9
Transfer from premises and equipment	100	-	(49)	51
Total properties for sale	111	5	(56)	60
Less allowance for impairment	(36)	(6)	22	(20)
Properties for sale, net	75	(1)	(34)	40

Notes to the interim financial statements

18 Premises and equipment

Changes in premises and equipment during the six-month period ended 30 June 2013 and 2012 are summarised as follows:

[illegible]

For the six-month period ended 30 June 2012								
(Restated)								
	Changes in cost during the period		Changes in accumulated depreciation during the period			Allowance for impairment	Premises and equipment, net	
	Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Beginning balance			Disposals and transfers out
					(in million Baht)			
Land	36	-	-	36	-	-	(9)	27
Freehold premises	1,917	-	-	1,917	790	26	(430)	671
Equipment	1,199	79	(20)	1,258	1,079	35	-	163
Others	30	32	(62)	-	-	-	-	-
Total	3,182	111	(82)	3,211	1,869	61	(439)	861

As at 30 June 2013, the Bank and its subsidiaries had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 1,038 million (31 December 2012: Baht 1,033 million).

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Bank only

For the six-month period ended 30 June 2013

	Changes in cost during the period			Changes in accumulated depreciation during the period			Premises and equipment, net
	Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Beginning balance	Depreciation	
						(in million Baht)	
Land	36	-	-	36	-	-	27
Freehold premises	1,889	-	-	1,889	841	40	578
Equipment	1,260	65	(30)	1,295	1,125	32	168
Others	48	24	(49)	23	-	-	23
Total	3,233	89	(79)	3,243	1,966	72	796

For the six-month period ended 30 June 2012

	Changes in cost during the period			Changes in accumulated depreciation during the period			Premises and equipment, net
	Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Beginning balance	Depreciation	
						(in million Baht)	
Land	36	-	-	36	-	-	27
Freehold premises	1,917	-	-	1,917	790	26	671
Equipment	1,197	79	(20)	1,256	1,077	35	163
Others	30	32	(62)	-	-	-	-
Total	3,180	111	(82)	3,209	1,867	61	861

As at 30 June 2013, the Bank and its subsidiaries had net book value of equipment under finance leases of Baht 8 million (31 December 2012: Baht 12 million).

As at 30 June 2013, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 1,036 million (31 December 2012: Baht 1,032 million).

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19 Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the statement of financial position as follows:

	Consolidated	
	30 June 2013	31 December 2012
	<i>(in million Baht)</i>	
Deferred tax assets	624	563
Deferred tax liabilities	(18)	(19)
Net	606	544

	Bank only	
	30 June 2013	31 December 2012
	<i>(in million Baht)</i>	
Deferred tax assets	432	414
Deferred tax liabilities	(20)	(30)
Net	412	384

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Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2013 and 2012 were as follows:

	At 1 January 2013	Consolidated (Charged) / Credited to:		At 30 June 2013
		Profit or loss (in million Baht) Note 46	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	147	8	25	180
Loans and accrued interest receivable	95	9	-	104
Premises and equipment	100	(5)	-	95
Intangible assets	2	-	-	2
Other assets	61	5	-	66
Provisions	103	5	-	108
Other liabilities	55	14	-	69
Total	563	36	25	624
<i>Deferred tax liabilities</i>				
Properties for sale	(7)	3	-	(4)
Cash flow hedges	(12)	-	(2)	(14)
Total	(19)	3	(2)	(18)
Net	544	39	23	606

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	At 1 January 2012	Consolidated (Charged) / Credited to:		At 30 June 2012 (Restated)
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
		<i>Note 46</i>		
<i>Deferred tax assets</i>				
Investments	120	19	(1)	138
Loans and accrued interest receivable	269	(189)	-	80
Premises and equipment	112	(2)	-	110
Intangible assets	3	(1)	-	2
Other assets	62	1	-	63
Provisions	112	1	-	113
Other liabilities	63	25	-	88
Total	741	(146)	(1)	594
<i>Deferred tax liabilities</i>				
Properties for sale	(14)	-	-	(14)
Cash flow hedges	(1)	-	(2)	(3)
Total	(15)	-	(2)	(17)
Net	726	(146)	(3)	577

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		Bank only (Charged) / Credited to:		
	At 1 January 2013	Profit or loss (in million Baht) Note 46	Other comprehensive income	At 30 June 2013
<i>Deferred tax assets</i>				
Loans and accrued interest receivable	95	9	-	104
Premises and equipment	100	(5)	-	95
Intangible assets	2	-	-	2
Other assets	61	1	-	62
Provisions	101	5	-	106
Other liabilities	55	8	-	63
Total	414	18	-	432
<i>Deferred tax liabilities</i>				
Investments	(11)	(16)	25	(2)
Properties for sale	(7)	3	-	(4)
Cash flow hedges	(12)	-	(2)	(14)
Total	(30)	(13)	23	(20)
Net	384	5	23	412

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	At 1 January 2012	Bank only (Charged) / Credited to:		At 30 June 2012
		Profit or loss (in million Baht) Note 46	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	14	2	(1)	15
Loans and accrued interest receivable	269	(189)	-	80
Premises and equipment	112	(2)	-	110
Intangible assets	3	(1)	-	2
Other assets	61	1	-	62
Provisions	111	1	-	112
Other liabilities	56	32	-	88
Total	626	(156)	(1)	469
<i>Deferred tax liabilities</i>				
Properties for sale	(14)	-	-	(14)
Cash flow hedges	(1)	-	(2)	(3)
Total	(15)	-	(2)	(17)
Net	611	(156)	(3)	452

20 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.

