

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

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

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

Opinion

I have audited the 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 2016, 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.

In my opinion, the accompanying 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 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and the Bank only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank only Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank only financial statements in accordance with TFRSs, 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.

In preparing the consolidated and the Bank only financial statements, management is responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Bank only financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Bank's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2017

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

| Assets | Note | Consolidated | | Bank only | |
|---|------------|--------------|-------------|-------------|-------------|
| | | 31 December | | 31 December | |
| | | 2016 | 2015 | 2016 | 2015 |
| (in thousand Baht) | | | | | |
| Cash | | 271,469 | 381,509 | 271,469 | 366,546 |
| Interbank and money market items, net | 8, 32 | 56,697,846 | 50,178,317 | 56,697,846 | 50,170,112 |
| Derivative assets | 9, 32 | 23,277,544 | 34,012,808 | 23,277,544 | 34,012,808 |
| Investments, net | 10, 30 | 32,646,309 | 30,314,164 | 32,646,309 | 28,887,212 |
| Investments in subsidiaries | 4, 11 | - | - | 48,170 | 696,882 |
| Loans to customers and accrued interest receivable, net | 12, 14, 32 | | | | |
| Loans to customers | | 38,138,566 | 91,712,274 | 38,138,566 | 93,174,128 |
| Accrued interest receivable | | 78,761 | 276,160 | 78,761 | 296,118 |
| Total loans to customers and accrued interest receivable | | 38,217,327 | 91,988,434 | 38,217,327 | 93,470,246 |
| Less allowance for doubtful accounts | 12.4, 15 | (5,854,255) | (9,336,491) | (5,854,255) | (9,336,491) |
| Total loans to customers and accrued interest receivable, net | | 32,363,072 | 82,651,943 | 32,363,072 | 84,133,755 |
| Customer's liability under acceptance | | 313,267 | - | 313,267 | - |
| Properties for sale, net | | - | 109,766 | - | - |
| Premises and equipment, net | 16 | 432,259 | 534,065 | 432,259 | 534,016 |
| Intangible assets, net | | 96,973 | 209,573 | 96,973 | 209,573 |
| Deferred tax assets | 17 | 925,990 | 848,283 | 925,990 | 563,088 |
| Accounts receivable from sales of investments and debt securities in issue | 18 | 1,147,401 | 2,673,751 | 1,147,401 | 2,673,751 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | | 2,338,298 | 4,580,729 | 2,338,298 | 4,580,729 |
| Assets of disposal group classified as held for sale | 20 | 39,653,124 | - | 39,653,124 | - |
| Other assets, net | 21, 32 | 495,715 | 1,842,984 | 489,423 | 1,779,264 |
| Total assets | | 190,659,267 | 208,337,892 | 190,701,145 | 208,607,736 |
| Liabilities and equity | | | | | |
| Liabilities | | | | | |
| Deposits | 22, 32 | 52,136,653 | 98,325,486 | 52,180,497 | 98,759,857 |
| Interbank and money market items | 23, 32 | 28,047,796 | 20,738,726 | 28,047,796 | 20,738,726 |
| Liabilities payable on demand | | 1,548,139 | 1,277,189 | 1,548,139 | 1,277,189 |
| Derivative liabilities | 9, 32 | 22,736,229 | 34,138,281 | 22,736,229 | 34,138,282 |
| Debt issued and borrowings | 24, 32 | 2,022,600 | 3,026,023 | 2,022,600 | 3,026,023 |
| Bank's liability under acceptances | | 313,267 | - | 313,267 | - |
| Provisions | 25 | 443,979 | 540,831 | 443,979 | 527,754 |
| Accounts payable from purchase of investments | 26 | 1,286,799 | 101,085 | 1,286,799 | 101,085 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | | 3,525,951 | 7,103,299 | 3,525,951 | 7,103,299 |
| Accrued expenses | 32 | 4,332,373 | 2,914,935 | 4,330,443 | 2,801,697 |
| Liabilities of disposal group classified as held for sale | 20 | 34,530,261 | - | 34,530,261 | - |
| Other liabilities | 27, 32 | 1,289,657 | 1,755,224 | 1,289,621 | 1,752,261 |
| Total liabilities | | 152,213,704 | 169,921,079 | 152,255,582 | 170,226,173 |
| Equity | | | | | |
| Share capital | 28 | | | | |
| 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 | 28 | 9,055,819 | 9,055,819 | 9,055,819 | 9,055,819 |
| Reserve arising from business combination under common control | | - | (496,906) | - | - |
| Other reserves | 29 | (197,007) | 46,492 | (197,007) | 46,492 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 29 | 1,102,086 | 1,083,609 | 1,096,086 | 1,075,109 |
| Unappropriated | | 13,647,620 | 13,890,740 | 13,653,620 | 13,367,098 |
| Total shareholders' equity | | 38,445,563 | 38,416,799 | 38,445,563 | 38,381,563 |
| Non-controlling interest | | - | 14 | - | - |
| Total equity | | 38,445,563 | 38,416,813 | 38,445,563 | 38,381,563 |
| Total liabilities and equity | | 190,659,267 | 208,337,892 | 190,701,145 | 208,607,736 |

(นาย พลากร หวังหลี)
(Mr. Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรณูช นามพูลสุขสันต์)
(Ms. Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

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 | |
| | | 2016 | 2015 | 2016 | 2015 |
| | Note | | (Restated) | | (Restated) |
| | | (in thousand Baht) | | | |
| Continued operations | | | | | |
| Interest income | 32, 35 | 3,016,262 | 3,743,953 | 2,525,408 | 3,270,190 |
| Interest expenses | 36 | 1,234,707 | 1,902,024 | 1,234,945 | 1,903,139 |
| Net interest income | | 1,781,555 | 1,841,929 | 1,290,463 | 1,367,051 |
| Fees and service income | | 852,030 | 930,335 | 852,030 | 930,335 |
| Fees and service expenses | | 183,033 | 257,434 | 150,505 | 164,325 |
| Net fees and service income | 32, 37 | 668,997 | 672,901 | 701,525 | 766,010 |
| Gains on trading and foreign exchange transactions, net | 32, 38 | 1,444,182 | 1,188,884 | 1,444,079 | 1,188,884 |
| Gains on investments, net | 39 | 258,178 | 415,832 | 470,279 | 414,433 |
| Other operating income | | 495,895 | 58,370 | 472,726 | 597,562 |
| Total operating income | | 4,648,807 | 4,177,916 | 4,379,072 | 4,333,940 |
| Other operating expenses | 32 | | | | |
| Employee expenses | 40 | 1,698,905 | 1,843,613 | 1,654,149 | 1,766,752 |
| Directors' remuneration | | 7,893 | 8,750 | 7,893 | 8,750 |
| Premises and equipment expenses | | 141,378 | 191,795 | 135,005 | 179,499 |
| Taxes and duties | | 90,294 | 104,593 | 71,471 | 88,079 |
| Service agreements | 32 | 603,481 | 892,808 | 603,481 | 892,808 |
| Others | | 566,916 | 696,819 | 375,551 | 607,769 |
| Total other operating expenses | | 3,108,867 | 3,738,378 | 2,847,550 | 3,543,657 |
| Impairment loss of loans and debt securities | 15, 41 | (35,351) | 1,058,021 | (32,408) | 1,050,182 |
| Profit (loss) from continuing operations before income tax expense (income) | | 1,575,291 | (618,483) | 1,563,930 | (259,899) |
| Income tax | 42 | 438,005 | (114,558) | 350,858 | (168,958) |
| Profit (loss) from continuing operations | | 1,137,286 | (503,925) | 1,213,072 | (90,941) |
| Discontinued operation | | | | | |
| Profit (loss) from discontinued operation | 19 | (753,259) | 457,235 | (793,562) | 336,255 |
| Profit (loss) for the year | | 384,027 | (46,690) | 419,510 | 245,314 |
| Other comprehensive income | | | | | |
| <i>Items that are or may be reclassified to profit or loss</i> | | | | | |
| Losses on remeasuring available-for-sale investments | | (294,356) | (188,123) | (294,356) | (188,123) |
| Losses on cash flow hedges | | (10,018) | (22,772) | (10,018) | (22,772) |
| Income tax relating to other comprehensive income | 42 | 60,875 | 42,179 | 60,875 | 42,179 |
| <i>Items that will never be reclassified to profit or loss</i> | | | | | |
| Defined benefit plans actuarial gains (losses) | | 82,542 | (3,239) | 82,542 | (2,985) |
| Income tax relating to other comprehensive income | 42 | (16,257) | 648 | (16,508) | 597 |
| Total other comprehensive income for the year, net of income tax | | (177,214) | (171,307) | (177,465) | (171,104) |
| Total comprehensive income for the year | | 206,813 | (217,997) | 242,045 | 74,210 |
| Profit (loss) attributable to: | | | | | |
| Shareholders of the Bank | | 384,023 | (46,693) | 419,510 | 245,314 |
| Non-controlling interest | | 4 | 3 | - | - |
| Profit (loss) for the year | | 384,027 | (46,690) | 419,510 | 245,314 |
| Total comprehensive income attributable to : | | | | | |
| Shareholders of the Bank | | 206,809 | (218,000) | 242,045 | 74,210 |
| Non-controlling interest | | 4 | 3 | - | - |
| Total comprehensive income for the year | | 206,813 | (217,997) | 242,045 | 74,210 |
| Earnings (loss) per share | | | | | |
| Basic earnings (loss) per share (in Baht) | 43 | 0.26 | (0.03) | 0.28 | 0.17 |

(นาย พลากร หวังเหล็ก)
(Mr.Plakorn Wanglee)

กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรณัฐ นามพูลสุคันต์)
(Ms.Oranuch Nampoolsuksan)

กรรมการและรองกรรมการผู้จัดการใหญ่

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

| Year ended 31 December 2015 | | | | | | | | | | | |
|---|----|------------|-----------|-----------|-----------|----------|-----------|-----------|-------------|------------|-------------|
| Balance as at 1 January 2015 | | | | | | | | | | | |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Distribution to owners of the Bank | | | | | | | | | | | |
| Dividends | 44 | - | - | - | 194,199 | 21,009 | 215,208 | 1,068,843 | 15,497,849 | 40,177,858 | 11 |
| Total distribution to owners of the Bank | | - | - | - | - | - | - | - | (1,543,059) | - | (1,543,059) |
| Comprehensive income for the year | | - | - | - | - | - | - | - | (1,543,059) | - | (1,543,059) |
| Loss for the year | | - | - | - | - | - | - | - | (46,693) | 3 | (46,690) |
| Other comprehensive income | | - | - | - | - | - | - | - | - | - | - |
| Available-for-sale investments | | - | - | - | - | - | - | - | - | - | - |
| Net change in fair value recognised in equity, net of tax | | - | - | - | (150,498) | - | (150,498) | - | - | (150,498) | (150,498) |
| Cash flow hedges | | - | - | - | - | - | - | - | - | - | - |
| Net change of effective portion of fair value of cash flow hedges, net of tax | | - | - | - | - | (18,218) | (18,218) | - | - | (18,218) | (18,218) |
| Actuarial losses on defined benefit plan, net of tax | | - | - | - | - | - | - | - | (2,591) | - | (2,591) |
| Total other comprehensive income | | - | - | - | (150,498) | (18,218) | (168,716) | - | (2,591) | (171,307) | (171,307) |
| Total comprehensive income for the year | | - | - | - | (150,498) | (18,218) | (168,716) | - | (49,284) | (218,000) | (217,997) |
| Transfer to legal reserve | | - | - | - | - | - | - | 14,766 | (14,766) | - | - |
| 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 | 38,416,799 | 38,416,813 |
| Year ended 31 December 2016 | | | | | | | | | | | |
| Balance as at 1 January 2016 | | | | | | | | | | | |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Distribution to owners of the Bank | | | | | | | | | | | |
| Dividends | 44 | - | - | - | - | - | - | - | (178,045) | - | (178,045) |
| Total distribution to owners of the Bank | | - | - | - | - | - | - | - | (178,045) | - | (178,045) |
| Comprehensive income for the year | | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | | - | - | - | - | - | - | - | 384,023 | 384,023 | 384,027 |
| Other comprehensive income | | - | - | - | - | - | - | - | - | - | - |
| Available-for-sale investments | | - | - | - | - | - | - | - | - | - | - |
| Net change in fair value recognised in equity, net of tax | | - | - | - | (235,485) | - | (235,485) | - | - | (235,485) | (235,485) |
| Cash flow hedges | | - | - | - | - | - | - | - | - | - | - |
| Net change of effective portion of fair value of cash flow hedges, net of tax | | - | - | - | - | (8,014) | (8,014) | - | - | (8,014) | (8,014) |
| Actuarial gains on defined benefit plan, net of tax | | - | - | - | - | - | - | - | 66,285 | - | 66,285 |
| Total other comprehensive income | | - | - | - | (235,485) | (8,014) | (243,499) | - | 66,285 | (177,214) | (177,214) |
| Total comprehensive income for the year | | - | - | - | (235,485) | (8,014) | (243,499) | - | 450,308 | 206,809 | 206,813 |
| Sold investment in subsidiary | | - | - | - | - | - | - | - | - | - | (18) |
| Transfer to retained earnings | | - | - | - | - | - | - | (2,500) | (494,406) | - | - |
| Transfer to legal reserve | | - | - | - | - | - | - | 20,977 | (20,977) | - | - |
| Balance as at 31 December 2016 | | 14,837,045 | 9,055,819 | - | (191,784) | (5,223) | (197,007) | 1,102,086 | 13,647,620 | 38,445,563 | 38,445,563 |

(นาย พลากร วังกละจักษ์)
(Mr. Plakorn Wanglee)

กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรุณ นามพูลสุคนธ์)
(Ms. Orunuch Namphoolsuksan)

