

**Standard Chartered Bank (Thai)
Public Company Limited**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the financial statements of Standard Chartered Bank (Thai) Public Company Limited (the "Bank") which comprise the statements of financial position as at 31 December 2019, the 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 financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019 and its 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 Financial Statements* section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the 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 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 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 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 financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

A.



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

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

In preparing the financial statements, management is responsible for assessing 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

A.



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.

Aorapin Sinthawornkul

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2020

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

Assets	Note	31 December	
		2019	2018
		<i>(in thousand Baht)</i>	
Cash		140,741	79,687
Interbank and money market items, net	7, 25	38,617,369	47,375,352
Derivative assets	8, 25	16,083,185	12,466,585
Investments, net	9	48,044,847	52,213,111
Loans to customers and accrued interest receivable, net	10, 11, 25		
Loans to customers		28,172,410	35,250,714
Accrued interest receivable		84,988	114,365
Total loans to customers and accrued interest receivable		28,257,398	35,365,079
Less deferred income		(96,459)	(183,608)
Less allowance for doubtful accounts	10.4, 12	(423,412)	(2,802,198)
Total loans to customers and accrued interest receivable, net		27,737,527	32,379,273
Customer's liability under acceptance		263,725	518,522
Premises and equipment, net	13	239,212	250,629
Intangible assets, net		176,077	-
Deferred tax assets	14	-	312,724
Accounts receivable from sales of investments and debt securities in issue	15	1,614,394	990,080
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	25	8,861,266	4,513,621
Assets of disposal group classified as held for sale		36,180	7,262
Other assets, net	16, 25	563,250	554,883
Total assets		142,377,773	151,661,729
Liabilities and equity			
Liabilities			
Deposits	17, 25	61,907,707	61,350,816
Interbank and money market items	18, 25	26,249,015	28,655,303
Liabilities payable on demand		1,185,486	1,539,780
Liabilities to deliver security		-	444,589
Derivative liabilities	8, 25	18,822,882	11,349,618
Bank's liability under acceptances		263,725	518,522
Provisions	19	319,067	214,121
Deferred tax liabilities	14	108,631	-
Accounts payable from purchase of investments	20	53,977	305,951
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	25	3,621,445	3,351,266
Accrued expenses	25	1,551,275	1,588,001
Other liabilities	21, 25	939,818	1,046,203
Total liabilities		115,023,028	110,364,170
Equity			
Share capital	22		
Authorised share capital		14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045
Premium on share capital	22	9,055,819	9,055,819
Other reserves	23	179,258	(73,240)
Retained earnings			
Appropriated			
Legal reserve	23	1,446,999	1,358,065
Unappropriated		1,835,624	16,119,870
Total equity		27,354,745	41,297,559
Total liabilities and equity		142,377,773	151,661,729



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(Mr. Plakorn Wanglee)
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(Mr. Ashish Jain)
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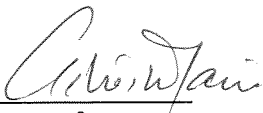
The accompanying notes are an integral part of these financial statements.

Standard Chartered Bank (Thai) Public Company Limited

Statements of profit or loss and other comprehensive income

		Year ended 31 December	
	Note	2019	2018
		(in thousand Baht)	
Interest income	25, 28	3,354,852	3,591,388
Interest expenses	29	1,328,499	1,351,751
Net interest income		2,026,353	2,239,637
Fees and service income		1,034,958	1,319,907
Fees and service expenses		174,482	177,748
Net fees and service income	30	860,476	1,142,159
Gains on trading and foreign exchange transactions, net	25, 31	1,539,772	1,387,928
Gains (losses) on investments, net	32	177,702	(273)
Other operating income	25	159,214	673,391
Total operating income		4,763,517	5,442,842
Other operating expenses	25		
Employee expenses	33	1,417,835	1,382,391
Directors' remuneration		7,800	7,697
Premises and equipment expenses		141,645	194,727
Taxes and duties		87,830	110,391
Service agreements		608,892	545,618
Others		738,229	538,849
Total other operating expenses		3,002,231	2,779,673
Impairment loss of loans (reversal of)	12, 34	(451,841)	(734,152)
Profit before income tax		2,213,127	3,397,321
Income tax	35	434,452	485,839
Profit for the year		1,778,675	2,911,482
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on remeasuring available-for-sale investments		324,564	(78,133)
Gains (losses) on cash flow hedges of derivatives revaluation		(8,941)	1,364
Income tax relating to items that will be reclassified	35	(63,125)	15,354
Total items that will be reclassified subsequently to profit or loss		252,498	(61,415)
<i>Items that will not be reclassified to profit or loss</i>			
Gains (losses) on remeasurements of defined benefit plans		(30,766)	30,218
Income tax relating to items that will not be reclassified	35	6,153	(6,044)
Total items that will not be reclassified to profit or loss		(24,613)	24,174
Other comprehensive income (loss) for the year, net of tax		227,885	(37,241)
Total comprehensive income for the year		2,006,560	2,874,241
Earnings per share			
Basic earnings per share (in Baht)	36	1.20	1.96


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 (Mr. Ashish Jain)
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The accompanying notes are an integral part of these financial statements.

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

Year ended 31 December 2018										
Balance as at 1 January 2018										
Transactions with owners, recorded directly in equity										
<i>Distribution to owners of the Bank</i>										
Dividends	37	-	-	-	(488)	(11,825)	1,212,491	15,495,997	40,589,527	
<i>Total distribution to owners of the Bank</i>										
Comprehensive income for the year		-	-	-	-	-	-	(2,166,209)	(2,166,209)	
Profit for the year		-	-	-	-	-	-	2,911,482	2,911,482	
Other comprehensive income		-	-	-	-	-	-	-	-	
Available-for-sale investments		-	-	-	-	(62,506)	-	-	(62,506)	
Net change in fair value recognised in equity, net of tax		-	-	-	-	-	-	-	-	
Cash flow hedges		-	-	-	-	-	-	-	-	
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	1,091	1,091	-	-	1,091	
Gain on remeasurement of defined benefit plans, net of tax		-	-	-	-	-	-	24,174	24,174	
Total other comprehensive income		-	-	-	1,091	(61,415)	-	24,174	(37,241)	
Total comprehensive income for the year		-	-	-	1,091	(61,415)	-	2,935,656	2,874,241	
Transfer to legal reserve		-	-	-	-	-	145,574	(145,574)	-	
Balance as at 31 December 2018		14,837,045	9,055,819	-	603	(73,240)	1,358,065	16,119,870	41,297,559	
Year ended 31 December 2019										
Balance as at 1 January 2019										
Transactions with owners, recorded directly in equity										
<i>Distribution to owners of the Bank</i>										
Dividends	37	-	-	-	-	-	-	(15,964,661)	(15,964,661)	
Reversal of deferred tax	14	-	-	-	-	-	-	15,287	15,287	
<i>Total distribution to owners of the Bank</i>										
Comprehensive income for the year		-	-	-	-	-	-	(15,949,374)	(15,949,374)	
Profit for the year		-	-	-	-	-	-	1,778,675	1,778,675	
Other comprehensive income		-	-	-	-	-	-	-	-	
Available-for-sale investments		-	-	-	-	259,651	-	-	259,651	
Net change in fair value recognised in equity, net of tax		-	-	-	-	259,651	-	-	-	
Cash flow hedges		-	-	-	-	-	-	-	-	
Net change of effective portion of fair value of cash flow hedges, net of tax		-	-	-	(7,153)	(7,153)	-	-	(7,153)	
Loss on remeasurement of defined benefit plans, net of tax		-	-	-	-	-	-	(24,613)	(24,613)	
Total other comprehensive income		-	-	-	(7,153)	252,498	-	(24,613)	227,885	
Total comprehensive income for the year		-	-	-	(7,153)	252,498	-	1,754,062	2,006,560	
Transfer to legal reserve		-	-	-	-	-	88,934	(88,934)	-	
Balance as at 31 December 2019		14,837,045	9,055,819	-	(6,550)	179,258	1,446,999	1,835,624	27,354,745	

(Signature)
(Mr. Ashish Jain)
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(Signature)
(Mr. Pichon Wangkeo)
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The accompanying notes are an integral part of these financial statements.

