

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

Interim financial statements
and
Audit and Review reports of Certified Public Accountant

For the three-month and six-month periods ended
30 June 2010



KPMG Phoomchai Audit Ltd.

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Audit and Review reports of Certified Public Accountant

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

I have audited the accompanying consolidated and Bank only balance sheets as at 30 June 2010 and 31 December 2009, and the related statements of income, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2010 and 2009 of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and Bank only financial statements referred to above present fairly, in all material respects, the financial positions as at 30 June 2010 and 31 December 2009 and the results of operations and cash flows for the six-month periods ended 30 June 2010 and 2009 of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively, in accordance with generally accepted accounting principles.

I have also reviewed the accompanying consolidated and Bank only statements of income for the three-month periods ended 30 June 2010 and 2009 of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This Standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.



(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
26 August 2010

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Balance sheets
As at 30 June 2010 and 31 December 2009

		Consolidated		Bank only	
	Note	30 June 2010	31 December 2009	30 June 2010	31 December 2009
		(in Baht)			
Assets					
Cash		509,650,763	462,729,250	509,650,763	462,729,250
Inter-bank and money market items	4				
Domestic items - Interest bearing, net		65,695,181,648	76,316,472,190	65,694,944,437	76,316,234,679
- Non-interest bearing		1,598,581,626	1,515,142,890	1,598,581,626	1,515,142,890
Foreign items - Interest bearing		1,126,648,825	13,290,247,555	1,126,648,825	13,290,247,555
- Non-interest bearing		163,365,915	134,277,521	163,365,915	134,277,521
Total inter-bank and money market items, net		68,583,778,014	91,256,140,156	68,583,540,803	91,255,902,645
Investments	5				
Current investments, net		14,342,051,883	18,933,192,020	14,342,051,883	18,933,192,020
Long term investments, net		20,229,311,208	21,868,206,099	20,229,311,208	21,868,206,099
Investment in subsidiary		-	-	58,746,364	58,746,364
Total investments, net		34,571,363,091	40,801,398,119	34,630,109,455	40,860,144,483
Loans and accrued interest receivable	6, 7, 25				
Loans		87,386,038,659	81,259,470,406	87,386,038,659	81,259,470,406
Accrued interest receivable		389,458,282	378,295,526	389,458,282	378,295,526
Total loans and accrued interest receivable		87,775,496,941	81,637,765,932	87,775,496,941	81,637,765,932
Less allowance for doubtful accounts	8	(2,745,121,919)	(3,088,028,924)	(2,745,121,919)	(3,088,028,924)
Total loans and accrued interest receivable, net		85,030,375,022	78,549,737,008	85,030,375,022	78,549,737,008
Properties foreclosed, net	9	87,045,494	107,674,251	87,045,494	107,674,251
Customers' liabilities under collateral		4,900,000,004	-	4,900,000,004	-
Premises and equipment, net	10	1,037,949,404	1,080,460,588	1,037,949,404	1,080,460,588
Unrealised gain on mark to market of derivative contracts		38,308,754,431	35,362,377,001	38,308,754,431	35,362,377,001
Accounts receivable from sales of investments and debt securities in issue	11	12,435,380,738	13,642,832,513	12,435,380,738	13,642,832,513
Other assets, net	12	4,466,931,056	3,909,073,772	4,464,303,044	3,907,055,734
Total assets		249,931,228,017	265,172,422,658	249,987,109,158	265,228,913,473

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Balance sheets
As at 30 June 2010 and 31 December 2009

		Consolidated		Bank only	
	<i>Note</i>	30 June 2010	31 December 2009	30 June 2010	31 December 2009
		<i>(in Baht)</i>			
Liabilities and shareholders' equity					
Deposits	13				
Deposits in Baht		93,781,686,087	87,919,489,321	93,796,196,751	87,938,746,504
Deposits in foreign currencies		7,040,548,679	7,811,642,626	7,040,548,679	7,811,642,626
Total deposits		100,822,234,766	95,731,131,947	100,836,745,430	95,750,389,130
Inter-bank and money market items	14				
Domestic items - Interest bearing		16,591,801,071	34,653,925,866	16,591,801,071	34,653,925,866
- Non-interest bearing		33,320,077	53,337,997	33,320,077	53,337,997
Foreign items - Interest bearing		10,815,970,129	18,679,485,909	10,815,970,129	18,679,485,909
- Non-interest bearing		5,160,614,558	4,608,024,911	5,160,614,558	4,608,024,911
Total inter-bank and money market items		32,601,705,835	57,994,774,683	32,601,705,835	57,994,774,683
Liabilities payable on demand		2,051,314,026	1,247,609,493	2,051,314,026	1,247,609,493
Borrowings	15				
Short term borrowings		17,959,830,807	15,258,706,044	18,034,681,717	15,393,236,324
Long term borrowings		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Total borrowings		19,559,830,807	16,858,706,044	19,634,681,717	16,993,236,324
Bank's liabilities under collateral delivered		4,900,000,004	-	4,900,000,004	-
Unrealised loss on mark to market of derivative contracts		40,330,738,482	40,916,859,237	40,330,738,482	40,916,859,237
Accrued expenses		2,207,801,434	2,528,402,130	2,210,451,703	2,520,903,808
Accounts payable from purchase of investments	16	11,144,158,489	15,207,228,675	11,144,158,489	15,207,228,675
Other liabilities	17	3,637,138,286	2,444,348,628	3,635,605,210	2,442,935,798
Total liabilities		217,254,922,129	232,929,060,837	217,345,400,896	233,073,937,148
Shareholders' equity					
Share capital	18				
Authorised share capital		14,842,627,020	14,842,627,020	14,842,627,020	14,842,627,020
Issued and paid-up share capital		14,837,045,480	14,837,045,480	14,837,045,480	14,837,045,480
Share premium	18, 22	9,055,818,602	9,055,818,602	9,055,818,602	9,055,818,602
Surpluses from fair value changes					
Investments	5, 22	28,970,917	5,313,972	28,970,917	5,313,972
Cash flow hedges	22	48,309,727	102,736,407	48,309,727	102,736,407
Retained earnings					
Appropriated					
Legal reserve	22	413,703,093	410,162,032	407,703,093	407,703,093
Unappropriated		8,292,458,069	7,832,285,328	8,263,860,443	7,746,358,771
Total shareholders' equity		32,676,305,888	32,243,361,821	32,641,708,262	32,154,976,325
Total liabilities and shareholders' equity		249,931,228,017	265,172,422,658	249,987,109,158	265,228,913,473
Off - balance sheet items - contingencies	23				
Aval to bills and guarantees of loans		110,352,716	87,862,943	110,352,716	87,862,943
Liability under unmatured import bills		1,121,922,275	1,102,221,211	1,121,922,275	1,102,221,211
Letters of credit		3,193,673,611	3,742,513,040	3,193,673,611	3,742,513,040
Other contingencies		3,572,091,520,662	3,505,924,266,172	3,572,091,520,662	3,505,924,266,172

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

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

For the three-month periods ended 30 June 2010 and 2009 (Unaudited)

		Consolidated		Bank only	
	<i>Note</i>	2010	2009	2010	2009
		<i>(in Baht)</i>			
Interest and dividend income	25				
Loans		1,622,402,340	1,767,829,957	1,622,402,340	1,767,829,957
Inter-bank and money market items		259,068,637	474,101,787	259,065,714	474,095,400
Hire purchase income		15,846,354	54,317,178	15,846,354	54,317,178
Investments		144,959,463	133,594,710	219,959,388	178,594,665
Total interest and dividend income		2,042,276,794	2,429,843,632	2,117,273,796	2,474,837,200
Interest expenses	25				
Deposits		223,946,562	332,760,062	223,946,562	332,760,062
Inter-bank and money market items		92,113,728	81,940,505	92,113,728	81,940,505
Borrowings		72,107,515	155,425,465	72,556,766	155,965,928
Total interest expenses		388,167,805	570,126,032	388,617,056	570,666,495
Net interest and dividend income		1,654,108,989	1,859,717,600	1,728,656,740	1,904,170,705
Bad debts and doubtful accounts		150,697,957	1,364,578,164	150,697,957	1,364,578,164
Net interest and dividend income after bad debts and doubtful accounts		1,503,411,032	495,139,436	1,577,958,783	539,592,541
Non-interest income	25				
Gain (loss) on investments	5	172,174,859	(118,349,887)	172,174,859	(118,349,887)
Fees and service income:					
Acceptances, avals and guarantees		31,722,851	30,181,119	31,722,851	30,181,119
Others		340,733,648	335,278,612	340,733,648	335,278,612
Gain on exchange and derivative contracts		522,619,019	209,103,962	522,619,019	209,103,962
Other income		17,051,977	19,024,500	29,112,778	26,045,509
Total non-interest income		1,084,302,354	475,238,306	1,096,363,155	482,259,315
Non-interest expenses	25				
Personnel expenses		714,467,075	626,485,998	697,222,666	608,568,727
Premises and equipment expenses		133,727,878	159,295,641	130,806,319	156,353,607
Taxes and duties		65,759,184	82,195,135	65,706,777	82,116,155
Fees and service expenses		335,938,930	404,463,375	383,655,919	464,402,832
Directors' remuneration	26	2,200,000	2,250,000	2,200,000	2,250,000
Contribution to Deposit Protection Agency		97,501,286	98,226,124	97,501,286	98,226,124
Other expenses		118,882,868	197,428,837	118,423,253	196,887,065
Total non-interest expenses		1,468,477,221	1,570,345,110	1,495,516,220	1,608,804,510
Income (loss) before tax		1,119,236,165	(599,967,368)	1,178,805,718	(586,952,654)
Income tax	28	396,911,169	(213,332,433)	391,858,450	(221,338,148)
Net income (loss)		722,324,996	(386,634,935)	786,947,268	(365,614,506)
Basic earnings (loss) per share	19	0.48	(0.30)	0.53	(0.28)