21 Other assets

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2012	31 December 2012
	(in million Baht)			
Accrued interest and income receivable	633	614	633	614
Prepayments	50	37	48	35
Leasehold premises, net	27	28	27	28
Prepaid tax	379	379	379	379
Others	153	211	166	185
Total	1,242	1,269	1,253	1,241

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22 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Current	7,822	4,464	7,823	4,466
Savings	66,415	75,340	66,519	75,593
Term				
- Less than 6 months	9,725	10,514	9,725	10,607
- 6 months to less than 1 year	6,548	9,203	6,548	9,203
- 1 year and over	15,784	14,707	15,878	14,707
Total	106,294	114,228	106,493	114,576

Classified by currency and residence of depositors

	Consolidated					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	97,583	2,666	100,249	106,199	2,644	108,843
US Dollar	5,264	427	5,691	4,421	577	4,998
Other currencies	259	95	354	296	91	387
Total	103,106	3,188	106,294	110,916	3,312	114,228

	Bank only					
	30 June 2013			31 December 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	97,783	2,666	100,449	106,547	2,644	109,191
US Dollar	5,264	427	5,691	4,421	577	4,998
Other currencies	258	95	353	296	91	387
Total	103,305	3,188	106,493	111,264	3,312	114,576

As at 30 June 2013 and 31 December 2012, there are no structured deposits that are designated at fair value in the consolidated and Bank only financial statements.

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23 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2013			31 December 2012		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Commercial banks	2,200	24,960	27,160	-	24,577	24,577
Special financial institutions	18	-	18	-	307	307
Other financial institutions	11,564	6,598	18,162	6,101	5,943	12,044
Total domestic	13,782	31,558	45,340	6,101	30,827	36,928
Foreign						
US Dollar	-	10,957	10,957	54	9,343	9,397
Thai Baht	6,826	-	6,826	8,320	-	8,320
Japanese Yen	78	-	78	142	-	142
Chinese Yuan	-	51	51	-	123	123
Total foreign	6,904	11,008	17,912	8,516	9,466	17,982
Total domestic and foreign	20,686	42,566	63,252	14,617	40,293	54,910

24 Debt issued and borrowings

The Bank has a program to issue and offer debentures to the public and/or institutional investors for the total amounts not exceeding Baht 40,000 million and Baht 10,000 million, or equivalent thereof in other currencies, with a maximum maturity of five years and twenty years, respectively, in accordance with the law and as authorised by the shareholders. The debentures may be issued and offered in one or more tranches and may be offered at any time. If the Bank has redeemed or repurchased any debentures issued in accordance with the above mentioned authorised amount, the Bank can issue new debentures as a replacement of such redeemed or repurchased debentures (on a revolving basis). The debentures may be offered to the public and/or institutional investors in accordance with the relevant notifications of the Office of the Securities and Exchange Commission.

The management of the Bank was given authority to determine the detailed terms and conditions, such as issue size, interest rate, subscription period, security or guarantee, offering or allocation method, appointment of underwriter or registrar and to perform all such acts which are necessary for the purpose of implementing and facilitating the issue and offer of debentures.

As at 30 June 2013 and 31 December 2012, debt issued and borrowings balances are denominated in Thai Baht with terms as follows:

Consolidated and Bank only						
30 June 2013			31 December 2012			
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2013	1.95% - 2.83%	4,453	2013	2.20% - 2.88%	5,674
Bills of exchange	2013	3.75%	6	2013	3.25% - 3.75%	104
Structured notes	2015	0.00% - 5.48%	1,000	2015	0.00% - 6.25%	1,000
Total			5,459			6,778

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As at 30 June 2013, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,000 million (31 December 2012: Baht 1,000 million).

25 Employee benefit obligations

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(in million Baht)			
Statements of financial position obligations for:				
Defined benefit obligations	<u>344</u>	<u>322</u>	<u>334</u>	<u>313</u>

	Consolidated		Bank only	
	2013	2012	2013	2012
	(Restated)			
	(in million Baht)			
Three-month period ended 30 June				
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>11</u>	<u>9</u>	<u>11</u>	<u>9</u>

	Consolidated		Bank only	
	2013	2012	2013	2012
	(Restated)			
	(in million Baht)			
Six-month period ended 30 June				
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>23</u>	<u>19</u>	<u>22</u>	<u>18</u>

The Bank and its subsidiaries have defined benefit obligations in accordance with the requirement of the Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statements of financial position obligation was determined as follows:

	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(in million Baht)			
Present value of unfunded obligations	<u>344</u>	<u>322</u>	<u>334</u>	<u>313</u>
Statements of financial position obligation	<u>344</u>	<u>322</u>	<u>334</u>	<u>313</u>

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Movement in the present value of the defined benefit obligations:

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
		(in million Baht)		
Defined benefit obligations at 1 January	322	269	313	262
Benefit paid by the plan	(1)	-	(1)	-
Current service costs and interest	23	19	22	18
Defined benefit obligations at 30 June	344	288	334	280

The expense is recognised in the following line items in the statement of comprehensive income:

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
		(in million Baht)		
Employee expense				
- Current service costs	8	7	8	7
- Interest on obligation	3	2	3	2
Total	11	9	11	9

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
		(in million Baht)		
Employee expense				
- Current service costs	17	14	17	14
- Interest on obligation	6	5	5	4
Total	23	19	22	18

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated and Bank only	
	30 June 2013	31 December 2012
Discount rate	3.50%	3.50%
Future average salary increases	5.00%	5.00%
Turnover rate	0% - 50%	0% - 50%

Assumptions regarding future mortality are based on published statistics and mortality tables.

