

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

Financial statements for the year ended
31 December 2015
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Rd., Yannawa
Sathorn, Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

Independent Auditor's Report

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

I have audited the accompanying consolidated and the Bank's financial statements of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries (the "Group"), and of Standard Chartered Bank (Thai) Public Company Limited (the "Bank") respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2015, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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



Opinion

In my opinion, the consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank only, respectively, as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2016

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

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Cash		381,509	483,500	366,546	483,487
Interbank and money market items, net	8, 30	50,178,317	44,399,058	50,170,112	44,387,470
Claims on security		-	1,000,000	-	1,000,000
Derivative assets	9, 30	34,012,808	28,974,267	34,012,808	28,974,267
Investments, net	10, 28, 30	30,314,164	48,062,658	28,887,212	46,041,956
Investments in subsidiaries	11	-	-	696,882	698,281
Loans to customers and accrued interest receivable, net	12, 14, 30				
Loans to customers		91,712,274	102,307,905	93,174,128	103,777,475
Accrued interest receivable		276,160	373,108	296,118	394,525
Total loans to customers and accrued interest receivable		91,988,434	102,681,013	93,470,246	104,172,000
Less allowance for doubtful accounts	12.4, 15	(9,336,491)	(8,898,093)	(9,336,491)	(8,898,093)
Total loans to customers and accrued interest receivable, net		82,651,943	93,782,920	84,133,755	95,273,907
Properties for sale, net		109,766	16,284	-	-
Premises and equipment, net	16	534,065	679,987	534,016	679,901
Intangible assets, net		209,573	85,430	209,573	85,430
Deferred tax assets	17	848,283	614,856	563,088	365,250
Accounts receivable from sales of investments and debt securities in issue	18	2,673,751	3,324,598	2,673,751	3,324,598
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		4,580,729	2,962,451	4,580,729	2,962,451
Other assets, net	19, 30	1,842,984	930,303	1,779,264	903,943
Total assets		208,337,892	225,316,312	208,607,736	225,180,941
Liabilities and equity					
Liabilities					
Deposits	20, 30	98,325,486	99,558,644	98,759,857	99,908,013
Interbank and money market items	21, 30	20,738,726	39,870,685	20,738,726	39,870,685
Liabilities payable on demand		1,277,189	1,904,188	1,277,189	1,904,188
Liabilities to deliver security		-	1,000,000	-	1,000,000
Derivative liabilities	9, 30	34,138,281	28,797,798	34,138,282	28,797,798
Debt issued and borrowings	22, 30	3,026,023	3,644,756	3,026,023	3,644,756
Provisions	23	540,831	603,186	527,754	591,774
Accounts payable from purchase of investments	24	101,085	3,075,636	101,085	3,075,636
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		7,103,299	2,857,507	7,103,299	2,857,507
Accrued expenses	30	2,914,935	2,089,895	2,801,697	1,953,483
Other liabilities	25, 30	1,755,224	1,736,148	1,752,261	1,726,695
Total liabilities		169,921,079	185,138,443	170,226,173	185,330,535
Equity					
Share capital	26				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045	14,837,045	14,837,045
Premium on share capital	26	9,055,819	9,055,819	9,055,819	9,055,819
Reserve arising from business combination under common control		(496,906)	(496,906)	-	-
Other reserves	27	46,492	215,208	46,492	215,208
Retained earnings					
Appropriated					
Legal reserve	27	1,083,609	1,068,843	1,075,109	1,062,843
Unappropriated		13,890,740	15,497,849	13,367,098	14,679,491
Total shareholders' equity		38,416,799	40,177,858	38,381,563	39,850,406
Non-controlling interest		14	11	-	-
Total equity		38,416,813	40,177,869	38,381,563	39,850,406
Total liabilities and equity		208,337,892	225,316,312	208,607,736	225,180,941

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Statements of profit or loss and other comprehensive income

		Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
Interest income	30, 33	8,927,591	12,050,048	8,453,828	11,307,815
Interest expenses	30, 34	2,509,755	3,438,251	2,510,870	3,440,310
Net interest income		6,417,836	8,611,797	5,942,958	7,867,505
Fees and service income		1,779,394	1,809,204	1,779,394	1,810,154
Fees and service expenses		570,296	662,265	598,790	713,118
Net fees and service income	30, 35	1,209,098	1,146,939	1,180,604	1,097,036
Gains on trading and foreign exchange transactions, net	30, 36	1,175,008	2,121,514	1,175,008	2,121,514
Gains on investments, net	37	415,832	294,122	414,433	243,086
Other operating income	30	106,340	170,712	646,156	71,406
Total operating income		9,324,114	12,345,084	9,359,159	11,400,547
Other operating expenses	30				
Employee expenses	38	2,984,516	3,040,146	2,907,655	2,969,761
Directors' remuneration		8,750	8,750	8,750	8,750
Premises and equipment expenses		491,445	554,418	479,149	542,170
Taxes and duties		292,649	375,865	276,135	340,630
Service agreements		892,808	595,544	892,808	595,086
Others		1,026,707	1,060,898	937,659	986,068
Total other operating expenses		5,696,875	5,635,621	5,502,156	5,442,465
Impairment loss of loans and debt securities	15, 39	3,666,337	3,963,553	3,658,498	3,924,700
Profit (loss) from operations before income tax expense		(39,098)	2,745,910	198,505	2,033,382
Income tax expense	40	7,592	546,174	(46,809)	402,096
Profit (loss) for the year		(46,690)	2,199,736	245,314	1,631,286
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		(188,123)	37,950	(188,123)	37,950
Gains (losses) on cash flow hedges		(22,772)	(25,493)	(22,772)	(25,493)
Income tax relating to other comprehensive income	40	42,179	(2,491)	42,179	(2,491)
<i>Items that will never be reclassified to profit or loss</i>					
Defined benefit plans actuarial losses		(3,239)	(12,215)	(2,985)	(12,537)
Income tax relating to other comprehensive income	40	648	2,443	597	2,507
Total other comprehensive income for the year, net of income tax		(171,307)	194	(171,104)	(64)
Total comprehensive income for the year		(217,997)	2,199,930	74,210	1,631,222
Profit (loss) attributable to:					
Shareholders of the Bank		(46,693)	2,199,729	245,314	1,631,286
Non-controlling interest		3	7	-	-
Profit (loss) for the year		(46,690)	2,199,736	245,314	1,631,286
Total comprehensive income attributable to :					
Shareholders of the Bank		(218,000)	2,199,923	74,210	1,631,222
Non-controlling interest		3	7	-	-
Total comprehensive income for the year		(217,997)	2,199,930	74,210	1,631,222
Earnings (loss) per share					
Basic earnings (loss) per share (in Baht)	41	(0.03)	1.48	0.17	1.10

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

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

	Note	Consolidated							Total shareholders' equity	Non-controlling interest	Total equity
		Other reserves		Retained earnings							
		Issued and paid-up share capital	Premium on share capital	Reserve arising from business combination under common control	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves	Legal reserve			
(in thousand Baht)											
Year ended 31 December 2014											
Balance as at 1 January 2014		14,837,045	9,055,819	(496,906)	163,839	41,403	205,242	987,279	15,244,086	4	39,832,569
Transactions with owners, recorded directly in equity											
Distribution to owners of the Bank											
Dividends	42	-	-	-	-	-	-	-	(1,854,630)	-	(1,854,630)
Total distribution to owners of the Bank		-	-	-	-	-	-	-	(1,854,630)	-	(1,854,630)
Comprehensive income for the year		-	-	-	-	-	-	-	2,199,729	7	2,199,736
Profit for the year		-	-	-	-	-	-	-	2,199,729	7	2,199,736
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	-	30,360	-	30,360	-	-	-	30,360
Net change in fair value recognised in equity, net of tax		-	-	-	-	-	(20,394)	(20,394)	-	-	(20,394)
Cash flow hedges		-	-	-	-	-	-	-	(9,772)	-	(9,772)
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	-	-	-	-	-	-
Actuarial losses on defined benefit plan, net of tax		-	-	-	30,360	(20,394)	9,966	-	2,189,957	7	2,199,930
Total other comprehensive income		-	-	-	30,360	(20,394)	9,966	-	(81,564)	-	194
Total comprehensive income for the year		-	-	-	-	-	-	81,564	-	-	-
Transfer to legal reserve		-	-	-	-	-	-	1,068,843	15,497,849	11	40,177,869
Balance as at 31 December 2014		14,837,045	9,055,819	(496,906)	194,199	21,009	215,208	1,068,843	15,497,849	11	40,177,869
Year ended 31 December 2015											
Balance as at 1 January 2015		14,837,045	9,055,819	(496,906)	194,199	21,009	215,208	1,068,843	15,497,849	11	40,177,869
Transactions with owners, recorded directly in equity											
Distribution to owners of the Bank											
Dividends	42	-	-	-	-	-	-	-	(1,543,059)	-	(1,543,059)
Total distribution to owners of the Bank		-	-	-	-	-	-	-	(1,543,059)	-	(1,543,059)
Comprehensive income for the year		-	-	-	-	-	-	-	(46,693)	3	(46,690)
Profit for the year		-	-	-	-	-	-	-	(46,693)	3	(46,690)
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	-	(150,498)	-	(150,498)	-	-	-	(150,498)
Net change in fair value recognised in equity, net of tax		-	-	-	-	-	(18,218)	(18,218)	-	-	(18,218)
Cash flow hedges		-	-	-	-	-	-	-	(2,591)	-	(2,591)
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	-	-	-	-	-	-
Actuarial losses on defined benefit plan, net of tax		-	-	-	(150,498)	(18,218)	(168,716)	-	(49,284)	3	(217,997)
Total other comprehensive income		-	-	-	(150,498)	(18,218)	(168,716)	-	(14,766)	-	-
Total comprehensive income for the year		-	-	-	-	-	-	14,766	-	-	-
Transfer to legal reserve		-	-	-	-	-	-	1,083,609	13,890,740	14	38,416,813
Balance as at 31 December 2015		14,837,045	9,055,819	(496,906)	43,701	2,791	46,492	1,083,609	13,890,740	14	38,416,813