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statements of income
For the six-month periods ended 30 June 2010 and 2009

		Consolidated		Bank only	
	<i>Note</i>	2010	2009	2010	2009
		<i>(in Baht)</i>			
Interest and dividend income	25				
Loans		3,178,218,931	3,608,061,158	3,178,218,931	3,608,061,158
Inter-bank and money market items		529,676,282	768,980,633	529,669,117	768,974,246
Hire purchase income		39,420,065	121,419,055	39,420,065	121,419,055
Investments		304,905,076	397,703,448	379,905,001	442,703,403
Total interest and dividend income		4,052,220,354	4,896,164,294	4,127,213,114	4,941,157,862
Interest expenses	25				
Deposits		426,241,526	1,013,877,471	426,241,526	1,013,877,471
Inter-bank and money market items		185,236,318	146,793,358	185,236,318	146,793,358
Borrowings		113,379,054	295,050,203	114,232,168	295,839,041
Total interest expenses		724,856,898	1,455,721,032	725,710,012	1,456,509,870
Net interest and dividend income		3,327,363,456	3,440,443,262	3,401,503,102	3,484,647,992
Bad debts and doubtful accounts	8	173,166,198	1,793,109,561	173,166,198	1,793,109,561
Net interest and dividend income after bad debts and doubtful accounts		3,154,197,258	1,647,333,701	3,228,336,904	1,691,538,431
Non-interest income	25				
Gain (loss) on investments	5	203,998,235	(40,448,716)	203,998,235	(40,448,716)
Fees and service income:					
Acceptances, avals and guarantees		70,960,589	79,797,703	70,960,589	79,797,703
Others		636,127,744	633,334,659	636,127,744	633,334,659
Gain on exchange and derivative contracts		1,051,523,263	755,479,879	1,051,523,263	755,479,879
Other income		36,595,122	61,912,582	63,352,653	59,306,284
Total non-interest income		1,999,204,953	1,490,076,107	2,025,962,484	1,487,469,809
Non-interest expenses	25				
Personnel expenses		1,274,253,035	1,068,131,212	1,240,615,615	1,039,430,317
Premises and equipment expenses		285,909,187	301,667,381	280,925,403	295,594,909
Taxes and duties		130,647,307	166,194,801	130,540,255	166,006,750
Fees and service expenses		698,853,657	787,633,243	794,974,998	927,431,407
Directors' remuneration	26	4,400,000	4,500,000	4,400,000	4,500,000
Contribution to Deposit Protection Agency		185,746,859	195,372,840	185,746,859	195,372,840
Other expenses		202,225,535	243,306,293	201,647,111	242,053,740
Total non-interest expenses		2,782,035,580	2,766,805,770	2,838,850,241	2,870,389,963
Income before tax		2,371,366,631	370,604,038	2,415,449,147	308,618,277
Income tax	28	809,711,463	135,084,912	800,006,109	104,699,055
Net income		1,561,655,168	235,519,126	1,615,443,038	203,919,222
Basic earnings per share	19	1.05	0.19	1.09	0.17

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

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

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2010 and 2009

Consolidated							
(in Baht)							
		Surpluses (deficits) from fair value changes			Retained earnings		Total shareholders' equity
		Share premium	Investments	Cash flow hedges	Legal reserve	Unappropriated	
Note	Issued and paid-up share capital						
	11,386,817,020	5,260,567,296	64,052,515	233,941,163	323,458,469	6,172,439,029	23,441,275,492
22	-	-	(32,496,431)	-	-	-	(32,496,431)
22	-	-	-	(97,956,184)	-	-	(97,956,184)
	-	-	(32,496,431)	(97,956,184)	-	-	(130,452,615)
	-	-	-	-	-	235,519,126	235,519,126
	-	-	(32,496,431)	(97,956,184)	-	235,519,126	105,066,511
22	-	-	-	-	2,458,939	(2,458,939)	-
18	3,450,228,460	3,795,251,306	-	-	-	-	7,245,479,766
	14,837,045,480	9,055,818,602	31,556,084	135,984,979	325,917,408	6,405,499,216	30,791,821,769
	14,837,045,480	9,055,818,602	5,313,972	102,736,407	410,162,032	7,832,285,328	32,243,361,821
22	-	-	23,656,945	-	-	-	23,656,945
22	-	-	-	(54,426,680)	-	-	(54,426,680)
	-	-	23,656,945	(54,426,680)	-	-	(30,769,735)
	-	-	-	-	-	1,561,655,168	1,561,655,168
	-	-	23,656,945	(54,426,680)	-	1,561,655,168	1,530,885,433
22	-	-	-	-	3,541,061	(3,541,061)	-
20	-	-	-	-	-	(1,097,941,366)	(1,097,941,366)
	14,837,045,480	9,055,818,602	28,970,917	48,309,727	413,703,093	8,292,458,069	32,676,305,888

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

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

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2010 and 2009

		Bank only						
		(in Baht)						
		Surpluses (deficits) from fair value changes				Retained earnings		
Note	Issued and paid-up share capital	Share premium	Investments	Cash flow hedges	Legal reserve	Unappropriated	Total shareholders' equity	
	11,386,817,020	5,260,567,296	64,052,515	233,941,163	323,458,469	6,145,710,917	23,414,547,380	
22	-	-	(32,496,431)	-	-	-	(32,496,431)	
22	-	-	-	(97,956,184)	-	-	(97,956,184)	
	-	-	(32,496,431)	(97,956,184)	-	-	(130,452,615)	
	-	-	-	-	-	203,919,222	203,919,222	
	-	-	(32,496,431)	(97,956,184)	-	203,919,222	73,466,607	
18	3,450,228,460	3,795,251,306	-	-	-	-	7,245,479,766	
	14,837,045,480	9,055,818,602	31,556,084	135,984,979	323,458,469	6,349,630,139	30,733,493,753	
	14,837,045,480	9,055,818,602	5,313,972	102,736,407	407,703,093	7,746,358,771	32,154,976,325	
22	-	-	23,656,945	-	-	-	23,656,945	
22	-	-	-	(54,426,680)	-	-	(54,426,680)	
	-	-	23,656,945	(54,426,680)	-	-	(30,769,735)	
	-	-	-	-	-	1,615,443,038	1,615,443,038	
	-	-	23,656,945	(54,426,680)	-	1,615,443,038	1,584,673,303	
20	-	-	-	-	-	(1,097,941,366)	(1,097,941,366)	
	14,837,045,480	9,055,818,602	28,970,917	48,309,727	407,703,093	8,263,860,443	32,641,708,262	

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

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

For the six-month periods ended 30 June 2010 and 2009

	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Income before tax	2,371,366,631	370,604,038	2,415,449,147	308,618,277
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortisation	84,767,301	84,161,459	84,767,301	84,161,459
Bad debts and doubtful accounts	495,982,091	2,061,135,938	495,982,091	2,061,135,938
Amortisation of discount of debt instruments	(233,333,952)	(54,333,166)	(233,333,952)	(54,333,166)
Amortisation of discount of borrowings	75,162,835	265,221,242	76,015,949	265,221,242
(Gain) loss on disposal of investments	(60,898,129)	22,147,699	(60,898,129)	22,147,699
Reversal of impairment of investments	-	(28,965,879)	-	(28,965,879)
(Reversal of) impairment of properties foreclosed	(2,841,389)	937,377	(2,841,389)	937,377
Loss on disposal of fixed assets	25,357	3,970,916	25,357	3,970,916
	<u>2,730,230,745</u>	<u>2,724,879,624</u>	<u>2,775,166,375</u>	<u>2,662,893,863</u>
Net income from interest and dividends	(3,327,363,456)	(3,440,443,262)	(3,401,503,102)	(3,484,647,992)
Proceeds from interest and dividends	4,037,550,866	5,052,284,528	4,112,543,626	5,097,278,096
Interest paid	(702,858,254)	(1,538,084,915)	(703,711,368)	(1,538,873,753)
Income tax paid	(838,239,731)	(446,970,909)	(818,573,303)	(427,651,963)
Net income from operations before changes in operating assets and liabilities	1,899,320,170	2,351,665,066	1,963,922,228	2,308,998,251
<i>(Increase) decrease in operating assets</i>				
Inter-bank and money market items	22,672,362,142	(39,785,932,787)	22,672,361,842	(39,785,933,087)
Trading investments	(5,958,063,717)	3,168,951,265	(5,958,063,717)	3,168,951,265
Loans	(6,938,113,366)	2,676,324,460	(6,938,113,366)	2,676,324,460
Properties foreclosed	23,470,146	3,688,093	23,470,146	3,688,093
Unrealised (gain) loss on derivative contracts, net	(3,650,823,451)	4,197,898,819	(3,650,823,451)	4,197,898,819
Other assets	(593,226,648)	703,997,727	(592,616,674)	730,364,973
<i>Increase (decrease) in operating liabilities</i>				
Deposits	5,091,102,819	(19,145,771,042)	5,086,356,300	(19,153,584,221)
Inter-bank and money market items	(25,393,068,848)	17,495,506,793	(25,393,068,848)	17,495,506,793
Liabilities payable on demand	803,704,533	(793,918,076)	803,704,533	(793,918,076)
Borrowings	2,040,972,891	15,018,572,018	1,980,440,407	15,023,415,871
Provisions and accrued expenses	(314,071,072)	(531,306,789)	(313,883,555)	(513,989,001)
Other liabilities	1,192,789,658	(370,872,557)	1,192,669,412	(368,921,150)
Net cash used in operating activities	(9,123,644,743)	(15,011,197,010)	(9,123,644,743)	(15,011,197,010)

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

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

Statements of cash flows

For the six-month periods ended 30 June 2010 and 2009

	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Proceeds from disposal of available-for-sale investments	24,426,339,782	11,076,904,528	24,426,339,782	11,076,904,528
Purchase of available-for-sale investments	(14,245,290,044)	(3,678,413,253)	(14,245,290,044)	(3,678,413,253)
Decrease in general investments	118,207,245	132,738,884	118,207,245	132,738,884
Proceeds from disposal of premises and equipment	168,737	307,461	168,737	307,461
Purchase of premises and equipment	(30,918,098)	(30,056,541)	(30,918,098)	(30,056,541)
Net cash provided by investing activities	10,268,507,622	7,501,481,079	10,268,507,622	7,501,481,079
<i>Cash flows from financing activities</i>				
Dividends paid	(1,097,941,366)	-	(1,097,941,366)	-
Proceeds from issue of ordinary shares	-	7,245,479,766	-	7,245,479,766
Net cash (used in) provided by financing activities	(1,097,941,366)	7,245,479,766	(1,097,941,366)	7,245,479,766
Net increase (decrease) in cash and cash equivalents	46,921,513	(264,236,165)	46,921,513	(264,236,165)
Cash and cash equivalents at beginning of the period	462,729,250	757,839,237	462,729,250	757,839,237
Cash and cash equivalents at end of the period	509,650,763	493,603,072	509,650,763	493,603,072

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

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Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the Board of Directors on 26 August 2010.