The Bank and its subsidiaries have established contributory provident funds for their employees. Membership of the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Bank and its subsidiaries 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, therefore, they are not included in the statements of financial position.

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26 Provisions

	Employee benefits	Consolidated Contingent liabilities (in million Baht)	Total
At 1 January 2012	269	275	544
Provisions made	54	2	56
Provisions used	(1)	-	(1)
Provisions reversed	-	(80)	(80)
At 31 December 2012 and 1 January 2013	322	197	519
Provisions made	23	-	23
Provisions used	(1)	-	(1)
At 30 June 2013	344	197	541

	Employee benefits	Bank only Contingent liabilities (in million Baht)	Total
At 1 January 2012	262	275	537
Provisions made	52	2	54
Provisions used	(1)	-	(1)
Provisions reversed	-	(80)	(80)
At 31 December 2012 and 1 January 2013	313	197	510
Provisions made	22	-	22
Provisions used	(1)	-	(1)
At 30 June 2013	334	197	531

27 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.

28 Share-based payments

The Bank and its subsidiaries participate in cash settled and equity settled share-based compensations under the following schemes:

1997/2006 Restricted Share Scheme (2006 RSS)/ 2007 Supplementary Restricted Share Scheme (2007 SRSS)

The RSS/ SRSS is an incentive scheme offered to high performing employees at any level of the organization and is principally used as a vehicle for deferring part of the annual performance award for certain employees. Typically, half of the award vests two years after the date of grant and the remaining balance after three years.

For those awards deferred as part of the deferred annual performance award, different arrangements apply. Awards granted in March 2011 as the deferred element of annual performance awards vest in three equal tranches on the first, second and third anniversary.

Both 2006 RSS and 2007 SRSS are now replaced by the 2011 Plan.

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Valuation

The fair value of awards is based on the market value less an adjustment to take into account the expected dividends over the vesting period.

2001 Performance Share Plan (2001 PSP)

The 2001 PSP is designed to be an intrinsic part of total remuneration for the Bank and its subsidiaries' executive directors and for a small number of the Bank and its subsidiaries' most senior executives. It is an internationally competitive long-term incentive plan that focuses executives on meeting and exceeding the long-term performance targets of the Standard Chartered Group.

Valuation

The fair value of awards is based on the same principles as the Total Shareholder Return (TSR) and Earning Per Share (EPS) element of performance shares granted under the 2011 Plan with half the awards subject to the TSR valuation and the balance subject to the EPS valuation.

Currently, no further 2001 PSP awards can be granted under the plan.

2011 Standard Chartered Share Plan

The 2011 Standard Chartered Share Plan replaced all existing discretionary share plan arrangements following approval by shareholders at the Group's Annual General Meeting on 5 May 2011. The new plan can grant a variety of discretionary awards including performance share awards (PSA) and restricted share awards (RSA).

For PSAs, in addition to the performance conditions which applied to the existing 2001 PSP of Total Shareholder Return (TSR) and Earnings per Share (EPS), Return on Risk Weighted Assets (RoRWA) has been included. PSAs and RSAs will generally be in the form of nil price options to acquire shares in Standard Chartered PLC. The remaining life of the Plan is nine years.

All Employee Sharesave Schemes (Sharesave)

Under these Sharesave schemes, employees have the choice of opening a three-year or five-year savings contract. Contribution (saving) amount will determine number of options granted. Within a period of six months after the third or fifth anniversary, as appropriate, employees can decide to exercise their options to receive a payment equal to any increase in value of Standard Chartered PLC share price units less any withholding tax and stock broking commission charges.

Valuation

Options under the Sharesave schemes are valued using a binomial option-pricing model.

The expected volatility is based on historical volatility over the last three to five years, or three to five years prior to grant. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on historical dividend for three years prior to grant. Where two amounts are shown for volatility, risk free rates, expected dividend yield and fair values, the first relates to a three year vesting period and the second to a five year vesting period.

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The fair value and the assumptions used in the calculation are as follow:

<i>Grant date</i>	2013
	March
Share price at grant date (£)	18.22
Vesting period (years)	1 - 4
Expected dividend yield (%)	4.14 - 4.64
Fair value (£)	2.19 - 18.22

The expected dividend yield is based on the historical dividend yield for three years prior to grant.

<i>Grant date</i>	2012		
	December	October	March
Share price at grant date (£)	15.84	13.95	15.65
Vesting period (years)	1 - 4	3	1 - 3
Expected dividend yield (%)	3.7	3.1	0 - 3.8
Fair value (£)	14.46	3.28	1.85 - 15.65
Exercise price (£)	-	11.40	-
Expected volatility (%)	-	29.8	-
Expected option life (years)	-	3.33	-
Risk free rate (%)	-	0.4	-

The expected dividend yield is based on the historical dividend yield for three years prior to grant.