กรรมการและรองกรรมการผู้จัดการใหญ่

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

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

| | Note | Issued and paid-up share capital | Premium on share capital | Bank only | | | | Total equity |
|---|------|----------------------------------|--------------------------|---|-------------------------------------|----------------------|-------------------|----------------|
| | | | | Fair value change in available-for-sale investments | Cash flow hedges (in thousand Baht) | Total other reserves | Retained earnings | |
| | | | | | | | Legal reserve | Unappropriated |
| Year ended 31 December 2015 | | | | | | | | |
| Balance as at 1 January 2015 | | 14,837,045 | 9,055,819 | 194,199 | 21,009 | 215,208 | 1,062,843 | 14,679,491 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| <i>Distribution to owners of the Bank</i> | | | | | | | | |
| Dividends | 44 | - | - | - | - | - | - | (1,543,053) |
| <i>Total distribution to owners of the Bank</i> | | | | | | | | |
| Comprehensive income for the year | | - | - | - | - | - | - | (1,543,053) |
| Profit for the year | | - | - | - | - | - | - | 245,314 |
| Other comprehensive income | | - | - | - | - | - | - | - |
| Available-for-sale investments | | - | - | (150,498) | - | (150,498) | - | - |
| Net change in fair value recognised in equity, net of tax | | - | - | (150,498) | - | (150,498) | - | (150,498) |
| Cash flow hedges | | - | - | - | (18,218) | (18,218) | - | - |
| Net change of effective portion of fair value of cash flow hedges, net of tax | | - | - | - | (18,218) | (18,218) | - | (18,218) |
| Actuarial losses on defined benefit plans, net of tax | | - | - | (150,498) | - | (150,498) | - | (2,388) |
| Total other comprehensive income | | - | - | (150,498) | (18,218) | (168,716) | - | (171,104) |
| <i>Total comprehensive income for the year</i> | | | | | | | | |
| Transfer to legal reserve | | - | - | (150,498) | (18,218) | (168,716) | - | 242,926 |
| Balance as at 31 December 2015 | | 14,837,045 | 9,055,819 | 43,701 | 2,791 | 46,492 | 1,075,109 | 13,367,098 |
| Year ended 31 December 2016 | | | | | | | | |
| Balance as at 1 January 2016 | | 14,837,045 | 9,055,819 | 43,701 | 2,791 | 46,492 | 1,075,109 | 13,367,098 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| <i>Distribution to owners of the Bank</i> | | | | | | | | |
| Dividends | 44 | - | - | - | - | - | - | (178,045) |
| <i>Total distribution to owners of the Bank</i> | | | | | | | | |
| Comprehensive income for the year | | - | - | - | - | - | - | (178,045) |
| Profit for the year | | - | - | - | - | - | - | 419,510 |
| Other comprehensive income | | - | - | - | - | - | - | - |
| Available-for-sale investments | | - | - | (235,485) | - | (235,485) | - | - |
| Net change in fair value recognised in equity, net of tax | | - | - | (235,485) | - | (235,485) | - | (235,485) |
| Cash flow hedges | | - | - | - | (8,014) | (8,014) | - | - |
| Net change of effective portion of fair value of cash flow hedges, net of tax | | - | - | - | (8,014) | (8,014) | - | (8,014) |
| Actuarial gains on defined benefit plans, net of tax | | - | - | - | - | - | - | 66,034 |
| Total other comprehensive income | | - | - | (235,485) | (8,014) | (243,499) | - | (177,465) |
| <i>Total comprehensive income for the year</i> | | | | | | | | |
| Transfer to legal reserve | | - | - | (235,485) | (8,014) | (243,499) | - | 485,544 |
| Balance as at 31 December 2016 | | 14,837,045 | 9,055,819 | (191,784) | (5,223) | (197,007) | 1,096,086 | 13,653,620 |
| | | | | | | | | 38,445,563 |

(นาย พลากร วังกละจิว)
(Mr. Plakorn Wangluek)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาย ธนัท นันทกุลสินธุ์)
(Mr. Thanath Nampoolakasin)
กรรมการและรองกรรมการผู้จัดการใหญ่

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 2016 | 2015 | For the year ended 31 December 2016 | 2015 |
| | (in thousand Baht) | | | |
| Cash flows from operating activities | | | | |
| Profit (loss) from operations before income tax expense | 646,866 | (39,098) | 595,224 | 198,505 |
| Adjustments to reconcile profit (loss) from operations before income tax expense to net cash provided by (used in) operating activities | | | | |
| Depreciation and amortisation | 97,876 | 134,436 | 97,845 | 134,398 |
| Impairment loss of loans and debt securities | 1,430,828 | 4,171,814 | 1,430,828 | 4,171,814 |
| Impairment loss of investments (reversal of) | (2,942) | 7,343 | 9,177 | (1,610) |
| Reversal of impairment on amount due from related party | - | (12,000) | - | - |
| Amortisation of premium of debt instruments | 47,463 | 11,850,303 | 47,463 | 11,850,303 |
| Amortisation of discount of debt issued and borrowings | 22,672 | 31,794 | 22,672 | 31,794 |
| Gains on disposal of investments | (114,451) | (357,302) | (453,975) | (355,903) |
| Gains on disposal of premises and equipment | 3,381 | 538 | 3,381 | 538 |
| Losses on disposal of intangible assets | 139,732 | - | 139,732 | - |
| Impairment loss of properties for sale | 562 | 5,076 | - | - |
| Impairment loss of premises and equipment | - | 5,506 | - | 5,506 |
| Provisions made (reversal of) | 19,269 | (42,808) | 18,355 | (44,219) |
| Net interest income | (5,153,606) | (6,417,836) | (4,662,514) | (5,942,958) |
| Dividend income | - | - | - | (509,654) |
| Interest received | 6,898,080 | 9,014,083 | 6,427,184 | 8,541,779 |
| Proceeds from dividend income | - | - | - | 509,654 |
| Interest paid | (1,813,165) | (2,591,006) | (1,826,265) | (2,592,206) |
| Income tax paid | (362,214) | (452,986) | (284,089) | (334,347) |
| Profit from operations before changes in operating assets and liabilities | 1,860,351 | 15,307,857 | 1,565,018 | 15,663,394 |
| Decrease (increase) in operating assets | | | | |
| Interbank and money market items | (7,200,915) | (5,779,258) | (6,527,734) | (5,782,642) |
| Derivative assets and liabilities, net | (93,047) | 306,397 | (93,047) | 306,397 |
| Trading investments | 791,251 | 16,003 | 791,251 | 16,003 |
| Investments in receivables | (155,691) | 417,443 | - | - |
| Loans to customers | 9,207,790 | 6,895,359 | 10,770,983 | 6,903,076 |
| Properties for sale | 109,506 | 98,077 | 17,511 | 29,281 |
| Other assets | 3,380,069 | (2,363,305) | 3,377,984 | (2,342,093) |
| Increase (decrease) in operating liabilities | | | | |
| Deposits | (12,565,779) | (1,233,159) | (12,956,307) | (1,148,156) |
| Interbank and money market items | 8,899,071 | (19,131,959) | 7,309,071 | (19,131,959) |
| Liabilities payable on demand | 286,106 | (626,999) | 286,106 | (626,999) |
| Short-term debt issued and borrowings | 320,796 | (1,022,413) | 320,796 | (1,022,413) |
| Provisions used | (27,695) | (22,786) | (19,588) | (22,786) |
| Other liabilities | (2,220,049) | 5,257,446 | (2,235,317) | 5,262,644 |
| Net cash provided by (used in) operating activities | 2,591,764 | (1,881,297) | 2,606,727 | (1,896,253) |
| Cash flows from investing activities | | | | |
| Purchase of premises and equipment | (29,813) | (34,174) | (29,813) | (34,174) |
| Purchase of intangible assets | (28,193) | (124,143) | (28,193) | (124,143) |
| Proceeds from disposals of premises and equipment | 464 | 502 | 464 | 502 |
| Purchase of available-for-sale investments | (30,383,013) | (43,233,466) | (30,383,013) | (43,233,466) |
| Proceeds from available-for-sale investments | 27,101,931 | 47,711,472 | 27,101,931 | 47,711,472 |
| Proceeds from disposal of general investments | - | 2,174 | - | 2,174 |
| Proceeds from disposal of investments in subsidiaries | 860,813 | - | 860,813 | - |
| Net cash provided by (used in) investing activities | (2,477,811) | 4,322,365 | (2,477,811) | 4,322,365 |
| Cash flows from financing activities | | | | |
| Dividends paid | (178,045) | (1,543,059) | (178,045) | (1,543,053) |
| Repayment of long-term debt issued and borrowings | - | (1,000,000) | - | (1,000,000) |
| Net cash used in financing activities | (178,045) | (2,543,059) | (178,045) | (2,543,053) |
| Net decrease in cash | (64,092) | (101,991) | (49,129) | (116,941) |
| Cash at beginning of the year | 381,509 | 483,500 | 366,546 | 483,487 |
| Cash transfer to assets of disposal group classified as held for sales | (45,948) | - | (45,948) | - |
| Cash at end of the year | 271,469 | 381,509 | 271,469 | 366,546 |
| Non-cash transactions | | | | |
| Losses on remeasuring available-for-sale investment, net of deferred tax | (235,485) | (150,498) | (235,485) | (150,498) |
| Gain (losses) on cash flow hedges, net of deferred tax | (8,014) | (18,218) | (8,014) | (18,218) |

(นาย พลากร หวังเหล็ก)
(Mr. Plakorn Wanglee)
กรรมการผู้จัดการใหญ่และประธานเจ้าหน้าที่บริหาร

(นาง อรุณ นามพูลสุขสันต์)
(Ms. Oranuch Nampoolsuksan)
กรรมการและรองกรรมการผู้จัดการใหญ่

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
For the year ended 31 December 2016

Note Contents

| | |
|----|--|
| 1 | General information |
| 2 | Basis of preparation of the financial statements |
| 3 | Significant accounting policies |
| 4 | Disposal of interest in subsidiary |
| 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 | Discontinued operation |
| 20 | Assets and liabilities of disposal group classified as held for sales |
| 21 | Other assets |
| 22 | Deposits |
| 23 | Interbank and money market items (liabilities) |
| 24 | Debt issued and borrowings |
| 25 | Provisions |
| 26 | Accounts payable from purchase of investments |
| 27 | Other liabilities |
| 28 | Share capital |
| 29 | Reserves |
| 30 | Assets pledged as collateral |
| 31 | Contingent liabilities |
| 32 | Related parties |
| 33 | Non-cancellable operating lease agreements |
| 34 | Segment information |
| 35 | Interest income |
| 36 | Interest expenses |
| 37 | Net fees and service income |
| 38 | Gains on trading and foreign exchange transactions, net |
| 39 | Gains on investments, net |
| 40 | Employee expenses |
| 41 | Impairment loss of loans and debt securities |
| 42 | Income tax expense |
| 43 | Basic earnings (loss) per share |
| 44 | Dividends |
| 45 | Thai Financial Reporting Standards (TFRS) not yet adopted |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 22 February 2017.

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 31 December 2016 and 2015 are given in notes 11 and 32. On 22 December 2016, the Bank entered into a binding agreement to dilute its Retail Banking Business (Note 20).

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standard (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 periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’s operations are disclosed in note 45.

(b) Basis of measurement

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

| <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
For the year ended 31 December 2016

(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 uncertainties 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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(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.

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 Group. 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 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 3(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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(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 both independent and internal 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
For the year ended 31 December 2016

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.

(I) 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
For the year ended 31 December 2016

(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.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

Share-based compensation

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

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

(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.

Restructuring costs

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(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.

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) Disposal group held for sale

Disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, is classified as held for sale. The disposal group is measured at the lower of its carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(u) Discontinued operations

A discontinued operation is a component of the Bank and its subsidiaries' business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classified as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(v) Earnings (loss) per share

The Bank and its subsidiaries present basic earnings (loss) per share (EPS) which is calculated by dividing the profit (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).

(w) 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.

(x) 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.

4 Disposal of interest in subsidiary

On 18 November 2016, the Bank sold its 99.99% interest in Standard Chartered (Thai) Asset Management Company Limited, a subsidiary, for Baht 861 million in cash. The carrying amount of Standard Chartered (Thai) Asset Management Company Limited's net assets in the Consolidated and the Bank's financial statements on the date of the sale was Baht 1,005 million and Baht 639 million, respectively. Loss on sale of Baht 144 million is recognised in other expense in the consolidated statement of profit or loss and other comprehensive income and gain on sale of Baht 222 million is recognised in gain on investment in the Bank's statement of profit or loss and other comprehensive income.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 primary driven by the volume of client activity rather than risk-taking. 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

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

Value at Risk (VaR)

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR 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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 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 percent 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 and, where necessary, enforces reductions in overall market risk exposure. The Risk Committee considers the results of stress tests as part of its supervision of risk tolerance.

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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.

