

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

Interim financial statements
and
Independent Auditor's Reports

For the three-month and six-month periods ended
30 June 2012



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Independent Auditor's Report

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

Audit Report

I have audited the accompanying interim consolidated and Bank only financial statements of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited respectively, which comprise the consolidated and Bank only statements of financial positions as at 30 June 2012, 31 December 2011 and 1 January 2011, the consolidated and Bank only statements of comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2012 and 2011, and a summary of significant accounting policies and other explanatory notes.

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In my opinion, the interim consolidated and Bank only financial statements referred to above present fairly, in all material respects, the consolidated and Bank only financial positions of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited respectively, as at 30 June 2012, 31 December 2011 and 1 January 2011, and of their consolidated and Bank only financial performance and cash flows for the six-month periods ended 30 June 2012 and 2011 in accordance with Thai Financial Reporting Standards.

Review Report

I have also reviewed the accompanying interim consolidated and Bank only statements of comprehensive income for the three-month periods ended 30 June 2012 and 2011 of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited respectively. Management is responsible for the preparation and presentation of these interim consolidated and Bank only statements of comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim consolidated and Bank only statements of comprehensive income based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and Bank only statements of comprehensive income for the three-month periods ended 30 June 2012 and 2011 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.



Emphasis of Matter

As explained in note 4 to the financial statements, with effect from 1 January 2012 the Bank has adopted Thai Accounting Standard No.12 "Income Tax". The consolidated and Bank only financial statements for the year ended 31 December 2011, the consolidated and Bank only statements of financial position as at 1 January 2011, and the interim consolidated and Bank only financial statements for the three-month and six-month periods ended 30 June 2011, which are included in the accompanying financial statements for comparative purpose, have been restated accordingly.

A handwritten signature in black ink, appearing to read 'W. Buran'.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
22 August 2012

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statements of financial position
As at 30 June 2012, 31 December 2011 and 1 January 2011

	<i>Note</i>	30 June 2012	Consolidated 31 December 2011 (Restated)	1 January 2011 (Restated)	30 June 2012	Bank only 31 December 2011 (Restated)	1 January 2011 (Restated)
				(in thousand Baht)			
Assets							
Cash		539,476	387,841	487,870	539,476	387,841	487,870
Interbank and money market items, net	9	52,105,063	71,480,608	63,244,456	52,104,830	71,480,375	63,244,221
Claims on security		2,000,000	9,000,000	-	2,000,000	9,000,000	-
Derivative assets	10	32,095,795	35,263,204	40,358,191	32,095,795	35,263,204	40,358,191
Investments, net	11	69,435,239	60,018,670	53,932,124	69,435,239	60,018,670	53,932,124
Investments in subsidiary	12	-	-	-	58,746	58,746	58,746
Loans to customers and accrued interest receivables, net	13,14						
Loans to customers		104,453,923	98,762,880	96,325,646	104,453,923	98,762,880	96,325,646
Accrued interest receivables		578,628	633,332	425,709	578,628	633,332	425,709
Total loans to customers and accrued interest receivables		105,032,551	99,396,212	96,751,355	105,032,551	99,396,212	96,751,355
Less deferred revenue		-	(2)	(2,078)	-	(2)	(2,078)
Less allowance for doubtful accounts	15	(5,286,728)	(4,770,609)	(3,261,961)	(5,286,728)	(4,770,609)	(3,261,961)
Total loans to customers and accrued interest receivables, net		99,745,823	94,625,601	93,487,316	99,745,823	94,625,601	93,487,316
Properties for sale, net	16	74,275	75,295	79,951	74,275	75,295	79,951
Premises and equipment, net	17	860,925	873,770	1,001,088	860,925	873,770	1,001,088
Intangible assets, net		2,366	6,769	17,018	2,366	6,769	17,018
Deferred tax assets	4,18	453,353	612,189	1,246,104	452,120	611,045	1,244,478
Accounts receivable from sales of investments and debt securities in issue	19	4,052,295	10,780,357	22,875,950	4,052,295	10,780,357	22,875,950
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		1,631,540	392,038	4,830,393	1,631,540	392,038	4,830,393
Other assets, net	20	1,181,921	1,101,171	699,774	1,178,746	1,099,639	698,185
Total assets		264,178,071	284,617,513	282,260,235	264,232,176	284,673,350	282,315,531
Liabilities and equity							
Deposits	21	106,692,571	98,199,642	96,216,232	106,710,514	98,215,408	96,239,419
Interbank and money market items	22	62,352,834	47,125,046	51,401,864	62,352,834	47,125,046	51,401,864
Liabilities payable on demand		1,827,442	1,354,688	1,827,978	1,827,442	1,354,688	1,722,978
Liabilities to deliver security		2,000,000	9,000,000	-	2,000,000	9,000,000	-
Derivative liabilities	10	32,347,521	36,979,026	44,838,170	32,347,521	36,979,026	44,838,170
Debt issued and borrowings	23	13,694,823	36,350,632	21,569,915	13,767,108	36,425,495	21,644,724
Provisions	25,26,27,34	630,168	560,694	593,733	623,272	555,250	585,412
Accounts payable from purchase of investments	24	2,183,010	12,779,006	24,162,939	2,183,010	12,779,006	24,162,939
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		2,200,898	3,036,665	4,480,182	2,200,898	3,036,665	4,480,182
Accrued expenses		1,695,264	1,706,880	1,947,276	1,700,137	1,710,980	1,952,780
Other liabilities	28	1,638,746	1,158,546	1,299,805	1,637,287	1,157,098	1,298,076
Total liabilities		227,263,277	248,250,825	248,233,094	227,350,023	248,338,662	248,326,544
Equity							
Share capital	29						
Authorised share capital		14,842,627	14,842,627	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	14,837,045	14,837,045
Premium on share capital	32	9,055,819	9,055,819	9,055,819	9,055,819	9,055,819	9,055,819
Other reserves	32	45,311	33,456	(73,474)	45,311	33,456	(73,474)
Retained earnings							
Appropriated							
Legal reserve	32	688,700	688,700	508,727	682,700	682,700	502,727
Unappropriated		12,287,919	11,751,668	9,699,024	12,261,278	11,725,668	9,666,870
Total equity		36,914,794	36,366,688	34,027,141	36,882,153	36,334,688	33,988,987
Total liabilities and equity		264,178,071	284,617,513	282,260,235	264,232,176	284,673,350	282,315,531

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 2012 and 2011 (Unaudited)

		Consolidated		Bank only	
	<i>Note</i>	2012	2011 (Restated)	2012	2011 (Restated)
		<i>(in thousand Baht)</i>			
Interest income	34,39	3,238,778	3,084,371	3,238,778	3,084,371
Interest expenses	34,40	1,240,107	1,077,552	1,240,736	1,078,084
Net interest income		1,998,671	2,006,819	1,998,042	2,006,287
Fees and service income	34,41	400,844	439,396	399,317	439,396
Fees and service expenses	34,41	223,203	159,889	223,203	159,888
Net fees and service income		177,641	279,507	176,114	279,508
Gains on trading and foreign exchange transactions	34,42	936,735	462,674	936,735	462,674
Gains on investments	43	18,748	5,597	18,748	5,597
Other operating income	34	6,497	7,733	36,241	46,571
Total operating income		3,138,292	2,762,330	3,165,880	2,800,637
Other operating expenses	34				
Employee expenses	44	714,238	680,455	699,998	667,647
Directors' remuneration		2,387	2,364	2,387	2,364
Premises and equipment expenses		129,233	104,137	126,901	101,565
Taxes and duties		91,377	85,107	91,339	85,069
Service agreements		110,864	102,514	151,108	140,512
Others		267,178	255,622	264,800	253,615
Total other operating expenses		1,315,277	1,230,199	1,336,533	1,250,772
Impairment loss of loans	45	349,613	122,579	349,613	122,579
Profit from operations before income tax expense		1,473,402	1,409,552	1,479,734	1,427,286
Income tax expenses	4,46	394,625	399,239	390,543	396,810
Profit for the period		1,078,777	1,010,313	1,089,191	1,030,476
Other comprehensive income	4,46				
Gains (losses) on remeasuring available-for-sale investments		96,235	(155,424)	96,235	(155,424)
Gains (losses) on cash flow hedges		90,459	(21,706)	90,459	(21,706)
Income tax relating to components of other comprehensive income		(37,339)	52,832	(37,339)	52,832
Total other comprehensive income		149,355	(124,298)	149,355	(124,298)
Total comprehensive income for the period		1,228,132	886,015	1,238,546	906,178
Basic earnings per share (in Baht)	30	0.73	0.68	0.73	0.70

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 2012 and 2011

		Consolidated		Bank only	
	<i>Note</i>	2012	2011 (Restated)	2012	2011 (Restated)
		<i>(in thousand Baht)</i>			
Interest income	34,39	6,451,333	5,908,252	6,451,333	5,908,252
Interest expenses	34,40	2,504,753	1,958,129	2,506,015	1,959,086
Net interest income		3,946,580	3,950,123	3,945,318	3,949,166
Fees and service income	34,41	785,222	812,823	782,990	812,823
Fees and service expenses	34,41	410,650	326,141	410,649	326,140
Net fees and service income		374,572	486,682	372,341	486,683
Gains on trading and foreign exchange transactions	34,42	1,149,757	981,796	1,149,757	981,796
Gains on investments	43	45,293	15,551	45,293	15,551
Other operating income	34	17,112	9,930	53,552	62,553
Total operating income		5,533,314	5,444,082	5,566,261	5,495,749
Other operating expenses	34				
Employee expenses	44	1,412,997	1,315,397	1,386,363	1,289,821
Directors' remuneration		4,775	4,564	4,775	4,564
Premises and equipment expenses		272,847	244,357	268,010	238,887
Taxes and duties		179,433	166,866	179,356	166,789
Service agreements		224,221	192,787	301,048	268,296
Others		489,289	599,964	484,611	596,001
Total other operating expenses		2,583,562	2,523,935	2,624,163	2,564,358
Impairment loss of loans	45	569,490	291,106	569,586	291,106
Profit from operations before income tax expense		2,380,262	2,629,041	2,372,512	2,640,285
Income tax expenses	4,46	597,699	778,930	590,546	774,371
Profit for the period		1,782,563	1,850,111	1,781,966	1,865,914
Other comprehensive income	4,46				
Gains (losses) on remeasuring available-for-sale investments		6,394	(154,160)	6,394	(154,160)
Gains (losses) on cash flow hedges		8,426	(61,877)	8,426	(61,877)
Income tax relating to components of other comprehensive income		(3,009)	64,504	(3,009)	64,504
Total other comprehensive income, net		11,811	(151,533)	11,811	(151,533)
Total comprehensive income for the period		1,794,374	1,698,578	1,793,777	1,714,381
Basic earnings per share (in Baht)	30	1.20	1.25	1.20	1.26

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 2012 and 2011 (Restated)