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

	Year ended 31 December	
	2019	2018
	(in thousand Baht)	
Cash flows from operating activities		
Profit from operations before income tax	2,213,127	3,397,321
Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities		
Depreciation and amortisation	89,249	72,438
Impairment loss of loans (reversal of)	(449,194)	(728,975)
Amortisation of (discount) premium of debt instruments	(76,315)	12,816
Amortisation of premium of debt issued and borrowings	-	4,895
Gains on disposal of investments	(177,702)	(128)
Loss on disposal of investment in subsidiary	-	401
Gains on disposal and write off of premises and equipment	(1,038)	(604,171)
Gains on disposal of asset held for sales	(127,973)	(42,321)
Impairment loss of asset held for sales (reversal of)	-	(5,634)
Provisions made	85,032	2,182
Reversal of impairment of fixed assets	-	(139,849)
Net interest income	(2,026,353)	(2,239,637)
Interest received	3,384,229	3,643,836
Interest paid	(1,343,570)	(1,341,882)
Income tax paid	(188,678)	(391,635)
Profit from operations before changes in operating assets and liabilities	1,380,814	1,639,657
Decrease (increase) in operating assets		
Interbank and money market items	8,757,983	4,559,202
Derivative assets and liabilities, net	3,823,832	656,151
Trading investments	(5,275,094)	(11,619,052)
Loans to customers	5,061,563	13,812,439
Other assets	(4,319,570)	(1,213,433)
Increase (decrease) in operating liabilities		
Deposits	556,891	5,091,430
Interbank and money market items	(2,406,288)	(3,542,181)
Liabilities payable on demand	(354,294)	(4,047)
Short-term debt issued and borrowings	-	(4,895)
Provisions used	(10,865)	(52,203)
Other liabilities	239,607	(306,101)
Net cash from operating activities	7,454,579	9,016,967
Cash flows from investing activities		
Purchase of premises and equipment	(76,844)	(4,043)
Purchase of intangible assets	(227,386)	-
Proceeds from disposals of premises and equipment	1,046	752,653
Proceeds from disposals of assets held for sales	149,368	66,318
Proceeds from disposals of investment in subsidiary	-	47,769
Purchase of available-for-sale investments	(23,482,413)	(29,043,185)
Proceeds from available-for-sale investments	32,204,501	21,288,812
Proceeds from general investment	2,864	-
Net cash from (used in) investing activities	8,571,136	(6,891,676)
Cash flows from financing activities		
Dividends paid	(15,964,661)	(2,166,209)
Net cash used in financing activities	(15,964,661)	(2,166,209)
Net increase (decrease) in cash	61,054	(40,918)
Cash at beginning of the year	79,687	120,605
Cash at end of the year	140,741	79,687
Non-cash transactions		
Gains (losses) on remeasuring available-for-sale investment, net of deferred tax	259,651	(62,506)
Gains (losses) on cash flow hedges of derivatives revaluation, net of deferred tax	(7,153)	1,091
Gains (losses) on remeasurement of defined benefit plans, net of deferred tax	(24,613)	24,174



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


Standard Chartered Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

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 24 February 2020.

1 General information

Standard Chartered Bank (Thai) Public Company Limited (the “Bank”), is incorporated in Thailand and has its Head Office located at 100 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 corporate and institutional clients.

2 Basis of preparation of the financial statements


(a) Statement of compliance


The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”), guidelines promulgated by the Federation of Accounting Professions; 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”.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank’s accounting policies. There is no material impact on the Bank’s financial statements. The Bank has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), and related interpretation. The details of accounting policies are disclosed in note 3(o).

The Bank has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Bank has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Bank has not early adopted a number of new TFRSs which are not yet effective for the current period in preparing these financial statements. Those new TFRSs that are relevant to the Bank’s operations are disclosed in note 38.


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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

(b) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Bank's 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.

(c) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Bank's 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 assumptions and of estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities recognised in the next financial year is included in the following notes:

Note 5	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 12	Allowance for doubtful accounts

3 Significant accounting policies

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

(a) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency 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 currency differences are generally recognised in profit or loss.

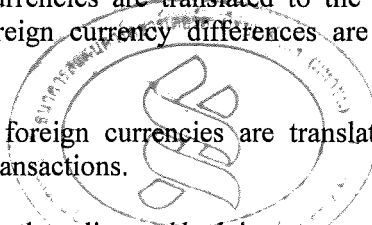
Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the date of the transactions.

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts at the reporting date are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, changes in fair value on outstanding forward foreign exchange contracts calculated as described above are recognised in profit or loss except for effective cash flow hedges (note 3 (j)).

(b) *Cash*

Cash comprises cash on hand and cash in transit.


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(Mr. Ashish Jain)
กรรมการและรองกรรมการผู้จัดการใหญ่

Standard Chartered Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

(c) Investments


นายพลกร หวังพลี
(Mr. Plakorn Wanglee)


นายอชิช แจน
(Mr. Ashish Jain)

Investments in debt and equity securities ธุรกรรมทางการเงินและหลักทรัพย์ที่บริหาร

กรรมการและรองกรรมการผู้จัดการใหญ่

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

Debt securities and marketable equity securities other than those securities held for trading 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 any impairment losses.

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

Initial recognition

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

Disposal of investments

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

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

(d) Loans to customers

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

(e) Allowance for doubtful accounts

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

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

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

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

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

(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's 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 measured at cost less accumulated depreciation and impairment losses.


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

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

Any gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised 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 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.


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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 years
Equipment	3 - 5 years

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) Intangible assets

Development costs

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Bank intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.


Amortisation


Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Capitalised development costs	3 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.


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(i) *Impairment*

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss 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 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 that 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.

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.

(j) *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 remeasured 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.

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Hedging

Fair value hedge

Where a derivative hedges the changes in fair value of a recognised asset, liability or an identified portion of such asset, any gain or loss on remeasuring 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 is recognised in other comprehensive income, and presented in the hedging reserve in equity. 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.

(k) *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.

(l) *Employee benefits*

The Bank operates 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 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

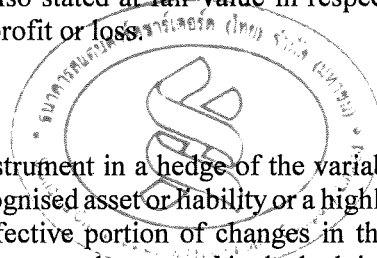
The Bank's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Bank 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 recognised 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 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 recognises 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.

A liability is recognised for the amount expected to be paid if the Bank 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.


(m) Provisions

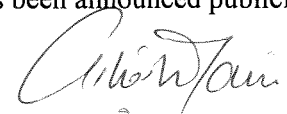
A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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.


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(n) Measurement of fair values

The Bank has 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.

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 these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

When measuring the fair value of an asset or a liability, the Bank uses observable market 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 in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on unobservable inputs.

If the inputs used to measure the fair value of an asset or liability might be 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 recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(o) 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.

Fee and commission income

Accounting policies for revenue recognition for the year ended 31 December 2019


Fees and service income are recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.


Accounting policies for revenue recognition for the year ended 31 December 2018

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

(p) Expenses

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


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(g) *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 subsidiary 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 expects, 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 takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank believes that its accruals for tax liabilities are adequate for all open 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 to change its judgment regarding the adequacy of existing tax liabilities; such changes to 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiary in the Group. 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.

(r) *Disposal group classified as held for sale*

Disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such disposal group is measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.



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Once classified as held for sale, intangible assets and premise and equipment are no longer amortised or depreciated.

(s) *Earnings per share*

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

(t) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(u) *Segment information*

Segment results that are reported to the management of the Bank includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results shown as others.

(v) *Offsetting*

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


4 Financial risk management

4.1 Credit risk

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

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

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


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4.2 Market risk

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Bank's exposure to market risk arises predominantly from these sources:

- Trading book: The Bank provides 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 teams. Hence, income earned from market-risk related activities is primarily driven by the volume of client activity rather than risk-taking. From 1 January 2016, a CVA desk has been actively hedging the credit and market exposure arising from CVA (Credit Valuation Adjustment) and FVA (Funding Valuation Adjustment). Nonetheless, the Bank did not adopt FVA in the financial statement.
- Non-trading book: Market risk also arises in the non-trading book from the requirement to hold a large liquid assets buffer of high-quality liquid debt securities and from the translation of non-Thai baht denominated assets, liabilities and earnings.

The primary categories of market risk for the Bank are :

- (a) Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.
- (b) Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options.
- (c) Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agricultural. For this category of market risk, the Bank is fully hedged through a back-to-back position.
- (d) Credit spread risk: arising from changed in the credit spread of its derivatives' counterparties through credit value adjustment (CVA) accounting.

Market risk governance

The Bank has established standards, principles, policies and techniques for managing market risk. The Board of Directors approve the Bank's market risk appetite and 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.

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.

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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.

In addition, 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

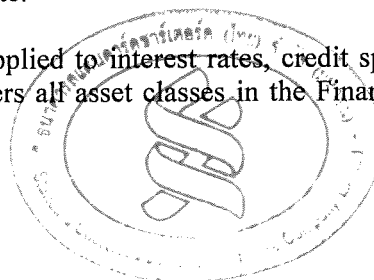
Losses beyond the 97.5 percent confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations.


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 appetite.

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.