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 Bank is a commercial bank, which provides a wide range of banking services to individual and corporate customers. 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 consolidated financial statements relate to the Bank and its subsidiary, Thai Exclusive Leasing Company Limited ("TEL"). The Bank acquired a 100% shareholding in TEL. TEL's main business is debt collection for the Bank.

2 Basis of preparation of the financial statements

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The interim financial statements are prepared in accordance with Thai Accounting Standards No.34 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and the Bank of Thailand ("BoT") and with generally accepted accounting principles in Thailand.

On 26 May 2010, the FAP announced (Announcement No. 17/2010) the issuing a number of new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) (revised 2009). The Bank and its subsidiary have adopted the revised Framework (revised 2009) for the Preparation and Presentation of Financial Statements. The adoption of the revised Framework does not have any material impact on the Bank and its subsidiary's financial statements. New and revised TAS and TFRS which are not currently effective and have not been adopted in the preparation of these financial statements are disclosed in note 31.

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

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million, unless otherwise stated.

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

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
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For the three-month and six-month periods ended 30 June 2010

3 Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiary. Significant intra-group transactions between the Bank and its subsidiary are eliminated on consolidation. The subsidiary is an entity controlled by the Bank. Control exists when the Bank has the power, directly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.2 Income

Interest income on loans, discounts on loans, and other income are recognised on an accrual basis, except for interest income on receivables overdue for more than three months and interest from receivable 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 the statement of income. Subsequent interest receipts are recognised on a cash basis.

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

3.3 Expenses

Interest expenses and non-interest expenses are recognised on an accrual basis.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash and cash in the course of collection.

3.5 Loans

Loans 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 bills, net of unearned discount.

3.6 Hire purchase receivables

Hire purchase receivables are stated at cost net of unearned interest income on hire purchase agreements and allowance for doubtful accounts.

3.7 Allowance for doubtful accounts

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

Specific provisions are made where the repayment of identified loans is in doubt and reflects an expected loss. 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.

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2010

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

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

Any allowances for doubtful accounts established during the period are recorded as bad debts and doubtful accounts expense. The Bank writes off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of bad debts and doubtful accounts expense in the statement of income.

3.8 *Troubled debt restructuring*

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

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

Losses on troubled debt restructuring are recognised in the statement of income.

3.9 *Investments*

Investment in Subsidiary

The investment in subsidiary in the Bank only financial statements is accounted for using the cost method.

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are stated at fair value, with any resultant gain or loss recognised in the statement of income.

Debt securities that the Bank and its subsidiary have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment lossess. 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 difference are recognised in the statement of income. When these investments are sold, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

General investments are stated at cost less impairment losses.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

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 the statement of income.

The weighted average method is used for computation of the cost of investments.

3.10 Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, the unrealised gains or losses on outstanding forward foreign exchange contracts, calculated as described above, are reflected in the statement of income.

3.11 Premises and equipment

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

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful life of each part of an item of assets. The estimated useful lives are as follows:

Buildings	20-50 years
Equipment	3-5 years

Disposals of premises and equipment

Gains and losses on disposals of premises and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of income.

Subsequent expenditure

Subsequent expenditure relating to an item of premises and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

3.12 Leasehold premises

Leasehold premises included in other assets are stated at cost less amortisation and impairment losses. Amortisation is charged to the statement of income on a straight-line basis over the term of the lease agreement.

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

Properties foreclosed, which comprise land, buildings and vehicles, are stated at the lower of carrying amount or fair value less costs to sell. The fair value is based on independent appraisals.

Loss on impairment of properties foreclosed is recognised in the statement of income. Gains or losses on the disposal of properties for sale are reflected in the statement of income on disposal.

3.14 Customers' liability under collateral and Bank's liability under collateral delivered

The Bank records Customers' liability under collateral and liability under collateral delivered on the balance sheet as assets and liabilities, respectively, according to the BoT's guidance.

3.15 Financial instruments

Derivatives

Derivative contracts are initially recognised at fair value on the date on which the derivative contracts are entered into and are subsequently re-measured at their fair values. The resulting profit or loss is included in the statement of income. All derivatives are carried as assets when fair value is positive as "Unrealised gain on mark to market of derivative contracts" and as liabilities when fair value is negative as "Unrealised loss on mark to market of derivative contracts" in the balance sheet.

Hedging

Fair value hedge

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

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of recognised assets and liabilities or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the statement of income.

Discontinuing hedge accounting

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

3.16 Deposit or borrowing transactions with embedded derivatives

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

3.17 Impairment

The carrying amounts of the Bank's 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 the statement of income.

Reversals of impairment

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

3.18 Provident fund

The Bank has established a contributory provident fund for its 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 at 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager, therefore, it is not included in the balance sheet.

3.19 Provisions

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision for commitments on off-balance sheet items is recognised when the transactions relate to loans 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 and after management's estimate of the likelihood of these commitments being realised.

3.20 Income tax

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

4 Inter-bank and money market items (assets)

	Consolidated and Bank only			Consolidated and Bank only		
	30 June 2010		Total (in million Baht)	31 December 2009		Total
	At call	Term		At call	Term	
Domestic						
Bank of Thailand	1,322	64,620	65,942	1,391	76,100	77,491
Commercial banks	277	1,060	1,337	264	60	324
Total domestic	1,599	65,680	67,279	1,655	76,160	77,815
Add accrued interest receivable	-	25	25	1	17	18
Less allowance for doubtful accounts	-	(10)	(10)	(2)	-	(2)
Net	1,599	65,695	67,294	1,654	76,177	77,831
Foreign						
US Dollar	518	324	842	499	11,679	12,178
Japanese Yen	141	-	141	93	-	93
Euro	49	-	49	-	-	-
Australian Dollar	-	185	185	48	772	820
Other currencies	73	-	73	126	5	131
Total foreign	781	509	1,290	766	12,456	13,222
Add accrued interest receivable	-	-	-	-	203	203
Net	781	509	1,290	766	12,659	13,425
Total domestic and foreign, net	2,380	66,204	68,584	2,420	88,836	91,256

5 Investments

	Consolidated and Bank only		Consolidated and Bank only	
	30 June 2010		31 December 2009	
	Cost	Market price	Cost	Market price
	(in million Baht)		(in million Baht)	
Current investments				
Trading investments				
Government and state enterprise bonds	5,408	5,411	1,392	1,391
Private debt instruments	19	19	-	-
Total	5,427	5,430	1,392	1,391
Add (less) allowance for revaluation	3	-	(1)	-
Net	5,430		1,391	
Available-for-sale investments				
Government and state enterprise bonds	8,901	8,912	17,525	17,542
Add allowance for revaluation	11	-	17	-
Net	8,912		17,542	
Total current investments, net	14,342		18,933	

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

	Consolidated and Bank only		31 December 2009	
	30 June 2010			
	Cost	Market price	Cost	Market price
		(in million Baht)		
Long-term investments				
<i>Available-for-sale investments</i>				
Government and state enterprise bonds	19,521	19,714	20,902	21,001
Domestic marketable equity securities	99	13	99	14
Total	19,620	19,727	21,001	21,015
Add allowance for revaluation	196		103	
Less allowance for impairment	(89)		(89)	
Net	19,727		21,015	
<i>Held to maturity</i>				
Private debt instruments	79		312	
Total	79		312	
<i>General investments</i>				
Domestic non-marketable equity securities	61		61	
Foreign non-marketable equity securities	1		1	
Investment in transferred debt	380		498	
Total	442		560	
Less allowance for impairment	(19)		(19)	
Net	423		541	
Total long-term investments, net	20,229		21,868	
Total investments, net	34,571		40,801	

As at 30 June 2010, the Bank has no government and state enterprise bonds which were pledged as collateral (31 December 2009: Baht 7,000 million).