(a) Interest rate risk

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

| | | Consolidated 2016 | | |
|---|---------------------------|------------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non-interest bearing | Total |
| | | <i>(in million Baht)</i> | | |
| Financial assets | | | | |
| Cash | - | - | 271 | 271 |
| Interbank and money market items, net | 3,267 | 48,868 | 4,563 | 56,698 |
| Investments, net | 10,471 | 22,161 | 14 | 32,646 |
| Loans to customers and accrued interest receivable | 10,869 | 22,675 | 4,673 | 38,217 |
| Customer's liability under acceptance | - | - | 313 | 313 |
| Accounts receivable from sales of investments and debt securities in issue | - | - | 1,147 | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | 2,338 | - | - | 2,338 |
| Other assets | - | - | 182 | 182 |
| Total financial assets | 26,945 | 93,704 | 11,163 | 131,812 |
| Financial liabilities | | | | |
| Deposits | 41,285 | 7,494 | 3,358 | 52,137 |
| Interbank and money market items | 7,750 | 12,118 | 8,180 | 28,048 |
| Liabilities payable on demand | - | - | 1,548 | 1,548 |
| Debt issued and borrowings | - | 2,023 | - | 2,023 |
| Bank's liability under acceptances | - | - | 313 | 313 |
| Accounts payable from purchase of investments | - | - | 1,287 | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | 3,526 | - | - | 3,526 |
| Other liabilities | - | - | 98 | 98 |
| Total financial liabilities | 52,561 | 21,635 | 14,784 | 88,980 |
| Off-financial reporting items, net | 27,643 | (27,643) | - | - |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | | Consolidated 2015 | | |
|---|---------------------------|------------------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non-interest bearing | Total |
| | <i>(in million Baht)</i> | | | |
| <i>Financial assets</i> | | | | |
| 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 |
| <i>Financial liabilities</i> | | | | |
| 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
For the year ended 31 December 2016

| | | Bank only 2016 | | |
|---|---------------------------|---------------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non-interest bearing | Total |
| | <i>(in million Baht)</i> | | | |
| <i>Financial assets</i> | | | | |
| Cash | - | - | 271 | 271 |
| Interbank and money market items, net | 3,267 | 48,868 | 4,563 | 56,698 |
| Investments, net | 10,471 | 22,161 | 14 | 32,646 |
| Loans to customers and accrued interest receivable | 10,869 | 22,675 | 4,673 | 38,217 |
| Customer's liability under acceptance | - | - | 313 | 313 |
| Accounts receivable from sales of investments and debt securities in issue | - | - | 1,147 | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | 2,338 | - | - | 2,338 |
| Other assets | - | - | 182 | 182 |
| Total financial assets | 26,945 | 93,704 | 11,163 | 131,812 |
| <i>Financial liabilities</i> | | | | |
| Deposits | 41,328 | 7,494 | 3,358 | 52,180 |
| Interbank and money market items | 7,750 | 12,118 | 8,180 | 28,048 |
| Liabilities payable on demand | - | - | 1,548 | 1,548 |
| Debt issued and borrowings | - | 2,023 | - | 2,023 |
| Bank's liability under acceptances | - | - | 313 | 313 |
| Accounts payable from purchase of investments | - | - | 1,287 | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | 3,526 | - | - | 3,526 |
| Other liabilities | - | - | 98 | 98 |
| Total financial liabilities | 52,604 | 21,635 | 14,784 | 89,023 |
| Off-financial reporting items, net | 27,643 | (27,643) | - | - |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | | 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 | 5,430 | 98,760 |
| 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 | 11,499 | 131,210 |
| Off-financial reporting items, net | 44,132 | (44,132) | - | - |

As at 31 December 2016, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 5,050 million (2015: Baht 5,250 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

| | Consolidated | | | | | |
|----------------------------------|---|--------------|---|---|--------------|---|
| | 2016 | | | 2015 | | |
| | 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 | 69,076 | 1,016 | 1.47 | 61,413 | 979 | 1.59 |
| Investments | 25,143 | 697 | 2.77 | 40,668 | 1,372 | 3.37 |
| Loans to customers | 74,199 | 5,206 | 7.02 | 91,212 | 6,577 | 7.21 |
| Total | 168,418 | 6,919 | 4.11 | 193,293 | 8,928 | 4.62 |
| Financial liabilities | | | | | | |
| Deposits | 90,435 | 1,470 | 1.62 | 99,122 | 1,887 | 1.90 |
| Interbank and money market items | 19,136 | 273 | 1.43 | 38,609 | 580 | 1.50 |
| Debt issued and borrowings | 3,056 | 23 | 0.75 | 3,145 | 43 | 1.37 |
| Total | 112,627 | 1,766 | 1.57 | 140,876 | 2,510 | 1.78 |
| Bank only | | | | | | |
| | 2016 | | | 2015 | | |
| | 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 | 69,076 | 1,016 | 1.47 | 61,413 | 979 | 1.59 |
| Investments | 23,939 | 429 | 1.79 | 38,925 | 805 | 2.07 |
| Loans to customers | 75,466 | 4,983 | 6.60 | 92,762 | 6,670 | 7.19 |
| Total | 168,481 | 6,428 | 3.82 | 193,100 | 8,454 | 4.38 |
| Financial liabilities | | | | | | |
| Deposits | 90,844 | 1,470 | 1.62 | 99,400 | 1,888 | 1.90 |
| Interbank and money market items | 19,136 | 273 | 1.43 | 38,650 | 580 | 1.50 |
| Debt issued and borrowings | 3,056 | 23 | 0.75 | 3,145 | 43 | 1.37 |
| Total | 113,036 | 1,766 | 1.56 | 141,195 | 2,511 | 1.78 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 December 2016 and 2015 are as follows:

| | Consolidated 2016 (in million Baht) | | | | | |
|---|---|--------------------|-------------------------------|------------------------------|-----------------|-----------------------------|
| | Immediate repricing | Within 6 months | Over 6 months to 1 year | Over 1 year to 5 years | Over 5 years | Non- interest bearing |
| | | | | | | Non accrual |
| | | | | | | Total |
| Financial assets | | | | | | |
| Cash | - | - | - | - | - | 271 |
| Interbank and money market items, net | 20,848 | 25,632 | 5,297 | 358 | - | 4,563 |
| Investments, net | - | 6,732 | - | 22,548 | 3,352 | 14 |
| Loans to customers and accrued interest receivable | 10,869 | 21,616 | 602 | 457 | - | 79 |
| Customer's liability under acceptance | - | - | - | - | - | 313 |
| Accounts receivable from sales of investments and debt securities in issue | - | - | - | - | - | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | - | 2,338 | - | - | - | - |
| Other assets | - | - | - | - | - | 182 |
| Total financial assets | 31,717 | 56,318 | 5,899 | 23,363 | 3,352 | 6,509 |
| | | | | | | 4,594 |
| | | | | | | 131,812 |
| Financial liabilities | | | | | | |
| Deposits | 41,285 | 7,399 | 95 | - | - | 3,358 |
| Interbank and money market items | 9,750 | 5,100 | - | 3,592 | 1,426 | 8,180 |
| Liabilities payable on demand | - | - | - | - | - | 1,548 |
| Debt issued and borrowings | - | 2,023 | - | - | - | - |
| Bank's liability under acceptances | - | - | - | - | - | 313 |
| Accounts payable from purchase of investments | - | - | - | - | - | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | - | 3,526 | - | - | - | - |
| Other liabilities | - | - | - | - | - | 98 |
| Total financial liabilities | 51,035 | 18,048 | 95 | 3,592 | 1,426 | 14,784 |
| | | | | | | - |
| | | | | | | 88,980 |
| Off-financial reporting items, net | - | (11,582) | 14,280 | (5,106) | 2,408 | - |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated 2015 | | | | | |
|---|--------------------------|--------------------|-------------------------------|------------------------------|-----------------|----------------|
| | Immediate repricing | Within 6 months | Over 6 months to 1 year | Over 1 year to 5 years | Over 5 years | Total |
| | <i>(in million Baht)</i> | | | | | |
| 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 |
| | | | | | | |
| 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 | - |

For the year ended 31 December 2016

| | Bank only | | | | | |
|---|---------------------|-----------------|-------------------------|------------------------|-------------------|--------------|
| | 2016 | | | | | |
| | 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 | - | - | - | - | - | 271 |
| Interbank and money market items, net | 20,848 | 25,632 | 5,297 | 358 | - | 4,563 |
| Investments, net | - | 6,732 | - | 22,548 | 3,352 | 14 |
| Loans to customers and accrued interest receivable | 10,869 | 21,616 | 602 | 457 | - | 79 |
| Customer's liability under acceptance | - | - | - | - | - | 313 |
| Accounts receivable from sales of investments and debt securities in issue | - | - | - | - | - | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | - | 2,338 | - | - | - | - |
| Other assets | - | - | - | - | - | 182 |
| Total financial assets | 31,717 | 56,318 | 5,899 | 23,363 | 3,352 | 4,594 |
| Financial liabilities | | | | | | |
| Deposits | 41,328 | 7,399 | 95 | - | - | 3,358 |
| Interbank and money market items | 9,750 | 5,100 | - | 3,592 | 1,426 | 8,180 |
| Liabilities payable on demand | - | - | - | - | - | 1,548 |
| Debt issued and borrowings | - | 2,023 | - | - | - | - |
| Bank's liability under acceptances | - | - | - | - | - | 313 |
| Accounts payable from purchase of investments | - | - | - | - | - | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | - | 3,526 | - | - | - | - |
| Other liabilities | - | - | - | - | - | 98 |
| Total financial liabilities | 51,078 | 18,048 | 95 | 3,592 | 1,426 | - |
| Off-financial reporting items, net | - | (11,582) | 14,280 | (5,106) | 2,408 | - |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Bank only 2015 (in million Baht) | | | | | | |
|---|--|--------------------|-------------------------------|------------------------------|-----------------|-----------------------------|-------------------------|
| | Immediate repricing | Within 6 months | Over 6 months to 1 year | Over 1 year to 5 years | Over 5 years | Non- interest bearing | Non accrual Total |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 367 | 367 |
| Interbank and money market items, net | 10,675 | 30,778 | 3,609 | 361 | - | 4,747 | 50,170 |
| Investments, net | - | 12,578 | - | 16,080 | 215 | 14 | 28,887 |
| Loans to customers and accrued interest receivable | 27,850 | 52,976 | 3,065 | 1,687 | 7 | 296 | 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 | 38,525 | 100,913 | 6,674 | 18,128 | 222 | 8,322 | 180,373 |
| Financial liabilities | | | | | | | |
| Deposits | 73,605 | 17,209 | 1,331 | 1,185 | - | 5,430 | 98,760 |
| Interbank and money market items | 7,629 | 5,274 | - | 813 | 2,536 | 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 | 81,234 | 32,612 | 1,331 | 1,998 | 2,536 | 11,499 | 131,210 |
| 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
For the year ended 31 December 2016

(b) Currency exchange rate risk

As at 31 December 2016 and 2015, net open position assets (liabilities) denominated in various currencies were as follows:

| | Consolidated and Bank only | |
|--------------------------------------|-----------------------------------|-------------|
| | 2016 | 2015 |
| | <i>(in million USD)</i> | |
| Net foreign currency exposure | | |
| US Dollar | 82 | 21 |
| Euro (*) | 5 | 4 |
| Others (*) | - | 2 |

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

5.3 Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources available to meet all its obligations as they fall due without incurring 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 structural 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 to long term, the focus is on ensuring that the balance sheet remains structurally sound and aligned to the strategy.

The Asset and 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.

Asset and Liability Management (ALM) 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.

Group Treasury (GT) proposes and oversees the implementation of policies and other controls relating to liquidity risks.

The Bank seeks to manage its liquidity prudently for all currencies. Exceptional market events could impact adversely, thereby potentially affecting the Bank ability to fulfil its 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.

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 control 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 and the regulatory environment.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 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.

Liquidity risk framework

The Bank's liquidity risk management framework requires limits to be set for prudent liquidity management. 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 Group Treasury and Finance. Limit excesses are escalated and approved under a delegated authority structure and reported to the Asset and Liability Committee (ALCO).

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, Country Liquidity Crisis Management Plan (CLCMP) is reviewed and approved annually. The CLCMP includes a broad set of Early Warning Indicators (EWIs), an 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.

Stress Testing

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

A severe eight-day name-specific stress is run routinely, as well as a 90-day stress that is run to test resilience to market-wide disruption, such as in interbank money or foreign exchange markets. The Bank also runs a range of stress tests to meet regulatory requirements, as defined by local regulators.

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 Group Treasury.

As required by local regulations, the Bank carries out 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 end of December 2016, the Bank passed liquidity stress tests on all scenarios.