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Standard Chartered Bank (Thai) Public Company Limited

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Non-trading book and Treasury markets risk treatment

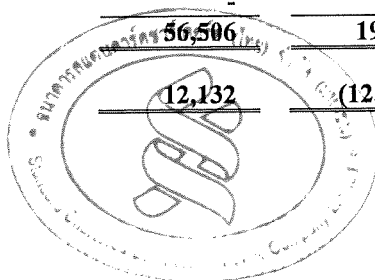
Interest rate risk from non-trading book portfolios is transferred to financial markets where it is managed by Treasury Market (TM) desks under the supervision of Assets and Liabilities Committee (ALCO). TM deals in the market in approved financial instruments in order to manage the net interest rate 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 receives both fixed and floating rate interest on their interest bearing assets which can be analysed as follows:

	Floating interest rate	Fixed interest rate (in million Baht)	2019 Non-interest bearing	Total
Financial assets				
Cash	-	-	141	141
Interbank and money market items, net	355	35,619	2,643	38,617
Investments, net	-	48,027	18	48,045
Loans to customers and accrued interest receivable	5,612	22,479	70	28,161
Customer's liability under acceptance	-	-	264	264
Accounts receivable from sales of investments and debt securities in issue	-	-	1,614	1,614
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	8,861	-	-	8,861
Other assets	-	-	352	352
Total financial assets	14,828	106,125	5,102	126,055
Financial liabilities				
Deposits	44,691	8,871	8,346	61,908
Interbank and money market items	8,194	10,153	7,902	26,249
Liabilities payable on demand	-	-	1,185	1,185
Bank's liability under acceptances	-	-	264	264
Accounts payable from purchase of investments	-	-	54	54
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,621	-	-	3,621
Other liabilities	-	-	87	87
Total financial liabilities	56,506	19,024	17,838	93,368
Off-financial reporting items, net	12,132	(12,132)	-	-



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	2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	80	80
Interbank and money market items, net	716	45,509	1,150	47,375
Investments, net	2,606	49,589	18	52,213
Loans to customers and accrued interest receivable	7,205	25,800	2,177	35,182
Customer's liability under acceptance	-	-	519	519
Accounts receivable from sales of investments and debt securities in issue	-	-	990	990
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,514	-	-	4,514
Other assets	-	-	403	403
Total financial assets	15,041	120,898	5,337	141,276
Financial liabilities				
Deposits	46,585	11,442	3,324	61,351
Interbank and money market items	8,589	13,035	7,031	28,655
Liabilities payable on demand	-	-	1,540	1,540
Liabilities to deliver security	-	-	445	445
Bank's liability under acceptances	-	-	519	519
Accounts payable from purchase of investments	-	-	306	306
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,351	-	-	3,351
Other liabilities	-	-	102	102
Total financial liabilities	58,525	24,477	13,267	96,269
Off-financial reporting items, net	6,868	(6,868)	-	-

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

	2019			2018		
	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	49,264	928	1.88	72,688	1,416	1.95
Investments	51,224	1,265	2.47	38,443	922	2.40
Loans to customers	34,897	1,162	3.33	41,703	1,253	3.00
Total	135,385	3,355	2.48	152,834	3,591	2.35
Financial liabilities						
Deposits	57,813	1,012	1.75	66,286	979	1.48
Interbank and money market items	27,907	316	1.13	21,956	368	1.68
Debt issued and borrowings	-	-	0.00	606	5	0.83
Total	85,720	1,328	1.55	88,848	1,352	1.52

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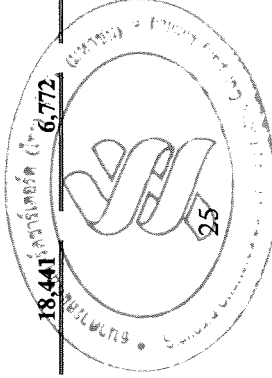
Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 December 2019 and 2018 are as follows:

	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	-	-	-	-	-	141	-	141
Interbank and money market items, net	11,983	23,970	21	-	-	2,643	-	38,617
Investments, net	-	30,122	-	17,126	779	18	-	48,045
Loans to customers and accrued interest receivable	2,959	22,943	1,468	705	-	85	1	28,161
Customer's liability under acceptance	-	-	-	-	-	264	-	264
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	1,614	-	1,614
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	-	8,861	-	-	-	-	-	8,861
Other assets	-	-	-	-	-	352	-	352
Total financial assets	14,942	85,896	1,489	17,831	779	5,117	1	126,055
Financial liabilities								
Deposits	46,693	6,869	-	-	-	8,346	-	61,908
Interbank and money market items	12,239	1,883	302	2,680	1,243	7,902	-	26,249
Liabilities payable on demand	-	-	-	-	-	1,185	-	1,185
Bank's liability under acceptances	-	-	-	-	-	264	-	264
Accounts payable from purchase of investments	-	-	-	-	-	54	-	54
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,621	-	-	-	-	-	-	3,621
Other liabilities	-	-	-	-	-	87	-	87
Total financial liabilities	62,553	8,752	302	2,680	1,243	17,838	-	93,368
Off-financial reporting items, net	-	21,573	5,740	(25,756)	(1,557)	-	-	-

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	2018					
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
				(in million Baht)	accrual	Total
Financial assets						
Cash	-	-	-	-	-	80
Interbank and money market items, net	28,477	10,892	6,531	325	-	47,375
Investments, net	-	29,440	3,681	19,074	-	52,213
Loans to customers and accrued interest receivable	4,379	22,806	1,660	3,977	2,246	35,182
Customer's liability under acceptance	-	-	-	-	-	519
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	-	990
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,514	-	-	-	-	4,514
Other assets	-	-	-	-	-	403
Total financial assets	37,370	63,138	11,872	23,376	2,246	141,276
Financial liabilities						
Deposits	48,631	9,267	129	-	-	61,351
Interbank and money market items	13,253	1,424	325	5,422	1,200	28,655
Liabilities payable on demand	-	-	-	-	-	1,540
Liabilities to deliver security	-	-	-	-	-	445
Bank's liability under acceptances	-	-	-	-	-	519
Accounts payable from purchase of investments	-	-	-	-	-	306
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,351	-	-	-	-	3,351
Other liabilities	-	-	-	-	-	102
Total financial liabilities	65,235	10,691	454	5,422	1,200	96,269
Off-financial reporting items, net	-	18,441	6,772	(26,384)	1,171	-

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Standard Chartered Bank (Thai) Public Company Limited
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(b) Currency exchange rate risk

As at 31 December 2019 and 2018, net open position assets (liabilities) denominated in various currencies were as follows:

	2019	2018
	<i>(in million USD)</i>	
Net foreign currency exposure		
US Dollar	(22)	(47)
Euro (*)	4	1
Others (*)	-	(5)

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

4.3 Liquidity risk

Liquidity Risk is the potential for loss where the Bank may not have sufficient stable or diverse sources of funding or financial resources to meet obligations as they fall due. It is the Bank policy to maintain adequate liquidity at all times, and hence to be in a position to meet obligations as they fall due.

The Bank manages liquidity risk both on a short-term and medium-term basis. In the short term, the Bank's focus is on ensuring that the cash flow demands can be met where required. In the medium term the focus is on ensuring that the statement of financial position remains structurally sound and aligned to the strategy.

The Bank's liquidity risk management framework requires limits to be set and monitored to ensure that they remain relevant given market conditions and business strategy. Through this framework, the Bank controls and optimises the risk return profile of the Bank. This is principally achieved by:

- Setting risk appetites aligned with strategic objectives
- Identifying, measuring and monitoring liquidity risks:
 - Assessment of regulatory requirements and internal balance sheet characteristics driving liquidity risk
 - Assessment of the liquidity adequacy of the Bank under business as usual and stressed conditions
 - The Bank's liquidity stress testing framework covering both internal and regulatory scenarios
- Constraining risk profile within the Board approved risk appetite:
 - Development of policies to address the liquidity and funding risks identified
 - Implementation of associated risk measures that act as mitigants of these risks
 - Ongoing monitoring of risk measures against limits

To mitigate liquidity risk, the Bank maintains a well diversified, customer driven funding base and access to wholesale funds under normal market conditions. In addition, the Bank maintains a diversified portfolio of marketable securities that can be monetised or pledged as collateral in the event of a liquidity stress. Country Recovery Plan (CRP) is reviewed and approved annually with a broad set of Risk Indicators (RIs), 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.


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Liquidity risk governance

The Board approves the Bank's risk appetite for liquidity and funding risk along with supporting metrics. The Assets and Liabilities 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 standards of the Standard Chartered Group, as well as, any other applicable regulatory requirements.

Stress Testing

The Bank intends to maintain a prudent and sustainable funding and liquidity position, such that it can withstand a severe yet plausible liquidity stress.

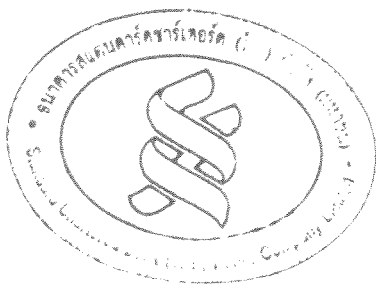
Regular stress testing is conducted to demonstrate that the Bank's liquidity exposure remains within the approved Risk Appetite Statement as well as within regulatory limits.

The internal liquidity stress testing framework includes multiple stress scenarios with varied survival periods and stressed conditions to appropriately reflect the liquidity risks undertaken by the Bank. The framework includes an idiosyncratic stress, a market wide stress and a combined stress.

