

**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 2011



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 statements of financial position as at 30 June 2011 and 31 December 2010, and the related statements of comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2011 and 2010 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 audit 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 position as at 30 June 2011 and 31 December 2010 and the results of operations and cash flows for the six-month periods ended 30 June 2011 and 2010 of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively, in accordance with Financial Reporting Standards.

I have also reviewed the accompanying consolidated and Bank only statements of comprehensive income for the three-month periods ended 30 June 2011 and 2010 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 issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard on 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 the 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 Financial Reporting Standards.

As explained in notes 2 and 3 to the financial statements, with effect from 1 January 2011 the Bank and its subsidiary have adopted certain new and revised financial reporting standards and in compliance with the relevant Bank of Thailand notifications with regard to the presentation of the financial statements. The consolidated and Bank only financial statements for the three-month and six-month periods ended 30 June 2010 and as at 31 December 2010, which are included in the accompanying financial statements for comparative purposes, have been restated accordingly.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
24 August 2011

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

Statements of financial position

As at 30 June 2011 and 31 December 2010

		Consolidated		Bank only	
	Note	30 June 2011	31 December 2010	30 June 2011	31 December 2010
		(in thousand Baht)			
Assets					
Cash		471,175	487,870	471,175	487,870
Interbank and money market items, net	8	83,035,919	63,244,456	83,035,684	63,244,221
Claims on security		15,795,000	-	15,795,000	-
Derivatives assets	9	30,410,460	40,358,191	30,410,460	40,358,191
Investments, net	10	42,452,020	53,932,124	42,452,020	53,932,124
Investments in subsidiary	11	-	-	58,746	58,746
Loans to customers and accrued interest receivables, net	12,13,14				
Loans to customers		98,621,074	96,325,646	98,621,074	96,325,646
Accrued interest receivables		537,314	425,709	537,314	425,709
Total loans to customers and accrued interest receivables		99,158,388	96,751,355	99,158,388	96,751,355
Less deferred revenue		(28)	(2,078)	(28)	(2,078)
Less allowance for doubtful accounts	15	(3,344,838)	(3,261,961)	(3,344,838)	(3,261,961)
Total loans to customers and accrued interest receivables, net		95,813,522	93,487,316	95,813,522	93,487,316
Properties for sale, net	16	102,589	79,951	102,589	79,951
Premises and equipment, net	17	911,599	1,001,088	911,599	1,001,088
Intangible assets, net		11,681	17,018	11,681	17,018
Accounts receivable from sales of investments and debt securities in issue	18	22,772,202	22,875,950	22,772,202	22,875,950
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		1,157,782	4,830,393	1,157,782	4,830,393
Other assets, net	19	677,920	699,774	675,880	698,185
Total assets		293,611,869	281,014,131	293,668,340	281,071,053
Liabilities and equity					
Deposits	20	106,383,972	96,216,232	106,395,488	96,239,419
Interbank and money market items	21	54,974,792	51,401,864	54,974,792	51,401,864
Liabilities payable on demand		1,598,131	1,722,978	1,598,131	1,722,978
Liabilities to deliver security		15,795,000	-	15,795,000	-
Derivatives liabilities	9	32,318,134	44,838,170	32,318,134	44,838,170
Debt issued and borrowings	22	32,456,688	21,569,915	32,528,611	21,644,724
Provisions	24,25,31	511,676	363,314	506,504	358,389
Accounts payable from purchase of investments	23	9,368,906	24,162,939	9,368,906	24,162,939
Other liabilities	26	6,529,779	7,957,682	6,528,659	7,958,061
Total liabilities		259,937,078	248,233,094	260,014,225	248,326,544
Equity					
Share capital	27				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045	14,837,045	14,837,045
Premium on share capital	30	9,055,819	9,055,819	9,055,819	9,055,819
Other reserves	30	(321,000)	(104,963)	(321,000)	(104,963)
Retained earnings					
Appropriated					
Legal reserve	30	508,727	508,727	502,727	502,727
Unappropriated		9,594,200	8,484,409	9,579,524	8,453,881
Total equity of the Bank		33,674,791	32,781,037	33,654,115	32,744,509
Total liabilities and equity		293,611,869	281,014,131	293,668,340	281,071,053

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

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

Statements of comprehensive income

For the three-month periods ended 30 June 2011 and 2010 (Unaudited)

		Consolidated		Bank only	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Interest income	36	3,084,371	2,065,427	3,084,371	2,065,424
Interest expenses	37	1,077,552	510,260	1,078,084	510,709
Net interest income		2,006,819	1,555,167	2,006,287	1,554,715
Fees and service income		439,396	384,450	439,396	384,450
Fees and service expenses		159,889	140,392	159,888	140,393
Net fees and service income	38	279,507	244,058	279,508	244,057
Gains on trading and foreign exchange transactions	39	462,674	634,430	462,674	634,430
Gains on investments	40	5,597	60,363	5,597	60,363
Other operating income		7,733	17,294	46,571	104,355
Total operating income		2,762,330	2,511,312	2,800,637	2,597,920
Other operating expenses					
Employee expenses	41	680,455	712,632	667,647	695,388
Directors' remuneration		2,364	2,200	2,364	2,200
Premises and equipment expenses		104,137	124,825	101,565	121,812
Taxes and duties		85,107	65,760	85,069	65,707
Others		358,136	335,961	394,127	383,310
Total other operating expenses		1,230,199	1,241,378	1,250,772	1,268,417
Impairment loss of loans	42	122,579	150,698	122,579	150,698
Profit from operations before income tax expense		1,409,552	1,119,236	1,427,286	1,178,805
Income tax expenses	43	376,591	396,911	373,930	391,858
Profit for the period		1,032,961	722,325	1,053,356	786,947
Other comprehensive income					
Gains (losses) on remeasuring available-for-sale investments		(155,424)	20,007	(155,424)	20,007
Losses on cash flow hedges		(21,706)	(5,918)	(21,706)	(5,918)
Total other comprehensive income, net		(177,130)	14,089	(177,130)	14,089
Total comprehensive income for the period		855,831	736,414	876,226	801,036
Basic earnings per share (in Baht)	28	0.70	0.48	0.71	0.53

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

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

Statements of comprehensive income

For the six-month periods ended 30 June 2011 and 2010

		Consolidated		Bank only	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Interest income	36	5,908,252	4,099,587	5,908,252	4,099,580
Interest expenses	37	1,958,129	959,412	1,959,086	960,265
Net interest income		3,950,123	3,140,175	3,949,166	3,139,315
Fees and service income		812,823	721,960	812,823	721,959
Fees and service expenses		326,141	281,326	326,140	281,326
Net fees and service income	38	486,682	440,634	486,683	440,633
Gains on trading and foreign exchange transactions	39	981,796	1,194,575	981,796	1,194,575
Gains on investments	40	15,551	60,946	15,551	60,946
Other operating income		9,930	35,196	62,553	136,955
Total operating income		5,444,082	4,871,526	5,495,749	4,972,424
Other operating expenses					
Employee expenses	41	1,315,397	1,270,993	1,289,821	1,237,356
Directors' remuneration		4,564	4,400	4,564	4,400
Premises and equipment expenses		244,357	270,292	238,887	265,308
Taxes and duties		166,866	130,648	166,789	130,540
Others		792,751	650,661	864,297	746,205
Total other operating expenses		2,523,935	2,326,994	2,564,358	2,383,809
Impairment loss of loans	15,42	291,106	173,166	291,106	173,166
Profit from operations before income tax expense		2,629,041	2,371,366	2,640,285	2,415,449
Income tax expenses	43	762,561	809,711	757,953	800,006
Profit for the period		1,866,480	1,561,655	1,882,332	1,615,443
Other comprehensive income					
Gains (losses) on remeasuring available-for-sale investments		(154,160)	23,657	(154,160)	23,657
Losses on cash flow hedges		(61,877)	(54,427)	(61,877)	(54,427)
Total other comprehensive income, net		(216,037)	(30,770)	(216,037)	(30,770)
Total comprehensive income for the period		1,650,443	1,530,885	1,666,295	1,584,673
Basic earnings per share (in Baht)	28	1.26	1.05	1.27	1.09

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 equity

For the six-month periods ended 30 June 2011 and 2010

Consolidated									
(in thousand Baht)									