Consolidated (in thousand Baht)									
Note	Other reserves				Retained earnings				
	Issued and paid-up share capital	Premium on share capital	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves	Legal reserve	Unappropriated	Total equity	
4	Balance as at 1 January 2011 - as reported	14,837,045	9,055,819	(79,361)	(25,602)	(104,963)	508,727	8,484,409	32,781,037
	Impact of changes in accounting policy	-	-	23,808	7,681	31,489	-	1,214,615	1,246,104
	Balance as at 1 January 2011 - restated	14,837,045	9,055,819	(55,553)	(17,921)	(73,474)	508,727	9,699,024	34,027,141
31	Dividends	-	-	-	-	-	-	(756,689)	(756,689)
	Comprehensive income for the period	-	-	-	-	-	-	-	-
	Profit for the period	-	-	-	-	-	-	1,850,111	1,850,111
Other comprehensive income	Available-for-sale investments	-	-	-	-	-	-	-	-
	Net change in fair value recognised in equity, net of tax	-	-	(108,219)	-	(108,219)	-	-	(108,219)
	Cash flow hedges	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax	Total other comprehensive income	-	-	-	(43,314)	(43,314)	-	-	(43,314)
	Total comprehensive income for the period	-	-	(108,219)	(43,314)	(151,533)	-	-	(151,533)
	Balance as at 30 June 2011 - restated	14,837,045	9,055,819	(163,772)	(61,235)	(225,007)	508,727	10,792,446	34,969,030
4	Balance as at 1 January 2012 - as reported	14,837,045	9,055,819	37,190	4,629	41,819	688,700	11,131,116	35,754,499
	Impact of changes in accounting policy	-	-	(7,438)	(925)	(8,363)	-	620,552	612,189
	Balance as at 1 January 2012 - restated	14,837,045	9,055,819	29,752	3,704	33,456	688,700	11,751,668	36,366,688
31	Dividends	-	-	-	-	-	-	(1,246,312)	(1,246,312)
	Comprehensive income for the period	-	-	-	-	-	-	-	-
	Profit for the period	-	-	-	-	-	-	1,782,563	1,782,563
Other comprehensive income	Available-for-sale investments	-	-	-	-	-	-	-	-
	Net change in fair value recognised in equity, net of tax	-	-	5,115	-	5,115	-	-	5,115
	Cash flow hedges	-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax	Total other comprehensive income	-	-	-	6,740	6,740	-	-	6,740
	Total comprehensive income for the period	-	-	5,115	6,740	11,855	-	-	11,855
	Balance as at 30 June 2012	14,837,045	9,055,819	34,867	10,444	45,311	688,700	12,287,919	36,914,794

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 2012 and 2011 (Restated)

	Note	Bank only (in thousand Baht)							
		Other reserves				Retained earnings			
		Issued and paid-up share capital	Premium on share capital	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves	Legal reserve	Unappropriated	Total equity
Balance as at 1 January 2011 - as reported		14,837,045	9,055,819	(79,361)	(25,602)	(104,963)	502,727	8,453,881	32,744,509
Impact of changes in accounting policy	4	-	-	23,808	7,681	31,489	-	1,212,989	1,244,478
Balance as at 1 January 2011 - restated		14,837,045	9,055,819	(55,553)	(17,921)	(73,474)	502,727	9,666,870	33,988,987
Dividends	3/	-	-	-	-	-	-	(756,689)	(756,689)
Comprehensive income for the period		-	-	-	-	-	-	1,865,914	1,865,914
Profit for the period		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	(108,219)	-	(108,219)	-	-	(108,219)
Net change in fair value recognised in equity, net of tax		-	-	(108,219)	-	(108,219)	-	-	(108,219)
Cash flow hedges		-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(43,314)	(43,314)	-	-	(43,314)
Total other comprehensive income		-	-	(108,219)	(43,314)	(151,533)	-	-	(151,533)
Total comprehensive income for the period		-	-	(108,219)	(43,314)	(151,533)	-	1,865,914	1,714,381
Balance as at 30 June 2011 - restated		14,837,045	9,055,819	(163,772)	(61,235)	(225,007)	502,727	10,776,095	34,946,679
Balance as at 1 January 2012 - as reported		14,837,045	9,055,819	37,190	4,629	41,819	682,700	11,106,260	35,723,643
Impact of changes in accounting policy	4	-	-	(7,438)	(925)	(8,363)	-	619,408	611,045
Balance as at 1 January 2012 - restated		14,837,045	9,055,819	29,752	3,704	33,456	682,700	11,725,668	36,334,688
Dividends	3/	-	-	-	-	-	-	(1,246,312)	(1,246,312)
Comprehensive income for the period		-	-	-	-	-	-	1,781,966	1,781,966
Profit for the period		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	5,115	-	5,115	-	-	5,115
Net change in fair value recognised in equity, net of tax		-	-	5,115	-	5,115	-	-	5,115
Cash flow hedges		-	-	-	-	-	-	-	-
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	6,740	6,740	-	-	6,740
Actuarial losses on defined benefit plans, net of tax		-	-	-	-	-	-	(44)	(44)
Total other comprehensive income		-	-	5,115	6,740	11,855	-	(44)	11,811
Total comprehensive income for the period		-	-	5,115	6,740	11,855	-	1,781,922	1,793,777
Balance as at 30 June 2012		14,837,045	9,055,819	34,867	10,444	45,311	682,700	12,261,278	36,882,153

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 2012 and 2011

	Consolidated		Bank only	
	2012	2011	2012	2011
		(Restated)		(Restated)
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	2,380,262	2,629,041	2,372,512	2,640,285
<i>Adjustments to reconcile net profit to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	66,565	71,224	66,565	71,224
Impairment loss of loans	1,063,861	522,829	1,063,659	522,829
Impairment loss of investments	-	78	-	78
Amortisation of discount (premium) of debt instruments	495,912	(186,366)	495,912	(186,366)
Amortisation of discount of debt issued and borrowings	248,755	304,745	248,755	304,745
Gains on disposal of investments	(45,293)	(6,724)	(45,293)	(6,724)
(Gains) losses on disposal of premises and equipment	(1,926)	821	(1,926)	821
Impairment loss of properties for sale	1,379	3,980	1,379	3,980
Provisions made	70,917	220,132	69,466	218,556
Net interest income	(3,946,580)	(3,950,123)	(3,945,318)	(3,949,166)
Interest received	6,503,794	5,792,906	6,503,794	5,792,906
Interest paid	(2,421,497)	(1,933,919)	(2,422,759)	(1,934,876)
Income tax paid	(45,354)	(589,095)	(39,057)	(586,162)
Profit (losses) from operations before changes in operating assets and liabilities	4,370,795	2,879,529	4,367,689	2,892,130
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	19,375,545	(19,791,463)	19,375,545	(19,791,463)
Derivative assets and liabilities, net	(1,453,873)	(2,580,013)	(1,453,873)	(2,580,013)
Trading investments	(730,652)	(5,936,007)	(730,652)	(5,936,007)
Loans to customers	(6,228,523)	(2,721,824)	(6,228,321)	(2,721,824)
Properties for sale	(359)	(188)	(359)	(188)
Other assets	(1,361,623)	3,681,259	(1,359,980)	3,681,710
<i>Increase (decrease) in operating liabilities</i>				
Deposits	8,492,929	10,167,740	8,495,106	10,156,069
Interbank and money market items	15,227,788	3,572,928	15,227,788	3,572,928
Liabilities payable on demand	472,754	(124,847)	472,754	(124,847)
Short-term debt issued and borrowings	(22,764,066)	3,190,252	(22,766,645)	3,187,366
Provisions used	(1,443)	(13,881)	(1,443)	(13,881)
Other liabilities	(814,696)	(1,683,469)	(813,033)	(1,681,964)
Net cash provided by (used in) operating activities	14,584,576	(9,359,984)	14,584,576	(9,359,984)
<i>Cash flows from investing activities</i>				
Purchase of premises and equipment	(49,000)	(2,442)	(49,000)	(2,442)
Proceeds from disposals of premises and equipment	2,743	134	2,743	134
Purchase of available-for-sale investments	(33,685,366)	(33,486,403)	(33,685,366)	(33,486,403)
Proceeds from disposals of available-for-sale investments	20,873,696	43,449,630	20,873,696	43,449,630
Purchase of held to maturity investments	(359,905)	-	(359,905)	-
Proceeds from held to maturity investments	21,212	93,210	21,212	93,210
Proceeds from disposal of general investments	4,258	5,286	4,258	5,286
Net cash provided by (used in) investing activities	(13,192,362)	10,059,415	(13,192,362)	10,059,415
<i>Cash flows from financing activities</i>				
Proceeds from debt issued and borrowings	5,733	40,563	5,733	40,563
Dividends paid	(1,246,312)	(756,689)	(1,246,312)	(756,689)
Net cash used in financing activities	(1,240,579)	(716,126)	(1,240,579)	(716,126)
Net increase (decrease) in cash	151,635	(16,695)	151,635	(16,695)
Cash at beginning of the period	387,841	487,870	387,841	487,870
Cash at end of the period	539,476	471,175	539,476	471,175

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 2012

Note Contents

1	General information
2	Basis of preparation of the interim financial statements
3	Impact of severe flooding in Thailand
4	Changes in accounting policy
5	Significant accounting policies
6	Risk management
7	Fair value of financial instruments
8	Maintenance of capital fund
9	Interbank and money market items (assets)
10	Derivatives
11	Investments
12	Investment in subsidiary
13	Loans to customers and accrued interest receivables
14	Troubled debt restructuring
15	Allowance for doubtful accounts
16	Properties for sale
17	Premises and equipment
18	Deferred tax
19	Accounts receivable from sales of investment and debt securities in issue
20	Other assets
21	Deposits
22	Interbank and money market items (liabilities)
23	Debt issued and borrowings
24	Accounts payable from purchase of investments
25	Employee benefit obligations
26	Share-based payments
27	Provisions
28	Other liabilities
29	Share capital
30	Basic earnings per share
31	Dividends
32	Reserves
33	Contingent liabilities
34	Related party transactions and balances
35	Acquisition of the Standard Chartered (Thai) Asset Management Company Limited
36	Non-cancellable operating lease agreements
37	Thai Financial Reporting Standard (TFRS) not yet adopted
38	The financial positions and result of operations classified by domestic and overseas business
39	Interest income
40	Interest expenses
41	Net fees and service income
42	Gains on trading and foreign exchange transactions
43	Gains on investments
44	Employee expenses
45	Impairment loss of loans
46	Income tax expenses
47	Reclassification of accounts

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 2012

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 August 2012.

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 100% subsidiary, Thai Exclusive Leasing Company Limited (“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 are prepared in accordance with Thai Accounting Standards (TAS) No.34 (revised 2009) *Interim Financial Reporting*, Thai 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 a parent company of a group of companies offering financial services”.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2011, except for those changes in Note 4.

During 2010 and 2012, the FAP has issued a number of new and revised 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 financial statements. These new and revised TFRS are disclosed in note 37.

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

(b) Basis of measurement

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

- 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

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 2012

(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.

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 5, and in the following notes.

Note 3	Impact of severe flooding in Thailand
Note 6	Risk management
Note 7	Fair value of financial instruments
Note 11	Investments
Note 15	Allowance for doubtful accounts
Note 18	Deferred tax
Note 25	Employee benefit obligations
Note 26	Share-based payment
Note 27	Provisions
Note 46	Income tax expenses

3 Impact of severe flooding in Thailand

The unusually severe flooding which was experienced in parts of Thailand is continuing to affect certain customers. The Bank is providing assistance to affected customers under the guidance detailed within the Bank of Thailand circular ForNorSor. (23) Wor. 1564/2554 dated 19 October 2011.

As at 30 June 2012, the Bank has granted relief to customers with aggregate amounts due totalling Baht 2,481 million in accordance with the guidance detailed in the circular dated 19 October 2011 (31 December 2011: Baht 18,473 million).

The Bank continues to monitor the underlying performance of flood affected customers, and make the appropriate impairment provisions when considered necessary.

4 Changes in accounting policy

Accounting for income tax expense

From 1 January 2012, the Bank and its subsidiary have early adopted TAS 12 Income tax. The change in accounting policy has been applied retrospectively and the Bank and its subsidiary's 2011 financial statements, have been restated accordingly.