The Board and ALCO have oversight over the appropriateness of the stress scenarios and the assumption contained within them.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 2/2561 dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards", the Bank intends to disclose Liquidity coverage ratio as of 31 December 2019 within 4 months after the period end date, as indicated in the notification, through the Bank's website <https://www.sc.com/th>

As at 31 December 2019, the loan to deposits ratio of the Bank is 45% (2018: 58%). and the liquidity coverage ratio of the Bank is 260% (2018: 430%) against the regulatory requirement at 100%.




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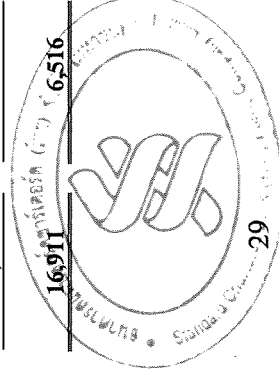
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The remaining periods to maturity of significant financial assets and financial liabilities as at 31 December 2019 and 2018 based on contractual maturity is as follows:

	At call	Within 6 months	Over 6 months to 1 year	2019 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	141	-	-	-	-	-	141
Interbank and money market items, net	14,402	24,194	21	-	-	-	38,617
Investments, net	-	64	188	20,564	27,211	18	48,045
Loans to customers and accrued interest receivables	2,417	16,741	2,919	6,083	1	-	28,161
Customer's liability under acceptance	32	232	-	-	-	-	264
Accounts receivable from sales of investments and debt securities in issue	1,614	-	-	-	-	-	1,614
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	8,861	-	-	-	-	-	8,861
Other assets	352	-	-	-	-	-	352
Total financial assets	27,819	41,231	3,128	26,647	27,212	18	126,055
Financial liabilities							
Deposits	53,037	8,871	-	-	-	-	61,908
Interbank and money market items	20,141	1,581	1,809	1,474	1,244	-	26,249
Liabilities payable on demand	1,185	-	-	-	-	-	1,185
Liabilities to delivery security	-	-	-	-	-	-	-
Bank's liability under acceptances	32	232	-	-	-	-	264
Accounts payable from purchase of investments	54	-	-	-	-	-	54
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,621	-	-	-	-	-	3,621
Other liabilities	87	-	-	-	-	-	87
Total financial liabilities	78,157	10,684	1,809	1,474	1,244	-	93,368
Net liquidity gap	(50,338)	30,547	1,319	25,173	25,968	18	32,687

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	At call	Within 6 months	Over 6 months to 1 year	2018 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	80	-	-	-	-	-	80
Interbank and money market items, net	35,809	11,200	41	325	-	-	47,375
Investments, net	-	3,541	3,792	22,959	21,903	18	52,213
Loans to customers and accrued interest receivables	4,091	14,712	2,683	11,442	2,254	-	35,182
Customer's liability under acceptance	5	514	-	-	-	-	519
Accounts receivable from sales of investments and debt securities in issue	990	-	-	-	-	-	990
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	4,514	-	-	-	-	-	4,514
Other assets	403	-	-	-	-	-	403
Total financial assets	45,892	29,967	6,516	34,726	24,157	18	141,276
Financial liabilities							
Deposits	49,909	11,442	-	-	-	-	61,351
Interbank and money market items	20,284	1,100	-	6,071	1,200	-	28,655
Liabilities payable on demand	1,540	-	-	-	-	-	1,540
Liabilities to delivery security	445	-	-	-	-	-	445
Bank's liability under acceptances	5	514	-	-	-	-	519
Accounts payable from purchase of investments	306	-	-	-	-	-	306
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,351	-	-	-	-	-	3,351
Other liabilities	102	-	-	-	-	-	102
Total financial liabilities	75,942	13,056	-	6,071	1,200	-	96,269
Net liquidity gap	(30,050)	16,911	6,516	28,655	22,957	18	45,007



(Signature)
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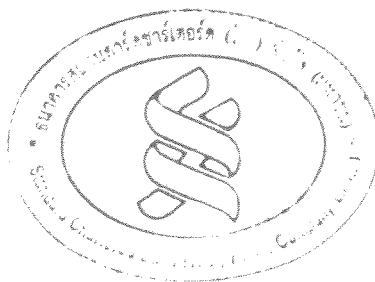
For the year ended 31 December 2019

Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 December 2019 and 2018 are as follows:

	Within 1 year	2019 Over 1 year (in million Baht)	Total
Foreign currency related			
Forward exchange contracts	351,055	17,926	368,981
Cross currency swap contracts	29,967	124,337	154,304
Currency option contracts	4,186	544	4,730
Interest rate related			
Interest rate swap contracts	119,211	327,945	447,156
Interest rate option contracts	4,726	5,219	9,945
Others			
Bond forward contracts	4,350	12,096	16,446
Commodities	186	-	186
Total	513,681	488,067	1,001,748

	Within 1 year	2018 Over 1 year (in million Baht)	Total
Foreign currency related			
Forward exchange contracts	429,766	8,888	438,654
Cross currency swap contracts	33,949	133,997	167,946
Currency option contracts	9,783	122	9,905
Interest rate related			
Interest rate swap contracts	137,158	393,029	530,187
Interest rate option contracts	2,295	11,350	13,645
Others			
Bond forward contracts	4,168	13,553	17,721
Commodities	16,198	243	16,441
Total	633,317	561,182	1,194,499



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5 Fair value of financial assets and liabilities

5.1 Financial assets and liabilities measured at fair value

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.

	Fair value			Total
	Level 1	Level 2	Level 3	
	(in million Baht)			
31 December 2019				
Financial assets				
Derivatives				
- Foreign currency related	2,805	6,554	-	9,359
- Interest rate related	-	6,686	-	6,686
- Bond forward contracts	-	28	-	28
- Commodities contracts	-	10	-	10
Debt securities held for trading	-	30,123	-	30,123
Debt securities available-for-sale	-	17,904	-	17,904

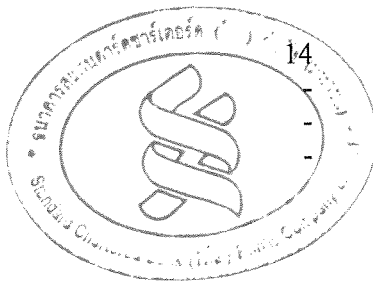
Financial liabilities

Derivatives				
- Foreign currency related	2,619	6,232	-	8,851
- Interest rate related	-	6,377	-	6,377
- Bond forward contracts	-	3,564	-	3,564
- Commodities contracts	-	10	-	10

	Fair value			Total
	Level 1	Level 2	Level 3	
	(in million Baht)			
31 December 2018				
Financial assets				
Derivatives				
- Foreign currency related	13	5,572	-	5,585
- Interest rate related	-	5,411	-	5,411
- Bond forward contracts	-	154	-	154
- Commodities contracts	-	1,317	-	1,317
Debt securities held for trading	-	26,149	-	26,149
Debt securities available-for-sale	-	26,046	-	26,046

Financial liabilities

Derivatives				
- Foreign currency related		5,607	-	5,621
- Interest rate related		4,080	-	4,080
- Bond forward contracts		318	-	318
- Commodities contracts		1,331	-	1,331



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The Bank determines 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 recognises 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 2019 and 2018.

5.2 Financial assets and liabilities 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 assets and liabilities as disclosed herein.

Interbank and money market items (assets and liabilities)

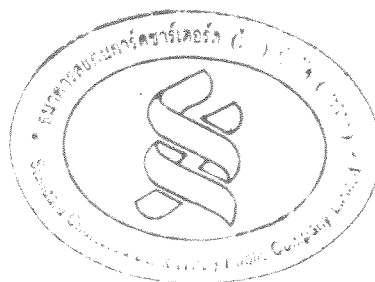
The fair value of interbank and money market items (assets and liabilities) which bear variable rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow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


General investments

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

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.




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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.

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.

6 Maintenance of capital fund

The Bank, which is a financial institution, 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 2019 and 2018, the Bank's total capital funds can be categorised as follows:

	2019	2018
	(in million Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital and share premium	23,893	23,893
Legal reserve	1,358	1,212
Net profit after appropriation	34	13,213
Other reserves	299	(195)
Less capital deduction items on CET1	(177)	(313)
Total Tier 1 Capital Base	25,407	37,810
Tier 2 capital		
Provision for normal classified assets	64	37
Surplus of provision	258	311
Total Tier 2 Capital Base	322	348
Total Capital Base	25,729	38,158
Total Risk-Weighted Assets	77,265	87,336

Standard Chartered Bank (Thai) Public Company Limited

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	The BoT's regulation minimum requirement*		2019	2018
	2019	2018	(%)	
Capital Adequacy Ratio	11.000	10.375	33.39	43.69
Tier-1 Capital ratio	8.500	7.875	32.88	43.29
Tier-1 Common Equity ratio	7.000	6.375	32.88	43.29
Tier-2 Capital ratio	-	-	0.42	0.40
Capital after deducting capital add-on arising from Single Lending Limit (in million Baht)	-	-	25,729	38,158
Capital after deducting capital add-on arising from Single Lending Limit to total risk-weighted assets ratio	-	-	33.30	43.69

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

According to Bank of Thailand notification number For Kor Kor (12) Wor 1030/2562 dated 10 July 2019 required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective on 15 July 2019.