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 equity

For the six-month periods ended 30 June 2011 and 2010

	Note	Bank only (in thousand Baht)						
		Other reserves				Retained earnings		
		Issued and paid-up share capital	Premium on share capital	Gains (losses) on remeasuring available-for-sale investments	Gains (losses) on cash flow hedges	Total other reserves	Legal reserve	Unappropriated
Balance as at 1 January 2010	14,837,045	9,055,819	5,314	102,737	108,051	407,703	7,746,358 (1,097,941)	32,154,976 (1,097,941)
Dividends	-	-	-	-	-	-	-	-
Comprehensive income for the period		-	-	-	-	-	1,615,443	1,615,443
Profit for the period		-	-	-	-	-	-	-
Other comprehensive income		-	-	23,657	-	23,657	-	23,657
Available-for-sale investments		-	-	-	-	-	-	-
Net change in fair value recognised in equity		-	-	-	-	-	-	-
Cash flow hedges		-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	-	-
- transferred to profit and loss		-	-	-	-	-	-	-
Total other comprehensive income		-	-	23,657	-	23,657	-	23,657
Total comprehensive income for the period		-	-	23,657	-	23,657	-	23,657
Balance as at 30 June 2010		14,837,045	9,055,819	28,971	48,310	77,281	407,703	32,641,708
Balance as at 1 January 2011		14,837,045	9,055,819	(79,361)	(25,602)	(104,963)	502,727	32,744,509 (756,689)
Dividends	29	-	-	-	-	-	-	-
Comprehensive income for the period		-	-	-	-	-	1,882,332	1,882,332
Profit for the period		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-
Available-for-sale investments		-	-	(154,160)	-	(154,160)	-	(154,160)
Net change in fair value recognised in equity		-	-	-	-	-	-	-
Cash flow hedges		-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	-	-
- transferred to profit and loss		-	-	-	-	-	-	-
Total other comprehensive income		-	-	(154,160)	-	(154,160)	-	(154,160)
Total comprehensive income for the period		-	-	(154,160)	-	(154,160)	-	(154,160)
Balance as at 30 June 2011		14,837,045	9,055,819	(233,521)	(87,479)	(321,000)	502,727	33,654,115

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 2011 and 2010

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax expense	2,629,041	2,371,366	2,640,285	2,415,449
Adjustments to reconcile net profit to net cash provided by operating activities				
Depreciation and amortisation	71,224	84,767	71,224	84,767
Impairment loss of loans	522,829	495,982	522,829	495,982
Impairment loss of investments	78	-	78	-
Amortisation of discount of debt instruments	(186,366)	(233,334)	(186,366)	(233,334)
Amortisation of discount of debt issued and borrowings	304,745	75,163	304,745	76,016
Gains on disposal of investments	(6,724)	(60,898)	(6,724)	(60,898)
Losses on disposal of premises and equipment	821	25	821	25
Impairment loss (reversal) of properties for sale	3,980	(2,841)	3,980	(2,841)
Provisions increase	148,362	-	148,115	-
Net interest income	(3,950,123)	(3,140,175)	(3,949,166)	(3,139,315)
Interest received	5,792,906	4,084,918	5,792,906	4,084,910
Interest paid	(1,933,919)	(937,191)	(1,934,876)	(938,044)
Income tax paid	(589,095)	(838,240)	(586,162)	(818,573)
Profit from operations before changes in operating assets and liabilities	2,807,759	1,899,542	2,821,689	1,964,144
(Increase) decrease in operating assets				
Interbank and money market items	(19,791,463)	22,672,362	(19,791,463)	22,672,362
Derivatives (assets) liabilities, net	(2,580,013)	(3,650,823)	(2,580,013)	(3,650,823)
Trading investments	(5,936,007)	(5,958,064)	(5,936,007)	(5,958,064)
Loans to customers	(2,721,824)	(6,938,113)	(2,721,824)	(6,938,113)
Properties for sale	(188)	23,470	(188)	23,470
Other assets	3,681,259	(593,227)	3,681,710	(590,289)
Increase (decrease) in operating liabilities				
Deposits	10,167,740	5,091,103	10,156,069	5,086,356
Interbank and money market items	3,572,928	(25,393,069)	3,572,928	(25,393,069)
Liabilities payable on demand	(124,847)	803,704	(124,847)	803,704
Short-term debt issued and borrowings	3,190,252	2,040,973	3,187,366	1,980,441
Other liabilities	(1,625,579)	878,497	(1,625,403)	876,236
Net cash used in operating activities	(9,359,983)	(9,123,645)	(9,359,983)	(9,123,645)
Cash flows from investing activities				
Purchase of premises and equipment	(2,442)	(30,918)	(2,442)	(30,918)
Proceeds from disposals of premises and equipment	134	169	134	169
Purchase of available-for-sale investments	(33,486,403)	(14,245,290)	(33,486,403)	(14,245,290)
Proceeds from disposals of available-for-sale investments	43,449,630	24,426,340	43,449,630	24,426,340
Decrease in held to maturity investments	93,210	117,526	93,210	117,526
Decrease in general investments	5,286	681	5,286	681
Net cash provided by investing activities	10,059,415	10,268,508	10,059,415	10,268,508
Cash flows from financing activities				
Proceeds from debt issued and borrowings	40,562	-	40,562	-
Dividends paid	(756,689)	(1,097,941)	(756,689)	(1,097,941)
Net cash used in financing activities	(716,127)	(1,097,941)	(716,127)	(1,097,941)
Net increase (decrease) in cash	(16,695)	46,922	(16,695)	46,922
Cash at beginning of the period	487,870	462,729	487,870	462,729
Cash at end of the period	471,175	509,651	471,175	509,651

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 2011

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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 2011

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

The interim financial statements were authorised for issue by the Board of Directors on 24 August 2011.

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 services.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the interim 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 (TAS) No. 34 (revised 2009) *Interim Financial Reporting*, Financial Reporting Standards, guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services”.

During 2010 and 2011, the FAP issued the following new and revised Thai Financial Reporting Standards (TFRS) relevant to the Bank and its subsidiary’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
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TFRS	Topic
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP's announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of these new and revised TFRS has resulted in changes in the Bank and its subsidiary's accounting policies. The effects of these changes are disclosed in note 3. Except for these changes, accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2010.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these interim financial statements. These new and revised TFRS are disclosed in note 34.

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

(b) Basis of measurement

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

- Derivatives instruments are measured at fair value
- Trading investments are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Liabilities for cash-settled share-based payment arrangement are measured at fair value

(c) Presentation currency

The interim financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2011

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 4 significant accounting policies and in the following notes.

Note 5	Risk management
Note 6	Fair value of financial instruments
Note 10	Investments
Note 15	Allowance for doubtful accounts
Note 24	Employee benefit obligations
Note 25	Provisions

3 Changes in accounting policy and presentation

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiary have changed their accounting policy and presentation in the following area:

- Presentation of financial statements

(b) Presentation of financial statements

From 1 January 2011, the Bank and its subsidiary have adopted TAS 1 Presentation of Financial Statements (revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Bank and its subsidiary present all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

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(c) Employee Benefits – impact of policy adopted in the year ended 31 December 2010

On 15 December 2010, the FAP issued the new TFRS, TAS 19 Employee benefits, relevant to the Bank and its subsidiary's operations and effective for accounting periods beginning on or after 1 January 2011. As permitted by TAS 19, the Bank and its subsidiary early adopted the TAS resulting in a change in the accounting policies for employees benefit in the consolidated and Bank only financial statements. The transitional provisions of TAS 19 permitted the transitional liability to be recognised and accounted for immediately in profit or loss at the transition date. Under the new policy, the Bank and its subsidiary's obligations in respect of employee long-term benefits were recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, the Bank and its subsidiary's obligations in respect of employee long-term benefits were recognised as and when payments were made. The Bank and its subsidiary have opted to record the entire amount of this liability as an expense in 2010 in accordance with the transitional provisions of TAS 19. The statement of comprehensive income for the three-month and six-month periods ended 30 June 2010 has not been restated. The financial impact of changes to the new policy on the statements of comprehensive income for the three-month and six-month periods ended 30 June 2011 and 2010 are summarised below.

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Increase in employee expenses	9	-	8	-
Decrease in profit	9	-	8	-
Decrease in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	0.01	-	0.01	-

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Increase in employee expenses	16	-	15	-
Decrease in profit	16	-	15	-
Decrease in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	0.01	-	0.01	-

As a result of the new policy adopted in 2010, statements of financial position are presented as follows:

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Employee long-term benefit obligation	239	223	234	219
	239	223	234	219

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4 Significant accounting policies

4.1 Basis of consolidation

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

Subsidiary

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.

Transactions eliminated on consolidation

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

4.2 Income

Interest income on loans to customers, discounts on loans to customers, and other income are recognised on an accrual basis, except for interest income on 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 profit or loss. Subsequent interest receipts are recognised on a cash basis.

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

4.3 Expenses

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

4.4 Loans to customers

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

4.5 Finance lease receivables

Finance lease receivables are stated at cost net of deferred revenue and allowance for doubtful accounts.

