

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2014
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

I have audited the accompanying interim consolidated and Bank only financial statements of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries (the "Group"), and of Standard Chartered Bank (Thai) Public Company Limited (the "Bank") respectively, which comprise the consolidated and Bank only statements of financial position as at 30 June 2014, the interim consolidated and Bank only statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

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 audit 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.



Opinion

In my opinion, the interim consolidated and Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 30 June 2014, and their 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 2014 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 2014 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
22 August 2014

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

		Consolidated		Bank only	
Assets	Note	30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(in thousand Baht)			
Cash		502,234	522,214	502,170	493,965
Interbank and money market items, net	7, 30	42,576,511	42,936,586	42,569,224	42,899,841
Claims on security		-	2,000,000	-	2,000,000
Derivative assets	8, 30	25,771,569	36,315,710	25,771,569	36,315,710
Investments, net	9, 28, 30	57,026,393	60,181,966	54,610,654	57,048,862
Investments in subsidiaries	10	-	-	698,281	698,281
Loans to customers and accrued interest receivable, net	11, 13, 30				
Loans to customers		105,949,861	104,080,185	107,936,060	107,029,590
Accrued interest receivable		432,265	523,232	462,226	576,046
Total loans to customers and accrued interest receivable		106,382,126	104,603,417	108,398,286	107,605,636
Less allowance for doubtful accounts	11.4, 14	(8,250,760)	(7,609,330)	(8,250,760)	(7,609,330)
Total loans to customers and accrued interest receivable, net		98,131,366	96,994,087	100,147,526	99,996,306
Properties for sale, net	15	25,527	26,183	25,527	26,183
Premises and equipment, net	16	733,580	777,278	733,475	777,154
Intangible assets, net		19,820	4	19,820	4
Deferred tax assets	17	632,706	570,219	412,418	343,176
Accounts receivable from sales of investments and debt securities in issue	18	13,980,868	4,461,913	13,980,868	4,461,913
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		3,812,151	8,815,341	3,812,151	8,815,341
Other assets, net	19, 30	906,154	970,325	904,759	956,727
Total assets		244,118,879	254,571,826	244,188,442	254,833,463
Liabilities and equity					
Liabilities					
Deposits	20, 30	95,223,654	103,188,893	95,596,731	103,361,422
Interbank and money market items	21, 30	57,798,629	53,960,474	57,798,629	53,960,474
Liabilities payable on demand		1,906,587	1,719,617	1,906,587	1,719,617
Liabilities to deliver security		-	2,000,000	-	2,000,000
Derivative liabilities	8, 30	25,646,341	37,245,687	25,646,341	37,245,687
Debt issued and borrowings	22, 30	3,693,016	3,517,318	3,693,016	3,517,318
Provisions	23	632,763	545,273	621,821	535,125
Accounts payable from purchase of investments	24	14,906,675	3,484,956	14,906,675	3,484,956
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		1,200,009	4,906,918	1,200,009	4,906,918
Accrued expenses	30	1,672,363	2,281,401	1,505,980	2,157,932
Other liabilities	25, 30	2,136,615	1,888,720	2,134,252	1,870,200
Total liabilities		204,816,652	214,739,257	205,010,041	214,759,649
Equity					
Share capital	26				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045	14,837,045	14,837,045
Premium on share capital	26	9,055,819	9,055,819	9,055,819	9,055,819
Reserve arising from business combination under common control		(496,906)	(496,906)	-	-
Other reserves	27	174,930	205,242	174,930	205,242
Retained earnings					
Appropriated					
Legal reserve	27	987,279	987,279	981,279	981,279
Unappropriated		14,744,051	15,244,086	14,129,328	14,994,429
Total shareholders' equity		39,302,218	39,832,565	39,178,401	40,073,814
Non-controlling interest		9	4	-	-
Total equity		39,302,227	39,832,569	39,178,401	40,073,814
Total liabilities and equity		244,118,879	254,571,826	244,188,442	254,833,463

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		Bank only	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2014	2013	2014	2013
(in thousand Baht)					
Interest income	30, 33	3,075,078	3,331,421	2,912,587	3,320,058
Interest expenses	30, 34	871,012	1,103,941	871,659	1,104,710
Net interest income		2,204,066	2,227,480	2,040,928	2,215,348
Fees and service income	30	449,017	514,774	449,968	514,774
Fees and service expenses	30	123,270	215,531	153,684	255,190
Net fees and service income	35	325,747	299,243	296,284	259,584
Gains on trading and foreign exchange transactions, net	30, 36	540,708	455,877	540,708	455,877
Gains on investments, net	37	91,150	52,741	99,877	28,347
Other operating income	30	3,775	20,765	15,895	62,689
Total operating income		3,165,446	3,056,106	2,993,692	3,021,845
Other operating expenses	30				
Employee expenses	38	762,071	795,193	742,971	763,954
Directors' remuneration		2,188	2,427	2,188	2,427
Premises and equipment expenses		134,510	134,809	131,382	131,868
Taxes and duties		93,932	101,791	85,137	97,073
Service agreements		141,524	125,113	141,410	125,113
Others		232,664	278,787	194,981	235,518
Total other operating expenses		1,366,889	1,438,120	1,298,069	1,355,953
Impairment loss of loans and debt securities	39	802,133	670,730	807,442	665,791
Profit from operations before income tax expense		996,424	947,256	888,181	1,000,101
Income tax expense	40	179,870	233,353	159,998	233,111
Profit for the period		816,554	713,903	728,183	766,990
Other comprehensive income					
Losses on remeasuring available-for-sale investments		(127,981)	(136,256)	(127,981)	(136,256)
Gains (losses) on cash flow hedges		(1,997)	14,039	(1,997)	14,039
Income tax relating to other comprehensive income	40	25,996	24,648	25,996	24,648
Total other comprehensive income for the period, net of income tax		(103,982)	(97,569)	(103,982)	(97,569)
Total comprehensive income for the period		712,572	616,334	624,201	669,421
Profit attributable to:					
Shareholders of the Bank		816,553	713,903	728,183	766,990
Non-controlling interest		1	-	-	-
Profit for the period		816,554	713,903	728,183	766,990
Total comprehensive income attributable to:					
Shareholders of the Bank		712,571	616,334	624,201	669,421
Non-controlling interest		1	-	-	-
Total comprehensive income for the period		712,572	616,334	624,201	669,421
Earnings per share					
Basic earnings per share (in Baht)	41	0.55	0.48	0.49	0.52

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		Bank only	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2014	2013	2014	2013
		(in thousand Baht)			
Interest income	30, 33	6,394,238	6,647,679	5,903,581	6,653,586
Interest expenses	30, 34	1,864,043	2,215,260	1,865,174	2,216,691
Net interest income		4,530,195	4,432,419	4,038,407	4,436,895
Fees and service income	30	862,645	954,927	863,596	954,927
Fees and service expenses	30	269,867	428,553	327,267	507,601
Net fees and service income	35	592,778	526,374	536,329	447,326
Gains on trading and foreign exchange transactions, net	30, 36	989,925	927,852	989,925	927,867
Gains on investments, net	37	223,885	297,338	172,849	60,706
Other operating income	30	11,644	42,553	27,842	95,994
Total operating income		6,348,427	6,226,536	5,765,352	5,968,788
Other operating expenses	30				
Employee expenses	38	1,449,413	1,515,236	1,421,174	1,465,523
Directors' remuneration		4,375	4,414	4,375	4,414
Premises and equipment expenses		272,372	283,294	266,222	277,297
Taxes and duties		195,428	205,911	175,144	191,443
Service agreements		264,351	249,438	264,122	249,438
Others		693,834	516,955	613,207	445,584
Total other operating expenses		2,879,773	2,775,248	2,744,244	2,633,699
Impairment loss of loans and debt securities	39	1,778,434	1,361,095	1,785,152	1,356,156
Profit from operations before income tax expense		1,690,220	2,090,193	1,235,956	1,978,933
Income tax expense	40	335,620	476,159	246,427	442,832
Profit for the period		1,354,600	1,614,034	989,529	1,536,101
Other comprehensive income					
Losses on remeasuring available-for-sale investments		(21,648)	(121,560)	(21,648)	(121,560)
Gains (losses) on cash flow hedges		(16,242)	6,685	(16,242)	6,685
Income tax relating to other comprehensive income	40	7,578	23,180	7,578	23,180
Total other comprehensive income for the period, net of income tax		(30,312)	(91,695)	(30,312)	(91,695)
Total comprehensive income for the period		1,324,288	1,522,339	959,217	1,444,406
Profit attributable to:					
Shareholders of the Bank		1,354,595	1,614,033	989,529	1,536,101
Non-controlling interest		5	1	-	-
Profit for the period		1,354,600	1,614,034	989,529	1,536,101
Total comprehensive income attributable to:					
Shareholders of the Bank		1,324,283	1,522,338	959,217	1,444,406
Non-controlling interest		5	1	-	-
Total comprehensive income for the period		1,324,288	1,522,339	959,217	1,444,406
Earnings per share					
Basic earnings per share (in Baht)	41	0.91	1.09	0.67	1.04

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

	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	Consolidated			Total shareholders' equity	Non-controlling interest	Total equity
						Other reserves	Retained earnings	Total other reserves (in thousand Baht)			
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	842,954	174,315	37,996,331	3	37,996,334
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the Bank</i>											
Dividends	42	-	-	-	-	-	-	-	(1,157,290)	-	(1,157,290)
<i>Total distribution to owners of the Bank</i>		-	-	-	-	-	-	-	(1,157,290)	-	(1,157,290)
Comprehensive income for the period		-	-	-	-	-	-	-	1,614,033	1	1,614,034
Profit for the period		-	-	-	-	-	-	-	1,614,033	1	1,614,034
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	-	5,348
Total other comprehensive income		-	-	-	(97,043)	5,348	-	(91,695)	(91,695)	-	(91,695)
<i>Total comprehensive income for the period</i>		-	-	-	(97,043)	5,348	-	1,614,033	1,522,339	1	1,522,339
Balance as at 30 June 2013		14,837,045	9,055,819	(496,906)	28,321	54,299	842,954	82,620	38,261,379	4	38,261,383
Six-month period ended 30 June 2014											
Balance as at 1 January 2014		14,837,045	9,055,819	(496,906)	163,839	41,403	987,279	205,242	39,832,565	4	39,832,569
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the Bank</i>											
Dividends	42	-	-	-	-	-	-	-	(1,854,630)	-	(1,854,630)
<i>Total distribution to owners of the Bank</i>		-	-	-	-	-	-	-	(1,854,630)	-	(1,854,630)
Comprehensive income for the period		-	-	-	-	-	-	-	1,354,595	5	1,354,600
Profit for the period		-	-	-	-	-	-	-	1,354,595	5	1,354,600
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	-	-	-	-	-	-	-	-
Net change in fair value recognised in equity, net of tax		-	-	-	(17,318)	-	-	(17,318)	-	-	(17,318)
Cash flow hedges		-	-	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	(12,994)	-	(12,994)	(12,994)	-	(12,994)
Total other comprehensive income		-	-	-	(17,318)	(12,994)	-	(30,312)	(30,312)	-	(30,312)
<i>Total comprehensive income for the period</i>		-	-	-	(17,318)	(12,994)	-	(30,312)	1,324,283	5	1,324,288
Balance as at 30 June 2014		14,837,045	9,055,819	(496,906)	146,521	28,409	987,279	174,930	39,202,218	9	39,202,227