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 2012

The impact on the 2012 and 2011 financial statements was as follows:

	Note	Consolidated 2012	2011 (in million Baht)	Bank only 2012	2011
Statement of financial position					
Equity at 1 January – as reported		35,755	32,781	35,724	32,745
Changes as a result of the adoption retrospectively of:					
TAS 12 Income tax	18	612	1,246	611	1,244
Equity at 1 January – restated		36,367	34,027	36,335	33,989
Retained earnings at 1 January					
- as reported		11,820	8,993	11,789	8,957
Increase in deferred tax assets	18	620	1,215	619	1,213
Increase in retained earnings		620	1,215	619	1,213
Retained earnings at 1 January					
- restated		12,440	10,208	12,408	10,170
Other reserves at 1 January – as reported		41	(104)	41	(104)
(Decrease) increase in deferred tax assets	18	(8)	31	(8)	31
(Decrease) increase in other reserves		(8)	31	(8)	31
Other reserves at 1 January					
- restated		33	(73)	33	(73)

	Consolidated 2011 (in million Baht)	Bank only 2011 (in million Baht)
Statement of comprehensive income for the three-month period ended 30 June		
Profit before income tax – as reported	1,409	1,427
Income tax expense – as reported	377	374
Changes to income tax expense as a result of the adoption retrospectively of:		
TAS 12 Income tax		
Increase in current tax expense	27	27
Decrease in deferred tax	(5)	(5)
Income tax expense – restated	399	396
Profit – restated	1,010	1,031
Other comprehensive income – as reported	(177)	(177)
Decrease in deferred tax	52	52
Other comprehensive income – restated	(125)	(125)
Decrease in earnings per share		
- Basic earnings per share (in Baht)	(0.02)	(0.01)

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 2012

	Consolidated 2012 (in million Baht)	Bank only
Statement of comprehensive income for the three-month period ended 30 June		
Profit before income tax – as before changes in accounting policy	1,473	1,480
Income tax expense – as before changes in accounting policy	219	216
Changes to income tax expense as a result of the adoption retrospectively of:		
TAS 12 Income tax	175	175
Increase in deferred tax	394	391
Income tax expense	1,079	1,089
Profit		
Other comprehensive income – as before changes in accounting policy	187	187
Increase in deferred tax	(37)	(37)
Other comprehensive income	150	150
Decrease in earnings per share		
- Basic earnings per share (in Baht)	(0.12)	(0.13)

	Consolidated 2011 (in million Baht)	Bank only
Statement of comprehensive income for the six-month period ended 30 June		
Profit before income tax – as reported	2,629	2,640
Income tax expense – as reported	763	758
Changes to income tax expense as a result of the adoption retrospectively of:		
TAS 12 Income tax	16	16
Increase in deferred tax	779	774
Income tax expense – restated	1,850	1,866
Profit – restated		
Other comprehensive income – as reported	(216)	(216)
Decrease in deferred tax	64	64
Other comprehensive income – restated	(152)	(152)
Decrease in earnings per share		
- Basic earnings per share (in Baht)	(0.01)	(0.01)

Note

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 2012

	<i>Note</i>	Consolidated 2012 <i>(in million Baht)</i>	Bank only
<i>Statement of comprehensive income for the six-month period ended 30 June</i>			
Profit before income tax – as before changes in accounting policy		2,380	2,373
Income tax expense – as before changes in accounting policy		441	435
Changes to income tax expense as a result of the adoption retrospectively of:			
TAS 12 Income tax			
Increase in deferred tax	18	156	156
Income tax expense		597	591
Profit		1,783	1,782
Other comprehensive income – as before changes in accounting policy		15	15
Increase in deferred tax	18	(3)	(3)
Other comprehensive income		12	12
Decrease in earnings per share			
- Basic earnings per share (<i>in Baht</i>)		(0.11)	(0.11)

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policy.

5.1 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 or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Transactions eliminated on consolidation

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

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 2012

5.2 *Income*

Interest income on loans to customers, discounts on loans to customers, and other income are recognised on an accrual basis, except for interest income on loans overdue for more than three months and interest on loans where the borrowers' ability to pay is uncertain. In accordance with the BoT's regulations, interest in arrears for more than three months from the due date, regardless of whether it is covered by collateral, is reversed from profit or loss. Subsequent interest receipts are recognised on a cash basis.

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

5.3 *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.

5.4 *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.

5.5 *Finance lease receivables*

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

5.6 *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.

Specific provisions are made where the repayment of identified loans to customer is in doubt and reflects expected losses. The amount of specific provision is the excess of the carrying value over the present value of estimated future cash flows, discounted at the loan's effective interest rate. A portfolio provision is established to cover the inherent risk of losses that, although not specifically identified, are known from experience to have been incurred and are present in any loan portfolio. The amount of the portfolio provision is computed primarily based on historical experience and adjusted for current trends, economic conditions and management consideration.

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

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

Any allowances for doubtful accounts established during the period are recorded as impairment loss of loans. 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.

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 2012

5.7 Troubled debt restructuring

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

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

Losses on troubled debt restructuring are recognised in profit or loss.

5.8 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.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences on monetary items are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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 equity is recognised in profit or loss.

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 2012

If the Bank disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

5.9 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 measured at cost in foreign currencies at the reporting date are translated to Thai Baht using the foreign exchange rates ruling at the date of the transactions.

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

5.10 Premises and equipment

Owned assets

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

Leased assets

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

Depreciation

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

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

Buildings	20-50 years
Equipment	3-5 years

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

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 2012

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.

5.11 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.

5.12 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.

5.13 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.

5.14 Financial instruments

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently re-measured at their fair values. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivative is a designated hedge instrument in a cash flow hedge relationship. All derivatives are carried as assets when 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 as gains (losses) on cash flow hedges in equity. Any ineffective portion is recognised immediately in profit or loss.

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 2012

Discontinuing hedge accounting

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

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

5.16 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.

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.

5.17 Employee benefits

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

Defined contribution plans

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.

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.

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 2012

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.

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.

5.18 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, share-based payment 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.

5.19 Income tax

Income Tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

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 2012

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiary take into account the impact of uncertain tax positions (if any) and whether additional taxes and interest may be due. The Bank and its subsidiary believe that its accruals for tax liabilities are adequate for all tax years based on its assessment of many factors, including interpretations of tax law and prior experience and a series of judgements about future events, such changes to judgements on tax liabilities will impact tax expense in the period that such a determination is made.

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

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

5.20 Earnings per share

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

6 Risk management

Financial instruments

Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5.

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.

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 2012

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 objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.

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.

Foreign exchange risk

The Bank is exposed to foreign exchange risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at each reporting date. Details in respect of these significant exposures are described in notes 9, 10, 13, 21 and 22.

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 2012	31 December 2011
	<i>(in million Baht)</i>	
Fixed interest rate	170,277	176,187
Floating interest rate	50,247	48,493
Total	220,524	224,680

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 2012

As at 30 June 2012, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 15,020 million (*31 December 2011: Baht 13,070 million*).

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

	Consolidated					
	30 June 2012			31 December 2011		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	70,475	1,038	2.96%	100,358	2,930	2.92%
Investments	61,080	954	3.14%	43,922	1,185	2.70%
Loans to customers	95,838	4,459	9.36%	96,066	8,274	8.61%
Total	227,393	6,451	5.71%	240,346	12,389	5.15%
Interest-bearing financial liabilities						
Deposits	91,508	1,332	2.93%	91,299	2,240	2.45%
Interbank and money market items	59,182	778	2.64%	63,731	1,423	2.23%
Debt issued and borrowings	23,009	395	3.45%	29,952	788	2.63%
Total	173,699	2,505	2.90%	184,982	4,451	2.41%

	Bank only					
	30 June 2012			31 December 2011		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	70,474	1,038	2.96%	100,357	2,930	2.92%
Investments	61,080	954	3.14%	43,922	1,185	2.70%
Loans to customers	95,838	4,459	9.36%	96,066	8,274	8.61%
Total	227,392	6,451	5.71%	240,345	12,389	5.15%
Interest-bearing financial liabilities						
Deposits	91,526	1,332	2.93%	91,313	2,240	2.45%
Interbank and money market items	59,182	778	2.64%	63,731	1,423	2.23%
Debt issued and borrowings	23,088	396	3.44%	30,030	790	2.63%
Total	173,796	2,506	2.90%	185,074	4,453	2.41%

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 2012

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated 30 June 2012						
	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	-	-	-	-	539	-	539
Interbank and money market items, net	295	40,976	9,548	318	968	-	52,105
Derivative assets	-	-	-	-	32,096	-	32,096
Investments, net	-	27,012	1,795	40,602	26	-	69,435
Loans to customers	49,952	37,836	7,548	4,642	41	4,435	104,454
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	4,052	-	4,052
Total financial assets	50,247	105,824	18,891	45,562	37,722	4,435	262,681
Financial liabilities							
Deposits	57,509	33,137	3,775	1,682	10,590	-	106,693
Interbank and money market items	3,412	53,323	-	1,284	4,334	-	62,353
Liabilities payable on demand	-	-	-	-	1,827	-	1,827
Derivative liabilities	-	-	-	-	32,348	-	32,348
Debt issued and borrowings	-	13,591	98	6	-	-	13,695
Accounts payable from purchase of investments	-	-	-	-	2,183	-	2,183
Total financial liabilities	60,921	100,051	3,873	2,972	51,282	-	219,099

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 2012

	Consolidated 31 December 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	-	-	-	-	388	-	388
Interbank and money market items, net	611	69,326	-	317	1,226	-	71,480
Derivative assets	-	-	-	-	35,263	-	35,263
Investments, net	-	22,261	19,185	18,540	33	-	60,019
Loans to customers	47,814	34,181	7,993	4,452	44	4,279	98,763
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	10,780	-	10,780
Total financial assets	48,425	125,768	27,178	23,309	47,734	4,279	276,693
<i>Financial liabilities</i>							
Deposits	48,020	32,824	8,432	1,141	7,783	-	98,200
Interbank and money market items	2,876	38,536	-	1,164	4,549	-	47,125
Liabilities payable on demand	-	-	-	-	1,355	-	1,355
Derivative liabilities	-	-	-	-	36,979	-	36,979
Debt issued and borrowings	-	35,616	735	-	-	-	36,351
Accounts payable from purchase of investments	-	-	-	-	12,779	-	12,779
Total financial liabilities	50,896	106,976	9,167	2,305	63,445	-	232,789

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 2012

	Bank only 30 June 2012						
	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	-	-	-	-	539	-	539
Interbank and money market items, net	295	40,976	9,548	318	968	-	52,105
Derivative assets	-	-	-	-	32,096	-	32,096
Investments, net	-	27,012	1,795	40,602	26	-	69,435
Loans to customers	49,952	37,836	7,548	4,642	41	4,435	104,454
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	4,052	-	4,052
Total financial assets	50,247	105,824	18,891	45,562	37,722	4,435	262,681
<i>Financial liabilities</i>							
Deposits	57,527	33,137	3,775	1,682	10,590	-	106,711
Interbank and money market items	3,412	53,323	-	1,284	4,334	-	62,353
Liabilities payable on demand	-	-	-	-	1,827	-	1,827
Derivative liabilities	-	-	-	-	32,348	-	32,348
Debt issued and borrowings	-	13,663	98	6	-	-	13,767
Accounts payable from purchase of investments	-	-	-	-	2,183	-	2,183
Total financial liabilities	60,939	100,123	3,873	2,972	51,282	-	219,189

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 2012

	Bank only 31 December 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>						
Financial assets							
Cash	-	-	-	-	388	-	388
Interbank and money market items, net	611	69,326	-	317	1,226	-	71,480
Derivative assets	-	-	-	-	35,263	-	35,263
Investments, net	-	22,261	19,185	18,540	33	-	60,019
Loans to customers	47,814	34,181	7,993	4,452	44	4,279	98,763
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	10,780	-	10,780
Total financial assets	48,425	125,768	27,178	23,309	47,734	4,279	276,693
Financial liabilities							
Deposits	48,035	32,824	8,432	1,141	7,783	-	98,215
Interbank and money market items	2,876	38,536	-	1,164	4,549	-	47,125
Liabilities payable on demand	-	-	-	-	1,355	-	1,355
Derivative liabilities	-	-	-	-	36,979	-	36,979
Debt issued and borrowings	-	35,690	735	-	-	-	36,425
Accounts payable from purchase of investments	-	-	-	-	12,779	-	12,779
Total financial liabilities	50,911	107,050	9,167	2,305	63,445	-	232,878

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.

