

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2015  
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 the Bank's 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 the Bank only statements of financial position as at 30 June 2015, the consolidated and the 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 the Bank's Financial Statements*

Management is responsible for the preparation and fair presentation of these interim consolidated and the 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 the 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 the 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 the 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 the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank only, respectively, as at 30 June 2015, 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 the Bank only statements of comprehensive income for the three-month period ended 30 June 2015 of the Group and the Bank respectively. Management is responsible for the preparation and presentation of these interim consolidated and the 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 the 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 the Bank only statements of comprehensive income for the three-month period ended 30 June 2015 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  
14 August 2015



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

		Consolidated		Bank only	
Assets	Note	30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(in thousand Baht)			
Cash		379,793	483,500	379,644	483,487
Interbank and money market items, net	8, 30	52,212,707	44,399,058	52,197,738	44,387,470
Claims on security		6,500,000	1,000,000	6,500,000	1,000,000
Derivative assets	9, 30	31,235,356	28,974,267	31,235,356	28,974,267
Investments, net	10, 28, 30	45,201,846	48,062,658	43,414,596	46,041,956
Investments in subsidiaries	11	-	-	698,281	698,281
Loans to customers and accrued interest receivable, net	12, 14, 30				
Loans to customers		102,558,231	102,307,905	104,275,510	103,777,475
Accrued interest receivable		333,948	373,108	358,255	394,525
Total loans to customers and accrued interest receivable		102,892,179	102,681,013	104,633,765	104,172,000
Less allowance for doubtful accounts	12.4, 15	(9,161,275)	(8,898,093)	(9,161,275)	(8,898,093)
Total loans to customers and accrued interest receivable, net		93,730,904	93,782,920	95,472,490	95,273,907
Properties for sale, net		72,937	16,284	29,281	-
Premises and equipment, net	16	583,846	679,987	583,779	679,901
Intangible assets, net		143,400	85,430	143,400	85,430
Deferred tax assets	17	734,770	614,856	473,716	365,250
Accounts receivable from sales of investments and debt securities in issue	18	1,825,565	3,324,598	1,825,565	3,324,598
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		2,948,715	2,962,451	2,948,715	2,962,451
Other assets, net	19, 30	591,856	930,303	545,442	903,943
<b>Total assets</b>		<b>236,161,695</b>	<b>225,316,312</b>	<b>236,448,003</b>	<b>225,180,941</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	20, 30	104,041,496	99,558,644	104,341,925	99,908,013
Interbank and money market items	21, 30	41,955,423	39,870,685	41,955,423	39,870,685
Liabilities payable on demand		1,672,891	1,904,188	1,672,891	1,904,188
Liabilities to deliver security		6,500,000	1,000,000	6,500,000	1,000,000
Derivative liabilities	9, 30	29,348,245	28,797,798	29,348,245	28,797,798
Debt issued and borrowings	22, 30	2,821,595	3,644,756	2,821,595	3,644,756
Provisions	23	619,985	603,186	607,867	591,774
Accounts payable from purchase of investments	24	2,406,908	3,075,636	2,406,908	3,075,636
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		3,529,188	2,857,507	3,529,188	2,857,507
Accrued expenses	30	2,259,944	2,089,895	2,178,433	1,953,483
Other liabilities	25, 30	1,969,820	1,736,148	1,953,985	1,726,695
<b>Total liabilities</b>		<b>197,125,495</b>	<b>185,138,443</b>	<b>197,316,460</b>	<b>185,330,535</b>
<b>Equity</b>					
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	31,158	215,208	31,158	215,208
Retained earnings					
Appropriated					
Legal reserve	27	1,071,343	1,068,843	1,062,843	1,062,843
Unappropriated		14,537,729	15,497,849	14,144,678	14,679,491
<b>Total shareholders' equity</b>		<b>39,036,188</b>	<b>40,177,858</b>	<b>39,131,543</b>	<b>39,850,406</b>
Non-controlling interest		12	11	-	-
<b>Total equity</b>		<b>39,036,200</b>	<b>40,177,869</b>	<b>39,131,543</b>	<b>39,850,406</b>
<b>Total liabilities and equity</b>		<b>236,161,695</b>	<b>225,316,312</b>	<b>236,448,003</b>	<b>225,180,941</b>

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	
		2015	2014	2015	2014
		(in thousand Baht)			
Interest income	30, 33	2,380,926	3,075,078	2,222,680	2,912,587
Interest expenses	30, 34	666,951	871,012	667,285	871,659
<b>Net interest income</b>		<b>1,713,975</b>	<b>2,204,066</b>	<b>1,555,395</b>	<b>2,040,928</b>
Fees and service income		447,885	449,017	447,885	449,968
Fees and service expenses		140,529	153,548	145,848	167,043
<b>Net fees and service income</b>	30, 35	<b>307,356</b>	<b>295,469</b>	<b>302,037</b>	<b>282,925</b>
Gains on trading and foreign exchange transactions, net	30, 36	379,453	540,708	379,453	540,708
Gains on investments, net	37	245,363	91,150	245,363	99,877
Other operating income	30	3,734	3,775	25,324	15,895
<b>Total operating income</b>		<b>2,649,881</b>	<b>3,135,168</b>	<b>2,507,572</b>	<b>2,980,333</b>
<b>Other operating expenses</b>	30				
Employee expenses	38	736,396	762,071	716,631	742,971
Directors' remuneration		2,188	2,188	2,188	2,188
Premises and equipment expenses		107,496	134,510	104,460	131,382
Taxes and duties		76,340	93,932	71,415	85,137
Service agreements		244,138	141,524	244,138	141,410
Others		280,572	202,386	258,585	181,622
<b>Total other operating expenses</b>		<b>1,447,130</b>	<b>1,336,611</b>	<b>1,397,417</b>	<b>1,284,710</b>
Impairment loss of loans and debt securities	15, 39	938,070	802,133	938,070	807,442
<b>Profit from operations before income tax expense</b>		<b>264,681</b>	<b>996,424</b>	<b>172,085</b>	<b>888,181</b>
Income tax expense	40	101,347	179,870	80,740	159,998
<b>Profit for the period</b>		<b>163,334</b>	<b>816,554</b>	<b>91,345</b>	<b>728,183</b>
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified to profit or loss</i>					
Losses on remeasuring available-for-sale investments		(210,371)	(127,981)	(210,371)	(127,981)
Losses on cash flow hedges		(13,056)	(1,997)	(13,056)	(1,997)
Income tax relating to other comprehensive income	40	44,686	25,996	44,686	25,996
<b>Total other comprehensive income for the period, net of income tax</b>		<b>(178,741)</b>	<b>(103,982)</b>	<b>(178,741)</b>	<b>(103,982)</b>
<b>Total comprehensive income for the period</b>		<b>(15,407)</b>	<b>712,572</b>	<b>(87,396)</b>	<b>624,201</b>
<b>Profit attributable to:</b>					
Shareholders of the Bank		163,333	816,553	91,345	728,183
Non-controlling interest		1	1	-	-
<b>Profit for the period</b>		<b>163,334</b>	<b>816,554</b>	<b>91,345</b>	<b>728,183</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Bank		(15,408)	712,571	(87,396)	624,201
Non-controlling interest		1	1	-	-
<b>Total comprehensive income for the period</b>		<b>(15,407)</b>	<b>712,572</b>	<b>(87,396)</b>	<b>624,201</b>
<b>Earnings per share</b>					
Basic earnings per share (in Baht)	41	<b>0.11</b>	<b>0.55</b>	<b>0.06</b>	<b>0.49</b>

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	
		2015	2014	2015	2014
(in thousand Baht)					
Interest income	30, 33	4,805,246	6,394,238	4,604,581	5,903,581
Interest expenses	30, 34	1,387,235	1,864,043	1,387,816	1,865,174
<b>Net interest income</b>		<b>3,418,011</b>	<b>4,530,195</b>	<b>3,216,765</b>	<b>4,038,407</b>
Fees and service income		873,992	862,645	873,992	863,596
Fees and service expenses		284,848	331,887	306,920	354,230
<b>Net fees and service income</b>	30, 35	<b>589,144</b>	<b>530,758</b>	<b>567,072</b>	<b>509,366</b>
Gains on trading and foreign exchange transactions, net	30, 36	864,400	989,925	864,400	989,925
Gains on investments, net	37	358,518	223,885	358,518	172,849
Other operating income	30	9,541	11,644	539,287	27,842
<b>Total operating income</b>		<b>5,239,614</b>	<b>6,286,407</b>	<b>5,546,042</b>	<b>5,738,389</b>
<b>Other operating expenses</b>	30				
Employee expenses	38	1,439,730	1,449,413	1,400,481	1,421,174
Directors' remuneration		4,375	4,375	4,375	4,375
Premises and equipment expenses		248,466	272,372	242,433	266,222
Taxes and duties		151,647	195,428	144,453	175,144
Service agreements		389,565	264,351	389,565	264,122
Others		504,271	631,814	467,781	586,244
<b>Total other operating expenses</b>		<b>2,738,054</b>	<b>2,817,753</b>	<b>2,649,088</b>	<b>2,717,281</b>
Impairment loss of loans and debt securities	15, 39	1,692,620	1,778,434	1,687,190	1,785,152
<b>Profit from operations before income tax expense</b>		<b>808,940</b>	<b>1,690,220</b>	<b>1,209,764</b>	<b>1,235,956</b>
Income tax expense	40	223,500	335,620	201,524	246,427
<b>Profit for the period</b>		<b>585,440</b>	<b>1,354,600</b>	<b>1,008,240</b>	<b>989,529</b>
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified to profit or loss</i>					
Losses on remeasuring available-for-sale investments		(207,519)	(21,648)	(207,519)	(21,648)
Losses on cash flow hedges		(22,544)	(16,242)	(22,544)	(16,242)
Income tax relating to other comprehensive income	40	46,013	7,578	46,013	7,578
<b>Total other comprehensive income for the period, net of income tax</b>		<b>(184,050)</b>	<b>(30,312)</b>	<b>(184,050)</b>	<b>(30,312)</b>
<b>Total comprehensive income for the period</b>		<b>401,390</b>	<b>1,324,288</b>	<b>824,190</b>	<b>959,217</b>
<b>Profit attributable to:</b>					
Shareholders of the Bank		585,439	1,354,595	1,008,240	989,529
Non-controlling interest		1	5	-	-
<b>Profit for the period</b>		<b>585,440</b>	<b>1,354,600</b>	<b>1,008,240</b>	<b>989,529</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Bank		401,389	1,324,283	824,190	959,217
Non-controlling interest		1	5	-	-
<b>Total comprehensive income for the period</b>		<b>401,390</b>	<b>1,324,288</b>	<b>824,190</b>	<b>959,217</b>
<b>Earnings per share</b>					
Basic earnings per share (in Baht)	41	0.39	0.91	0.68	0.67

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	Consolidated					Retained earnings			Total shareholders' equity	Non-controlling interest	Total equity
		Issued and paid-up share capital	Premium on share capital	Reserve arising from business combination under common control	Other reserves	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves (in thousand Bahr)	Legal reserve			
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	205,242	987,279	15,244,086	39,832,565	4	39,832,569
Distribution to owners of the Bank												
Dividends	42	-	-	-	-	-	-	-	(1,854,630)	(1,854,630)	-	(1,854,630)
Total distribution to owners of the Bank		-	-	-	-	-	-	-	(1,854,630)	(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)	-	-	(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)
Total comprehensive income for the period		-	-	-	(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	174,930	987,279	14,744,051	39,202,218	9	39,202,227
Six-month period ended 30 June 2015												
Balance as at 1 January 2015		14,837,045	9,055,819	(496,906)	194,199	21,009	215,208	1,068,843	15,497,849	40,177,858	11	40,177,869
Distribution to owners of the Bank												
Dividends	42	-	-	-	-	-	-	-	(1,543,059)	(1,543,059)	-	(1,543,059)
Total distribution to owners of the Bank		-	-	-	-	-	-	-	(1,543,059)	(1,543,059)	-	(1,543,059)
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		-	-	-	(166,015)	-	(166,015)	-	-	(166,015)	-	(166,015)
Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	(18,035)	(18,035)	-	-	(18,035)	-	(18,035)
Total other comprehensive income		-	-	-	(166,015)	(18,035)	(184,050)	-	-	(184,050)	-	(184,050)
Total comprehensive income for the period		-	-	-	(166,015)	(18,035)	(184,050)	-	-	585,439	1	401,390
Transfer to legal reserve		-	-	-	-	-	-	2,500	(2,500)	-	-	-
Balance as at 30 June 2015		14,837,045	9,055,819	(496,906)	28,184	2,974	31,158	1,071,343	14,537,729	39,036,188	12	39,036,200