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A reconciliation of movements for the period/year ended 30 June 2013 and 31 December 2012 shown below:

	RSS/SRSS	Consolidated		Sharesave
		PSP	RSA/PSA	
		No. of shares		
Outstanding at 1 January 2012	200,503	36,494	14,216	685,396
Granted	-	-	54,225	209,182
Additional shares for SC PLC right issue	956	-	-	-
Lapsed	(25,434)	(5,056)	(2,148)	(98,896)
Exercised	(66,301)	(21,501)	-	(179,324)
Outstanding at 31 December 2012 and 1 January 2013 - Restated	109,724	9,937	66,293	616,358
Granted	-	-	46,743	-
Additional shares for SC PLC rights issue	783	-	1,160	-
Lapsed	(1,425)	-	(11,549)	(37,024)
Exercised	(45,214)	(5,898)	(9,801)	(64,623)
Outstanding at 30 June 2013	63,868	4,039	92,846	514,711
Weighted average remaining contractual life 30 June 2013	3.25 years	5.33 years	6.92 years	2.31 years
Weighted average remaining contractual life 31 December 2012	3.46 years	6.05 years	6.87 years	2.04 years
Exercisable 30 June 2013	57,371	4,039	8,902	-
Exercisable 31 December 2012	74,959	9,937	-	66,393
	RSS/SRSS	Bank Only		Sharesave
		PSP	RSA/PSA	
		No. of shares		
Outstanding at 1 January 2012	196,811	36,494	14,216	650,997
Granted	-	-	52,308	199,759
Additional shares for SC PLC right issue	862	-	-	-
Lapsed	(25,433)	(5,056)	(2,148)	(88,042)
Exercised	(66,301)	(21,501)	-	(174,305)
Outstanding at 31 December 2012 and 1 January 2013	105,939	9,937	64,376	588,409
Granted	-	-	45,270	-
Additional shares for SC PLC rights issue	752	-	1,097	-
Lapsed	(1,425)	-	(11,549)	(34,988)
Exercised	(42,879)	(5,898)	(9,142)	(63,139)
Outstanding at 30 June 2013	62,387	4,039	90,052	490,282
Weighted average remaining contractual life 30 June 2013	3.34 years	5.33 years	7.61 years	2.10 years
Weighted average remaining contractual life 31 December 2012	3.95 years	6.05 years	7.53 years	2.37 years
Exercisable 30 June 2013	56,364	4,039	8,462	-
Exercisable 31 December 2012	72,721	9,937	-	64,909

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Movements in share-based payments during the period ended 30 June 2013 and the year ended 31 December 2012 were as follows:

	Consolidated	Bank only
	<i>(in million Baht)</i>	
At 1 January 2012	21	19
Provisions made	74	71
Provisions used	(21)	(18)
Provisions reversed	(19)	(19)
At 31 December 2012		
and 1 January 2013	55	53
Provisions made	112	109
Provisions reversed	(54)	(53)
At 30 June 2013	113	109

29 Other liabilities

	Consolidated		Bank only	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Withholding tax payable	347	422	346	422
VAT payable	10	9	9	8
Other payables	281	322	275	321
Accrued interest payable	321	311	321	311
Others	596	960	596	554
Total	1,555	2,024	1,547	1,616

30 Share capital

	Consolidated and Bank only				
	Par value	2013		2012	
	per share	Number	Amount	Number	Amount
	<i>(in Baht)</i>	<i>(in million shares / million Baht)</i>			
Authorised					
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
Issued and paid-up					
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

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31 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2013 and 2012 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:

	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
<i>Three-month period ended 30 June</i>				
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>714</u>	<u>1,079</u>	<u>767</u>	<u>1,089</u>
Number of ordinary shares outstanding	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>
Basic earnings per share (in Baht)	<u>0.48</u>	<u>0.73</u>	<u>0.52</u>	<u>0.73</u>
	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
<i>Six-month period ended 30 June</i>				
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>1,614</u>	<u>1,783</u>	<u>1,536</u>	<u>1,782</u>
Number of ordinary shares outstanding	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>
Basic earnings per share (in Baht)	<u>1.09</u>	<u>1.20</u>	<u>1.04</u>	<u>1.20</u>

32 Dividends

At the annual general meeting of the shareholders of the Bank held on 18 April 2013, the shareholders approved the appropriation of a dividend of Baht 0.78 per share, amounting to Baht 1,157 million. The dividends were paid to shareholders in May 2013.

At the annual general meeting of the shareholders of the Bank held on 25 April 2012, the shareholders approved the appropriation of a dividend of Baht 0.84 per share, amounting to Baht 1,246 million. The dividends were paid to shareholders in May 2012.

33 Reserves

Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires companies 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.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that the Bank 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.

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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 cash flow hedges related to hedged transactions that have not yet occurred.

Movement in reserves

Movements in reserves are shown in the statement of changes in equity.