4.6 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 to customers.

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Specific provisions are made where the repayment of identified loans to customer 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.

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

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

Any allowances for doubtful accounts established during the period are recorded as impairment loss of loans. The Bank writes off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of impairment loss of loans in profit or loss.

4.7 *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 to customers 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 profit or loss.

4.8 *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 profit or loss.

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

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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 other comprehensive income. Impairment losses and foreign exchange difference are recognised in profit or loss. When these investments are sold, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in profit or loss.

General investments are stated at cost less impairment losses.

Initial recognition

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

Disposal of investments

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

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

4.9 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 profit or loss.

Non-monetary assets and liabilities dominated in foreign currencies at the reporting date are translated to Thai Baht using the foreign exchange rates ruling at the date of the transactions.

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

4.10 Premises and equipment

Owned assets

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

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Leased assets

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

Depreciation

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

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each 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 profit or loss.

4.11 Leasehold premises

Leasehold premises included in other assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the term of the lease agreement.

4.12 Properties for sale

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

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

4.13 Claims on security and liability to deliver security

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

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4.14 Financial instruments

Derivatives

Derivative contracts are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently re-measured at their fair values. The resulting profit or loss is included in profit or loss. All derivatives are carried as assets when fair value is positive as “Derivatives assets” and as liabilities when fair value is negative as “Derivatives liabilities ” in the statements of financial position.

Hedging

Fair value hedge

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

Cash flow hedge

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

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.

4.15 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. The Bank records embedded derivative separately from the host contract when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

4.16 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 profit or loss.

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Reversals of impairment

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

4.17 Employee benefits

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

Defined contribution plans

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

The Bank and its subsidiary have established contributory provident funds for their employees. Membership of the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Bank and its subsidiary at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers, therefore, they are not included in the statements of financial position.

Defined benefit plans

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

Actuarial gains and losses that arise are recognised and presented in other comprehensive income in the period they arise. Past service costs are recognised immediately to the extent that benefits are vested and are otherwise recognised over the average period until benefits are vested on a straight line basis. Current service costs and any past service costs, together with the unwinding of the discount on plan liabilities, are charged to employee expenses.

Short-term employee benefits

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

Share-based compensation

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

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

The Bank participates in cash settled share-based compensation under the following schemes:

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

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

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

2001 Performance Share Plan (2001 PSP)

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

All Employee Sharesave Schemes (Sharesave)

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

4.18 Provisions

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

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

4.19 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.

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5 Risk management

Financial instruments

Accounting policies

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

Credit risk

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

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

The Bank's exposure to credit loss for contingent liabilities to extend credit, standby letters of credit, and financial guarantees, 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 financial instruments in the statements of financial position. For derivative contracts, the Bank controls the credit risk of its financial instruments through credit approvals, limits, and monitoring procedures. All credit risks are assessed in line with the Credit Policy which has been approved by the Board of Directors. Credit risk also arises from the possibility that the counterparty to financial instruments in the contingent liabilities will not adhere to the terms of the contract with the Bank when settlement becomes due.

Market risk

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 market 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 guidelines and parameters set by Standard Chartered Group and approved by the Board of Directors.

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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 8, 9, 12, 20 and 21.

Interest rate risk

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

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

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(in million Baht)</i>	
Fixed interest rate	177,752	172,280
Floating interest rate	43,036	38,207
Total	220,788	210,487

As at 30 June 2011, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 15,150 million (31 December 2010: Baht 18,585 million).

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

	Consolidated			Consolidated		
	30 June 2011			31 December 2010		
	Average balance <i>(in million Baht)</i>	Interest	Average rate <i>(% per annum)</i>	Average balance <i>(in million Baht)</i>	Interest	Average rate <i>(% per annum)</i>
Interest-bearing financial assets						
Interbank and money market items	113,983	1,457	2.58%	80,858	1,275	1.58%
Investments	41,864	503	2.42%	45,770	774	1.69%
Loans to customers	98,159	3,948	8.11%	87,388	6,734	7.71%
Total	254,006	5,908	4.69%	214,016	8,783	4.10%
Interest-bearing financial liabilities						
Deposits	91,283	974	2.15%	91,207	942	1.03%
Interbank and money market items	77,011	673	1.76%	55,940	622	1.11%
Debt issued and borrowings	27,921	311	2.25%	17,088	218	1.27%
Total	196,215	1,958	2.01%	164,235	1,782	1.08%

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	30 June 2011			Bank only 31 December 2010		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	(in million Baht)		(% per annum)	(in million Baht)		(% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	113,983	1,457	2.58%	80,858	1,275	1.58%
Investments	41,864	503	2.42%	45,829	849	1.85%
Loans to customers	98,159	3,948	8.11%	87,388	6,734	7.71%
Total	254,006	5,908	4.69%	214,075	8,858	4.14%
<i>Interest-bearing financial liabilities</i>						
Deposits	91,298	974	2.15%	91,223	942	1.03%
Interbank and money market items	77,011	673	1.76%	55,940	622	1.11%
Debt issued and borrowings	28,002	312	2.25%	17,196	219	1.28%
Total	196,311	1,959	2.01%	164,359	1,783	1.08%

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2011 and 31 December 2010 are as follows:

	Consolidated 30 June 2011						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
<i>Financial assets</i>							
Cash	-	-	-	-	471	-	471
Interbank and money market items, net	776	80,332	60	308	1,560	-	83,036
Derivatives assets	-	-	-	-	30,410	-	30,410
Investments, net	-	21,668	3,796	16,941	47	-	42,452
Loans to customers	42,097	44,344	5,732	4,734	63	1,651	98,621
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,772	-	22,772
Total financial assets	42,873	146,344	9,588	21,983	55,323	1,651	277,762
<i>Financial liabilities</i>							
Deposits	46,108	36,124	4,810	2,279	17,063	-	106,384
Interbank and money market items	3,434	43,404	-	-	8,137	-	54,975
Liabilities payable on demand	-	-	-	-	1,598	-	1,598
Derivatives liabilities	-	-	-	-	32,318	-	32,318
Debt issued and borrowings	-	30,898	518	1,041	-	-	32,457
Accounts payable from purchase of investments	-	-	-	-	9,369	-	9,369
Total financial liabilities	49,542	110,426	5,328	3,320	68,485	-	237,101

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	Consolidated 31 December 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	-	-	-	-	488	-	488
Interbank and money market items, net	757	60,960	-	302	1,225	-	63,244
Derivatives assets	-	-	-	-	40,358	-	40,358
Investments, net	-	24,570	9,067	20,240	55	-	53,932
Loans to customers	37,193	44,853	8,103	4,442	44	1,688	96,323
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,876	-	22,876
Total financial assets	37,950	130,383	17,170	24,984	65,046	1,688	277,221
Financial liabilities							
Deposits	53,227	28,500	6,064	894	7,531	-	96,216
Interbank and money market items	3,974	40,465	-	-	6,963	-	51,402
Liabilities payable on demand	-	-	-	-	1,723	-	1,723
Derivatives liabilities	-	-	-	-	44,838	-	44,838
Debt issued and borrowings	-	21,570	-	-	-	-	21,570
Accounts payable from purchase of investments	-	-	-	-	24,163	-	24,163
Total financial liabilities	57,201	90,535	6,064	894	85,218	-	239,912

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	Bank only 30 June 2011						
	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	-	-	-	-	471	-	471
Interbank and money							
market items, net	776	80,332	60	308	1,560	-	83,036
Derivatives assets	-	-	-	-	30,410	-	30,410
Investments, net	-	21,668	3,796	16,941	47	-	42,452
Loans to customers	42,097	44,344	5,732	4,734	63	1,651	98,621
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,772	-	22,772
Total financial assets	42,873	146,344	9,588	21,983	55,323	1,651	277,762
<i>Financial liabilities</i>							
Deposits	46,119	36,124	4,810	2,279	17,063	-	106,395
Interbank and money							
market items	3,434	43,404	-	-	8,137	-	54,975
Liabilities payable							
on demand	-	-	-	-	1,598	-	1,598
Derivatives liabilities	-	-	-	-	32,318	-	32,318
Debt issued and borrowings	-	30,970	518	1,041	-	-	32,529
Accounts payable from purchase of investments	-	-	-	-	9,369	-	9,369
Total financial liabilities	49,553	110,498	5,328	3,320	68,485	-	237,184

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Bank only							
31 December 2010							
	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	-	-	-	-	488	-	488
Interbank and money market items, net	757	60,960	-	302	1,225	-	63,244
Derivatives assets	-	-	-	-	40,358	-	40,358
Investments, net	-	24,570	9,067	20,240	55	-	53,932
Loans to customers	37,193	44,853	8,103	4,442	44	1,688	96,323
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,876	-	22,876
Total financial assets	37,950	130,383	17,170	24,984	65,046	1,688	277,221
Financial liabilities							
Deposits	53,250	28,500	6,064	894	7,531	-	96,239
Interbank and money market items	3,974	40,465	-	-	6,963	-	51,402
Liabilities payable on demand	-	-	-	-	1,723	-	1,723
Derivatives liabilities	-	-	-	-	44,838	-	44,838
Debt issued and borrowings	-	21,645	-	-	-	-	21,645
Accounts payable from purchase of investments	-	-	-	-	24,163	-	24,163
Total financial liabilities	57,224	90,610	6,064	894	85,218	-	240,010

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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 financial ratios and medium-term funding requirements to ensure statements of financial position 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 statements of financial position 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 2011, 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 2011, advances to deposits ratio of the Bank is 80% (31 December 2010: 86%).