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

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

Statements of changes in equity

	Note	Other reserves			Retained earnings		
		Fair value change in available-for-sale investments	Cash flow hedges <i>(in thousand Baht)</i>	Total other reserves	Legal reserve	Unappropriated	Total equity
Year ended 31 December 2014							
Balance as at 1 January 2014							
Transactions with owners, recorded directly in equity							
<i>Distribution to owners of the Bank</i>	42						
Dividends		-	-	-	-	(1,854,630)	(1,854,630)
<i>Total distribution to owners of the Bank</i>		-	-	-	-	(1,854,630)	(1,854,630)
Comprehensive income for the year		-	-	-	-	1,631,286	1,631,286
Profit for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Available-for-sale investments		30,360	-	30,360	-	-	30,360
Net change in fair value recognised in equity, net of tax		-	-	-	-	-	-
Cash flow hedges		-	(20,394)	(20,394)	-	(10,030)	(20,394)
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	(10,030)	(10,030)
Actuarial losses on defined benefit plans, net of tax		30,360	(20,394)	9,966	-	(10,030)	(64)
Total other comprehensive income		30,360	(20,394)	9,966	-	1,621,256	1,631,222
Total comprehensive income for the year		-	-	-	-	81,564	-
Transfer to legal reserve		194,199	21,009	215,208	1,062,843	14,679,491	39,850,406
Balance as at 31 December 2014							
Year ended 31 December 2015							
Balance as at 1 January 2015		194,199	21,009	215,208	1,062,843	14,679,491	39,850,406
Transactions with owners, recorded directly in equity							
<i>Distribution to owners of the Bank</i>	42						
Dividends		-	-	-	-	(1,543,053)	(1,543,053)
<i>Total distribution to owners of the Bank</i>		-	-	-	-	(1,543,053)	(1,543,053)
Comprehensive income for the year		-	-	-	-	245,314	245,314
Profit for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Available-for-sale investments		(150,498)	-	(150,498)	-	-	(150,498)
Net change in fair value recognised in equity, net of tax		-	-	-	-	-	-
Cash flow hedges		-	(18,218)	(18,218)	-	(2,388)	(18,218)
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	-	(2,388)	(2,388)
Actuarial losses on defined benefit plans, net of tax		(150,498)	(18,218)	(168,716)	-	(2,388)	(171,104)
Total other comprehensive income		(150,498)	(18,218)	(168,716)	-	242,926	74,210
Total comprehensive income for the year		-	-	-	-	(12,266)	-
Transfer to legal reserve		43,701	2,791	46,492	1,075,109	13,367,098	38,381,563
Balance as at 31 December 2015							

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

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

	Consolidated		Bank only	
	For the year ended 31 December		For the year ended 31 December	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) from operations before income tax expense	(39,098)	2,745,910	198,505	2,033,382
<i>Adjustments to reconcile profit (loss) from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	134,436	134,308	134,398	134,270
Impairment loss of loans and debt securities	4,171,814	4,431,897	4,171,814	4,431,897
Impairment loss of investments (reversal of)	7,343	38,774	(1,610)	(78)
Impairment on amount due from related party	(12,000)	(7,667)	-	-
Amortisation of premium (discount) of debt instruments	11,850,303	(375,853)	11,850,303	(375,853)
Amortisation of discount of debt issued and borrowings	31,794	54,897	31,794	54,897
Gains on disposal of investments	(357,302)	(242,489)	(355,903)	(242,489)
Losses (gains) on disposal of premises and equipment	538	(990)	538	(990)
Impairment loss of properties for sale	5,076	301	-	301
Impairment loss of premises and equipment	5,506	-	5,506	-
Provisions made (reversal)	(42,808)	53,021	(44,219)	51,175
Net interest income	(6,417,836)	(8,611,797)	(5,942,958)	(7,867,505)
Dividend income	-	-	(509,654)	(22,560)
Interest received	9,014,083	12,183,338	8,541,779	11,472,502
Proceeds from dividend income	-	-	509,654	22,560
Interest paid	(2,591,006)	(3,510,054)	(2,592,206)	(3,512,302)
Income tax paid	(452,986)	(837,201)	(334,347)	(706,984)
Profit from operations before changes in operating assets and liabilities	15,307,857	6,056,395	15,663,394	5,472,223
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(5,779,258)	(1,462,472)	(5,782,642)	(1,487,629)
Derivative assets and liabilities, net	306,397	(1,160,767)	306,397	(1,160,832)
Trading investments	16,003	(3,357,781)	16,003	(3,357,781)
Investments in receivables	417,443	1,073,550	-	-
Loans to customers	6,895,359	(1,329,054)	6,903,076	150,780
Properties for sale	98,077	9,598	29,281	25,882
Other assets	(2,363,305)	5,878,550	(2,342,093)	5,872,081
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(1,233,159)	(3,630,249)	(1,148,156)	(3,453,409)
Interbank and money market items	(19,131,959)	(14,089,789)	(19,131,959)	(14,089,789)
Liabilities payable on demand	(626,999)	184,571	(626,999)	184,571
Short-term debt issued and borrowings	(1,022,413)	72,541	(1,022,413)	72,541
Provisions used	(22,786)	(4,880)	(22,786)	(4,557)
Other liabilities	5,257,446	(2,086,908)	5,262,644	(2,042,540)
Net cash used in operating activities	(1,881,297)	(13,846,695)	(1,896,253)	(13,818,459)
<i>Cash flows from investing activities</i>				
Purchase of premises and equipment	(34,174)	(28,822)	(34,174)	(28,822)
Purchase of intangible assets	(124,143)	(85,426)	(124,143)	(85,426)
Proceeds from disposals of premises and equipment	502	1,421	502	1,421
Purchase of available-for-sale investments	(43,233,466)	(34,766,633)	(43,233,466)	(34,766,633)
Proceeds from available-for-sale investments	47,711,472	50,494,304	47,711,472	50,494,304
Proceeds from investments in receivables	-	47,500	-	47,500
Proceeds from disposal of general investments	2,174	267	2,174	267
Net cash provided by investing activities	4,322,365	15,662,611	4,322,365	15,662,611
<i>Cash flows from financing activities</i>				
Dividends paid	(1,543,059)	(1,854,630)	(1,543,053)	(1,854,630)
Repayment of long-term debt issued and borrowings	(1,000,000)	-	(1,000,000)	-
Net cash used in financing activities	(2,543,059)	(1,854,630)	(2,543,053)	(1,854,630)
Net decrease in cash	(101,991)	(38,714)	(116,941)	(10,478)
Cash at beginning of the year	483,500	522,214	483,487	493,965
Cash at end of the year	381,509	483,500	366,546	483,487
<i>Non-cash transactions</i>				
Losses on remeasuring available-for-sale investment, net of deferred tax	(150,498)	30,360	(150,498)	30,360

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

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

Notes to the financial statements

Note Contents

1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policy
4	Significant accounting policies
5	Financial risk management
6	Fair value of financial assets and liabilities
7	Maintenance of capital fund
8	Interbank and money market items, net (assets)
9	Derivatives
10	Investments, net
11	Investments in subsidiaries
12	Loans to customers and accrued interest receivable, net
13	Disclosure of the statements of cash flows of the asset management company
14	Troubled debt restructuring
15	Allowance for doubtful accounts
16	Premises and equipment
17	Deferred tax
18	Accounts receivable from sales of investments and debt securities in issue
19	Other assets
20	Deposits
21	Interbank and money market items (liabilities)
22	Debt issued and borrowings
23	Provisions
24	Accounts payable from purchase of investments
25	Other liabilities
26	Share capital
27	Reserves
28	Assets pledged as collateral
29	Contingent liabilities
30	Related parties
31	Non-cancellable operating lease agreements
32	Segment information
33	Interest income
34	Interest expenses
35	Net fees and service income
36	Gains on trading and foreign exchange transactions, net
37	Gains on investments, net
38	Employee expenses
39	Impairment loss (reversal) of loans and debt securities
40	Income tax expense
41	Basic earnings (loss) per share
42	Dividends
43	Thai Financial Reporting Standards (TFRS) not yet adopted
44	Reclassification of account

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The 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 25 February 2016.

1 General information

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

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

The Bank is a commercial bank, which provides a wide range of banking services to retail and corporate and institutional clients. Details of the Bank’s subsidiaries as at 31 December 2015 and 2014 are given in notes 11 and 30.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. These changes have no material effect on the financial statement as disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TRFS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statement. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 43.

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

(b) *Basis of measurement*

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

<i>Items</i>	<i>Measurement bases</i>
Derivative instruments	Fair value
Trading and available-for-sale financial assets	Fair value

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

Notes to the financial statements

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand, and in the notes to financial statements to the nearest million, unless otherwise stated.

(d) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty that have a significant risk of resulting in a material adjustments to the amount recognised in the financial statements is included in the following notes:

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

Measurement of fair values

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

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

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

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

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

Changes in Accounting Estimates

The Bank revised its methodology for estimating the Credit Valuation Adjustment (CVA) for derivatives at 31 December 2015. Previously, the CVA calculation was an expected loss calculation based on historical default probabilities. The revised methodology uses market-implied default probabilities from active Credit Default Swap (CDS) and bond markets. Where CDS and bond markets are not available, other relevant proxies are used to replicate a similar calculation.

At 31 December 2015, the effect of the changes in fair value estimates as a result of the revisions to methodology was to reduce derivative assets by Baht 571 million resulting in a reduction in net

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

Notes to the financial statements

trading income of Baht 478 million. It is impracticable to estimate the effect of the changes in fair value estimates on future periods.

3 Changes in accounting policy

(a) Overview

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

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

(b) Fair value measurement

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

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

4 Significant accounting policies

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

(a) Basis of consolidation

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

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method which is in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entity is added to the same components within the Group equity except that any share capital of the acquired entity is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

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

Notes to the financial statements

Subsidiaries

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

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

Loss of control

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts at the reporting date are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, changes in fair value on outstanding forward foreign exchange contracts calculated as described above, except for effective cash flow hedges (note no. 1), are recognised in profit or loss.

(c) Cash

Cash comprises cash on hand and cash on collection.

(d) Investments

Investments in subsidiaries

Investments in subsidiaries in the Bank only financial statements are accounted for using the cost method.

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

Notes to the financial statements

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and stated at fair value, with any resultant gain or loss recognised in profit or loss.

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

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

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

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

Investments in receivables

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

- Purchases or transfers of loans before 1 January 2013, were recognised as investments in receivables. When debt restructuring was required, the balance was recorded as a loan at fair value. The difference between the book value and the fair value was recognised as a gain or loss on transfer of financial assets in profit or loss.
- Purchases or transfers of loans since 1 January 2013, are recognised as loans except for items that are intended to be sold in the future and are not intended to be held to collect the significant contractual cashflows. These above items are recognised as investments in receivables.