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	Bank only				Total equity
				Fair value change in available-for-sale investments	Other reserves	Retained earnings		
					Cash flow hedges	Total other reserves (in thousand Baht)	Legal reserve	Unappropriated
<b>Six-month period ended 30 June 2014</b>								
Balance as at 1 January 2014		14,837,045	9,055,819	163,839	41,403	205,242	981,279	14,994,429
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Bank</i>								
Dividends	42	-	-	-	-	-	-	-
<i>Total distribution to owners of the Bank</i>								
Comprehensive income for the period		-	-	-	-	-	-	(1,854,630)
Profit for the period		-	-	-	-	-	-	(1,854,630)
Other comprehensive income		-	-	-	-	-	-	989,529
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)	-	(12,994)
<i>Total comprehensive income for the period</i>		-	-	(17,318)	(12,994)	(30,312)	-	(30,312)
Balance as at 30 June 2014		14,837,045	9,055,819	146,521	28,409	174,930	981,279	989,529
								39,178,401
<b>Six-month period ended 30 June 2015</b>								
Balance as at 1 January 2015		14,837,045	9,055,819	194,199	21,009	215,208	1,062,843	14,679,491
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Bank</i>								
Dividends	42	-	-	-	-	-	-	(1,543,053)
<i>Total distribution to owners of the Bank</i>								
Comprehensive income for the period		-	-	-	-	-	-	(1,543,053)
Profit for the period		-	-	-	-	-	-	1,008,240
Other comprehensive income		-	-	-	-	-	-	-
Available-for-sale investments								
Net change in fair value recognised in equity, net of tax		-	-	(166,015)	-	(166,015)	-	-
Cash flow hedges								
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(18,035)	(18,035)	-	-
Total other comprehensive income		-	-	(166,015)	(18,035)	(184,050)	-	(18,035)
<i>Total comprehensive income for the period</i>		-	-	(166,015)	(18,035)	(184,050)	-	(184,050)
Balance as at 30 June 2015		14,837,045	9,055,819	28,184	2,974	31,158	1,062,843	14,144,678
								39,131,543

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**

	<b>Consolidated</b>		<b>Bank only</b>	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit from operations before income tax expense	808,940	1,690,220	1,209,764	1,235,956
<b><i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i></b>				
Depreciation and amortisation	78,138	69,144	78,119	69,126
Impairment loss of loans and debt securities	1,900,140	1,945,645	1,904,076	1,952,362
Impairment loss of investments (reversal of)	3,820	145	(1,610)	145
Reversal of impairment on amount due from related party	-	(7,667)	-	-
Amortisation of discount of debt instruments	(270,429)	(252,057)	(270,429)	(252,057)
Amortisation of discount of debt issued and borrowings	18,230	28,654	18,230	28,654
Gains on disposal of investments	(356,873)	(172,994)	(356,873)	(172,994)
Losses (gains) on disposal of premises and equipment	185	(166)	185	(166)
Impairment loss of properties for sale	5,506	301	5,506	301
Provisions made	31,155	88,906	30,449	88,112
Net interest income	(3,418,011)	(4,530,195)	(3,216,765)	(4,038,407)
Interest received	4,839,181	6,477,051	4,635,625	6,009,246
Interest paid	(1,441,377)	(1,839,062)	(1,441,967)	(1,840,366)
Income tax paid	(208,657)	(391,706)	(133,003)	(356,658)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>1,989,948</b>	<b>3,106,219</b>	<b>2,461,307</b>	<b>2,723,254</b>
<b><i>Decrease (increase) in operating assets</i></b>				
Interbank and money market items	(7,813,649)	360,075	(7,810,268)	330,617
Derivative assets and liabilities, net	(1,738,145)	(1,072,008)	(1,738,145)	(1,072,008)
Trading investments	(506,678)	(1,543,560)	(506,678)	(1,543,560)
Investments in receivables	197,513	724,082	-	-
Loans to customers	(1,921,876)	(3,160,709)	(2,169,585)	(2,197,503)
Properties for sale	3,137	355	-	355
Other assets	345,617	5,069,377	359,697	5,042,279
<b><i>Increase (decrease) in operating liabilities</i></b>				
Deposits	4,482,852	(7,965,239)	4,433,912	(7,764,691)
Interbank and money market items	2,084,738	3,838,155	2,084,738	3,838,155
Liabilities payable on demand	(231,297)	186,970	(231,297)	186,970
Short-term debt issued and borrowings	8,671	147,044	8,671	147,044
Provisions used	(14,356)	(1,416)	(14,356)	(1,416)
Other liabilities	1,038,546	(4,099,084)	1,046,883	(4,071,050)
<b>Net cash used in operating activities</b>	<b>(2,074,979)</b>	<b>(4,409,739)</b>	<b>(2,075,121)</b>	<b>(4,381,554)</b>
<b><i>Cash flows from investing activities</i></b>				
Purchase of premises and equipment	(16,057)	(24,500)	(16,057)	(24,500)
Purchase of intangible assets	(57,970)	(19,816)	(57,970)	(19,816)
Proceeds from disposals of premises and equipment	224	354	224	354
Purchase of available-for-sale investments	(33,776,215)	(27,183,903)	(33,776,215)	(27,183,903)
Proceeds from available-for-sale investments	38,315,126	33,424,754	38,315,126	33,424,754
Proceeds from investments in receivables	47,500	47,500	47,500	47,500
Proceeds from disposal of general investments	1,723	-	1,723	-
<b>Net cash provided by investing activities</b>	<b>4,514,331</b>	<b>6,244,389</b>	<b>4,514,331</b>	<b>6,244,389</b>
<b><i>Cash flows from financing activities</i></b>				
Dividends paid	(1,543,059)	(1,854,630)	(1,543,053)	(1,854,630)
Repayment of long-term debt issued and borrowings	(1,000,000)	-	(1,000,000)	-
<b>Net cash used in financing activities</b>	<b>(2,543,059)</b>	<b>(1,854,630)</b>	<b>(2,543,053)</b>	<b>(1,854,630)</b>
<b>Net increase (decrease) in cash</b>	<b>(103,707)</b>	<b>(19,980)</b>	<b>(103,843)</b>	<b>8,205</b>
Cash at beginning of the period	483,500	522,214	483,487	493,965
<b>Cash at end of the period</b>	<b>379,793</b>	<b>502,234</b>	<b>379,644</b>	<b>502,170</b>
<b><i>Non-cash transactions</i></b>				
Losses on remeasuring available-for-sale investments, net of deferred tax	(166,015)	(17,318)	(166,015)	(17,318)

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

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 14 August 2015.

**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 2015 and 31 December 2014 are given in notes 11 and 30.

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The interim financial statements are prepared in accordance with Accounting Standards (TAS) No.34 (revised 2014) *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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and 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 2014 except that the Bank and its subsidiaries have adopted all applicable new and revised TFRS that are effective for periods beginning on or after 1 January 2015. The adoption of these new and 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 as disclosed in note 3.

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

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**(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

**(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) Judgments and estimates**

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.

*Estimation uncertainties and assumptions*

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 6	Fair value of financial assets and liabilities
Note 9	Derivatives
Note 15	Allowance for doubtful accounts

*Measurement of fair values*

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 6 Fair value of financial assets and liabilities

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**3 Changes in accounting policy**

**(a) Overview**

From 1 January 2015, the Bank and its subsidiaries have adopted the following new TFRS which requires additional information to be disclosed in the interim financial statements (note 6) but has no material impact on the Bank and its subsidiaries reported results included herein.

A description of the nature and effect of the changes in accounting policy consequent to the adoption of the new TFRS is included in note 3 (b) below:

**(b) Fair value measurement**

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements for fair value measurement in other TFRSs. Some of these disclosures are specifically required in interim financial statements; accordingly, the Bank and its subsidiaries have included additional disclosures in this regard in note 6.

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiaries have applied the new fair value measurement guidance prospectively and comparative information for new disclosures is not provided.

**4 Significant accounting policies**

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

**(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 Bank are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Bank controlling shareholder's consolidated financial statements. The components of equity of the acquired entity is added to the same components within 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.



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*Subsidiaries*

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

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

*Loss of control*

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

*Transactions eliminated on consolidation*

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

**(b) Foreign currencies**

*Foreign currency transactions*

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

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

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

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

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*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.
- 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.

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*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.

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

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

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

**(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.

*Leased assets*

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

*Depreciation*

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

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

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

No depreciation is provided on assets under construction.

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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 or 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.

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

*Calculation of recoverable amount*

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

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

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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.

*Hedging*

*Fair value hedge*

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

*Cash flow hedge*

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

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*Discontinuing hedge accounting*

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on hedging instrument 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 the BoT notification regarding the permission for commercial banks to undertake borrowing transactions with embedded derivatives dated 31 May 2011, the Bank records embedded derivatives separately from the host contracts when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in the fair value recognised in profit or loss.

**(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.

*Defined benefit plans*

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 the current and prior periods, discounting that amount.

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

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

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

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*Short-term employee benefits*

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

A liability is recognised for the amount expected to be paid if the Bank and its 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.

**(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.

**(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 to customers on a cash basis.

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



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**(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 or receivable on the taxable income or loss for the period, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous 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 ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions 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.

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**(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 (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results shown as others.

**(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.

**5 Financial risk management**

**5.1 Credit risk**

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

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

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

**5.2 Market risk**

Market risk is 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 predominantly from providing clients access to financial markets, facilitation of which entails the Bank taking moderate market risk positions. All trading teams support client activity; there are no proprietary trading teams. Hence, income earned from market risk-related activities is broadly stable. Market risk also arises in the non-trading book from the requirement to hold a large liquid assets buffer of high-quality liquid debt securities and from the translation of non-Thai baht denominated assets, liabilities and earnings.

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The primary categories of market risk for the Bank are :

- (a) Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options
- (b) Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options
- (c) Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agricultural. For this category of market risk, the Bank is fully hedged through a back-to-back position
- (d) Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options. For this category of market risk, the Bank currently does not trade equity.

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

**Value at Risk; VaR**

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR (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 provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

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

The Bank applies two VaR methodologies:

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

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

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

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

**Stress Testing**

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

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

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

Stress scenarios are regularly updated to reflect the changes in risk profile and economic events. The Market and Traded Credit Risk function reviews stress exposures. The Risk Committee considers the results of stress tests as part of its supervision of risk tolerance.

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

**Market Risk VaR coverage**

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

VaR and stress tests are therefore applied to these non-trading book exposures in the same way as for trading book, including available-for-sale securities. Securities classed as Loans and Receivables or Held-to-maturity are not reflected in VaR and stress test since they are accounted for on an amortised cost basis, so market price movements have limited effect on either profit and loss or reserves.

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**(a) 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:

		<b>Consolidated</b> 30 June 2015		
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<b><i>Financial assets</i></b>				
Cash	-	-	380	380
Interbank and money market items, net	19,463	31,589	1,161	52,213
Claims on security	-	-	6,500	6,500
Investments, net	12,523	32,665	14	45,202
Loans to customers and accrued interest receivable	43,851	51,734	7,307	102,892
Accounts receivable from sales of investments and debt securities in issue	-	-	1,825	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,949	-	-	2,949
Other assets	-	-	291	291
<b>Total financial assets</b>	<b>78,786</b>	<b>115,988</b>	<b>17,478</b>	<b>212,252</b>
<b><i>Financial liabilities</i></b>				
Deposits	71,369	28,790	3,882	104,041
Interbank and money market items	7,205	29,655	5,095	41,955
Liabilities payable on demand	-	-	1,673	1,673
Liabilities to deliver security	-	-	6,500	6,500
Debt issued and borrowings	-	2,822	-	2,822
Accounts payable from purchase of investments	-	-	2,407	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,529	-	-	3,529
Other liabilities	-	-	232	232
<b>Total financial liabilities</b>	<b>82,103</b>	<b>61,267</b>	<b>19,789</b>	<b>163,159</b>
<b>Effect of derivatives held for risk management</b>	<b>47,608</b>	<b>(47,608)</b>	<b>-</b>	<b>-</b>

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		<b>Consolidated</b> 31 December 2014		
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		<i>(in million Baht)</i>		
<b><i>Financial assets</i></b>				
Cash	-	-	484	484
Interbank and money market items, net	19,717	23,603	1,079	44,399
Claims on security	-	-	1,000	1,000
Investments, net	6,522	41,527	14	48,063
Loans to customers and accrued interest receivable	46,031	49,070	7,580	102,681
Accounts receivable from sales of investments and debt securities in issue	-	-	3,325	3,325
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,962	-	-	2,962
Other assets	-	-	468	468
<b>Total financial assets</b>	<b>75,232</b>	<b>114,200</b>	<b>13,950</b>	<b>203,382</b>
<b><i>Financial liabilities</i></b>				
Deposits	65,606	28,687	5,266	99,559
Interbank and money market items	9,353	21,641	8,877	39,871
Liabilities payable on demand	-	-	1,904	1,904
Liabilities to deliver security	-	-	1,000	1,000
Debt issued and borrowings	-	3,645	-	3,645
Accounts payable from purchase of investments	-	-	3,076	3,076
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,858	-	-	2,858
Other liabilities	-	-	286	286
<b>Total financial liabilities</b>	<b>77,817</b>	<b>53,973</b>	<b>20,409</b>	<b>152,199</b>
<b>Effect of derivatives held for risk management</b>	<b>14,498</b>	<b>(14,498)</b>	<b>-</b>	<b>-</b>

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		<b>Bank only</b> 30 June 2015		
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<b><i>Financial assets</i></b>				
Cash	-	-	380	380
Interbank and money market items, net	19,463	31,589	1,146	52,198
Claims on security	-	-	6,500	6,500
Investments, net	12,523	30,878	14	43,415
Loans to customers and accrued interest receivable	43,851	53,451	7,332	104,634
Accounts receivable from sales of investments and debt securities in issue				
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	-	1,825	1,825
Other assets	2,949	-	-	2,949
	-	-	291	291
<b>Total financial assets</b>	<b>78,786</b>	<b>115,918</b>	<b>17,488</b>	<b>212,192</b>
<b><i>Financial liabilities</i></b>				
Deposits	71,614	28,845	3,883	104,342
Interbank and money market items	7,205	29,655	5,095	41,955
Liabilities payable on demand	-	-	1,673	1,673
Liabilities to deliver security	-	-	6,500	6,500
Debt issued and borrowings	-	2,822	-	2,822
Accounts payable from purchase of investments	-	-	2,407	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,529	-	-	3,529
Other liabilities	-	-	232	232
<b>Total financial liabilities</b>	<b>82,348</b>	<b>61,322</b>	<b>19,790</b>	<b>163,460</b>
<b>Effect of derivatives held for risk management</b>	<b>47,608</b>	<b>(47,608)</b>	<b>-</b>	<b>-</b>

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		<b>Bank only</b>		
		31 December 2014		
	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing	
		<i>(in million Baht)</i>		
<b><i>Financial assets</i></b>				
Cash	-	-	483	483
Interbank and money market items, net	19,717	23,603	1,067	44,387
Claims on security	-	-	1,000	1,000
Investments, net	6,522	39,506	14	46,042
Loans to customers and accrued interest receivable	46,031	50,539	7,602	104,172
Accounts receivable from sales of investments and debt securities in issue	-	-	3,325	3,325
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,962	-	-	2,962
Other assets	-	-	468	468
<b>Total financial assets</b>	<b>75,232</b>	<b>113,648</b>	<b>13,959</b>	<b>202,839</b>
<b><i>Financial liabilities</i></b>				
Deposits	65,895	28,747	5,266	99,908
Interbank and money market items	9,353	21,641	8,877	39,871
Liabilities payable on demand	-	-	1,904	1,904
Liabilities to deliver security	-	-	1,000	1,000
Debt issued and borrowings	-	3,645	-	3,645
Accounts payable from purchase of investments	-	-	3,076	3,076
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,858	-	-	2,858
Other liabilities	-	-	286	286
<b>Total financial liabilities</b>	<b>78,106</b>	<b>54,033</b>	<b>20,409</b>	<b>152,548</b>
<b>Effect of derivatives held for risk management</b>	<b>14,498</b>	<b>(14,498)</b>	<b>-</b>	<b>-</b>

As at 30 June 2015, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 5,750 million (31 December 2014: Baht 6,850 million).