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 2012

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 2012, 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. Capital 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 2012, advances to deposits ratio of the Bank is 84% (31 December 2011: 79%).

The remaining period to maturity of significant financial assets and financial liabilities as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated 30 June 2012					
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	539	-	-	-	-	539
Interbank and money market items, net	1,173	40,708	9,590	634	-	52,105
Derivative assets	-	6,344	3,229	22,523	-	32,096
Investments in debt securities	-	13,935	4,915	50,559	-	69,409
Investments in equity securities, net	-	-	-	-	26	26
Loans to customers	15,661	23,392	5,209	60,192	-	104,454
Accounts receivable from sales of investments and debt securities in issue	4,052	-	-	-	-	4,052
Total financial assets	21,425	84,379	22,943	133,908	26	262,681
<i>Financial liabilities</i>						
Deposits	68,099	30,893	5,669	2,032	-	106,693
Interbank and money market items	7,746	51,223	-	3,384	-	62,353
Liabilities payable on demand	1,827	-	-	-	-	1,827
Derivative liabilities	93	6,488	3,727	22,040	-	32,348
Debt issued and borrowings	-	12,591	98	1,006	-	13,695
Accounts payable from purchase of investments	2,183	-	-	-	-	2,183
Total financial liabilities	79,948	101,195	9,494	28,462	-	219,099

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 2012

	Consolidated 31 December 2011					
	At call	Within 6 months	6 months to 1 year	Over 1 year	No maturity	Total
			(in million Baht)			
Financial assets						
Cash	388	-	-	-	-	388
Interbank and money market items, net	1,787	69,062	-	631	-	71,480
Derivative assets	-	9,385	4,026	21,852	-	35,263
Investments in debt securities	-	9,525	19,207	31,254	-	59,986
Investments in equity securities, net	-	-	-	-	33	33
Loans to customers	13,181	21,965	4,495	59,122	-	98,763
Accounts receivable from sales of investments and debt securities in issue	10,780	-	-	-	-	10,780
Total financial assets	26,136	109,937	27,728	112,859	33	276,693

Financial liabilities						
Deposits	55,803	30,139	10,906	1,352	-	98,200
Interbank and money market items	7,425	38,536	-	1,164	-	47,125
Liabilities payable on demand	1,355	-	-	-	-	1,355
Derivative liabilities	108	10,471	3,627	22,773	-	36,979
Debt issued and borrowings	19	34,597	735	1,000	-	36,351
Accounts payable from purchase of investments	12,779	-	-	-	-	12,779
Total financial liabilities	77,489	113,743	15,268	26,289	-	232,789

	Bank only 30 June 2012					
	At call	Within 6 months	Over 6 months to 1 year <i>(in million Baht)</i>	Over 1 year	No maturity	Total
<i>Financial assets</i>						
Cash	539	-	-	-	-	539
Interbank and money market items, net	1,173	40,708	9,590	634	-	52,105
Derivative assets	-	6,344	3,229	22,523	-	32,096
Investments in debt securities	-	13,935	4,915	50,559	-	69,409
Investments in equity securities, net	-	-	-	-	26	26
Loans to customers	15,661	23,392	5,209	60,192	-	104,454
Accounts receivable from sales of investments and debt securities in issue	4,052	-	-	-	-	4,052
Total financial assets	21,425	84,379	22,943	133,908	26	262,681

Financial liabilities						
Deposits	68,117	30,893	5,669	2,032	-	106,711
Interbank and money market items	7,746	51,223	-	3,384	-	62,353
Liabilities payable on demand	1,827	-	-	-	-	1,827
Derivative liabilities	93	6,488	3,727	22,040	-	32,348
Debt issued and borrowings	-	12,663	98	1,006	-	13,767
Accounts payable from purchase of investments	2,183	-	-	-	-	2,183
Total financial liabilities	79,966	101,267	9,494	28,462	-	219,189

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 2012

	Bank only					
	31 December 2011					
			Over			
	At call	Within 6 months	6 months to 1 year	Over 1 year	No maturity	Total
	(in million Baht)					
Financial assets						
Cash	388	-	-	-	-	388
Interbank and money market items, net	1,787	69,062	-	631	-	71,480
Derivative assets	-	9,385	4,026	21,852	-	35,263
Investments in debt securities	-	9,525	19,207	31,254	-	59,986
Investments in equity securities, net	-	-	-	-	33	33
Loans to customers	13,181	21,965	4,495	59,122	-	98,763
Accounts receivable from sales of investments and debt securities in issue	10,780	-	-	-	-	10,780
Total financial assets	26,136	109,937	27,728	112,859	33	276,693
Financial liabilities						
Deposits	55,818	30,139	10,906	1,352	-	98,215
Interbank and money market items	7,425	38,536	-	1,164	-	47,125
Liabilities payable on demand	1,355	-	-	-	-	1,355
Derivative liabilities	108	10,471	3,627	22,773	-	36,979
Debt issued and borrowings	19	34,671	735	1,000	-	36,425
Accounts payable from purchase of investments	12,779	-	-	-	-	12,779
Total financial liabilities	77,504	113,817	15,268	26,289	-	232,878

Derivatives

The remaining period to maturity of the notional amount of derivatives as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated and Bank only 30 June 2012		
	Within 1 year	Over 1 year (in million Baht)	Total
Foreign currency related			
Forward exchange contracts	691,920	9,418	701,338
Cross currency swap contracts	82,396	237,216	319,612
Currency option contracts	7,580	8,500	16,080
Interest rate related			
Interest rate swap contracts	487,042	1,079,749	1,566,791
Interest rate option contracts	1,040	10,924	11,964
Others			
- Equity option	-	1	1
- Commodities	22,922	-	22,922

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 2012

	Consolidated and Bank only		
	31 December 2011		
	Within 1 year	Over 1 year	Total
	<i>(in million Baht)</i>		
<i>Foreign currency related</i>			
Forward exchange contracts	680,084	6,379	686,463
Cross currency swap contracts	83,292	223,643	306,935
Currency option contracts	6,492	-	6,492
<i>Interest rate related</i>			
Interest rate swap contracts	493,127	975,238	1,468,365
Interest rate option contracts	1,980	11,509	13,489
<i>Others</i>			
- Equity option	-	1	1
- Commodities	21,793	300	22,093

7 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 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	539	539	388	388
Interbank and money market items, net	52,105	52,105	71,480	71,480
Derivative assets	32,096	32,096	35,263	35,263
Investments, net	69,435	69,435	60,019	60,019
Loans to customers	104,454	105,665	98,763	99,777
Accounts receivable from sales of investments and debt securities in issue	4,052	4,052	10,780	10,780
Total financial assets	262,681	263,892	276,693	277,707
<i>Financial liabilities</i>				
Deposits	106,693	106,693	98,200	98,199
Interbank and money market items	62,353	62,479	47,125	47,150
Liabilities payable on demand	1,827	1,827	1,355	1,355
Derivative liabilities	32,348	32,348	36,979	36,979
Debt issued and borrowings	13,695	13,693	36,351	36,337
Accounts payable from purchase of investments	2,183	2,183	12,779	12,779
Total financial liabilities	219,099	219,223	232,789	232,799

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 2012

	Bank only			
	30 June 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	539	539	388	388
Interbank and money market items, net	52,105	52,105	71,480	71,480
Derivative assets	32,096	32,096	35,263	35,263
Investment, net	69,435	69,435	60,019	60,019
Loans to customers	104,454	105,665	98,763	99,777
Accounts receivable from sales of investments and debt securities in issue	4,052	4,052	10,780	10,780
Total financial assets	262,681	263,892	276,693	277,707
<i>Financial liabilities</i>				
Deposits	106,711	106,711	98,215	98,215
Interbank and money market items	62,353	62,479	47,125	47,150
Liabilities payable on demand	1,827	1,827	1,355	1,355
Derivative liabilities	32,348	32,348	36,979	36,979
Debt issued and borrowings	13,767	13,766	36,425	36,412
Accounts payable from purchase of investments	2,183	2,183	12,779	12,779
Total financial liabilities	219,189	219,314	232,878	232,890

Methods and assumptions in estimating fair value of financial instruments

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

Cash, interbank and money market items (assets)

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

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

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

General investments

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

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 2012

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 Debts issued and borrowings

The carrying amount of interbank and money market items and debts issued and borrowings 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, and are disclosed in Note 10.

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 2012

8 Maintenance of capital fund

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

	Bank only	
	30 June 2012	31 December 2011
	<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	683	503
Net income after appropriation	9,870	7,697
Less deferred tax assets	(452)	-
Less deduction item: 50% from tier one capital and 50% from tier two capital	(132)	(309)
Less deduction amount of negative capital tier two	-	(59)
Total tier one capital	33,862	31,725
<i>Tier two capital</i>		
Provision for normal classified asset	172	250
Less deduction item: 50% from tier one capital and 50% from tier two capital	(132)	(250)
Total tier two capital	40	-
Total capital	33,902	31,725
Total capital ratio	17.49%	17.13%
Tier one capital ratio	17.47%	17.13%

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.

Since 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 2012 and 31 December 2011, 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 2012 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.

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 2012

9 Interbank and money market items (assets)

	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand	670	29,900	30,570	791	50,400	51,191
Commercial banks	159	1,860	2,019	140	4,877	5,017
Total	829	31,760	32,589	931	55,277	56,208
Add accrued interest receivable	-	17	17	-	46	46
Less allowance for doubtful accounts	-	(3)	(3)	-	(3)	(3)
Total domestic, net	829	31,774	32,603	931	55,320	56,251
Foreign						
US Dollar	10	19,082	19,092	30	14,366	14,396
Japanese Yen	12	-	12	177	-	177
Euro	161	-	161	419	-	419
Australian Dollar	78	-	78	47	-	47
Other currencies	83	-	83	183	-	183
Total	344	19,082	19,426	856	14,366	15,222
Add accrued interest receivable	-	104	104	-	18	18
Less allowance for doubtful accounts	-	(28)	(28)	-	(11)	(11)
Total foreign	344	19,158	19,502	856	14,373	15,229
Total domestic and foreign, net	1,173	50,932	52,105	1,787	69,693	71,480

10 Derivatives

Derivatives held for trading

Fair value and notional amount classified by type of risks

Type of risks	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	<i>(in million Baht)</i>					
Foreign currency related	15,074	14,982	1,035,768	18,888	19,667	999,890
Interest rate related	15,317	15,616	1,563,735	14,898	15,816	1,468,784
<i>Others</i>						
- Equity option	1	-	1	1	-	1
- Commodities	1,631	1,631	22,922	1,377	1,377	22,093
	1,632	1,631	22,923	1,378	1,377	22,094
Total	32,023	32,229	2,622,426	35,164	36,860	2,490,768

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 2012

Proportion of the notional amount classified by counterparties

Counterparties	Consolidated and Bank only	
	30 June 2012	31 December 2011
	(%)	
Financial institutions	72.31%	78.81%
Related parties	17.86%	12.60%
Other parties	9.83%	8.59%

Derivatives held for hedging

Fair value hedges

Type of risks	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Interest rate related	-	69	1,850	-	73	1,900
Total	-	69	1,850	-	73	1,900

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 or loss.

Cash flow hedges

Type of risks	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign currency related	-	3	1,262	-	-	-
Interest rate related	73	47	13,170	99	46	11,170
Total	73	50	14,432	99	46	11,170

The Bank uses cross currency swap and 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 or loss.