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

	Note	Issued and paid-up share capital	Premium on share capital	Fair value change in available-for-sale investments	Bank only			Total equity
					Other reserves	Retained earnings		
					Cash flow hedges	Legal reserve	Unappropriated	
					(in thousand Baht)			
Six-month period ended 30 June 2013								
Balance as at 1 January 2013		14,837,045	9,055,819	125,364	48,951	836,954	13,398,366	38,302,499
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Bank</i>								
Dividends	42	-	-	-	-	-	(1,157,290)	(1,157,290)
<i>Total distribution to owners of the Bank</i>							(1,157,290)	(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)
Cash flow hedges		-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	5,348	-	-	5,348
Total other comprehensive income		-	-	(97,043)	5,348	-	-	(91,695)
<i>Total comprehensive income for the period</i>		-	-	(97,043)	5,348	-	1,536,101	1,444,406
Balance as at 30 June 2013		14,837,045	9,055,819	28,321	54,299	836,954	13,777,177	38,589,615
Six-month period ended 30 June 2014								
Balance as at 1 January 2014		14,837,045	9,055,819	163,839	41,403	981,279	14,994,429	40,073,814
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Bank</i>								
Dividends	42	-	-	-	-	-	(1,854,630)	(1,854,630)
<i>Total distribution to owners of the Bank</i>							(1,854,630)	(1,854,630)
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		-	-	(17,318)	-	-	-	(17,318)
Cash flow hedges		-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(12,994)	-	-	(12,994)
Total other comprehensive income		-	-	(17,318)	(12,994)	-	-	(30,312)
<i>Total comprehensive income for the period</i>		-	-	(17,318)	(12,994)	-	989,529	959,217
Balance as at 30 June 2014		14,837,045	9,055,819	146,521	28,409	981,279	14,129,328	39,178,401

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

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

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2014	2013	2014	2013
	(in thousand Baht)			
Cash flows from operating activities				
Profit from operations before income tax expense	1,690,220	2,090,193	1,235,956	1,978,933
Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities				
Depreciation and amortisation	69,144	72,604	69,126	72,500
Impairment loss of loans and debt securities	1,945,645	1,566,471	1,952,362	1,561,531
Impairment loss of investments	145	-	145	-
Impairment on amount due from related party (reversal of)	(7,667)	19,669	-	-
Amortisation of discount of debt instruments	(252,057)	(274,085)	(252,057)	(274,085)
Amortisation of discount of debt issued and borrowings	28,654	83,575	28,654	83,575
Gains on disposal of investments	(172,994)	(61,994)	(172,994)	(61,994)
Gains on disposal of premises and equipment	(166)	(20)	(166)	(20)
Impairment loss of properties for sale (reversal)	301	(6,016)	301	(6,016)
Provisions made	88,906	22,872	88,112	22,097
Net interest income	(4,530,195)	(4,432,419)	(4,038,407)	(4,436,895)
Interest received	6,477,051	6,669,192	6,009,246	6,672,813
Interest paid	(1,839,062)	(2,205,192)	(1,840,366)	(2,206,625)
Income tax paid	(391,706)	(253,252)	(356,658)	(159,445)
Profit from operations before changes in operating assets and liabilities	3,106,219	3,291,598	2,723,254	3,246,369
Decrease (increase) in operating assets				
Interbank and money market items	360,075	4,006,446	330,617	3,965,148
Derivative assets and liabilities, net	(1,072,008)	(272,040)	(1,072,008)	(272,040)
Trading investments	(1,543,560)	(1,803,410)	(1,543,560)	(1,803,410)
Investments in receivables	724,082	189,561	-	-
Loans to customers	(3,160,709)	463,455	(2,197,503)	1,182,647
Properties for sale	355	17,796	355	17,796
Other assets	5,069,377	(302,800)	5,042,279	(322,300)
Increase (decrease) in operating liabilities				
Deposits	(7,965,239)	(7,934,353)	(7,764,691)	(8,082,471)
Interbank and money market items	3,838,155	8,342,136	3,838,155	8,342,136
Liabilities payable on demand	186,970	(67,823)	186,970	(67,823)
Short-term debt issued and borrowings	147,044	(1,442,190)	147,044	(1,442,190)
Provisions used	(1,416)	(737)	(1,416)	(737)
Other liabilities	(4,099,084)	1,119,583	(4,071,050)	844,095
Net cash provided by (used in) operating activities	(4,409,739)	5,607,222	(4,381,554)	5,607,220
Cash flows from investing activities				
Purchase of premises and equipment	(24,500)	(38,925)	(24,500)	(38,925)
Purchase of intangible assets	(19,816)	-	(19,816)	-
Proceeds from disposals of premises and equipment	354	139	354	139
Purchase of available-for-sale investments	(27,183,903)	(46,371,507)	(27,183,903)	(46,371,507)
Proceeds from available-for-sale investments	33,424,754	41,945,116	33,424,754	41,945,116
Proceeds from investments in receivables	47,500	47,500	47,500	47,500
Proceeds from disposal of general investments	-	11,373	-	11,373
Net cash provided by (used in) investing activities	6,244,389	(4,406,304)	6,244,389	(4,406,304)
Cash flows from financing activities				
Dividends paid	(1,854,630)	(1,157,290)	(1,854,630)	(1,157,290)
Net cash used in financing activities	(1,854,630)	(1,157,290)	(1,854,630)	(1,157,290)
Net increase (decrease) in cash	(19,980)	43,628	8,205	43,626
Cash at beginning of the period	522,214	509,835	493,965	509,832
Cash at end of the period	502,234	553,463	502,170	553,458

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Note Contents

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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 22 August 2014.

1 General information

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

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

The Bank is a commercial bank, which provides a wide range of banking services to retail and corporate and institutional clients. Details of the Bank’s subsidiaries as at 30 June 2014 and 31 December 2013 are given in notes 10 and 30.

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 2012) *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 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 revised TFRS relevant to the Bank and its subsidiaries’ operations and effective for accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TIC 15	Operating Leases-Incentives

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

The initial application of these revised TFRS has resulted in changes in certain of the Bank and its subsidiaries' accounting policies.

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 2013 except that the Bank and its subsidiaries has adopted all the revised TFRS that are effective for annual periods beginning on or after 1 January 2014. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries.

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 and available-for-sale financial assets are measured at fair value
- The present value of the defined benefit obligation.

(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 judgments

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 interim financial statements is included in the following notes:

Note 5	Fair value of financial instruments
Note 8	Derivatives
Note 14	Allowance for doubtful accounts

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its 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 which 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 Group 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 Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entity is added to the same components within the Group 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.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Baht) at exchange rates at the dates of the transactions.

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

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts at the reporting date are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, changes in fair value on outstanding forward foreign exchange contracts calculated as described above, except for effective cash flow hedges (note to financial statement No. m), are recognised in profit or loss.

(c) Cash

Cash comprises cash on hand and cash on collection.

(d) 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 classified as trading securities and stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Bank and its 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 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

Investments in receivables are initially recognised at fair value of the consideration transferred in exchange and subsequent to initial recognition, stated at acquisition cost after deducting the allowance for impairment.

- Purchases or transfers of loans before 1 January 2013, were recognised as investments in receivables. When debt restructuring was required, the balance was recorded as a loan at fair value. The difference between the book value and the fair value was recognised as a gain or loss on transfer of financial assets in profit or loss.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

- Purchases or transfers of loans since 1 January 2013, are recognised as loans except for items that are intended to be sold in the future and are not intended to be held to collect the significant contractual cashflows. These above items are recognised as investments in receivables.

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 is based on the expected recoverable amount which is 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.

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.

(e) 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.

(f) 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 and its subsidiaries raise additional provisions to meet such requirements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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.

(g) *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 its subsidiaries' risk criteria applicable to such loans as at the restructuring date.

The Bank records 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. Gains are not recognised.

(h) *Premises and equipment*

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Leased assets

Leases for which the Bank and its subsidiaries 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 exceeding 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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

Calculation of recoverable amount

The recoverable amount of investments in receivables is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

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

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

Reversals of impairment

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

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

(m) 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Hedging

Fair value hedge

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

Cash flow hedge

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

Discontinuing hedge accounting

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

(n) *Borrowing transactions with embedded derivatives*

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

(o) *Employee benefits*

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

Defined contribution plans

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank and its subsidiaries' obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an actuary using the projected unit credit method.

The Bank and its subsidiaries recognises all actuarial gains and losses in other comprehensive income.

Short-term employee benefits

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

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

Share-based compensation

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

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

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.

(p) 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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

(q) 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.

(r) 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 recognises interest income on investments in receivables and loans on a cash basis.

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

(s) 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.

(t) 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions 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. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to judgements on tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(u) *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 and its subsidiaries by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any).

(v) *Segment information*

Segment results that are reported to the management of the Bank and its subsidiaries include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results shown as other banking.

(w) *Offsetting*

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

4 *Financial risk management*

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 3.

4.1 *Credit risk*

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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

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

4.2 Market risk

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank's exposure to market risk arises principally from customer-driven transactions. The objective of the Bank's market risk policies and processes is to obtain the best balance of risk and return while meeting customers' requirements.

The primary categories of market risk for the Bank are:

- (a) Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options
- (b) Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options

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

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR (Value at Risk) methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 percent. This confidence level suggests that potential daily losses, in excess of the VaR measures, are likely to be experienced six times per year. Sensitivity measures are used in addition to VaR as a risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields.