Investment in subsidiary

Investment in ordinary shares of subsidiary was as follows:

Company name	Type of business	Type of investment	Bank only Ownership interest	30 June 2010	31 December 2009
				At cost (in million Baht)	
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	100%	59	59
Investment in subsidiary				59	59

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

The remaining period to maturity of debt instruments was as follows:

	Consolidated and Bank only							
	30 June 2010				31 December 2009			
	Maturity date				Maturity date			
	Within 1 year	1-5 years	Over 5 years	Total	Within 1 year	1-5 years	Over 5 years	Total
	(in million Baht)							
Trading investments								
Government and state enterprise bonds	2,498	2,491	419	5,408	801	306	285	1,392
Private debt instruments	-	19	-	19	-	-	-	-
Add (less) allowance for revaluation	-	2	1	3	(1)	-	-	(1)
Net	2,498	2,512	420	5,430	800	306	285	1,391
Available-for-sale Investments								
Government and state enterprise bonds	8,901	19,363	158	28,422	17,525	20,896	6	38,427
Add allowance for revaluation	11	182	11	204	17	97	2	116
Net	8,912	19,545	169	28,626	17,542	20,993	8	38,543
Held to maturity								
Private debt instruments	-	79	-	79	-	312	-	312
Total	-	79	-	79	-	312	-	312
General investments								
Investment in transferred debt	207	173	-	380	213	285	-	498
Net	207	173	-	380	213	285	-	498
Total debt instruments, net	11,617	22,309	589	34,515	18,555	21,896	293	40,744

Gain (loss) on investments for the periods presented in the statements of income consisted of:

	Consolidated and Bank only			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2010	2009	2010	2009
	(in million Baht)			
Gain (loss) on disposals of investments				
Trading investments	49	(43)	75	29
Available-for-sale investments	48	22	49	121
Held to maturity	12	-	12	-
Total	109	(21)	136	150
Gain (loss) from revaluation of investments				
Trading investments	1	(27)	4	(39)
Available-for-sale investments - fair value hedged	62	(70)	64	(143)
Total	63	(97)	68	(182)
Loss on impairment of investments	-	-	-	(8)
Total gain (loss) on investments	172	(118)	204	(40)

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

Surpluses from fair value changes on investments as of 30 June 2010 and 31 December 2009 consisted of:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
<i>Surpluses from fair value changes on investments</i>		
Debt instruments	204	116
Equity securities	3	4
Total	207	120
<i>Less surpluses from fair value changes in hedged investments</i>	<i>(178)</i>	<i>(115)</i>
Surpluses of fair value changes of investments recognised in equity	29	5

Investments in companies with problems in relation to their financial positions and results of operations as at 30 June 2010 and 31 December 2009 are as follows:

	Consolidated and Bank only				
	30 June 2010				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
				<i>(in million Baht)</i>	
Listed company	1	99	13	3	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	26	3	(100)

	Consolidated and Bank only				
	31 December 2009				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
				<i>(in million Baht)</i>	
Listed company	1	99	14	4	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	27	4	(100)

6 Loans and accrued interest receivable

Classified by type of loans

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Overdrafts	2,004	1,811
Loans	69,012	61,476
Bills	16,365	17,968
Others	5	5
Total	87,386	81,260
Add accrued interest receivable	389	378
Less allowance for doubtful accounts	(2,745)	(3,088)
Net	85,030	78,550

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2010

Classified by remaining period to maturity

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Within 1 year	38,222	38,326
Over 1 year	49,164	42,934
Total	87,386	81,260

Classified by currency and residence of debtors

	Consolidated and Bank only					
	30 June 2010			31 December 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	79,581	105	79,686	76,944	80	77,024
US Dollar	6,129	1,300	7,429	3,421	444	3,865
Other currencies	229	42	271	371	-	371
Total	85,939	1,447	87,386	80,736	524	81,260

Classified by industry and loan classification

	Consolidated and Bank only					
	30 June 2010					
	Pass	Special Mention	Substandard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	791	-	-	-	8	799
Manufacturing and commerce	26,257	3,302	14	47	908	30,528
Property development and construction	7,099	21	2	7	181	7,310
Infrastructure and services	1,496	-	-	-	-	1,496
Housing loans	20,914	168	65	55	38	21,240
Others	25,130	540	125	37	181	26,013
Total	81,687	4,031	206	146	1,316	87,386

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
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Consolidated and Bank only						
31 December 2009						
	Pass	Special Mention	Substandard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	476	-	-	-	7	483
Manufacturing and commerce	23,733	3,076	57	29	1,763	28,658
Property development and construction	5,588	50	2	11	187	5,838
Infrastructure and services	1,541	-	-	-	-	1,541
Housing loans	16,539	162	51	28	24	16,804
Others	26,864	655	164	22	231	27,936
Total	74,741	3,943	274	90	2,212	81,260

Classified by loan classification

Consolidated and Bank only				
30 June 2010				
	Loans and accrued interest receivable	Debt after collateral*	% of allowance set up	Minimum Requirement of BoT
	<i>(in million Baht)</i>			
Pass	82,038	48,428	1	484
Special mention	4,059	3,710	2	74
Substandard	206	117	100	117
Doubtful	146	60	100	60
Doubtful of loss	1,326	1,203	100	1,203
Total	87,775	53,518		1,938
Allowance over minimum requirement of the BoT				807
Total allowance provided in accordance with the Bank's policy				2,745

* Debt after collateral means the outstanding debt after deducting the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral or the outstanding debt to be used in the calculation of the collective approach provision.

As at 30 June 2010, the collective approach is applied to loans and accrued interest receivable of Baht 48,789 million, using provision rates between 0.04% and 3.96%, and the total allowance is Baht 581 million.

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Consolidated and Bank only
31 December 2009

	Loans and accrued interest receivable	Debt after collateral* <i>(in million Baht)</i>	% of allowance set up	Minimum Requirement of BoT
Pass	75,089	49,582	1	496
Special mention	3,962	3,537	2	71
Substandard	274	193	100	193
Doubtful	90	29	100	29
Doubtful of loss	2,223	1,810	100	1,810
Total	81,638	55,151		2,599
Allowance over minimum requirement of the BoT				489
Total allowance provided in accordance with the Bank's policy				3,088

* Debt after collateral means the outstanding debt after deducting the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral or the outstanding debt to be used in the calculation of the collective approach provision.

As at 31 December 2009, the collective approach is applied to loans and accrued interest receivable of Baht 44,475 million, using provision rates between 0.10% and 4.84%, and the total allowance is Baht 773 million.

Unearned interest from hire purchase transactions as at 30 June 2010 and 31 December 2009 are as follows:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Unearned interest from hire purchase	17	61

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.

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For the three-month and six-month periods ended 30 June 2010

As at 30 June 2010 and 31 December 2009, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Non-performing loans, net	288	540
Total loans used for NPL net ratio calculation ⁽¹⁾	151,625	155,463
Ratio of total loans	0.19%	0.35%

As at 30 June 2010 and 31 December 2009, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Non-performing loans, gross	1,668	2,576
Total loans used for NPL gross ratio calculation ⁽¹⁾	153,006	157,499
Ratio of total loans	1.09%	1.64%

⁽¹⁾ Total loans used for NPL ratio calculation are loans as presented in the balance sheet and loans to financial institutions as included in inter-bank and money market items.

7 Troubled debt restructuring

Details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
For the six-month period ended 30 June 2010				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring <i>(in million Baht)</i>	Amount of debt after restructuring
Modification of terms and conditions	Over 10 months to 26 years	1,306	3,122	3,110
Total		1,306	3,122	3,110

Consolidated and Bank only				
For the six-month period ended 30 June 2009				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring <i>(in million Baht)</i>	Amount of debt after restructuring
Modification of terms and conditions	Over 8 months to 34 years	3,199	967	940
Total		3,199	967	940

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 at the market rate.

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For the three-month and six-month periods ended 30 June 2010

As at 30 June 2010, the Bank had outstanding balances of restructured debt amounting to Baht 4,990 million (31 December 2009: Baht 3,315 million).

The losses incurred arising from restructuring, before allowance for doubtful accounts, for the three-month and six-month periods ended 30 June 2010 were Baht 6 million and Baht 12 million, respectively (2009: Baht 14 million and Baht 27 million, respectively). If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as a loss from debt restructuring in the statement of income. The Bank had no net loss on debt restructuring for the three-month and six-month periods ended 30 June 2010 and 2009.

Interest income recognised from these restructured debts totalled Baht 130 million and Baht 247 million for the three-month and six-month periods ended 30 June 2010, respectively (2009: Baht 79 million and Baht 166 million, respectively).

8 Allowance for doubtful accounts

Consolidated and Bank only							
For the six-month period ended 30 June 2010							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
(in million Baht)							
Balance at beginning of the period	496	71	193	29	1,810	489	3,088
Allowance for doubtful accounts	(12)	3	(76)	31	232	318	496
Bad debt written off	-	-	-	-	(824)	-	(824)
Others	-	-	-	-	(15)	-	(15)
Balance at end of the period	484	74	117	60	1,203	807	2,745

Bad debt recovered for the six-month periods ended 30 June 2010 and 2009 are presented net of bad debts and doubtful accounts expense in the statement of income. For the six-month ended 30 June 2010, bad debt recovered was in the amount of Baht 323 million (30 June 2009: Baht 268 million).

Consolidated and Bank only							
For the year ended 31 December 2009							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
(in million Baht)							
Balance at beginning of the year	638	24	346	222	1,255	424	2,909
Allowance for doubtful accounts	(142)	47	(153)	(193)	2,978	65	2,602
Bad debt written off	-	-	-	-	(2,411)	-	(2,411)
Others	-	-	-	-	(12)	-	(12)
Balance at end of the year	496	71	193	29	1,810	489	3,088

Bad debt recovered for the year ended 31 December 2009 was in the amount of Baht 610 million.

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9 Properties foreclosed

The details of properties foreclosed are as follows:

Consolidated and Bank only				
For the six-month period ended 30 June 2010				
	Beginning balance	Increase	Disposals	Ending balance
	<i>(in million Baht)</i>			
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	24	-	(16)	8
Movable property				
- Appraised by external appraisal	6	3	(7)	2
Total	30	3	(23)	10
Transfer from premises and equipment	109	-	(9)	100
Total properties foreclosed	139	3	(32)	110
Less allowance for impairment	(31)	(4)	12	(23)
Properties foreclosed, net	108	(1)	(20)	87

Consolidated and Bank only				
For the year ended 31 December 2009				
	Beginning balance	Increase	Disposals	Ending balance
	<i>(in million Baht)</i>			
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	24	-	-	24
Movable property				
- Appraised by external appraisal	14	60	(68)	6
Total	38	60	(68)	30
Transfer from premises and equipment	17	180	(88)	109
Total properties foreclosed	55	240	(156)	139
Less allowance for impairment	(19)	(86)	74	(31)
Properties foreclosed, net	36	154	(82)	108

Properties foreclosed were acquired as a result of troubled debt restructuring. According to the terms and conditions of certain debt restructuring agreements, as at 31 December 2009, option to buy-back has been granted over properties transferred with a value of Baht 16 million. The option is exercisable within 5 years from the date of transfer. Debtor has terminated this option and the Bank accordingly sold this property foreclosed during the period 2010.