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 2012

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 2012					
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast cash flows			(in million Baht)		
Forecast received cash flows	166	501	1,304	8	1,979
Forecast payable cash flows	(36)	(72)	(243)	-	(351)
Net forecast cash flow	130	429	1,061	8	1,628

Consolidated and Bank only					
31 December 2011					
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast cash flows			(in million Baht)		
Forecast received cash flows	208	524	2,260	12	3,004
Forecast payable cash flows	(29)	(64)	(233)	-	(326)
Net forecast cash flow	179	460	2,027	12	2,678

11 Investments

		Consolidated and Bank only	
		30 June 2012	31 December 2011
		(in million Baht)	
Trading investments		Fair value	
Government and state enterprise bonds		5,717	8,940
Total		5,717	8,940
Available-for-sale investments		Fair value	
Government and state enterprise bonds		55,245	49,269
Private debt instruments		8,041	1,709
Domestic marketable equity securities		9	10
Total		63,295	50,988
Held to maturity		Cost	
Investment in transferred debt		406	68
Total		406	68
General investments		Cost	
Domestic non-marketable equity securities		35	41
Foreign non-marketable equity securities		1	1
Total		36	42
Less allowance for impairment		(19)	(19)
Net		17	23
Total investments, net		69,435	60,019

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 2012

As at 30 June 2012, the Bank has government and state enterprise bonds which were pledged as collateral amounting to Baht 35,325 million (31 December 2011: Baht 15,500 million).

Fair value changes in available-for-sale investments as of 30 June 2012 and 31 December 2011 consisted of:

	Consolidated and Bank only	
	30 June 2012	31 December 2011
	<i>(in million Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	97	91
Equity securities	(1)	-
Total	96	91
Less fair value changes in fair value hedged investments	(52)	(54)
Less deferred tax	(9)	(7)
Fair value changes in available-for-sale investments recognised in other comprehensive income	35	30

Investments in companies with problems in relation to their financial positions and results of operations as at 30 June 2012 and 31 December 2011 are as follows:

	Consolidated and Bank only				
	30 June 2012				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
				<i>(in million Baht)</i>	
Listed company	1	99	9	(1)	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	22	(1)	(100)

	Consolidated and Bank only				
	31 December 2011				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
				<i>(in million Baht)</i>	
Listed company	1	99	10	-	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	23	-	(100)

12 Investment in subsidiary

Company name	Type of business	Type of investment	Bank only Ownership interest	30 June 2012	31 December 2011
				Investment (Cost method) <i>(in million Baht)</i>	
<i>Subsidiary</i>					
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	100%	59	59
Investment in subsidiary				59	59

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2012

13 Loans to customers and accrued interest receivables

Classified by type of loans

	Consolidated and Bank only	
	30 June 2012	31 December 2011
	<i>(in million Baht)</i>	
Overdrafts	1,801	2,811
Loans	81,999	79,800
Bills	20,651	16,149
Others	3	3
Total	104,454	98,763
Add accrued interest receivable	579	634
Less allowance for doubtful accounts		
Minimum allowance as BoT's regulations		
- Individual approach	(4,108)	(3,369)
- Collective approach	(746)	(694)
Excess allowance	(433)	(708)
	(5,287)	(4,771)
Net	99,746	94,626

Classified by currency and residence of debtors

	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
			(in million Baht)			
Thai Baht	93,403	235	93,638	90,005	280	90,285
US Dollar	8,659	1,413	10,072	8,013	420	8,433
Other currencies	727	17	744	45	-	45
Total	102,789	1,665	104,454	98,063	700	98,763

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 2012

Classified by industry and loan classification

Consolidated and Bank only						
30 June 2012						
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,434	1	-	-	7	1,442
Manufacturing and commerce	29,920	3,497	46	28	3,116	36,607
Property development and construction	5,458	21	1	2	106	5,588
Infrastructure and services	6,472	70	25	3	236	6,806
Housing loans	25,250	141	57	63	303	25,814
Others	27,302	453	138	39	265	28,197
Total	95,836	4,183	267	135	4,033	104,454

Consolidated and Bank only						
31 December 2011						
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,767	-	-	-	8	1,775
Manufacturing and commerce	29,689	63	56	2,170	1,010	32,988
Property development and construction	3,914	11	-	2	105	4,032
Infrastructure and services	6,149	72	-	132	94	6,447
Housing loans	25,531	210	45	83	212	26,081
Others	26,684	394	133	24	205	27,440
Total	93,734	750	234	2,411	1,634	98,763

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 2012

Classified by loan classification

Consolidated and Bank only				
30 June 2012				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	96,381	60,216	1	611
Special mention	4,206	2,925	2	797
Substandard	267	190	100	190
Doubtful	135	40	100	40
Doubtful of loss	4,044	3,216	100	3,216
				4,854
Excess allowance				433
Total	105,033	66,587		5,287

* 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 2012, the collective approach is applied to loans to customers and accrued interest receivables of Baht 64,125 million, using provision rates between 0.04% and 3.55%, and the total allowance under this approach is Baht 746 million.

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 2012

Consolidated and Bank only				
31 December 2011				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	94,345	57,477	1	607
Special mention	762	432	2	316
Substandard	234	172	100	172
Doubtful	2,411	1,647	100	1,647
Doubtful of loss	1,645	1,321	100	1,321
				4,063
Excess allowance				708
Total	99,397	61,049		4,771

* 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 2011, the collective approach was applied to loans to customers and accrued interest receivables of Baht 61,960 million, using provision rates between 0.05% and 3.14%. The total allowance under this approach was Baht 694 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 2012 and 31 December 2011, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2012	31 December 2011
	<i>(in million Baht)</i>	
Non-performing loans, net	969	1,089
Total loans used for NPL net ratio calculation ⁽¹⁾	135,538	151,846
Ratio of total loans	0.71%	0.72%

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 2012

As at 30 June 2012 and 31 December 2011, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	30 June 2012	31 December 2011
	<i>(in million Baht)</i>	
Non-performing loans, gross	4,435	4,279
Total loans used for NPL gross ratio calculation ⁽¹⁾	139,005	155,036
Ratio of total loans	3.19%	2.76%

⁽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.

14 Troubled debt restructuring

During the periods ended 30 June 2012 and 2011, 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 2012				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring <i>(in million Baht)</i>	Amount of debt after restructuring
Modification of terms and conditions	Over 5 months to 27 years	76	151	150
Total		76	151	150

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 <i>(in million Baht)</i>	Amount of debt after restructuring
Modification of terms and conditions	Over 1 year to 24 years	395	206	203
Total		395	206	203

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 2012, the Bank had outstanding balances of restructured debt amounting to Baht 1,226 million (31 December 2011: Baht 1,325 million).

The loss incurred arising from restructuring, before allowance for doubtful accounts, for the three-month and six-month periods ended 30 June 2012 were Baht 0.5 million and Baht 1 million, respectively (2011: Baht 0.3 million and Baht 3 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 2012 and 2011.

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 2012

Interest income recognised from these restructured debts totalled Baht 42 million and Baht 76 million for the three-month and six-month periods ended 30 June 2012, respectively (2011: Baht 70 million and Baht 188 million, respectively).

15 Allowance for doubtful accounts

Consolidated and Bank only							
For the six-month period ended 30 June 2012							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the period	607	316	172	1,647	1,321	708	4,771
Allowance for doubtful accounts	4	481	18	(1,607)	2,443	(275)	1,064
Bad debt written off	-	-	-	-	(531)	-	(531)
Others	-	-	-	-	(17)	-	(17)
Balance at end of the period	611	797	190	40	3,216	433	5,287

Impairment loss of loans recording in the profit or loss representing allowance for doubtful accounts net of bad debts recovered. For the six-month period ended 30 June 2012, bad debts recovered was amounted to Baht 494 million (2011: Baht 232 million).

Consolidated and Bank only							
For the year ended 31 December 2011							
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the year	538	56	131	73	1,171	1,293	3,262
Allowance for doubtful accounts	69	260	41	1,574	1,065	(585)	2,424
Bad debt written off	-	-	-	-	(915)	-	(915)
Balance at end of the year	607	316	172	1,647	1,321	708	4,771

Bad debt recovered for the year ended 31 December 2011 was amounted to Baht 652 million.

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 2012

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 2012				
	Beginning balance	Increase	Disposals	Ending balance
	<i>(in million Baht)</i>			
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	3	3	(2)	4
Total	11	3	(2)	12
Transfer from premises and equipment	100	-	-	100
Total properties for sale	111	3	(2)	112
Less allowance for impairment	(36)	(4)	2	(38)
Properties for sale, net	75	(1)	-	74

Consolidated and Bank only				
For the year ended 31 December 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	3	(2)	3
Total	10	3	(2)	11
Transfer from premises and equipment	100	42	(42)	100
Total properties for sale	110	45	(44)	111
Less allowance for impairment	(30)	(29)	23	(36)
Properties for sale, net	80	16	(21)	75

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 2012

17 Premises and equipment

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

	Consolidated and Bank only					
	For the six-month period ended 30 June 2012			Changes in accumulated depreciation during the period		
	Changes in cost during the period			Disposals and transfer out		
	Beginning balance	Purchase and transfer in	Ending balance	Beginning balance	Depreciation	Ending balance
					(in million Baht)	
Land	36	-	36	-	-	-
Freehold premises	1,917	-	1,917	790	26	816
Equipment	1,197	79	1,256	1,077	35	1,093
Others	30	32	-	-	-	-
Total	3,180	111	3,209	1,867	61	1,909
					(19)	(439)
						861

As at 30 June 2012, the Bank had net book value of equipment under finance leases of Baht 17 million (31 December 2011: Baht 21 million).

For the three-month and six-month periods ended 30 June 2012, the depreciation charges included in profit or loss were Baht 32 million and Baht 61 million, respectively.

As at 30 June 2012, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 950 million.

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 2012

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

	Consolidated and Bank only						
	Changes in cost during the period			For the six-month period ended 30 June 2011			
	Beginning balance	Purchase and transfer in	Disposals and transfer out	Ending balance	Beginning balance <i>(in million Baht)</i>	Depreciation transfer out	Ending balance
Land	44	-	(8)	36	-	-	-
Freehold premises	1,980	-	(46)	1,934	752	27	772
Equipment	1,251	4	(61)	1,194	1,071	38	1,048
Others	9	-	(2)	7	-	-	-
Total	3,284	4	(117)	3,171	1,823	65	1,820
						(439)	912
						(9)	27
						(430)	732
						-	146
						-	7

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.