When the debts of the asset management subsidiary are restructured, it will record the account for the restructuring by recording a transfer of investments in receivables to loans to customers at the fair value on the transfer date, but not normally exceeding the carrying value.

The fair value of investments and loans to customers is based on the expected recoverable amount which is determined based on the net present value of expected future cash collections calculated using discount rates equivalent to the market interest rate, which is adjusted by a risk premium. In cases the discount rates cannot be reasonably estimated, the discount rates are equivalent to the rates that make the net present value of expected future cash flow equal to the carrying value of investment in receivables. The difference between the carrying value and fair value on transfer date is recognised in profit or loss, except in the case of gains.

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

Notes to the financial statements

Initial recognition

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

Disposal of investments

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

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

(d) Loans to customers

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

(e) Allowance for doubtful accounts

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

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

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

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

Any allowances for doubtful accounts established during the year are recorded as impairment loss of loans and debt securities. The Bank and its subsidiaries write off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of impairment loss of loans and debt securities in profit or loss.

(f) Troubled debt restructuring

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

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

Notes to the financial statements

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

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

(g) *Premises and equipment*

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Leased assets

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

Depreciation

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

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

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

No depreciation is provided on assets under construction.

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

Notes to the financial statements

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

(h) Leasehold premises

Leasehold premises included in other assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis not exceeding the shorter of 50 years or the term of the lease agreement.

(i) Properties for sale

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

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

(j) 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.

(k) Impairment

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

Calculation of recoverable amount

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

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

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

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

Notes to the financial statements

Reversals of impairment

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

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

(1) Financial instruments

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contracts are entered into (trade date) and are subsequently re-measured at their fair values. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss unless the derivative is a designated hedge instrument in a cash flow hedge relationship. All derivatives are carried as assets when the fair value is positive as "Derivative assets" and as liabilities when the fair value is negative as "Derivative liabilities" in the statements of financial position.

Hedging

Fair value hedge

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

Cash flow hedge

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

Discontinuing hedge accounting

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

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

Notes to the financial statements

(m) *Borrowing transactions with embedded derivatives*

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

(n) *Employee benefits*

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

Defined contribution plans

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

Defined benefit plans

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

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

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

Short-term employee benefits

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

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

Share-based compensation

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

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

Notes to the financial statements

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

(o) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

(p) Reserve arising from business combination under common control

The reserve arising from business combination under common control arises from the merger of businesses under the common control of the ultimate parent company of the Bank. The reserve represents the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination. The Bank recognises the difference arising from common control transactions under shareholders' equity until disposal of the investment.

(q) Income

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

The asset management subsidiary recognises interest income on investments in receivables and loans to customers on a cash basis.

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

(r) 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.

(s) Income tax

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

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

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

Notes to the financial statements

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that its accruals for tax liabilities are adequate for all tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to judgements on tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(t) *Earnings (loss) per share*

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

(u) *Segment information*

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

(v) *Offsetting*

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

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

Notes to the financial statements

5 Financial risk management

5.1 Credit risk

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

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

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

5.2 Market risk

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

The primary categories of market risk for the Bank are :

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

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

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

Notes to the financial statements

Value at Risk; VaR

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR (Value at Risk) methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

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

The Bank applies two VaR methodologies:

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

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

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

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

Stress Testing

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

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

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

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

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

Notes to the financial statements

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

Market Risk VaR coverage

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

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

(a) Interest rate risk

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

	Consolidated 2015			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	382	382
Interbank and money market items, net	18,759	26,664	4,755	50,178
Investments, net	12,512	17,788	14	30,314
Loans to customers and accrued interest receivable	35,369	48,754	7,865	91,988
Accounts receivable from sales of investments and debt securities in issue	-	-	2,674	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,581	-	-	4,581
Other assets	-	-	224	224
Total financial assets	71,221	93,206	15,914	180,341
Financial liabilities				
Deposits	73,171	19,725	5,429	98,325
Interbank and money market items	7,629	8,623	4,487	20,739
Liabilities payable on demand	-	-	1,277	1,277
Debt issued and borrowings	-	3,026	-	3,026
Accounts payable from purchase of investments	-	-	101	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	7,103	-	-	7,103
Other liabilities	-	-	204	204
Total financial liabilities	87,903	31,374	11,498	130,775
Off-financial reporting items, net	44,132	(44,132)	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Bank only 2015			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	367	367
Interbank and money market items, net	18,759	26,664	4,747	50,170
Investments, net	12,512	16,361	14	28,887
Loans to customers and accrued interest receivable	35,369	50,216	7,885	93,470
Accounts receivable from sales of investments and debt securities in issue	-	-	2,674	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,581	-	-	4,581
Other assets	-	-	224	224
Total financial assets	71,221	93,241	15,911	180,373
<i>Financial liabilities</i>				
Deposits	73,605	19,725	5,429	98,759
Interbank and money market items	7,629	8,623	4,487	20,739
Liabilities payable on demand	-	-	1,277	1,277
Debt issued and borrowings	-	3,026	-	3,026
Accounts payable from purchase of investments	-	-	101	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	7,103	-	-	7,103
Other liabilities	-	-	204	204
Total financial liabilities	88,337	31,374	11,498	131,209
Off-financial reporting items, net	44,132	(44,132)	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

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

As at 31 December 2015, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 5,250 million (2014: Baht 6,850 million).

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

Notes to the financial statements

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

	Consolidated					
	2015			2014		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
Financial assets						
Interbank and money market items	61,413	979	1.59	56,554	1,341	2.37
Investments	40,668	1,372	3.37	54,631	2,090	3.83
Loans to customers	91,212	6,577	7.21	95,528	8,619	9.02
Total	193,293	8,928	4.62	206,713	12,050	5.83
Financial liabilities						
Deposits	99,122	1,887	1.90	99,876	2,370	2.37
Interbank and money market items	38,609	580	1.50	50,017	990	1.98
Debt issued and borrowings	3,145	43	1.37	3,877	78	2.01
Total	140,876	2,510	1.78	153,770	3,438	2.24
Bank only						
	2015			2014		
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
	Average balance (in million Baht)	Interest	Average interest rate (% per annum)	Average balance (in million Baht)	Interest	Average interest rate (% per annum)
Financial assets						
Interbank and money market items	61,413	979	1.59	56,554	1,341	2.37
Investments	38,925	805	2.07	52,153	1,472	2.82
Loans to customers	92,762	6,670	7.19	97,584	8,495	8.71
Total	193,100	8,454	4.38	206,291	11,308	5.48
Financial liabilities						
Deposits	99,400	1,888	1.90	100,197	2,372	2.37
Interbank and money market items	38,650	580	1.50	50,018	990	1.98
Debt issued and borrowings	3,145	43	1.37	3,877	78	2.01
Total	141,195	2,511	1.78	154,092	3,440	2.23

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

Notes to the financial statements

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

	Consolidated 2015					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
				(in million Baht)		
Financial assets						
Cash	-	-	-	-	-	382
Interbank and money market items, net	10,675	30,778	3,609	361	-	50,178
Investments, net	-	12,578	-	17,507	215	30,314
Loans to customers and accrued interest receivable	27,850	51,706	2,585	1,975	7	91,988
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	4,581	-	-	-	4,581
Other assets	-	-	-	-	-	224
Total financial assets	38,525	99,643	6,194	19,843	222	180,341
					7,589	
					8,325	
Financial liabilities						
Deposits	73,171	17,209	1,331	1,185	-	98,325
Interbank and money market items	7,629	5,274	-	813	2,536	20,739
Liabilities payable on demand	-	-	-	-	-	1,277
Debt issued and borrowings	-	3,026	-	-	-	3,026
Accounts payable from purchase of investments	-	-	-	-	-	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	7,103	-	-	-	7,103
Other liabilities	-	-	-	-	-	204
Total financial liabilities	80,800	32,612	1,331	1,998	2,536	130,775
Off-financial reporting items, net	-	68,777	(35,695)	(33,854)	772	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated 2014					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years (in million Baht)	
Financial assets						
Cash	-	-	-	-	-	484
Interbank and money market items, net	12,067	29,333	1,590	-	330	-
Claims on security	-	-	-	-	-	1,079
Investments, net	-	9,665	5,950	32,072	362	1,000
Loans to customers and accrued interest receivable	46,031	40,496	5,314	3,259	1	14
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	373
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	2,962	-	-	-	3,325
Other assets	-	-	-	-	-	-
Total financial assets	58,098	82,456	12,854	35,331	693	7,207
						203,382
Financial liabilities						
Deposits	65,606	25,786	2,901	-	-	-
Interbank and money market items	9,353	18,455	-	-	3,186	-
Liabilities payable on demand	-	-	-	-	-	-
Liabilities to deliver security	-	-	-	-	-	-
Debt issued and borrowings	-	3,645	-	-	-	-
Accounts payable from purchase of investments	-	-	-	-	-	-
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	2,858	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total financial liabilities	74,959	50,744	2,901	-	3,186	286
						152,199
Off-financial reporting items, net	-	25,119	(4,676)	(30,274)	9,831	-

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

Notes to the financial statements

	Bank only 2015					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	
				(in million Baht)		
Financial assets						
Cash	-	-	-	-	-	367
Interbank and money market items, net	10,675	30,778	3,609	361	-	4,747
Investments, net	-	12,578	-	16,080	215	14
Loans to customers and accrued interest receivable	27,850	52,976	3,065	1,687	7	296
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	4,581	-	-	-	-
Other assets	-	-	-	-	-	224
Total financial assets	38,525	100,913	6,674	18,128	222	8,322
						7,589
						180,373
Financial liabilities						
Deposits	73,605	17,209	1,331	1,185	-	5,429
Interbank and money market items	7,629	5,274	-	813	2,536	4,487
Liabilities payable on demand	-	-	-	-	-	1,277
Debt issued and borrowings	-	3,026	-	-	-	-
Accounts payable from purchase of investments	-	-	-	-	-	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	7,103	-	-	-	-
Other liabilities	-	-	-	-	-	204
Total financial liabilities	81,234	32,612	1,331	1,998	2,536	11,498
						-
Off-financial reporting items, net	-	68,777	(35,695)	(33,854)	772	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries **Notes to the financial statements**

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

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

Notes to the financial statements

(b) *Currency exchange rate risk*

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

	Consolidated and Bank only	
	2015	2014
	<i>(in million USD)</i>	
Net foreign currency exposure		
US Dollar	21	32
Euro (*)	4	1
Others (*)	2	12

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

5.3 **Liquidity risk**

Liquidity risk is the risk that the Bank either does not have sufficient financial resources available to meet all its obligations as they fall due, or can only secure these financial resources at an excessive cost.