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

	Consolidated					
	30 June 2015			31 December 2014		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
<b>Financial assets</b>						
Interbank and money market items	61,195	532	1.75	56,554	1,341	2.37
Investments	47,550	760	3.22	54,631	2,090	3.83
Loans to customers	93,401	3,513	7.58	95,528	8,619	9.02
<b>Total</b>	<b>202,146</b>	<b>4,805</b>	<b>4.79</b>	<b>206,713</b>	<b>12,050</b>	<b>5.83</b>
<b>Financial liabilities</b>						
Deposits	103,315	1,045	2.04	99,876	2,370	2.37
Interbank and money market items	43,332	314	1.46	50,017	990	1.98
Debt issued and borrowings	3,015	28	1.87	3,877	78	2.01
<b>Total</b>	<b>149,662</b>	<b>1,387</b>	<b>1.87</b>	<b>153,770</b>	<b>3,438</b>	<b>2.24</b>
<b>Bank only</b>						
	30 June 2015			31 December 2014		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
<b>Financial assets</b>						
Interbank and money market items	61,195	532	1.75	56,554	1,341	2.37
Investments	45,626	512	2.26	52,153	1,472	2.82
Loans to customers	94,917	3,561	7.57	97,584	8,495	8.71
<b>Total</b>	<b>201,738</b>	<b>4,605</b>	<b>4.60</b>	<b>206,291</b>	<b>11,308</b>	<b>5.48</b>
<b>Financial liabilities</b>						
Deposits	103,539	1,046	2.04	100,197	2,372	2.37
Interbank and money market items	43,332	314	1.46	50,018	990	1.98
Debt issued and borrowings	3,015	28	1.87	3,877	78	2.01
<b>Total</b>	<b>149,886</b>	<b>1,388</b>	<b>1.87</b>	<b>154,092</b>	<b>3,440</b>	<b>2.23</b>

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Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2015 and 31 December 2014 are as follows:

	Consolidated 30 June 2015 (in million Baht)					Non- interest bearing	Non accrual	Total
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	380	-	380
Interbank and money market items, net	17,596	31,429	1,689	338	-	1,161	-	52,213
Claims on security	-	-	-	-	-	6,500	-	6,500
Investments, net	-	23,307	9,353	12,464	64	14	-	45,202
Loans to customers and accrued interest receivable	43,851	47,310	1,253	3,166	5	334	6,973	102,892
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,825	-	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,949	-	-	-	-	-	2,949
Other assets	-	-	-	-	-	291	-	291
<b>Total financial assets</b>	<b>61,447</b>	<b>104,995</b>	<b>12,295</b>	<b>15,968</b>	<b>69</b>	<b>10,505</b>	<b>6,973</b>	<b>212,252</b>
<b>Financial liabilities</b>								
Deposits	71,369	24,005	3,677	1,108	-	3,882	-	104,041
Interbank and money market items	7,205	26,388	-	810	2,457	5,095	-	41,955
Liabilities payable on demand	-	-	-	-	-	1,673	-	1,673
Liabilities to deliver security	-	-	-	-	-	6,500	-	6,500
Debt issued and borrowings	-	2,822	-	-	-	-	-	2,822
Accounts payable from purchase of investments	-	-	-	-	-	2,407	-	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,529	-	-	-	-	-	3,529
Other liabilities	-	-	-	-	-	232	-	232
<b>Total financial liabilities</b>	<b>78,574</b>	<b>56,744</b>	<b>3,677</b>	<b>1,918</b>	<b>2,457</b>	<b>19,789</b>	<b>-</b>	<b>163,159</b>
<b>Effect of derivatives held for risk management</b>	<b>-</b>	<b>37,577</b>	<b>(3,686)</b>	<b>(41,913)</b>	<b>8,022</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	Bank only 30 June 2015					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
Cash	-	-	-	-	-	380
Interbank and money market items, net	17,596	31,429	1,689	338	-	52,198
Claims on security	-	-	-	-	-	6,500
Investments, net	-	23,307	9,353	10,677	64	43,415
Loans to customers and accrued interest receivable	43,851	48,139	2,523	2,784	5	104,634
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,949	-	-	-	2,949
Other assets	-	-	-	-	-	291
<b>Total financial assets</b>	<b>61,447</b>	<b>105,824</b>	<b>13,565</b>	<b>13,799</b>	<b>69</b>	<b>212,192</b>
<b>Financial liabilities</b>						
Deposits	71,614	24,060	3,677	1,108	-	104,342
Interbank and money market items	7,205	26,388	-	810	2,457	41,955
Liabilities payable on demand	-	-	-	-	-	1,673
Liabilities to deliver security	-	-	-	-	-	6,500
Debt issued and borrowings	-	2,822	-	-	-	2,822
Accounts payable from purchase of investments	-	-	-	-	-	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,529	-	-	-	3,529
Other liabilities	-	-	-	-	-	232
<b>Total financial liabilities</b>	<b>78,819</b>	<b>56,799</b>	<b>3,677</b>	<b>1,918</b>	<b>2,457</b>	<b>163,460</b>
<b>Effect of derivatives held for risk management</b>	<b>-</b>	<b>37,577</b>	<b>(3,686)</b>	<b>(41,913)</b>	<b>8,022</b>	<b>-</b>

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	Bank only 31 December 2014					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	
				(in million Baht)		
<b>Financial assets</b>						
Cash	-	-	-	-	-	483
Interbank and money market items, net	12,067	29,333	1,590	-	330	44,387
Claims on security	-	-	-	-	-	1,000
Investments, net	-	9,665	5,950	30,051	362	46,042
Loans to customers and accrued interest receivable	46,031	41,326	6,379	2,833	1	104,172
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	3,325
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,962	-	-	-	2,962
Other assets	-	-	-	-	-	468
<b>Total financial assets</b>	<b>58,098</b>	<b>83,286</b>	<b>13,919</b>	<b>32,884</b>	<b>693</b>	<b>202,839</b>
<b>Financial liabilities</b>						
Deposits	65,895	25,846	2,901	-	-	99,908
Interbank and money market items	9,353	18,455	-	-	3,186	39,871
Liabilities payable on demand	-	-	-	-	-	1,904
Liabilities to deliver security	-	-	-	-	-	1,000
Debt issued and borrowings	-	3,645	-	-	-	3,645
Accounts payable from purchase of investments	-	-	-	-	-	3,076
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	2,858	-	-	-	2,858
Other liabilities	-	-	-	-	-	286
<b>Total financial liabilities</b>	<b>75,248</b>	<b>50,804</b>	<b>2,901</b>	<b>-</b>	<b>3,186</b>	<b>152,548</b>
<b>Effect of derivatives held for risk management</b>	<b>-</b>	<b>25,119</b>	<b>(4,676)</b>	<b>(30,274)</b>	<b>9,831</b>	<b>-</b>

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**(b) Currency exchange rate risk**

As at 30 June 2015 and 31 December 2014, net open position assets (liabilities) denominated in various currencies were as follows:

	<b>Consolidated and Bank only</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>(in million USD)</i>	
<b>Net foreign currency exposure</b>		
US Dollar	19	32
Euro <sup>(*)</sup>	3	1
Others <sup>(*)</sup>	(3)	12

<sup>(\*)</sup> Balance denominated in Euro and other currencies are stated in USD equivalents.

**5.3 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 profiles are reviewed by ALCO on a regular basis.

The Bank seeks to manage our liquidity prudently for all currencies. Exceptional market events could impact us adversely, thereby potentially affecting our ability to fulfil our obligations as they fall due. The principal uncertainties for liquidity risk are the customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, the Bank maintains a diverse and largely customer-driven funding base, while the Bank's customer loans are mostly of short tenor. In addition, the Bank has contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions.

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Customer assets are, as far as possible, funded in the same currency. Where mismatches arise, they are controlled by limits on the amount of foreign currency that can be swapped to local currency and vice versa. Such limits are therefore a means of reducing the risk that obligations could not be met in the required currency in the event that access to foreign exchange markets becomes restricted. In sizing the limits the Bank considers a range of factors including:

- The size and depth of foreign exchange markets
- The regulatory environment, particularly the presence or risk of imposition of foreign exchange controls

A substantial portion of the Bank's assets is funded by customer deposit made up of current, 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.

#### **Policies and Processes**

The Bank's liquidity risk management framework requires limits to be set for prudent liquidity management. These are limits on:

- The local and foreign currency cash flow gaps
- The level of external wholesale funding, to ensure that the size of this funding is appropriate to the local market and our local operations
- The level of borrowing within the Group, to contain the risk of contagion from one country to another
- Commitments, both on- and off-financial statement position, to ensure these are sufficient funds available in the event of drawdown
- The advances-to-deposits ratio, to ensure that commercial advances are funded by stable sources and that customer lending is funded by customer deposits
- The amount of assets that may be funded from other currencies
- The amount of medium-term assets that have to be funded by medium-term funding

In addition, the Bank prescribes a liquidity stress scenario that includes accelerated withdrawal of deposits over a period of time. The Bank has to ensure on a daily basis that cash inflows would exceed outflows under such a scenario.

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 regular basis by MTCR and Finance. Limit excesses are escalated and approved under a delegated authority structure and reported to the Asset and Liability Committee (ALCO).

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The Bank has significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress. In addition, a Country Liquidity Crisis Management Plan (CLCMP), reviewed and approved annually, is maintained by Finance. The CLCMP strengthens existing governance processes by providing a broad set of Early Warning Indicators (EWIs), and escalation framework and a set of management actions that could be effectively implemented by the appropriate level of senior management in the event of a liquidity stress.

**Liquidity Management – stress scenarios**

The Bank conducts a range of liquidity-related stress analyses, both for internal and regulatory purposes.

Stress tests are run routinely: a severe eight-day name-specific stress, a 30-day market-wide stress.

The eight-day stress is specifically designed to determine a minimum quantity of marketable securities that must be held at all times. This stress is computed daily, and the minimum marketable securities requirement is observed daily.

The Bank's resilience to market-wide disruption, such as loss of interbank money or foreign exchange markets, is tested using the 30-day market-wide stress scenario, and is monitored by ALCO on monthly basis.

The Bank's stress testing considers potential currency mismatches between outflows and inflows. Particular focus is paid to mismatches in less liquid currencies and those that are not freely convertible. Mismatches are controlled by management action triggers set by MTCR.

Required by local regulations, the Bank carries out 30 day stress testing on three scenarios (Name-Specific, Market-Wide and Combined) on a quarterly basis. Under liquidity stress scenarios, the Bank has to ensure that cash inflows exceed outflows under all stress scenarios. As at 30 June 2015, the Bank passed liquidity stress tests on all scenarios.

As at 30 June 2015, the loan to deposits ratio of the Bank is 81% (31 December 2014: 81%).