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 2012

18 Deferred tax

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

	30 June 2012	Consolidated 31 December 2011 (Restated) <i>(in million Baht)</i>	1 January 2011 (Restated)
Deferred tax assets	469	627	1,268
Deferred tax liabilities	(16)	(15)	(22)
Net	453	612	1,246

	30 June 2012	Bank only 31 December 2011 (Restated) <i>(in million Baht)</i>	1 January 2011 (Restated)
Deferred tax assets	468	626	1,266
Deferred tax liabilities	(16)	(15)	(22)
Net	452	611	1,244

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 2012

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2012 and 2011 were as follows:

	At 1 January 2012 (Restated)	Consolidated (Charged) / Credited to:		At 30 June 2012
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
<i>Deferred tax assets</i>				
Investments	14	2	(2)	14
Loans and accrued interest receivables	269	(189)	-	80
Premises and equipment	112	(2)	-	110
Intangible assets	3	(1)	-	2
Other assets	62	1	-	63
Provisions	111	1	-	112
Other liabilities	56	32	-	88
Total	627	(156)	(2)	469
<i>Deferred tax liabilities</i>				
Properties for sale	(14)	-	-	(14)
Cash flow hedges	(1)	-	(1)	(2)
Total	(15)	-	(1)	(16)
Net	612	(156)	(3)	453

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 2012

	At 1 January 2011 (Restated)	Consolidated (Charged) / Credited to:		At 30 June 2011 (Restated)
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
<i>Deferred tax assets</i>				
Investments	121	(62)	46	105
Loans and accrued interest receivables	667	5	-	672
Premises and equipment	183	-	-	183
Intangible assets	4	-	-	4
Other assets	88	3	-	91
Derivative liabilities	-	1	-	1
Provisions	103	48	-	151
Other liabilities	94	(5)	-	89
Cash flow hedges	8	-	18	26
Total	1,268	(10)	64	1,322
<i>Deferred tax liabilities</i>				
Properties for sale	(22)	(6)	-	(28)
Total	(22)	(6)	-	(28)
Net	1,246	(16)	64	1,294

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 2012

	At 1 January 2012 (Restated)	Bank only (Charged) / Credited to:		At 30 June 2012
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
<i>Deferred tax assets</i>				
Investments	14	2	(2)	14
Loans and accrued interest receivables	269	(189)	-	80
Premises and equipment	112	(2)	-	110
Intangible assets	3	(1)	-	2
Other assets	62	1	-	63
Provisions	110	1	-	111
Other liabilities	56	32	-	88
Total	626	(156)	(2)	468
<i>Deferred tax liabilities</i>				
Properties for sale	(14)	-	-	(14)
Cash flow hedges	(1)	-	(1)	(2)
Total	(15)	-	(1)	(16)
Net	611	(156)	(3)	452

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 2012

	At 1 January 2011 (Restated)	Bank only (Charged) / Credited to:		At 30 June 2011 (Restated)
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets				
Investments	121	(62)	46	105
Loans and accrued interest receivables	667	5	-	672
Premises and equipment	183	-	-	183
Intangible assets	4	-	-	4
Other assets	88	3	-	91
Derivative liabilities	-	1	-	1
Provisions	101	48	-	149
Other liabilities	94	(5)	-	89
Cash flow hedges	8	-	18	26
Total	1,266	(10)	64	1,320
Deferred tax liabilities				
Properties for sale	(22)	(6)	-	(28)
Total	(22)	(6)	-	(28)
Net	1,244	(16)	64	1,292

19 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.

20 Other assets

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Accrued interest and income receivable	544	463	544	463
Prepayments	54	43	53	43
Leasehold premises, net	29	31	29	31
Prepaid tax	379	411	379	411
Others	176	153	174	152
Total	1,182	1,101	1,179	1,100

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 2012

21 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Current	10,590	7,783	10,590	7,783
Savings	57,509	48,020	57,527	48,035
Term				
- Less than 6 months	9,795	11,256	9,795	11,256
- 6 months to less than 1 year	5,499	8,362	5,499	8,362
- 1 year and over	23,300	22,779	23,300	22,779
Total	106,693	98,200	106,711	98,215

Classified by currency and residence of depositors

	Consolidated					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	98,752	2,046	100,798	89,521	1,923	91,444
US Dollar	5,065	423	5,488	4,504	1,784	6,288
Other currencies	339	68	407	360	108	468
Total	104,156	2,537	106,693	94,385	3,815	98,200

	Bank only					
	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	98,770	2,046	100,816	89,536	1,923	91,459
US Dollar	5,065	423	5,488	4,504	1,784	6,288
Other currencies	339	68	407	360	108	468
Total	104,174	2,537	106,711	94,400	3,815	98,215

As at 30 June 2012, there are no structured deposits that are not designated at fair value in the consolidated and Bank only financial statements (31 December 2011: 175 million).

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 2012

22 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<i>Domestic</i>						
Commercial banks	-	42,178	42,178	-	21,800	21,800
Special financial institutions	1	7,730	7,731	-	7,980	7,980
Other financial institutions	2,720	4,699	7,419	2,437	9,920	12,357
Total domestic	2,721	54,607	57,328	2,437	39,700	42,137
<i>Foreign</i>						
US Dollar	268	-	268	-	-	-
Thai Baht	4,751	-	4,751	4,988	-	4,988
Hong Kong Dollar	6	-	6	-	-	-
Total foreign	5,025	-	5,025	4,988	-	4,988
Total domestic and foreign	7,746	54,607	62,353	7,425	39,700	47,125

23 Debt issued and borrowings

The Bank has a program to issue and offer debentures to the public and/or institutional investors for a total amount 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 (on a revolving basis). The debentures may be offered to the public and/or institutional investors in accordance with the relevant notifications of the Office of the Securities and Exchange Commission.

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

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 2012

As at 30 June 2012 and 31 December 2011, debt issued and borrowings balances are denominated in Thai Baht with forms as follows:

Consolidated						
30 June 2012			31 December 2011			
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2012	2.45% - 3.07%	3,507	2012	3.05% - 3.50%	16,104
Bills of exchange	2012	2.25% - 4.50%	9,084	2011-2012	2.33% - 4.50%	19,143
Structured notes	2012-2015	0.00% - 29.19%	1,104	2012-2015	0.00% - 29.19%	1,104
Total			13,695			36,351

Bank only						
30 June 2012			31 December 2011			
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2012	2.45% - 3.07%	3,507	2012	3.05% - 3.50%	16,104
Bills of exchange	2012	2.25% - 4.50%	9,156	2011-2012	2.33% - 4.50%	19,217
Structured notes	2012-2015	0.00% - 29.19%	1,104	2012-2015	0.00% - 29.19%	1,104
Total			13,767			36,425

As at 30 June 2012, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,104 million (31 December 2011: Baht 1,104 million).

24 Accounts payable from purchase of investments

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

25 Employee benefit obligations

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Statements of financial position obligations for:				
Defined benefit obligations	286	268	280	262

	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Three-month period ended 30 June				
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	9	9	9	8

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 2012

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>18</u>	<u>18</u>	<u>18</u>	<u>17</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 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>286</u>	<u>268</u>	<u>280</u>	<u>262</u>
Statements of financial position obligation	<u>286</u>	<u>268</u>	<u>280</u>	<u>262</u>

Movement in the present value of the defined benefit obligations:

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	268	223	262	219
Benefit paid by the plan	-	(2)	-	(2)
Current service costs and interest	<u>18</u>	<u>18</u>	<u>18</u>	<u>17</u>
Defined benefit obligations at 30 June	<u>286</u>	<u>239</u>	<u>280</u>	<u>234</u>

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

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	7	7	7	6
- Interest on obligation	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	14	14	14	13
- Interest on obligation	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	<u>18</u>	<u>18</u>	<u>18</u>	<u>17</u>

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 2012

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

	Consolidated and Bank only	
	30 June 2012	31 December 2011
	(%)	
Discount rate	3.40%	3.40%
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.

26 Share-based payments

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

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

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

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

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

Valuation

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

Grant date	2011			
	14 December	20 September	22 June	10 March
Share price at grant date (£)	-	-	-	16.82
Vesting period (years) – 2006 RSS	-	-	-	1/2/3
Vesting period (years) – 2007 SRSS	-	-	-	2/3
Expected dividend yield (%) – 2006 RSS	-	-	-	2.8/4.1
Expected dividend yield (%) – 2007 SRSS	-	-	-	4.1
Fair value (£) – 2006 RSS	-	-	-	16.82/15.22
Fair value (£) – 2007 SRSS	-	-	-	15.22

The expected dividend yield for the 2006 RSS and 2007 SRSS is based on the historical dividend for three years prior to grant.

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 2012

A reconciliation of movements for the periods ended 30 June 2012 and 31 December 2011 shown below:

	No. of shares
Outstanding at 1 January 2011	246,627
Granted	36,305
Additional shares for SC PLC right issue	-
Lapsed	(4,122)
Exercised	(81,999)
Outstanding at 31 December 2011 and 1 January 2012	196,811
Granted	968
Additional shares for SC PLC rights issue	-
Lapsed	(6,106)
Exercised	(77,521)
Outstanding at 30 June 2012	114,152

	30 June 2012	31 December 2011
Weighted average remaining contractual life	4.44 years	4.58 years
Exercisable	76,020	67,577

2001 Performance Share Plan (2001 PSP)

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

Valuation

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

No 2001 PSP awards were granted in 2011 and no further awards can be granted under the plan.

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 2012

A reconciliation of movements for the periods ended 30 June 2012 and 31 December 2011 shown below:

	No. of shares
Outstanding at 1 January 2011	52,698
Granted	-
Additional shares for SC PLC right issue	-
Lapsed	(6,368)
Exercised	(9,836)
Outstanding at 31 December 2011 and 1 January 2012	36,494
Granted	-
Additional shares for SC PLC rights issue	-
Lapsed	(9,171)
Exercised	(15,772)
Outstanding at 30 June 2012	11,551

	30 June 2012	31 December 2011
Weighted average remaining contractual life	5.48 years	6.72 years
Exercisable	12,301	8,472

2011 Standard Chartered Share Plan

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

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

RSA <i>Grant date</i>	2012	
	20 June	10 March
Share price at grant date (£)	14.17	15.65
Vesting period (years)	1/2/3	1/2/3
Expected dividend yield (%)	0% / 3.78%	0% / 3.78%
Fair value (£)	14.17 / 12.90	15.65 / 14.26

PSA <i>Grant date</i>	2012	
	20 June	10 March
Share price at grant date (£)	14.17	15.65
Vesting period (years)	3	3
Expected dividend yield (%)	3.47%	3.47%
Fair value (EPS) (£)	4.27	4.71
Fair value (RoRWA) (£)	4.27	4.71
Fair value (TSR) (£)	1.68	1.85

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

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 2012

<i>Grant date</i>	2011			
	14 December	20 September	22 June	6 May
Share price at grant date (£)	14.35	13.52	15.75	16.31
Vesting period (years)	3	3	3	3
Expected dividend yield (%)	3.96	4.0	3.74	3.74
Fair value (EPS) (£)	4.25	4.01	4.70	4.87
Fair value (RoRWA) (£)	4.25	4.01	4.70	4.87
Fair value (TSR) (£)	1.67	1.58	1.85	1.91

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

A reconciliation of movements for the periods ended 30 June 2012 and 31 December 2011 shown below:

	No. of shares
Outstanding at 1 January 2011	-
Granted	14,216
Additional shares for SC PLC rights issue	-
Lapsed	-
Exercised	-
Outstanding at 31 December 2011 and 1 January 2012	14,216
Granted	47,806
Additional shares for SC PLC rights issue	-
Lapsed	-
Exercised	-
Outstanding at 30 June 2012	62,022

	30 June 2012	31 December 2011
Weighted average remaining contractual life	7.98 years	9.44 years
Exercisable	-	-

All Employee Sharesave Schemes (Sharesave)

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

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 2012

Valuation

Options under the Sharesave schemes are valued using a binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

<i>Grant date</i>	2011	
	11 October	4 October
Share price at grant date (£)	14.11	11.70
Exercise price (£) ⁽¹⁾	10.65	10.65
Vesting period (years)	3/5	3/5
Expected volatility (%)	53.8/45.8	53.3/45.54
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	0.9/1.4	0.7/1.2
Expected dividend yield (%)	3.9/3.5	3.9/3.5
Fair value (£)	5.46/5.39	3.87

¹ The Exercise Price detailed above was pre the 2010 rights issue and was subsequently adjusted to £14.632.