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

(a) Currency exchange rate risk

As at 30 June 2014 and 31 December 2013, net open position assets (liabilities) denominated in various currencies were as follows:

	Consolidated and Bank only	
	30 June 2014	31 December 2013
	<i>(in million USD)</i>	
Net foreign currency exposure		
US Dollar	21	50
Euro ^(*)	(16)	(19)
Others ^(*)	(3)	1

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

(b) Interest rate risk

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 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
Fixed interest rate	124,045	132,523	126,720	136,410
Floating interest rate	73,966	68,007	70,862	63,936
Total	198,011	200,530	197,582	200,346

As at 30 June 2014, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 6,520 million (31 December 2013: Baht 12,520 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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 2014			31 December 2013		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Financial assets						
Interbank and money market items	56,977	702	2.48	55,669	1,491	2.68
Investments	59,901	1,127	3.79	63,750	2,021	3.17
Loans to customers	95,760	4,565	9.61	98,605	9,648	9.78
Total	212,638	6,394	6.06	218,024	13,160	6.04
Financial liabilities						
Deposits	102,435	1,270	2.50	107,610	2,972	2.76
Interbank and money market items	52,724	553	2.12	56,591	1,111	1.96
Debt issued and borrowings	3,733	41	2.21	6,164	162	2.62
Total	158,892	1,864	2.37	170,365	4,245	2.49
Bank only						
	30 June 2014			31 December 2013		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Financial assets						
Interbank and money market items	56,976	702	2.48	55,669	1,491	2.68
Investments	57,142	794	2.80	60,264	1,847	3.07
Loans to customers	98,243	4,408	9.05	101,787	9,693	9.52
Total	212,361	5,904	5.61	217,720	13,031	5.99
Financial liabilities						
Deposits	102,836	1,271	2.49	107,811	2,975	2.76
Interbank and money market items	52,724	553	2.12	56,591	1,111	1.96
Debt issued and borrowings	3,733	41	2.21	6,164	162	2.62
Total	159,293	1,865	2.36	170,566	4,248	2.49

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2014 and 31 December 2013 are as follows:

	Consolidated 30 June 2014					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	
						(in million Baht)
Financial assets						
Cash	-	-	-	-	-	502
Interbank and money market items, net	14,854	26,735	60	-	325	603
Investments, net	2,415	16,286	2,667	35,644	-	14
Loans to customers	48,891	6,248	6,158	17,191	20,537	38
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	13,981
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	-	-	-	-	3,812
Other assets	-	-	-	-	-	546
Total financial assets	66,160	49,269	8,885	52,835	20,862	19,496
						6,887
						224,394
Financial liabilities						
Deposits	66,666	20,827	2,318	1,503	-	3,910
Interbank and money market items	10,870	37,237	-	-	3,094	6,598
Liabilities payable on demand	-	-	-	-	-	1,907
Debt issued and borrowings	-	3,693	-	-	-	-
Accounts payable from purchase of investments	-	-	-	-	-	14,907
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	-	-	-	-	1,200
Other liabilities	-	-	-	-	-	382
Total financial liabilities	77,536	61,757	2,318	1,503	3,094	28,904
On-financial reporting items, net	(11,376)	(12,488)	6,567	51,332	17,768	(9,408)
Off-financial reporting items, net	-	58,711	(9,146)	(51,638)	2,073	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

	Consolidated 31 December 2013					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	
				(in million Baht)		
Financial assets						
Cash	-	-	-	-	-	522
Interbank and money market items, net	15,305	26,099	-	-	328	42,937
Claims on security	-	-	-	-	-	2,000
Investments, net	3,133	15,738	5,988	33,570	1,739	60,182
Loans to customers	46,923	34,907	5,991	10,809	-	104,080
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	4,462
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	-	-	-	-	8,815
Other assets	-	-	-	-	-	649
Total financial assets	65,361	76,744	11,979	44,379	2,067	223,647
					5,431	
					17,686	
						4,907
						358
						173,136
						50,511
						-
Financial liabilities						
Deposits	64,444	24,428	8,908	1,480	-	103,189
Interbank and money market items	7,930	37,959	-	-	2,962	53,960
Liabilities payable on demand	-	-	-	-	-	1,720
Liabilities to deliver security	-	-	-	-	-	2,000
Debt issued and borrowings	-	3,517	-	-	-	3,517
Accounts payable from purchase of investments	-	-	-	-	-	3,485
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	-	-	-	-	4,907
Other liabilities	-	-	-	-	-	358
Total financial liabilities	72,374	65,904	8,908	1,480	2,962	173,136
On-financial reporting items, net	(7,013)	10,840	3,071	42,899	(895)	50,511
Off-financial reporting items, net	-	65,146	(26,449)	(42,331)	3,635	-

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2014

	Bank only 30 June 2014					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	
						(in million Baht)
Financial assets						
Cash	-	-	-	-	-	502
Interbank and money market items, net	14,854	26,735	60	-	325	595
Investments, net	-	16,286	2,667	35,644	-	14
Loans to customers	48,202	7,598	7,183	17,491	20,537	38
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	13,981
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	-	-	-	-	3,812
Other assets	-	-	-	-	-	546
Total financial assets	63,056	50,619	9,910	53,135	20,862	19,488
						6,887
						223,957
Financial liabilities						
Deposits	67,039	20,827	2,318	1,503	-	3,910
Interbank and money market items	10,870	37,237	-	-	3,094	6,598
Liabilities payable on demand	-	-	-	-	-	1,907
Debt issued and borrowings	-	3,693	-	-	-	-
Accounts payable from purchase of investments	-	-	-	-	-	14,907
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	-	-	-	-	1,200
Other liabilities	-	-	-	-	-	383
Total financial liabilities	77,909	61,757	2,318	1,503	3,094	28,905
On-financial reporting items, net	(14,853)	(11,138)	7,592	51,632	17,768	(9,417)
Off-financial reporting items, net	-	58,711	(9,146)	(51,638)	2,073	-

Notes to the interim financial statements

Bank only

Financial liabilities

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

4.3 Liquidity risk

Liquidity risk is the risk that the 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's 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 effectively in compliance with the policies and practice of the Standard Chartered Group as well as any other applicable regulatory requirements.

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.

The Bank's liquidity risk management framework requires limits to be set and monitored. 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, monthly on the Market-wide scenario and quarterly on Combined scenarios; as at 30 June 2014, the Bank passed liquidity stress tests on all scenarios. Limit excesses are escalated and approved under a delegated authority structure and reported to the ALCO.

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 2014, the loan to deposits ratio of the Bank is 89% (31 December 2013: 89%).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2014 and 31 December 2013 based on contractual maturity as follows:

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 30 June 2014 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	502	-	-	-	-	-	502
Interbank and money market items, net	15,397	26,795	60	-	325	-	42,577
Derivatives assets	-	4,922	2,290	13,638	4,922	-	25,772
Investments in debt securities	-	10,937	4,362	38,220	1,078	-	54,597
Investments in equity securities, net	-	-	-	-	-	14	14
Investments in receivables	2,415	-	-	-	-	-	2,415
Loans to customers	26,391	16,693	5,504	23,106	34,256	-	105,950
Accounts receivable from sales of investments and debt securities in issue	13,981	-	-	-	-	-	13,981
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	3,812	-	-	-	-	-	3,812
Other assets	-	-	-	546	-	-	546
Total financial assets	62,498	59,347	12,216	75,510	40,581	14	250,166
Financial liabilities							
Deposits	70,651	19,877	3,093	1,603	-	-	95,224
Interbank and money market items	21,226	31,378	-	-	5,195	-	57,799
Liabilities payable on demand	1,907	-	-	-	-	-	1,907
Derivatives liabilities	38	4,851	2,835	14,181	3,741	-	25,646
Debt issued and borrowings	-	2,693	1,000	-	-	-	3,693
Accounts payable from purchase of investments	14,907	-	-	-	-	-	14,907
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	1,200	-	-	-	-	-	1,200
Other liabilities	382	-	-	-	-	-	382
Total financial liabilities	110,311	58,799	6,928	15,784	8,936	-	200,758
Net liquidity gap	(47,813)	548	5,288	59,726	31,645	14	49,408

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2014

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 31 December 2013 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	522	-	-	-	-	-	522
Interbank and money market items, net	16,472	25,752	385	-	328	-	42,937
Claims on security	2,000	-	-	-	-	-	2,000
Derivatives assets	-	12,375	2,915	15,812	5,214	-	36,316
Investments in debt securities	-	6,607	10,520	36,512	3,352	-	56,991
Investments in equity securities, net	-	-	-	-	-	14	14
Investments in receivables	3,133	44	-	-	-	-	3,177
Loans to customers	23,447	19,230	3,694	23,887	33,822	-	104,080
Accounts receivable from sales of investments and debt securities in issue	4,462	-	-	-	-	-	4,462
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	8,815	-	-	-	-	-	8,815
Other assets	-	-	-	649	-	-	649
Total financial assets	58,851	64,008	17,514	76,860	42,716	14	259,963
Financial liabilities							
Deposits	68,373	21,798	11,445	1,573	-	-	103,189
Interbank and money market items	18,136	30,762	-	-	5,062	-	53,960
Liabilities payable on demand	1,720	-	-	-	-	-	1,720
Liabilities to deliver security	2,000	-	-	-	-	-	2,000
Derivatives liabilities	67	12,324	3,451	17,617	3,787	-	37,246
Debt issued and borrowings	-	2,517	-	1,000	-	-	3,517
Accounts payable from purchase of investments	3,485	-	-	-	-	-	3,485
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	4,907	-	-	-	-	-	4,907
Other liabilities	358	-	-	-	-	-	358
Total financial liabilities	99,046	67,401	14,896	20,190	8,849	-	210,382
Net liquidity gap	(40,195)	(3,393)	2,618	56,670	33,867	14	49,581

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2014

	At call	Within 6 months	Over 6 months to 1 year	Bank only 30 June 2014 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	502	-	-	-	-	-	502
Interbank and money market items, net	15,389	26,795	60	-	325	-	42,569
Derivatives assets	-	4,922	2,290	13,638	4,922	-	25,772
Investments in debt securities	-	10,937	4,362	38,220	1,078	-	54,597
Investments in equity securities, net	-	-	-	-	-	14	14
Loans to customers	25,703	18,043	6,568	23,366	34,256	-	107,936
Accounts receivable from sales of investments and debt securities in issue	13,981	-	-	-	-	-	13,981
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	3,812	-	-	-	-	-	3,812
Other assets	-	-	-	546	-	-	546
Total financial assets	59,387	60,697	13,280	75,770	40,581	14	249,729
Financial liabilities							
Deposits	70,949	19,952	3,093	1,603	-	-	95,597
Interbank and money market items	21,226	31,378	-	-	5,195	-	57,799
Liabilities payable on demand	1,907	-	-	-	-	-	1,907
Derivatives liabilities	38	4,851	2,835	14,181	3,741	-	25,646
Debt issued and borrowings	-	2,693	1,000	-	-	-	3,693
Accounts payable from purchase of investments	14,907	-	-	-	-	-	14,907
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	1,200	-	-	-	-	-	1,200
Other liabilities	383	-	-	-	-	-	383
Total financial liabilities	110,610	58,874	6,928	15,784	8,936	-	201,132
Net liquidity gap	(51,223)	1,823	6,352	59,986	31,645	14	48,597