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The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2015 and 31 December 2014 based on contractual maturity is as follows:

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 30 June 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<b>Financial assets</b>							
Cash	380	-	-	-	-	-	380
Interbank and money market items, net	18,900	32,975	-	338	-	-	52,213
Claims on security	6,500	-	-	-	-	-	6,500
Derivative assets	-	8,390	3,463	12,869	6,513	-	31,235
Investments, net	-	15,581	9,353	4,192	16,062	14	45,202
Loans to customers and accrued interest receivables	23,253	28,253	2,061	13,185	36,140	-	102,892
Accounts receivable from sales of investments and debt securities in issue	1,825	-	-	-	-	-	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,949	-	-	-	-	-	2,949
Other assets	-	-	-	291	-	-	291
<b>Total financial assets</b>	<b>53,807</b>	<b>85,199</b>	<b>14,877</b>	<b>30,875</b>	<b>58,715</b>	<b>14</b>	<b>243,487</b>
<b>Financial liabilities</b>							
Deposits	75,141	23,573	4,208	1,119	-	-	104,041
Interbank and money market items	28,588	8,000	-	-	5,367	-	41,955
Liabilities payable on demand	1,673	-	-	-	-	-	1,673
Liabilities to delivery security	6,500	-	-	-	-	-	6,500
Derivative liabilities	33	8,103	3,942	12,652	4,618	-	29,348
Debt issued and borrowings	-	2,822	-	-	-	-	2,822
Accounts payable from purchase of investments	2,407	-	-	-	-	-	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,529	-	-	-	-	-	3,529
Other liabilities	232	-	-	-	-	-	232
<b>Total financial liabilities</b>	<b>118,103</b>	<b>42,498</b>	<b>8,150</b>	<b>13,771</b>	<b>9,985</b>	-	<b>192,507</b>
<b>Net liquidity gap</b>	<b>(64,296)</b>	<b>42,701</b>	<b>6,727</b>	<b>17,104</b>	<b>48,730</b>	<b>14</b>	<b>50,980</b>

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**For the three-month and six-month periods ended 30 June 2015**

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 31 December 2014 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<b>Financial assets</b>							
Cash	484	-	-	-	-	-	484
Interbank and money market items, net	10,695	33,374	-	-	330	-	44,399
Claims on security	1,000	-	-	-	-	-	1,000
Derivative assets	-	6,812	3,036	12,696	6,430	-	28,974
Investments, net	-	2,679	6,414	37,704	1,252	14	48,063
Loans to customers and accrued interest receivables	25,573	17,814	8,506	15,427	35,361	-	102,681
Accounts receivable from sales of investments and debt securities in issue	3,325	-	-	-	-	-	3,325
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,962	-	-	-	-	-	2,962
Other assets	-	-	-	468	-	-	468
<b>Total financial assets</b>	<b>44,039</b>	<b>60,679</b>	<b>17,956</b>	<b>66,295</b>	<b>43,373</b>	<b>14</b>	<b>232,356</b>
<b>Financial liabilities</b>							
Deposits	70,872	25,762	1,601	1,324	-	-	99,559
Interbank and money market items	20,485	14,100	-	-	5,286	-	39,871
Liabilities payable on demand	1,904	-	-	-	-	-	1,904
Liabilities to delivery security	1,000	-	-	-	-	-	1,000
Derivative liabilities	41	8,229	2,688	13,166	4,674	-	28,798
Debt issued and borrowings	-	3,645	-	-	-	-	3,645
Accounts payable from purchase of investments	3,076	-	-	-	-	-	3,076
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,858	-	-	-	-	-	2,858
Other liabilities	286	-	-	-	-	-	286
<b>Total financial liabilities</b>	<b>100,522</b>	<b>51,736</b>	<b>4,289</b>	<b>14,490</b>	<b>9,960</b>	-	<b>180,997</b>
<b>Net liquidity gap</b>	<b>(56,483)</b>	<b>8,943</b>	<b>13,667</b>	<b>51,805</b>	<b>33,413</b>	<b>14</b>	<b>51,359</b>

# 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 2015

	At call	Within 6 months	Over 6 months to 1 year	Bank only 30 June 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<b>Financial assets</b>							
Cash	380	-	-	-	-	-	380
Interbank and money market items, net	18,885	32,975	-	338	-	-	52,198
Claims on security	6,500	-	-	-	-	-	6,500
Derivative assets	-	8,390	3,463	12,869	6,513	-	31,235
Investments, net	-	15,581	9,353	2,405	16,062	14	43,415
Loans to customers and accrued interest receivables	23,253	29,083	3,331	12,787	36,180	-	104,634
Accounts receivable from sales of investments and debt securities in issue	1,825	-	-	-	-	-	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,949	-	-	-	-	-	2,949
Other assets	-	-	-	291	-	-	291
<b>Total financial assets</b>	<b>53,792</b>	<b>86,029</b>	<b>16,147</b>	<b>28,690</b>	<b>58,755</b>	<b>14</b>	<b>243,427</b>
<b>Financial liabilities</b>							
Deposits	75,442	23,573	4,208	1,119	-	-	104,342
Interbank and money market items	28,588	8,000	-	-	5,367	-	41,955
Liabilities payable on demand	1,673	-	-	-	-	-	1,673
Liabilities to delivery security	6,500	-	-	-	-	-	6,500
Derivative liabilities	33	8,103	3,942	12,652	4,618	-	29,348
Debt issued and borrowings	-	2,822	-	-	-	-	2,822
Accounts payable from purchase of investments	2,407	-	-	-	-	-	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,529	-	-	-	-	-	3,529
Other liabilities	232	-	-	-	-	-	232
<b>Total financial liabilities</b>	<b>118,404</b>	<b>42,498</b>	<b>8,150</b>	<b>13,771</b>	<b>9,985</b>	-	<b>197,808</b>
<b>Net liquidity gap</b>	<b>(64,612)</b>	<b>43,531</b>	<b>7,997</b>	<b>14,919</b>	<b>48,770</b>	<b>14</b>	<b>50,619</b>

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**For the three-month and six-month periods ended 30 June 2015**

	At call	Within 6 months	Over 6 months to 1 year	Bank only 31 December 2014 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<b>Financial assets</b>							
Cash	483	-	-	-	-	-	483
Interbank and money market items, net	10,683	33,374	-	-	330	-	44,387
Claims on security	1,000	-	-	-	-	-	1,000
Derivative assets	-	6,812	3,036	12,696	6,430	-	28,974
Investments, net	-	2,679	6,414	35,683	1,252	14	46,042
Loans to customers and accrued interest receivables	25,147	18,879	9,336	15,449	35,361	-	104,172
Accounts receivable from sales of investments and debt securities in issue	3,325	-	-	-	-	-	3,325
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	2,962	-	-	-	-	-	2,962
Other assets	-	-	-	468	-	-	468
<b>Total financial assets</b>	<b>43,600</b>	<b>61,744</b>	<b>18,786</b>	<b>64,296</b>	<b>43,373</b>	<b>14</b>	<b>231,813</b>
<b>Financial liabilities</b>							
Deposits	71,161	25,822	1,601	1,324	-	-	99,908
Interbank and money market items	20,484	14,100	-	-	5,287	-	39,871
Liabilities payable on demand	1,904	-	-	-	-	-	1,904
Liabilities to delivery security	1,000	-	-	-	-	-	1,000
Derivative liabilities	41	8,229	2,688	13,166	4,674	-	28,798
Debt issued and borrowings	-	3,645	-	-	-	-	3,645
Accounts payable from purchase of investments	3,076	-	-	-	-	-	3,076
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	2,858	-	-	-	-	-	2,858
Other liabilities	286	-	-	-	-	-	286
<b>Total financial liabilities</b>	<b>100,810</b>	<b>51,796</b>	<b>4,289</b>	<b>14,490</b>	<b>9,961</b>	-	<b>181,346</b>
<b>Net liquidity gap</b>	<b>(57,210)</b>	<b>9,948</b>	<b>14,497</b>	<b>49,806</b>	<b>33,412</b>	<b>14</b>	<b>50,467</b>

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*Derivatives*

The remaining periods to maturity of the notional amount of derivatives as at 30 June 2015 and 31 December 2014 are as follows:

<b>Consolidated and Bank only</b>			
<b>30 June 2015</b>			
	Within 1 year	Over 1 year (in million Baht)	Total
<b><i>Foreign currency related</i></b>			
Forward exchange contracts	755,138	27,344	782,482
Cross currency swap contracts	122,510	229,277	351,787
Currency option contracts	1,988	-	1,988
<b><i>Interest rate related</i></b>			
Interest rate swap contracts	321,316	769,998	1,091,314
Interest rate option contracts	249	20,459	20,708
<b><i>Others</i></b>			
Bond forward contracts	1,140	2,028	3,168
Commodities contracts	7,612	190	7,802
<b>Total</b>	<b>1,209,953</b>	<b>1,049,296</b>	<b>2,259,249</b>

  

<b>Consolidated and Bank only</b>			
<b>31 December 2014</b>			
	Within 1 year	Over 1 year (in million Baht)	Total
<b><i>Foreign currency related</i></b>			
Forward exchange contracts	640,468	21,998	662,466
Cross currency swap contracts	111,346	229,696	341,042
Currency option contracts	1,763	8,500	10,263
<b><i>Interest rate related</i></b>			
Interest rate swap contracts	298,231	752,218	1,050,449
Interest rate option contracts	1,039	17,498	18,537
<b><i>Others</i></b>			
Bond forward contracts	49	1,496	1,545
Commodities contracts	17,754	180	17,934
<b>Total</b>	<b>1,070,650</b>	<b>1,031,586</b>	<b>2,102,236</b>

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**6 Fair value of financial assets and liabilities**

*Fair value hierarchy*

These fair value measurements are categorised into different levels in the fair value hierarchy its and subsidiaries based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

**6.1 Financial instruments measured at fair value - Fair value hierarchy**

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

<b>Consolidated and Bank only</b>				
	Fair value			Total
	Level 1	Level 2	Level 3	
<b>30 June 2015</b>	<i>(in million Baht)</i>			
<b><i>Financial assets</i></b>				
Derivatives				
- Foreign currency related	10	18,009	-	18,019
- Interest rate related	-	12,740	-	12,740
- Bond forward contracts	-	121	-	121
- Commodities contracts	-	355	-	355
Debt securities held for trading	-	8,680	-	8,680
Debt securities available-for-sale	-	34,721	-	34,721
<b><i>Financial liabilities</i></b>				
Derivatives				
- Foreign currency related	10	18,448	-	18,458
- Interest rate related	-	10,451	-	10,451
- Bond forward contracts	-	84	-	84
- Commodities contracts	-	355	-	355

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

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

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six-month period ended 30 June 2015.

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

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

**6.2 Financial instruments not measured at fair value**

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>30 June 2015</b>					
<b><i>Financial assets</i></b>					
Interbank and money market items, net	-	52,213	-	52,213	52,213
Claims on security	-	6,500	-	6,500	6,500
Investment	-	-	1,801	1,801	1,801
Loan to customers and interest receivable	-	-	110,415	110,415	102,892
Accounts receivable from sales of investments and debt securities in issue	-	1,825	-	1,825	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,949	-	2,949	2,949
<b><i>Financial liabilities</i></b>					
Deposits	-	104,041	-	104,041	104,041
Interbank and money market items	-	42,224	-	42,224	41,955
Liabilities payable on demand	-	1,673	-	1,673	1,673
Liabilities to deliver security	-	6,500	-	6,500	6,500
Debt issued and borrowings	-	2,822	-	2,822	2,822
Accounts payable from purchase of investments	-	2,407	-	2,407	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,529	-	3,529	3,529

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	<b>Bank only</b> <b>Fair value</b>				<b>Carrying value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b>30 June 2015</b>					
<b><i>Financial assets</i></b>					
Interbank and money market items, net	-	52,198	-	52,198	52,198
Claims on security	-	6,500	-	6,500	6,500
Investment	-	-	14	14	14
Loan to customers and interest receivable	-	-	112,157	112,157	104,634
Accounts receivable from sales of investments and debt securities in issue	-	1,825	-	1,825	1,825
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,949	-	2,949	2,949
<b><i>Financial liabilities</i></b>					
Deposits	-	104,342	-	104,342	104,342
Interbank and money market items	-	42,224	-	42,224	41,955
Liabilities payable on demand	-	1,673	-	1,673	1,673
Liabilities to deliver security	-	6,500	-	6,500	6,500
Debt issued and borrowings	-	2,822	-	2,822	2,822
Accounts payable from purchase of investments	-	2,407	-	2,407	2,407
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,529	-	3,529	3,529

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

*Interbank and money market items (assets and liabilities)*

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

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

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

*General investments*

The fair value of foreign non-marketable equity securities is determined based on value quoted by reliable international financial institution.



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*Investments in receivables*

The fair value of investments in receivables are the expected recoverable amount determined based on the net present value of expected future cash flow 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 collection equals to the carrying value of investments in the receivables.

*Loans to customers*

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

*Deposits*

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

*Debts issued and borrowings*

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

*Liabilities payable on demand*

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

*Other financial instruments*

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

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**7 Maintenance of capital fund**

The ratios of capital to assets (Capital Adequacy Ratio) as of 30 June 2015 and 31 December 2014 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 2015	31 December 2014	
	<i>(in million Baht)</i>		
<b><i>Tier 1 capital</i></b>			
Common Equity Tier 1 (CET1)			
Issued and paid-up share capital, share premium	23,893	23,893	
Legal reserve	1,063	981	
Net profit after appropriation	13,146	13,140	
Other reserves	14	60	
Less Capital deduction items on CET1	(544)	(413)	
<b>Total Tier 1 Capital Base</b>	<b>37,572</b>	<b>37,661</b>	
<b><i>Tier 2 capital</i></b>			
Provision for normal classified assets	289	322	
Surplus of provision	621	589	
<b>Total Tier 2 Capital Base</b>	<b>910</b>	<b>911</b>	
<b>Total Capital Base</b>	<b>38,482</b>	<b>38,572</b>	
<b>Total Risk-Weighted Assets</b>	<b>164,973</b>	<b>166,540</b>	
	The BoT's regulation minimum requirement	30 June 2015	31 December 2014
		(%)	
Capital Adequacy Ratio	8.50	23.33	23.16
Tier-1 Capital ratio	6.00	22.77	22.61
Tier-1 Common Equity ratio	4.50	22.77	22.61
Tier-2 Capital ratio	-	0.55	0.55

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

As at 30 June 2015, the Bank has capital after deducting capital add-on arising from Single Lending Limit amounting to Baht 37,987 million, 23.03% of total risk-weighted asset.

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.

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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 2015 within 4 months after the period end date, as indicated in the notification, through the Bank's website [www.sc.com/th/](http://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.