34 Contingent liabilities

	Consolidated and Bank only	
	30 June	31 December
	2013	2012
	<i>(in million Baht)</i>	
Guarantees of loans	1,915	3,588
Liability under unmatured import bills	1,210	1,114
Letters of credit	1,897	3,063
<i>Other contingencies</i>		
- Unused credit line of overdrafts	3,543	3,559
- Other letters of guarantee	34,325	22,287
	<u>37,868</u>	<u>25,846</u>
Total	<u>42,890</u>	<u>33,611</u>

Litigation

As at 30 June 2013, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 1,019 million (excluding interest) (31 December 2012: Baht 996 million). The Bank believes that any liability resulting from this litigation will not be material to the Bank's financial position or on the results of its operations.

35 Related party transactions and balances

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.

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Relationships with related parties were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiaries
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank
Standard Chartered (Thai) Asset Management Company Limited	Thailand	Subsidiary, 99.9988% shareholding, 50% of directors are representative of the Bank
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 99.9999% shareholding, more than 50% of directors are representative of the Bank
Standard Chartered (Thailand) Limited	Thailand	Affiliated company of Standard Chartered Group
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	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
Standard Chartered (GCT) Limited	United Kingdom	Affiliated company of Standard Chartered Group
Standard Chartered Strategic Brand Management Limited	United Kingdom	Affiliated company of Standard Chartered Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries

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

<i>Transactions</i>	<i>Pricing policies</i>
Interest rate	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

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Significant transactions with related parties

Significant transactions with related parties for the periods ended 30 June 2013 and 2012 are summarised as follows:

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated) (in million Baht)	2013	2012
Interest income	28	80	92	156
Interest expenses	6	21	6	5
Fee and service expenses	2	4	43	41
Gains on trading and foreign exchange Transactions	264	137	264	122
<i>Other operating income</i>				
Dividend income	-	-	46	21
Service agreements	1	1	14	15
Rental income	-	-	2	2
<i>Other operating expenses</i>				
Service agreements	125	111	125	111
Outsourcing of processing activities	9	11	9	11
Trademark license fee	49	45	49	45
Reimbursable direct expenses to / (from) related parties	13/(11)	28/(9)	13/(11)	28/(9)

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated) (in million Baht)	2013	2012
Interest income	65	155	196	309
Interest expenses	13	47	14	9
Fee and service expenses	4	12	86	81
Gains on trading and foreign exchange Transactions	729	323	729	314
<i>Other operating income</i>				
Dividend income	-	-	46	21
Service agreements	2	2	28	29
Rental income	-	-	3	3
<i>Other operating expenses</i>				
Service agreements	249	224	249	224
Outsourcing of processing activities	18	18	18	18
Trademark license fee	97	88	97	88
Reimbursable direct expenses to / (from) related parties	22/(14)	42/(23)	22/(14)	42/(23)

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Significant balances and business transactions with executives and business entities

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 2013 and 31 December 2012 were as follows:

	Consolidated			
	30 June 2013		31 December 2012	
	At end of period	Average (in million Baht)	At end of year	Average
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>2,165</u>	<u>2,240</u>	<u>2,311</u>	<u>2,443</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>258</u>	<u>255</u>	<u>225</u>	<u>183</u>
<i>Borrowing</i>				
From executive directors and authorised management, including their related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
	Bank only			
	30 June 2013		31 December 2012	
	At end of period	Average (in million Baht)	At end of year	Average
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>2,164</u>	<u>2,240</u>	<u>2,311</u>	<u>2,443</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>256</u>	<u>254</u>	<u>225</u>	<u>183</u>
<i>Borrowing</i>				
From executive directors and authorised management, including their related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>

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	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(in million Baht)			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank	<u>9,791</u>	<u>13,533</u>	<u>9,791</u>	<u>13,533</u>
<i>Derivative assets (marked to market value)</i>				
Standard Chartered Bank	<u>5,914</u>	<u>5,608</u>	<u>5,914</u>	<u>5,608</u>
<i>Loans to customers and accrued interest receivable</i>				
Resolution Alliance Limited	236	241	236	241
Standard Chartered (Thai) Asset Management Company Limited	-	-	4,374	4,971
Total	<u>236</u>	<u>241</u>	<u>4,610</u>	<u>5,212</u>
<i>Other assets</i>				
Resolution Alliance Limited	-	20	-	-
Standard Chartered Bank	11	5	11	5
Standard Chartered (Thailand) Limited	6	-	6	-
Thai Exclusive Leasing Company Limited	-	-	19	-
Total	<u>17</u>	<u>25</u>	<u>36</u>	<u>5</u>
<i>Deposits</i>				
Resolution Alliance Limited	18	20	18	20
Standard Chartered (Thailand) Limited	7	9	7	9
Standard Chartered (Thai) Asset Management Company Limited	-	-	83	229
Thai Exclusive Leasing Company Limited	-	-	116	119
Total	<u>25</u>	<u>29</u>	<u>224</u>	<u>377</u>
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Bank	<u>9,718</u>	<u>10,146</u>	<u>9,718</u>	<u>10,146</u>
<i>Derivative liabilities (marked to market value)</i>				
Standard Chartered Bank	<u>9,251</u>	<u>10,090</u>	<u>9,251</u>	<u>10,090</u>
<i>Debt issued and borrowings</i>				
Standard Chartered (Thailand) Limited	<u>346</u>	<u>349</u>	<u>346</u>	<u>349</u>