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2014

	At call	Within 6 months	Over 6 months to 1 year	Bank only 31 December 2013 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	494	-	-	-	-	-	494
Interbank and money market items, net	16,435	25,752	385	-	328	-	42,900
Claims on security	2,000	-	-	-	-	-	2,000
Derivatives assets	-	12,375	2,915	15,812	5,214	-	36,316
Investments in debt securities	-	6,607	10,520	36,512	3,352	-	56,991
Investments in equity securities, net	-	-	-	-	-	14	14
Investments in receivables	-	44	-	-	-	-	44
Loans to customers	23,447	19,230	3,694	26,836	33,822	-	107,029
Accounts receivable from sales of investments and debt securities in issue	4,462	-	-	-	-	-	4,462
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	8,815	-	-	-	-	-	8,815
Other assets	-	-	-	649	-	-	649
Total financial assets	55,653	64,008	17,514	79,809	42,716	14	259,714
Financial liabilities							
Deposits	68,469	21,798	11,521	1,573	-	-	103,361
Interbank and money market items	18,136	30,762	-	-	5,062	-	53,960
Liabilities payable on demand	1,720	-	-	-	-	-	1,720
Liabilities to deliver security	2,000	-	-	-	-	-	2,000
Derivatives liabilities	67	12,324	3,451	17,617	3,787	-	37,246
Debt issued and borrowings	-	2,517	-	1,000	-	-	3,517
Accounts payable from purchase of investments	3,485	-	-	-	-	-	3,485
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	4,907	-	-	-	-	-	4,907
Other liabilities	358	-	-	-	-	-	358
Total financial liabilities	99,142	67,401	14,972	20,190	8,849	-	210,554
Net liquidity gap	(43,489)	(3,393)	2,542	59,619	33,867	14	49,160

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 30 June 2014 and 31 December 2013 are as follows:

Consolidated and Bank only			
30 June 2014			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	781,699	28,205	809,904
Cross currency swap contracts	111,415	251,110	362,525
Currency option contracts	4,277	8,500	12,777
<i>Interest rate related</i>			
Interest rate swap contracts	341,698	953,438	1,295,136
Interest rate option contracts	1,000	12,656	13,656
<i>Others</i>			
Bond forward contracts	-	1,328	1,328
Commodities	12,851	1,509	14,360

Consolidated and Bank only			
31 December 2013			
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	682,132	12,145	694,277
Cross currency swap contracts	97,957	248,650	346,607
Currency option contracts	4,335	8,500	12,835
<i>Interest rate related</i>			
Interest rate swap contracts	482,203	906,916	1,389,119
Interest rate option contracts	1,550	13,803	15,353
<i>Others</i>			
Commodities	14,117	4,857	18,974

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

5 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 value and estimated fair values of financial assets and financial liabilities.

	Consolidated			
	30 June 2014		31 December 2013	
	Carrying value	Fair value	Carrying value	Fair value
		(in million Baht)		
<i>Financial assets</i>				
Cash	502	502	522	522
Interbank and money market items, net	42,577	42,577	42,937	42,937
Claims on security	-	-	2,000	2,000
Derivative assets	25,772	25,772	36,316	36,316
Investments, net	57,026	57,026	60,182	60,182
Loans to customers	105,950	110,744	104,080	105,060
Accounts receivable from sales of investments and debt securities in issue	13,981	13,981	4,462	4,462
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	3,812	3,812	8,815	8,815
Other assets	546	546	649	649
Total financial assets	250,166	254,960	259,963	260,943
<i>Financial liabilities</i>				
Deposits	95,224	95,224	103,189	103,189
Interbank and money market items	57,799	57,958	53,960	54,009
Liabilities payable on demand	1,907	1,907	1,720	1,720
Liabilities to deliver security	-	-	2,000	2,000
Derivative liabilities	25,646	25,646	37,246	37,246
Debt issued and borrowings	3,693	3,702	3,517	3,528
Accounts payable from purchase of investments	14,907	14,907	3,485	3,485
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	1,200	1,200	4,907	4,907
Other liabilities	382	382	358	358
Total financial liabilities	200,758	200,926	210,382	210,442

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

	Bank only			
	30 June 2014		31 December 2013	
	Carrying value	Fair value (in million Baht)	Carrying value	Fair value
<i>Financial assets</i>				
Cash	502	502	494	494
Interbank and money market items, net	42,569	42,569	42,900	42,900
Claims on security	-	-	2,000	2,000
Derivative assets	25,772	25,772	36,316	36,316
Investment, net	54,611	54,611	57,049	57,049
Loans to customers	107,936	112,730	107,029	108,010
Accounts receivable from sales of investments and debt securities in issue	13,981	13,981	4,462	4,462
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	3,812	3,812	8,815	8,815
Other assets	546	546	649	649
Total financial assets	249,729	254,523	259,714	260,695
<i>Financial liabilities</i>				
Deposits	95,597	95,597	103,361	103,361
Interbank and money market items	57,799	57,958	53,960	54,009
Liabilities payable on demand	1,907	1,907	1,720	1,720
Liabilities to deliver security	-	-	2,000	2,000
Derivative liabilities	25,646	25,646	37,246	37,246
Debt issued and borrowings	3,693	3,702	3,517	3,528
Accounts payable from purchase of investments	14,907	14,907	3,485	3,485
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	1,200	1,200	4,907	4,907
Other liabilities	383	383	358	358
Total financial liabilities	201,132	201,300	210,554	210,614

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

Cash and 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, fair value is based on quoted market prices of comparable instruments after adjustment for the risk involved or the net asset values of such securities.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

General investments

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

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 where 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 8.

Claims on security/liabilities to deliver security, collateral from Credit Support Annex agreements and margin receivables/payable from private repo transactions, and other assets and other liabilities

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

6 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 30 June 2014 and 31 December 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, which is consistent with BoT requirements.

	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, share premium	23,893	23,893
Legal reserve	981	837
Net profit after appropriation	13,140	12,241
Other comprehensive income (OCI)	57	41
Less cash flow hedge reserve	(28)	(41)
Less intangible assets	(4)	-
Less deferred tax assets	(412)	(343)
Total Tier 1 Capital Base	37,627	36,628
<i>Tier 2 capital</i>		
Provision for normal classified assets	409	442
Surplus of provision	632	674
Total Tier 2 Capital Base	1,041	1,116
Total Capital Base	38,668	37,744
Total Risk-Weighted Assets	176,391	187,368

	The BoT's regulation minimum requirement	30 June 2014 (%)	31 December 2013
Capital Adequacy Ratio	8.50	21.92	20.14
Tier-1 Capital ratio	6.00	21.33	19.55
Tier-1 Common Equity ratio	4.50	21.33	19.55
Tier-2 Capital ratio	-	0.59	0.60

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 2014 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.sc.com/th/.

Capital management

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

7 Interbank and money market items, net (assets)

	Consolidated					
	30 June 2014		Total (in million Baht)	31 December 2013		Total
	At call	Term		At call	Term	
Domestic						
Bank of Thailand	14,622	11,300	25,922	14,314	7,100	21,414
Commercial banks	147	613	760	1,193	3,577	4,770
Other financial institutions	70	-	70	530	1,500	2,030
Total	14,839	11,913	26,752	16,037	12,177	28,214
Add accrued interest receivable	1	8	9	1	14	15
Less allowance for doubtful accounts	(1)	(5)	(6)	(15)	(5)	(20)
Total domestic, net	14,839	11,916	26,755	16,023	12,186	28,209
Foreign						
US Dollar	233	4,289	4,522	22	7,760	7,782
Japanese Yen	42	-	42	126	-	126
Euro	112	108	220	131	-	131
Chinese Yuan	20	10,821	10,841	26	6,490	6,516
Other currencies	150	-	150	145	-	145
Total	557	15,218	15,775	450	14,250	14,700
Add accrued interest receivable	-	55	55	-	37	37
Less allowance for doubtful accounts	-	(8)	(8)	-	(9)	(9)
Total foreign, net	557	15,265	15,822	450	14,278	14,728
Total domestic and foreign, net	15,396	27,181	42,577	16,473	26,464	42,937

	Bank only					
	30 June 2014		Total (in million Baht)	31 December 2013		Total
	At call	Term		At call	Term	
Domestic						
Bank of Thailand	14,622	11,300	25,922	14,314	7,100	21,414
Commercial banks	139	613	752	1,156	3,577	4,733
Other financial institutions	70	-	70	530	1,500	2,030
Total	14,831	11,913	26,744	16,000	12,177	28,177
Add accrued interest receivable	1	8	9	1	14	15
Less allowance for doubtful accounts	(1)	(5)	(6)	(15)	(5)	(20)
Total domestic, net	14,831	11,916	26,747	15,986	12,186	28,172
Foreign						
US Dollar	233	4,289	4,522	22	7,760	7,782
Japanese Yen	42	-	42	126	-	126
Euro	112	108	220	131	-	131
Chinese Yuan	20	10,821	10,841	26	6,490	6,516
Other currencies	150	-	150	145	-	145
Total	557	15,218	15,775	450	14,250	14,700
Add accrued interest receivable	-	55	55	-	37	37
Less allowance for doubtful accounts	-	(8)	(8)	-	(9)	(9)
Total foreign, net	557	15,265	15,822	450	14,278	14,728
Total domestic and foreign, net	15,388	27,181	42,569	16,436	26,464	42,900

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

8 Derivatives

8.1 Derivatives held for trading

As at 30 June 2014 and 31 December 2013, the fair value and notional amount of derivatives classified by type of risks are as follows:

Consolidated and Bank only						
	30 June 2014			31 December 2013		
Type of risks	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related	12,416	14,170	1,180,450	23,194	25,404	1,049,724
Interest rate related	12,285	10,542	1,302,272	11,984	10,933	1,391,952
Others						
- Bond forward contracts	49	49	1,328	-	-	-
- Commodities	751	751	14,360	738	738	18,974
	800	800	15,688	738	738	18,974
Total	25,501	25,512	2,498,410	35,916	37,075	2,460,650

As at 30 June 2014 and 31 December 2013, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated and Bank only	
	30 June 2014	31 December 2013
	<i>(%)</i>	
Financial institutions	72.5	62.6
Related parties	19.0	26.4
Other parties	8.5	11.0
Total	<u>100.0</u>	<u>100.0</u>

8.2 Derivatives held for hedging

8.2.1 Fair value hedges

Consolidated and Bank only						
	30 June 2014			31 December 2013		
	Fair value		Notional	Fair value		Notional
Type of risks	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign currency related	195	23	3,454	303	31	2,663
Interest rate related	1	32	1,150	-	31	850
Total	196	55	4,604	303	62	3,513

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

8.2.2 Cash flow hedges

Type of risks	Consolidated and Bank only					
	30 June 2014			31 December 2013		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	<i>(in million Baht)</i>					
Foreign currency related	-	35	1,302	-	67	1,332
Interest rate related	75	44	5,370	97	42	11,670
Total	75	79	6,672	97	109	13,002

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 or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss.