As at 31 December 2016, the loan to deposits ratio of the Bank is 71% (2015: 75%).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The remaining period to maturity of significant financial assets and financial liabilities as at 31 December 2016 and 2015 based on contractual maturity is as follows:

| | Consolidated 2016 | | | | | |
|---|------------------------------|--------------------|----------------------------|--|-----------------|----------------|
| | At call | Within 6 months | Over 6 months to 1 year | Over 1 year to 5 years (in million Baht) | Over 5 years | No maturity |
| | | | | | | Total |
| Financial assets | | | | | | |
| Cash | 271 | - | - | - | - | 271 |
| Interbank and money market items, net | 21,819 | 29,452 | 5,069 | 358 | - | 56,698 |
| Derivative assets | - | 4,729 | 2,117 | 10,550 | 5,882 | 23,278 |
| Investments, net | - | 2,485 | - | 23,847 | 6,300 | 32,646 |
| Loans to customers and accrued interest receivables | 14,322 | 9,234 | 1,341 | 8,295 | 5,025 | 38,217 |
| Customer's liability under acceptance | 6 | 307 | - | - | - | 313 |
| Accounts receivable from sales of investments and debt securities in issue | 1,147 | - | - | - | - | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | 2,338 | - | - | - | - | 2,338 |
| Other assets | - | - | - | 182 | - | 182 |
| Total financial assets | 39,903 | 46,207 | 8,527 | 43,232 | 17,207 | 14 |
| | | | | | | 155,090 |
| Financial liabilities | | | | | | |
| Deposits | 44,642 | 7,222 | 241 | 32 | - | 52,137 |
| Interbank and money market items | 17,930 | 4,000 | - | 3,592 | 2,526 | 28,048 |
| Liabilities payable on demand | 1,548 | - | - | - | - | 1,548 |
| Derivative liabilities | - | 5,791 | 1,963 | 9,227 | 5,755 | 22,736 |
| Debt issued and borrowings | - | 2,023 | - | - | - | 2,023 |
| Bank's liability under acceptances | 6 | 307 | - | - | - | 313 |
| Accounts payable from purchase of investments | 1,287 | - | - | - | - | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | 3,526 | - | - | - | - | 3,526 |
| Other liabilities | 98 | - | - | - | - | 98 |
| Total financial liabilities | 69,037 | 19,343 | 2,204 | 12,851 | 8,281 | 111,716 |
| Net liquidity gap | (29,134) | 26,864 | 6,323 | 30,381 | 8,926 | 14 |
| | | | | | | 43,374 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | 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 | - | 9,870 | 2,361 | 13,643 | 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 | 66,975 | 8,990 | 53,615 | 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 | - | 9,705 | 3,542 | 14,065 | 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 | 102,575 | 29,891 | 4,922 | 16,059 | 11,466 | - | 164,913 |
| Net liquidity gap | (54,438) | 37,084 | 4,068 | 37,556 | 25,157 | 14 | 49,441 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | At call | Within 6 months | Over 6 months to 1 year | Bank only 2016 Over 1 year to 5 years (in million Baht) | Over 5 years | No maturity | Total |
|---|-----------------|--------------------|----------------------------|---|-----------------|----------------|----------------|
| Financial assets | | | | | | | |
| Cash | 271 | - | - | - | - | - | 271 |
| Interbank and money market items, net | 21,819 | 29,452 | 5,069 | 358 | - | - | 56,698 |
| Derivative assets | - | 4,729 | 2,117 | 10,550 | 5,882 | - | 23,278 |
| Investments, net | - | 2,485 | - | 23,847 | 6,300 | 14 | 32,646 |
| Loans to customers and accrued interest receivables | 14,322 | 9,234 | 1,341 | 8,295 | 5,025 | - | 38,217 |
| Customer's liability under acceptance | 6 | 307 | - | - | - | - | 313 |
| Accounts receivable from sales of investments and debt securities in issue | 1,147 | - | - | - | - | - | 1,147 |
| Collateral from Credit Support Annex agreements and margin receivables from private repo transactions | 2,338 | - | - | - | - | - | 2,338 |
| Other assets | - | - | - | 182 | - | - | 182 |
| Total financial assets | 39,903 | 46,207 | 8,527 | 43,232 | 17,207 | 14 | 155,090 |
| Financial liabilities | | | | | | | |
| Deposits | 44,685 | 7,222 | 241 | 32 | - | - | 52,180 |
| Interbank and money market items | 17,930 | 4,000 | - | 3,592 | 2,526 | - | 28,048 |
| Liabilities payable on demand | 1,548 | - | - | - | - | - | 1,548 |
| Derivative liabilities | - | 5,791 | 1,963 | 9,227 | 5,755 | - | 22,736 |
| Debt issued and borrowings | - | 2,023 | - | - | - | - | 2,023 |
| Bank's liability under acceptances | 6 | 307 | - | - | - | - | 313 |
| Accounts payable from purchase of investments | 1,287 | - | - | - | - | - | 1,287 |
| Collateral from Credit Support Annex agreements and margin payables from private repo transactions | 3,526 | - | - | - | - | - | 3,526 |
| Other liabilities | 98 | - | - | - | - | - | 98 |
| Total financial liabilities | 69,080 | 19,343 | 2,204 | 12,851 | 8,281 | - | 111,759 |
| Net liquidity gap | (29,177) | 26,864 | 6,323 | 30,381 | 8,926 | 14 | 43,331 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | 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 | - | 9,870 | 2,361 | 13,643 | 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 | 68,246 | 9,470 | 52,418 | 36,623 | 14 | 214,386 |
| Financial liabilities | | | | | | | |
| Deposits | 79,034 | 17,160 | 1,380 | 1,182 | 4 | - | 98,760 |
| Interbank and money market items | 15,290 | - | - | 813 | 4,636 | - | 20,739 |
| Liabilities payable on demand | 1,277 | - | - | - | - | - | 1,277 |
| Derivative liabilities | - | 9,705 | 3,542 | 14,065 | 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 | 103,009 | 29,891 | 4,922 | 16,060 | 11,466 | - | 165,348 |
| Net liquidity gap | (55,394) | 38,355 | 4,548 | 36,358 | 25,157 | 14 | 49,038 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 December 2016 and 2015 are as follows:

| | Consolidated and Bank only | | |
|--|-----------------------------------|----------------|------------------|
| | 2016 | | |
| | Within | Over | Total |
| | 1 year | 1 year | |
| | <i>(in million Baht)</i> | | |
| <i>Foreign currency related</i> | | | |
| Forward exchange contracts | 303,980 | 9,407 | 313,387 |
| Cross currency swap contracts | 59,113 | 181,381 | 240,494 |
| Currency option contracts | 5,290 | - | 5,290 |
| <i>Interest rate related</i> | | | |
| Interest rate swap contracts | 199,836 | 540,862 | 740,698 |
| Interest rate option contracts | - | 10,404 | 10,404 |
| <i>Others</i> | | | |
| Bond forward contracts | 1,263 | 2,434 | 3,697 |
| Commodities | 9,228 | 1,565 | 10,793 |
| Total | 578,710 | 746,053 | 1,324,763 |

| | Consolidated and Bank only | | |
|--|-----------------------------------|----------------|------------------|
| | 2015 | | |
| | Within | Over | Total |
| | 1 year | 1 year | |
| | <i>(in million Baht)</i> | | |
| <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 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

6 Fair value of financial assets and liabilities

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiary use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | <i>(in million Baht)</i> | | | |
| 31 December 2016 | | | | |
| <i>Financial assets</i> | | | | |
| Derivatives | | | | |
| - Foreign currency related | 2 | 14,038 | - | 14,040 |
| - Interest rate related | - | 8,176 | - | 8,176 |
| - Bond forward contracts | - | 275 | - | 275 |
| - Commodities contracts | - | 787 | - | 787 |
| Debt securities held for trading | - | 6,429 | - | 6,429 |
| Debt securities available-for-sale | - | 26,203 | - | 26,203 |
| <i>Financial liabilities</i> | | | | |
| Derivatives | | | | |
| - Foreign currency related | 2 | 15,169 | - | 15,171 |
| - Interest rate related | - | 6,597 | - | 6,597 |
| - Bond forward contracts | - | 180 | - | 180 |
| - Commodities contracts | - | 788 | - | 788 |
| Consolidated and Bank only | | | | |
| Fair value | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | <i>(in million Baht)</i> | | | |
| 31 December 2015 | | | | |
| <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 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated and Bank only | | | |
|-------------------------------------|-----------------------------------|----------------|----------------|--------------|
| | Fair value | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| 31 December 2015 | <i>(in million Baht)</i> | | | |
| <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 2016.

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 carrying value of significant financial assets and liabilities not measured at fair value approximates the fair value.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

General investments

The fair value of non-marketable equity securities is determined based on unobservable market data.

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
For the year ended 31 December 2016

7 Maintenance of capital fund

The Bank, which is financial institutions, is 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 must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial statement position as calculated in accordance with regulatory practices. The Bank's 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 2016 and 2015, the Bank's total capital funds can be categorised as follows:

| | Bank only | |
|--|---|----------------|
| | 2016 | 2015 |
| | <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 | 1,075 | 1,063 |
| Net profit after appropriation | 13,189 | 13,146 |
| Other reserves | (115) | 17 |
| Less capital deduction items on CET1 | (984) | (659) |
| Total Tier 1 Capital Base | 37,058 | 37,460 |
| <i>Tier 2 capital</i> | | |
| Provision for normal classified assets | 238 | 309 |
| Surplus of provision | 498 | 530 |
| Total Tier 2 Capital Base | 736 | 839 |
| Total Capital Base | 37,794 | 38,299 |
| Total Risk-Weighted Assets | 143,630 | 151,042 |
| | The BoT's regulation minimum requirement* | |
| | (%) | |
| Capital Adequacy Ratio | 9.125 | 26.31 |
| Tier-1 Capital ratio | 6.625 | 25.80 |
| Tier-1 Common Equity ratio | 5.125 | 25.80 |
| Tier-2 Capital ratio | - | 0.51 |
| Capital after deducting capital add-on arising from Single Lending Limit <i>(in million Baht)</i> | - | 37,794 |
| Capital after deducting capital add-on arising from Single Lending Limit to total risk-weighted assets ratio | - | 26.31 |
| | | 25.03 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

*Includes capital conservation buffer as required by the BOT commencing 1 January 2016.

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.

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 2016 within 4 months after the period end date, as indicated in the notification, through the Bank’s website www.sc.com/th/.

Capital management

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

8 Interbank and money market items, net (assets)

| | | | Consolidated | | | |
|--|---------------|---------------|-------------------|---------------|---------------|---------------|
| | At call | 2016 Term | Total | At call | 2015 Term | Total |
| | | | (in million Baht) | | | |
| Domestic | | | | | | |
| Bank of Thailand | 8,154 | 2,355 | 10,509 | 5,839 | 17,400 | 23,239 |
| Commercial banks | 5,373 | 15,532 | 20,905 | 2,567 | 6,134 | 8,701 |
| Other financial institutions | 270 | 294 | 564 | - | - | - |
| Total | 13,797 | 18,181 | 31,978 | 8,406 | 23,534 | 31,940 |
| Add accrued interest receivable | 1 | 3 | 4 | 1 | 12 | 13 |
| Less allowance for doubtful accounts | 3 | 26 | 29 | - | (1) | (1) |
| Total domestic, net | 13,795 | 18,158 | 31,953 | 8,407 | 23,545 | 31,952 |
| Foreign | | | | | | |
| US Dollar | 2,256 | 16,677 | 18,933 | 4,124 | 7,208 | 11,332 |
| Japanese Yen | 3,330 | - | 3,330 | 3,372 | 2,996 | 6,368 |
| Euro | 2,032 | 15 | 2,047 | 106 | 2 | 108 |
| Chinese Yuan | 16 | - | 16 | 14 | - | 14 |
| Other currencies | 391 | - | 391 | 399 | - | 399 |
| Total | 8,025 | 16,692 | 24,717 | 8,015 | 10,206 | 18,221 |
| Add accrued interest receivable | - | 71 | 71 | - | 9 | 9 |
| Less allowance for doubtful accounts | (1) | (42) | (43) | - | (4) | (4) |
| Total foreign, net | 8,024 | 16,721 | 24,745 | 8,015 | 10,211 | 18,226 |
| Total domestic and foreign, net | 21,819 | 34,879 | 56,698 | 16,422 | 33,756 | 50,178 |

| | | | Bank only | | | |
|--|---------------|---------------|-------------------|---------------|---------------|---------------|
| | At call | 2016 Term | Total | At call | 2015 Term | Total |
| | | | (in million Baht) | | | |
| Domestic | | | | | | |
| Bank of Thailand | 8,154 | 2,355 | 10,509 | 5,839 | 17,400 | 23,239 |
| Commercial banks | 5,373 | 15,532 | 20,905 | 2,559 | 6,134 | 8,693 |
| Other financial institutions | 270 | 294 | 564 | - | - | - |
| Total | 13,797 | 18,181 | 31,978 | 8,398 | 23,534 | 31,932 |
| Add accrued interest receivable | 1 | 3 | 4 | 1 | 12 | 13 |
| Less allowance for doubtful accounts | 3 | 26 | 29 | - | (1) | (1) |
| Total domestic, net | 13,795 | 18,158 | 31,953 | 8,399 | 23,545 | 31,944 |
| Foreign | | | | | | |
| US Dollar | 2,256 | 16,677 | 18,933 | 4,124 | 7,208 | 11,332 |
| Japanese Yen | 3,330 | - | 3,330 | 3,372 | 2,996 | 6,368 |
| Euro | 2,032 | 15 | 2,047 | 106 | 2 | 108 |
| Chinese Yuan | 16 | - | 16 | 14 | - | 14 |
| Other currencies | 391 | - | 391 | 399 | - | 399 |
| Total | 8,025 | 16,692 | 24,717 | 8,015 | 10,206 | 18,221 |
| Add accrued interest receivable | - | 71 | 71 | - | 9 | 9 |
| Less allowance for doubtful accounts | (1) | (42) | (43) | - | (4) | (4) |
| Total foreign, net | 8,024 | 16,721 | 24,745 | 8,015 | 10,211 | 18,226 |
| Total domestic and foreign, net | 21,819 | 34,879 | 56,698 | 16,414 | 33,756 | 50,170 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

9 Derivatives

9.1 Derivatives held for trading

As at 31 December 2016 and 2015, the fair value and notional amount of derivatives classified by type of risks are as follows:

| Type of risks | Consolidated and Bank only | | | | | |
|--------------------------|----------------------------|----------------------|---|----------------------|----------------------|-------------------------|
| | 2016 | | | 2015 | | |
| | Fair value Assets | Liabilities | Notional amount (in million Baht) | Fair value Assets | Liabilities | Notional amount |
| Foreign currency related | 14,040 | 15,171 | 559,171 | 22,629 | 24,238 | 853,923 |
| Interest rate related | 8,176 | 6,535 | 746,052 | 10,602 | 8,971 | 947,514 |
| Others | | | | | | |
| - Bond forward contracts | 275 | 180 | 3,697 | 131 | 125 | 2,370 |
| - Commodities | 787 | 788 | 10,793 | 642 | 642 | 3,926 |
| | <u>1,062</u> | <u>968</u> | <u>14,490</u> | <u>773</u> | <u>767</u> | <u>6,296</u> |
| Total | <u>23,278</u> | <u>22,674</u> | <u>1,319,713</u> | <u>34,004</u> | <u>33,976</u> | <u>1,807,733</u> |

As at 31 December 2016 and 2015, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

| Counterparties | Consolidated and Bank only | |
|------------------------|----------------------------|---------------------|
| | 2016 | 2015 |
| | (%) | |
| Financial institutions | 65.2 | 66.2 |
| Related parties | 27.0 | 24.3 |
| Other parties | 7.8 | 9.5 |
| Total | <u>100.0</u> | <u>100.0</u> |

9.2 Derivatives held for hedging

9.2.1 Fair value hedges

| Type of risks | Consolidated and Bank only | | | | |
|-----------------------|----------------------------|------------------|---|----------------------|------------------|
| | 2016 | | 2015 | | |
| | Fair value Assets | Liabilities | Notional amount (in million Baht) | Fair value Assets | Liabilities |
| Interest rate related | - | 17 | 750 | - | 29 |
| Total | <u>-</u> | <u>17</u> | <u>750</u> | <u>-</u> | <u>29</u> |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 2016, the Bank recognised gain on fair value hedges in profit or loss amounted to Baht 0.4 million (2015: Loss on fair value hedges Baht 3 million).