**8 Interbank and money market items, net (assets)**

	Consolidated					
	30 June 2015			31 December 2014		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
<b>Domestic</b>						
Bank of Thailand	12,346	16,845	29,191	5,301	15,100	20,401
Commercial banks	69	-	69	68	7,204	7,272
Other financial institutions	550	-	550	1,044	-	1,044
<b>Total</b>	<b>12,965</b>	<b>16,845</b>	<b>29,810</b>	<b>6,413</b>	<b>22,304</b>	<b>28,717</b>
Add accrued interest receivable	1	6	7	1	18	19
Less allowance for doubtful accounts	(6)	-	(6)	(11)	(7)	(18)
<b>Total domestic, net</b>	<b>12,960</b>	<b>16,851</b>	<b>29,811</b>	<b>6,403</b>	<b>22,315</b>	<b>28,718</b>
<b>Foreign</b>						
US Dollar	5,352	14,774	20,126	3,828	5,787	9,615
Japanese Yen	27	-	27	49	-	49
Euro	214	2	216	109	2,403	2,512
Chinese Yuan	75	1,634	1,709	44	3,180	3,224
Other currencies	272	-	272	262	-	262
<b>Total</b>	<b>5,940</b>	<b>16,410</b>	<b>22,350</b>	<b>4,292</b>	<b>11,370</b>	<b>15,662</b>
Add accrued interest receivable	-	82	82	-	42	42
Less allowance for doubtful accounts	-	(30)	(30)	-	(23)	(23)
<b>Total foreign, net</b>	<b>5,940</b>	<b>16,462</b>	<b>22,402</b>	<b>4,292</b>	<b>11,389</b>	<b>15,681</b>
<b>Total domestic and foreign, net</b>	<b>18,900</b>	<b>33,313</b>	<b>52,213</b>	<b>10,695</b>	<b>33,704</b>	<b>44,399</b>

	Bank only					
	30 June 2015			31 December 2014		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
<b>Domestic</b>						
Bank of Thailand	12,346	16,845	29,191	5,301	15,100	20,401
Commercial banks	54	-	54	56	7,204	7,260
Other financial institutions	550	-	550	1,044	-	1,044
<b>Total</b>	<b>12,950</b>	<b>16,845</b>	<b>29,795</b>	<b>6,401</b>	<b>22,304</b>	<b>28,705</b>
Add accrued interest receivable	1	6	7	1	18	19
Less allowance for doubtful accounts	(6)	-	(6)	(11)	(7)	(18)
<b>Total domestic, net</b>	<b>12,945</b>	<b>16,851</b>	<b>29,796</b>	<b>6,391</b>	<b>22,315</b>	<b>28,706</b>

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	Bank only					
	30 June 2015			31 December 20 14		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
<b>Foreign</b>						
US Dollar	5,352	14,774	20,126	3,828	5,787	9,615
Japanese Yen	27	-	27	49	-	49
Euro	214	2	216	109	2,403	2,512
Chinese Yuan	75	1,634	1,709	44	3,180	3,224
Other currencies	272	-	272	262	-	262
<b>Total</b>	<b>5,940</b>	<b>16,410</b>	<b>22,350</b>	<b>4,292</b>	<b>11,370</b>	<b>15,662</b>
Add accrued interest receivable	-	82	82	-	42	42
Less allowance for doubtful accounts	-	(30)	(30)	-	(23)	(23)
<b>Total foreign, net</b>	<b>5,940</b>	<b>16,462</b>	<b>22,402</b>	<b>4,292</b>	<b>11,389</b>	<b>15,681</b>
<b>Total domestic and foreign, net</b>	<b>18,885</b>	<b>33,313</b>	<b>52,198</b>	<b>10,683</b>	<b>33,704</b>	<b>44,387</b>

## 9 Derivatives

### 9.1 Derivatives held for trading

As at 30 June 2015 and 31 December 2014, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	Consolidated and Bank only					
	30 June 2015			31 December 2014		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign currency related	18,019	18,436	1,134,654	14,306	16,274	1,010,131
Interest rate related	12,723	10,354	1,106,272	12,752	10,511	1,062,136
Others						
- Bond forward contracts	121	84	3,168	86	75	1,545
- Commodities contracts	355	355	7,802	1,784	1,784	17,934
	<u>476</u>	<u>439</u>	<u>10,970</u>	<u>1,870</u>	<u>1,859</u>	<u>19,479</u>
Total	31,218	29,229	2,251,896	28,928	28,644	2,091,746

As at 30 June 2015 and 31 December 2014, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	<b>Consolidated and Bank only</b>	
	30 June 2015	31 December 2014
	<i>(%)</i>	
<b>Counterparties</b>		
Financial institutions	71.3	71.3
Related parties	20.8	20.0
Other parties	7.9	8.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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**9.2 Derivatives held for hedging**

**9.2.1 Fair value hedges**

Type of risks	Consolidated and Bank only					
	30 June 2015			31 December 2014		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities	Notional amount
	<i>(in million Baht)</i>					
Foreign currency related	-	22	1,603	19	18	2,319
Interest rate related	-	59	1,750	-	53	2,150
<b>Total</b>	<b>-</b>	<b>81</b>	<b>3,353</b>	<b>19</b>	<b>71</b>	<b>4,469</b>

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognised in profit or loss. For the six-month period ended 30 June 2015, the Bank recognised loss on fair value hedges in profit or loss amounted to Baht 0.3 million (30 June 2014: Gain on fair value hedges Baht 46 million).

**9.2.2 Cash flow hedges**

Type of risks	Consolidated and Bank only					
	30 June 2015			31 December 2014		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities	Notional amount
	<i>(in million Baht)</i>					
Foreign currency related	-	-	-	-	41	1,321
Interest rate related	17	38	4,000	27	42	4,700
<b>Total</b>	<b>17</b>	<b>38</b>	<b>4,000</b>	<b>27</b>	<b>83</b>	<b>6,021</b>

The Bank uses interest rate swaps to manage the variability in future cash flows on assets and liabilities and cross-currency swaps to manage the variability in future exchange rates on its assets and liabilities and costs in foreign currencies. The interest rate swaps are contracts which involve the exchange of floating rates for fixed rates. The cross-currency swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period. Gains or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss. For the six-month period ended 30 June 2015, the Bank recognised loss on cash flow hedges in other comprehensive income amounted to Baht 23 million (30 June 2014: Baht 16 million) and gain on cash flow hedges in profit or loss amounted to Baht 10 million (30 June 2014: Baht 1 million).

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As at 30 June 2015 and 31 December 2014, the time periods in which cash flows of hedged items are expected to impact in profit or loss are as follows:

Cash flows	Consolidated and Bank only 30 June 2015			Total
	Within 3 months	Over 3 months to 1 year (in million Baht)	Over 1 year to 5 years	
Receivable cash flows	23	23	4	50
Payable cash flows	(18)	(40)	(24)	(82)
<b>Net cash flows</b>	<b>5</b>	<b>(17)</b>	<b>(20)</b>	<b>(32)</b>

  

Cash flows	Consolidated and Bank only 31 December 2014			Total
	Within 3 months	Over 3 months to 1 year (in million Baht)	Over 1 year to 5 years	
Receivable cash flows	25	68	70	163
Payable cash flows	(19)	(40)	(53)	(112)
<b>Net cash flows</b>	<b>6</b>	<b>28</b>	<b>17</b>	<b>51</b>

## 10 Investments, net

- 10.1 As at 30 June 2015 and 31 December 2014, the Bank and its subsidiaries classify investment types, as follows:

	Consolidated		Bank only	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	(in million Baht)			
<b>Trading investments</b>	Fair value			
Government bonds	7,973	6,801	7,973	6,801
Private debt instruments	707	208	707	208
<b>Total</b>	<b>8,680</b>	<b>7,009</b>	<b>8,680</b>	<b>7,009</b>
<b>Available-for-sale investments</b>	Fair value			
Government bonds	34,104	37,298	34,104	37,298
Private debt instruments	617	1,721	617	1,721
<b>Total</b>	<b>34,721</b>	<b>39,019</b>	<b>34,721</b>	<b>39,019</b>
<b>Investments in receivables</b>	Cost			
Investments in receivables	1,787	2,021	-	-
<b>Total</b>	<b>1,787</b>	<b>2,021</b>	<b>-</b>	<b>-</b>

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	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
<b>General investments</b>	<b>Cost</b>			
Domestic non-marketable equity securities	24	26	24	26
Foreign non-marketable equity securities	1	1	1	1
<b>Total</b>	<b>25</b>	<b>27</b>	<b>25</b>	<b>27</b>
Less allowance for impairment	(11)	(13)	(11)	(13)
<b>Net</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Total investments, net</b>	<b>45,202</b>	<b>48,063</b>	<b>43,415</b>	<b>46,042</b>

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

	<b>Consolidated and Bank only</b>	
	30 June 2015	31 December 2014
	<i>(in million Baht)</i>	
<b>Fair value changes in available-for-sale investments</b>		
Debt securities	95	299
Treasury bill	1	-
<b>Total</b>	<b>96</b>	<b>299</b>
Less fair value changes in fair value hedged investments	(61)	(56)
Less deferred tax	(7)	(49)
<b>Net</b>	<b>28</b>	<b>194</b>

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

<b>Consolidated and Bank only</b>					
<b>30 June 2015</b>					
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
			<i>(in million Baht)</i>		
Non-listed companies in SET	7	24	13	-	11
<b>Total</b>	<b>7</b>	<b>24</b>	<b>13</b>	<b>-</b>	<b>11</b>
<b>Consolidated and Bank only</b>					
<b>31 December 2014</b>					
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
			<i>(in million Baht)</i>		
Non-listed companies in SET	8	26	13	-	13
<b>Total</b>	<b>8</b>	<b>26</b>	<b>13</b>	<b>-</b>	<b>13</b>

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**11 Investment in subsidiaries**

Bank only							
Companies	Type of business	Type of investment	Percentage of ownership interest	At cost		Dividend income for the six-month periods ended 30 June	
				30 June 2015	31 December 2014	2015	2014
(in million Baht)							
Standard Chartered (Thai) Asset Management Company Limited (SCTAMC)	Managing substandard assets purchased or transferred from financial institutions	Ordinary shares	99.99	639	639	500	-
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	99.99	59	59	10	-
Total				698	698	510	-

**12 Loans to customers and accrued interest receivable, net**

**12.1 Classified by type of loans**

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>(in million Baht)</i>				
Overdrafts	1,271	1,378	1,271	1,378
Loans	84,217	85,794	85,935	87,263
Bills	17,066	14,895	17,066	14,895
Others	4	241	4	241
<b>Total</b>	<b>102,558</b>	<b>102,308</b>	<b>104,276</b>	<b>103,777</b>
<i>Add</i> accrued interest receivable	334	373	358	395
<b>Total loans and accrued interest receivable</b>	<b>102,892</b>	<b>102,681</b>	<b>104,634</b>	<b>104,172</b>
<i>Less</i> allowance for doubtful accounts				
- Minimum allowance as BoT's regulations				
- Individual approach	(4,501)	(4,694)	(4,522)	(4,713)
- Collective approach	(947)	(1,055)	(947)	(1,055)
- Excess allowance	(3,713)	(3,149)	(3,692)	(3,130)
<b>Total</b>	<b>(9,161)</b>	<b>(8,898)</b>	<b>(9,161)</b>	<b>(8,898)</b>
<b>Total loans to customers and accrued interest receivable, net</b>	<b>93,731</b>	<b>93,783</b>	<b>95,473</b>	<b>95,274</b>



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**12.2 Classified by currency and residence of debtors**

	<b>Consolidated</b>					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	86,548	7	86,555	87,302	21	87,323
US Dollar	8,659	592	9,251	11,175	856	12,031
Other currencies	30	6,722	6,752	737	2,217	2,954
<b>Total</b>	<b>95,237</b>	<b>7,321</b>	<b>102,558</b>	<b>99,214</b>	<b>3,094</b>	<b>102,308</b>

  

	<b>Bank only</b>					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	88,266	7	88,273	88,771	21	88,792
US Dollar	8,659	592	9,251	11,175	856	12,031
Other currencies	30	6,722	6,752	737	2,217	2,954
<b>Total</b>	<b>96,955</b>	<b>7,321</b>	<b>104,276</b>	<b>100,683</b>	<b>3,094</b>	<b>103,777</b>

**12.3 Classified by industry and loan classification**

Consolidated 30 June 2015						
	Pass	Special mention	Substandard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	209	-	-	-	1	210
Manufacturing and commerce	36,182	2,095	54	-	4,607	42,938
Property development and construction	2,600	85	11	-	142	2,838
Infrastructure and services	6,968	52	20	-	579	7,619
Housing loans	20,878	347	139	126	537	22,027
Others	24,864	882	334	22	824	26,926
<b>Total</b>	<b>91,701</b>	<b>3,461</b>	<b>558</b>	<b>148</b>	<b>6,690</b>	<b>102,558</b>

  

Consolidated 31 December 2014						
	Pass	Special mention	Substandard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	488	1	-	-	7	496
Manufacturing and commerce	35,954	2,278	50	-	4,693	42,975
Property development and construction	3,112	81	16	-	241	3,450
Infrastructure and services	4,792	58	16	-	582	5,448
Housing loans	21,934	450	154	89	511	23,138
Others	24,560	968	394	18	861	26,801
<b>Total</b>	<b>90,840</b>	<b>3,836</b>	<b>630</b>	<b>107</b>	<b>6,895</b>	<b>102,308</b>

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<b>Bank only</b>						
<b>30 June 2015</b>						
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	209	-	-	-	1	210
Manufacturing and commerce	36,182	2,095	54	-	4,587	42,918
Property development and construction	2,600	85	11	-	57	2,753
Infrastructure and services	6,968	52	20	-	261	7,301
Housing loans	20,878	347	139	126	537	22,027
Others	27,005	882	334	22	824	29,067
<b>Total</b>	<b>93,842</b>	<b>3,461</b>	<b>558</b>	<b>148</b>	<b>6,267</b>	<b>104,276</b>