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The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2011 and 31 December 2010 are as follows:

	Consolidated 30 June 2011					Total
	At call	Within 6 months	Over 6 months to 1 year (in million Baht)	Over 1 year	No maturity	
Financial assets						
Cash	471	-	-	-	-	471
Interbank and money market items, net	2,270	80,398	60	308	-	83,036
Derivatives assets	-	8,457	2,908	19,045	-	30,410
Investments in debt securities	-	10,579	6,420	25,406	-	42,405
Investments in equity securities, net	-	-	-	-	47	47
Loans to customers	11,741	23,242	3,620	60,018	-	98,621
Accounts receivable from sales of investments and debt securities in issue	22,772	-	-	-	-	22,772
Total financial assets	37,254	122,676	13,008	104,777	47	277,762
Financial liabilities						
Deposits	63,171	32,109	8,073	3,031	-	106,384
Interbank and money market items	11,570	42,405	-	1,000	-	54,975
Liabilities payable on demand	1,598	-	-	-	-	1,598
Derivatives liabilities	120	9,317	4,240	18,641	-	32,318
Debt issued and borrowings	10	30,888	518	1,041	-	32,457
Accounts payable from purchase of investments	9,369	-	-	-	-	9,369
Total financial liabilities	85,838	114,719	12,831	23,713	-	237,101

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	Consolidated 31 December 2010 Over					
	At call	Within 6 months	6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	488	-	-	-	-	488
Interbank and money market items, net	1,955	60,987	-	302	-	63,244
Derivatives assets	-	10,981	5,842	23,535	-	40,358
Investments in debt securities	-	11,055	13,161	29,661	-	53,877
Investments in equity securities, net	-	-	-	-	55	55
Loans to customers	10,316	23,373	3,147	59,487	-	96,323
Accounts receivable from sales of investments and debt securities in issue	22,876	-	-	-	-	22,876
Total financial assets	35,635	106,396	22,150	112,985	55	277,221
<i>Financial liabilities</i>						
Deposits	60,758	27,033	7,443	982	-	96,216
Interbank and money market items	10,936	38,966	300	1,200	-	51,402
Liabilities payable on demand	1,723	-	-	-	-	1,723
Derivatives liabilities	96	12,282	7,297	25,163	-	44,838
Debt issued and borrowings	13	20,557	-	1,000	-	21,570
Accounts payable from purchase of investments	24,163	-	-	-	-	24,163
Total financial liabilities	97,689	98,838	15,040	28,345	-	239,912

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Bank only						
30 June 2011						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
(in million Baht)						
Financial assets						
Cash	471	-	-	-	-	471
Interbank and money market items, net	2,270	80,398	60	308	-	83,036
Derivatives assets	-	8,457	2,908	19,045	-	30,410
Investments in debt securities	-	10,579	6,420	25,406	-	42,405
Investments in equity securities, net	-	-	-	-	47	47
Loans to customers	11,741	23,242	3,620	60,018	-	98,621
Accounts receivable from sales of investments and debt securities in issue	22,772	-	-	-	-	22,772
Total financial assets	37,254	122,676	13,008	104,777	47	277,762
Financial liabilities						
Deposits	63,182	32,109	8,073	3,031	-	106,395
Interbank and money market items	11,570	42,405	-	1,000	-	54,975
Liabilities payable on demand	1,598	-	-	-	-	1,598
Derivatives liabilities	120	9,317	4,240	18,641	-	32,318
Debt issued and borrowings	10	30,960	518	1,041	-	32,529
Accounts payable from purchase of investments	9,369	-	-	-	-	9,369
Total financial liabilities	85,849	114,791	12,831	23,713	-	237,184

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	Bank only					
	31 December 2010					
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	(in million Baht)					
Financial assets						
Cash	488	-	-	-	-	488
Interbank and money market items, net	1,955	60,987	-	302	-	63,244
Derivatives assets	-	10,981	5,842	23,535	-	40,358
Investments in debt securities	-	11,055	13,161	29,661	-	53,877
Investments in equity securities, net	-	-	-	-	55	55
Loans to customers	10,316	23,373	3,147	59,487	-	96,323
Accounts receivable from sales of investments and debt securities in issue	22,876	-	-	-	-	22,876
Total financial assets	35,635	106,396	22,150	112,985	55	277,221
Financial liabilities						
Deposits	60,781	27,033	7,443	982	-	96,239
Interbank and money market items	10,936	38,966	300	1,200	-	51,402
Liabilities payable on demand	1,723	-	-	-	-	1,723
Derivatives liabilities	96	12,282	7,297	25,163	-	44,838
Debt issued and borrowings	13	20,632	-	1,000	-	21,645
Accounts payable from purchase of investments	24,163	-	-	-	-	24,163
Total financial liabilities	97,712	98,913	15,040	28,345	-	240,010

Derivatives

The remaining period to maturity of the notional amount and the fair value of derivatives as at 30 June 2011 and 31 December 2010 are as follows:

	Consolidated and Bank only 30 June 2011			
	Within 1 year	Over 1 year	Total	Fair value
<i>(in million Baht)</i>				
Foreign currency related				
Forward exchange contracts	718,940	15,032	733,972	218
Cross currency swap contracts	110,353	187,409	297,762	(1,929)
Currency option contracts	10,686	795	11,481	65
Interest rate related				
Interest rate swap contracts	442,083	939,862	1,381,945	(372)
Interest rate option contracts	500	13,503	14,003	107
Interest rate futures	476	-	476	-
Others				
- Bond option	-	-	-	1
- Equity option	-	-	-	2
- Commodities	29,571	373	29,944	-

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	Consolidated and Bank only			Fair value
	Within 1 year	Over 1 year	Total	
	31 December 2010 (in million Baht)			
Foreign currency related				
Forward exchange contracts	613,992	17,231	631,223	(813)
Cross currency swap contracts	84,966	174,028	258,994	(3,645)
Currency option contracts	11,355	865	12,220	4
Interest rate related				
Interest rate swap contracts	486,583	897,455	1,384,038	(135)
Interest rate option contracts	-	13,680	13,680	100
Others				
- Bond option	-	-	-	8
- Equity option	-	-	-	1
- Commodities	18,862	1,666	20,528	-

6 Fair value of financial instruments

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.

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

	Consolidated			
	30 June 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	(in million Baht)			
Financial assets				
Cash	471	471	488	488
Interbank and money market items, net	83,036	83,036	63,244	63,244
Derivatives assets	30,410	30,410	40,358	40,358
Investments, net	42,452	42,452	53,932	53,932
Loans to customers	98,621	99,417	96,323	97,649
Accounts receivable from sales of investments and debt securities in issue	22,772	22,772	22,876	22,876
Total financial assets	277,762	278,558	277,221	278,547
Financial liabilities				
Deposits	106,384	106,383	96,216	96,216
Interbank and money market items	54,975	54,982	51,402	51,397
Liabilities payable on demand	1,598	1,598	1,723	1,723
Derivatives liabilities	32,318	32,318	44,838	44,838
Debt issued and borrowings	32,457	32,431	21,570	21,567
Accounts payable from purchase of investments	9,369	9,369	24,163	24,163
Total financial liabilities	237,101	237,081	239,912	239,904

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	Bank only			
	30 June 2011		31 December 2010	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
<i>Financial assets</i>				
Cash	471	471	488	488
Interbank and money market items, net	83,036	83,036	63,244	63,244
Derivatives assets	30,410	30,410	40,358	40,358
Investment, net	42,452	42,452	53,932	53,932
Investment in subsidiary	59	79	59	95
Loans to customers	98,621	99,417	96,323	97,649
Accounts receivable from sales of investments and debt securities in issue	22,772	22,772	22,876	22,876
Total financial assets	277,821	278,637	277,280	278,642
<i>Financial liabilities</i>				
Deposits	106,395	106,394	96,239	96,239
Interbank and money market items	54,975	54,982	51,402	51,397
Liabilities payable on demand	1,598	1,598	1,723	1,723
Derivatives liabilities	32,318	32,318	44,838	44,838
Debt issued and borrowings	32,529	32,503	21,645	21,642
Accounts payable from purchase of investments	9,369	9,369	24,163	24,163
Total financial liabilities	237,184	237,164	240,010	240,002

Methods and assumptions in estimating fair value of financial instruments

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

Cash, interbank and money market items (assets)

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

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

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

General investments

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

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Loans to customers

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

Interbank and money market items (liabilities) and debentures

The carrying amount of interbank 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, interest rate contracts and other contracts are determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates.