As at 30 June 2014 and 31 December 2013, the time periods in which cash flows of hedged items are expected to impact in profit or loss are as follows:

	Consolidated and Bank only				
	30 June 2014				
	Within	Over 3 months	Over 1 year	Over	Total
Forecast cash flows	3 months	to 1 year	to 5 years	5 years	
	<i>(in million Baht)</i>				
Forecast receivable cash flows	34	116	113	-	263
Forecast payable cash flows	(19)	(43)	(82)	-	(144)
Net forecast cash flows	15	73	31	-	119

	Consolidated and Bank only				
	31 December 2013				
	Within	Over 3 months	Over 1 year	Over	Total
Forecast cash flows	3 months	to 1 year	to 5 years	5 years	
	<i>(in million Baht)</i>				
Forecast receivable cash flows	92	161	189	-	442
Forecast payable cash flows	(18)	(50)	(112)	-	(180)
Net forecast cash flows	74	111	77	-	262

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

9 Investments, net

9.1 As at 30 June 2014 and 31 December 2013, the Bank and its subsidiaries classifies investment types, as follow:

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
Trading investments				
				Fair value
Government bonds	6,240	2,454	6,240	2,454
Private debt instruments	-	284	-	284
Total	6,240	2,738	6,240	2,738
Available-for-sale investments				
				Fair value
Government bonds	46,488	52,153	46,488	52,153
Private debt instruments	1,869	2,100	1,869	2,100
Total	48,357	54,253	48,357	54,253
Investments in receivables				
				Cost
Investments in receivables	2,415	3,177	-	44
Total	2,415	3,177	-	44
General investments				
				Cost
Domestic non-marketable equity securities	26	26	26	26
Foreign non-marketable equity securities	1	1	1	1
Total	27	27	27	27
<i>Less allowance for impairment</i>	<i>(13)</i>	<i>(13)</i>	<i>(13)</i>	<i>(13)</i>
Net	14	14	14	14
Total investments, net	57,026	60,182	54,611	57,049

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

	Consolidated and Bank only	
	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	214	235
<i>Less fair value changes in fair value hedged investments</i>	<i>(30)</i>	<i>(30)</i>
<i>Less deferred tax</i>	<i>(37)</i>	<i>(41)</i>
Fair value changes in available-for-sale investments	147	164

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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

Consolidated and Bank only					
30 June 2014					
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
				(in million Baht)	
Non-listed companies in SET	8	26	13	-	(13)
Total	8	26	13	-	(13)

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

10 Investment in subsidiaries

Companies	Type of business	Bank only		At Cost	
		Type of investment	Ownership interest	30 June 2014	31 December 2013
			(%)	(in million Baht)	
Standard Chartered (Thai) Asset Management Company Limited (SCTAMC)	Managing substandard assets purchased or transferred from financial institutions	Ordinary shares	99.9	639	639
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	99.9	59	59
Total				698	698

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

11 Loans to customers and accrued interest receivable, net

11.1 Classified by type of loans

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
Overdrafts	1,440	1,495	1,440	1,495
Loans	88,767	91,938	90,753	94,887
Bills	15,501	10,406	15,501	10,406
Others	242	241	242	241
Total	105,950	104,080	107,936	107,029
Add accrued interest receivable	432	523	463	576
Total loans and accrued interest receivable	106,382	104,603	108,399	107,605
Less allowance for doubtful accounts				
- Minimum allowance as BoT's regulations				
- Individual approach	(4,750)	(3,926)	(4,777)	(3,965)
- Collective approach	(875)	(805)	(875)	(805)
- Excess allowance	(2,626)	(2,878)	(2,599)	(2,839)
Total	(8,251)	(7,609)	(8,251)	(7,609)
Total loans to customers and accrued interest receivable, net	98,131	96,994	100,148	99,996

11.2 Classified by currency and residence of debtors

	Consolidated					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	91,827	158	91,985	90,326	163	90,489
US Dollar	10,031	923	10,954	9,402	1,182	10,584
Other currencies	687	2,324	3,011	706	2,301	3,007
Total	102,545	3,405	105,950	100,434	3,646	104,080

	Bank only					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	93,813	158	93,971	93,275	163	93,438
US Dollar	10,031	923	10,954	9,402	1,182	10,584
Other currencies	687	2,324	3,011	706	2,301	3,007
Total	104,531	3,405	107,936	103,383	3,646	107,029

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

11.3 Classified by industry and loan classification

	Consolidated 30 June 2014					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,166	2	-	-	65	1,233
Manufacturing and commerce	35,350	2,729	82	-	4,704	42,865
Property development and construction	3,680	100	7	-	475	4,262
Infrastructure and services	5,401	43	107	-	444	5,995
Housing loans	22,997	354	120	96	435	24,002
Others	25,458	993	333	13	796	27,593
Total	94,052	4,221	649	109	6,919	105,950

	31 December 2013					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	929	1	-	-	7	937
Manufacturing and commerce	31,363	3,185	88	-	3,558	38,194
Property development and construction	4,430	72	202	4	469	5,177
Infrastructure and services	4,847	58	299	-	172	5,376
Housing loans	23,898	386	99	35	410	24,828
Others	27,653	909	276	4	726	29,568
Total	93,120	4,611	964	43	5,342	104,080

	Bank only 30 June 2014					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,166	2	-	-	65	1,233
Manufacturing and commerce	35,350	2,729	57	-	4,652	42,788
Property development and construction	3,680	100	7	-	148	3,935
Infrastructure and services	5,401	43	8	-	259	5,711
Housing loans	22,997	354	120	96	435	24,002
Others	28,133	993	333	13	795	30,267
Total	96,727	4,221	525	109	6,354	107,936

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

	31 December 2013					
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	929	1	-	-	7	937
Manufacturing and commerce	31,363	3,185	57	-	3,481	38,086
Property development and construction	4,430	72	7	4	125	4,638
Infrastructure and services	4,847	58	9	-	172	5,086
Housing loans	23,898	386	99	35	410	24,828
Others	31,539	909	276	4	726	33,454
Total	97,006	4,611	448	43	4,921	107,029

11.4 Classified by loan classification

Consolidated
30 June 2014

	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	94,453	61,775	1	618
Special mention	4,252	3,575	2	71
Substandard	649	415	100	415
Doubtful	109	19	100	19
Doubtful of loss	6,919	4,502	100	4,502
Total	106,382	70,286		5,625
Excess allowance				2,626
Total				8,251

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Bank only			
30 June 2014			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts* (in million Baht)	Rate used for setting the allowance for doubtful accounts (%)
Minimum allowance as per BoT's Regulations			
Pass	97,159	64,450	1
Special mention	4,252	3,575	2
Substandard	525	415	100
Doubtful	109	19	100
Doubtful of loss	6,354	4,502	100
Total	<u>108,399</u>	<u>72,961</u>	
Excess allowance			
Total			<u>8,251</u>

* 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.

As at 30 June 2014, the collective approach is applied to loans to customers and accrued interest receivables of Baht 60,656 million, using provision rates between 0.03% and 4.95%. The total allowance under this approach is Baht 875 million.

Consolidated
31 December 2013

	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts* (in million Baht)	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	93,600	60,565	1	605
Special mention	4,654	3,292	2	66
Substandard	965	359	100	359
Doubtful	43	7	100	7
Doubtful of loss	5,341	3,694	100	3,694
Total	<u>104,603</u>	<u>67,917</u>		<u>4,731</u>
Excess allowance				<u>2,878</u>
Total				<u>7,609</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Bank only
31 December 2013

	Loans to customers and accrued interest receivables (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	97,539	64,452	1	644
Special mention	4,654	3,292	2	66
Substandard	448	359	100	359
Doubtful	43	7	100	7
Doubtful of loss	4,921	3,694	100	3,694
Total	<u>107,605</u>	<u>71,804</u>		<u>4,770</u>
Excess allowance				<u>2,839</u>
Total				<u>7,609</u>

* 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.

As at 31 December 2013, the collective approach was applied to loans to customers and accrued interest receivables of Baht 64,851 million, using provision rates between 0.03% and 4.88%. The total allowance under this approach was Baht 805 million.

11.5 Non-performing loans

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

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

As at 30 June 2014 and 31 December 2013, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Non-performing loans, net (in million Baht)	2,618	2,120	1,930	1,182
Total loans used for NPL net ratio calculation ⁽¹⁾ (in million Baht)	127,954	127,905	129,941	130,854
Ratio of total loans (%)	2.05	1.66	1.48	0.90

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

As at 30 June 2014 and 31 December 2013, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Non-performing loans, gross (<i>in million Baht</i>)	7,677	6,349	6,988	5,412
Total loans used for NPL gross ratio calculation ⁽¹⁾ (<i>in million Baht</i>)	133,013	132,134	134,999	135,084
Ratio of total loans (%)	5.77	4.81	5.18	4.01

⁽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.

12 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)

	Six-month period ended 30 June	
	2014	2013
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	460	129
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>		
Impairment loss of investments (reversal of)	(7)	5
Impairment loss on amount due from related party (reversal of)	(8)	20
Net interest expenses (income)	(491)	6
Interest received	580	124
Interest paid	(112)	(128)
Income tax paid	(32)	(85)
Profit from operations before changes in operating assets and liabilities	390	71
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(153)	187
Investments in receivables	724	189
Loans to customers	249	(119)
Amount due from related parties	8	-
Deposits	(4)	(2)

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

	Six-month period ended 30 June	
	2014	2013
	(in million Baht)	
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	7	5
Advance from asset purchaser	(17)	278
Accrued expenses and other liabilities	(20)	(9)
Net cash provided by operating activities	1,184	600
<i>Cash flows from financing activities</i>		
Proceeds from borrowings of intercompany and money market items	-	200
Repayments of borrowings of intercompany and money market items	(1,212)	(800)
Net cash used in financing activities	(1,212)	(600)
Net decrease in cash	(28)	-
Cash at beginning of the period	28	-
Cash at end of the period	-	-

13 Troubled debt restructuring

During the six-month periods ended 30 June 2014 and 2013, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
Six-month period ended 30 June 2014				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring	Amount of debt after restructuring
			(in million Baht)	
Modification of terms and conditions	Over 2 months to 26 years 11 months	451	266	259
Total		451	266	259

Consolidated and Bank only				
Six-month period ended 30 June 2013				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring	Amount of debt after restructuring
			(in million Baht)	
Modification of terms and conditions	Over 10 months to 27 years	361	2,332	2,327
Total		361	2,332	2,327

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

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

	Consolidated and Bank only	
	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
Troubled restructured debt	<u>3,022</u>	<u>2,991</u>

The loss incurred arising from restructuring, before allowance for doubtful accounts as follows:

	Consolidated and Bank only			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
The loss incurred arising from restructuring, before allowance for doubtful accounts	<u>2</u>	<u>3</u>	<u>7</u>	<u>5</u>

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 2014 and 2013.