<b>Bank only</b>						
<b>31 December 2014</b>						
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	488	1	-	-	7	496
Manufacturing and commerce	35,954	2,278	50	-	4,673	42,955
Property development and construction	3,112	81	16	-	156	3,365
Infrastructure and services	4,792	58	16	-	262	5,128
Housing loans	21,934	450	154	89	511	23,138
Others	26,454	968	394	18	861	28,695
<b>Total</b>	<b>92,734</b>	<b>3,836</b>	<b>630</b>	<b>107</b>	<b>6,470</b>	<b>103,777</b>

**12.4 Classified by loan classification**

<b>Consolidated</b>				
<b>30 June 2015</b>				
	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	92,015	61,169	1	612
Special mention	3,481	2,974	2	59
Substandard	558	420	100	420
Doubtful	148	28	100	28
Doubtful of loss	6,690	4,329	100	4,329
<b>Total</b>	<b>102,892</b>	<b>68,920</b>		<b>5,448</b>
Excess allowance				3,713
<b>Total</b>				<b>9,161</b>

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<b>Consolidated</b>			
<b>31 December 2014</b>			
	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	91,188	59,213	1
Special mention	3,861	3,252	2
Substandard	630	479	100
Doubtful	107	20	100
Doubtful of loss	6,895	4,593	100
Total	<b>102,681</b>	<b>67,557</b>	
Excess allowance			
<b>Total</b>			<b>8,898</b>

<b>Bank only</b>			
<b>30 June 2015</b>			
	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	94,180	63,309	1
Special mention	3,481	2,974	2
Substandard	558	420	100
Doubtful	148	28	100
Doubtful of loss	6,267	4,329	100
Total	<b>104,634</b>	<b>71,060</b>	
Excess allowance			
<b>Total</b>			<b>9,161</b>

<b>Bank only</b>			
<b>31 December 2014</b>			
	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	93,104	61,108	1
Special mention	3,861	3,252	2
Substandard	630	479	100
Doubtful	107	20	100
Doubtful of loss	6,470	4,593	100
Total	<b>104,172</b>	<b>69,452</b>	
Excess allowance			
<b>Total</b>			<b>8,898</b>

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\* 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 2015, the collective approach is applied to loans to customers and accrued interest receivables of Baht 47,021 million (31 December 2014: Baht 55,783 million), using provision rates between 0.01% and 8.48% (31 December 2014: between 0.03% and 6.85%). The total allowance under this approach was Baht 947 million (31 December 2014: Baht 1,055 million).

## 12.5 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 2015 and 31 December 2014, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Non-performing loans, net ( <i>in million Baht</i> )	2,517	2,422	2,094	1,997
Total loans used for NPL net ratio calculation ( <i>in million Baht</i> )	129,529	127,238	131,246	128,707
Ratio of total loans (%)	1.94	1.90	1.60	1.55

As at 30 June 2015 and 31 December 2014, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Non-performing loans, gross ( <i>in million Baht</i> )	7,396	7,632	6,973	7,207
Total loans used for NPL gross ratio calculation ( <i>in million Baht</i> )	134,408	132,448	136,125	133,917
Ratio of total loans (%)	5.50	5.76	5.12	5.38

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

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**13 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 periods ended 30 June	
	2015	2014
	(in million Baht)	
<b><i>Cash flows from operating activities</i></b>		
Profit from operations before income tax expense	112	460
<b><i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i></b>		
Impairment loss of investments (reversal of)	5	(7)
Reversal of impairment on amount due from related party	(4)	(8)
Net interest income	(201)	(491)
Interest received	250	580
Interest paid	(46)	(112)
Income tax paid	(73)	(32)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>43</b>	<b>390</b>
<b><i>Decrease (increase) in operating assets</i></b>		
Intercompany and money market items	33	(153)
Investments in receivables	197	724
Loans to customers	3	249
Amount due from related parties	4	8
Properties for sale	3	-
Deposits	1	(4)
Other assets	(6)	-
<b><i>Increase (decrease) in operating liabilities</i></b>		
Intercompany and money market items	245	(1,212)
Accounts payable	7	7
Other liabilities	(30)	(37)
<b>Net cash provided by operating activities</b>	<b>500</b>	<b>28</b>
<b><i>Cash flows from financing activities</i></b>		
Dividend paid	(500)	-
<b>Net cash used in financing activities</b>	<b>(500)</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>-</b>	<b>(28)</b>
Cash at beginning of the period	-	28
<b>Cash at end of the period</b>	<b>-</b>	<b>-</b>

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**14 Troubled debt restructuring**

During the six-month periods ended 30 June 2015 and 2014, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

<b>Consolidated and Bank only</b>				
<b>Six-month period ended 30 June 2015</b>				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 1 year 2 months to 22 years 3 months	216	737	733
<b>Total</b>		<b>216</b>	<b>737</b>	<b>733</b>

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

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

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

<b>Consolidated and Bank only</b>	
	30 June 2015      31 December 2014
	(in million Baht)
Troubled restructured debt	5,670      5,947

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

<b>Consolidated and Bank only</b>			
<b>Three-month period ended</b>		<b>Six-month period ended</b>	
<b>30 June</b>		<b>30 June</b>	
<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>(in million Baht)</b>			
The loss incurred arising from restructuring, before allowance for doubtful accounts	2	4	7

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 2015 and 2014.

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

	<b>Consolidated and Bank only</b>			
	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interest income	<u>32</u>	<u>55</u>	<u>53</u>	<u>108</u>

**15 Allowance for doubtful accounts**

	Consolidated						
	Six-month period ended 30 June 2015						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	592	65	479	20	4,593	3,149	8,898
Allowance for doubtful accounts	20	(6)	(59)	8	1,377	564	1,904
Bad debt written off	-	-	-	-	(1,653)	-	(1,653)
Others	-	-	-	-	12	-	12
Ending balance	612	59	420	28	4,329	3,713	9,161

	Consolidated						
	Year ended 31 December 2014						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	605	66	359	7	3,694	2,878	7,609
Allowance for doubtful accounts	(13)	(1)	120	13	4,042	271	4,432
Bad debt written off	-	-	-	-	(3,132)	-	(3,132)
Others	-	-	-	-	(11)	-	(11)
Ending balance	592	65	479	20	4,593	3,149	8,898

	Bank only						
	Six-month period ended 30 June 2015						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Beginning balance	611	65	479	20	4,593	3,130	8,898
Allowance for doubtful accounts	22	(6)	(59)	8	1,377	562	1,904
Bad debt written off	-	-	-	-	(1,653)	-	(1,653)
Others	-	-	-	-	12	-	12
Ending balance	633	59	420	28	4,329	3,692	9,161

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	Bank only						
	Year ended 31 December 2014						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning	644	66	359	7	3,694	2,839	7,609
Allowance for doubtful accounts	(33)	(1)	120	13	4,042	291	4,432
Bad debt written off	-	-	-	-	(3,132)	-	(3,132)
Others	-	-	-	-	(11)	-	(11)
Ending balance	611	65	479	20	4,593	3,130	8,898

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>(in million Baht)</i>			
<b>Three-month period ended 30 June</b>				
Allowance for doubtful accounts	1,053	883	1,053	883
Less Reversal of impairment of investment in receivables	-	(5)	-	-
Less bad debts recovered	(115)	(76)	(115)	(76)
<b>Impairment loss of loans and debt securities</b>	<b>938</b>	<b>802</b>	<b>938</b>	<b>807</b>

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>(in million Baht)</i>			
<b>Six-month period ended 30 June</b>				
Allowance for doubtful accounts	1,904	1,952	1,904	1,952
Less Reversal of impairment of investment in receivables	6	(7)	-	-
Less bad debts recovered	(217)	(167)	(217)	(167)
<b>Impairment loss of loans and debt securities</b>	<b>1,693</b>	<b>1,778</b>	<b>1,687</b>	<b>1,785</b>



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**16 Premises and equipment**

As at 30 June 2015 and 31 December 2014, changes in premises and equipment are as follows:

Consolidated											
30 June 2015											
Accumulated depreciation											
Net book value as of 1 January 2015	Cost			Beginning balance	Depreciation	Disposals and transfers out	Ending balance	Allowance for impairment	Net book value as of 30 June 2015		
	Purchases and transfers in	Disposals and transfers out									
Land	27	-	(16)	-	-	-	20	(9)	11		
Freehold premises	492	14	(73)	967	42	(35)	1,830	(411)	445		
Equipment	161	2	(61)	1,086	35	(61)	1,188	-	128		
Total	680	16	(150)	2,053	77	(96)	3,038	(420)	584		
31 December 2014											
Accumulated depreciation											
Net book value as of 1 January 2014	Cost			Beginning balance	Depreciation	Disposals and transfers out	Ending balance	Allowance for impairment	Net book value as of 31 December 2014		
	Purchases and transfers in	Disposals and transfers out									
Land	27	-	-	-	-	-	36	(9)	27		
Freehold premises	549	-	-	910	57	-	1,889	(430)	492		
Equipment	201	29	(89)	1,106	69	(89)	1,247	-	161		
Total	777	29	(89)	2,016	126	(89)	3,172	(439)	680		

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that was still in use as at 30 June 2015 amounted Baht 966 million (31 December 2014: Baht 973 million).

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	Net book value as of 1 January 2015	Cost				Accumulated depreciation			Net book value as of 30 June 2015
		Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Beginning balance	Depreciation	Disposals and transfers out	
							<i>(in million Baht)</i>		
Land	27	36	-	(16)	20	-	-	-	11
Freehold premises	492	1,889	14	(73)	1,830	967	42	(35)	445
Equipment	161	1,244	2	(61)	1,185	1,083	35	(61)	128
<b>Total</b>	<b>680</b>	<b>3,169</b>	<b>16</b>	<b>(150)</b>	<b>3,035</b>	<b>2,050</b>	<b>77</b>	<b>(96)</b>	<b>584</b>

	Net book value as of 1 January 2014	Cost				Accumulated depreciation			Net book value as of 31 December 2014
		Beginning balance	Purchases and transfers in	Disposals and transfers out	Ending balance	Beginning balance	Depreciation	Disposals and transfers out	
							<i>(in million Baht)</i>		
Land	27	36	-	-	36	-	-	-	27
Freehold premises	549	1,889	-	-	1,889	910	57	-	492
Equipment	201	1,304	29	(89)	1,244	1,103	69	(89)	161
<b>Total</b>	<b>777</b>	<b>3,229</b>	<b>29</b>	<b>(89)</b>	<b>3,169</b>	<b>2,013</b>	<b>126</b>	<b>(89)</b>	<b>680</b>

As at 30 June 2015, the Bank had no equipment under finance leases (31 December 2014: Baht 0.1 million).

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 30 June 2015 amounted Baht 964 million (31 December 2014: Baht 971 million).

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**17 Deferred tax**

Deferred tax assets and liabilities were as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Deferred tax assets	741	620	479	419
Deferred tax liabilities	(6)	(5)	(5)	(54)
<b>Net</b>	<b>735</b>	<b>615</b>	<b>474</b>	<b>365</b>

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2015 and 2014 were as follows:

		Consolidated		
		(Charged) / Credited to:		
	At 1 January 2015	Profit or loss	Other comprehensive income	At 30 June 2015
		(note 40)		
		(in million Baht)		
<i>Deferred tax assets</i>				
Investments	186	24	42	252
Loans and accrued interest receivable	115	27	-	142
Premises and equipment	81	(2)	-	79
Intangible assets	1	-	-	1
Other assets	66	2	-	68
Provisions	121	3	-	124
Other liabilities	50	24	-	74
Loss carry forward	-	1	-	1
<b>Total</b>	<b>620</b>	<b>79</b>	<b>42</b>	<b>741</b>
<i>Deferred tax liabilities</i>				
Properties for sale	-	(6)	-	(6)
Cash flow hedges	(5)	-	5	-
<b>Total</b>	<b>(5)</b>	<b>(6)</b>	<b>5</b>	<b>(6)</b>
<b>Net</b>	<b>615</b>	<b>73</b>	<b>47</b>	<b>735</b>

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	At 1 January 2014	Consolidated (Charged) / Credited to:		At 30 June 2014
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>585</b>	<b>55</b>	<b>5</b>	<b>645</b>
<b>Deferred tax liabilities</b>				
Properties for sale	(5)	-	-	(5)
Cash flow hedges	(10)	-	3	(7)
<b>Total</b>	<b>(15)</b>	<b>-</b>	<b>3</b>	<b>(12)</b>
<b>Net</b>	<b>570</b>	<b>55</b>	<b>8</b>	<b>633</b>
	At 1 January 2015	Bank only (Charged) / Credited to:		At 30 June 2015
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
<b>Deferred tax assets</b>				
Loans and accrued interest receivable	115	27	-	142
Premises and equipment	81	(2)	-	79
Intangible assets	1	-	-	1
Other assets	64	3	-	67
Provisions	119	3	-	122
Other liabilities	39	29	-	68
<b>Total</b>	<b>419</b>	<b>60</b>	<b>-</b>	<b>479</b>
<b>Deferred tax liabilities</b>				
Investments	(49)	8	42	1
Properties for sale	-	(6)	-	(6)
Cash flow hedges	(5)	-	5	-
<b>Total</b>	<b>(54)</b>	<b>2</b>	<b>47</b>	<b>(5)</b>
<b>Net</b>	<b>365</b>	<b>62</b>	<b>47</b>	<b>474</b>