It is the Bank's policy to maintain adequate liquidity at all times, and hence to be in a position to meet obligations as they fall due. The Bank manages liquidity risk both on a short-term and medium-term basis. In the short term, the Bank's focus is on ensuring that the cash flow demands can be met where required. In the medium term the focus is on ensuring that the statement of financial position remains structurally sound and aligned to the strategy.

The Asset & Liability Committee (ALCO) is the responsible governing body to ensure that the financial position of the Bank is managed effectively in compliance with the policies and practice of the Standard Chartered Group as well as any other applicable regulatory requirements.

Financial Markets is responsible for the day-to-day management of all the liquidity risk arising in the Bank, executing liquidity directives and operating within the liquidity policy and approved limits. Liquidity profiles are reviewed by ALCO on a regular basis.

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

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

Notes to the financial statements

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

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

A substantial portion of the Bank's assets is funded by customer deposit made up of current, saving accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. The ALCO monitors trends in the statement of financial position and ensure that any issues that might impact the stability of these deposits are addressed effectively. The ALCO also reviews the statement of financial position plans to ensure that projected asset growth is matched by growth in the stable funding base.

The Bank also has access to wholesale funding markets including commercial paper issuance to ensure that it has flexibility around maturity transformation, market intelligence and can obtain optimal pricing when performing interest rate risk management activities.

Policies and Processes

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

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

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

All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on regular basis by MTCR and Finance. Limit excesses are escalated and approved under a delegated authority structure and reported to the Asset and Liability Committee (ALCO).

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

Notes to the financial statements

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

Liquidity Management - stress scenarios

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

Stress tests are run routinely: a severe 8-day name-specific stress, a 30-day market-wide stress.

The 8-day stress is specifically designed to determine a minimum quantity of marketable securities that must be held at all times. This stress is computed daily, and the minimum marketable securities requirement is observed daily.

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

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

Required by local regulations, the Bank carries out 30-day stress testing on three scenarios (Name-Specific, Market-Wide and Combined) on a quarterly basis. Under liquidity stress scenarios, the Bank has to ensure that cash inflows exceed outflows under all stress scenarios. As at 31 December 2015, the Bank passed liquidity stress tests on all scenarios.

As at 31 December 2015, the loan to deposits ratio of the Bank is 75% (2014: 81%).

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

Notes to the financial statements

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

	At call	Within 6 months	Over 6 months to 1 year	Consolidated 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	382	-	-	-	-	-	382
Interbank and money market items, net	16,422	30,143	3,613	-	-	-	50,178
Derivative assets	-	9,299	2,361	14,214	8,139	-	34,013
Investments, net	-	7,597	3	21,136	1,564	14	30,314
Loans to customers and accrued interest receivables	24,078	19,365	3,013	18,612	26,920	-	91,988
Accounts receivable from sales of investments and debt securities in issue	2,674	-	-	-	-	-	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,581	-	-	-	-	-	4,581
Other assets	-	-	-	224	-	-	224
Total financial assets	48,137	66,404	8,990	54,186	36,623	14	214,354
Financial liabilities							
Deposits	78,600	17,160	1,380	1,181	4	-	98,325
Interbank and money market items	15,290	-	-	813	4,636	-	20,739
Liabilities payable on demand	1,277	-	-	-	-	-	1,277
Derivative liabilities	26	9,705	3,542	14,039	6,826	-	34,138
Debt issued and borrowings	-	3,026	-	-	-	-	3,026
Accounts payable from purchase of investments	101	-	-	-	-	-	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	7,103	-	-	-	-	-	7,103
Other liabilities	204	-	-	-	-	-	204
Total financial liabilities	102,601	29,891	4,922	16,033	11,466	-	164,913
Net liquidity gap	(54,464)	36,513	4,068	38,153	25,157	14	49,441

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

Notes to the financial statements

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	At call	Within 6 months	Over 6 months to 1 year	Bank only 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	367	-	-	-	-	-	367
Interbank and money market items, net	16,413	30,144	3,613	-	-	-	50,170
Derivative assets	-	9,299	2,361	14,214	8,139	-	34,013
Investments, net	-	7,597	3	19,709	1,564	14	28,887
Loans to customers and accrued interest receivables	23,580	20,635	3,493	18,842	26,920	-	93,470
Accounts receivable from sales of investments and debt securities in issue	2,674	-	-	-	-	-	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,581	-	-	-	-	-	4,581
Other assets	-	-	-	224	-	-	224
Total financial assets	47,615	67,675	9,470	52,989	36,623	14	214,386
Financial liabilities							
Deposits	79,034	17,160	1,380	1,181	4	-	98,759
Interbank and money market items	15,290	-	-	813	4,636	-	20,739
Liabilities payable on demand	1,277	-	-	-	-	-	1,277
Derivative liabilities	26	9,705	3,542	14,039	6,826	-	34,138
Debt issued and borrowings	-	3,026	-	-	-	-	3,026
Accounts payable from purchase of investments	101	-	-	-	-	-	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	7,103	-	-	-	-	-	7,103
Other liabilities	204	-	-	-	-	-	204
Total financial liabilities	103,035	29,891	4,922	16,033	11,466	-	165,347
Net liquidity gap	(55,420)	37,784	4,548	36,956	25,157	14	49,039

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

Notes to the financial statements

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

Derivatives

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

	Consolidated and Bank only		
	2015		
	Within 1 year	Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	521,965	18,456	540,421
Cross currency swap contracts	102,427	215,891	318,318
Currency option contracts	1,604	-	1,604
<i>Interest rate related</i>			
Interest rate swap contracts	276,055	659,045	935,100
Interest rate option contracts	6,026	11,638	17,664
<i>Others</i>			
Bond forward contracts	272	2,098	2,370
Commodities	3,777	149	3,926
Total	912,126	907,277	1,819,403

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

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

Notes to the financial statements

6 Fair value of financial assets and liabilities

Fair value hierarchy

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

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

6.1 Financial instruments measured at fair value - Fair value hierarchy

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

Consolidated and Bank only				
	Fair value			Total
	Level 1	Level 2	Level 3	
31 December 2015	(in million Baht)			
<i>Financial assets</i>				
Derivatives				
- Foreign currency related	6	22,623	-	22,629
- Interest rate related	-	10,611	-	10,611
- Bond forward contracts	-	131	-	131
- Commodities contracts	-	642	-	642
Debt securities held for trading	-	5,930	-	5,930
Debt securities available-for-sale	-	22,943	-	22,943
<i>Financial liabilities</i>				
Derivatives				
- Foreign currency related	5	24,344	-	24,349
- Interest rate related	-	9,022	-	9,022
- Bond forward contracts	-	125	-	125
- Commodities contracts	-	642	-	642

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

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

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2015.

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

Notes to the financial statements

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

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

6.2 Financial instruments not measured at fair value

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

	Consolidated Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
31 December 2015					
<i>Financial assets</i>					
Interbank and money market items, net	-	50,178	-	50,178	50,178
Investment	-	-	1,441	1,441	1,441
Loan to customers and interest receivable	-	-	91,995	91,995	91,988
Accounts receivable from sales of investments and debt securities in issue	-	2,674	-	2,674	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	4,581	-	4,581	4,581
<i>Financial liabilities</i>					
Deposits	-	98,325	-	98,325	98,325
Interbank and money market items	-	21,357	-	21,357	20,739
Liabilities payable on demand	-	1,277	-	1,277	1,277
Debt issued and borrowings	-	3,026	-	3,026	3,026
Accounts payable from purchase of investments	-	101	-	101	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	7,103	-	7,103	7,103

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Bank only Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
31 December 2015					
<i>Financial assets</i>					
Interbank and money market items, net	-	50,170	-	50,170	50,170
Investment	-	-	14	14	14
Loan to customers and interest receivable	-	-	93,476	93,476	93,470
Accounts receivable from sales of investments and debt securities in issue	-	2,674	-	2,674	2,674
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	4,581	-	4,581	4,581
<i>Financial liabilities</i>					
Deposits	-	98,760	-	98,760	98,760
Interbank and money market items	-	21,357	-	21,357	20,739
Liabilities payable on demand	-	1,277	-	1,277	1,277
Debt issued and borrowings	-	3,026	-	3,026	3,026
Accounts payable from purchase of investments	-	101	-	101	101
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	-	7,103	-	7,103	7,103

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

Interbank and money market items (assets and liabilities)

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

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

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

General investments

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

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

Notes to the financial statements

Investments in receivables

The fair value of investments in receivables are the expected recoverable amount determined based on the net present value of expected future cash flow collections calculated using discount rates equivalent to the market interest rate, adjusted by a risk premium. In cases where the discount rates cannot be reasonably estimated, the discount rates are equivalent to the rates that make the net present value of expected future cash flow collection equals to the carrying value of investments in the receivables.

Loans to customers

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

Deposits

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

Debts issued and borrowings

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

Liabilities payable on demand

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

Other financial instruments

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

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

Notes to the financial statements

7 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2015 and 2014, the Consolidated Supervision group and Bank only's total capital funds can be categorised as follows:

	Consolidated Supervision	
	2015	2014
	<i>(in million Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, share premium	23,893	23,893
Legal reserve	1,071	987
Net profit after appropriation	13,962	13,389
Other reserves	(477)	(437)
Less Capital deduction items on CET1	(994)	(663)
Total Tier 1 Capital Base	37,455	37,169
<i>Tier 2 capital</i>		
Provision for normal classified assets	336	360
Surplus of provision	521	578
Total Tier 2 Capital Base	857	938
Total Capital Base	38,312	38,107
Total Risk-Weighted Assets	152,301	168,554
	The BoT's regulation	
	minimum requirement	
	(%)	
Capital Adequacy Ratio	8.50	25.16
Tier-1 Capital ratio	6.00	24.59
Tier-1 Common Equity ratio	4.50	22.05
Tier-2 Capital ratio	-	0.56

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Bank only	
	2015	2014
	<i>(in million Baht)</i>	
<i>Tier 1 capital</i>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, share premium	23,893	23,893
Legal reserve	1,063	981
Net profit after appropriation	13,146	13,140
Other reserves	20	60
Less Capital deduction items on CET1	(661)	(413)
Total Tier 1 Capital Base	37,461	37,661
<i>Tier 2 capital</i>		
Provision for normal classified assets	309	322
Surplus of provision	529	589
Total Tier 2 Capital Base	838	911
Total Capital Base	38,299	38,572
Total Risk-Weighted Assets	151,042	166,540
	The BoT's regulation minimum requirement	
	(%)	
Capital Adequacy Ratio	8.50	25.36
Tier-1 Capital ratio	6.00	24.80
Tier-1 Common Equity ratio	4.50	24.80
Tier-2 Capital ratio	-	0.55

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

As at 31 December 2015, capital after deducting capital add-on arising from Single Lending Limit of the Consolidated Supervision and Bank only are Baht 37,815 million and Baht 37,801 million representing 24.83% and 25.03% of total risk-weighted assets, respectively.