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7 Maintenance of capital fund

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

	Bank only	
	30 June 2011	31 December 2010
	<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	503	408
Net income after appropriation	7,697	6,648
Less deduction item: 50% from tier one capital and 50% from tier two capital	(351)	(350)
Total tier one capital	31,742	30,599
<i>Tier two capital</i>		
Provision for normal classified asset	422	394
Gain on revaluation of available-for-sale investments	2	4
Less deduction item: 50% from tier one capital and 50% from tier two capital	(351)	(350)
Total tier two capital	73	48
Total capital	31,815	30,647
Total capital ratio	16.04%	15.12%
Tier one capital ratio	16.01%	15.10%

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

During 2010, the Bank has further applied the calculation for minimum capital requirement under AIRB for additional products, as approved by the Bank of Thailand, resulting in the expected loss (EL) exceeding the total eligible provision. In accordance with the capital calculation basis under AIRB, the excess has been deducted from tier one and tier two capital.

As at 30 June 2011 and 31 December 2010, 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 2011 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.

For the three-month and six-month periods ended 30 June 2011

	Consolidated and Bank only					
	30 June 2011			31 December 2010		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand	1,250	59,900	61,150	780	50,500	51,280
Commercial banks	195	18,801	18,996	105	2,460	2,565
Special financial institutions	-	-	-	-	8,000	8,000
Total	1,445	78,701	80,146	885	60,960	61,845
Add accrued interest receivable	-	70	70	-	27	27
Less allowance for doubtful accounts	-	(5)	(5)	-	-	-
Total domestic, net	1,445	78,766	80,211	885	60,987	61,872
Foreign						
US Dollar	452	1,999	2,451	593	302	895
Japanese Yen	25	-	25	301	-	301
Euro	60	-	60	93	-	93
Australian Dollar	190	-	190	7	-	7
Other currencies	98	-	98	76	-	76
Total	825	1,999	2,824	1,070	302	1,372
Add accrued interest receivable	-	1	1	-	-	-
Total foreign	825	2,000	2,825	1,070	302	1,372
Total domestic and foreign, net	2,270	80,766	83,036	1,955	61,289	63,244

Fair value and notional amount classified by type of risks

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Proportion of the notional amount classified by counterparties

Counterparties	Consolidated and Bank only	
	30 June 2011	31 December 2010
	(%)	
Financial institutions	77.30%	82.89%
Related parties	12.62%	7.34%
Other parties	10.08%	9.77%

Derivatives held for hedging

Fair value hedges

Consolidated and Bank only						
	30 June 2011			31 December 2010		
	Fair value		Notional amount	Fair value		Notional amount
Type of risks	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Interest rate related	16	84	4,250	86	143	6,375
Total	16	84	4,250	86	143	6,375

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative i.e. interest rate swaps are substantially matched by corresponding fair value changes of the hedged items i.e. investments and deposits, both of which are recognised in profit and loss.

Cash flow hedges

	Consolidated and Bank only					
	30 June 2011			31 December 2010		
	Fair value		Notional	Fair value		Notional
Type of risks	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Interest rate related	15	70	10,900	9	37	12,210
Total	15	70	10,900	9	37	12,210

The Bank uses interest rate swaps to manage the variability in future cash flows on assets and liabilities i.e. investments, loans to customers and deposits that have floating rates of interest by exchanging the floating rates for fixed rates. Gains and losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit and loss.

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

Consolidated and Bank only					
30 June 2011					
Forecast cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
<i>(in million Baht)</i>					
Forecast received cash flows	127	160	619	15	921
Forecast payable cash flows	(35)	(19)	(18)	-	(72)
Net forecast cash flow	92	141	601	15	849

Consolidated and Bank only					
31 December 2010					
Forecast cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
<i>(in million Baht)</i>					
Forecast received cash flows	94	169	540	19	822
Forecast payable cash flows	(80)	(151)	(165)	-	(396)
Net forecast cash flow	14	18	375	19	426

10 Investments

Consolidated and Bank only		
	30 June 2011	31 December 2010
<i>(in million Baht)</i>		
Trading investments		
	Fair value	
Government and state enterprise bonds	9,203	6,325
Private debt instruments	106	4,461
Total	9,309	10,786
Available-for-sale investments		
	Fair value	
Government and state enterprise bonds	31,556	42,759
Private debt instruments	1,376	75
Domestic marketable equity securities	15	17
Total	32,947	42,851
Held to maturity		
	Cost	
Investment in transferred debt	164	257
Total	164	257
General investments		
	Cost	
Domestic non-marketable equity securities	50	56
Foreign non-marketable equity securities	1	1
Total	51	57
Less allowance for impairment	(19)	(19)
Net	32	38
Total investments, net	42,452	53,932

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As at 30 June 2011, the Bank has government and state enterprise bonds which were pledged as collateral amounting to Baht 6,000 million (31 December 2010: Baht 16,000 million).

Gains (losses) on remeasuring available-for-sale investments as of 30 June 2011 and 31 December 2010 consisted of:

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(in million Baht)</i>	
<i>Gains (losses) on remeasuring available-for-sale investments</i>		
Debt securities	(184)	22
Equity securities	5	8
Total	(179)	30
Less losses on remeasuring fair value hedged investments	(55)	(109)
Losses on remeasuring available-for-sale investments recognised in other comprehensive income	(234)	(79)

Investments in companies with problems in relation to their financial positions and results of operations as at 30 June 2011 and 31 December 2010 are as follows:

	Consolidated and Bank only				
	30 June 2011				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
	<i>(in million Baht)</i>				
Listed company	1	99	15	5	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	28	5	(100)

	Consolidated and Bank only				
	31 December 2010				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
	<i>(in million Baht)</i>				
Listed company	1	99	17	7	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	30	7	(100)

11 Investment in subsidiary

Company name	Type of business	Type of investment	Bank only Ownership interest	30 June 2011	31 December 2010
				Investment (Cost method) <i>(in million Baht)</i>	
Subsidiary					
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	100%	59	59
Investment in subsidiary				59	59

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12 Loans to customers and accrued interest receivables

Classified by type of loans

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(in million Baht)</i>	
Overdrafts	1,779	1,797
Loans	78,473	79,648
Bills	18,363	14,743
Finance lease receivables	3	135
Others	3	2
Less deferred revenue	-	(2)
Total	98,621	96,323
Add accrued interest receivable	538	426
Less allowance for doubtful accounts		
Minimum allowance as BoT's regulations		
- Individual approach	(1,420)	(1,417)
- Collective approach	(550)	(552)
Excess allowance	(1,375)	(1,293)
	(3,345)	(3,262)
Net	95,814	93,487

Classified by currency and residence of debtors

	Consolidated and Bank only			Consolidated and Bank only		
	30 June 2011			31 December 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	88,027	42	88,069	87,129	47	87,176
US Dollar	8,666	1,724	10,390	7,886	1,089	8,975
Other currencies	162	-	162	172	-	172
Total	96,855	1,766	98,621	95,187	1,136	96,323

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Classified by industry and loan classification

	Consolidated and Bank only 30 June 2011					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,969	-	-	-	7	1,976
Manufacturing and commerce	26,379	3,309	17	40	891	30,636
Property development and construction	3,318	7	1	2	104	3,432
Infrastructure and services	10,332	83	8	4	83	10,510
Housing loans	25,017	147	92	66	77	25,399
Others	26,052	357	104	33	122	26,668
Total	93,067	3,903	222	145	1,284	98,621

	Consolidated and Bank only 31 December 2010					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,788	-	-	-	8	1,796
Manufacturing and commerce	25,640	2,502	2	66	873	29,083
Property development and construction	4,061	7	1	2	118	4,189
Infrastructure and services	11,994	56	-	4	84	12,138
Housing loans	23,949	137	98	73	70	24,327
Others	24,148	353	112	37	140	24,790
Total	91,580	3,055	213	182	1,293	96,323

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Classified by loan classification

Consolidated and Bank only				
30 June 2011				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as BoT's regulations</i>				
Pass	93,561	56,950	1	569
Special mention	3,936	3,179	2	64
Substandard	222	122	100	122
Doubtful	145	63	100	63
Doubtful of loss	1,295	1,152	100	1,152
				1,970
<i>Excess allowance</i>				1,375
Total	99,159	61,466		3,345

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

As at 30 June 2011, the collective approach is applied to loans to customers and accrued interest receivables of Baht 56,069 million, using provision rates between 0.04% and 2.65%, and the total allowance is Baht 550 million.