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	At 1 January 2014	Bank only (Charged) / Credited to:		At 30 June 2014
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>398</b>	<b>59</b>	<b>-</b>	<b>457</b>
<b>Deferred tax liabilities</b>				
Investments	(40)	2	5	(33)
Properties for sale	(5)	-	-	(5)
Cash flow hedges	(10)	-	3	(7)
<b>Total</b>	<b>(55)</b>	<b>2</b>	<b>8</b>	<b>(45)</b>
<b>Net</b>	<b>343</b>	<b>61</b>	<b>8</b>	<b>412</b>

**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 2015	31 December 2014	30 June 2015	31 December 2014
	(in million Baht)			
Accrued interest and income receivable	291	468	291	468
Prepaid expense	68	47	56	41
Leasehold premises, net	16	17	16	17
Others	217	398	182	378
<b>Total</b>	<b>592</b>	<b>930</b>	<b>545</b>	<b>904</b>

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**20 Deposits**

**20.1 Classified by type of deposits**

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Current	5,379	7,897	5,380	7,897
Savings	69,761	62,975	70,061	63,264
Term				
- Less than 6 months	19,839	19,292	19,839	19,352
- 6 months to less than 1 year	6,128	7,245	6,128	7,245
- 1 year and over	2,934	2,150	2,934	2,150
<b>Total</b>	<b>104,041</b>	<b>99,559</b>	<b>104,342</b>	<b>99,908</b>

**20.2 Classified by currency and residence of depositors**

	<b>Consolidated</b>					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	92,313	2,920	95,233	87,257	2,949	90,206
US Dollar	7,645	669	8,314	6,010	721	6,731
Other currencies	420	74	494	2,564	58	2,622
<b>Total</b>	<b>100,378</b>	<b>3,663</b>	<b>104,041</b>	<b>95,831</b>	<b>3,728</b>	<b>99,559</b>

  

	<b>Bank only</b>					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	92,614	2,920	95,534	87,606	2,949	90,555
US Dollar	7,645	669	8,314	6,010	721	6,731
Other currencies	420	74	494	2,564	58	2,622
<b>Total</b>	<b>100,679</b>	<b>3,663</b>	<b>104,342</b>	<b>96,180</b>	<b>3,728</b>	<b>99,908</b>

**21 Interbank and money market items (liabilities)**

	<b>Consolidated and Bank only</b>					
	30 June 2015			31 December 2014		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<b>Domestic</b>						
Commercial banks	12,288	7,000	19,288	-	14,100	14,100
Special financial institutions	2,320	1,000	3,320	3	-	3
Other financial institutions	9,638	5,367	15,005	11,118	5,286	16,404
<b>Total domestic</b>	<b>24,246</b>	<b>13,367</b>	<b>37,613</b>	<b>11,121</b>	<b>19,386</b>	<b>30,507</b>

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	<b>Consolidated and Bank only</b>					
	30 June 2015			31 December 2014		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<b>Foreign</b>						
US Dollar	2	-	2	2	-	2
Thai Baht	4,308	-	4,308	9,353	-	9,353
Japanese Yen	10	-	10	9	-	9
Other currencies	22	-	22	-	-	-
<b>Total foreign</b>	<b>4,342</b>	<b>-</b>	<b>4,342</b>	<b>9,364</b>	<b>-</b>	<b>9,364</b>
<b>Total domestic and foreign</b>	<b>28,588</b>	<b>13,367</b>	<b>41,955</b>	<b>20,485</b>	<b>19,386</b>	<b>39,871</b>

As at 30 June 2015, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 5,367 million (*31 December 2014: Baht 5,286 million*).

## 22 Debt issued and borrowings

As at 30 June 2015 and 31 December 2014, debt issued and borrowings balances are denominated in Thai Baht with terms as follows:

	<b>Consolidated and Bank only</b>					
	30 June 2015			31 December 2014		
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	<i>(in million Baht)</i>		(%)	<i>(in million Baht)</i>
Debentures	2015	0.90 - 1.99	2,822	2015	1.40 - 1.58	2,645
Structured notes	-	-	-	2015	0.00 - 5.48	1,000
<b>Total</b>			<b>2,822</b>			<b>3,645</b>

As at 30 June 2015, there is no outstanding balance of structured notes that are not designated at fair value in the consolidated and Bank only financial statements (*31 December 2014: Baht 1,000 million*).

## 23 Provisions

	<b>Consolidated</b>		
	Employee benefits obligation	Contingent liabilities	Total
	<i>(in million Baht)</i>		
At 1 January 2014	348	197	545
Provisions made	60	183	243
Provisions used	(6)	(8)	(14)
Provision reversed	-	(171)	(171)
<b>At 31 December 2014 and 1 January 2015</b>	<b>402</b>	<b>201</b>	<b>603</b>
Provisions made	29	2	31
Provisions used	(11)	(3)	(14)
<b>At 30 June 2015</b>	<b>420</b>	<b>200</b>	<b>620</b>

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	Employee benefits obligation	Bank only Contingent liabilities (in million Baht)	Total
At 1 January 2014	338	197	535
Provisions made	59	183	242
Provisions used	(6)	(8)	(14)
Provision reversed	-	(171)	(171)
<b>At 31 December 2014 and 1 January 2015</b>	<b>391</b>	<b>201</b>	<b>592</b>
Provisions made	28	2	30
Provisions used	(11)	(3)	(14)
<b>At 30 June 2015</b>	<b>408</b>	<b>200</b>	<b>608</b>

**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 2015	31 December 2014	30 June 2015	31 December 2014
	(in million Baht)			
Withholding tax payable	183	190	182	189
VAT payable	12	13	11	13
Other payables	695	723	681	715
Accrued interest payable	232	286	232	286
Others	848	524	848	524
<b>Total</b>	<b>1,970</b>	<b>1,736</b>	<b>1,954</b>	<b>1,727</b>

**26 Share capital**

	Consolidated and Bank only				
	Par value per share (in Baht)	2015 Number	2015 Amount	2014 Number	2014 Amount
		(in million shares / million Baht)			
<b>Authorised</b>					
At 1 January-ordinary shares	10	1,484	14,843	1,484	14,843
<b>At 30 June-ordinary shares</b>	10	<b>1,484</b>	<b>14,843</b>	<b>1,484</b>	<b>14,843</b>
<b>Issued and paid-up</b>					
At 1 January-ordinary shares	10	1,484	14,837	1,484	14,837
<b>At 30 June-ordinary shares</b>	10	<b>1,484</b>	<b>14,837</b>	<b>1,484</b>	<b>14,837</b>



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**Share premium**

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

**27 Reserves**

Reserves comprise:

*Appropriations of profit and/or retained earnings*

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 and under the provision of the Civil and Commercial Code, requires that the Bank and its 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 effective cash flow hedges related to hedged transactions that have not yet occurred.

**28 Assets pledged as collateral**

Assets pledged as collateral as of 30 June 2015 and 31 December 2014 consisted of:

	<i>Note</i>	<b>Consolidated and Bank only</b>	
		30 June 2015	31 December 2014
		<i>(in million Baht)</i>	
Government bonds			
- Pledged as collateral against repurchase transactions		10,911	13,110
- Pledged as collateral for derivatives	30	2,493	4,063
<b>Total</b>		<b>13,404</b>	<b>17,173</b>

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**29 Contingent liabilities**

	<b>Consolidated and Bank only</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<i>(in million Baht)</i>	
Guarantees of loans	861	712
Liability under unmatured import bills	1,020	242
Letters of credit	2,898	951
Other contingencies		
- Unused credit line of overdrafts	4,098	3,058
- Other letters of guarantee	21,216	31,373
	<u>25,314</u>	<u>34,431</u>
<b>Total</b>	<b><u>30,093</u></b>	<b><u>36,336</u></b>

***Litigation***

As at 30 June 2015, the Bank has received claims in respect of letters of guarantee and other items from the Bank's customers totaling Baht 110 million (excluding interest) (*31 December 2014: Baht 511 million*) and the lawsuit is under court process. As at 30 June 2015, the Bank has recorded provision for possible loss from these claims of Baht 68 million (*31 December 2014: Baht 65 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.

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

<b>Name of entity/Personnel</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
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) Company Limited	Thailand	Affiliated company of Standard Chartered Group

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<b>Name of entity/Personnel</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationship</b>
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:

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

Significant transactions for the three-month and six-month periods ended 30 June 2015 and 2014 with key management and other related parties were as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
<i><b>Three-month period ended 30 June</b></i>	2015	2014	2015	2014
		<i>(in million Baht)</i>		
Interest income	49	110	75	149
Gains (losses) on trading and foreign exchange transactions, net	1,080	(1,323)	1,080	(1,323)
Service agreements	245	141	245	141
Dividend Income	-	-	10	-
Others	99	61	119	84
<i><b>Six-month period ended 30 June</b></i>	2015	2014	2015	2014
		<i>(in million Baht)</i>		
Interest income	101	205	150	294
Gains (losses) on trading and foreign exchange transactions, net	535	(67)	535	(67)
Service agreements	390	264	390	264
Dividend Income	-	-	510	-
Others	164	136	207	187

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Significant balances and business transactions with executives and other related parties

Significant balances and business transactions with executive directors and authorised management, including their related parties and business entities in which the Bank, its directors or key management, including their related parties hold 10% or more of the paid up capital as of 30 June 2015 and 31 December 2014 were as follows:

	<b>Consolidated and Bank only</b>			
	30 June 2015		31 December 2014	
	Ending balance	Average	Ending balance	Average
	<i>(in million Baht)</i>			
<b><i>Loans to customers and accrued interest receivable</i></b>				
To executive directors and authorised management, including their related parties	<u>1,907</u>	<u>1,908</u>	<u>1,915</u>	<u>1,953</u>
<b><i>Deposits</i></b>				
From executive directors and authorised management, including their related parties	<u>167</u>	<u>170</u>	<u>178</u>	<u>238</u>
	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
<b><i>Interbank and money market items (assets)</i></b>				
Standard Chartered Bank	<u>19,320</u>	<u>14,835</u>	<u>19,320</u>	<u>14,835</u>
<b><i>Derivative assets (fair value)</i></b>				
Standard Chartered Bank	<u>6,266</u>	<u>7,595</u>	<u>6,266</u>	<u>7,595</u>
<b><i>Governments bonds - Pledged as collateral for derivatives</i></b>				
Standard Chartered Bank	<u>2,493</u>	<u>4,063</u>	<u>2,493</u>	<u>4,063</u>
<b><i>Loans to customers and accrued interest receivable</i></b>				
Standard Chartered (Thai) Asset Management Company Limited	-	-	2,164	1,916
Others	236	236	236	236
<b>Total</b>	<u>236</u>	<u>236</u>	<u>2,400</u>	<u>2,152</u>
<b><i>Other assets</i></b>				
Standard Chartered Bank	56	80	56	80
Others	-	-	1	1
<b>Total</b>	<u>56</u>	<u>80</u>	<u>57</u>	<u>81</u>

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	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
<b><i>Deposits</i></b>				
Standard Chartered (Thai) Asset Management Company Limited	-	-	237	274
Others	38	32	101	108
<b>Total</b>	<b>38</b>	<b>32</b>	<b>338</b>	<b>382</b>
<b><i>Interbank and money market items (liabilities)</i></b>				
Standard Chartered Bank	557	1,935	557	1,935
<b><i>Derivative liabilities (fair value)</i></b>				
Standard Chartered Bank	7,860	10,657	7,860	10,657
<b><i>Debt issued and borrowings</i></b>				
Standard Chartered (Thailand) Company Limited	339	344	339	344
<b><i>Accrued expenses</i></b>				
Standard Chartered Bank	1,079	635	1,079	635
Others	97	191	107	202
<b>Total</b>	<b>1,176</b>	<b>826</b>	<b>1,186</b>	<b>837</b>
<b><i>Other liabilities</i></b>				
Standard Chartered Bank	4	2	4	2
<b><i>Other letters of guarantee</i></b>				
Standard Chartered Bank	10,279	11,263	10,279	11,263
<b><i>Derivatives (notional amount) - Foreign currency related</i></b>				
Standard Chartered Bank	185,051	140,025	185,051	140,025
<b><i>Derivatives (notional amount) - Interest rate related</i></b>				
Standard Chartered Bank	278,938	266,660	278,938	266,660
<b><i>Derivatives (notional amount) - Commodities</i></b>				
Standard Chartered Bank	6,016	11,600	6,016	11,600

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<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b>Key management personnel</b>				
Short-term employee benefits	119	123	114	125
Post-employment benefits	3	2	3	2
Share-based payments	6	7	6	6
<b>Total key management personnel compensation</b>	<b>128</b>	<b>132</b>	<b>123</b>	<b>133</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b>Key management personnel</b>				
Short-term employee benefits	256	229	247	240
Post-employment benefits	6	4	6	4
Share-based payments	10	11	10	11
<b>Total key management personnel compensation</b>	<b>272</b>	<b>244</b>	<b>263</b>	<b>255</b>

*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) Company 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.

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*(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. The fees are based on the terms of the agreements which include actual cost, actual cost plus margin, fixed cost per transaction and other agreed fees.

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.

**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:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Within one year	92	101	89	99
After one year but within five years	123	148	123	147
After five years	26	36	26	36
<b>Total</b>	<b>241</b>	<b>285</b>	<b>238</b>	<b>282</b>

**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.

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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 “Others”. 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.