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

A reconciliation of movements for the periods ended 30 June 2012 and 31 December 2011 shown below:

	No. of shares	
Outstanding at 1 January 2011	613,232	
Granted	250,837	
Additional shares for SC PLC right issue	-	
Lapsed	(84,639)	
Exercised	(128,433)	
Outstanding at 31 December 2011 and 1 January 2012	650,997	
Granted	-	
Additional shares for SC PLC rights issue	-	
Lapsed	(52,729)	
Exercised	(87,238)	
Outstanding at 30 June 2012	511,030	
	30 June 2012	31 December 2011
Weighted average remaining contractual life	2.15 years	2.27 years
Exercisable	-	96,551

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 2012

27 Provisions

	Consolidated			
	Employee benefits	Share-based payment	Contingent liabilities	Total
	<i>(in million Baht)</i>			
At 1 January 2011	223	249	121	593
Provisions made	47	19	157	223
Provisions used	(2)	(247)	-	(249)
Provisions reversed	-	(3)	(4)	(7)
At 31 December 2011				
and 1 January 2012	268	18	274	560
Provisions made	18	68	3	89
Provisions used	-	-	(1)	(1)
Provisions reversed	-	(18)	-	(18)
At 30 June 2012	286	68	276	630

	Bank only			
	Employee benefits	Share-based payment	Contingent liabilities	Total
	<i>(in million Baht)</i>			
At 1 January 2011	219	246	121	586
Provisions made	45	19	158	222
Provisions used	(2)	(243)	-	(245)
Provisions reversed	-	(3)	(4)	(7)
At 31 December 2011				
and 1 January 2012	262	19	275	556
Provisions made	18	67	2	87
Provisions used	-	-	(1)	(1)
Provisions reversed	-	(19)	-	(19)
At 30 June 2012	280	67	276	623

28 Other liabilities

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
Withholding tax payable	344	200	343	199
VAT payable	9	7	8	7
Other payables	329	292	329	292
Accrued interest payable	399	316	399	316
Others	558	343	558	343
Total	1,639	1,158	1,637	1,157

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 2012

29 Share capital

	Consolidated and Bank only				
	Par value per share (in Baht)	2012 Number (in million shares / million Baht)	2012 Amount (in million shares / million Baht)	2011 Number (in million shares / million Baht)	2011 Amount (in million shares / million Baht)
<i>Authorised</i>					
At 1 January - ordinary shares	10	<u>1,484</u>	<u>14,843</u>	<u>1,484</u>	<u>14,843</u>
At 30 June - ordinary shares	10	<u>1,484</u>	<u>14,843</u>	<u>1,484</u>	<u>14,843</u>
<i>Issued and paid-up</i>					
At 1 January - ordinary shares	10	<u>1,484</u>	<u>14,837</u>	<u>1,484</u>	<u>14,837</u>
At 30 June - ordinary shares	10	<u>1,484</u>	<u>14,837</u>	<u>1,484</u>	<u>14,837</u>

30 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2012 and 2011 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

	Consolidated		Bank only	
<i>Three-month period ended 30 June</i>	2012	2011	2012	2011
		(Restated)		(Restated)
	<i>(in million Baht / million shares)</i>			
Profit for the period attributable to equity holders of the Bank (basic)	<u>1,079</u>	<u>1,010</u>	<u>1,089</u>	<u>1,031</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>0.73</u>	<u>0.68</u>	<u>0.73</u>	<u>0.70</u>
	Consolidated		Bank only	
<i>Six-month period ended 30 June</i>	2012	2011	2012	2011
		(Restated)		(Restated)
	<i>(in million Baht / million shares)</i>			
Profit for the period attributable to equity holders of the Bank (basic)	<u>1,783</u>	<u>1,850</u>	<u>1,782</u>	<u>1,866</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>	1.20	1.25	1.20	1.26

31 Dividends

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

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.

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 2012

32 Reserves

Share premium

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

Legal reserve

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

Other reserves

Fair value change in available-for-sale investments

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

Cash flow hedges

The cash flow hedges account within equity comprise the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Movement in reserves

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

33 Contingent liabilities

	Consolidated and Bank only	
	30 June	31 December
	2012	2011
	<i>(in million Baht)</i>	
Guarantees of loans	1,370	165
Liability under unmatured import bills	1,086	1,142
Letters of credit	4,286	5,544
<i>Other contingencies</i>		
- Unused credit line of overdrafts	10,297	10,397
- Other letters of guarantee	24,256	26,474
- Unused credit line – other	420,645	465,011
	<u>455,198</u>	<u>501,882</u>
Total	<u>461,940</u>	<u>508,733</u>

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 2012

Litigation

As at 30 June 2012, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 976 million (excluding interest) (31 December 2011: Baht 1,035 million). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 167 million as at 30 June 2012 (31 December 2011: Baht 166 million).

34 Related party transactions and balances

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

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

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 2012

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

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

Significant transactions with related parties

Significant transactions with related parties for the periods ended 30 June 2012 and 2011 are summarised as follows:

	Consolidated		Bank only	
	2012	2011	2012	2011
<i>Three-month period ended 30 June</i>	<i>(in million Baht)</i>			
Interest income	156	81	156	81
Interest expenses	6	17	5	17
Fee and service income	6	-	4	-
Fee and service expenses	5	5	5	5
Losses on trading and foreign exchange transactions	332	1,017	332	1,017
<i>Other operating income</i>				
Dividend income	-	-	21	25
Service agreements	5	3	15	17
Rental income	-	-	2	2
<i>Other operating expenses</i>				
Service agreements	111	103	151	140
Outsourcing of processing activities	11	8	11	8
Trademark license fee	45	41	45	41
Reimbursable direct expenses to / from related parties	9/(28)	17/(26)	9/(28)	17/(26)
<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Interest income	309	154	309	154
Interest expenses	8	47	9	48
Fee and service income	6	1	4	1
Fee and service expenses	8	10	8	10
(Gains) Losses on trading and foreign exchange transactions	(314)	2,006	(314)	2,006
<i>Other operating income</i>				
Dividend income	-	-	21	25
Service agreements	13	6	29	34
Rental income	-	-	3	3
<i>Other operating expenses</i>				
Service agreements	224	193	301	268
Outsourcing of processing activities	18	17	18	17
Trademark license fee	88	79	88	79
Reimbursable direct expenses to / from related parties	42/(23)	25/(42)	42/(23)	25/(42)

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 2012

Significant agreements with related parties

License agreement

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

Services agreement

In 1999, the Bank entered into a Services Agreement with Standard Chartered Bank-UK relating to the provision of certain management and other services to the Bank by Standard Chartered Bank-UK, including the provision of certain centralized or regionalized services of the Standard Chartered Group.

On 9 August 2010, the Bank of Thailand issued the Notification Sor.Nor.Sor. 8/2553 re: Outsourcing Regulation, the main objective of which is to encourage financial institutions to upgrade operational capabilities and utilize 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.

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

The new Services Agreement with Standard Chartered Bank-UK relates to the provision of certain advisory and other services to the Bank by Standard Chartered Bank-UK. The fees payable by the Bank to Standard Chartered Bank-UK under the Advisory and Services Agreement are based on an allocation of relevant actual costs.

Shared support function

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

Outsourcing services

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

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

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 2012

<i>Three-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Key management personnel		
Short-term employee benefits	101	128
Post-employment benefits	2	2
Share-based payments	3	4
Termination benefits	-	4
Total key management personnel compensation	106	138

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Key management personnel		
Short-term employee benefits	220	244
Post-employment benefits	3	3
Share-based payments	7	8
Termination benefits	-	4
Total key management personnel compensation	230	259

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 key management, including their related parties hold 10% or more of the paid up capital as of 30 June 2012 and 31 December 2011 were as follows:

	Consolidated and Bank only			
	30 June 2012		31 December 2011	
	At end of period	Average	At end of year	Average
	<i>(in million Baht)</i>			
Loans to customers				
To executive directors and authorised management, including their related parties	<u>2,366</u>	<u>2,570</u>	<u>2,822</u>	<u>243</u>
Deposits				
From executive directors and authorised management, including their related parties	<u>188</u>	<u>170</u>	<u>158</u>	<u>161</u>

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 2012

	Consolidated and Bank only			
	30 June 2012		31 December 2011	
	At end of period	Average (in million Baht)	At end of year	Average
<i>Borrowing</i>				
From executive directors and authorised management, including their related parties	<u>41</u>	<u>48</u>	<u>48</u>	<u>48</u>
	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank	<u>17,192</u>	<u>13,573</u>	<u>17,167</u>	<u>13,573</u>
<i>Derivatives assets (marked to market value)</i>				
Standard Chartered Bank	<u>6,638</u>	<u>5,545</u>	<u>6,638</u>	<u>5,545</u>
<i>Loans to customers and accrued interest receivables</i>				
Resolution Alliance Limited	298	327	298	327
Standard Chartered (Thai) Asset Management Company Limited	<u>5,503</u>	<u>5,624</u>	<u>5,503</u>	<u>5,624</u>
Total	<u>5,801</u>	<u>5,951</u>	<u>5,801</u>	<u>5,951</u>
<i>Prepaid expense</i>				
Standard Chartered Bank	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>
<i>Accrued income</i>				
Standard Chartered Bank	13	11	13	11
Standard Chartered (Thai) Asset Management Company Limited	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total	<u>15</u>	<u>11</u>	<u>14</u>	<u>11</u>
<i>Deposits</i>				
Resolution Alliance Limited	85	39	85	39
Standard Chartered (Thailand) Limited	10	11	10	11
Standard Chartered (Thai) Asset Management Company Limited	185	308	185	308
Standard Chartered Securities (Hong Kong) Limited	1	1	1	1
Thai Exclusive Leasing Company Limited	-	-	18	16
Total	<u>281</u>	<u>359</u>	<u>299</u>	<u>375</u>

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 2012

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Bank	<u>704</u>	<u>536</u>	<u>704</u>	<u>536</u>
<i>Derivatives liabilities (marked to market value)</i>				
Standard Chartered Bank	8,270	8,488	8,270	8,488
Standard Chartered (Thai) Asset Management Company Limited	10	12	10	12
Total	<u>8,280</u>	<u>8,500</u>	<u>8,280</u>	<u>8,500</u>
<i>Debt issued and borrowings</i>				
Standard Chartered (Thailand) Limited	345	349	345	349
Thai Exclusive Leasing Company Limited	-	-	72	75
Total	<u>345</u>	<u>349</u>	<u>417</u>	<u>424</u>
<i>Provisions</i>				
Standard Chartered Bank	<u>68</u>	<u>19</u>	<u>67</u>	<u>19</u>
<i>Accrued expenses</i>				
Standard Chartered Bank	238	472	238	472
Standard Chartered Strategic Brand Management Limited	85	166	85	166
Scope International Private Limited	4	7	4	7
Scope International (Malaysia) Sendirian Berhad	1	9	1	9
Thai Exclusive Leasing Company Limited	-	-	13	14
Total	<u>328</u>	<u>654</u>	<u>341</u>	<u>668</u>
<i>Letters of credit</i>				
Standard Chartered Bank	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<i>Other letters of guarantee</i>				
Standard Chartered Bank	8,881	8,559	8,881	8,559
Standard Chartered (Thailand) Limited	3	3	3	3
Total	<u>8,884</u>	<u>8,562</u>	<u>8,884</u>	<u>8,562</u>

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 2012

	Consolidated		Bank only	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>(in million Baht)</i>			
<i>Derivatives - Foreign currency related</i>				
Standard Chartered Bank	158,962	102,215	158,962	102,215
Standard Chartered (Thai) Asset Management Company Limited	573	1,141	573	1,141
Total	159,535	103,356	159,535	103,356
<i>Derivatives - Interest rate related</i>				
Standard Chartered Bank	294,662	194,790	294,662	194,790
<i>Derivatives - Commodities</i>				
Standard Chartered Bank	17,191	17,382	17,191	17,382

35 Acquisition of the Standard Chartered (Thai) Asset Management Company Limited

At the Annual General Meeting (AGM) of the shareholders of the Bank held on 25 April 2012, the shareholders approved the Bank to enter into a purchase agreement to purchase 249,997 shares (equivalent to 99.9988%) in Standard Chartered (Thai) Asset Management Company Limited from Standard Chartered Bank (Hong Kong) Limited. The purchase price shall not be higher than Baht 750 million, which is considered lower than the indicative price considering the forecast cash flows under the applied discounted cash flows model as per the opinion of the Independent Financial Advisor (IFA). The IFA opined that the acquisition at a price within such limit is fair, reasonable and beneficial to the Bank's shareholders according to their report dated 2 April 2012. The Bank of Thailand approved such acquisition on the 22 August 2012. Management expect to complete the acquisition in the third quarter of 2012.