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 2019 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.

7 Interbank and money market items, net (assets)

	At call	2019 Term	Total	At call	2018 Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand	5,420	4,782	10,202	3,812	6,961	10,773
Commercial banks	7,005	8,780	15,785	6,024	2,880	8,904
Other financial institutions	100	-	100	-	-	-
Total	12,525	13,562	26,087	9,836	9,841	19,677
Add accrued interest receivable	2	9	11	4	6	10
Less allowance for doubtful accounts	(22)	(20)	(42)	-	(19)	(19)
Total domestic, net	12,505	13,551	26,056	9,840	9,828	19,668

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Standard Chartered Bank (Thai) Public Company Limited

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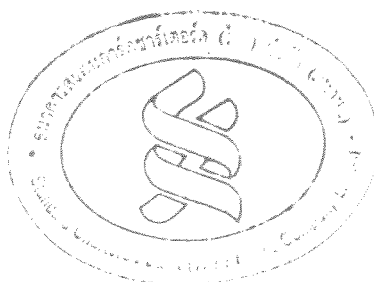
	At call	2019 Term	Total (in million Baht)	At call	2018 Term	Total
Foreign						
US Dollar	38	6,564	6,602	25,632	1,412	27,044
Japanese Yen	1,211	3,863	5,074	51	-	51
Euro	255	298	553	153	339	492
Chinese Yuan	274	-	274	28	-	28
Other currencies	120	-	120	67	-	67
Total	1,898	10,725	12,623	25,931	1,751	27,682
Add accrued interest receivable	-	4	4	101	4	105
Less allowance for doubtful accounts	-	(66)	(66)	(66)	(14)	(80)
Total foreign, net	1,898	10,663	12,561	25,966	1,741	27,707
Total domestic and foreign, net	14,403	24,214	38,617	35,806	11,569	47,375

8 Derivatives

8.1 Derivatives held for trading

As at 31 December 2019 and 2018, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risks	2019		Notional amount	2018		Notional amount
	Fair value Assets	Liabilities		Fair value Assets	Liabilities	
			(in million Baht)			
Foreign currency related	9,359	8,851	528,015	5,577	5,621	615,986
Interest rate related	6,686	6,377	456,101	5,411	4,070	541,532
Others						
- Bond forward contracts	28	3,564	16,446	154	318	17,721
- Commodities	10	10	186	1,317	1,331	16,441
	38	3,574	16,632	1,471	1,649	34,162
Total	16,083	18,802	1,000,748	12,459	11,340	1,191,680



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As at 31 December 2019 and 2018, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	2019	2018
	(%)	
Counterparties		
Financial institutions	70.7	73.7
Related parties	16.5	17.2
Other parties	12.8	9.1
Total	100.0	100.0

8.2 Derivatives held for hedging

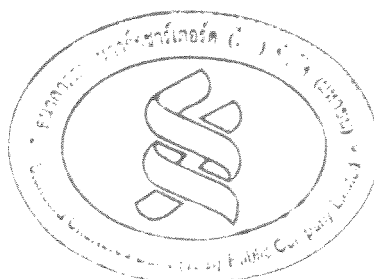
8.2.1 Fair value hedges

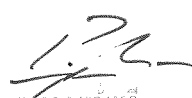
	2019			2018		
Type of risks	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Interest rate related	-	21	1,000	-	10	2,300
Total	-	21	1,000	-	10	2,300


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 2019, the Bank recognised loss on fair value hedges in profit or loss amounted to Baht 11 million (2018: loss on fair value hedges Baht 9 million).

8.2.2 Cash flow hedges

	2019			2018		
Type of risks	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign currency related	-	-	-	8	-	519
Total	-	-	-	8	-	519




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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 2019, the Bank recognised loss on cash flow hedges in other comprehensive income amounted to Baht 9 million (2018: gain on cash flow hedges Baht 1 million) and loss on cash flow hedges in profit or loss amounted to Baht 0.2 million (2018: no gain or loss on cash flow hedges in profit or loss).

As at 31 December 2019 and 2018, the time periods in which cash flows of hedged items are expected to impact in profit or loss are as follows:

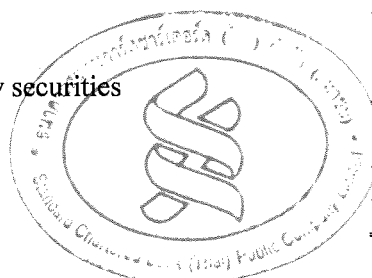
Cash flows	2019			Total
	Within 3 months	Over 3 months to 1 year (in million Baht)	Over 1 year to 5 years	
Cash inflows	1	1	-	2
Cash outflows	-	-	-	-
Net cash flows	1	1	-	2


Cash flows	2018			Total
	Within 3 months	Over 3 months to 1 year (in million Baht)	Over 1 year to 5 years	
Cash inflows	1	2	1	4
Cash outflows	-	-	-	-
Net cash flows	1	2	1	4

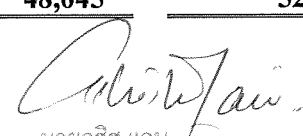
9 Investments, net

9.1 As at 31 December 2019 and 2018, the Bank classifies investment types, as follows:

	2019 (in million Baht)	2018
Trading investments - Fair value		
Government bonds	27,019	23,468
Private debt instruments	3,104	2,681
Total	30,123	26,149
Available-for-sale investments - Fair value		
Government bonds	17,904	26,046
Total	17,904	26,046
General investments - Cost		
Domestic non-marketable equity securities	24	24
Total	24	24
Less allowance for impairment	(6)	(6)
Net	18	18
Total investments, net	48,045	52,213




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

	2019 (in million Baht)	2018
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	266	(83)
Less fair value changes in fair value hedged investments	(34)	(10)
Less deferred tax	(46)	19
Net	186	(74)

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

	2019				
	No. of companies	Cost	Fair value (in million Baht)	Allowance for revaluation	Allowance for impairment
Non-listed companies in SET	2	13	7	-	6
Total	2	13	7	-	6

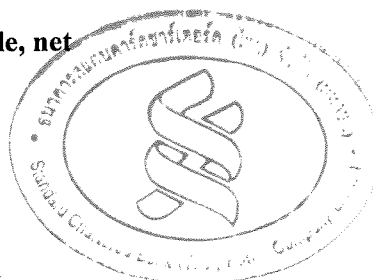
	2018				
	No. of companies	Cost	Fair value (in million Baht)	Allowance for revaluation	Allowance for impairment
Non-listed companies in SET	2	13	7	-	6
Total	2	13	7	-	6

10 Loans to customers and accrued interest receivable, net

10.1 Classified by type of loans

	2019 (in million Baht)	2018
Overdrafts	19	6
Loans	25,915	30,240
Bills	2,238	5,005
Less deferred revenue	(96)	(183)
Loans to customer net of deferred revenue	28,076	35,068
Add accrued interest receivable	85	114
Total loans to customers net of deferred revenue and accrued interest receivable	28,161	35,182
Less allowance for doubtful accounts		
- Minimum allowance as BoT's regulations	(245)	(2,286)
- Individual approach	(178)	(516)
- Excess allowance	(423)	(2,802)
Total	(846)	(5,604)
Total loans to customers and accrued interest receivable, net	27,315	29,578

4.2-
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10.2 Classified by currency and residence of debtors

	2019			2018		
	Domestic	Foreign	Total (in million Baht)	Domestic	Foreign	Total
Thai Baht	20,793	-	20,793	24,576	-	24,576
US Dollar	5,116	2,167	7,283	8,577	1,915	10,492
Other currencies	-	-	-	-	-	-
Total *	25,909	2,167	28,076	33,153	1,915	35,068


* Loans to customers net of deferred revenue

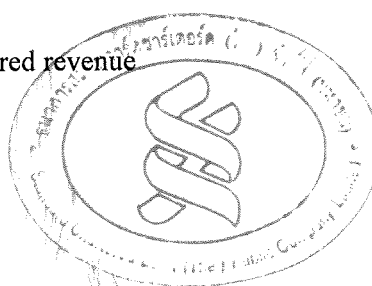
10.3 Classified by industry and loan classification

	2019					
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	51	-	-	-	-	51
Manufacturing and commerce	14,684	8	1	-	-	14,693
Property development and construction	674	-	-	-	-	674
Infrastructure and services	6,469	-	-	-	-	6,469
Others	6,189	-	-	-	-	6,189
Total *	28,067	8	1			28,076

	2018					
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	146	-	-	-	-	146
Manufacturing and commerce	19,928	7	-	-	2,246	22,181
Property development and construction	1,529	-	-	-	-	1,529
Infrastructure and services	6,291	-	-	-	-	6,291
Others	4,921	-	-	-	-	4,921
Total *	32,815	7	-	-	2,246	35,068

* Loans to customers net of deferred revenue


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10.4 Classified by loan classification

	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts * (in million Baht)	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	28,152	24,469	1	244
Special mention	8	8	2	-
Substandard	1	1	100	1
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total **	<u>28,161</u>	<u>24,478</u>		<u>245</u>
Excess allowance				<u>178</u>
Total				<u>423</u>

	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts * (in million Baht)	Rate used for setting the allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	32,929	27,533	1	275
Special mention	7	7	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	2,246	2,011	100	2,011
Total **	<u>35,182</u>	<u>29,551</u>		<u>2,286</u>
Excess allowance				<u>516</u>
Total				<u>2,802</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.