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*

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



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**By client segment**

<i>Three-month period ended</i> <i>30 June</i>	<b>Retail clients</b>		<b>Corporate &amp; Institutional clients</b>		<b>Others</b>		<b>Eliminations</b>		<b>Consolidated</b>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(in million Baht)</i>									
Net interest income	1,057	1,343	613	850	44	11	-	-	1,714	2,204
Other income	95	135	826	793	27	17	(12)	(14)	936	931
Operating income	1,152	1,478	1,439	1,643	71	28	(12)	(14)	2,650	3,135
Operating expenses	(611)	(781)	(717)	(546)	(131)	(24)	12	14	(1,447)	(1,337)
Operating profit (loss) before impairment loss of loans, debt securities and taxation	541	697	722	1,097	(60)	4	-	-	1,203	1,798
Impairment loss of loans and debt securities	(748)	(567)	(167)	(235)	(23)	-	-	-	(938)	(802)
<b>Profit (loss) from operations before income tax expenses</b>	<b>(207)</b>	<b>130</b>	<b>555</b>	<b>862</b>	<b>(83)</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>265</b>	<b>996</b>

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<i>Six-month period ended</i> 30 June	Retail Clients		Corporate & Institutional Clients		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
					<i>(in million Baht)</i>					
Net interest income	2,201	2,699	1,166	1,809	51	22	-	-	3,418	4,530
Other income	217	190	1,587	1,563	42	30	(24)	(27)	1,822	1,756
Operating income	2,418	2,889	2,753	3,372	93	52	(24)	(27)	5,240	6,286
Operating expenses	(1,386)	(1,518)	(1,301)	(1,321)	(75)	(6)	24	27	(2,738)	(2,818)
Operating profit before impairment loss of loans, debt securities and taxation	1,032	1,371	1,452	2,051	18	46	-	-	2,502	3,468
Impairment loss of loans and debt securities	(1,498)	(1,331)	(172)	(447)	(23)	-	-	-	(1,693)	(1,778)
<b>Profit (loss) from operations before income tax expenses</b>	<b>(466)</b>	<b>40</b>	<b>1,280</b>	<b>1,604</b>	<b>(5)</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>809</b>	<b>1,690</b>
<b>Segment assets as at 30 June/ 31 December</b>	<b>45,114</b>	<b>54,044</b>	<b>186,654</b>	<b>169,603</b>	<b>4,394</b>	<b>1,669</b>	<b>-</b>	<b>-</b>	<b>236,162</b>	<b>225,316</b>

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

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	295	359	295	359
Investments and trading transactions	69	33	69	33
Investments in debt securities	153	348	153	348
Investments in receivables	184	110	-	-
Loans to customers	1,680	2,225	1,706	2,173
<b>Total</b>	<b>2,381</b>	<b>3,075</b>	<b>2,223</b>	<b>2,913</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	532	702	532	702
Investments and trading transactions	125	71	125	71
Investments in debt securities	386	718	386	718
Investments in receivables	249	338	-	5
Loans to customers	3,513	4,565	3,562	4,408
<b>Total</b>	<b>4,805</b>	<b>6,394</b>	<b>4,605</b>	<b>5,904</b>

**34 Interest expenses**

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deposits	364	457	364	458
Interbank and money market items	134	245	134	245
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	161	147	161	147
Debt issued and borrowings	8	22	8	22
<b>Total</b>	<b>667</b>	<b>871</b>	<b>667</b>	<b>872</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deposits	743	972	744	973
Interbank and money market items	314	553	314	553
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	302	298	302	298
Debt issued and borrowings	28	41	28	41
<b>Total</b>	<b>1,387</b>	<b>1,864</b>	<b>1,388</b>	<b>1,865</b>

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries**  
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**35 Net fees and service income**

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	31	49	31	49
- Transaction fees	201	161	201	161
- Others	216	239	216	240
	<u>448</u>	<u>449</u>	<u>448</u>	<u>450</u>
Fees and service expenses				
- Commission fees	7	6	7	6
- Collection service	44	35	51	51
- Others	90	113	88	110
	<u>141</u>	<u>154</u>	<u>146</u>	<u>167</u>
<b>Net</b>	<b><u>307</u></b>	<b><u>295</u></b>	<b><u>302</u></b>	<b><u>283</u></b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	72	99	72	99
- Transaction fees	364	306	364	306
- Others	438	458	438	458
	<u>874</u>	<u>863</u>	<u>874</u>	<u>863</u>
Fees and service expenses				
- Commission fees	13	50	13	50
- Collection service	75	72	101	100
- Others	197	210	193	204
	<u>285</u>	<u>332</u>	<u>307</u>	<u>354</u>
<b>Net</b>	<b><u>589</u></b>	<b><u>531</u></b>	<b><u>567</u></b>	<b><u>509</u></b>

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries**  
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**36 Gains on trading and foreign exchange transactions, net**

<i>Three-month period ended 30 June</i>	<b>Consolidated and Bank only</b>	
	2015	2014
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions, net		
- Foreign currencies and foreign currency related derivatives	149	535
- Interest rate related derivatives	234	(43)
- Debt securities	(9)	39
<b>Total</b>	<b>374</b>	<b>531</b>
Gains on hedging transactions	5	10
<b>Total</b>	<b>379</b>	<b>541</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated and Bank only</b>	
	2015	2014
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions, net		
- Foreign currencies and foreign currency related derivatives	741	954
- Interest rate related derivatives	37	(84)
- Debt securities	76	111
<b>Total</b>	<b>854</b>	<b>981</b>
Gains on hedging transactions	10	9
<b>Total</b>	<b>864</b>	<b>990</b>

**37 Gains on investments, net**

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale investments	245	100	245	100
- Investments in receivables	-	(9)	-	-
<b>Total</b>	<b>245</b>	<b>91</b>	<b>245</b>	<b>100</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	357	173	357	173
- General investments	2	-	2	-
- Investments in receivables	-	51	-	-
<b>Total</b>	<b>359</b>	<b>224</b>	<b>359</b>	<b>173</b>

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

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b>Management</b>				
Wages and salaries	74	77	73	77
Post-employment benefits - defined benefit plans	3	2	3	2
Share-based payment transactions	6	7	6	6
Others	45	46	41	48
	<u>128</u>	<u>132</u>	<u>123</u>	<u>133</u>
<b>Other employees</b>				
Wages and salaries	415	417	408	406
Post-employment benefits - defined benefit plans	12	10	11	10
Share-based payment transactions	2	(13)	2	(13)
Others	179	216	173	207
	<u>608</u>	<u>630</u>	<u>594</u>	<u>610</u>
<b>Total</b>	<u>736</u>	<u>762</u>	<u>717</u>	<u>743</u>
<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<b>Management</b>				
Wages and salaries	157	149	155	147
Post-employment benefits - defined benefit plans	6	4	6	4
Share-based payment transactions	10	11	10	11
Others	99	80	92	93
	<u>272</u>	<u>244</u>	<u>263</u>	<u>255</u>
<b>Other employees</b>				
Wages and salaries	810	797	793	776
Post-employment benefits - defined benefit plans	23	20	22	19
Share-based payment transactions	5	(7)	5	(8)
Others	330	395	317	379
	<u>1,168</u>	<u>1,205</u>	<u>1,137</u>	<u>1,166</u>
<b>Total</b>	<u>1,440</u>	<u>1,449</u>	<u>1,400</u>	<u>1,421</u>

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**  
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**39 Impairment loss of loans and debt securities**

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	7	(13)	7	(13)
Investment in receivables	-	(5)	-	-
Loans to customers	931	820	931	820
<b>Total</b>	<b>938</b>	<b>802</b>	<b>938</b>	<b>807</b>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	(6)	(15)	(6)	(15)
Investment in receivables	6	(7)	-	-
Loans to customers	1,693	1,800	1,693	1,800
<b>Total</b>	<b>1,693</b>	<b>1,778</b>	<b>1,687</b>	<b>1,785</b>

**40 Income tax expense**

*Income tax recognised in profit or loss*

<i>Three-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
<b>Current tax expense</b>					
Current period		138	225	106	198
Under (over) provided in prior years		39	(20)	47	(15)
		<b>177</b>	<b>205</b>	<b>153</b>	<b>183</b>
<b>Deferred tax expense</b>					
Movements in temporary differences		(47)	(5)	(35)	1
Over provided in prior years		(29)	(20)	(37)	(24)
	17	<b>(76)</b>	<b>(25)</b>	<b>(72)</b>	<b>(23)</b>
<b>Total</b>		<b>101</b>	<b>180</b>	<b>81</b>	<b>160</b>

  

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
<b>Current tax expense</b>					
Current period		258	411	217	322
Under (over) provided in prior years		39	(20)	47	(15)
		<b>297</b>	<b>391</b>	<b>264</b>	<b>307</b>
<b>Deferred tax expense</b>					
Movements in temporary differences		(44)	(35)	(25)	(38)
Over provided in prior years		(29)	(20)	(37)	(23)
	17	<b>(73)</b>	<b>(55)</b>	<b>(62)</b>	<b>(61)</b>
<b>Total</b>		<b>224</b>	<b>336</b>	<b>202</b>	<b>246</b>

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries**  
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*Income tax recognised in other comprehensive income*

<i>Three-month period ended 30 June</i>	<b>Consolidated and Bank only</b>					
	2015			2014		
	Before tax	Tax benefit	Net of tax (in million Baht)	Before tax	Tax benefit	Net of tax
Cash flow hedges	(13)	3	(10)	(2)	-	(2)
Available-for-sale investments	(211)	42	(169)	(128)	26	(102)
<b>Total</b>	<b>(224)</b>	<b>45</b>	<b>(179)</b>	<b>(130)</b>	<b>26</b>	<b>(104)</b>

<i>Six-month period ended 30 June</i>	<b>Consolidated and Bank only</b>					
	2015			2014		
	Before tax	Tax benefit	Net of tax (in million Baht)	Before tax	Tax benefit	Net of tax
Cash flow hedges	(23)	5	(18)	(16)	3	(13)
Available-for-sale investments	(208)	42	(166)	(22)	5	(17)
<b>Total</b>	<b>(231)</b>	<b>47</b>	<b>(184)</b>	<b>(38)</b>	<b>8</b>	<b>(30)</b>

*Reconciliation of effective tax rate*

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>			
	2015	2014		
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		265		996
Income tax using the Thai corporation tax rate	20	53	20	199
Effect of income tax from subsidiaries		2		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		36		21
Under (over) provided in prior years		10		(40)
<b>Total</b>	<b>38</b>	<b>101</b>	<b>18</b>	<b>180</b>

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>			
	2015	2014		
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		809		1,690
Income tax using the Thai corporation tax rate	20	162	20	338
Effect of income tax from subsidiaries		102		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(50)		38
Under (over) provided in prior years		10		(40)
<b>Total</b>	<b>28</b>	<b>224</b>	<b>20</b>	<b>336</b>



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<i>Three-month period ended 30 June</i>	<b>Bank only</b>		<b>Bank only</b>	
	2015		2014	
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before income tax expense		172		888
Income tax using the Thai corporation tax rate	20	35	20	178
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		36		21
Under (over) provided in prior years		10		(39)
<b>Total</b>	<b>47</b>	<b>81</b>	<b>18</b>	<b>160</b>

<i>Six-month period ended 30 June</i>	<b>Bank only</b>		<b>Bank only</b>	
	2015		2014	
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before income tax expense		1,210		1,236
Income tax using the Thai corporation tax rate	20	242	20	247
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(50)		38
Under (over) provided in prior years		10		(39)
<b>Total</b>	<b>17</b>	<b>202</b>	<b>20</b>	<b>246</b>

*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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants an order to maintain the corporate income tax rate at 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Bank and its subsidiaries have the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 in accordance with the clarification issued by the FAP in 2012.

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**41 Basic earnings per share**

The calculations of basic earnings per share for the three-month and six-month period ended 30 June 2015 and 2014 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>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>163</u>	<u>817</u>	<u>91</u>	<u>728</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>0.11</u>	<u>0.55</u>	<u>0.06</u>	<u>0.49</u>

  

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2015	2014	2015	2014
	<i>(in million Baht / million shares)</i>			
Profit for the periods attributable to equity holders of the Bank (basic)	<u>585</u>	<u>1,355</u>	<u>1,008</u>	<u>990</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>0.39</u>	<u>0.91</u>	<u>0.68</u>	<u>0.67</u>

**42 Dividends**

At the annual general meeting of the shareholders of the Bank held on 27 April 2015, the shareholders approved the appropriation of a dividend of Baht 1.04 per share, amounting to Baht 1,543 million. The dividends were paid to shareholders in May 2015.

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.

**43 Reclassification of account**

Certain accounts in the statements of comprehensive income for the three-month and six-month period ended 30 June 2014 have been reclassified to conform to the presentation in the 2015 interim financial statements. The reclassifications were as follows:

	<b>2014</b>		
	Before reclassification	Consolidated Reclassification <i>(in million Baht)</i>	After reclassification
<i>Statements of comprehensive income for the three-month period ended 30 June 2014</i>			
Fee and service expenses	123	31	154
Others	233	(31)	202
		<u>-</u>	

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	Before reclassification	<b>2014</b> <b>Consolidated</b>	After reclassification
		Reclassification (in million Baht)	
<i>Statements of comprehensive income for the six-month period ended 30 June 2014</i>			
Fee and service expenses	270	62	332
Others	694	(62)	632
		<u>-</u>	
	Before reclassification	<b>2014</b> <b>Bank only</b>	After reclassification
		Reclassification (in million Baht)	
<i>Statements of comprehensive income for the three-month period ended 30 June 2014</i>			
Fee and service expenses	154	13	167
Others	195	(13)	182
		<u>-</u>	
	Before reclassification	<b>2014</b> <b>Bank only</b>	After reclassification
		Reclassification (in million Baht)	
<i>Statements of comprehensive income for the six-month period ended 30 June 2014</i>			
Fee and service expenses	327	27	354
Others	613	(27)	586
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classifications are more appropriate to the Bank and its subsidiaries' business.