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

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: "Information Disclosure Regarding Capital Fund Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 31 December 2015 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.sc.com/th/.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

Capital management

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

8 Interbank and money market items, net (assets)

	At call	2015 Term	Consolidated		2014 Term	Total
			Total	At call		
			<i>(in million Baht)</i>			
<i>Domestic</i>						
Bank of Thailand	5,839	17,400	23,239	5,301	15,100	20,401
Commercial banks	2,567	6,134	8,701	68	7,204	7,272
Other financial institutions	-	-	-	1,044	-	1,044
Total	8,406	23,534	31,940	6,413	22,304	28,717
<i>Add</i> accrued interest receivable	1	12	13	1	18	19
<i>Less</i> allowance for doubtful accounts	-	(1)	(1)	(11)	(7)	(18)
Total domestic, net	8,407	23,545	31,952	6,403	22,315	28,718
<i>Foreign</i>						
US Dollar	4,124	7,208	11,332	3,828	5,787	9,615
Japanese Yen	3,372	2,996	6,368	49	-	49
Euro	106	2	108	109	2,403	2,512
Chinese Yuan	14	-	14	44	3,180	3,224
Other currencies	399	-	399	262	-	262
Total	8,015	10,206	18,221	4,292	11,370	15,662
<i>Add</i> accrued interest receivable	-	9	9	-	42	42
<i>Less</i> allowance for doubtful accounts	-	(4)	(4)	-	(23)	(23)
Total foreign, net	8,015	10,211	18,226	4,292	11,389	15,681
Total domestic and foreign, net	16,422	33,756	50,178	10,695	33,704	44,399

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	At call	2015 Term	Bank only		2014 Term	Total
			Total	At call		
			<i>(in million Baht)</i>			
Domestic						
Bank of Thailand	5,839	17,400	23,239	5,301	15,100	20,401
Commercial banks	2,559	6,134	8,693	56	7,204	7,260
Other financial institutions	-	-	-	1,044	-	1,044
Total	8,398	23,534	31,932	6,401	22,304	28,705
Add accrued interest receivable	1	12	13	1	18	19
Less allowance for doubtful accounts	-	(1)	(1)	(11)	(7)	(18)
Total domestic, net	8,399	23,545	31,944	6,391	22,315	28,706
Foreign						
US Dollar	4,124	7,208	11,332	3,828	5,787	9,615
Japanese Yen	3,372	2,996	6,368	49	-	49
Euro	106	2	108	109	2,403	2,512
Chinese Yuan	14	-	14	44	3,180	3,224
Other currencies	399	-	399	262	-	262
Total	8,015	10,206	18,221	4,292	11,370	15,662
Add accrued interest receivable	-	9	9	-	42	42
Less allowance for doubtful accounts	-	(4)	(4)	-	(23)	(23)
Total foreign, net	8,015	10,211	18,226	4,292	11,389	15,681
Total domestic and foreign, net	16,414	33,756	50,170	10,683	33,704	44,387

9 Derivatives

9.1 Derivatives held for trading

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

Type of risks	2015			2014		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
			<i>(in million Baht)</i>			
Foreign currency related	22,629	24,238	853,923	14,306	16,274	1,010,256
Interest rate related	10,602	8,971	947,514	12,752	10,511	1,055,136
Others						
- Bond forward contracts	131	125	2,370	86	75	1,545
- Commodities	642	642	3,926	1,784	1,784	17,934
	<u>773</u>	<u>767</u>	<u>6,296</u>	<u>1,870</u>	<u>1,859</u>	<u>19,479</u>
Total	34,004	33,976	1,807,733	28,928	28,644	2,084,871

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

Notes to the financial statements

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

	Consolidated and Bank only	
	2015	2014
	(%)	
Counterparties		
Financial institutions	66.2	71.3
Related parties	24.3	20.0
Other parties	9.5	8.7
Total	100.0	100.0

9.2 Derivatives held for hedging

9.2.1 Fair value hedges

Consolidated and Bank only						
Type of risks	2015			2014		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related	-	-	-	19	18	2,319
Interest rate related	-	29	750	-	53	2,150
Total	-	29	750	19	71	4,469

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognised in profit or loss. For the year ended 31 December 2015, the Bank recognised loss on fair value hedges in profit or loss amounted to Baht 3 million (2014: Gain on fair value hedges Baht 14 million).

9.2.2 Cash flow hedges

Type of risks	Consolidated and Bank only					
	2015			2014		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related	-	111	6,420	-	41	1,321
Interest rate related	9	22	4,500	27	42	4,700
Total	9	133	10,920	27	83	6,021

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

Notes to the financial statements

The Bank uses interest rate swaps to manage the variability in future cash flows on assets and liabilities and cross-currency swaps to manage the variability in future exchange rates on its assets and liabilities and costs in foreign currencies. The interest rate swaps are contracts which involve the exchange of floating rates for fixed rates. The cross-currency swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period. Gains or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss. For the year ended 31 December 2015, the Bank recognised loss on cash flow hedges in other comprehensive income amounted to Baht 23 million (2014: Baht 25 million) and gain on cash flow hedges in profit or loss amounted to Baht 18 million (2014: Loss on cash flow hedges Baht 33 million).

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

Consolidated and Bank only				
2015				
Cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
<i>(in million Baht)</i>				
Receivable cash flows	34	34	193	261
Payable cash flows	(18)	(29)	(6)	(53)
Net cash flows	16	5	187	208

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

10 Investments, net

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

	Consolidated		Bank only	
	2015	2014	2015	2014
<i>(in million Baht)</i>				
Trading investments	Fair value			
Government bonds	5,006	6,801	5,006	6,801
Private debt instruments	924	208	924	208
Total	5,930	7,009	5,930	7,009
Available-for-sale investments	Fair value			
Government bonds	22,331	37,298	22,331	37,298
Private debt instruments	612	1,721	612	1,721
Total	22,943	39,019	22,943	39,019
Investments in receivables	Cost			
Investments in receivables	1,427	2,021	-	-
Total	1,427	2,021	-	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	24	26	24	26
Foreign non-marketable equity securities	1	1	1	1
Total	25	27	25	27
<i>Less</i> allowance for impairment	(11)	(13)	(11)	(13)
Net	14	14	14	14
Total investments, net	30,314	48,063	28,887	46,042

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

	Consolidated and Bank only	
	2015	2014
	<i>(in million Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	84	299
<i>Less</i> fair value changes in fair value hedged investments	(29)	(56)
<i>Less</i> deferred tax	(11)	(49)
Net	44	194

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

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

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

11 Investment in subsidiaries

Bank only							
Companies	Type of business	Type of investment	Percentage of ownership interest	At cost		Dividend income for the year ended 31 December	
				2015	2014	2015	2014
(in million Baht)							
Standard Chartered (Thai) Asset Management Company Limited (SCTAMC)	Managing substandard assets purchased or transferred from financial institutions	Ordinary shares	99.99	639	639	500	-
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	99.99	59	59	10	23
Less allowance for impairment				(1)	-	-	-
Net				58	59	10	23
Total				697	698	510	23

12 Loans to customers and accrued interest receivable, net

12.1 Classified by type of loans

	Consolidated		Bank only	
	2015	2014	2015	2014
<i>(in million Baht)</i>				
Overdrafts	1,168	1,378	1,168	1,378
Loans	80,130	85,794	81,592	87,263
Bills	10,413	14,895	10,413	14,895
Others	1	241	1	241
Total	91,712	102,308	93,174	103,777
Add accrued interest receivable	276	373	296	395
Total loans and accrued interest receivable	91,988	102,681	93,470	104,172
Less allowance for doubtful accounts				
- Minimum allowance as BoT's regulations				
- Individual approach	(5,562)	(4,694)	(5,582)	(4,713)
- Collective approach	(839)	(1,055)	(839)	(1,055)
- Excess allowance	(2,935)	(3,149)	(2,915)	(3,130)
Total	(9,336)	(8,898)	(9,336)	(8,898)
Total loans to customers and accrued interest receivable, net	82,652	93,783	84,134	95,274

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

12.2 Classified by currency and residence of debtors

	Consolidated					
	Domestic	2015 Foreign	Total (in million Baht)	Domestic	2014 Foreign	Total
Thai Baht	72,170	46	72,216	87,302	21	87,323
US Dollar	9,312	3,673	12,985	11,175	856	12,031
Other currencies	91	6,420	6,511	737	2,217	2,954
Total	81,573	10,139	91,712	99,214	3,094	102,308

	Bank only					
	Domestic	2015 Foreign	Total (in million Baht)	Domestic	2014 Foreign	Total
Thai Baht	73,632	46	73,678	88,771	21	88,792
US Dollar	9,312	3,673	12,985	11,175	856	12,031
Other currencies	91	6,420	6,511	737	2,217	2,954
Total	83,035	10,139	93,174	100,683	3,094	103,777

12.3 Classified by industry and loan classification

	Consolidated					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	2015					
	<i>(in million Baht)</i>					
Agriculture and mining	9	-	-	-	-	9
Manufacturing and commerce	29,243	527	93	3	5,265	35,131
Property development and construction	1,688	60	16	-	201	1,965
Infrastructure and services	5,849	17	15	-	488	6,369
Housing loans	20,259	361	170	141	587	21,518
Others	24,929	684	310	45	752	26,720
Total	81,977	1,649	604	189	7,293	91,712