Consolidated and Bank only				
31 December 2010				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as BoT's regulations</i>				
Pass	91,987	53,845	1	538
Special mention	3,063	2,792	2	56
Substandard	213	131	100	131
Doubtful	182	73	100	73
Doubtful of loss	1,304	1,171	100	1,171
				1,969
<i>Excess allowance</i>				1,293
Total	96,749	58,012		3,262

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

As at 31 December 2010, the collective approach was applied to loans to customers and accrued interest receivables of Baht 55,326 million, using provision rates between 0.04% and 2.93%. The total allowance under this approach was Baht 552 million.

Non-performing loans

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

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

As at 30 June 2011 and 31 December 2010, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June	31 December
	2011	2010
	<i>(in million Baht)</i>	
Non-performing loans, net	311	313
Total loans used for NPL net ratio calculation ⁽¹⁾	175,922	155,848
Ratio of total loans	0.18%	0.20%

As at 30 June 2011 and 31 December 2010, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June	31 December
	2011	2010
	<i>(in million Baht)</i>	
Non-performing loans, gross	1,651	1,688
Total loans used for NPL gross ratio calculation ⁽¹⁾	177,262	157,223
Ratio of total loans	0.93%	1.07%

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

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

Notes to the interim financial statements

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13 Troubled debt restructuring

During the periods ended 30 June 2011 and 2010, 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 2011				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 1 year to 24 years	395	206	203
Total		395	206	203

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 (in million Baht)	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

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

As at 30 June 2011, the Bank had outstanding balances of restructured debt amounting to Baht 3,780 million (31 December 2010: Baht 4,091 million).

The loss incurred arising from restructuring, before allowance for doubtful accounts, for the three-month and six-month periods ended 30 June 2011 were Baht 0.3 million and Baht 3 million, respectively (2010: Baht 6 million and Baht 12 million, respectively). If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank had no loss on debt restructuring for the three-month and six-month periods ended 30 June 2011 and 2010.

Interest income recognised from these restructured debts totalled Baht 70 million and Baht 188 million for the three-month and six-month periods ended 30 June 2011, respectively (2010: Baht 130 million and Baht 247 million, respectively).

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14 Finance lease receivables

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>Amount due within 1 year (in million Baht)</i>	
Gross receivables from finance lease	3	135
Less deferred revenue	-	(2)
Present value of minimum lease payment	3	133
Less allowance for doubtful accounts	-	(2)
Total finance lease receivables, net	3	131

15 Allowance for doubtful accounts

	Consolidated and Bank only						
	For the six-month period ended 30 June 2011						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Balance at beginning of the period	538	56	131	73	1,171	1,293	3,262
Allowance for doubtful accounts	31	8	(9)	(10)	421	82	523
Bad debt written off	-	-	-	-	(441)	-	(441)
Others	-	-	-	-	1	-	1
Balance at end of the period	569	64	122	63	1,152	1,375	3,345

Bad debt recovered for the six-month periods ended 30 June 2011 and 2010 are presented net of impairment loss of loans in profit or loss. For the six-month period ended 30 June 2011, bad debt recovered was in the amount of Baht 232 million (2010: Baht 323 million).

	Consolidated and Bank only						
	For the year ended 31 December 2010						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Balance at beginning of the year	496	71	193	29	1,810	489	3,088
Allowance for doubtful accounts	42	(15)	(62)	44	707	804	1,520
Bad debt written off	-	-	-	-	(1,329)	-	(1,329)
Others	-	-	-	-	(17)	-	(17)
Balance at end of the year	538	56	131	73	1,171	1,293	3,262

Bad debt recovered for the year ended 31 December 2010 was in the amount of Baht 596 million.

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16 Properties for sale

The details of properties for sale are as follows:

Consolidated and Bank only				
For the six-month period ended 30 June 2011				
	Beginning balance	Increase	Disposals	Ending balance
	<i>(in million Baht)</i>			
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	2	1	(1)	2
Total	10	1	(1)	10
Transfer from premises and equipment	100	42	-	142
Total properties for sale	110	43	(1)	152
Less allowance for impairment	(30)	(20)	1	(49)
Properties for sale, net	80	23	-	103

Consolidated and Bank only				
For the year ended 31 December 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	5	(9)	2
Total	30	5	(25)	10
Transfer from premises and equipment	109	-	(9)	100
Total properties for sale	139	5	(34)	110
Less allowance for impairment	(31)	(13)	14	(30)
Properties for sale, net	108	(8)	(20)	80

17 Premises and equipment

Changes in premises and equipment during the six-month period ended 30 June 2011 are summarised as follows:

As at 30 June 2011, the Bank had net book value of equipment under finance leases of Baht 26 million (31 December 2010: Baht 30 million).

For the three-month and six-month periods ended 30 June 2011, the depreciation charges included in profit or loss were Baht 31 million and Baht 65 million, respectively.

As at 30 June 2011, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 908 million.

For the three-month and six-month periods ended 30 June 2011

Consolidated and Bank only

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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 2011

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

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

19 Other assets

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Accrued interest and income receivable	419	392	419	391
Prepayments	38	38	38	38
Leasehold premises, net	32	33	32	33
Others	189	237	187	236
Total	678	700	676	698

20 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Current	17,063	7,531	17,063	7,531
Savings	46,108	53,227	46,119	53,250
Term				
- Less than 6 months	6,572	4,746	6,572	4,746
- 6 months to less than 1 year	13,844	9,852	13,844	9,852
- 1 year and over	22,797	20,860	22,797	20,860
Total	106,384	96,216	106,395	96,239

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Classified by currency and residence of depositors

	Consolidated					
	30 June 2011			31 December 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	98,362	2,103	100,465	88,431	2,074	90,505
US Dollar	3,769	1,668	5,437	2,456	2,044	4,500
Other currencies	414	68	482	1,111	100	1,211
Total	102,545	3,839	106,384	91,998	4,218	96,216

	Bank only					
	30 June 2011			31 December 2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	98,373	2,103	100,476	88,454	2,074	90,528
US Dollar	3,769	1,668	5,437	2,456	2,044	4,500
Other currencies	414	68	482	1,111	100	1,211
Total	102,556	3,839	106,395	92,021	4,218	96,239

As at 30 June 2011, structured deposits that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 175 million (31 December 2010: nil).

21 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2011			31 December 2010		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	2	24,195	24,197	10	19,262	19,272
Other financial institutions	3,024	8,410	11,434	3,359	10,048	13,407
Total domestic	3,026	32,605	35,631	3,369	29,310	32,679
Foreign						
US Dollar	-	10,762	10,762	-	11,156	11,156
Japanese Yen	-	38	38	-	-	-
Thai Baht	8,355	-	8,355	7,558	-	7,558
Australian Dollar	189	-	189	9	-	9
Total foreign	8,544	10,800	19,344	7,567	11,156	18,723
Total domestic and foreign	11,570	43,405	54,975	10,936	40,466	51,402

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22 Debt issued and borrowings

The Bank has a program to issue and offer debentures to public and/or 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 2011 and 31 December 2010, debt issued and borrowings balances are in original currency of Thai Baht which are summarised as follows:

Consolidated						
	Maturity	30 June 2011		Maturity	31 December 2010	
		Interest rate	Domestic		Interest rate	Domestic
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2011	2.40% - 3.13%	12,049	2011	1.70% - 2.10%	11,144
Bills of exchange	2011-2012	0.00% - 29.19%	19,408	2010-2011	1.00% - 2.10%	9,426
Promissory notes	2015	0.00% - 6.25%	1,000	2014	0.00% - 6.25%	1,000
Total			32,457			21,570

Bank only						
	Maturity	30 June 2011		Maturity	31 December 2010	
		Interest rate	Domestic		Interest rate	Domestic
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2011	2.40% - 3.13%	12,049	2011	1.70% - 2.10%	11,144
Bills of exchange	2011-2012	0.00% - 29.19%	19,480	2010-2011	1.00% - 2.10%	9,501
Promissory notes	2015	0.00% - 6.25%	1,000	2014	0.00% - 6.25%	1,000
Total			32,529			21,645

As at 30 June 2011, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,041 million (31 December 2010: Baht 1,000 million).