** Loans to customers net of deferred revenue and accrued interest receivables

10.5 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.

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As at 31 December 2019 and 2018, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	2019	2018
Non-performing loans, net (<i>in million Baht</i>)	-	134
Total loans used for NPL net ratio calculation (<i>in million Baht</i>)	59,528	59,827
Ratio of total loans (%)	0.00	0.22

As at 31 December 2019 and 2018, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	2019	2018
Non-performing loans, gross (<i>in million Baht</i>)	1	2,246
Total loans used for NPL gross ratio calculation (<i>in million Baht</i>)	59,528	61,939
Ratio of total loans (%)	0.00	3.63

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.


11 Troubled debt restructuring

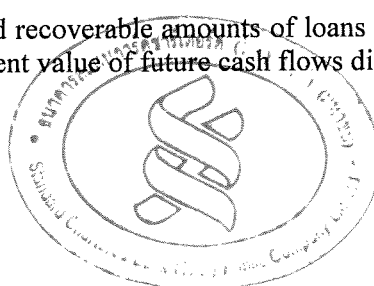
During the years ended 31 December 2019 and 2018, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Restructuring method	Terms of debt restructuring agreements	2019		
		No. of customers	Amount of debt before restructuring (<i>in million Baht</i>)	Amount of debt after restructuring
Modification of terms and conditions	-	-	-	-
Total		-	-	-

Restructuring method	Terms of debt restructuring agreements	2018		
		No. of customers	Amount of debt before restructuring (<i>in million Baht</i>)	Amount of debt after restructuring
Modification of terms and conditions	-	-	-	-
Total		-	-	-

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.


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The Bank had outstanding balances of restructured debt as follows:

	2019 (in million Baht)	2018 (in million Baht)
Troubled restructured debt	-	2,046

The loss incurred arising from restructuring, before allowance for doubtful accounts for the years ended 31 December 2019 and 2018 as following:

	2019 (in million Baht)	2018 (in million Baht)
The loss incurred arising from restructuring, before allowance for doubtful accounts	-	-

If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank had no loss on debt restructuring for the years ended 31 December 2019 and 2018.

The Bank recognised interest income from debt restructuring for the years ended 31 December 2019 and 2018 as follows:

	2019 (in million Baht)	2018 (in million Baht)
Interest income	-	3

12 Allowance for doubtful accounts

	2019 (in million Baht)						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	275	-	-	-	2,011	516	2,802
Allowance for doubtful accounts	(31)	-	1	-	24	-	(6)
Bad debt written off	-	-	-	-	(1,818)	(100)	(1,918)
Others	-	-	-	-	(217)	(238)	(455)
Ending balance	244	-	1	-	-	178	423

	2018 (in million Baht)						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	403	2	-	-	2,313	1,050	3,768
Allowance for doubtful accounts	(128)	(2)	-	-	(121)	(478)	(729)
Bad debt written off	-	-	-	-	(181)	-	(181)
Others	-	-	-	-	-	(56)	(56)
Ending balance	275	-	-	-	2,011	516	2,802

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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

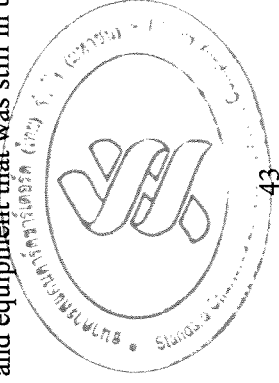
13 Premises and equipment

As at 31 December 2019 and 2018, changes in premises and equipment are as follows:

2019											
Net book value as of 1 January 2019	Cost			Accumulated depreciation					Allowance for impairment	Net book value as of 31 December 2019	
	Beginning balance	Purchases and transfers in	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Beginning balance	Depreciation	Disposals and transfers out			Transfer to assets held for sale
							(in million Baht)				
Buildings	229	763	-	(180)	583	534	25	-	(131)	428	155
Equipment	22	48	25	(5)	64	26	13	(4)	(3)	32	32
Other	-	-	52	-	52	-	-	-	-	-	52
Total	251	811	77	(185)	699	560	38	(4)	-	460	239

2018											
Net book value as of 1 January 2018	Cost			Accumulated depreciation					Allowance for impairment	Net book value as of 31 December 2018	
	Beginning balance	Purchases and transfers in	Disposals and transfers out	Transfer to assets held for sale	Ending balance	Beginning balance	Depreciation	Disposals and transfers out			Transfer to assets held for sale
							(in million Baht)				
Buildings	299	1,475	-	(712)	763	782	57	(305)	-	534	229
Equipment	37	329	4	(285)	48	292	15	(281)	-	26	22
Total	336	1,804	4	(997)	811	1,074	72	(586)	-	560	251

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 31 December 2019 amounted Baht 3.5 million (2018: Baht 1 million).



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14 Deferred tax

Deferred tax assets and liabilities were as follows:

	2019 (in million Baht)	2018
Deferred tax assets	-	313
Deferred tax liabilities	(108)	-
Net	(108)	313

Movements in total deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	(Charged) / Credited to:				
	At 1 January 2019	Profit or loss	Other comprehensive income <i>(note 35)</i> <i>(in million Baht)</i>	Reversal due to dividend payment	At 31 December 2019
<i>Deferred tax liabilities</i>					
Investments	(1)	(769)	(65)	-	(835)
Loans and accrued interest receivable	148	33	-	-	181
Premises and equipment	30	-	-	-	30
Other assets	68	46	-	-	114
Provisions	41	33	6	15	95
Other liabilities	26	19	-	-	45
Cash flow hedges	1	-	2	-	3
Taxable loss carry forward	-	259	-	-	259
Total	313	(379)	(57)	15	(108)

	(Charged) / Credited to:				
	At 1 January 2018	Profit or loss	Other comprehensive income <i>(note 35)</i> <i>(in million Baht)</i>	Reversal due to dividend payment	At 31 December 2018
Deferred tax assets					
Investments	(60)	43	16	-	(1)
Loans and accrued interest receivable	2	146	-	-	148
Premises and equipment	61	-	-	-	30
Other assets	69	(31)	-	-	68
Provisions	57	(1)	(6)	-	41
Other liabilities	103	(10)	-	-	26
Cash flow hedges	1	(77)	-	-	1
Taxable loss carry forward	64	(64)	-	-	-
Total	297	6	10	-	313

Standard Chartered Bank (Thai) Public Company Limited

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For the year ended 31 December 2019

15 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.

16 Other assets, net

	2019	2018
	<i>(in million Baht)</i>	
Accrued interest and income receivable	352	403
Advance income tax	175	138
Other receivables	14	1
Others	22	13
Total	563	555

17 Deposits

17.1 Classified by type of deposits


	2019	2018
	<i>(in million Baht)</i>	
Current	9,929	3,804
Savings	43,108	46,105
Term		
- Less than 6 months	8,871	11,442
Total	61,908	61,351

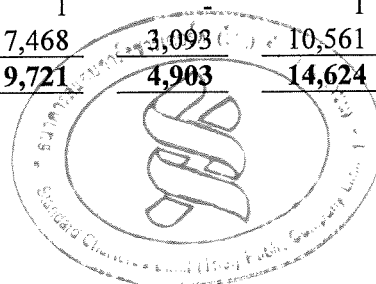
17.2 Classified by currency and residence of depositors

	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	50,490	682	51,172	49,081	646	49,727
US Dollar	8,842	1,638	10,480	10,107	1,402	11,509
Other currencies	226	30	256	85	30	115
Total	59,558	2,350	61,908	59,273	2,078	61,351

18 Interbank and money market items (liabilities)

	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	2,252	1,810	4,062	3,520	2,596	6,116
Special financial institutions	1	-	1	301	-	301
Other financial institutions	7,468	3,093	10,561	8,973	4,477	13,450
Total domestic	9,721	4,903	14,624	12,794	7,073	19,867


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Standard Chartered Bank (Thai) Public Company Limited

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	At call	2019 Term	Total (in million Baht)	At call	2018 Term	Total
Foreign						
US Dollar	2,019	1,205	3,224	2	1,298	1,300
Thai Baht	8,387	-	8,387	7,434	-	7,434
Japanese Yen	14	-	14	54	-	54
Total foreign	10,420	1,205	11,625	7,490	1,298	8,788
Total domestic and foreign	20,141	6,108	26,249	20,284	8,371	28,655

As at 31 December 2019, structured notes that are not designated at fair value in the financial statements amounted to Baht 3,092 million (2018: Baht 4,477 million).