9.2.2 Cash flow hedges

| Type of risks | Consolidated and Bank only | | | | | |
|--------------------------|----------------------------|---------------------------|---|----------------------|---------------------------|--------------------|
| | 2016 | | | 2015 | | |
| | Fair value Assets | Fair value Liabilities | Notional amount (in million Baht) | Fair value Assets | Fair value Liabilities | Notional amount |
| Foreign currency related | - | - | - | - | 111 | 6,420 |
| Interest rate related | - | 45 | 4,300 | 9 | 22 | 4,500 |
| Total | - | 45 | 4,300 | 9 | 133 | 10,920 |

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 2016, the Bank recognised loss on cash flow hedges in other comprehensive income amounted to Baht 10 million (2015: Baht 23 million) and loss on cash flow hedges in profit or loss amounted to Baht 23 million (2015: gain on cash flow hedges Baht 18 million).

As at 31 December 2016 and 2015, the time periods in which cash flows of hedged items are expected to impact in profit or loss are as follows:

| Cash flows | Consolidated and Bank only | | | |
|-----------------------|----------------------------|---|---------------------------|------------|
| | 2016 | | | Total |
| | Within 3 months | Over 3 months to 1 year (in million Baht) | Over 1 year to 5 years | |
| Cash inflows | 17 | 52 | 323 | 392 |
| Cash outflows | (6) | - | - | (6) |
| Net cash flows | 11 | 52 | 323 | 386 |

| Cash flows | Consolidated and Bank only | | | |
|-----------------------|----------------------------|---|---------------------------|------------|
| | 2015 | | | Total |
| | Within 3 months | Over 3 months to 1 year (in million Baht) | Over 1 year to 5 years | |
| Cash inflows | 34 | 34 | 193 | 261 |
| Cash outflows | (18) | (29) | (6) | (53) |
| Net cash flows | 16 | 5 | 187 | 208 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

10 Investments, net

10.1 As at 31 December 2016 and 2015, the Bank and its subsidiaries classify investment types, as follows:

| | Consolidated | | Bank only | |
|---|--------------------------|---------------|------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| <i>Trading investments - Fair value</i> | | | | |
| Government bonds | 4,040 | 5,006 | 4,040 | 5,006 |
| Private debt instruments | 2,389 | 924 | 2,389 | 924 |
| Total | 6,429 | 5,930 | 6,429 | 5,930 |
| <i>Available-for-sale investments - Fair value</i> | | | | |
| Government bonds | 26,203 | 22,331 | 26,203 | 22,331 |
| Private debt instruments | - | 612 | - | 612 |
| Total | 26,203 | 22,943 | 26,203 | 22,943 |
| <i>Investments in receivables - Cost</i> | | | | |
| Investments in receivables | - | 1,427 | - | - |
| Total | - | 1,427 | - | - |
| <i>General investments - Cost</i> | | | | |
| Domestic non-marketable equity securities | 23 | 24 | 23 | 24 |
| Foreign non-marketable equity securities | 1 | 1 | 1 | 1 |
| Total | 24 | 25 | 24 | 25 |
| <i>Less allowance for impairment</i> | (10) | (11) | (10) | (11) |
| Net | 14 | 14 | 14 | 14 |
| Total investments, net | 32,646 | 30,314 | 32,646 | 28,887 |

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

| | Consolidated and Bank only | |
|--|-----------------------------------|-----------|
| | 2016 | 2015 |
| | <i>(in million Baht)</i> | |
| <i>Fair value changes in available-for-sale investments</i> | | |
| Debt securities | (223) | 84 |
| <i>Less fair value changes in fair value hedged investments</i> | (17) | (29) |
| <i>Less deferred tax</i> | 48 | (11) |
| Net | (192) | 44 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

| Consolidated and Bank only | | | | | |
|-----------------------------------|------------------|-----------|------------|---------------------------|--------------------------|
| 2016 | | | | | |
| | No. of companies | Cost | Fair value | Allowance for revaluation | Allowance for impairment |
| | | | | (in million Baht) | |
| Non-listed companies in SET | 5 | 23 | 13 | - | 10 |
| Total | 5 | 23 | 13 | - | 10 |

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

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 | |
| | | | | 2016 | 2015 | 2016 | 2015 |
| | | | | (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 | - | 500 |
| Thai Exclusive Leasing Company Limited (TEL)(**) | Debt collection business | Ordinary shares | 99.99 | 59 | 59 | - | 10 |
| Less allowance for impairment | | | | (11) | (1) | - | - |
| Net | | | | 48 | 58 | - | 10 |
| Total | | | | 48 | 697 | - | 510 |

(*) Details of the disposal are given in note 4

(**) The entity is registered for dissolution on 23 December 2016 and is currently under liquidation process.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12 Loans to customers and accrued interest receivable, net

12.1 Classified by type of loans

| | Consolidated | | Bank only | |
|--|--------------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Overdrafts | 186 | 1,168 | 186 | 1,168 |
| Loans | 31,944 | 80,130 | 31,944 | 81,592 |
| Bills | 6,008 | 10,413 | 6,008 | 10,413 |
| Others | - | 1 | - | 1 |
| Total | <u>38,138</u> | <u>91,712</u> | <u>38,138</u> | <u>93,174</u> |
| Add accrued interest receivable | <u>79</u> | <u>276</u> | <u>79</u> | <u>296</u> |
| Total loans and accrued interest receivable | <u>38,217</u> | <u>91,988</u> | <u>38,217</u> | <u>93,470</u> |
| Less allowance for doubtful accounts | | | | |
| - Minimum allowance as BoT's regulations | | | | |
| - Individual approach | (4,288) | (5,562) | (4,288) | (5,582) |
| - Collective approach | - | (839) | - | (839) |
| - Excess allowance | (1,566) | (2,935) | (1,566) | (2,915) |
| Total | <u>(5,854)</u> | <u>(9,336)</u> | <u>(5,854)</u> | <u>(9,336)</u> |
| Total loans to customers and accrued interest receivable, net | <u>32,363</u> | <u>82,652</u> | <u>32,363</u> | <u>84,134</u> |

12.2 Classified by currency and residence of debtors

| | Consolidated | | | | | |
|------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | | 2015 | | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Thai Baht | 25,556 | 20 | 25,576 | 72,170 | 46 | 72,216 |
| US Dollar | 6,774 | 5,769 | 12,543 | 9,312 | 3,673 | 12,985 |
| Other currencies | 19 | - | 19 | 91 | 6,420 | 6,511 |
| Total | <u>32,349</u> | <u>5,789</u> | <u>38,138</u> | <u>81,573</u> | <u>10,139</u> | <u>91,712</u> |

| | Bank only | | | | | |
|------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | | 2015 | | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Thai Baht | 25,556 | 20 | 25,576 | 73,632 | 46 | 73,678 |
| US Dollar | 6,774 | 5,769 | 12,543 | 9,312 | 3,673 | 12,985 |
| Other currencies | 19 | - | 19 | 91 | 6,420 | 6,511 |
| Total | <u>32,349</u> | <u>5,789</u> | <u>38,138</u> | <u>83,035</u> | <u>10,139</u> | <u>93,174</u> |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12.3 Classified by industry and loan classification

| | Consolidated 2016 | | | | | Total |
|---------------------------------------|------------------------------|----------------------------|--|-----------------|-----------------------------|---------------|
| | Pass | Special mention | Substandard (in million Baht) | Doubtful | Doubtful of loss | |
| Agriculture and mining | 1,039 | - | - | - | - | 1,039 |
| Manufacturing and commerce | 23,365 | 265 | 35 | - | 4,559 | 28,224 |
| Property development and construction | 430 | - | - | - | - | 430 |
| Infrastructure and services | 4,628 | - | - | - | - | 4,628 |
| Housing loans | - | - | - | - | - | - |
| Others | 3,817 | - | - | - | - | 3,817 |
| Total | 33,279 | 265 | 35 | - | 4,559 | 38,138 |

| | Consolidated 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 | 5,265 | 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 |

| | Bank only 2016 | | | | | Total |
|---------------------------------------|---------------------------|----------------------------|--|-----------------|-----------------------------|---------------|
| | Pass | Special mention | Substandard (in million Baht) | Doubtful | Doubtful of loss | |
| Agriculture and mining | 1,039 | - | - | - | - | 1,039 |
| Manufacturing and commerce | 23,365 | 265 | 35 | - | 4,559 | 28,224 |
| Property development and construction | 430 | - | - | - | - | 430 |
| Infrastructure and services | 4,628 | - | - | - | - | 4,628 |
| Housing loans | - | - | - | - | - | - |
| Others | 3,817 | - | - | - | - | 3,817 |
| Total | 33,279 | 265 | 35 | - | 4,559 | 38,138 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Bank only 2015 | | | | | |
|--|---------------------------------|--------------------|---|------------|---------------------|---------------|
| | Pass | Special mention | Substandard <i>(in million Baht)</i> | Doubtful | Doubtful of loss | Total |
| 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 |

12.4 Classified by loan classification

| | Consolidated 2016 | | | |
|---|--|---|--|---|
| | Loans to customers and accrued interest receivables <i>(in million Baht)</i> | Net amount used to set the allowance for doubtful accounts* | Rate used for setting the allowance for doubtful accounts (%) | Allowance for doubtful accounts <i>(in million Baht)</i> |
| Minimum allowance as per BoT's Regulations | | | | |
| Pass | 33,358 | 29,494 | 1 | 295 |
| Special mention | 265 | 245 | 2 | 5 |
| Substandard | 35 | 20 | 100 | 20 |
| Doubtful | - | - | 100 | - |
| Doubtful of loss | 4,559 | 3,968 | 100 | 3,968 |
| Total | 38,217 | 33,727 | | 4,288 |
| Excess allowance | | | | 1,566 |
| Total | | | | 5,854 |

| | Consolidated 2015 | | | |
|---|--|---|--|---|
| | Loans to customers and accrued interest receivables <i>(in million Baht)</i> | Net amount used to set the allowance for doubtful accounts* | Rate used for setting the allowance for doubtful accounts (%) | Allowance for doubtful accounts <i>(in million Baht)</i> |
| 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
For the year ended 31 December 2016

| | Bank only 2016 | | | |
|---|---|---|--|--|
| | 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 | 33,358 | 29,494 | 1 | 295 |
| Special mention | 265 | 245 | 2 | 5 |
| Substandard | 35 | 20 | 100 | 20 |
| Doubtful | - | - | 100 | - |
| Doubtful of loss | 4,559 | 3,968 | 100 | 3,968 |
| Total | <u>38,217</u> | <u>33,727</u> | | <u>4,288</u> |
| Excess allowance | | | | <u>1,566</u> |
| Total | | | | <u>5,854</u> |

| | 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 (%) | Allowance for doubtful accounts (in million Baht) |
| Minimum allowance as per BoT's Regulations | | | | |
| Pass | 84,217 | 54,958 | 1 | 550 |
| Special mention | 1,664 | 1,139 | 2 | 23 |
| Substandard | 604 | 425 | 100 | 425 |
| Doubtful | 189 | 36 | 100 | 36 |
| Doubtful of loss | 6,796 | 5,387 | 100 | 5,387 |
| Total | <u>93,470</u> | <u>61,945</u> | | <u>6,421</u> |
| Excess allowance | | | | <u>2,915</u> |
| Total | | | | <u>9,336</u> |

* 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.

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.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

As at 31 December 2016 and 2015, NPL net (including financial institutions) based on the above directive can be summarised as follows:

| 2016 | | | |
|---|-------------------------------------|--|---------|
| | Standard Chartered Bank (Thai) Plc. | | Total |
| Non-performing loans, net (<i>in million Baht</i>) | 1,541 | | 1,541 |
| Total loans used for NPL net ratio calculation (<i>in million Baht</i>) | 109,984 | | 109,984 |
| Ratio of total loans (%) | 1.40 | | 1.40 |

| 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 |

⁽¹⁾ Excluding loans to subsidiaries.

As at 31 December 2016 and 2015, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

| 2016 | | | |
|---|-------------------------------------|--|---------|
| | Standard Chartered Bank (Thai) Plc. | | Total |
| Non-performing loans, gross (<i>in million Baht</i>) | 6,466 | | 6,466 |
| Total loans used for NPL gross ratio calculation (<i>in million Baht</i>) | 114,910 | | 114,910 |
| Ratio of total loans (%) | 5.63 | | 5.63 |

| 2015 | | | |
|---|-------------------------------------|--|------------------------|
| | Standard Chartered Bank (Thai) Plc. | Standard Chartered (Thai) Asset Management Company Limited | Total |
| 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 |

⁽¹⁾ Excluding loans to subsidiary.