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23 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.

24 Employee benefit obligations

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Statements of financial position obligations for:				
Defined benefit obligations	<u>239</u>	<u>223</u>	<u>234</u>	<u>219</u>
Three-month periods ended 30 June	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>9</u>	<u>-</u>	<u>8</u>	<u>-</u>
Six-month periods ended 30 June	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>18</u>	<u>-</u>	<u>17</u>	<u>-</u>

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

The statements of financial position obligation was determined as follows:

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Present value of unfunded obligations				
Statements of financial position obligation	<u>239</u>	<u>223</u>	<u>234</u>	<u>219</u>

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Movement in the present value of the defined benefit obligations:

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	223	-	219	-
Benefit paid by the plan	(2)	-	(2)	-
Current service costs and interest	18	-	17	-
Defined benefit obligations at 30 June	239	-	234	-

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

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	7	-	6	-
- Interest on obligation	2	-	2	-
Total	9	-	8	-

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	14	-	13	-
- Interest on obligation	4	-	4	-
Total	18	-	17	-

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

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(%)</i>	
Discount rate	3.70%	3.70%
Future average salary increases	5.00%	5.00%
Turnover rate	0% - 30%	0% - 30%

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

For the three-month and six-month periods ended 30 June 2011

	Employee benefits	Consolidated Contingent liabilities	Total <i>(in million Baht)</i>	Employee benefits	Bank only Contingent liabilities	Total
At 1 January 2010	-	94	94	-	94	94
Provisions made	243	27	270	238	27	265
Provisions used	-	-	-	-	-	-
Provisions reversed	-	-	-	-	-	-
At 31 December 2010 and 1 January 2011	243	121	364	238	121	359
Provisions made	17	146	163	17	146	163
Provisions used	(11)	-	(11)	(11)	-	(11)
Provisions reversed	-	(4)	(4)	-	(4)	(4)
At 30 June 2011	249	263	512	244	263	507

	Consolidated		Bank only	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<i>(in million Baht)</i>			
Deposit collaterals	7	7	7	7
Social security	3	3	3	3
Withholding tax payable	210	250	209	249
Collaterals from Credit Support Annex agreements and margin payables from private repo Transaction	3,029	4,676	3,029	4,676
VAT payable	9	11	9	11
Other payables	397	308	397	308
Accrued interest payable	208	184	208	184
Accrued expenses	2,408	2,197	2,408	2,199
Others	259	322	259	321
Total	6,530	7,958	6,529	7,958

		Consolidated and Bank only			
	Par value per share (in Baht)	2011 Number	Amount (in million shares / million Baht)	2010 Number	Amount
Authorised					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At 30 June - ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At 30 June - ordinary shares	10	1,484	14,837	1,484	14,837

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28 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2011 and 2010 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit for the period attributable to equity holders of the Bank (basic)	<u>1,032</u>	<u>723</u>	<u>1,053</u>	<u>787</u>
Number of ordinary shares outstanding	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.70</u>	<u>0.48</u>	<u>0.71</u>	<u>0.53</u>

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit for the period attributable to equity holders of the Bank (basic)	<u>1,866</u>	<u>1,562</u>	<u>1,882</u>	<u>1,615</u>
Number of ordinary shares outstanding	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>
Basic earnings per share <i>(in Baht)</i>	<u>1.26</u>	<u>1.05</u>	<u>1.27</u>	<u>1.09</u>

29 Dividends

At the annual general meeting of the shareholders of the Bank held on 12 April 2011, the shareholders approved the appropriation of dividend of Baht 0.51 per share, amounting to Baht 757 million. The dividends were paid to shareholders in May 2011.

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 dividends were paid to shareholders in May 2010.

30 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.

Gains (losses) on remeasuring available-for-sale investments

Gains (losses) on remeasuring available-for-sale investment recognised in other comprehensive income relate to cumulative net changes in the fair value of available-for-sale investments until the investments are disposed of.

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Gains (losses) on cash flow hedges

Gains (losses) on cash flow hedges comprise 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.

31 Contingent liabilities

	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(in million Baht)</i>	
Guarantees of loans	71	74
Liability under unmatured import bills	991	1,530
Letters of credit	5,515	3,769
<i>Other contingencies</i>		
- Unused credit line of overdrafts	11,665	11,570
- Other letters of guarantee	31,664	31,867
- Unused credit line – other	337,950	260,526
	<u>381,279</u>	<u>303,963</u>
Total	<u>387,856</u>	<u>309,336</u>

Litigation

As at 30 June 2011, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 956 million (excluding interest) (*31 December 2010: Baht 1,050 million*). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 167 million as at 30 June 2011 (*31 December 2010: Baht 29 million*).

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32 Related party transactions and balances

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

Relationships with related parties were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiary
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank and its subsidiary
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representative of the Bank
Standard Chartered (Thailand) Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered (Thai) Asset Management Company Limited	Thailand	Affiliated company of Standard Chartered Group
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	Affiliated company of Standard Chartered Group
Scope International Private Limited	India	Affiliated company of Standard Chartered Group
Scope International (Malaysia) Private Sendirian Berhad	Malaysia	Affiliated company of Standard Chartered Group
Standard Chartered (GCT) Limited	United Kingdom	Affiliated company of Standard Chartered Group
Standard Chartered Strategic Brand Management Limited	United Kingdom	Affiliated company of Standard Chartered Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary

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

Transactions

Interest rate

Services

Derivatives

Pricing policies

Based on market rate

Contractually agreed price

Based on market price

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Significant transactions with related parties

Significant transactions with related parties for the periods ended 30 June 2011 and 2010 are summarised as follows:

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income	81	3	81	3
Interest expenses	17	11	17	11
Fee and service expenses	5	6	5	6
Losses on trading and foreign exchange transactions	932	1,092	932	1,092
<i>Other operating income</i>				
Dividend income	-	-	25	75
Shared support function	3	3	17	18
Rental income	-	-	2	2
<i>Other operating expenses</i>				
Service agreement	103	95	140	144
Outsourcing of processing activities	8	7	8	7
Trademark license fee	41	32	41	32
Others	17	2	17	2
Reimbursed	26	40	26	40

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Key management personnel</i>		
Short-term employee benefits	128	114
Post-employment benefits	2	-
Share-based payments	4	5
Termination benefits	4	-
Total key management personnel compensation	138	119

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<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income	154	30	154	30
Interest expenses	47	32	48	33
Fee and service income	1	1	1	1
Fee and service expenses	10	13	10	13
Losses on trading and foreign exchange transactions	1,266	1,848	1,266	1,848
<i>Other operating income</i>				
Dividend income	-	-	25	75
Shared support function	6	6	34	37
Rental income	-	-	3	3
<i>Other operating expenses</i>				
Service agreement	193	197	268	295
Outsourcing of processing activities	17	14	17	14
Trademark license fee	79	71	79	71
Others	25	14	25	14
Reimbursed	42	42	42	42

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Key management personnel</i>		
Short-term employee benefits	244	202
Post-employment benefits	3	-
Share-based payments	8	9
Termination benefits	4	-
Total key management personnel compensation	259	211

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Directors' and executives' benefits

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

Significant 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 2011 and 31 December 2010 were as follows:

	Consolidated and Bank only			
	30 June 2011		31 December 2010	
	At end of	Average	At end of	Average
	period	(in million Baht)	year	
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>9</u>	<u>10</u>	<u>14</u>	<u>16</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>165</u>	<u>160</u>	<u>141</u>	<u>148</u>
			Consolidated and Bank only	
			30 June 2011	31 December 2010
				(in million Baht)
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank			<u>922</u>	<u>1,353</u>
<i>Derivatives assets</i>				
Standard Chartered Bank			5,888	5,168
Standard Chartered (GCT) Limited			85	93
Total			<u>5,973</u>	<u>5,261</u>
<i>Loans to customers and accrued interest receivables</i>				
Resolution Alliance Limited			327	-
Standard Chartered (Thai) Asset Management Company Limited			<u>5,478</u>	<u>4,911</u>
Total			<u>5,805</u>	<u>4,911</u>
<i>Accrued income</i>				
Standard Chartered Bank			64	68
Standard Chartered (Thai) Asset Management Company Limited			1	-
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)			-	1
Total			<u>65</u>	<u>69</u>