19 Provisions

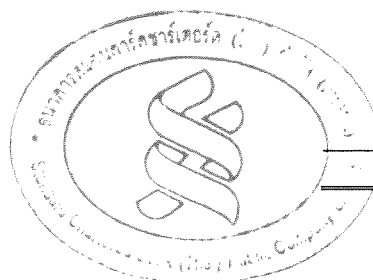
	Employee benefits	Contingent liabilities (in million Baht)	Others	Total
At 1 January 2018	241	37	16	294
Provisions made	33	4	-	37
Provisions used	(52)	-	-	(52)
Provision reversed	(30)	(29)	(6)	(65)
At 31 December 2018 and 1 January 2019	192	12	10	214
Provisions made	109	7	-	116
Provisions used	(2)	(4)	-	(6)
Provision reversed	-	(4)	(1)	(5)
At 31 December 2019	299	11	9	319


20 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.

21 Other liabilities

	2019 (in million Baht)	2018
Withholding tax payables	80	121
VAT payable	6	40
Other payables	465	363
Accrued interest payable	87	102
Others	302	420
Total	940	1,046




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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

22 Share capital

	Par value per share (in Baht)	Number	2019 Amount (in million shares / million Baht)	2018 Number	Amount
Authorised shares					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At ending - ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up shares					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At ending - ordinary shares	10	1,484	14,837	1,484	14,837

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.

23 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 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.

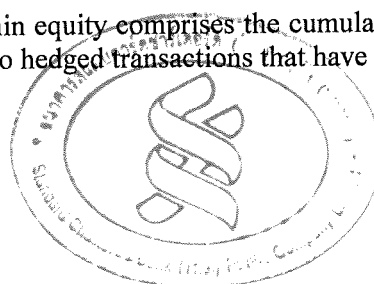
Cash flow hedges

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



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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

24 Contingent liabilities

	2019	2018
	(in million Baht)	
Guarantees of loans	3,470	162
Letters of credit	726	1,025
Other contingencies		
- Other letters of guarantee	17,071	17,370
- Committed line	9,290	11,257
- Others *	2,528	3,506
	<u>28,889</u>	<u>32,133</u>
Total	<u>33,085</u>	<u>33,320</u>

* As at 31 December 2019, this included the obligation to return the financial assets accepted as collateral from private reverse repo transaction and repledged for private repo transaction amounting to Baht 1,818 million (2018: 3,014 million) and collateral per Credit Support Annex for derivative transaction amounting to Baht 711 million (2018: 492 million). The Bank has the obligation to return the securities in the same amount.

Litigation

As at 31 December 2019, the Bank has received claims in respect of letters of guarantee and other items from the Bank's customers totaling Baht 636 million (excluding interest) (2018: Baht 74 million) and the lawsuit is under court process. As at 31 December 2019, the Bank has not recorded provision from these claims. (2018: Baht 8 million).

25 Related parties

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
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Global Business Services Private Limited	India	Affiliated company of Standard Chartered Group
Standard Chartered Global Business Services SDN BHD	Malaysia	Affiliated company of Standard Chartered Group
Standard Chartered Global Business Services Private Limited	China	Affiliated company of Standard Chartered Group

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Standard Chartered Bank (Thai) Public Company Limited

Notes to the financial statements

For the year ended 31 December 2019

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Raffles Nominees Pte Ltd.	Singapore	Affiliated company of Standard Chartered Group
Cartaban Nominees (Tempatan) SDN.BHD.	Malaysia	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

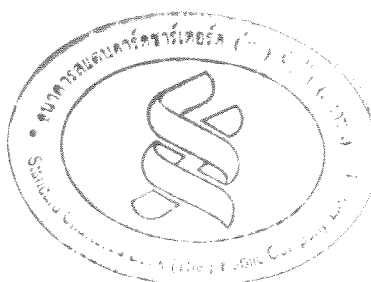
Significant transactions for the years ended 31 December 2019 and 2018 with key management and other related parties were as follows:

	2019 (in million Baht)	2018
Interest income	98	201
Gains (losses) on trading and foreign exchange transactions, net	118	(510)
Service agreements	424	484
Other operating income/(expenses)	(56)	25

Significant balances and business transactions with key management and other related parties.

Significant balances and business transactions with key 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 2019 and 2018 were as follows:

	2019		2018	
	Ending balance	Average	Ending balance	Average
	(in million Baht)			
Loans to customers and accrued interest receivable				
To key management, including their related parties	-	1,645	1,811	1,829



(Signature)

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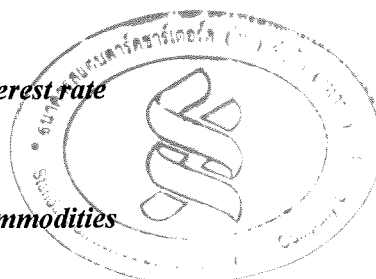
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Standard Chartered Bank (Thai) Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	2019 (in million Baht)	2018
Interbank and money market items (assets)		
Standard Chartered Group	<u>6,721</u>	<u>20,180</u>
Derivative assets (fair value)		
Standard Chartered Group	<u>1,567</u>	<u>3,280</u>
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		
Standard Chartered Group	<u>1,387</u>	<u>1,282</u>
Other assets		
Standard Chartered Group	<u>176</u>	<u>203</u>
Deposits		
Others	<u>252</u>	<u>543</u>
Interbank and money market items (liabilities)		
Standard Chartered Group	<u>3,510</u>	<u>2,320</u>
Derivative liabilities (fair value)		
Standard Chartered Group	<u>2,028</u>	<u>3,034</u>
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		
Standard Chartered Group	<u>813</u>	<u>1,695</u>
Accrued expenses		
Standard Chartered Group	926	940
Others	1	2
Total	<u>927</u>	<u>942</u>
Other liabilities		
Standard Chartered Group	<u>342</u>	<u>193</u>
Other letters of guarantee		
Standard Chartered Group	<u>2,193</u>	<u>5,893</u>
Derivatives (notional amount) - Foreign currency related		
Standard Chartered Group	<u>57,609</u>	<u>59,279</u>
Derivatives (notional amount) - Interest rate related		
Standard Chartered Group	<u>107,100</u>	<u>133,233</u>
Derivatives (notional amount) - Commodities		
Standard Chartered Group	<u>168</u>	<u>15,896</u>



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	2019	2018
	(in million Baht)	
Key management personnel		
Short-term employee benefits	227	240
Post-employment benefits	9	8
Share-based payments	8	-
Termination benefits	-	17
Total key management personnel compensation	244	265

Directors' and executives' benefits

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

Significant agreements with related parties

(a) 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.

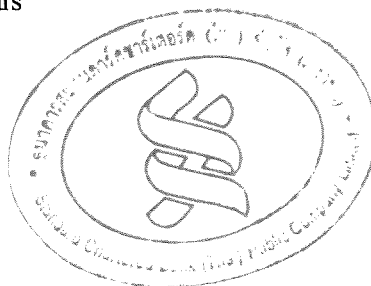
(b) Outsourcing services


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.


26 Non-cancellable operating lease agreements

The Bank has entered into operating lease and service agreements of branches office, office equipments and vehicles for the periods ranging from less than 1 year to 3 years. (2018: from less than 1 year to 4 years) The period to maturity of long-term lease payments is as follows:

	2019	2018
	(in million Baht)	
Within one year	1	4
After one year but within five years	1	3
Total	2	7




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Standard Chartered Bank (Thai) Public Company Limited

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27 Segment information

Client segments

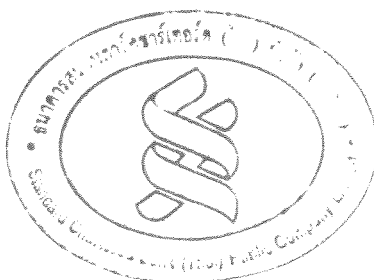
The business in Thailand, consists of two client segments, namely Corporate and Institutional Banking (CIB) and Commercial Banking (CB) as follows;

- “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. The Bank has been merged “Commercial Banking” to be under “Corporate and Institutional Banking”, effective from 1 January 2019.

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.

Geographical segments

The Bank operates only in Thailand. Accordingly, no geographical segment information is disclosed.