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Bank only 2015					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9	-	-	-	-	9
Manufacturing and commerce	29,243	527	93	3	5,245	35,111
Property development and construction	1,688	60	16	-	39	1,803
Infrastructure and services	5,849	17	15	-	173	6,054
Housing loans	20,259	361	170	141	587	21,518
Others	26,888	684	310	45	752	28,679
Total	83,936	1,649	604	189	6,796	93,174

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

12.4 Classified by loan classification

	Consolidated 2015			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	82,237	52,998	1	530
Special mention	1,664	1,139	2	23
Substandard	604	425	100	425
Doubtful	189	36	100	36
Doubtful of loss	7,294	5,387	100	5,387
Total	91,988	59,985		6,401
Excess allowance				2,935
Total				9,336

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated			
2014			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)
Minimum allowance as per BoT's Regulations			Allowance for doubtful accounts (in million Baht)
Pass	91,188	59,213	1
Special mention	3,861	3,252	2
Substandard	630	479	100
Doubtful	107	20	100
Doubtful of loss	6,895	4,593	100
Total	102,681	67,557	
Excess allowance			
Total			8,898

Bank only			
2015			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)
Minimum allowance as per BoT's Regulations			Allowance for doubtful accounts (in million Baht)
Pass	84,217	54,958	1
Special mention	1,664	1,139	2
Substandard	604	425	100
Doubtful	189	36	100
Doubtful of loss	6,796	5,387	100
Total	93,470	61,945	
Excess allowance			
Total			9,336

Bank only			
2014			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts*	Rate used for setting the allowance for doubtful accounts (%)
Minimum allowance as per BoT's Regulations			Allowance for doubtful accounts (in million Baht)
Pass	93,104	61,108	1
Special mention	3,861	3,252	2
Substandard	630	479	100
Doubtful	107	20	100
Doubtful of loss	6,470	4,593	100
Total	104,172	69,452	
Excess allowance			
Total			8,898

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

Notes to the financial statements

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

As at 31 December 2015, the collective approach is applied to loans to customers and accrued interest receivables of Baht 43,712 million (2014: Baht 55,783 million), using provision rates between 0.01% and 10.06% (2014: between 0.03% and 6.85%). The total allowance under this approach was Baht 839 million (2014: Baht 1,055 million).

12.5 Non-performing loans

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

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

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

	2015		
	Standard Chartered Bank (Thai) Plc.	Standard Chartered (Thai) Asset Management Company Limited	Total
Non-performing loans, net (<i>in million Baht</i>)	1,636	498	2,134
Total loans used for NPL net ratio calculation (<i>in million Baht</i>)	118,323	498	116,862 ⁽¹⁾
Ratio of total loans (%)	1.38	100	1.83
	2014		
	Standard Chartered Bank (Thai) Plc.	Standard Chartered (Thai) Asset Management Company Limited	Total
Non-performing loans, net (<i>in million Baht</i>)	1,997	425	2,422
Total loans used for NPL net ratio calculation (<i>in million Baht</i>)	128,707	425	127,238 ⁽¹⁾
Ratio of total loans (%)	1.55	100	1.90

⁽¹⁾ Excluding loans to subsidiaries.

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	2015		
	Standard Chartered Bank (Thai) Plc.	Standard Chartered (Thai) Asset Management Company Limited	Consolidated
Non-performing loans, gross (<i>in million Baht</i>)	7,589	498	8,087
Total loans used for NPL gross ratio calculation (<i>in million Baht</i>)	124,276	498	122,815 ⁽¹⁾
Ratio of total loans (%)	6.11	100	6.58
	2014		
	Standard Chartered Bank (Thai) Plc.	Standard Chartered (Thai) Asset Management Company Limited	Consolidated
Non-performing loans, gross (<i>in million Baht</i>)	7,207	425	7,632
Total loans used for NPL gross ratio calculation (<i>in million Baht</i>)	133,917	425	132,488 ⁽¹⁾
Ratio of total loans (%)	5.38	100	5.76

⁽¹⁾ Excluding loans to subsidiaries.

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.

13 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's notification, the Bank is required to disclose the statements of cash flows of the asset management company included in the consolidated financial statements. The statements of cash flows of Standard Chartered (Thai) Asset Management Company Limited are as follows:

Standard Chartered (Thai) Asset Management Company Limited
Statements of cash flows (Audited)

	For the year ended 31 December	
	2015	2014
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	290	723
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>		
Impairment loss of investments	8	39
Impairment loss of properties for sale	5	-
Reversal of impairment on amount due from related party	(12)	(8)
Provision for employee benefit obligations	1	1
Net interest income	(474)	(743)
Interest received	572	895
Interest paid	(100)	(184)
Income tax paid	(114)	(125)
Profit from operations before changes in operating assets and liabilities	176	598

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	For the year ended 31 December	
	2015	2014
	<i>(in million Baht)</i>	
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(109)	(173)
Investments in receivables	418	1,057
Loans to customers	(73)	512
Amount due from related parties	12	8
Properties for sale	69	-
Deposits	(10)	(7)
Other assets	(10)	(4)
<i>Increase (decrease) in operating liabilities</i>		
Intercompany and money market items	65	(1,992)
Accounts payable	(5)	(1)
Advance from asset purchaser	-	(17)
Other liabilities	(18)	(9)
Net cash provided by (used in) operating activities	515	(28)
<i>Cash flows from financing activities</i>		
Dividend paid	(500)	-
Net cash used in financing activities	(500)	-
Net increase (decrease) in cash	15	(28)
Cash at beginning of the year	-	28
Cash at end of the year	15	-

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

14 Troubled debt restructuring

During the year ended 31 December 2015 and 2014, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
2015				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 1 year and 2 months to 22 years and 3 months	467	928	923
Assets transferred	17 days	1	956	924
Total		468	1,884	1,847

Consolidated and Bank only				
2014				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 2 months to 28 years	867	605	591
Total		867	605	591

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

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

Consolidated and Bank only	
	2015
	2014
	(in million Baht)
Troubled restructured debt	5,628
	5,947

The loss incurred arising from restructuring, before allowance for doubtful accounts for the years ended 31 December as following:

Consolidated and Bank only	
	2015
	2014
	(in million Baht)
The loss incurred arising from restructuring, before allowance for doubtful accounts	37
	14

If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank and its subsidiaries had no loss on debt restructuring for the year ended 31 December 2015 and 2014.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

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

	Consolidated and Bank only	
	2015	2014
	<i>(in million Baht)</i>	
Interest income	119	216

15 Allowance for doubtful accounts

	Consolidated						
	2015						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Beginning balance	592	65	479	20	4,593	3,149	8,898
Allowance for doubtful accounts	(62)	(5)	(54)	16	3,797	479	4,171
Bad debt written off	-	-	-	-	(3,803)	-	(3,803)
Others	-	(37)	-	-	800	(693)	70
Ending balance	530	23	425	36	5,387	2,935	9,336

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

	Bank only						
	2015						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	<i>(in million Baht)</i>						
Beginning balance	611	65	479	20	4,593	3,130	8,898
Allowance for doubtful accounts	(61)	(5)	(54)	16	3,797	478	4,171
Bad debt written off	-	-	-	-	(3,803)	-	(3,803)
Others	-	(37)	-	-	800	(693)	70
Ending balance	550	23	425	36	5,387	2,915	9,336

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Allowance for doubtful accounts	4,171	4,432	4,171	4,432
Less Impairment of investment in receivables (reversal)	8	39	-	-
Less bad debts recovered	(513)	(507)	(513)	(507)
Impairment loss of loans and debt securities	<u>3,666</u>	<u>3,964</u>	<u>3,658</u>	<u>3,925</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries **Notes to the financial statements**

16 Premises and equipment

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

	Consolidated 2015										Net book value as of 31 December 2015
	Beginning balance	Purchases and transfers in	Cost Disposals and transfers out	Ending balance	Beginning balance <i>(in million Baht)</i>	Depreciation transfers out	Accumulated depreciation		Ending balance	Allowance for impairment	
							Disposals and transfers out	Disposals and transfers out			
Land	27	-	(16)	20	-	-	-	-	-	(9)	11
Freehold premises	492	14	(73)	1,830	967	71	(35)	1,003	(411)	416	
Equipment	161	9	(100)	1,156	1,086	62	(99)	1,049	-	107	
Total	680	23	(189)	3,006	2,053	133	(134)	2,052	(420)	534	
	Consolidated 2014										Net book value as of 31 December 2014
	Beginning balance	Purchases and transfers in	Cost Disposals and transfers out	Ending balance	Beginning balance <i>(in million Baht)</i>	Depreciation transfers out	Accumulated depreciation		Ending balance	Allowance for impairment	
							Disposals and transfers out	Disposals and transfers out			
Land	27	-	-	36	-	-	-	-	(9)	27	
Freehold premises	549	-	-	1,889	910	57	-	967	(430)	492	
Equipment	201	29	(89)	1,247	1,106	69	(89)	1,086	-	161	
Total	777	29	(89)	3,172	2,016	126	(89)	2,053	(439)	680	

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that was still in use as at 31 December 2015 amounted Baht 1,015 million (2014: Baht 973 million).