36 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 2012	31 December 2011
	<i>(in million Baht)</i>	
Within one year	103	100
After one year but within five years	180	160
After five years	95	109
Total	378	369

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 2012

37 Thai Financial Reporting Standards (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 expected to become effective for annual financial period beginning on or after 1 January 2013.

TFRS	Topic
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating segments

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Bank and its subsidiary's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Bank is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Bank's reported assets, liabilities or retained earnings.

TFRS 8 – Operating Segments

Management is of the opinion that the adoption of TFRS8 from 1 January 2013 will not have a significant impact on the Bank and its subsidiary's financial statement.

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

As at 30 June 2012 and 31 December 2011, the Bank has not engaged in overseas business. The financial positions and results of the Bank's operations were derived from only domestic business.

39 Interest income

<i>Three-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Interbank and money market items	474	793
Investments and trading transactions	75	13
Investments in debt securities	428	245
Loans to customers	2,262	2,032
Financial lease contracts	-	1
Total interest income	3,239	3,084

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 2012

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Interbank and money market items	1,038	1,457
Investments and trading transactions	133	24
Investments in debt securities	821	479
Loans to customers	4,459	3,943
Financial lease contracts	-	5
	6,451	5,908

40 Interest expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Deposits	562	436	562	436
Interbank and money market items	375	345	375	345
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	168	107	168	107
Debt issued and borrowings	134	189	135	189
Others	1	1	1	1
Total interest expenses	1,240	1,078	1,241	1,078

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Deposits	1,060	769	1,060	769
Interbank and money market items	778	673	778	673
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	272	205	272	205
Debt issued and borrowings	394	310	395	311
Others	1	1	1	1
Total interest expenses	2,505	1,958	2,506	1,959

41 Net fees and service income

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Fees and service income				
Acceptance, avals and guarantees	35	33	35	33
Other	366	407	364	407
	401	440	399	440
Fees and service expenses	223	160	223	160
Net fees and service income	178	280	176	280

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 2012

	Consolidated		Bank only	
<i>Six-month period ended 30 June</i>	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
Acceptance, avals and guarantees	75	77	75	77
Other	710	736	708	736
	<u>785</u>	<u>813</u>	<u>783</u>	<u>813</u>
<i>Fees and service expenses</i>	410	326	411	326
Net fees and service income	<u>375</u>	<u>487</u>	<u>372</u>	<u>487</u>

42 Gains on trading and foreign exchange transactions

	Consolidated and Bank only	
<i>Three-month period ended 30 June</i>	2012	2011
	<i>(in million Baht)</i>	
<i>Gains (losses) on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	444	921
Interest rate related derivatives	458	(494)
Debt securities	35	(3)
Equity securities	-	(1)
	<u>937</u>	<u>423</u>
<i>Gains on hedging transactions</i>	-	40
Total	<u>937</u>	<u>463</u>

	Consolidated and Bank only	
<i>Six-month periods ended 30 June</i>	2012	2011
	<i>(in million Baht)</i>	
<i>Gains (losses) on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	1,205	1,892
Interest rate related derivatives	(81)	(868)
Debt securities	(4)	(98)
	<u>1,120</u>	<u>926</u>
<i>Gains on hedging transactions</i>	30	56
Total	<u>1,150</u>	<u>982</u>

43 Gains on investments

	Consolidated and Bank only	
<i>Three-month period ended 30 June</i>	2012	2011
	<i>(in million Baht)</i>	
<i>Gains (losses) on sales</i>		
Available-for-sale investments	21	(3)
General investments	(2)	9
Total gains on investments	<u>19</u>	<u>6</u>

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 2012

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Gains on sales		
Available-for-sale investments	47	7
General investments	(2)	9
Total gains on investments	45	16

44 Employee expenses

<i>Three-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Management				
Wages and salaries	69	74	69	74
Pension costs - defined benefit plans	2	2	2	2
Share-based payment transactions	3	4	3	4
Others	32	58	32	58
	106	138	106	138
Other employees				
Wages and salaries	364	336	355	328
Pension costs - defined benefit plans	7	7	7	6
Share-based payment transactions	41	12	41	12
Others	196	187	191	184
	608	542	594	530
Total employee expenses	714	680	700	668

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Management				
Wages and salaries	148	151	148	151
Pension costs - defined benefit plans	3	3	3	3
Share-based payment transactions	7	8	7	8
Others	72	97	72	97
	230	259	230	259
Other employees				
Wages and salaries	697	657	678	641
Pension costs - defined benefit plans	15	15	15	14
Share-based payment transactions	41	34	41	33
Others	430	350	422	343
	1,183	1,056	1,156	1,031
Total employee expenses	1,413	1,315	1,386	1,290

Defined benefit plans and contribution plans

Details of the defined benefit plans and contribution plans are given in note 5.17.

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 2012

45 Impairment loss of loans

<i>Three-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Interbank and money market items	(5)	(50)
Loans to customers	355	173
Total impairment loss of loans	350	123

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2012	2011
	<i>(in million Baht)</i>	
Interbank and money market items	17	4
Loans to customers	553	287
Total impairment loss of loans	570	291

46 Income tax expenses

Income tax recognised in profit or loss

<i>Three-month period ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2012	2011 (Restated)	2012	2011 (Restated)
		<i>(in million Baht)</i>			
Current tax expense					
Current period		186	426	183	423
Under (over) provided in prior years		33	(22)	33	(22)
		219	404	216	401
Deferred tax expense	4				
Movements in temporary differences		140	(5)	140	(5)
Income tax reduction - deferred		(18)	-	(18)	-
Under provided in prior year		53	-	53	-
		175	(5)	175	(5)
Total income tax expense		394	399	391	396

<i>Six-month period ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2012	2011 (Restated)	2012	2011 (Restated)
		<i>(in million Baht)</i>			
Current tax expense					
Current period		408	785	402	780
Under (over) provided in prior years		33	(22)	33	(22)
		441	763	435	758
Deferred tax expense	4,18				
Movements in temporary differences		118	16	118	16
Income tax reduction - deferred		(15)	-	(15)	-
Under provided in prior year		53	-	53	-
		156	16	156	16
Total income tax expense		597	779	591	774

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 2012

Income tax recognised in other comprehensive income

<i>Three-month period ended 30 June</i>	Consolidated and Bank only					
	Before tax	2012 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2011 Tax (expense) benefit	Net of tax
Movements in temporary difference						
Cash flow hedges	91	(18)	73	(22)	6	(16)
Available-for-sale investments	96	(19)	77	(155)	46	(109)
Total	187	(37)	150	(177)	52	(125)

<i>Six-month period ended 30 June</i>	Consolidated and Bank only					
	Before tax	2012 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2011 Tax (expense) benefit	Net of tax
Movements in temporary difference						
Cash flow hedges	9	(2)	7	(62)	18	(44)
Available-for-sale investments	6	(1)	5	(154)	46	(108)
Total	15	(3)	12	(216)	64	(152)

Reconciliation of effective tax rate

<i>Three-month period ended 30 June</i>	Consolidated			
	2012		2011 (Restated)	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit for the period		1,079		1,010
Total income tax expense		394		399
Profit before total income tax expense		1,473		1,409
Income tax using the Thai corporation tax rate	23	339	30	423
Effect of income tax from subsidiary		5		8
Income tax reduction – deferred		(18)		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(18)		(10)
Under (over) provided in prior years		86		(22)
Total	27	394	28	399

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 2012

<i>Six-month period ended 30 June</i>	Consolidated		2011	
	2012		(Restated)	
	<i>Rate</i>	<i>(in million</i>	<i>Rate</i>	<i>(in million</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit for the period		1,783		1,850
Total income tax expense		597		779
Profit before total income tax expense		<u>2,380</u>		<u>2,629</u>
Income tax using the Thai corporation tax rate	23	547	30	789
Effect of income tax from subsidiary		5		8
Income tax reduction – deferred		(15)		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(26)		4
Under (over) provided in prior years		86		(22)
Total	25	597	30	779

<i>Three-month period ended 30 June</i>	Bank only		2011	
	2012		(Restated)	
	<i>Rate</i>	<i>(in million</i>	<i>Rate</i>	<i>(in million</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit for the period		1,089		1,031
Total income tax expense		391		396
Profit before total income tax expense		<u>1,480</u>		<u>1,427</u>
Income tax using the Thai corporation tax rate	23	341	30	428
Income tax reduction – deferred		(18)		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(18)		(10)
Under (over) provided in prior years		86		(22)
Total	26	391	28	396

<i>Six-month period ended 30 June</i>	Bank only		2011	
	2012		(Restated)	
	<i>Rate</i>	<i>(in million</i>	<i>Rate</i>	<i>(in million</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit for the period		1,782		1,866
Total income tax expense		591		774
Profit before total income tax expense		<u>2,373</u>		<u>2,640</u>
Income tax using the Thai corporation tax rate	23	546	30	792
Income tax reduction – deferred		(15)		-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(26)		4
Under (over) provided in prior years		86		(22)
Total	25	591	29	774

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 2012

Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution.

Such announcement on the reduction of income tax rate has an impact on the measurement of deferred tax assets and deferred tax liabilities since Thai Accounting Standard No. 12 *Income Taxes* paragraph 47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

47 Reclassification of accounts

Certain accounts in the statements of financial position as at 1 January 2011 and 31 December 2011 and statements of comprehensive income for the three-month and six-month periods ended 30 June 2011, which are included in the 2012 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2012 interim financial statements. The significant reclassifications are as follows:

		2011 Consolidated	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statements of financial position as at 1 January 2011</i>			
Provisions	613	(20)	593
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	4,480	4,480
Accrued expenses	-	1,948	1,948
Other liabilities	7,708	(6,408)	1,300
		<u>-</u>	

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 2012

		2011	
		Bank only	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statements of financial position</i>			
<i>as at 1 January 2011</i>			
Provisions	605	(19)	586
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	4,480	4,480
Accrued expenses	-	1,953	1,953
Other liabilities	7,712	(6,414)	1,298
		-	
2011			
Consolidated			
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statement of comprehensive income</i>			
<i>for the three-month period ended</i>			
<i>30 June 2011</i>			
Service agreements	-	102	102
Other expenses	358	(102)	256
		-	
<i>Statement of comprehensive income</i>			
<i>for the six-month period ended</i>			
<i>30 June 2011</i>			
Service agreements	-	193	193
Other expenses	793	(193)	600
		-	

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 2012

		2011 Bank only	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statement of comprehensive income for the three-month period ended 30 June 2011</i>			
Service agreements	-	140	140
Other expenses	394	(140)	254
		<u>-</u>	
<i>Statement of comprehensive income for the six-month period ended 30 June 2011</i>			
Service agreements	-	268	268
Other expenses	864	(268)	596
		<u>-</u>	
		2011 Consolidated	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statements of financial position as at 31 December 2011</i>			
Provisions	580	(20)	560
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,037	3,037
Accrued expenses	-	1,707	1,707
Other liabilities	5,882	(4,724)	1,158
		<u>-</u>	

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 2012

		2011	
	Before	Bank only	After
	reclassification	Reclassification	reclassification
		<i>(in million Baht)</i>	
<i>Statements of financial position</i>			
<i>as at 31 December 2011</i>			
Provisions	576	(20)	556
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	3,037	3,037
Accrued expenses	-	1,711	1,711
Other liabilities	5,885	<u>(4,728)</u>	1,157
		<u>-</u>	

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