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	Consolidated and Bank only	
	30 June	31 December
	2011	2010
	<i>(in million Baht)</i>	
<i>Deposits</i>		
Standard Chartered (Thailand) Limited	11	11
Standard Chartered (Thai) Asset Management Company Limited	95	64
Standard Chartered Securities (Hong Kong) Limited	9	1
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	11	23
Total	126	99
 <i>Interbank and money market items (liabilities)</i>		
Standard Chartered Bank	11,698	12,999
 <i>Derivatives liabilities</i>		
Standard Chartered Bank	7,128	7,082
Standard Chartered (GCT) Limited	19	16
Total	7,147	7,098
 <i>Debt issued and borrowings</i>		
Standard Chartered (Thailand) Limited	346	582
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	72	75
Total	418	657
 <i>Accrued interest payable</i>		
Standard Chartered Bank	8	2
 <i>Accrued expenses</i>		
Standard Chartered Bank	843	596
Standard Chartered Strategic Brand Management Limited	82	136
Scope International Private Limited	6	13
Scope International (Malaysia) Sendirian Berhad	4	9
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	12	14
Total	947	768

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	Consolidated and Bank only	
	30 June 2011	31 December 2010
	<i>(in million Baht)</i>	
<i>Letters of credit</i>		
Standard Chartered Bank	<u>1</u>	<u>13</u>
<i>Other letters of guarantee</i>		
Standard Chartered Bank	11,316	12,252
Standard Chartered (Thailand) Limited	<u>3</u>	<u>3</u>
Total	<u>11,319</u>	<u>12,255</u>
<i>Derivatives - Foreign currency related</i>		
Standard Chartered Bank	132,739	101,258
Standard Chartered (GCT) Limited	<u>265</u>	<u>297</u>
Total	<u>133,004</u>	<u>101,555</u>
<i>Derivatives - Interest rate related</i>		
Standard Chartered Bank	<u>156,970</u>	<u>124,463</u>
<i>Derivatives - Commodities</i>		
Standard Chartered Bank	<u>19,771</u>	<u>16,591</u>

Significant agreements with related parties

License agreement

In 2008, the Bank entered into a non-exclusive license agreement with Standard Chartered Strategic Brand Management Limited, relating to the use by the Bank of the Standard Chartered name and logo and other marks in connection with its business in Thailand. The license fee is charged at 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, including the provision of certain centralized or regionalized 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.

On 9 August 2010, the Bank of Thailand issued the Notification Sor.Nor.Sor. 8/2553 re:Outsourcing Regulation, the main objective of the Bank of Thailand is to encourage financial institutions to upgrade its operational capabilities and utilize its limited resources in core activities as well as gain benefits from specialized expertise of service providers. The essence of such Notification is to improve the outsourcing guideline by adhering to the principle that if core activities of the financial institution are relevant to business decision-making, management responsibilities, checks and balances and risk management, the financial institution must conduct these activities by itself and cannot utilize outsourcing.

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To fully comply with the Bank of Thailand Notification, in January 2011, the Bank has revisited and completed a review of all services provided by Standard Chartered PLC under the 1999 Services Agreement. The 1999 Services Agreement has been terminated and replaced with a new Services Agreement.

The Bank entered into a new Services agreement with Standard Chartered Bank-UK relating to the provision of certain advisory and other services to the Bank by Standard Chartered Bank-UK. The fees payable by the Bank to Standard Chartered Bank-UK under the agreement are such amounts as shall be determined by Standard Chartered-UK and mutually agreed by the Bank to represent a fair and reasonable reflection of the eligible services provided by Standard Chartered Bank-UK.

Shared support function

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

Outsourcing services

In 2002 until present, 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.

33 Non-cancellable operating lease agreements

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

	Consolidated and Bank only	
	30 June	31 December
	2011	2010
	<i>(in million Baht)</i>	
Within one year	104	90
After one year but within five years	176	132
After five years	121	109
Total	401	331

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34 Thai Financial Reporting Standard (TFRS) not yet adopted

The Bank and its subsidiary have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial period beginning on or after 1 January 2013.

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Management is presently considering the potential impact of adopting and initially applying these new and revised TFRS on the Bank and its subsidiary's financial statements.

35 The financial positions and result of operations classified by domestic and overseas business

As at 30 June 2011 and 31 December 2010, the Bank has not engaged in overseas business. The financial positions and results of the Bank's operations were derived from only domestic business.

36 Interest income

	Consolidated and Bank only	
	2011	2010
<i>Three-month periods ended 30 June</i>	<i>(in million Baht)</i>	
Interbank and money market items	793	255
Investments and trading transactions	13	(8)
Investments in debt securities	245	163
Loans	2,032	1,636
Financial lease contracts	1	19
Total interest income	3,084	2,065
	Consolidated and Bank only	
	2011	2010
<i>Six-month periods ended 30 June</i>	<i>(in million Baht)</i>	
Interbank and money market items	1,457	512
Investments and trading transactions	24	(14)
Investments in debt securities	479	346
Loans	3,943	3,209
Financial lease contracts	5	47
Total interest income	5,908	4,100

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

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37 Interest expenses

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	436	249	436	249
Interbank and money market items	345	92	345	92
Contribution to Deposits Protection Agency	107	97	107	97
Debt issued and borrowings	189	72	189	73
Others	1	-	1	-
Total interest expenses	1,078	510	1,078	511

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	769	475	769	475
Interbank and money market items	673	185	673	185
Contribution to Deposits Protection Agency	205	186	205	186
Debt issued and borrowings	310	113	311	114
Others	1	-	1	-
Total interest expenses	1,958	959	1,959	960

38 Net fees and service income

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Fees and service income</i>		
Acceptance, avals and guarantees	33	31
Other	407	353
	440	384
<i>Fees and service expenses</i>	160	140
Net fees and service income	280	244

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<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Fees and service income</i>		
Acceptance, avals and guarantees	77	71
Other	736	651
	<u>813</u>	<u>722</u>
<i>Fees and service expenses</i>	326	281
Net fees and service income	<u>487</u>	<u>441</u>

39 Gains on trading and foreign exchange transactions

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains (losses) on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	921	465
Interest rate related derivatives	(494)	42
Debt securities	(3)	49
Equity securities	(1)	-
	<u>423</u>	<u>556</u>
<i>Gains on hedging transactions</i>	40	79
Total	<u>463</u>	<u>635</u>

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains (losses) on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	1,892	922
Interest rate related derivatives	(868)	46
Debt securities	(98)	72
	<u>926</u>	<u>1,040</u>
<i>Gains on hedging transactions</i>	56	155
Total	<u>982</u>	<u>1,195</u>

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40 Gains on investments

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains (losses) on sales</i>		
Available-for-sale investments	(3)	48
Held to maturity	-	12
General investments	9	-
Total gains on investments	6	60

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains on sales</i>		
Available-for-sale investments	7	49
Held to maturity	-	12
General investments	9	-
Total gains on investments	16	61

41 Employee expenses

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Management</i>				
Wages and salaries	74	64	74	64
Pension costs - defined benefit plans	2	-	2	-
Share-based payment transactions	4	5	4	5
Others	58	50	58	50
	138	119	138	119
<i>Other employees</i>				
Wages and salaries	336	325	328	314
Pension costs - defined benefit plans	7	-	6	-
Share-based payment transactions	12	45	12	44
Others	187	224	184	218
	542	594	530	576
Total employee expenses	680	713	668	695

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<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Management				
Wages and salaries	151	121	151	121
Pension costs - defined benefit plans	3	-	3	-
Share-based payment transactions	8	9	8	9
Others	97	81	97	81
	<u>259</u>	<u>211</u>	<u>259</u>	<u>211</u>
Other employees				
Wages and salaries	657	648	641	627
Pension costs - defined benefit plans	15	-	14	-
Share-based payment transactions	34	71	33	69
Others	350	341	343	330
	<u>1,056</u>	<u>1,060</u>	<u>1,031</u>	<u>1,026</u>
Total employee expenses	<u>1,315</u>	<u>1,271</u>	<u>1,290</u>	<u>1,237</u>

Defined benefit plans and contribution plans

Details of the defined benefit plans and contribution plans are given in note 4.17.

42 Impairment loss of loans

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Interbank and money market items	(50)	(13)
Loans to customers	173	164
Total impairment loss of loans	<u>123</u>	<u>151</u>

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Interbank and money market items	4	9
Loans to customers	287	164
Total impairment loss of loans	<u>291</u>	<u>173</u>

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43 Income tax expenses

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

Income tax recognised in profit or loss

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current tax expenses				
Current period	399	451	396	446
Adjustment for prior years	(22)	(54)	(22)	(54)
Total income tax expenses	377	397	374	392

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current tax expenses				
Current period	785	864	780	854
Adjustment for prior years	(22)	(54)	(22)	(54)
Total income tax expenses	763	810	758	800

44 Reclassification of accounts

Financial statements as at 31 December 2010 and financial statements for the three-month and six-month periods ended 30 June 2010 have been reclassified to be presented in order to comply with new and revised Thai Financial Reporting Standards and the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services".