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

Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2010

10 Premises and equipment

Changes in premises and equipment during the six-month period ended 30 June 2010 are summarised as follows:

Consolidated and Bank only							
For the six-month period ended 30 June 2010							
Changes in cost during the period				Changes in accumulated depreciation during the period			
	Beginning balance	Purchase and transfer in	Disposals and transfer out	Ending balance	Beginning balance	Depreciation	Disposals and transfer out
						(in million Baht)	
Land	44	-	-	44	-	-	-
Freehold premises	1,980	-	-	1,980	699	26	-
Equipment	1,235	52	(24)	1,263	1,050	47	(24)
Others	30	10	(31)	9	-	-	-
Total	3,289	62	(55)	3,296	1,749	73	(24)
		</					

For the three-month and six-month periods ended 30 June 2010, the depreciation charges included in the statement of income were Baht 37 million and Baht 73 million, respectively.

As at 30 June 2010, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 877 million.

For the three-month and six-month periods ended 30 June 2010

Changes in premises and equipment during the six-month period ended 30 June 2009 are summarised as follows:

Consolidated and Bank only							
For the six-month period ended 30 June 2009							
Changes in cost during the period		Changes in accumulated depreciation during the period					Premises and equipment, net
Beginning balance	Purchase and transfer in	Disposals and transfer out	Ending balance	Beginning balance	Depreciation	Disposals and transfer out	
<i>(in million Baht)</i>							
							Allowance for impairment
Land	131	(86)	45	-	-	-	(9)
Freehold premises	2,094	(103)	1,991	659	27	(13)	(456)
Equipment	1,383	(156)	1,259	1,190	46	(152)	-
Others	3	(3)	1	-	-	-	-
Total	3,611	33	3,296	1,849	73	(165)	1,757
							(465)
							1
							862
							175
							1
							1,074

For the three-month and six-month periods ended 30 June 2009, the depreciation charges included in the statement of income were Baht 36 million and Baht 73 million, respectively.

As at 30 June 2009, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 914 million.

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11 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.

12 Other assets

	Consolidated		Bank only	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	<i>(in million Baht)</i>			
Accrued interest and income receivable	269	234	269	234
Leasehold premises, net	34	35	34	35
Software, net	25	35	25	35
Call loan collateral	3,883	3,358	3,883	3,358
Others	256	247	253	245
Total	4,467	3,909	4,464	3,907

13 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	<i>(in million Baht)</i>			
Current	6,604	2,435	6,604	2,436
Savings	59,213	53,897	59,228	53,915
Term				
- Less than 6 months	5,062	8,083	5,062	8,083
- 6 months to less than 1 year	7,847	8,316	7,847	8,316
- 1 year and over	22,096	23,000	22,096	23,000
Total	100,822	95,731	100,837	95,750

Classified by remaining period to maturity of deposits

	Consolidated		Bank only	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	<i>(in million Baht)</i>			
Within 1 year (including matured contracts)	95,220	88,089	95,235	88,108
Over 1 year	5,602	7,642	5,602	7,642
Total	100,822	95,731	100,837	95,750

For the three-month and six-month periods ended 30 June 2010**Consolidated**

Bank only

14 Inter-bank and money market items (liabilities)

Consolidated and Bank only

	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Commercial banks	13	7,750	7,763	14	20,601	20,615
Other banks	-	-	-	1	-	1
Securities companies	2,149	4,535	6,684	3,100	9,762	12,862
Other financial institutions	472	1,706	2,178	686	543	1,229
Total domestic	2,634	13,991	16,625	3,801	30,906	34,707
Foreign						
US Dollar	1	10,421	10,422	1	18,430	18,431
Euro	-	-	-	66	-	66
Thai Baht	5,376	-	5,376	4,791	-	4,791
Australian Dollar	179	-	179	-	-	-
Total foreign	5,556	10,421	15,977	4,858	18,430	23,288
Total domestic and foreign	8,190	24,412	32,602	8,659	49,336	57,995

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15 Borrowings

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

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

As at 30 June 2010 and 31 December 2009, the outstanding balances of borrowings are summarised as follows:

Consolidated						
	30 June 2010			31 December 2009		
	Maturity	Interest Rate	Amount	Maturity	Interest Rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2010	1.07% - 1.22%	10,624	2010	1.10% - 1.40%	7,481
Bills of exchange	2010 - 2011	1.00% - 1.30%	7,336	2010	0.70% - 3.70%	7,378
Structured deposits	2014	0.00% - 6.25%	1,600	2010 - 2013	0.00% - 4.00%	2,000
Total			19,560			16,859

Bank only						
	30 June 2010			31 December 2009		
	Maturity	Interest Rate	Amount	Maturity	Interest Rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2010	1.07% - 1.22%	10,624	2010	1.10% - 1.40%	7,481
Bills of exchange	2010 - 2011	1.00% - 1.30%	7,411	2010	0.70% - 3.70%	7,512
Structured deposits	2014	0.00% - 6.25%	1,600	2010 - 2013	0.00% - 4.00%	2,000
Total			19,635			16,993

16 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.

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17 Other liabilities

	Consolidated		Bank only	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	<i>(in million Baht)</i>			
Provisions for contingent liabilities	94	94	94	94
Withholding tax payable	147	151	147	151
Call deposit collateral	2,520	1,407	2,520	1,407
VAT payable	38	15	37	14
Transit payables	269	113	269	113
Others	569	664	569	664
Total	3,637	2,444	3,636	2,443

18 Share capital

	Par value per share (in Baht)	Consolidated and Bank only			
		2010		2009	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised					
At 1 January					
- ordinary shares	10	1,484	14,843	1,160	11,604
Reduction of shares	10	-	-	(22)	(217)
Increase of new shares	10	-	-	346	3,456
At 30 June					
- ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up					
At 1 January					
- ordinary shares	10	1,484	14,837	1,139	11,387
Issue of new shares	10	-	-	345	3,450
At 30 June					
- ordinary shares	10	1,484	14,837	1,484	14,837

Increase of registered capital with issuance of new ordinary shares and decrease of the existing unpaid registered share capital

According to the resolution of the Annual General Meeting of Shareholders ("AGM") of Standard Chartered Bank (Thai) Public Company Limited ("SCBT") held on 21 April 2009, the AGM approved the following changes to share capital:

- (1) Reduction in registered capital by decreasing the number of registered shares which had not yet been issued, of 21,740,735 at Baht 10 each.
- (2) Increase in registered capital from Baht 11,386,817,020 to Baht 14,842,627,020, and issuance of up to 345,581,000 new ordinary shares of Baht 10 each.

Effective on 11 May 2009, in accordance with the resolution of the Annual General Meeting of Shareholders ("AGM") No. 10, held on 21 April 2009, the Bank offered 345,581,000 new ordinary shares to existing shareholders, with a par value of Baht 10 each, at a ratio of 1 newly issued share for every 3.295 existing shares at a price of Baht 21 per share through a rights issue for the purpose of the future expansion of the business. From the above share offer, the shareholders took up 345,022,846 ordinary shares at Baht 21 each totaling Baht 7,245 million.

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On 22 May 2009, the Bank registered the above paid-up share capital issue with the Ministry of Commerce. This resulted in the Bank's issued paid-up capital increasing from 1,138,681,702 ordinary shares with par value of Baht 10 each, totaling Baht 11,387 million to 1,483,704,548 ordinary shares with a par value of Baht 10 each, totaling Baht 14,837 million. After this share issue, Standard Chartered Bank held a 99.87% shareholding in the Bank.

The share premium of Baht 3,795 million arising on the new shares issued has been credited to the Share Premium Reserve, increasing the reserve from Baht 5,261 million to Baht 9,056 million.

19 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the periods ended 30 June 2010 and 2009 were based on the profit (loss) for the periods attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the periods as follows:

<i>For the three-month periods ended 30 June</i>	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in million Baht / million shares)</i>			
Profit (loss) attributable to equity holders of the Bank (basic)	<u>723</u>	<u>(387)</u>	<u>787</u>	<u>(366)</u>
Number of ordinary shares outstanding at 1 January	1,484	1,139	1,484	1,139
Effect of shares issued on 22 May 2009	-	151	-	151
Weighted average number of ordinary shares outstanding (basic)	<u>1,484</u>	<u>1,290</u>	<u>1,484</u>	<u>1,290</u>
Basic earnings (loss) per share (in Baht)	<u>0.48</u>	<u>(0.30)</u>	<u>0.53</u>	<u>(0.28)</u>

<i>For the six-month periods ended 30 June</i>	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in million Baht / million shares)</i>			
Profit attributable to equity holders of the Bank (basic)	<u>1,562</u>	<u>236</u>	<u>1,615</u>	<u>204</u>
Number of ordinary shares outstanding at 1 January	1,484	1,139	1,484	1,139
Effect of shares issued on 22 May 2009	-	76	-	76
Weighted average number of ordinary shares outstanding (basic)	<u>1,484</u>	<u>1,215</u>	<u>1,484</u>	<u>1,215</u>
Basic earnings per share (in Baht)	<u>1.05</u>	<u>0.19</u>	<u>1.09</u>	<u>0.17</u>

20 Dividends

At the annual general meeting of the shareholders of the bank held on 22 April 2010, the shareholders approved the appropriation of dividend of Baht 0.74 per share, amounting to Baht 1,098 million. The dividend was paid to shareholders in May 2010.