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

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

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 31 December 2015 amounted Baht 1,013 million (2014: Baht 971 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

17 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deferred tax assets	848	620	575	419
Deferred tax liabilities	-	(5)	(12)	(54)
Net	848	615	563	365

Movements in total deferred tax assets and liabilities during the year ended 31 December 2015 and 2014 were as follows:

	Consolidated			
	(Charged) / Credited to:			
	At	Profit	Other	At
	1 January	or loss	comprehensive	31 December
	2015		income	2015
		(note 40)		
		(in million Baht)		
<i>Deferred tax assets</i>				
Investments	186	38	37	261
Loans and accrued interest receivable	115	29	-	144
Premises and equipment	81	(10)	-	71
Intangible assets	1	-	-	1
Other assets	66	5	-	71
Provisions	121	(12)	1	110
Other liabilities	50	136	-	186
Loss carry forward	-	4	-	4
Total	620	190	38	848
<i>Deferred tax liabilities</i>				
Cash flow hedges	(5)	-	5	-
Total	(5)	-	5	-
Net	615	190	43	848

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	At 1 January 2014	Consolidated (Charged) / Credited to:		At 31 December 2014
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
Deferred tax assets				
Investments	169	25	(8)	186
Loans and accrued interest receivable	89	26	-	115
Premises and equipment	92	(11)	-	81
Intangible assets	2	(1)	-	1
Other assets	69	(3)	-	66
Provisions	109	9	3	121
Other liabilities	55	(5)	-	50
Total	585	40	(5)	620
Deferred tax liabilities				
Properties for sale	(5)	5	-	-
Cash flow hedges	(10)	-	5	(5)
Total	(15)	5	5	(5)
Net	570	45	-	615

	At 1 January 2015	Bank only (Charged) / Credited to:		At 31 December 2015
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
Deferred tax assets				
Loans and accrued interest receivable	115	29	-	144
Premises and equipment	81	(10)	-	71
Intangible assets	1	-	-	1
Other assets	64	8	-	72
Provisions	119	(14)	1	106
Other liabilities	39	142	-	181
Total	419	155	1	575
Deferred tax liabilities				
Investments	(49)	-	37	(12)
Cash flow hedges	(5)	-	5	-
Total	(54)	-	42	(12)
Net	365	155	43	563

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	At 1 January 2014	Bank only (Charged) / Credited to:		At 31 December 2014
		Profit or loss	Other comprehensive income	
		(note 40)		
		(in million Baht)		
Deferred tax assets				
Loans and accrued interest receivable	89	26	-	115
Premises and equipment	92	(11)	-	81
Intangible assets	2	(1)	-	1
Other assets	65	(1)	-	64
Provisions	107	9	3	119
Other liabilities	43	(4)	-	39
Total	398	18	3	419
Deferred tax liabilities				
Investments	(40)	(1)	(8)	(49)
Properties for sale	(5)	5	-	-
Cash flow hedges	(10)	-	5	(5)
Total	(55)	4	(3)	(54)
Net	343	22	-	365

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

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

19 Other assets

	Consolidated		Bank only	
	2015	2014	2015	2014
		(in million Baht)		
Accrued interest and income receivable	224	468	224	468
Prepayments	54	47	39	41
Leasehold premises, net	16	17	16	17
Other receivable	1,154	242	1,153	253
Others	395	156	347	125
Total	1,843	930	1,779	904

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Current	6,113	7,897	6,114	7,897
Savings	72,487	62,975	72,920	63,264
Term				
- Less than 6 months	10,794	19,292	10,794	19,352
- 6 months to less than 1 year	5,252	7,245	5,253	7,245
- 1 year and over	3,679	2,150	3,679	2,150
Total	98,325	99,559	98,760	99,908

20.2 Classified by currency and residence of depositors

Consolidated						
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	84,154	2,702	86,856	87,257	2,949	90,206
US Dollar	9,621	963	10,584	6,010	721	6,731
Other currencies	801	84	885	2,564	58	2,622
Total	94,576	3,749	98,325	95,831	3,728	99,559

Bank only						
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	84,588	2,702	87,290	87,606	2,949	90,555
US Dollar	9,622	963	10,585	6,010	721	6,731
Other currencies	801	84	885	2,564	58	2,622
Total	95,011	3,749	98,760	96,180	3,728	99,908

21 Interbank and money market items (liabilities)

Consolidated and Bank only						
	2015			2014		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	900	-	900	-	14,100	14,100
Special financial institutions	1	-	1	3	-	3
Other financial institutions	7,513	5,449	12,962	11,118	5,286	16,404
Total domestic	8,414	5,449	13,863	11,121	19,386	30,507

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated and Bank only					
	At call	2015 Term	Total (in million Baht)	At call	2014 Term	Total
Foreign						
US Dollar	1,446	-	1,446	2	-	2
Thai Baht	5,417	-	5,417	9,353	-	9,353
Japanese Yen	13	-	13	9	-	9
Total foreign	6,876	-	6,876	9,364	-	9,364
Total domestic and foreign	15,290	5,449	20,739	20,485	19,386	39,871

As at 31 December 2015, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 5,449 million (2014: Baht 5,286 million).

22 Debt issued and borrowings

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

	Consolidated and Bank only					
	Maturity	2015 Interest rate (%)	Amount (in million Baht)	Maturity	2014 Interest rate (%)	Amount (in million Baht)
Debentures	2016	0.90 - 1.45	2,882	2015	1.40 - 1.58	2,645
Structured notes	2016	0.41 - 2.40	144	2015	0.00 - 5.48	1,000
Total			3,026			3,645

As at 31 December 2015, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 144 million (2014: Baht 1,000 million).

23 Provisions

	Employee benefits	Consolidated Contingent liabilities (in million Baht)	Total
At 1 January 2014	348	197	545
Provisions made	60	183	243
Provisions used	(6)	(8)	(14)
Provision reversed	-	(171)	(171)
At 31 December 2014 and 1 January 2015	402	201	603
Provisions made	61	15	76
Provisions used	(19)	(4)	(23)
Provision reversed	-	(115)	(115)
At 31 December 2015	444	97	541

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Employee benefits obligation	Bank only Contingent liabilities (in million Baht)	Total
At 1 January 2014	338	197	535
Provisions made	59	183	242
Provisions used	(6)	(8)	(14)
Provision reversed	-	(171)	(171)
At 31 December 2014 and 1 January 2015	391	201	592
Provisions made	59	15	74
Provisions used	(19)	(4)	(23)
Provision reversed	-	(115)	(115)
At 31 December 2015	431	97	528

24 Accounts payable from purchase of investments

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

25 Other liabilities

	Consolidated		Bank only	
	2015	2014	2015	2014
	(in million Baht)			
Withholding tax payable	152	190	151	189
VAT payable	26	13	26	13
Other payables	873	723	872	715
Accrued interest payable	204	286	204	286
Others	501	524	500	524
Total	1,756	1,736	1,753	1,727

26 Share capital

	Consolidated and Bank only				
	Par value per share (in Baht)	2015		2014	
		Number	Amount (in million shares / million Baht)	Number	Amount
Authorised					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At 31 December - ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At 31 December - ordinary shares	10	1,484	14,837	1,484	14,837

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

Notes to the financial statements

Share premium

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

27 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other reserves

Fair value change in available-for-sale investments

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

Cash flow hedges

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

28 Assets pledged as collateral

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

		Consolidated and Bank only	
	<i>Note</i>	2015	2014
		<i>(in million Baht)</i>	
Government bonds			
- Pledged as collateral against repurchase transactions		909	13,110
- Pledged as collateral for derivatives	30	3,377	4,063
Total		4,286	17,173

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

Notes to the financial statements

29 Contingent liabilities

	Consolidated and Bank only	
	2015	2014
	<i>(in million Baht)</i>	
Guarantees of loans	1,237	712
Liability under unmatured import bills	2,120	242
Letters of credit	1,161	951
Other contingencies		
- Unused credit line of overdrafts	4,045	3,058
- Other letters of guarantee	24,457	31,373
- Committed line	28,083	35,690
	<u>56,585</u>	<u>70,121</u>
Total	<u>61,103</u>	<u>72,026</u>

Litigation

As at 31 December 2015, the Bank has received claims in respect of letters of guarantee and other items from the Bank's customers totaling Baht 93 million (excluding interest) (2014: Baht 511 million) and the lawsuit is under court process. As at 31 December 2015, the Bank has recorded provision for possible loss from these claims of Baht 56 million (2014: Baht 65 million).

30 Related parties

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

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

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand / Foreign	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiaries
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank
Standard Chartered (Thai) Asset Management Company Limited	Thailand	Subsidiary, 99.9% shareholding, 50% of directors are representative of the Bank
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 99.9% shareholding
Standard Chartered (Thailand) Company Limited	Thailand	Affiliated company of Standard Chartered Group

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

Notes to the financial statements

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	Affiliated company of Standard Chartered Group
Scope International Private Limited	India	Affiliated company of Standard Chartered Group
Scope International (Malaysia) Sendirian Berhad	Malaysia	Affiliated company of Standard Chartered Group
Scope International (China) Company Limited	China	Affiliated company of Standard Chartered Group
Standard Chartered (GCT) Limited	United Kingdom	Affiliated company of Standard Chartered Group
Standard Chartered Strategic Brand Management Limited	United Kingdom	Affiliated company of Standard Chartered Group

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

Transactions	Pricing policies
Interest rate	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

Significant transactions for the year ended 31 December 2015 and 2014 with key management and other related parties were as follows:

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interest income	153	389	251	542
Gains (losses) on trading and foreign exchange transactions	619	(1,510)	619	(1,510)
Service agreements	893	595	893	595
Dividend income	-	-	510	23
Others	225	282	304	382

Significant balances and business transactions with executives and other related parties

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated and Bank only			
	2015		2014	
	Ending balance	Average (in million Baht)	Ending balance	Average
<i>Loans to customers and accrued interest receivable</i>				
To executive directors and authorised management, including their related parties	<u>1,896</u>	<u>1,903</u>	<u>1,915</u>	<u>1,953</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>146</u>	<u>165</u>	<u>178</u>	<u>238</u>
	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank	<u>17,768</u>	<u>14,835</u>	<u>17,768</u>	<u>14,835</u>
<i>Derivative assets (marked to market value)</i>				
Standard Chartered Bank	<u>6,440</u>	<u>7,595</u>	<u>6,440</u>	<u>7,595</u>
<i>Governments bonds - Pledged as collateral for derivatives</i>				
Standard Chartered Bank	<u>3,377</u>	<u>4,063</u>	<u>3,377</u>	<u>4,063</u>
<i>Loans to customers and accrued interest receivable</i>				
Standard Chartered (Thai) Asset Management Company Limited	-	-	1,980	1,916
Others	<u>147</u>	<u>236</u>	<u>147</u>	<u>236</u>
Total	<u>147</u>	<u>236</u>	<u>2,127</u>	<u>2,152</u>
<i>Other assets</i>				
Standard Chartered Bank	152	80	152	80
Others	-	-	-	1
Total	<u>152</u>	<u>80</u>	<u>152</u>	<u>81</u>
<i>Deposits</i>				
Standard Chartered (Thai) Asset Management Company Limited	-	-	386	274
Others	<u>22</u>	<u>32</u>	<u>70</u>	<u>108</u>
Total	<u>22</u>	<u>32</u>	<u>456</u>	<u>382</u>