The Bank and its subsidiaries recognised interest income from debt restructuring as follows:

	Consolidated and Bank only			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Interest income	<u>55</u>	<u>55</u>	<u>108</u>	<u>73</u>

14 Allowance for doubtful accounts

	Consolidated						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	
	Six-month period ended 30 June 2014						
	<i>(in million Baht)</i>						
Beginning balance	605	66	359	7	3,694	2,878	7,609
Allowance for doubtful accounts	13	5	56	12	2,118	(252)	1,952
Bad debt written off	-	-	-	-	(1,323)	-	(1,323)
Others	-	-	-	-	13	-	13
Ending balance	<u>618</u>	<u>71</u>	<u>415</u>	<u>19</u>	<u>4,502</u>	<u>2,626</u>	<u>8,251</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

Bank only							
Six-month period ended 30 June 2014							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	644	66	359	7	3,694	2,839	7,609
Allowance for doubtful accounts	1	5	56	12	2,118	(240)	1,952
Bad debt written off	-	-	-	-	(1,323)	-	(1,323)
Others	-	-	-	-	13	-	13
Ending balance	645	71	415	19	4,502	2,599	8,251

Consolidated							
Year ended 31 December 2013							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	607	58	295	26	3,423	1,757	6,166
Allowance for doubtful accounts	(2)	8	64	(19)	2,532	1,121	3,704
Bad debt written off	-	-	-	-	(2,252)	-	(2,252)
Others	-	-	-	-	(9)	-	(9)
Ending balance	605	66	359	7	3,694	2,878	7,609

	Bank only						
	Year ended 31 December 2013						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	656	58	295	26	3,423	1,708	6,166
Allowance for doubtful accounts	(12)	8	64	(19)	2,532	1,131	3,704
Bad debt written off	-	-	-	-	(2,252)	-	(2,252)
Others	-	-	-	-	(9)	-	(9)
Ending balance	644	66	359	7	3,694	2,839	7,609

	Consolidated		Bank only	
Three-month period ended 30 June	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Allowance for doubtful accounts	883	754	883	754
Impairment of investment in receivables (reversal of)	(5)	5	-	-
Less bad debts recovered	(76)	(88)	(76)	(88)
Impairment loss of loans and debt securities	802	671	807	666

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2014

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
		(in million Baht)		
Allowance for doubtful accounts	1,952	1,561	1,952	1,561
Impairment of investment in receivables (reversal of)	(7)	5	-	-
Less bad debts recovered	(167)	(205)	(167)	(205)
Impairment loss of loans and debt securities	1,778	1,361	1,785	1,356

The Bank and its subsidiaries have estimated the impairment loss of loans based on countercyclical assumptions in addition to normal impairment loss of loans.

15 Properties for sale

The details of properties for sale are as follows:

Consolidated and Bank only				
Six-month period ended 30 June 2014				
	Beginning balance	Increase	Disposals	Ending balance
		(in million Baht)		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	1	-	-	1
Movable property				
- Appraised by external appraisal	1	-	-	1
Total	2	-	-	2
Transfer from premises and equipment	33	-	-	33
Total properties for sale	35	-	-	35
Less allowance for impairment	(9)	-	-	(9)
Properties for sale, net	26	-	-	26

Consolidated and Bank only				
Year ended 31 December 2013				
	Beginning balance	Increase	Disposals	Ending balance
		(in million Baht)		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	(7)	1
Movable property				
- Appraised by external appraisal	1	-	-	1
Total	9	-	(7)	2
Transfer from premises and equipment	51	-	(18)	33
Total properties for sale	60	-	(25)	35
Less allowance for impairment	(20)	(2)	13	(9)
Properties for sale, net	40	(2)	(12)	26

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

16 Premises and equipment

As at 30 June 2014 and 31 December 2013, changes in premises and equipment are as follows:

	Net book value as of 1 January 2014	Consolidated 30 June 2014				Ending balance	Accumulated depreciation		Ending balance	Allowance for impairment	Net book value as of 30 June 2014
		Beginning balance	Purchases and transfers in	Disposals and transfers out	Depreciation (in million Baht)		Beginning balance	Disposals and transfers out			
Land	27	36	-	-	-	36	-	-	-	(9)	27
Freehold premises	549	1,889	-	-	28	1,889	910	-	938	(430)	521
Equipment	201	1,307	25	(43)	40	1,289	1,106	(42)	1,104	-	185
Total	777	3,232	25	(43)	68	3,214	2,016	(42)	2,042	(439)	733

	Net book value as of 1 January 2013	31 December 2013				Ending balance	Accumulated depreciation		Ending balance	Allowance for impairment	Net book value as of 31 December 2013
		Beginning balance	Purchases and transfers in	Disposals and transfers out	Depreciation (in million Baht)		Beginning balance	Disposals and transfers out			
Land	27	36	-	-	-	36	-	-	-	(9)	27
Freehold premises	618	1,889	-	-	69	1,889	841	-	910	(430)	549
Equipment	135	1,262	137	(92)	71	1,307	1,127	(92)	1,106	-	201
Others	48	48	54	(102)	-	-	-	-	-	-	-
Total	828	3,235	191	(194)	140	3,232	1,968	(92)	2,016	(439)	777

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that was still in use as at 30 June 2014 amounted Baht 1,001 million (31 December 2013: Baht 1,012 million).

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

Notes to the financial statements

For the three-month and six-month period ended 30 June 2014

	Net book value as of 1 January 2014	Bank only 30 June 2014					Net book value as of 30 June 2014	
		Accumulated depreciation						
		Cost		Disposals and transfers out		Allowance for impairment		
	Beginning balance	Purchases and transfers in	Ending balance	Beginning balance	Depreciation		Ending balance	
					<i>(in million Baht)</i>			
Land	27	36	-	36	-	-	(9)	27
Freehold premises	549	1,889	-	1,889	910	28	(430)	521
Equipment	201	1,304	25	1,286	1,103	40	-	185

	Net book value as of 1 January 2013	31 December 2013						Net book value as of 31 December 2013	
		Cost		Accumulated depreciation			Allowance for impairment		
		Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Depreciation			Disposals and transfers out
									</

As at 30 June 2014, the Bank had net book value of equipment under finance leases of Baht 0.8 million (31 December 2013: Baht 4 million).

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 30 June 2014 amounted Baht 999 million (31 December 2013: Baht 1,010 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

17 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
Deferred tax assets	645	585
Deferred tax liabilities	(12)	(15)
Net	633	570

	Bank only	
	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
Deferred tax assets	457	398
Deferred tax liabilities	(45)	(55)
Net	412	343

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2014 and 2013 were as follows:

	At 1 January 2014	Consolidated (Charged) / Credited to:		At 30 June 2014
		Profit or loss	Other comprehensive income	
		<i>(note 40)</i>		
		<i>(in million Baht)</i>		
Deferred tax assets				
Investments	169	(1)	5	173
Loans and accrued interest receivable	89	31	-	120
Premises and equipment	92	(2)	-	90
Intangible assets	2	(1)	-	1
Other assets	69	(4)	-	65
Provisions	109	18	-	127
Other liabilities	55	12	-	67
Unused tax loss carry forward	-	2	-	2
Total	585	55	5	645
Deferred tax liabilities				
Properties for sale	(5)	-	-	(5)
Cash flow hedges	(10)	-	3	(7)
Total	(15)	-	3	(12)
Net	570	55	8	633

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

		Consolidated (Charged) / Credited to:		
	At 1 January 2013	Profit or loss	Other comprehensive income	At 30 June 2013
		(note 40)		
		(in million Baht)		
<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

		Bank only (Charged) / Credited to:		
	At 1 January 2014	Profit or loss	Other comprehensive income	At 30 June 2014
		(note 40)		
		(in million Baht)		
<i>Deferred tax assets</i>				
Loans and accrued interest receivable	89	31	-	120
Premises and equipment	92	(2)	-	90
Intangible assets	2	(1)	-	1
Other assets	65	(3)	-	62
Provisions	107	17	-	124
Other liabilities	43	17	-	60
Total	398	59	-	457
<i>Deferred tax liabilities</i>				
Investments	(40)	2	5	(33)
Properties for sale	(5)	-	-	(5)
Cash flow hedges	(10)	-	3	(7)
Total	(55)	2	8	(45)
Net	343	61	8	412

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

	At 1 January 2013	Bank only (Charged) / Credited to:		At 30 June 2013
		Profit or loss	Other comprehensive income	
		(note 40) (in million Baht)		
Deferred tax assets				
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
Deferred tax liabilities				
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

18 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.

19 Other assets

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	(in million Baht)			
Accrued interest and income receivable	546	649	546	649
Prepayments	47	35	44	33
Leasehold premises, net	25	26	25	26
Others	288	260	290	249
Total	906	970	905	957

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
Current	6,601	8,339	6,601	8,339
Savings	64,050	60,034	64,348	60,130
Term				
- Less than 6 months	6,415	9,368	6,490	9,368
- 6 months to less than 1 year	3,037	5,504	3,037	5,580
- 1 year and over	15,121	19,944	15,121	19,944
Total	95,224	103,189	95,597	103,361

20.2 Classified by currency and residence of depositors

	Consolidated					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	85,131	2,783	87,914	94,273	2,645	96,918
US Dollar	6,382	609	6,991	5,419	565	5,984
Other currencies	224	95	319	218	69	287
Total	91,737	3,487	95,224	99,910	3,279	103,189

	Bank only					
	30 June 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	85,504	2,783	88,287	94,445	2,645	97,090
US Dollar	6,382	609	6,991	5,419	565	5,984
Other currencies	224	95	319	218	69	287
Total	92,110	3,487	95,597	100,082	3,279	103,361

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

21 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2014			31 December 2013		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	1,623	22,400	24,023	-	25,840	25,840
Special financial institutions	2,006	2,000	4,006	506	-	506
Other financial institutions	10,253	5,194	15,447	8,723	5,062	13,785
Total domestic	13,882	29,594	43,476	9,229	30,902	40,131
Foreign						
US Dollar	326	6,978	7,304	3,283	4,922	8,205
Thai Baht	6,979	-	6,979	5,507	-	5,507
Japanese Yen	33	-	33	117	-	117
Other currencies	7	-	7	-	-	-
Total foreign	7,345	6,978	14,323	8,907	4,922	13,829
Total domestic and foreign	21,227	36,572	57,799	18,136	35,824	53,960

As at 30 June 2014, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 5,194 million (*31 December 2013: Baht 5,062 million*).