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21 Capital fund

The Bank's total and tier one capital ratios are as follows:

	Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
<i>Tier one capital</i>		
Issued and paid-up share capital	14,837	14,837
Share premium	9,056	9,056
Legal reserve	408	323
Net income after appropriation	6,648	6,146
Total tier one capital	30,949	30,362
<i>Tier two capital</i>		
Provision for normal classified asset	383	311
Surplus provision for Tier two capital according to IRB approach	50	355
Gain on revaluation of available-for-sale investments	1	2
Total tier two capital	434	668
Total capital	31,383	31,030
Total capital ratio	18.34%	18.71%
Tier one capital ratio	18.09%	18.31%

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

As at 30 June 2010 and 31 December 2009, the Bank met the minimum capital ratio requirements set down by the BoT for total capital of 8.5% and tier one capital of 4.25%.

In accordance with the BoT Notification No. Sor Nor Sor 25/2552 dated 14 December 2009, Re: "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 30 June 2010 within 4 months after the period end date, as indicated in the notification, through the bank's website www.standardchartered.co.th.

Capital Management

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

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22 Reserves

Share premium

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

Surpluses from fair value changes on investment

Surpluses from fair value changes on investment recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are disposed of.

Surpluses from fair value changes on cash flow hedges

Surpluses from fair value changes on cash flow hedges comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments

Legal reserve

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

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23 Contingencies and commitments

	Consolidated and Bank only					
	Thai Baht	30 June 2010 Foreign currencies	Total	Thai Baht	31 December 2009 Foreign currencies	Total
			(in million Baht)			
<i>Aval to bills and guarantees of loans</i>						
Letters of indemnity						
- borrowings	<u>10</u>	<u>100</u>	<u>110</u>	<u>13</u>	<u>75</u>	<u>88</u>
<i>Liability under unmatured import bills</i>	<u>45</u>	<u>1,077</u>	<u>1,122</u>	<u>-</u>	<u>1,102</u>	<u>1,102</u>
<i>Letters of credit</i>	<u>75</u>	<u>3,119</u>	<u>3,194</u>	<u>52</u>	<u>3,691</u>	<u>3,743</u>
<i>Other contingencies</i>						
Other letters of guarantee	15,380	16,559	31,939	14,581	14,925	29,506
<i>Foreign exchange contracts</i>						
Forward foreign exchange contracts						
Purchase contracts	295,213	356,792	652,005	278,731	297,467	576,198
Sale contracts	294,382	356,943	651,325	258,257	320,039	578,296
Cross currency swap contracts						
Purchase contracts	108,264	123,728	231,992	106,478	147,796	254,274
Sale contracts	116,773	119,050	235,823	140,526	117,859	258,385
Currency option contracts						
Options bought	4,319	7,714	12,033	4,058	10,587	14,645
Options sold	7,658	4,511	12,169	9,629	5,294	14,923
<i>Interest rate contracts</i>						
Interest rate swap contracts	1,174,870	178,335	1,353,205	1,211,267	182,940	1,394,207
Interest rate option contracts						
Options bought	8,900	722	9,622	12,640	742	13,382
Options sold	7,850	722	8,572	14,150	742	14,892
<i>Bond option</i>						
Purchase contracts	200	-	200	200	-	200
<i>Commodity contracts</i>						
Purchase contracts	-	5,870	5,870	-	12,135	12,135
Sale contracts	-	5,870	5,870	-	12,135	12,135
<i>Unused credit line of Overdrafts</i>	11,024	-	11,024	10,335	-	10,335
<i>Others</i>	<u>350,443</u>	<u>-</u>	<u>350,443</u>	<u>322,411</u>	<u>-</u>	<u>322,411</u>
	<u>2,395,276</u>	<u>1,176,816</u>	<u>3,572,092</u>	<u>2,383,263</u>	<u>1,122,661</u>	<u>3,505,924</u>
Total	<u>2,395,406</u>	<u>1,181,112</u>	<u>3,576,518</u>	<u>2,383,328</u>	<u>1,127,529</u>	<u>3,510,857</u>

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24 Litigation

- 24.1 As at 30 June 2010, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 642 million (excluding interest) (*31 December 2009: Baht 556 million*). Litigation is pending and no provision has been made in the financial statements on the grounds that management considers that the liability, if any, resulting from the litigation will not be material.
- 24.2 During 2006, the Bank entered into a derivative contract with a State enterprise for a term of five years, expiring in August 2011. During 2008, the State Enterprise informed the Bank that it disputed the validity of certain terms of the contract and the 3 subsequent due payments remain unpaid. On 19 August 2009, according to the normal business practice and its contractual rights, the Bank has effected the early termination of all derivative contracts with the State Enterprise. The Bank is taking actions to claim for damages from this early termination. The Bank's position remains firm that the said derivative contract is legally valid and enforceable and that there are no proper grounds for the contract to be challenged. However, in accordance with Bank of Thailand regulations, the Bank has fully provided for the net receivable balance.

25 Related party transactions and balances

Related parties are those parties linked to the Bank as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

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

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

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Significant transactions with related parties

Significant transactions with related parties for the periods ended 30 June 2010 and 2009 are summarised as follows:

<i>For the three-month periods ended 30 June</i>	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Interest income	3	350	3	350
Dividend income	-	-	75	45
(Loss) gain on forward and derivative contracts	(1,092)	1,044	(1,092)	1,044
Other fee and service income	-	1	-	1
Other income - shared support function	3	3	18	23
Other income	-	-	2	4
Interest expense	11	6	11	7
Other fee and service expenses	6	19	6	19
Fee and service expenses - service agreement	95	103	144	200
Fee and service expense - outsourcing of processing activities	7	6	7	6
Trademark license fee	32	41	32	41
Other expenses	2	15	2	15
Other expenses reimbursed	40	43	40	43

<i>For the six-month periods ended 30 June</i>	Consolidated		Bank only	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Interest income	30	553	30	553
Dividend income	-	-	75	45
(Loss) gain on forward and derivative contracts	(1,848)	1,305	(1,848)	1,305
Other fee and service income	1	1	1	1
Other income - shared support function	6	6	37	46
Other income	-	-	3	5
Interest expense	32	11	33	12
Other fee and service expenses	13	28	13	28
Fee and service expenses - service agreement	197	219	295	391
Fee and service expense - outsourcing of processing activities	14	13	14	13
Trademark license fee	71	85	71	85
Other expenses	14	25	14	25
Other expenses reimbursed	42	46	42	46

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Significant balances and business transactions with executives and business entities

Significant balances and business transactions with executive directors and authorised management, including their related parties and business entities in which the Bank, its directors or authorised management, including their related parties hold 10% or more of the paid up capital as of 30 June 2010 and 31 December 2009 were as follows:

	Consolidated and Bank only			
	30 June 2010		31 December 2009	
	At end of period	Average	At end of year	Average
		(in million Baht)		
Loans				
To executive directors and authorised management, including their related parties	<u>15</u>	<u>19</u>	<u>22</u>	<u>22</u>
Deposits				
From executive directors and authorised management, including their related parties	<u>142</u>	<u>159</u>	<u>144</u>	<u>157</u>

	Consolidated and Bank only	
	30 June 2010	31 December 2009
		(in million Baht)
Inter-bank and money market items (assets)		
Standard Chartered Bank	<u>1,276</u>	<u>13,336</u>
Loans and accrued interest receivable		
Standard Chartered (Thai) Asset Management Company Limited	<u>408</u>	<u>452</u>
Unrealised gain (loss) on mark to market of derivative contracts, net		
Standard Chartered Bank	(924)	(2,130)
Standard Chartered (GCT) Limited	73	63
Standard Chartered (Thailand) Limited	1	8
Total	<u>(850)</u>	<u>(2,059)</u>
Accrued income		
Standard Chartered Bank	66	61
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	1	-
Total	<u>67</u>	<u>61</u>
Deposits		
Standard Chartered (Thailand) Limited	13	12
Standard Chartered (Thai) Asset Management Company Limited	20	4
Cazenove Asia Limited	1	-
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	15	19
Total	<u>49</u>	<u>35</u>

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	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
<i>Inter-bank and money market items (liabilities)</i>		
Standard Chartered Bank	<u>11,601</u>	<u>18,780</u>
<i>Accrued interest payable</i>		
Standard Chartered Bank	<u>2</u>	<u>1</u>
<i>Borrowings</i>		
Standard Chartered (Thailand) Limited	468	194
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	75	135
Total	<u>543</u>	<u>329</u>
<i>Accrued expenses</i>		
Standard Chartered Bank	198	405
Standard Chartered Strategic Brand Management Limited	73	154
Scope International Private Limited	3	4
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	18	18
Total	<u>292</u>	<u>581</u>
<i>Letters of credit</i>		
Standard Chartered Bank	<u>232</u>	<u>430</u>
<i>Forward foreign exchange contracts</i>		
Standard Chartered Bank	<u>150,720</u>	<u>122,729</u>
<i>Cross currency swap contracts</i>		
Standard Chartered Bank	21,825	38,702
Standard Chartered (GCT) Limited	781	874
Total	<u>22,606</u>	<u>39,576</u>
<i>Currency option contracts</i>		
Standard Chartered Bank	<u>372</u>	<u>1,333</u>
<i>Interest rate swap contracts</i>		
Standard Chartered Bank	142,122	169,929
Standard Chartered (Thailand) Limited	75	555
Total	<u>142,197</u>	<u>170,484</u>
<i>Interest rate option contracts</i>		
Standard Chartered Bank	<u>722</u>	<u>742</u>
<i>Commodity contracts</i>		
Standard Chartered Bank	<u>5,870</u>	<u>12,135</u>

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	Consolidated and Bank only	
	30 June	31 December
	2010	2009
	<i>(in million Baht)</i>	
<i>Other letters of guarantee</i>		
Standard Chartered Bank	12,574	11,187
Standard Chartered (Thai) Asset Management Company Limited	128	-
Standard Chartered (Thailand) Limited	3	3
Total	12,705	11,190

Significant agreements with related parties

License agreement

In 2008, the Bank entered into a non-exclusive license agreement with Standard Chartered Strategic 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 an agreed rate in accordance with the conditions in the agreement.