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	Consolidated		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
<i>Accrued expenses</i>				
Standard Chartered Bank	868	539	861	538
Standard Chartered Strategic Brand Management Limited	94	174	94	174
Scope International Private Limited	3	2	3	2
Scope International (Malaysia) Sendirian Berhad	2	2	2	2
Scope International (China) Company Limited	1	1	1	1
Thai Exclusive Leasing Company Limited	-	-	14	14
Total	968	718	975	731
<i>Other liabilities</i>				
Standard Chartered Bank	7	8	7	9
<i>Other letters of guarantee</i>				
Standard Chartered Bank	6,237	8,132	6,237	8,132
Standard Chartered (Thailand) Limited	-	3	-	3
Total	6,237	8,135	6,237	8,135
<i>Derivatives - Foreign currency related</i>				
Standard Chartered Bank	139,769	249,955	139,769	249,955
<i>Derivatives - Interest rate related</i>				
Standard Chartered Bank	459,299	357,135	459,299	357,135
<i>Derivatives - Commodities</i>				
Standard Chartered Bank	14,080	16,256	14,080	16,256
<i>Three-month period ended 30 June</i>	2013	2012	2013	2012
		<i>(Restated)</i>		
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Short-term employee benefits	168	109	157	101
Post-employment benefits	2	1	2	2
Share-based payments	7	4	7	3
Total key management personnel compensation	177	114	166	106

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<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated) (in million Baht)	2013	2012
<i>Key management personnel</i>				
Short-term employee benefits	287	231	274	220
Post-employment benefits	4	3	4	3
Share-based payments	11	8	10	7
Total key management personnel compensation	302	242	288	230

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.

Significant agreements with related parties

License agreement

In 2008, the Bank entered into a non-exclusive license agreement with Standard Chartered Strategic Brand Management Limited, relating to the use by the Bank of the Standard Chartered name and logo and other marks in connection with its business in Thailand. The license fee is charged at a rate based on a percentage of Total Operating Income, in accordance with the terms in the agreement.

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.

Shared support function

The Bank entered into a services agreement with Standard Chartered (Thailand) Limited, Thai Exclusive Leasing Company Limited and Standard Chartered (Thai) Asset Management 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.

Outsourcing services

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

In 2008, the Bank entered into a collection service agreement with Thai Exclusive Leasing Company Limited. Thai Exclusive Leasing Company Limited provides debt collection services to the Bank. The fees are charged at contractually agreed prices in accordance with the collection service agreement.

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36 Non-cancellable operating lease agreements

The Bank and its subsidiaries 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		Bank only	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in million Baht)</i>			
Within one year	120	98	118	96
After one year but within five years	192	182	192	181
After five years	69	82	69	82
Total	381	362	379	359

37 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiaries have not adopted the new interpretations that have been issued as of the reporting date but are not yet effective. Those new interpretations that are applicable to the Bank and its subsidiaries, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014

Management expects to adopt and apply these new interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and Bank only financial statements of these new interpretations and expects that there will be no material impact on the financial statements in the period of initial application.

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38 Segment information

Business segments

The Bank and its subsidiaries have two reportable segments as disclosed below. The strategic divisions offer different products and services, and are managed separately because they require different technologies, allocation of resources, distribution channels and marketing strategies.

The Bank and its subsidiaries' two significant strategic divisions are:

- Consumer Banking, which provides a wide range of Retail Banking and SME products to serve the Bank's Priority & International Banking, SME, and Personal Banking customers; and
- Wholesale Banking, which provides a wide range of products and services for three client segments: Local Corporate, Global Corporate and Financial Institutions. And in August 2012, Wholesale Banking completed the acquisition of the Standard Chartered (Thai) Asset Management Company Limited ("SCTAMC") for managing substandard assets purchased or transferred from other financial institutions.

In addition, certain items which do not fall within the two main business segments, including unallocated central costs and Corporate Real Estate service costs are reported in "Other Banking". Financial information is presented internally to the Bank's management using these three business segments.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment revenue and expenses as included in the internal management reports. Segment revenue and expenses are used to measure performance as management believes that such information is the most relevant in evaluating the result of certain segments relative to other entities that operate within this industry.

Geographical segments

As the Bank and its subsidiaries comprise only one geographical segment in Thailand, the Bank is considered to operate only in the domestic segment.

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By class of business

	Consumer Banking		Wholesale Banking		Other Banking		Eliminations		Consolidated	
<i>Three-month period ended 30 June</i>	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>									
Net interest income	1,448	1,298	769	886	10	(67)	-	-	2,227	2,117
Other income	103	27	773	1,092	16	35	(63)	(40)	829	1,114
Operating income	1,551	1,325	1,542	1,978	26	(32)	(63)	(40)	3,056	3,231
Operating expenses	(807)	(754)	(652)	(593)	4	(43)	17	19	(1,438)	(1,371)
Operating profit before impairment and taxation	744	571	890	1,385	30	(75)	(46)	(21)	1,618	1,860
Impairment loss of loans and debt securities	(557)	(312)	(114)	(50)	-	-	-	-	(671)	(362)
Profit from operations before income tax expenses	187	259	776	1,335	30	(75)	(46)	(21)	947	1,498
<i>Six-month period ended 30 June</i>	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>									
Net interest income	2,846	2,548	1,566	1,590	20	(62)	-	-	4,432	4,076
Other income	146	37	1,678	1,560	50	53	(80)	(55)	1,794	1,595
Operating income	2,992	2,585	3,244	3,150	70	(9)	(80)	(55)	6,226	5,671
Operating expenses	(1,589)	(1,494)	(1,216)	(1,177)	(4)	(40)	34	34	(2,775)	(2,677)
Operating profit before impairment and taxation	1,403	1,091	2,028	1,973	66	(49)	(46)	(21)	3,451	2,994
Impairment loss of loans and debt securities	(993)	(113)	(368)	(469)	-	-	-	-	(1,361)	(582)
Profit from operations before income tax expenses	410	978	1,660	1,504	66	(49)	(46)	(21)	2,090	2,412
Segment assets as at 30 June/ 31 December	64,616	65,194	196,024	192,732	1,862	1,983	-	-	262,502	259,909
Segment liabilities and equity as at 30 June/ 31 December	53,478	57,471	166,629	160,707	42,395	41,731	-	-	262,502	259,909