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Bank	<u>2,529</u>	<u>1,935</u>	<u>2,529</u>	<u>1,935</u>
<i>Derivative liabilities (fair value)</i>				
Standard Chartered Bank	<u>9,930</u>	<u>10,657</u>	<u>9,930</u>	<u>10,657</u>
<i>Debt issued and borrowings</i>				
Standard Chartered (Thailand) Company Limited	<u>343</u>	<u>344</u>	<u>343</u>	<u>344</u>
<i>Accrued expenses</i>				
Standard Chartered Bank	1,693	635	1,693	635
Others	160	191	168	202
Total	<u>1,853</u>	<u>826</u>	<u>1,861</u>	<u>837</u>
<i>Other liabilities</i>				
Standard Chartered Bank	<u>160</u>	<u>2</u>	<u>160</u>	<u>2</u>
<i>Other letters of guarantee</i>				
Standard Chartered Bank	<u>12,829</u>	<u>11,263</u>	<u>12,829</u>	<u>11,263</u>
<i>Derivatives (notional amount) - Foreign currency related</i>				
Standard Chartered Bank	<u>181,469</u>	<u>140,025</u>	<u>181,469</u>	<u>140,025</u>
<i>Derivatives (notional amount) - Interest rate related</i>				
Standard Chartered Bank	<u>262,748</u>	<u>266,660</u>	<u>262,748</u>	<u>266,660</u>
<i>Derivatives (notional amount) - Commodities</i>				
Standard Chartered Bank	<u>1,481</u>	<u>11,600</u>	<u>1,481</u>	<u>11,600</u>

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Short-term employee benefits	605	506	588	498
Post-employment benefits	14	8	14	8
Share-based payments	17	16	16	16
Termination benefits	9	-	9	-
Total key management personnel compensation	<u>645</u>	<u>530</u>	<u>627</u>	<u>522</u>

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.

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

Notes to the financial statements

Significant agreements with related parties

(a) License agreement

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

(b) Services agreement

In 2011, the Bank entered into a services agreement with Standard Chartered Bank-UK relating to the provision of certain advisory and other services to the Bank by Standard Chartered Bank-UK. The fees payable by the Bank to Standard Chartered Bank-UK under the advisory and services agreement are based on an allocation of actual costs plus a margin, in accordance with the terms in the agreement.

(c) Shared support function

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

(d) Outsourcing services

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

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

31 Non-cancellable operating lease agreements

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

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Within one year	71	101	70	99
After one year but within five years	118	148	118	147
After five years	16	36	16	36
Total	205	285	204	282

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

Notes to the financial statements

32 Segment information

Client segments

Standard Chartered PLC (“Standard Chartered Group”) started a new client segment, Commercial Clients, in 2015 and later in the year reorganised the Commercial Clients segment to also include a small portion of erstwhile Corporate and Institutions. Effective January 1, 2016 there will be three client segments, namely Corporate and Institutional Banking (CIB), Commercial Banking (CB), and Retail Banking (RB). While the structural realignment for the business in Thailand is underway and has not been fully completed, the segment information is continually prepared for the following two significant reportable segments:

- Corporate and Institutional (C&I) clients comprise Global Corporates (major multinational corporations and large business groups which have sophisticated, cross-border needs requiring high levels of international service); Local Corporates (typically clients with operations in three geographies or less); and Financial Institutions (Banks, Investor clients, Insurance companies, Broker Dealers, Public Sector names (including Bank of Thailand, Sovereign Wealth Funds and Development Organisations) and other types of financial institutions).
- Retail clients comprise Priority & International clients, managing and servicing high value segment customers and delivering a distinct and differentiated customer experience to them; Personal & Preferred clients, providing banking products and services to a broader consumer market; and Business Clients, serving small business clients, sole proprietors and private companies, offering solutions such as working capital, business expansion, businesses protection and yield enhancement.

In addition, certain items which do not fall within the two client segments, including unallocated central costs and Corporate Real Estate service costs are reported in “Others”. Financial information is presented internally to the Bank’s management using these three reporting segments.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment revenue and expenses as included in the internal management reports. Segment revenue and expenses are used to measure performance as management believes that such information is the most relevant in evaluating the result of certain segments relative to other entities that operate within this industry.

Geographical segments

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

By client segment

<i>Year ended 31 December</i>	Retail clients		Corporate & Institutional clients		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
					<i>(in million Baht)</i>					
Net interest income	4,121	5,261	2,202	3,313	95	38	-	-	6,418	8,612
Other income	530	448	2,320	3,282	105	47	(49)	(44)	2,906	3,733
Operating income	4,651	5,709	4,522	6,595	200	85	(49)	(44)	9,324	12,345
Operating expenses	(2,946)	(3,239)	(2,542)	(2,491)	(258)	51	49	44	(5,697)	(5,635)
Operating profit (loss) before impairment loss of loans and debt securities and taxation	1,705	2,470	1,980	4,104	(58)	136	-	-	3,627	6,710
Impairment loss of loans and debt securities	(2,609)	(3,082)	(1,091)	(882)	34	-	-	-	(3,666)	(3,964)
Profit (loss) from operations before income tax expenses	(904)	(612)	889	3,222	(24)	136	-	-	(39)	2,746
Segment assets as at 31 December	41,565	54,044	161,974	169,603	5,370	1,669	-	-	208,909	225,316

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

33 Interest income

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	979	1,341	979	1,341
Investments and trading transactions	197	156	197	156
Investments in debt securities	608	1,311	608	1,311
Investments in receivables	567	623	-	5
Loans to customers	6,577	8,619	6,670	8,495
Total	8,928	12,050	8,454	11,308

34 Interest expenses

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deposits	1,312	1,789	1,313	1,791
Interbank and money market items	580	990	580	990
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	575	581	575	581
Debt issued and borrowings	43	78	43	78
Total	2,510	3,438	2,511	3,440

35 Net fees and service income

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	140	188	140	188
- Transaction fees	750	664	750	664
- Others	889	957	889	958
	<u>1,779</u>	<u>1,809</u>	<u>1,779</u>	<u>1,810</u>
Fees and service expenses				
- Commission fees	31	36	31	36
- Collection service	154	120	191	201
- Others	385	506	377	476
	<u>570</u>	<u>662</u>	<u>599</u>	<u>713</u>
Net	1,209	1,147	1,180	1,097

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

36 Gains on trading and foreign exchange transactions, net

	Consolidated and Bank only	
	2015	2014
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	1,235	1,238
- Interest rate related derivatives	(200)	583
- Debt securities	125	321
Total	1,160	2,142
Gains (losses) on hedging transactions	15	(20)
Total	1,175	2,122

37 Gains on investments, net

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	414	242	414	242
- General investments	2	1	-	1
- Investments in receivables	-	51	-	-
Total	416	294	414	243

38 Employee expenses

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Management				
Wages and salaries	309	308	303	303
Post - employment benefits - defined benefit plans	14	8	14	8
Share-based payment transactions	17	16	16	16
Others	305	198	294	195
	645	530	627	522
Other employees				
Wages and salaries	1,639	1,636	1,604	1,595
Post - employment benefits - defined benefit plans	46	40	45	38
Share-based payment transactions	(2)	(55)	(2)	(54)
Others	656	889	634	869
	2,339	2,510	2,281	2,448
Total	2,984	3,040	2,908	2,970

The Bank and its subsidiaries have established contributory provident fund for their employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Bank and its subsidiaries at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

39 Impairment loss (reversal) of loans and debt securities

	Consolidated		Bank only	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	(36)	12	(36)	12
Investment in receivables	8	39	-	-
Loans to customers	3,694	3,913	3,694	3,913
Total	3,666	3,964	3,658	3,925

40 Income tax expense

Income tax recognised in profit or loss

	<i>Note</i>	Consolidated		Bank only	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
Current tax expense					
Current year		159	610	61	439
Under (over) provided in prior years		39	(19)	47	(15)
		198	591	108	424
Deferred tax expense					
Movements in temporary differences		(161)	(22)	(118)	2
Over provided in prior years		(29)	(23)	(37)	(24)
	17	(190)	(45)	(155)	(22)
Total		8	546	(47)	402

Income tax recognised in other comprehensive income

	Consolidated and Bank only					
	2015	2014		2015	2014	
	Before Tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of Tax
	<i>(in million Baht)</i>					
Cash flow hedges	(23)	5	(18)	(25)	5	(20)
Available-for-sale investments	(188)	37	(151)	38	(8)	30
Defined benefit plans	(3)	1	(2)	(13)	3	(10)
Total	(214)	43	(171)	-	-	-

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

Notes to the financial statements

Reconciliation of effective tax rate

	Consolidated		2014	
	2015	(in million Baht)	Rate (%)	(in million Baht)
Profit (loss) before total income tax expense		(39)		2,746
Income tax using the Thai corporation tax rate	20	(8)	20	549
Effect of income tax from subsidiaries		-		5
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		6		34
Under (over) provided in prior years		10		(42)
Total	21	8	20	546

	Bank only		2014	
	2015	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		199		2,033
Income tax using the Thai corporation tax rate	20	40	20	407
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(97)		34
Under (over) provided in prior years		10		(39)
Total	(24)	(47)	20	402

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period begins on or after 1 January 2016.

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

41 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the year ended 31 December 2015 and 2014 were based on the profit (loss) for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years as follows:

	Consolidated		Bank only	
	2015	2014	2015	2014
	(in million Baht / million shares)			
Profit (loss) for the years attributable to equity holders of the Bank (basic)	(46)	2,200	245	1,631
Number of ordinary shares outstanding	1,484	1,484	1,484	1,484
Basic earnings (loss) per share (in Baht)	(0.03)	1.48	0.17	1.10

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

Notes to the financial statements

42 Dividends

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

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

43 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for financial periods beginning on or after 1 January 2016, are set out below. The Bank and its subsidiaries does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TFRS 2 (revised 2015)	Share-based Payment
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes

The Bank and its subsidiaries has made a preliminary assessment of the potential initial impact on the consolidated and Bank only financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements

44 Reclassification of account

Certain accounts in the statements of profit or loss and other comprehensive income for the year ended 31 December 2014 have been reclassified to conform to the presentation in the 2015 financial statements. The reclassifications were as follows:

	Before reclassification	2014 Consolidated	After reclassification
		Reclassification (in million Baht)	
Fee and service expenses	542	120	662
Others	1,181	(120)	1,061
		<u>-</u>	
		<u>-</u>	
	Before reclassification	2014 Bank only	After reclassification
		Reclassification (in million Baht)	
Fee and service expenses	652	61	713
Others	1,047	(61)	986
		<u>-</u>	
		<u>-</u>	

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