Services agreement

In 1999, the Bank entered into a Services Agreement with Standard Chartered PLC relating to the provision of certain management and other services to the Bank by Standard Chartered PLC. These services include the secondment to or engagement by the Bank of suitably qualified personnel to fill certain key executive and other positions in the Bank and the provision of certain centralised or regionalised services of the Standard Chartered Group.

The fees payable by the Bank to Standard Chartered PLC under the services agreement are such amounts as shall be determined by Standard Chartered PLC to be a fair and reasonable allocation to the Bank of the actual costs to the Standard Chartered Group of providing such services. The fee is charged based on relative revenues (total income less interest expense). The cost of other services shall be reimbursed by the Bank on an actual cost basis.

Shared support function

The Bank entered into a Services Agreement with Standard Chartered (Thailand) Limited and Thai Exclusive Leasing Company Limited related to the provision of support functions. The Bank will provide support service functions in the areas of Consumer Banking Operations, Information Technology, Human Resources, Central Services and Legal and Compliance. The fees are charged at a monthly services fee or based on the actual time spent in providing the service.

Outsourcing services

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

In 2008, the Bank entered into a collection service agreement with Thai Exclusive Leasing Company Limited. Thai Exclusive Leasing Company Limited will provide debt collection services to the Bank. The fee is charged at the market rate.

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26 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.

27 Non-cancellable operating lease agreements

The Bank has entered into operating lease agreements in respect of its branches for periods ranging from 1 year to 30 years. The period to maturity of long-term lease payments is as follows:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Within one year	74	74
After one year but within five years	112	122
After five years	117	124
Total	303	320

28 Income tax

The corporate income tax amount is determined by applying the Thai corporation tax rate to the accounting profit for the period after adjusting income and expenses as required by the Revenue code, and includes adjustments of tax payable in respect of previous year.

29 Results of operations classified by domestic and overseas business

As at 30 June 2010 and 31 December 2009, the Bank has not engaged in overseas business. The results of the Bank's operations were derived from only domestic business.

30 Financial instruments

Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

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 only creditworthy counterparties and where appropriate obtaining sufficient collateral or other security.

In respect of on-balance sheet financial assets, the carrying value of the assets, less the allowance for doubtful accounts, reflect the Bank's maximum exposure to credit losses.

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The Bank's exposure to credit loss for off-balance sheet commitments to extend credit, standby letters of credit, and financial guarantees, is 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 on-balance sheet instruments. 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 off-balance sheet financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. Market risk includes foreign exchange risk and interest rate risk.

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates and foreign exchange rates. These financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, forward foreign exchange contracts, foreign exchange options, bond options and interest rate contracts. These instruments involve, to varying degrees, elements of credit, foreign exchange, and interest rate risk in excess of the amounts recognised in the financial statements. The contract or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments. The Bank does not take speculative positions in any derivative financial instruments.

The Bank enters into foreign exchange contracts and interest rate contracts as part of its risk management strategy primarily to manage the market risk arising from the Bank's underlying assets and liabilities and to offset risk created by customers. The trading activity of all those financial instruments is governed by approved guidelines and parameters set by Standard Chartered Group Market Risk.

Foreign exchange risk

The Bank is exposed to foreign exchange risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at each reporting date. Details in respect of these significant exposures are described in notes 4, 6, 13 and 14.

Interest rate risk

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

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The Bank receives both fixed and floating rate interest on its interest earning assets which can be analysed as follows:

	Consolidated and Bank only	
	30 June 2010	31 December 2009
	<i>(in million Baht)</i>	
Fixed interest rate	155,418	180,933
Floating interest rate	31,545	27,810
Total	186,963	208,743

As at 30 June 2010, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 19,685 million (31 December 2009: Baht 22,370 million).

The Bank's average interest earning financial assets and interest bearing financial liabilities, together with the average interest and dividend rates are as follows:

Consolidated						
	30 June 2010			31 December 2009		
	Average balance	Interest and dividend	Average rate	Average balance	Interest and dividend	Average rate
	<i>(in million Baht)</i>		<i>(% per annum)</i>	<i>(in million Baht)</i>		<i>(% per annum)</i>
Interest-earning financial assets						
Inter-bank and money market items	78,520	530	1.36	94,317	1,631	1.73
Investments, net	41,756	305	1.47	34,120	659	1.93
Loans	84,274	3,217	7.70	81,694	7,043	8.62
Total	204,550	4,052		210,131	9,333	
Interest-bearing financial liabilities						
Deposits	92,393	426	0.93	107,627	1,512	1.40
Inter-bank and money market items	44,507	185	0.84	35,249	339	0.96
Borrowings	16,167	114	1.41	32,679	471	1.44
Total	153,067	725		175,555	2,322	
Bank only						
	30 June 2010			31 December 2009		
	Average balance	Interest and dividend	Average rate	Average balance	Interest and dividend	Average rate
	<i>(in million Baht)</i>		<i>(% per annum)</i>	<i>(in million Baht)</i>		<i>(% per annum)</i>
Interest-earning financial assets						
Inter-bank and money market items	78,520	530	1.36	94,317	1,631	1.73
Investments, net	41,815	380	1.83	34,179	704	2.06
Loans	84,274	3,217	7.70	81,694	7,043	8.62
Total	204,609	4,127		210,190	9,378	
Interest-bearing financial liabilities						
Deposits	92,407	426	0.93	107,645	1,512	1.40
Inter-bank and money market items	44,507	185	0.84	35,249	339	0.96
Borrowings	16,305	115	1.41	32,797	473	1.44
Total	153,219	726		175,691	2,324	

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Significant financial assets and financial liabilities classified by maturity of interest repricing as at 30 June 2010 and 31 December 2009 are as follows:

	Consolidated 30 June 2010						
	Immediate Repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	510	-	510
Inter-bank and money market items	618	65,805	60	324	1,777	-	68,584
Investments	-	17,284	4,745	12,487	55	-	34,571
Loans	30,547	43,226	9,234	2,634	77	1,668	87,386
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	12,435	-	12,435
Total financial assets	31,165	126,315	14,039	15,445	14,854	1,668	203,486
Financial liabilities							
Deposits	59,213	23,623	6,649	4,733	6,604	-	100,822
Inter-bank and money market items	2,996	24,412	-	-	5,194	-	32,602
Liabilities payable on demand	-	-	-	-	2,051	-	2,051
Borrowings	-	19,530	30	-	-	-	19,560
Accounts payable from purchase of investments	-	-	-	-	11,144	-	11,144
Total financial liabilities	62,209	67,565	6,679	4,733	24,993	-	166,179

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Consolidated							
31 December 2009							
	Immediate Repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
<i>(in million Baht)</i>							
<i>Financial assets</i>							
Cash	-	-	-	-	463	-	463
Inter-bank and money market items	772	88,616	-	-	1,868	-	91,256
Investments	-	21,718	8,713	10,313	57	-	40,801
Loans	26,540	42,153	5,478	4,440	73	2,576	81,260
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	13,643	-	13,643
Total financial assets	<u>27,312</u>	<u>152,487</u>	<u>14,191</u>	<u>14,753</u>	<u>16,104</u>	<u>2,576</u>	<u>227,423</u>
<i>Financial liabilities</i>							
Deposits	53,897	28,209	4,481	6,709	2,435	-	95,731
Inter-bank and money market items	3,998	49,336	-	-	4,661	-	57,995
Liabilities payable on demand	-	-	-	-	1,248	-	1,248
Borrowings	-	16,859	-	-	-	-	16,859
Accounts payable from purchase of investments	-	-	-	-	15,207	-	15,207
Total financial liabilities	<u>57,895</u>	<u>94,404</u>	<u>4,481</u>	<u>6,709</u>	<u>23,551</u>	<u>-</u>	<u>187,040</u>

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	Bank only 30 June 2010						
	Immediate Repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	510	-	510
Inter-bank and money market items	618	65,805	60	324	1,777	-	68,584
Investments	-	17,284	4,745	12,487	114	-	34,630
Loans	30,547	43,226	9,234	2,634	77	1,668	87,386
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	12,435	-	12,435
Total financial assets	31,165	126,315	14,039	15,445	14,913	1,668	203,545
Financial liabilities							
Deposits	59,228	23,623	6,649	4,733	6,604	-	100,837
Inter-bank and money market items	2,996	24,412	-	-	5,194	-	32,602
Liabilities payable on demand	-	-	-	-	2,051	-	2,051
Borrowings	-	19,605	30	-	-	-	19,635
Accounts payable from purchase of investments	-	-	-	-	11,144	-	11,144
Total financial liabilities	62,224	67,640	6,679	4,733	24,993	-	166,269

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Bank only							
31 December 2009							
	Immediate Repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	463	-	463
Inter-bank and money market items	772	88,616	-	-	1,868	-	91,256
Investments	-	21,718	8,713	10,313	116	-	40,860
Loans	26,540	42,153	5,478	4,440	73	2,576	81,260
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	13,643	-	13,643
Total financial assets	<u>27,312</u>	<u>152,487</u>	<u>14,191</u>	<u>14,753</u>	<u>16,163</u>	<u>2,576</u>	<u>227,482</u>
Financial liabilities							
Deposits	53,915	28,209	4,481	6,709	2,436	-	95,750
Inter-bank and money market items	3,998	49,336	-	-	4,661	-	57,995
Liabilities payable on demand	-	-	-	-	1,248	-	1,248
Borrowings	-	16,993	-	-	-	-	16,993
Accounts payable from purchase of investments	-	-	-	-	15,207	-	15,207
Total financial liabilities	<u>57,913</u>	<u>94,538</u>	<u>4,481</u>	<u>6,709</u>	<u>23,552</u>	<u>-</u>	<u>187,193</u>

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Liquidity risk

The Bank defines liquidity risk as the risk that it either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only secure them at excessive cost.