22 Debt issued and borrowings

As at 30 June 2014 and 31 December 2013, debt issued and borrowings balances are denominated in Thai Baht with terms as follows:

Consolidated and Bank only						
30 June 2014			31 December 2013			
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	<i>(in million Baht)</i>		(%)	<i>(in million Baht)</i>
Debentures	2014	1.40 - 2.18	2,693	2014	1.65 - 2.59	2,517
Structured notes	2015	0.00 - 5.48	1,000	2015	0.00 - 5.48	1,000
Total			3,693			3,517

As at 30 June 2014, 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 2013: Baht 1,000 million*).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

23 Provisions

	Employee benefits	Consolidated Contingent liabilities (in million Baht)	Total
At 1 January 2013	322	197	519
Provisions made	31	-	31
Provisions used	(5)	-	(5)
At 31 December 2013 and 1 January 2014	348	197	545
Provisions made	24	186	210
Provisions used	(1)	-	(1)
Provision reversed	-	(121)	(121)
At 30 June 2014	371	262	633

	Employee benefits	Bank only Contingent liabilities (in million Baht)	Total
At 1 January 2013	313	197	510
Provisions made	30	-	30
Provisions used	(5)	-	(5)
At 31 December 2013 and 1 January 2014	338	197	535
Provisions made	23	186	209
Provisions used	(1)	-	(1)
Provision reversed	-	(121)	(121)
At 30 June 2014	360	262	622

24 Accounts payable from purchase of investments

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

25 Other liabilities

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	(in million Baht)			
Withholding tax payable	180	134	180	133
VAT payable	6	10	5	9
Other payables	881	734	881	734
Accrued interest payable	382	358	383	358
Others	688	653	685	636
Total	2,137	1,889	2,134	1,870

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

26 Share capital

	Par value per share (in Baht)	Consolidated and Bank only			
		2014		2013	
		Number	Amount	Number	Amount
			(in million shares / million Baht)		
Authorised					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At 30 June - ordinary shares	10	<u>1,484</u>	<u>14,843</u>	<u>1,484</u>	<u>14,843</u>
Issued and paid-up					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At 30 June - ordinary shares	10	<u>1,484</u>	<u>14,837</u>	<u>1,484</u>	<u>14,837</u>

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.

27 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other reserves

Fair value change in available-for-sale investments

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

Cash flow hedges

The cash flow hedges account within equity comprise the cumulative net change in the fair value of 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

28 Assets pledged as collateral

Assets pledged as collateral as of 30 June 2014 and 31 December 2013 consisted of:

	<i>Note</i>	Consolidated and Bank only	
		30 June 2014	31 December 2013
		<i>(in million Baht)</i>	
Government bonds			
- Pledged as collateral against repurchase transactions		21,321	22,028
- Pledged as collateral for derivatives	30	1,327	-
Total		22,648	22,028

29 Contingent liabilities

	Consolidated and Bank only	
	30 June 2014	31 December 2013
	<i>(in million Baht)</i>	
Guarantees of loans	1,706	1,990
Liability under unmatured import bills	494	1,090
Letters of credit	872	2,611
Other contingencies		
- Unused credit line of overdrafts	3,194	3,378
- Other letters of guarantee	29,077	36,252
	32,271	39,630
Total	35,343	45,321

Litigation

As at 30 June 2014, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 534 million (excluding interest) (31 December 2013: Baht 1,005 million). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 73 million as at 30 June 2014 (31 December 2013: Baht 189 million).

30 Related parties

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

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

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
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, 99.9% shareholding, 50% of directors are representative of the Bank
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 99.9% 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

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

Transactions

Interest rate
Services
Derivatives

Pricing policies

Based on market rate
Contractually agreed price
Based on market price

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

Significant transactions for the three-month and six-month periods ended 30 June 2014 and 2013 with key management and other related parties were as follows :

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
		(in million Baht)		
Interest income	110	28	149	92
Interest expenses	3	6	3	6
Fee and service expenses	3	2	40	43
Gains (losses) on trading and foreign exchange transactions	(1,323)	264	(1,323)	264
Other operating income	1	1	14	62
Service agreements	142	125	141	125
Others	56	60	55	60

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
		(in million Baht)		
Interest income	205	65	294	196
Interest expenses	6	13	6	14
Fee and service expenses	7	4	79	86
Gains (losses) on trading and foreign exchange transactions	(67)	729	(67)	729
Other operating income	10	2	28	77
Service agreements	264	249	264	249
Others	133	123	130	123

Significant balances and business transactions with executives and other related parties

Significant balances and 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 2014 and 31 December 2013 were as follows:

	Consolidated and Bank only			
	30 June 2014		31 December 2013	
	Ending balance	Average	Ending balance	Average
		(in million Baht)		
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>1,959</u>	<u>1,966</u>	<u>1,974</u>	<u>2,146</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>247</u>	<u>291</u>	<u>244</u>	<u>260</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

	Consolidated		Bank only	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank	<u>15,128</u>	<u>14,045</u>	<u>15,128</u>	<u>14,045</u>
<i>Derivative assets (marked to market value)</i>				
Standard Chartered Bank	<u>6,165</u>	<u>8,162</u>	<u>6,165</u>	<u>8,162</u>
<i>Government bonds - Pledged as collateral for derivatives</i>				
Standard Chartered Bank	<u>1,327</u>	<u>-</u>	<u>1,327</u>	<u>-</u>
<i>Loans to customers and accrued interest receivable</i>				
Resolution Alliance Limited	236	236	236	236
Standard Chartered (Thai) Asset Management Company Limited	-	-	2,704	3,940
Total	<u>236</u>	<u>236</u>	<u>2,940</u>	<u>4,176</u>
<i>Other assets</i>				
Standard Chartered Bank	91	3,423	91	3,423
Standard Chartered (Thailand) Limited	2	-	2	-
Thai Exclusive Leasing Company Limited	-	-	23	1
Standard Chartered (Thai) Asset Management Company Limited	-	-	3	2
Total	<u>93</u>	<u>3,423</u>	<u>119</u>	<u>3,426</u>
<i>Deposits</i>				
Resolution Alliance Limited	17	35	17	35
Standard Chartered Securities (HongKong) Limited	4	1	4	1
Standard Chartered (Thailand) Limited	15	10	15	10
Standard Chartered (Thai) Asset Management Company Limited	-	-	258	75
Thai Exclusive Leasing Company Limited	-	-	115	98
Total	<u>36</u>	<u>46</u>	<u>409</u>	<u>219</u>
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Bank	<u>8,521</u>	<u>5,993</u>	<u>8,521</u>	<u>5,993</u>
<i>Derivative liabilities (marked to market value)</i>				
Standard Chartered Bank	<u>7,077</u>	<u>10,712</u>	<u>7,077</u>	<u>10,712</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

	Consolidated		Bank only	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Debt issued and borrowings</i>				
Standard Chartered (Thailand) Limited	<u>337</u>	<u>346</u>	<u>337</u>	<u>346</u>
<i>Accrued expenses</i>				
Standard Chartered Bank	281	557	278	555
Standard Chartered Strategic Brand Management Limited	84	175	84	175
Scope International Private Limited	2	2	2	2
Scope International (Malaysia) Sendirian Berhad	1	1	1	1
Scope International (China) Company Limited	1	1	1	1
Thai Exclusive Leasing Company Limited	-	-	12	12
Total	<u>369</u>	<u>736</u>	<u>378</u>	<u>746</u>
<i>Other liabilities</i>				
Standard Chartered Bank	<u>5</u>	<u>19</u>	<u>5</u>	<u>19</u>
<i>Other letters of guarantee</i>				
Standard Chartered Bank	<u>8,917</u>	<u>8,792</u>	<u>8,917</u>	<u>8,792</u>
<i>Derivatives - Foreign currency related</i>				
Standard Chartered Bank	<u>160,582</u>	<u>177,887</u>	<u>160,582</u>	<u>177,887</u>
<i>Derivatives - Interest rate related</i>				
Standard Chartered Bank	<u>306,415</u>	<u>465,507</u>	<u>306,415</u>	<u>465,507</u>
<i>Derivatives - Commodities</i>				
Standard Chartered Bank	<u>8,542</u>	<u>6,797</u>	<u>8,542</u>	<u>6,797</u>
<i>Three-month period ended 30 June</i>				
	Consolidated	Consolidated	Bank only	Bank only
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Short-term employee benefits	123	168	125	157
Post-employment benefits	2	2	2	2
Share-based payments	7	7	6	7
Total key management personnel compensation	<u>132</u>	<u>177</u>	<u>133</u>	<u>166</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Short-term employee benefits	229	287	240	274
Post-employment benefits	4	4	4	4
Share-based payments	11	11	11	10
Total key management personnel compensation	244	302	255	288

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

(a) 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.

(b) 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.

(c) 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.

(d) Outsourcing services

In 2002 until present, the Bank entered into service agreements with related parties for certain accounting and financial processing activities, information technology support, and other related activities. 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

31 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 2014	31 December 2013	30 June 2014	31 December 2013
	<i>(in million Baht)</i>			
Within one year	117	105	114	104
After one year but within five years	195	175	193	175
After five years	45	56	45	56
Total	357	336	352	335

32 Segment information

Client segments

In January 2014, Standard Chartered PLC ("Standard Chartered" or the "Group") announced a change to its organisation structure effective 1 April 2014. The three new client segment groups are Corporate and Institutional Clients, Commercial and Private Banking Clients, and Retail Clients. These changes represent components of a programme of management actions to support the execution of a refreshed and sharpened strategy, deliver the growth and return aspirations and adapt to the changes in the regulatory and market environment.

The Bank and its subsidiaries have restructured the business in Thailand accordingly to align with the Group's organisation structure. As a result, the erstwhile Consumer Banking and Wholesale Banking have been combined and currently re-organised into the following client segment groups:

Corporate and Institutional (C&I) clients comprise Global Corporates (major multinational corporations and large business groups which have sophisticated, cross-border needs requiring high levels of international service); Local Corporates (typically clients with operations in three geographies or less); and Financial Institutions (Banks, Investor clients, Insurance companies, Broker Dealers, Public Sector names (including Bank of Thailand, Sovereign Wealth Funds and Development Organisations) and other types of financial institutions.