Total loans used for NPL ratio calculation are loans to customers as presented in the statement of financial position, loans to financial institutions as included in interbank and money market items and loan to retail banking customer as included in assets of disposal group classified as held for sales.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

As at 31 December 2016, NPL net (including financial institutions) exclude assets of disposal group classified as held for sales based on the above directive can be summarised as follows:

| | 2016 | |
|--|---|--------|
| | Standard Chartered Bank (Thai) Plc. | Total |
| Non-performing loans, net (<i>in million Baht</i>) | 335 | 335 |
| Total loans used for NPL net ratio calculation (<i>in million Baht</i>) | 68,918 | 68,918 |
| Ratio of total loans (%) | 0.49 | 0.49 |

As at 31 December 2016, NPL gross (including financial institutions) exclude assets of disposal group classified as held for sales based on the above directive can be summarised as follows:

| | 2016 | |
|--|---|--------|
| | Standard Chartered Bank (Thai) Plc. | Total |
| Non-performing loans, gross (<i>in million Baht</i>) | 4,594 | 4,594 |
| Total loans used for NPL gross ratio calculation (<i>in million Baht</i>) | 73,178 | 73,178 |
| Ratio of total loans (%) | 6.28 | 6.28 |

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, for the year ended 31 December 2015 are as follows:

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

| | For the year ended 31 December 2015 (<i>in million Baht</i>) |
|--|---|
| <i>Cash flows from operating activities</i> | |
| Profit from operations before income tax expense | 290 |
| <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 |
| Impairment loss of properties for sale | 5 |
| Reversal of impairment on amount due from related party | (12) |
| Provision for employee benefit obligations | 1 |
| Net interest income | (474) |
| Interest received | 572 |
| Interest paid | (100) |
| Income tax paid | (114) |
| Profit from operations before changes in operating assets and liabilities | <hr/> 176 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

14 Troubled debt restructuring

During the year ended 31 December 2016 and 2015, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

| Consolidated and Bank only | | | | |
|---|---|---------------------|--|--|
| 2016 | | | | |
| Restructuring method | Terms of debt restructuring agreements | No. of customers | Amount of debt before restructuring (in million Baht) | Amount of debt after restructuring |
| Modification of terms and conditions | Over 1 year to 7 years | 353 | 349 | 347 |
| Total | | 353 | 349 | 347 |

| 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 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 | |
|----------------------------|-----------------------------------|--------------|
| | 2016 | 2015 |
| | <i>(in million Baht)</i> | |
| Troubled restructured debt | <u>5,510</u> | <u>5,628</u> |

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

| | Consolidated and Bank only | |
|--|-----------------------------------|-----------|
| | 2016 | 2015 |
| | <i>(in million Baht)</i> | |
| The loss incurred arising from restructuring, before allowance for doubtful accounts | <u>2</u> | <u>37</u> |

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 2016 and 2015.

The Bank and its subsidiaries recognised interest income from debt restructuring for the year ended 31 December as follows:

| | Consolidated and Bank only | |
|-----------------|-----------------------------------|------------|
| | 2016 | 2015 |
| | <i>(in million Baht)</i> | |
| Interest income | <u>115</u> | <u>119</u> |

Restructured debts are a part of loans to customers as presented in the statement of financial position and loan to retail banking customer as included in assets of disposal group classified as held for sales.

The loss incurred arising from restructuring, before allowance for doubtful accounts and interest income is included in both continued operations and discontinued operation presented in statement of profit or loss and other comprehensive income.

15 Allowance for doubtful accounts

| | Consolidated | | | | | | |
|--|--------------------------|-----------------|------------------|-----------------|---------------------|---------------------|---------------------|
| | 2016 | | | | | | |
| | Pass | Special mention | Sub standard | Doubtful | Doubtful of loss | Excess allowance | Total |
| | <i>(in million Baht)</i> | | | | | | |
| Beginning balance | 530 | 23 | 425 | 36 | 5,387 | 2,935 | 9,336 |
| Allowance for doubtful accounts | (99) | (9) | (188) | (23) | 1,565 | 185 | 1,431 |
| Bad debt written off | - | - | - | - | (2,480) | - | (2,480) |
| Reclassification to disposal group of assets held for sale | (136) | (9) | (217) | (13) | (436) | (1,554) | (2,365) |
| Others | - | - | - | - | (68) | - | (68) |
| Ending balance | <u>295</u> | <u>5</u> | <u>20</u> | <u>-</u> | <u>3,968</u> | <u>1,566</u> | <u>5,854</u> |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated 2015 | | | | | | |
|------------------------------------|------------------------------|--------------------|-----------------|-------------------------------|---------------------|---------------------|--------------|
| | Pass | Special mention | Sub standard | Doubtful (in million Baht) | Doubtful of loss | Excess allowance | Total |
| 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 |

| | Bank only 2016 | | | | | | |
|--|---------------------------|--------------------|-----------------|-------------------------------|---------------------|---------------------|--------------|
| | Pass | Special mention | Sub standard | Doubtful (in million Baht) | Doubtful of loss | Excess allowance | Total |
| Beginning balance | 550 | 23 | 425 | 36 | 5,387 | 2,915 | 9,336 |
| Allowance for doubtful accounts | (119) | (9) | (188) | (23) | 1,565 | 205 | 1,431 |
| Bad debt written off | - | - | - | - | (2,480) | - | (2,480) |
| Reclassification to disposal group of assets held for sale | (136) | (9) | (217) | (13) | (436) | (1,554) | (2,365) |
| Others | - | - | - | - | (68) | - | (68) |
| Ending balance | 295 | 5 | 20 | - | 3,968 | 1,566 | 5,854 |

| | Bank only 2015 | | | | | | |
|------------------------------------|---------------------------|--------------------|-----------------|-------------------------------|---------------------|---------------------|--------------|
| | Pass | Special mention | Sub standard | Doubtful (in million Baht) | Doubtful of loss | Excess allowance | Total |
| 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 |

| | Consolidated | | Bank only | |
|---|--------------------------|--------------------|------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| | <i>(in million Baht)</i> | | | |
| Allowance for doubtful accounts | (32) | 1,050 | (32) | 1,050 |
| Less impairment of investment in receivables (reversal of) | (3) | 8 | - | - |
| Impairment loss of loans and debt securities | (35) | 1,058 | (32) | 1,050 |

16 Premises and equipment

Consolidated
2016

**Consolidated
2015**

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that was still in use as at 31 December 2016 amounted Baht 461 million (2015: Baht 1,015 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Net book value as of 1 January 2016 | Bank only 2016 | | | Accumulated depreciation | | | Allowance for impairment | Net book value as of 31 December 2016 |
|-------------------|-------------------------------------|-------------------|----------------------------|----------------------------------|--------------------------|-------------------|-----------------------------|--------------------------|---------------------------------------|
| | | Beginning balance | Purchases and transfers in | Cost Disposals and transfers out | Ending balance | Beginning balance | Disposals and transfers out | | |
| | | | | | | | | | |
| Land | 11 | 20 | - | - | 20 | - | - | (9) | 11 |
| Freehold premises | 416 | 1,830 | 2 | (149) | 1,683 | 1,013 | 48 | (401) | 353 |
| Equipment | 107 | 1,153 | 19 | (692) | 436 | 1,046 | 47 | - | 68 |
| Total | 534 | 3,003 | 21 | (841) | 2,139 | 2,059 | 95 | (410) | 432 |

| | Net book value as of 1 January 2015 | Bank only 2015 | | | Accumulated depreciation | | | Allowance for impairment | Net book value as of 31 December 2015 |
|-------------------|-------------------------------------|-------------------|----------------------------|----------------------------------|--------------------------|-------------------|-----------------------------|--------------------------|---------------------------------------|
| | | Beginning balance | Purchases and transfers in | Cost Disposals and transfers out | Ending balance | Beginning balance | Disposals and transfers out | | |
| | | | | | | | | | |
| Land | 27 | 36 | - | (16) | 20 | - | - | (9) | 11 |
| Freehold premises | 492 | 1,889 | 14 | (73) | 1,830 | 967 | 71 | (401) | 416 |
| Equipment | 161 | 1,244 | 9 | (100) | 1,153 | 1,083 | 62 | - | 107 |
| Total | 680 | 3,169 | 23 | (189) | 3,003 | 2,050 | 133 | (410) | 534 |

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 31 December 2016 amounted Baht 461 million (2015: Baht 1,013 million).

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

17 Deferred tax

Deferred tax assets and liabilities were as follows:

| | Consolidated | | Bank only | |
|--------------------------|--------------------------|------------|------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Deferred tax assets | 926 | 848 | 926 | 575 |
| Deferred tax liabilities | - | - | - | (12) |
| Net | 926 | 848 | 926 | 563 |

Movements in total deferred tax assets and liabilities during the year ended 31 December 2016 and 2015 were as follows:

| | Consolidated | | | | |
|--|--------------------------|----------------------------------|-------------------------------------|---------------------------|------------|
| | (Charged) / Credited to: | | | | |
| At 1 January 2016 | Profit or loss | Other comprehensive income | Sold investment in subsidiary | At 31 December 2016 | |
| | (note 42) | | | | |
| | (in million Baht) | | | | |
| <i>Deferred tax assets</i> | | | | | |
| Investments | 261 | 36 | 59 | (283) | 73 |
| Loans and accrued interest receivable | 144 | 25 | - | - | 169 |
| Premises and equipment | 71 | (4) | - | - | 67 |
| Intangible assets | 1 | (1) | - | - | - |
| Other assets | 71 | - | - | - | 71 |
| Provisions | 110 | (2) | (16) | (1) | 91 |
| Other liabilities | 186 | 270 | - | (3) | 453 |
| Loss carry forward | 4 | (4) | - | - | - |
| Cash flow hedges | - | - | 2 | - | 2 |
| Total | 848 | 320 | 45 | (287) | 926 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | At 1 January 2015 | Consolidated (Charged) / Credited to: | | At 31 December 2015 |
|--|-------------------------|---|----------------------------------|---------------------------|
| | | Profit or loss (note 42) (in million Baht) | Other comprehensive income | |
| <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 |
| | | | | |
| | At 1 January 2016 | Bank only (Charged) / Credited to: | | At 31 December 2016 |
| | | Profit or loss (note 42) (in million Baht) | Other comprehensive income | |
| <i>Deferred tax assets</i> | | | | |
| Investments | (12) | 25 | 59 | 72 |
| Loans and accrued interest receivable | 144 | 26 | - | 170 |
| Premises and equipment | 71 | (4) | - | 67 |
| Intangible assets | 1 | (1) | - | - |
| Other assets | 72 | - | - | 72 |
| Provisions | 106 | (1) | (17) | 88 |
| Other liabilities | 181 | 274 | - | 455 |
| Cash flow hedges | - | - | 2 | 2 |
| Total | 563 | 319 | 44 | 926 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | At 1 January 2015 | Bank only (Charged) / Credited to: | | At 31 December 2015 |
|---------------------------------------|-------------------------|---------------------------------------|----------------------------------|---------------------------|
| | | Profit or loss | Other comprehensive income | |
| | | (note 42) (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 |

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 Discontinued operation

On 22 December 2016, the Bank has reached a binding agreement to sell retail banking business including credit cards, personal loans, business loans, wealth management, mortgage loans, bancassurance and retail deposits. The process is expected to be completed in 2017.

The details of assets and liabilities of the discontinued operation classified as held for sale are disclosed in note 20.

An analysis of the results of the discontinued operation for the years ended 31 December 2016 and 2015 was as follows:

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated | | Bank only | |
|---|--------------------------|--------------|------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Interest income | 3,903 | 5,184 | 3,903 | 5,184 |
| Interest expense | 531 | 608 | 531 | 608 |
| Net interest income | 3,372 | 4,576 | 3,372 | 4,576 |
| Fees and service income | 672 | 849 | 672 | 849 |
| Fees and service expenses | 318 | 313 | 359 | 434 |
| Net fees and service income | 354 | 536 | 313 | 415 |
| Gains on trading and foreign exchange transactions | (14) | (14) | (14) | (14) |
| Other operating income | 4 | 48 | 5 | 48 |
| Total operating income | 3,716 | 5,146 | 3,676 | 5,025 |
| Employee expense | 2,847 | 1,141 | 2,847 | 1,141 |
| Premises and equipment expenses | 261 | 300 | 261 | 300 |
| Taxes and duties | 146 | 188 | 146 | 188 |
| Other operating expense | 511 | 330 | 511 | 330 |
| Total other operating expenses (*) | 3,765 | 1,959 | 3,765 | 1,959 |
| Impairment loss of loans and debt securities | 879 | 2,608 | 879 | 2,608 |
| Operating profit (loss) before income tax expense from discontinued operations | (928) | 579 | (968) | 458 |
| Income tax expense | (175) | 122 | (175) | 122 |
| Net profit (loss) from discontinued operations | (753) | 457 | (793) | 336 |

(*) In relation to the sale of Retail Banking Business, the Bank recognised the restructuring cost in 2016 for severance allowance, termination of leased agreements, write-off Information system and other legal and consultancy expenses, amounting to Baht 1,992 million.

Cash flows provided by the discontinued operation during the years ended 31 December 2016 and 31 December 2015 were as follows:

| | Consolidated | | Bank only | |
|---|--------------------------|--------------|------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Net cash provided by operating activities | 424 | 7,661 | 424 | 7,661 |
| | 424 | 7,661 | 424 | 7,661 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

20 Assets and liabilities of disposal group classified as held for sale

The details of assets and liabilities of discontinued operation classified as held for sale as of 31 December 2016 were as follows:

| | Consolidated and Bank only (in million Baht) |
|--|---|
| <i>Assets of disposal group classified as held for sale</i> | |
| Cash | 46 |
| Loans to customers and accrued interest receivables - net | 39,579 |
| Premises and equipment, net | 6 |
| Other assets, net | 22 |
| Total | 39,653 |
| <i>Liabilities of disposal group classified as held for sale</i> | |
| Deposits | 33,623 |
| Liability payable on demand | 15 |
| Other liabilities | 892 |
| Total | 34,530 |

Cumulative income or expense recognised in other comprehensive income

There is no cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale.