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39 Interest income

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
Interbank and money market items	425	474	425	474
Investments and trading transactions	50	67	50	67
Investments in debt securities	403	428	403	428
Investments in receivables	40	163	5	8
Loans to customers	2,413	2,241	2,437	2,262
Total interest income	3,331	3,373	3,320	3,239

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
Interbank and money market items	862	1,038	862	1,038
Investments and trading transactions	109	125	109	125
Investments in debt securities	788	821	788	821
Investments in receivables	78	209	10	8
Loans to customers	4,811	4,428	4,885	4,459
Total interest income	6,648	6,621	6,654	6,451

40 Interest expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
Deposits	602	562	603	562
Interbank and money market items	283	392	283	375
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	166	168	166	168
Debt issued and borrowings	53	134	53	135
Others	-	1	-	1
Total interest expenses	1,104	1,257	1,105	1,241

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
Deposits	1,263	1,060	1,265	1,060
Interbank and money market items	521	818	521	778
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	333	272	333	272
Debt issued and borrowings	98	393	98	395
Others	-	1	-	1
Total interest expenses	2,215	2,544	2,217	2,506

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41 Net fees and service income

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
Acceptance, avals and guarantees	43	35	43	35
Other	471	364	471	364
	514	399	514	399
<i>Fees and service expenses</i>	215	234	255	263
Net fees and service income	299	165	259	136

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
Acceptance, avals and guarantees	80	75	80	75
Other	874	711	874	708
	954	786	954	783
<i>Fees and service expenses</i>	428	430	507	487
Net fees and service income	526	356	447	296

42 Gains on trading and foreign exchange transactions

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	(417)	439	(417)	444
Interest rate related derivatives	873	458	873	458
Debt securities	(5)	35	(5)	35
	451	932	451	937
<i>Gains on hedging transactions</i>	5	-	5	-
Total	456	932	456	937

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	(102)	1,194	(102)	1,205
Interest rate related derivatives	1,003	(81)	1,003	(81)
Debt securities	26	(4)	26	(4)
	927	1,109	927	1,120
<i>Gains on hedging transactions</i>	1	30	1	30
Total	928	1,139	928	1,150

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43 Gains on investments

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on sales</i>				
Available-for-sale investments	28	21	28	21
General investments	-	(2)	-	(2)
Investments in receivables	25	-	-	-
Total gains on investments	53	19	28	19

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on sales</i>				
Available-for-sale investments	60	47	60	47
General investments	1	(2)	1	(2)
Investments in receivables	236	44	-	-
Total gains on investments	297	89	61	45

44 Employee expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2013	2012 (Restated)	2013	2012
	<i>(in million Baht)</i>			
<i>Management</i>				
Wages and salaries	80	71	78	69
Pension costs - defined benefit plans	2	1	2	2
Share-based payment transactions	7	4	7	3
Others	88	38	79	32
	177	114	166	106
<i>Other employees</i>				
Wages and salaries	373	365	363	355
Pension costs - defined benefit plans	9	8	9	7
Share-based payment transactions	29	41	27	41
Others	207	201	199	191
	618	615	598	594
Total employee expenses	795	729	764	700

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	Consolidated		Bank only	
<i>Six-month period ended 30 June</i>	2013	2012 (Restated) (in million Baht)	2013	2012
Management				
Wages and salaries	149	150	147	148
Pension costs - defined benefit plans	4	3	4	3
Share-based payment transactions	11	8	10	7
Others	138	81	127	72
	<u>302</u>	<u>242</u>	<u>288</u>	<u>230</u>
Other employees				
Wages and salaries	739	699	717	678
Pension costs - defined benefit plans	19	16	18	15
Share-based payment transactions	43	41	41	41
Others	412	439	401	422
	<u>1,213</u>	<u>1,195</u>	<u>1,177</u>	<u>1,156</u>
Total employee expenses	<u>1,515</u>	<u>1,437</u>	<u>1,465</u>	<u>1,386</u>

Defined benefit plans, defined contribution plans and share-based compensation plans

Details of the defined benefit plans and defined contribution plans are given in note 25.

Details of the share based payment plans are given in note 28.