Retail clients comprise Priority & International clients, managing and servicing high value segment customers and delivering a distinct and differentiated customer experience to them; Personal & Preferred clients, providing banking products and services to a broader consumer market; and Business Clients, serving small business clients, sole proprietors and private companies, offering solutions such as working capital, business expansion, businesses protection and yield enhancement.

In addition, certain items which do not fall within the two client 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 reporting segments.

While this restatement affects the reported results of the divisions that comprise the Bank and its subsidiaries' business, it has no impact on the Bank and its subsidiaries' overall statement of financial position, statement of comprehensive income or other primary statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

By client segment

<i>Three-month period ended 30 June</i>	Retail clients		Corporate & Institutional clients		Other Banking (in million Baht)		Eliminations		Consolidated	
	2014		2013		2014		2013		2014	
	2014		2013		2014		2013		2014	
Net interest income	1,343	1,448	850	769	11	10	-	-	2,204	2,227
Other income	165	103	793	773	17	16	(14)	(63)	961	829
Operating income	1,508	1,551	1,643	1,542	28	26	(14)	(63)	3,165	3,056
Operating expenses	(811)	(807)	(546)	(652)	(24)	4	14	17	(1,367)	(1,438)
Operating profit (loss) before impairment loss of loans and debt securities and taxation	697	744	1,097	890	4	30	-	(46)	1,798	1,618
Impairment loss of loans and debt securities	(567)	(557)	(235)	(114)	-	-	-	-	(802)	(671)
Profit (loss) from operations before income tax expenses	130	187	862	776	4	30	-	(46)	996	947

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

<i>Six-month period ended</i> <i>30 June</i>	Retail Clients		Corporate & Institutional Clients		Other Banking <i>(in million Baht)</i>	Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	
Net interest income	2,699	2,846	1,809	1,566	22	20	-	-	4,432
Other income	252	146	1,563	1,678	30	50	(27)	(80)	1,794
Operating income	2,951	2,992	3,372	3,244	52	70	(27)	(80)	6,226
Operating expenses	(1,580)	(1,589)	(1,321)	(1,216)	(6)	(4)	27	34	(2,775)
Operating profit (loss) before impairment loss of loans and debt securities and taxation	1,371	1,403	2,051	2,028	46	66	-	(46)	3,451
Impairment loss of loans and debt securities	(1,331)	(993)	(447)	(368)	-	-	-	-	(1,361)
Profit (loss) from operations before income tax expenses	40	410	1,604	1,660	46	66	-	(46)	2,090
Segment assets as at 30 June/ 31 December	59,147	63,205	183,443	189,733	1,529	1,634	-	-	254,572

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

33 Interest income

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Interbank and money market items	359	425	359	425
Investments and trading transactions	33	50	33	50
Investments in debt securities	348	403	348	403
Investments in receivables	110	40	-	5
Loans to customers	2,225	2,413	2,173	2,437
Total	3,075	3,331	2,913	3,320

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Interbank and money market items	702	862	702	862
Investments and trading transactions	71	109	71	109
Investments in debt securities	718	788	718	788
Investments in receivables	338	78	5	10
Loans to customers	4,565	4,811	4,408	4,885
Total	6,394	6,648	5,904	6,654

34 Interest expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Deposits	457	602	458	603
Interbank and money market items	245	283	245	283
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	147	166	147	166
Debt issued and borrowings	22	53	22	53
Total	871	1,104	872	1,105

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Deposits	972	1,263	973	1,265
Interbank and money market items	553	521	553	521
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	298	333	298	333
Debt issued and borrowings	41	98	41	98
Total	1,864	2,215	1,865	2,217

35 Net fees and service income

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
- Acceptance, avals and guarantees	49	43	49	43
- Transaction fees	161	194	161	194
- Others	239	277	240	277
	<u>449</u>	<u>514</u>	<u>450</u>	<u>514</u>
<i>Fees and service expenses</i>				
- Commission fees	1	95	1	95
- Collection service	-	-	37	42
- Others	122	120	116	118
	<u>123</u>	<u>215</u>	<u>154</u>	<u>255</u>
Net	326	299	296	259

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
- Acceptance, avals and guarantees	99	80	99	80
- Transaction fees	306	344	306	344
- Others	458	530	458	530
	<u>863</u>	<u>954</u>	<u>863</u>	<u>954</u>
<i>Fees and service expenses</i>				
- Commission fees	36	208	36	208
- Collection service	-	-	73	82
- Others	234	220	218	217
	<u>270</u>	<u>428</u>	<u>327</u>	<u>507</u>
Net	593	526	536	447

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

36 Gains on trading and foreign exchange transactions, net

<i>Three-month period ended 30 June</i>	Consolidated and Bank only	
	2014	2013
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	512	(417)
- Interest rate related derivatives	(43)	873
- Debt securities	39	(5)
	<u>508</u>	<u>451</u>
Gains on hedging transactions	33	5
Total	<u>541</u>	<u>456</u>

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2014	2013
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	916	(102)
- Interest rate related derivatives	(84)	1,003
- Debt securities	111	26
	<u>943</u>	<u>927</u>
Gains on hedging transactions	47	1
Total	<u>990</u>	<u>928</u>

37 Gains on investments, net

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale investments	100	28	100	28
- Investments in receivables	(9)	25	-	-
Total	<u>91</u>	<u>53</u>	<u>100</u>	<u>28</u>

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	173	60	173	60
- General investments	-	1	-	1
- Investments in receivables	51	236	-	-
Total	<u>224</u>	<u>297</u>	<u>173</u>	<u>61</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

38 Employee expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Management				
Wages and salaries	77	80	77	78
Post-employment benefits - defined benefit plans	2	2	2	2
Share-based payment transactions	7	7	6	7
Others	46	88	48	79
	132	177	133	166
Other employees				
Wages and salaries	417	373	406	363
Post-employment benefits - defined benefit plans	10	9	10	9
Share-based payment transactions	(13)	29	(13)	27
Others	216	207	207	199
	630	618	610	598
Total	762	795	743	764
<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Management				
Wages and salaries	149	149	147	147
Post-employment benefits - defined benefit plans	4	4	4	4
Share-based payment transactions	11	11	11	10
Others	80	138	93	127
	244	302	255	288
Other employees				
Wages and salaries	797	739	776	717
Post-employment benefits - defined benefit plans	20	19	19	18
Share-based payment transactions	(7)	43	(8)	41
Others	395	412	379	401
	1,205	1,213	1,166	1,177
Total	1,449	1,515	1,421	1,465

The Bank and its subsidiaries have established contributory provident fund for their employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

39 Impairment loss of loans and debt securities

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Interbank and money market items	(13)	(12)	(13)	(12)
Investment in receivables	(5)	5	-	-
Loans to customers	820	678	820	678
Total	802	671	807	666

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Interbank and money market items	(15)	23	(15)	23
Investment in receivables	(7)	5	-	-
Loans to customers	1,800	1,333	1,800	1,333
Total	1,778	1,361	1,785	1,356

40 Income tax expense

Income tax recognised in profit or loss

<i>Three-month period ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Current tax expense					
Current year		225	182	198	163
Under (over) provided in prior years		(20)	97	(15)	88
		205	279	183	251

Deferred tax expense					
Movements in temporary differences		(5)	30	1	51
Over provided in prior years		(20)	(76)	(24)	(69)
	17	(25)	(46)	(23)	(18)
Total		180	233	160	233

<i>Six-month period ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2014	2013	2014	2013
		<i>(in million Baht)</i>			
Current tax expense					
Current year		411	418	322	360
Under (over) provided in prior years		(20)	97	(15)	88
		391	515	307	448

Deferred tax expense					
Movements in temporary differences		(35)	37	(38)	64
Over provided in prior years		(20)	(76)	(23)	(69)
	17	(55)	(39)	(61)	(5)
Total		336	476	246	443

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

Income tax recognised in other comprehensive income

Three-month period ended 30 June

	Consolidated and Bank only					
	Before Tax	2014 Tax (expense) benefit	Net of Tax (in million Baht)	Before tax	2013 Tax (expense) benefit	Net of Tax
Cash flow hedges	(2)	-	(2)	14	(3)	11
Available-for-sale investments	(128)	26	(102)	(137)	28	(109)
Total	(130)	26	(104)	(123)	25	(98)

Six-month period ended 30 June

	Consolidated and Bank only					
	Before Tax	2014 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2013 Tax (expense) benefit	Net of Tax
Cash flow hedges	(16)	3	(13)	7	(2)	5
Available-for-sale investments	(22)	5	(17)	(122)	25	(97)
Total	(38)	8	(30)	(115)	23	(92)

Reconciliation of effective tax rate

Three-month period ended 30 June

	Consolidated			
	2014 Rate (%)	(in million Baht)	2013 Rate (%)	(in million Baht)
Profit before income tax expense		996		947
Income tax using the Thai corporation tax rate	20	199	20	189
Effect of income tax from subsidiaries		-		9
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		21		14
Under (over) provided in prior years		(40)		21
Total	18	180	25	233

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Notes to the financial statements
For the three-month and six-month period ended 30 June 2014

Six-month period ended 30 June

	Consolidated			
	2014		2013	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		1,690		2,090
Income tax using the Thai corporation tax rate	20	338	20	418
Effect of income tax from subsidiaries		-		9
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		38		28
Under (over) provided in prior years		(40)		21
Total	20	336	23	476

Three-month period ended 30 June

	Bank only			
	2014		2013	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		888		1,000
Income tax using the Thai corporation tax rate	20	178	20	200
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		21		14
Under (over) provided in prior years		(39)		19
Total	18	160	23	233

Six-month period ended 30 June

	Bank only			
	2014		2013	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		1,236		1,979
Income tax using the Thai corporation tax rate	20	247	20	396
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		38		28
Under (over) provided in prior years		(39)		19
Total	20	246	22	443

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.

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

Notes to the financial statements

For the three-month and six-month period ended 30 June 2014

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.

41 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2014 and 2013 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>817</u>	<u>714</u>	<u>728</u>	<u>767</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 <i>(in Baht)</i>	<u>0.55</u>	<u>0.48</u>	<u>0.49</u>	<u>0.52</u>

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2014	2013	2014	2013
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>1,355</u>	<u>1,614</u>	<u>990</u>	<u>1,536</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 <i>(in Baht)</i>	<u>0.91</u>	<u>1.09</u>	<u>0.67</u>	<u>1.04</u>

42 Dividends

At the annual general meeting of the shareholders of the Bank held on 25 April 2014, the shareholders approved the appropriation of a dividend of Baht 1.25 per share, amounting to Baht 1,855 million. The dividends were paid to shareholders in May 2014.

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.