21 Other assets

| | Consolidated | | Bank only |
|--|--------------------------|--------------|------------------|
| | 2016 | 2015 | 2016 |
| | | | 2015 |
| | <i>(in million Baht)</i> | | |
| Accrued interest and income receivable | 182 | 224 | 182 |
| Prepayments | 50 | 54 | 50 |
| Leasehold premises, net | 14 | 16 | 14 |
| Other receivable | 152 | 1,154 | 152 |
| Others | 98 | 395 | 91 |
| Total | 496 | 1,843 | 489 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

22 Deposits

22.1 Classified by type of deposits

| | Consolidated | | Bank only | |
|--------------------------------|--------------------------|---------------|------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Current | 3,594 | 6,113 | 3,595 | 6,114 |
| Savings | 41,049 | 72,487 | 41,091 | 72,920 |
| Term | | | | |
| - Less than 6 months | 4,677 | 10,794 | 4,677 | 10,794 |
| - 6 months to less than 1 year | 1,807 | 5,252 | 1,807 | 5,253 |
| - 1 year and over | 1,010 | 3,679 | 1,010 | 3,679 |
| Total | 52,137 | 98,325 | 52,180 | 98,760 |

22.2 Classified by currency and residence of depositors

| | Consolidated | | | | | |
|------------------|--------------------------|--------------|---------------|---------------|--------------|---------------|
| | 2016 | | | 2015 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Thai Baht | 39,701 | 1,380 | 41,081 | 84,154 | 2,702 | 86,856 |
| US Dollar | 9,488 | 807 | 10,295 | 9,621 | 963 | 10,584 |
| Other currencies | 597 | 164 | 761 | 801 | 84 | 885 |
| Total | 49,786 | 2,351 | 52,137 | 94,576 | 3,749 | 98,325 |

| | Bank only | | | | | |
|------------------|--------------------------|--------------|---------------|---------------|--------------|---------------|
| | 2016 | | | 2015 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Thai Baht | 39,744 | 1,380 | 41,124 | 84,588 | 2,702 | 87,290 |
| US Dollar | 9,488 | 807 | 10,295 | 9,622 | 963 | 10,585 |
| Other currencies | 597 | 164 | 761 | 801 | 84 | 885 |
| Total | 49,829 | 2,351 | 52,180 | 95,011 | 3,749 | 98,760 |

23 Interbank and money market items (liabilities)

| | Consolidated and Bank only | | | | | |
|--------------------------------|-----------------------------------|---------------|---------------|--------------|--------------|---------------|
| | 2016 | | | 2015 | | |
| | At call | Term | Total | At call | Term | Total |
| | <i>(in million Baht)</i> | | | | | |
| Domestic | | | | | | |
| Commercial banks | 310 | 1,592 | 1,902 | 900 | - | 900 |
| Special financial institutions | 2,000 | 4,000 | 6,000 | 1 | - | 1 |
| Other financial institutions | 7,073 | 4,526 | 11,599 | 7,513 | 5,449 | 12,962 |
| Total domestic | 9,383 | 10,118 | 19,501 | 8,414 | 5,449 | 13,863 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated and Bank only | | | | | |
|-----------------------------------|-----------------------------------|---------------|----------------------------|---------------|--------------|---------------|
| | At call | 2016 Term | Total (in million Baht) | At call | 2015 Term | Total |
| Foreign | | | | | | |
| US Dollar | 406 | - | 406 | 1,446 | - | 1,446 |
| Thai Baht | 8,138 | - | 8,138 | 5,417 | - | 5,417 |
| Japanese Yen | 3 | - | 3 | 13 | - | 13 |
| Total foreign | 8,547 | - | 8,547 | 6,876 | - | 6,876 |
| Total domestic and foreign | 17,930 | 10,118 | 28,048 | 15,290 | 5,449 | 20,739 |

As at 31 December 2016, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 4,525 million (2015: Baht 5,449 million).

24 Debt issued and borrowings

As at 31 December 2016 and 2015, debt issued and borrowings balances are denominated in Thai Baht with terms as follows:

| | Consolidated and Bank only | | | | | |
|------------------|-----------------------------------|------------------------------|-----------------------------|----------|------------------------------|-----------------------------|
| | Maturity | 2016 Interest rate (%) | Amount (in million Baht) | Maturity | 2015 Interest rate (%) | Amount (in million Baht) |
| Debentures | 2017 | 0.90 | 1,826 | 2016 | 0.90 - 1.45 | 2,882 |
| Structured notes | 2017 | 0.93-1.20 | 197 | 2016 | 0.41 - 2.40 | 144 |
| Total | | | 2,023 | | | 3,026 |

As at 31 December 2016, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 197 million (2015: Baht 144 million).

25 Provisions

| | Employee benefits | Consolidated Contingent liabilities (in million Baht) | Total |
|------------------------------------|----------------------|--|------------|
| At 1 January 2015 | 402 | 201 | 603 |
| Provisions made | 61 | 15 | 76 |
| Provisions used | (19) | (4) | (23) |
| Provision reversed | - | (115) | (115) |
| At 31 December 2015 | | | |
| and 1 January 2016 | 444 | 97 | 541 |
| Provisions made | 57 | 4 | 61 |
| Provisions used | (10) | (18) | (28) |
| Provision reversed | (83) | (41) | (124) |
| Sale of investment in subsidiaries | (6) | - | (6) |
| At 31 December 2016 | 402 | 42 | 444 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Employee benefits obligation | Bank only Contingent liabilities (in million Baht) | Total |
|---|------------------------------------|---|------------|
| At 1 January 2015 | 391 | 201 | 592 |
| Provisions made | 59 | 15 | 74 |
| Provisions used | (19) | (4) | (23) |
| Provision reversed | - | (115) | (115) |
| At 31 December 2015 and 1 January 2016 | 431 | 97 | 528 |
| Provisions made | 64 | 4 | 68 |
| Provisions used | (10) | (18) | (28) |
| Provision reversed | (83) | (41) | (124) |
| At 31 December 2016 | 402 | 42 | 444 |

26 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.

27 Other liabilities

| | Consolidated | | Bank only | |
|--------------------------|--------------|-------------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | | (in million Baht) | | |
| Withholding tax payable | 160 | 152 | 160 | 151 |
| VAT payable | 11 | 25 | 11 | 25 |
| Other payables | 420 | 873 | 420 | 872 |
| Accrued interest payable | 92 | 204 | 92 | 204 |
| Others | 607 | 501 | 607 | 500 |
| Total | 1,290 | 1,755 | 1,290 | 1,752 |

28 Share capital

| | Par value per share (in Baht) | Consolidated and Bank only | | | |
|---|-------------------------------------|------------------------------------|---------------|--------------|---------------|
| | | 2016 | | 2015 | |
| | | Number | Amount | Number | Amount |
| | | (in million shares / million Baht) | | | |
| 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
For the year ended 31 December 2016

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.

29 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.

30 Assets pledged as collateral

Assets pledged as collateral as of 31 December 2016 and 2015 consisted of:

| | | Consolidated and Bank only | |
|---|-------------|-----------------------------------|--------------|
| | <i>Note</i> | 2016 | 2015 |
| | | <i>(in million Baht)</i> | |
| Government bonds | | | |
| - Pledged as collateral against repurchase transactions | | 313 | 909 |
| - Pledged as collateral for derivatives | 32 | 1,971 | 3,377 |
| Total | | 2,284 | 4,286 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

31 Contingent liabilities

| | Consolidated and Bank only | |
|--|-----------------------------------|----------------------|
| | 2016 | 2015 |
| | <i>(in million Baht)</i> | |
| Guarantees of loans | 217 | 1,237 |
| Liability under unmatured import bills | - | 2,120 |
| Letters of credit | 1,057 | 1,161 |
| Other contingencies | | |
| - Unused credit line of overdrafts | 785 | 4,045 |
| - Other letters of guarantee | 22,933 | 24,457 |
| - Committed line | 34,052 | 28,083 |
| | <u>57,770</u> | <u>56,585</u> |
| Total | <u>59,044</u> | <u>61,103</u> |

Litigation

As at 31 December 2016, the Bank has received claims in respect of letters of guarantee and other items from the Bank's customers totaling Baht 46 million (excluding interest) (2015: Baht 93 million) and the lawsuit is under court process. As at 31 December 2016, the Bank has recorded provision for possible loss from these claims of Baht 0.2 million (2015: Baht 56 million).

32 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 |

(*) Loss of control on 18 November 2016.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| 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 2016 and 2015 with key management and other related parties were as follows:

| | Consolidated | | Bank only | |
|---|--------------------------|------|------------------|------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Interest income | 169 | 153 | 236 | 251 |
| Gains on trading and foreign exchange transactions, net | 447 | 619 | 447 | 619 |
| Service agreements | 603 | 893 | 603 | 893 |
| Dividend Income | - | - | - | 510 |
| Other operating expenses | 129 | 225 | 151 | 304 |

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 2016 and 2015 were as follows:

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated and Bank only | | | |
|---|-----------------------------------|------------------------------|-------------------|---------------|
| | 2016 | | 2015 | |
| | 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>1,893</u> | <u>1,890</u> | <u>1,896</u> | <u>1,903</u> |
| <i>Deposits</i> | | | | |
| From executive directors and authorised management, including their related parties | <u>107</u> | <u>136</u> | <u>146</u> | <u>165</u> |
| | | | | |
| | Consolidated | | Bank only | |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| <i>Interbank and money market items (assets)</i> | | | | |
| Standard Chartered Group | <u>20,381</u> | <u>17,768</u> | <u>20,381</u> | <u>17,768</u> |
| <i>Derivative assets (marked to market value)</i> | | | | |
| Standard Chartered Group | <u>5,214</u> | <u>6,440</u> | <u>5,214</u> | <u>6,440</u> |
| <i>Governments bonds - Pledged as collateral for derivatives</i> | | | | |
| Standard Chartered Group | <u>1,971</u> | <u>3,377</u> | <u>1,971</u> | <u>3,377</u> |
| <i>Loans to customers and accrued interest receivable</i> | | | | |
| Standard Chartered (Thai) Asset Management Company Limited | - | - | - | 1,980 |
| Others | - | 147 | - | 147 |
| Total | <u>-</u> | <u>147</u> | <u>-</u> | <u>2,127</u> |
| <i>Other assets</i> | | | | |
| Standard Chartered Group | <u>53</u> | <u>152</u> | <u>53</u> | <u>152</u> |
| <i>Deposits</i> | | | | |
| Standard Chartered (Thai) Asset Management Company Limited | - | - | - | 386 |
| Others | 364 | 22 | 408 | 70 |
| Total | <u>364</u> | <u>22</u> | <u>408</u> | <u>456</u> |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Consolidated | | Bank only | |
|--|--------------------------|----------------|------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| <i>Interbank and money market items (liabilities)</i> | | | | |
| Standard Chartered Group | <u>988</u> | <u>2,529</u> | <u>988</u> | <u>2,529</u> |
| <i>Derivative liabilities (fair value)</i> | | | | |
| Standard Chartered Group | <u>6,795</u> | <u>9,930</u> | <u>6,795</u> | <u>9,930</u> |
| <i>Debt issued and borrowings</i> | | | | |
| Standard Chartered (Thailand) Company Limited | <u>-</u> | <u>343</u> | <u>-</u> | <u>343</u> |
| <i>Accrued expenses</i> | | | | |
| Standard Chartered Group | 1,572 | 1,693 | 1,572 | 1,693 |
| Others | 10 | 160 | 10 | 168 |
| Total | <u>1,582</u> | <u>1,853</u> | <u>1,582</u> | <u>1,861</u> |
| <i>Other liabilities</i> | | | | |
| Standard Chartered Group | <u>161</u> | <u>160</u> | <u>161</u> | <u>160</u> |
| <i>Other letters of guarantee</i> | | | | |
| Standard Chartered Group | <u>13,086</u> | <u>12,829</u> | <u>13,086</u> | <u>12,829</u> |
| <i>Derivatives (notional amount) - Foreign currency related</i> | | | | |
| Standard Chartered Group | <u>116,922</u> | <u>181,469</u> | <u>116,922</u> | <u>181,469</u> |
| <i>Derivatives (notional amount) - Interest rate related</i> | | | | |
| Standard Chartered Group | <u>235,923</u> | <u>262,748</u> | <u>235,923</u> | <u>262,748</u> |
| <i>Derivatives (notional amount) - Commodities</i> | | | | |
| Standard Chartered Group | <u>5,209</u> | <u>1,481</u> | <u>5,209</u> | <u>1,481</u> |

| | Consolidated | | Bank only | |
|--|--------------------------|------------|------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| <i>Key management personnel</i> | | | | |
| Short-term employee benefits | 414 | 605 | 398 | 588 |
| Post-employment benefits | 14 | 14 | 13 | 14 |
| Share-based payments | 26 | 17 | 25 | 16 |
| Termination benefits | 6 | 9 | 6 | 9 |
| Total key management personnel compensation | <u>460</u> | <u>645</u> | <u>442</u> | <u>627</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
For the year ended 31 December 2016

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 the provision of support functions 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. The agreement with Standard Chartered (Thai) Asset Management Company Limited was terminated on 18 November 2016.

(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.

33 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 | |
|--------------------------------------|--------------------------|------------|------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Within one year | 65 | 71 | 65 | 70 |
| After one year but within five years | 99 | 118 | 99 | 118 |
| After five years | 8 | 16 | 8 | 16 |
| Total | 172 | 205 | 172 | 204 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

34 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. The business in Thailand has been realigned accordingly and, with effect from 1 January 2016, consists of three client segments, namely Corporate and Institutional Banking (CIB), Commercial Banking (CB), and Retail Banking (RB) as follows;

- “Corporate and Institutional Banking” (CIB) comprises International Corporates (major multinational corporations and large business groups which have sophisticated, cross-border needs requiring high levels of international service); 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).
- “Commercial Banking” (CB) comprises Commercial Clients that are medium-sized businesses and Local Corporates that are typically clients with operations in three geographies or less
- “Retail Banking” (RB) comprises Priority 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 Small Business Clients, serving small business clients, sole proprietors and private companies, offering solutions such as working capital, business expansion, businesses protection and yield enhancement.