The Bank has established standards, principles, policies and techniques for managing liquidity risk. Liquidity risk management is governed by the Asset & Liability Committee (ALCO). The tools used for the management of liquidity risk, range from key balance sheet ratios and medium-term funding requirements to ensure balance sheets are not developing structural imbalances, to short term cash flow limits and controls on borrowing in the wholesale markets. They are supplemented by the establishment of a liquidity crisis contingency plan and regular stress test on liquidity positions.

ALCO ensures that the balance sheet of the Bank is managed in accordance with the policies of the Standard Chartered Group adopted by the Bank and any other applicable regulatory requirements relating to management of liquidity, capital adequacy and structural market risks.

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

The Market Risk unit produces daily risk reports in which liquidity risks are monitored against limits. Liquidity stress tests are carried out daily on the Bank-specific scenario, and quarterly on the Market-wide scenario and Combined scenarios; as at 30 June 2010, the Bank passed liquidity stress tests on all scenarios.

Customer deposits form a significant part of the Bank's overall funding. Its composition has remained relatively diversified and stable. Professional markets are accessed for the purposes of providing additional funding, maintaining a presence in local money markets and optimising asset and liability maturities.

As at 30 June 2010, loans to deposits ratio of the Bank is 86.7% (31 December 2009: 84.9%).

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The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2010 and 31 December 2009 are as follows:

Consolidated						
30 June 2010						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	510	-	-	-	-	510
Inter-bank and money market items	2,380	65,820	60	324	-	68,584
Investments	-	3,772	7,845	22,899	55	34,571
Loans	10,761	20,098	7,363	49,164	-	87,386
Accounts receivable from sales of investments and debt securities in issue	12,435	-	-	-	-	12,435
Total financial assets	26,086	89,690	15,268	72,387	55	203,486
<i>Financial liabilities</i>						
Deposits	65,817	20,966	8,437	5,602	-	100,822
Inter-bank and money market items	8,190	22,912	-	1,500	-	32,602
Liabilities payable on demand	2,051	-	-	-	-	2,051
Borrowings	22	17,908	30	1,600	-	19,560
Accounts payable from purchase of investments	11,144	-	-	-	-	11,144
Total financial liabilities	87,224	61,786	8,467	8,702	-	166,179
Consolidated						
31 December 2009						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	463	-	-	-	-	463
Inter-bank and money market items	2,420	88,836	-	-	-	91,256
Investments	-	9,664	8,891	22,189	57	40,801
Loans	11,824	21,845	4,657	42,934	-	81,260
Accounts receivable from sales of investments and debt securities in issue	13,643	-	-	-	-	13,643
Total financial assets	28,350	120,345	13,548	65,123	57	227,423
<i>Financial liabilities</i>						
Deposits	56,332	26,429	5,328	7,642	-	95,731
Inter-bank and money market items	8,659	49,036	-	300	-	57,995
Liabilities payable on demand	1,248	-	-	-	-	1,248
Borrowings	-	15,259	-	1,600	-	16,859
Accounts payable from purchase of investments	15,207	-	-	-	-	15,207
Total financial liabilities	81,446	90,724	5,328	9,542	-	187,040

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Bank only						
30 June 2010						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	510	-	-	-	-	510
Inter-bank and money market items	2,380	65,820	60	324	-	68,584
Investments	-	3,772	7,845	22,899	114	34,630
Loans	10,761	20,098	7,363	49,164	-	87,386
Accounts receivable from sales of investments and debt securities in issue	12,435	-	-	-	-	12,435
Total financial assets	26,086	89,690	15,268	72,387	114	203,545
<i>Financial liabilities</i>						
Deposits	65,832	20,966	8,437	5,602	-	100,837
Inter-bank and money market items	8,190	22,912	-	1,500	-	32,602
Liabilities payable on demand	2,051	-	-	-	-	2,051
Borrowings	22	17,983	30	1,600	-	19,635
Accounts payable from purchase of investments	11,144	-	-	-	-	11,144
Total financial liabilities	87,239	61,861	8,467	8,702	-	166,269

Bank only						
31 December 2009						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	463	-	-	-	-	463
Inter-bank and money market items	2,420	88,836	-	-	-	91,256
Investments	-	9,664	8,891	22,189	116	40,860
Loans	11,824	21,845	4,657	42,934	-	81,260
Accounts receivable from sales of investments and debt securities in issue	13,643	-	-	-	-	13,643
Total financial assets	28,350	120,345	13,548	65,123	116	227,482
<i>Financial liabilities</i>						
Deposits	56,351	26,429	5,328	7,642	-	95,750
Inter-bank and money market items	8,659	49,036	-	300	-	57,995
Liabilities payable on demand	1,248	-	-	-	-	1,248
Borrowings	-	15,393	-	1,600	-	16,993
Accounts payable from purchase of investments	15,207	-	-	-	-	15,207
Total financial liabilities	81,465	90,858	5,328	9,542	-	187,193

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Derivatives

The remaining period to maturity of the notional amount and the fair value of derivatives as at 30 June 2010 and 31 December 2009 are as follows:

Consolidated and Bank only 30 June 2010				
	Within 1 year	Over 1 year	Total	Fair value
	(in million Baht)			
Forward exchange contracts	1,286,803	16,527	1,303,330	615
Cross currency swap contracts	136,921	330,894	467,815	(3,807)
Currency option contracts	21,593	2,609	24,202	39
Interest rate swap contracts	446,661	906,544	1,353,205	1,058
Interest rate option contracts	6,500	11,694	18,194	73
Bond option	200	-	200	-
Commodity contracts	11,740	-	11,740	-

Consolidated and Bank only 31 December 2009				
	Within 1 year	Over 1 year	Total	Fair value
	(in million Baht)			
Forward exchange contracts	1,137,930	16,564	1,154,494	(2,145)
Cross currency swap contracts	190,896	321,763	512,659	(5,073)
Currency option contracts	19,907	9,661	29,568	45
Interest rate swap contracts	495,794	898,413	1,394,207	1,647
Interest rate option contracts	18,750	9,524	28,274	(30)
Bond option	200	-	200	2
Commodity contracts	21,476	2,794	24,270	-

Fair value

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

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

	Consolidated			
	30 June 2010		31 December 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	510	510	463	463
Inter-bank and money market items, net	68,584	68,584	91,256	91,256
Investments, net	34,571	34,571	40,801	40,801
Loans	87,386	88,069	81,260	81,351
Accounts receivable from sales of investments and debt securities in issue	12,435	12,435	13,643	13,643
Total financial assets	203,486	204,169	227,423	227,514
<i>Financial liabilities</i>				
Deposits	100,822	100,822	95,731	95,731
Inter-bank and money market items	32,602	32,678	57,995	58,023
Liabilities payable on demand	2,051	2,051	1,248	1,248
Borrowings	19,560	19,559	16,859	16,842
Accounts payable from purchase of investments	11,144	11,144	15,207	15,207
Total financial liabilities	166,179	166,254	187,040	187,051

	Bank only			
	30 June 2010		31 December 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	510	510	463	463
Inter-bank and money market items, net	68,584	68,584	91,256	91,256
Investment, net	34,630	34,665	40,860	40,948
Loans	87,386	88,069	81,260	81,351
Accounts receivable from sales of investments and debt securities in issue	12,435	12,435	13,643	13,643
Total financial assets	203,545	204,263	227,482	227,661
<i>Financial liabilities</i>				
Deposits	100,837	100,837	95,750	95,750
Inter-bank and money market items	32,602	32,678	57,995	58,023
Liabilities payable on demand	2,051	2,051	1,248	1,248
Borrowings	19,635	19,634	16,993	16,977
Accounts payable from purchase of investments	11,144	11,144	15,207	15,207
Total financial liabilities	166,269	166,344	187,193	187,205

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Methods and assumptions in estimating fair value of financial instruments

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

Cash, inter-bank and money market items (assets)

The fair value of cash, short-term instruments and floating rate instruments is their carrying amounts. The estimated fair value of fixed interest bearing items is based on discounted cash flows using the prevailing money market rates on similar instruments.

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

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

General investments

The fair value of general investments is based on the carrying amount presented in the balance sheet.

Loans

For variable-rate loans that reprice frequently and have no significant change in credit risk, fair value is based on carrying value. Fair value of fixed rate loans that reprice within 1 year of the balance sheet date approximates the carrying value at the balance sheet date. Fair value for other fixed interest loans is estimated using discounted cash flow analysis and using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Deposits

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

Inter-bank and money market items (liabilities) and debentures

The carrying amount of inter-bank and money market items and debentures and/or items which bear variable rates of interest approximates their fair value at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Liabilities payable on demand

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

Derivatives

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

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31 Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiary have not adopted the following new and revised TAS/TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TAS/TFRS will become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS/TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 17 (revised 2009)	Leases	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

Management is presently considering the potential impact of the adoption and initial application of these new and revised TAS/TFRS on the Bank and its subsidiary's financial statements.

32 Reclassification of accounts

Certain accounts in the statement of income for the three-month and six-month periods ended 30 June 2009 have been reclassified to conform to the presentation in the 2010 interim financial statements as follows:

	Before Reclassification	2009 Consolidated Reclassification (in million Baht)	After Reclassification
Statement of income			
Three-month period ended 30 June			
Other income	(161)	142	(19)
Bad debts and doubtful accounts	1,507	(142)	1,365
		<hr/>	
Six-month period ended 30 June			
Other income	(330)	268	(62)
Bad debts and doubtful accounts	2,061	(268)	1,793
		<hr/>	

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
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		2009	
	Before	Bank only	After
	Reclassification	Reclassification	Reclassification
		<i>(in million Baht)</i>	
Statement of income			
Three-month period ended 30 June			
Other income	(168)	142	(26)
Bad debts and doubtful accounts	1,507	<u>(142)</u>	1,365
		<u>-</u>	
Six-month period ended 30 June			
Other income	(327)	268	(59)
Bad debts and doubtful accounts	2,061	<u>(268)</u>	1,793
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the nature of business.