45 Impairment loss of loans and debt securities

	Consolidated		Bank only	
<i>Three-month period ended 30 June</i>	2013	2012 (Restated) (in million Baht)	2013	2012
Interbank and money market items	(12)	(5)	(12)	(5)
Investment in receivables	5	12	-	-
Loans to customers	678	355	678	355
Total impairment loss of loans and debt securities	<u>671</u>	<u>362</u>	<u>666</u>	<u>350</u>

	Consolidated		Bank only	
<i>Six-month period ended 30 June</i>	2013	2012 (Restated) (in million Baht)	2013	2012
Interbank and money market items	23	17	23	17
Investment in receivables	5	12	-	-
Loans to customers	1,333	553	1,333	553
Total impairment loss of loans and debt securities	<u>1,361</u>	<u>582</u>	<u>1,356</u>	<u>570</u>

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46 Income tax expenses

Income tax recognised in profit or loss

Three-month period ended 30 June	Note	Consolidated		Bank only	
		2013	2012 (Restated) (in million Baht)	2013	2012
Current tax expense					
Current year		182	213	163	183
Under provided in prior years		97	22	88	33
		<u>279</u>	<u>235</u>	<u>251</u>	<u>216</u>
Deferred tax expense	19				
Movements in temporary differences		30	119	51	140
Income tax reduction		-	(16)	-	(18)
(Over) under provided in prior years		(76)	61	(69)	53
		<u>(46)</u>	<u>164</u>	<u>(18)</u>	<u>175</u>
Total income tax expense		<u>233</u>	<u>399</u>	<u>233</u>	<u>391</u>

Six-month period ended 30 June	Note	Consolidated		Bank only	
		2013	2012 (Restated) (in million Baht)	2013	2012
Current tax expense					
Current year		418	436	360	402
Under provided in prior years		97	22	88	33
		<u>515</u>	<u>458</u>	<u>448</u>	<u>435</u>
Deferred tax expense	19				
Movements in temporary differences		37	98	64	118
Income tax reduction		-	(13)	-	(15)
(Over) under provided in prior years		(76)	61	(69)	53
		<u>(39)</u>	<u>146</u>	<u>(5)</u>	<u>156</u>
Total income tax expense		<u>476</u>	<u>604</u>	<u>443</u>	<u>591</u>

Income tax recognised in other comprehensive income

Three-month period ended 30 June	Consolidated and Bank only					
	Before Tax	2013 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2012 Tax expense	Net of Tax
Movements in temporary difference						
Cash flow hedges	14	(3)	11	91	(18)	73
Available-for-sale investments	(137)	28	(109)	96	(19)	77
Total	<u>(123)</u>	<u>25</u>	<u>(98)</u>	<u>187</u>	<u>(37)</u>	<u>150</u>

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<i>Six-month period ended 30 June</i>	Consolidated and Bank only					
	Before Tax	2013 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2012 Tax expense	Net of Tax
Movements in temporary difference						
Cash flow hedges	7	(2)	5	9	(2)	7
Available-for-sale investments	(122)	25	(97)	6	(1)	5
Total	(115)	23	(92)	15	(3)	12

Reconciliation of effective tax rate

<i>Three-month period ended 30 June</i>	Consolidated			
	2013		2012	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		947		1,498
Income tax using the Thai corporation tax rate	20	189	23	345
Effect of income tax from subsidiaries		9		5
Income tax reduction		-		(16)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		14		(18)
Under provided in prior years		21		83
Total	25	233	27	399

<i>Six-month period ended 30 June</i>	Consolidated			
	2013		2012	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		2,090		2,412
Income tax using the Thai corporation tax rate	20	418	23	555
Effect of income tax from subsidiaries		9		5
Income tax reduction		-		(13)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		28		(26)
Under provided in prior years		21		83
Total	23	476	25	604

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<i>Three-month period ended 30 June</i>	Bank only		Bank only	
	2013	2012	2013	2012
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before total income tax expense		1,000		1,480
Income tax using the Thai corporation tax rate	20	200	23	341
Income tax reduction		-		(18)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		14		(18)
Under provided in prior years		19		86
Total	23	233	26	391

<i>Six-month period ended 30 June</i>	Bank only		Bank only	
	2013	2012	2013	2012
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before total income tax expense		1,979		2,373
Income tax using the Thai corporation tax rate	20	396	23	546
Income tax reduction		-		(15)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		28		(26)
Under provided in prior years		19		86
Total	22	443	25	591

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

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47 Reclassification of accounts

Certain accounts in the statements of financial position as at 31 December 2012 and statements of comprehensive income for the three-month and six-month period ended 30 June 2012, which are included in the 2013 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2013 interim financial statements. The significant reclassifications are as follows:

	Before reclassification	2012 Consolidated Reclassification (in million Baht)	After reclassification
Statements of financial position as at 31 December 2012			
Provisions	574	(55)	519
Accrued expenses	2,422	55	2,477
		-	
2012 Bank only			
	Before reclassification	Reclassification (in million Baht)	After reclassification
Statements of financial position as at 31 December 2012			
Provisions	563	(53)	510
Accrued expenses	2,285	53	2,338
		-	
Statements of comprehensive income for the three-month period ended 30 June 2012			
Fees and service expenses	223	40	263
Service agreements	151	(40)	111
		-	
Statements of comprehensive income for the six-month period ended 30 June 2012			
Fees and service expenses	410	77	487
Service agreements	301	(77)	224
		-	

The reclassifications have been made because, in the opinion of management, the new classifications are more appropriate to the Bank and its subsidiaries' business as prescribed by the Bank of Thailand Notification No. Sor Nor Sor 11/2553.