Activities not directly related to a client segment are included in “Central and other items” which mainly include Asset and Liability Management and unallocated central costs. This segment information is reported in a manner consistent with the internal performance framework as presented to the Bank’s management.

The comparative segment information have been revised to conform to the new segment presentation in 2016

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
For the year ended 31 December 2016

By client segment

| <i>Year ended 31 December</i> | Corporate and Institutional Banking | | Commercial Banking | | Retail Banking (*) | | Central and other items | | Eliminations | | Consolidated | |
|--|--|---------------|---------------------------|---------------|---------------------------|---------------|--------------------------------|---------------|---------------------|----------|---------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Net interest income | 1,175 | 1,521 | 251 | 76 | 3,103 | 4,121 | 624 | 700 | - | - | 5,153 | 6,418 |
| Other income | 1,733 | 1,363 | 171 | 299 | 338 | 520 | 994 | 773 | (25) | (49) | 3,211 | 2,906 |
| Operating income | 2,908 | 2,884 | 422 | 375 | 3,441 | 4,641 | 1,618 | 1,473 | (25) | (49) | 8,364 | 9,324 |
| Operating expenses | (1,568) | (2,383) | (630) | (174) | (2,415) | (2,973) | (2,285) | (216) | 25 | 49 | (6,873) | (5,697) |
| Operating profit (loss) before impairment loss of loans and debt securities and taxation | 1,340 | 501 | (208) | 201 | 1,026 | 1,668 | (667) | 1,257 | - | - | 1,491 | 3,627 |
| Impairment loss of loans and debt securities (reversal of) | 28 | (19) | 7 | (1,038) | (879) | (2,609) | - | - | - | - | (844) | (3,666) |
| Profit (loss) from operations before income tax expenses | 1,368 | 482 | (201) | (837) | 147 | (941) | (667) | 1,257 | - | - | 647 | (39) |
| Segment assets as at 31 December | 59,063 | 72,965 | 11,689 | 11,897 | 39,986 | 41,565 | 79,921 | 81,911 | - | - | 190,659 | 208,338 |

(*) classification as discontinued operation (Note 19)

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35 Interest income

| | Consolidated | | Bank only | |
|--------------------------------------|--------------------------|--------------------|------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| | <i>(in million Baht)</i> | | | |
| Interbank and money market items | 1,016 | 979 | 1,016 | 979 |
| Investments and trading transactions | 141 | 197 | 141 | 197 |
| Investments in debt securities | 288 | 608 | 288 | 608 |
| Investments in receivables | 268 | 567 | - | - |
| Loans to customers | 1,303 | 1,393 | 1,080 | 1,486 |
| Total | 3,016 | 3,744 | 2,525 | 3,270 |

36 Interest expenses

| | Consolidated | | Bank only | |
|--|--------------------------|--------------------|------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| | <i>(in million Baht)</i> | | | |
| Deposits | 428 | 704 | 428 | 705 |
| Interbank and money market items | 273 | 580 | 273 | 580 |
| Contribution to Deposits Protection Agency and Financial Institutions Development Fund | 511 | 575 | 511 | 575 |
| Debt issued and borrowings | 23 | 43 | 23 | 43 |
| Total | 1,235 | 1,902 | 1,235 | 1,903 |

37 Net fees and service income

| | Consolidated | | Bank only | |
|------------------------------------|--------------------------|--------------------|------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| | <i>(in million Baht)</i> | | | |
| Fees and service income | | | | |
| - Acceptance, avals and guarantees | 127 | 137 | 127 | 137 |
| - Transaction fees | 523 | 387 | 523 | 387 |
| - Others | 202 | 406 | 202 | 406 |
| | 852 | 930 | 852 | 930 |
| Fees and service expenses | | | | |
| - Commission fees | 8 | 7 | 8 | - |
| - Collection service | 33 | 85 | - | 6 |
| - Others | 142 | 165 | 142 | 158 |
| | 183 | 257 | 150 | 164 |
| Net | 669 | 673 | 702 | 766 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

38 Gains on trading and foreign exchange transactions, net

| | Consolidated and Bank only | |
|---|-----------------------------------|--------------|
| | 2016 | 2015 |
| | | (Restated) |
| | <i>(in million Baht)</i> | |
| Gains (losses) on trading and foreign exchange transactions | | |
| - Foreign currencies and foreign currency related derivatives | 1,429 | 1,249 |
| - Interest rate related derivatives | (29) | (200) |
| - Debt securities | (85) | 125 |
| - Others | 151 | - |
| Total | 1,466 | 1,174 |
| Gains (losses) on hedging transactions | (22) | 15 |
| Total | 1,444 | 1,189 |

39 Gains on investments, net

| | Consolidated | | Bank only | |
|---|--------------------------|------------|------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | | | | |
| | <i>(in million Baht)</i> | | | |
| Gains on sales | | | | |
| - Available-for-sale investments | 258 | 414 | 258 | 414 |
| - General investments | - | 2 | - | - |
| - Investments in a subsidiary | - | - | 221 | - |
| Impairment on investments in subsidiary | - | - | (9) | - |
| Total | 258 | 416 | 470 | 414 |

40 Employee expenses

| | Consolidated | | Bank only | |
|--|--------------------------|--------------|------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | | (Restated) | | (Restated) |
| | <i>(in million Baht)</i> | | | |
| Management | | | | |
| Wages and salaries | 216 | 269 | 210 | 264 |
| Post - employment benefits - defined benefit plans | 11 | 11 | 11 | 11 |
| Share-based payment transactions | 28 | 13 | 27 | 12 |
| Others | 146 | 270 | 136 | 258 |
| | 401 | 563 | 384 | 545 |
| Other employees | | | | |
| Wages and salaries | 878 | 927 | 863 | 892 |
| Post - employment benefits - defined benefit plans | 27 | 28 | 26 | 27 |
| Share-based payment transactions | (2) | - | (2) | (1) |
| Others | 395 | 326 | 383 | 303 |
| | 1,298 | 1,281 | 1,270 | 1,221 |
| Total | 1,699 | 1,844 | 1,654 | 1,766 |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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 15% 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.

41 Impairment loss of loans and debt securities

| | Consolidated | | Bank only | |
|----------------------------------|--------------------------|--------------------|------------------|--------------------|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| | <i>(in million Baht)</i> | | | |
| Interbank and money market items | 67 | (36) | 67 | (36) |
| Investment in receivables | (3) | 8 | - | - |
| Loans to customers | (99) | 1,086 | (99) | 1,086 |
| Total | (35) | 1,058 | (32) | 1,050 |

42 Income tax expense

Income tax recognised in profit or loss

| | <i>Note</i> | Consolidated | | Bank only | |
|--------------------------------------|-------------|--------------------------|--------------|------------------|--------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | <i>(in million Baht)</i> | | | |
| Current tax expense | | | | | |
| Current year | | 465 | 159 | 373 | 61 |
| Under (over) provided in prior years | | 118 | 39 | 122 | 47 |
| | | 583 | 198 | 495 | 108 |
| Deferred tax expense | | | | | |
| Movements in temporary differences | | (312) | (161) | (310) | (118) |
| Over(under) provided in prior years | | (8) | (29) | (9) | (37) |
| | 17 | (320) | (190) | (319) | (155) |
| Total | | 263 | 8 | 176 | (47) |

Distribution to

| | | | | |
|--|-------|-------|-------|-------|
| - Income tax from continue operation | 438 | (114) | 351 | (169) |
| - Income tax from discontinued operation | (175) | 122 | (175) | 122 |

Income tax recognised in other comprehensive income

| | Consolidated | | | | | |
|--------------------------------|--------------------------|--------------------------------------|--------------|--------------|--------------------------------------|--------------|
| | Before Tax | 2016 Tax (expense) benefit (Note 17) | Net of tax | Before tax | 2015 Tax (expense) benefit (Note 17) | Net of Tax |
| | <i>(in million Baht)</i> | | | | | |
| Cash flow hedges | (10) | 2 | (8) | (23) | 5 | (18) |
| Available-for-sale investments | (295) | 59 | (236) | (188) | 37 | (151) |
| Defined benefit plans | 83 | (16) | 67 | (3) | 1 | (2) |
| Total | (222) | 45 | (177) | (214) | 43 | (171) |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| | Bank only | | | | | |
|-----------------------------------|------------------|--|--------------------------|---------------|--|---------------|
| | Before Tax | 2016 Tax (expense) benefit (Note 17) | Net of tax | Before tax | 2015 Tax (expense) benefit (Note 17) | Net of Tax |
| | | | <i>(in million Baht)</i> | | | |
| Cash flow hedges | (10) | 2 | (8) | (23) | 5 | (18) |
| Available-for-sale investments | (295) | 59 | (236) | (188) | 37 | (151) |
| Defined benefit plans | 83 | (17) | 66 | (3) | 1 | (2) |
| Total | (222) | 44 | (178) | (214) | 43 | (171) |

Reconciliation of effective tax rate

| | Consolidated | | | |
|--|---------------------|----------------------|---------------------|----------------------|
| | 2016 Rate (%) | (in million Baht) | 2015 Rate (%) | (in million Baht) |
| Profit (loss) before income tax expense | | 647 | | (39) |
| Income tax using the Thai corporation tax rate | 20 | 129 | 20 | (8) |
| Effect of income tax from loss on sold subsidiary | | 73 | | - |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | | (49) | | 6 |
| Under (over) provided in prior years | | 110 | | 10 |
| Total | 41 | 263 | 21 | 8 |

| | Bank only | | | |
|--|---------------------|----------------------|---------------------|----------------------|
| | 2016 Rate (%) | (in million Baht) | 2015 Rate (%) | (in million Baht) |
| Profit before income tax expense | | 595 | | 199 |
| Income tax using the Thai corporation tax rate | 20 | 120 | 20 | 40 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | | (55) | | (97) |
| Under (over) provided in prior years | | 111 | | 10 |
| Total | 30 | 176 | (24) | (47) |

Income tax reduction

On 4 March 2016, the Royal Thai Government Gazette issued Act No. 42 dated 3 March 2016 to grant the reduction of 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 2016 and 2015.

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

43 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the year ended 31 December 2016 and 2015 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 | |
|---|---|---------------|------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht / million shares)</i> | | | |
| Profit (loss) for the years attributable to equity holders of the Bank (basic) | 384 | (46) | 420 | 245 |
| Number of ordinary shares outstanding | 1,484 | 1,484 | 1,484 | 1,484 |
| Basic earnings (loss) per share <i>(in Baht)</i> | 0.26 | (0.03) | 0.28 | 0.17 |
| Distribution to | | | | |
| - Basic earnings (loss) from continued operation per share | 0.77 | (0.34) | 0.82 | (0.06) |
| - Basic earnings (loss) from discontinued operation per share | (0.51) | 0.31 | (0.54) | 0.23 |

44 Dividends

At the annual general meeting of the shareholders of the Bank held on 22 April 2016, the shareholders approved the appropriation of a dividend of Baht 0.12 per share, amounting to Baht 178 million. The dividends were paid to shareholders in May 2016.

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.

45 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS has been issued but is not yet effective and has not been applied in preparing these financial statements. These new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Bank and its subsidiaries do not plan to adopt these TFRS early.

| TFRS | Topic |
|-----------------------|---|
| TAS 1 (revised 2016) | Presentation of Financial Statements |
| TAS 7 (revised 2016) | Statement of Cash Flows |
| TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2016) | Events after the Reporting Period |
| TAS 12 (revised 2016) | Income Taxes |
| TAS 16 (revised 2016) | Property, Plant and Equipment |
| TAS 17 (revised 2016) | Leases |
| TAS 18 (revised 2016) | Revenue |
| TAS 19 (revised 2016) | Employee Benefits |
| TAS 21 (revised 2016) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2016) | Related Party Disclosures |
| TAS 27 (revised 2016) | Separate Financial Statements |

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

| TFRS | Topic |
|-----------------------------|---|
| TAS 29 (revised 2016) | Financial Reporting in Hyperinflationary Economies |
| TAS 33 (revised 2016) | Earnings per Share |
| TAS 34 (revised 2016) | Interim Financial Reporting |
| TAS 36 (revised 2016) | Impairment of Assets |
| TAS 37 (revised 2016) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2016) | Intangible Assets |
| TAS 104 (revised 2016) | Troubled Debt Restructuring |
| TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| TAS 107 (revised 2016) | Financial Instruments: Disclosure and Presentation |
| TFRS 2 (revised 2016) | Share-based Payment |
| TFRS 3 (revised 2016) | Business Combinations |
| TFRS 5 (revised 2016) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2016) | Operating Segments |
| TFRS 10 (revised 2016) | Consolidated Financial Statements |
| TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2016) | Fair Value Measurement |
| TSIC 15 (revised 2016) | Operating Leases - Incentives |
| TSIC 27 (revised 2016) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TFRIC 1 (revised 2016) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2016) | Determining whether an Arrangement contains a Lease |
| TFRIC 7 (revised 2016) | Applying the Restatement Approach under TAS 29 (revised 2016) <i>Financial Reporting in Hyperinflationary Economies</i> |
| TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |
| TFRIC 13 (revised 2016) | Customer Loyalty Programmes |
| TFRIC 14 (revised 2016) | TAS 19 (revised 2016) <i>Employee Benefits</i> - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 18 (revised 2016) | Transfers of Assets from Customers |
| FAP Announcement No. 5/2016 | FAP Guidance on derecognition of financial assets and financial liabilities |

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the 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.