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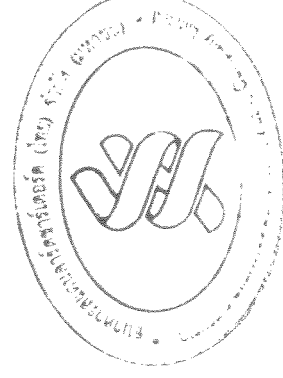
Standard Chartered Bank (Thai) Public Company Limited

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By client segment

	Corporate and Institutional Banking		Commercial Banking		Central and other items			Total
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>							
Net interest income	1,456	1,260	7	34	563	945	2,026	2,239
Other income	2,340	2,347	26	15	372	841	2,738	3,203
Operating income	3,796	3,607	33	49	935	1,786	4,764	5,442
Operating expenses	(2,841)	(2,550)	(1)	(46)	(160)	(183)	(3,002)	(2,779)
Operating profit before impairment loss of loans and taxation	955	1,057	32	3	775	1,603	1,762	2,663
Impairment loss of loans (reversal of)	(250)	70	(199)	(799)	(3)	(5)	(452)	(734)
Profit from operations before income tax	1,205	987	231	802	778	1,608	2,214	3,397
Segment assets as at 31 December	85,419	82,788	(69)	71	57,027	68,802	142,377	151,661



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28 Interest income


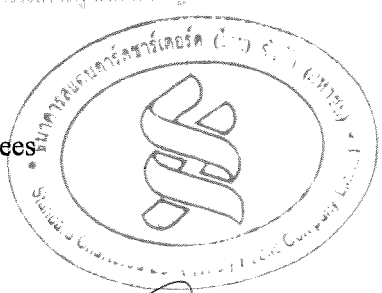

	2019	2018
	<i>(in million Baht)</i>	
Interbank and money market items	928	1,416
Investments and trading transactions	825	604
Investments in debt securities	440	318
Loans to customers	1,162	1,253
Total	3,355	3,591

29 Interest expenses

	2019	2018
	<i>(in million Baht)</i>	
Deposits	629	595
Interbank and money market items	316	368
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	383	384
Debt issued and borrowings	-	5
Total	1,328	1,352

30 Net fees and service income

	2019	2018
	<i>(in million Baht)</i>	
Fees and service income	126	105
- Acceptance, avals and guarantees	246	282
- Transaction fees	412	436
- Custody fee	250	497
- Others	1,034	1,320
Fees and service expenses	54	42
- Commission fees	120	136
- Others	174	178
Net	860	1,142


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31 Gains on trading and foreign exchange transactions, net

	2019	2018
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions	2,428	836
- Foreign currencies and foreign currency related derivatives	(944)	524
- Interest rate related derivatives	(15)	39
- Debt securities and debt security related derivatives	82	(2)
- Others	1,551	1,397
Total	1,551	1,397
Losses on hedging transactions	(11)	(9)
Total	1,540	1,388

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32 Gains (losses) on investments, net

	2019	2018
	<i>(in million Baht)</i>	
Gains on sales of		
- Available-for-sale investments	175	-
- Investments in a subsidiary	3	-
Total	178	-

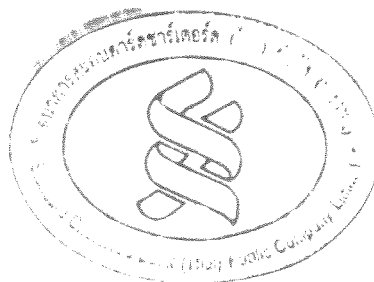
33 Employee expenses


	2019	2018
	<i>(in million Baht)</i>	
Management		
Wages and salaries	162	179
Post-employment benefits - defined benefit plans	9	8
Share-based payment transactions	8	-
Others	65	78
	244	265
Other employees		
Wages and salaries	664	759
Post-employment benefits - defined benefit plans	71	26
Share-based payment transactions	29	16
Others	410	316
	1,174	1,117
Total	1,418	1,382

The Bank has 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 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.

34 Impairment loss of loans (reversal of)

	2019	2018
	<i>(in million Baht)</i>	
Interbank and money market items	9	56
Loans to customers	(461)	(790)
Total	(452)	(734)




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35 Income tax

Income tax recognised in profit or loss

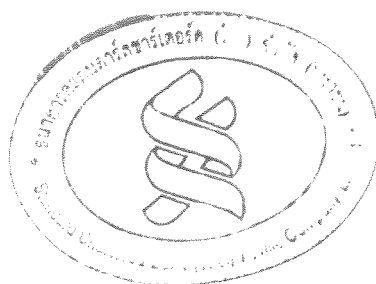
	Note	2019 (in million Baht)	2018
Current tax expense			
Current year		-	492
Under provided in prior years		55	-
		<u>55</u>	<u>492</u>
Deferred tax expense			
Movements in temporary differences		450	153
Over provided in prior years		(71)	(159)
	14	<u>379</u>	<u>(6)</u>
Total		<u>434</u>	<u>486</u>

Income tax recognised in other comprehensive income

	Before Tax	2019 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2018 Tax (expense) benefit	Net of Tax
Cash flow hedges	(9)	2	(7)	1	-	1
Available-for-sale investments	325	(65)	260	(78)	16	(62)
Defined benefit plans	(31)	6	(25)	30	(6)	24
Total	<u>285</u>	<u>(57)</u>	<u>228</u>	<u>(47)</u>	<u>10</u>	<u>(37)</u>

Reconciliation of effective tax rate

	2019 Rate (%)	2019 (in million Baht)	2018 Rate (%)	2018 (in million Baht)
Profit before income tax		2,213		3,397
Income tax using the Thai corporation tax rate	20	443	20	679
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		7		(34)
Over provided in prior years		(16)		(159)
Total	<u>20</u>	<u>434</u>	<u>14</u>	<u>486</u>



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36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years as follows:

	2019	2018
Profit for the years attributable to equity holders of the Bank (basic) (million Baht)	1,779	2,911
Number of ordinary shares outstanding (million shares)	1,484	1,484
Basic earnings per share (in Baht)	1.20	1.96

37 Dividends

At the annual general meeting of the shareholders of the Bank held on 22 April 2019, the shareholders approved the appropriation of a dividend of Baht 1.78 per share, amounting to Baht 2,641 million. The dividends were paid to shareholders in May 2019.

The Board of Directors Meeting held on 14 December 2018 passed a resolution approving an interim dividend payment of Baht 8.98 per share, amounting to Baht 13,324 million. The dividends were paid to shareholders in January 2019.

At the annual general meeting of the shareholders of the Bank held on 27 April 2018, the shareholders approved the appropriation of a dividend of Baht 1.46 per share, amounting to Baht 2,166 million. The dividends were paid to shareholders in May 2018.

38 Thai Financial Reporting Standards (TFRSs) not yet adopted

A number of new TFRSs which are relevant to the Bank's operations, expected to have material impact on the Bank's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Lease
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:


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(i) Classification and measurement - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas currently the Bank estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(iii) Classification and measurement – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

(iv) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank is required to ensure that hedge accounting relationships are aligned with the Bank’s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.


Currently, the Bank had derivative for currency exchange rate risk which was recognised when the derivative was exercised. However, TFRS 9 had an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

Transition

The Bank expects to initially adopt TFRS 9 by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Bank will not apply the requirements of these TFRSs to comparative information.


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Impact assessment

The preliminary assessment of initially applying TFRS 9 as at 1 January 2020 has been performed by management. The impact is expected to be a reduction to retained earnings and other component of equity of the Bank as at 1 January 2020 of Baht 196 million and Baht 9 million (before income tax), respectively. The impact mainly results from (1) fair value adjustments of rate-linked deposit transactions which are classified and measured as fair value through profit or loss (FVTPL) and; (2) fair value of general investments which are classified and measured as fair value through other comprehensive income (FVOCI).

The Bank of Thailand's announced the notification No. Sor. Nor. Sor. 23/2561 and other related regulations which required the Bank to maintain the excess allowance. The Bank estimated allowance according to the new TFRS 9 impairment model is approximately Baht 500 million lower than the allowance for doubtful accounts as at 31 December 2019. The Bank will amortise the excess allowance on a straight-line basis over a five-year period starting from 1 January 2020 after applying TFRS 9.

(b) TFRS 16 Leases

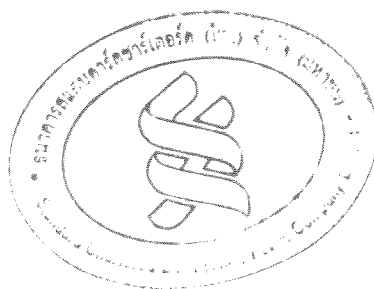
TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.


Currently, the Bank recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Bank will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 26. As a result, the nature of expenses related to those leases will be changed because the Bank will recognise depreciation of right-of-use assets and interest expense on lease liabilities.


Transition

The Bank plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The preliminary assessment of initially applying TFRS 16 as at 1 January 2020 has been performed. No material impact to the financial statements has been identified.




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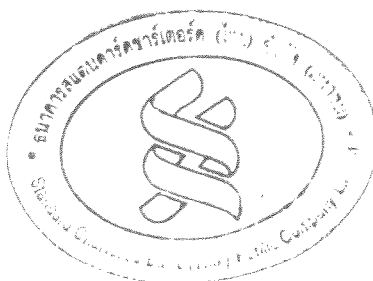

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39 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income and the statement of cash flows for the year ended which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	Before reclassification	2018 Reclassification (in million Baht)	After reclassification
<i>Statement of financial position as at 31 December 2018</i>			
Interbank and money market items, net	47,378	(3)	47,375
Loans to customers and accrued Interest receivable, net	32,563	(183)	32,380
Other liabilities	1,232	(186)	1,046
<i>Statement of profit or loss and other comprehensive income for the year ended 31 December 2018</i>			
Fee and service income	1,405	(85)	1,320
Gains on trading and foreign exchange Transactions, net	1,303	85	1,388
<i>Statement of cash flows for the year ended 31 December 2018</i>			
Interbank and money market items	4,558	1	4,559
Loans to customers	13,785	28	13,813
Other liabilities	(277)	(29)	(306)




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