

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

Financial statements for the year ended
31 December 2013
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.

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Independent Auditor's Report

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

I have audited the accompanying consolidated and Bank only financial statements of Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries (the "Group"), and of Standard Chartered Bank (Thai) Public Company Limited (the "Bank") respectively, which comprise the consolidated and Bank only statements of financial position as at 31 December 2013, the consolidated and Bank only statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, and comprising a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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



Opinion

In my opinion, the consolidated and Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

W. BH

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2014

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

		Consolidated		Bank only	
	Note	31 December		31 December	
		2013	2012	2013	2012
		(in thousand Baht)			
Assets					
Cash		522,214	509,835	493,965	509,832
Interbank and money market items, net	8,34	42,936,586	58,851,057	42,899,841	58,798,371
Claims on security		2,000,000	6,000,000	2,000,000	6,000,000
Derivative assets	9,34	36,315,710	28,091,102	36,315,710	28,091,102
Investments, net	10	60,181,966	58,480,879	57,048,862	54,223,340
Investments in subsidiaries	11	-	-	698,281	698,281
Loans to customers and accrued interest receivable, net	12,14,34				
Loans to customers		104,080,185	106,167,893	107,029,590	110,011,135
Accrued interest receivable		523,232	504,033	576,046	558,437
Total loans to customers and accrued interest receivable		104,603,417	106,671,926	107,605,636	110,569,572
Less allowance for doubtful accounts	15	(7,609,330)	(6,165,907)	(7,609,330)	(6,165,907)
Total loans to customers and accrued interest receivable, net		96,994,087	100,506,019	99,996,306	104,403,665
Properties for sale, net	16	26,183	40,024	26,183	40,024
Premises and equipment, net	17	777,278	828,518	777,154	828,271
Intangible assets, net		4	1,465	4	1,465
Deferred tax assets	18	570,219	543,639	343,176	383,969
Accounts receivable from sales of investments and debt securities in issue	19	4,461,913	2,408,174	4,461,913	2,408,174
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		8,815,341	2,825,791	8,815,341	2,825,791
Other assets, net	20,34	970,325	1,269,336	956,727	1,241,466
Total assets		254,571,826	260,355,839	254,833,463	260,453,751
Liabilities and equity					
Deposits	21,34	103,188,893	114,227,936	103,361,422	114,575,922
Interbank and money market items	22,34	53,960,474	54,909,641	53,960,474	54,909,641
Liabilities payable on demand		1,719,617	2,543,471	1,719,617	2,543,471
Liabilities to deliver security		2,000,000	6,000,000	2,000,000	6,000,000
Derivative liabilities	9,34	37,245,687	28,521,657	37,245,687	28,521,657
Debt issued and borrowings	23,34	3,517,318	6,778,122	3,517,318	6,778,122
Provisions	24,25	545,273	518,979	535,125	509,551
Accounts payable from purchase of investments	26	3,484,956	1,604,222	3,484,956	1,604,222
Collateral from Credit Support Annex agreements and margin payables from private repo transactions		4,906,918	2,307,903	4,906,918	2,307,903
Accrued expenses	27,34	2,281,401	2,476,672	2,157,932	2,338,286
Other liabilities	28,34	1,888,720	2,470,902	1,870,200	2,062,477
Total liabilities		214,739,257	222,359,505	214,759,649	222,151,252
Equity					
Share capital	29				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
Issued and paid-up share capital		14,837,045	14,837,045	14,837,045	14,837,045
Premium on share capital	32	9,055,819	9,055,819	9,055,819	9,055,819
Reserve arising from business combination under common control		(496,906)	(496,906)	-	-
Other reserves	32	205,242	174,315	205,242	174,315
Retained earnings					
Appropriated					
Legal reserve	32	987,279	842,954	981,279	836,954
Unappropriated		15,244,086	13,583,104	14,994,429	13,398,366
Total shareholders' equity		39,832,565	37,996,331	40,073,814	38,302,499
Non-controlling interest		4	3	-	-
Total equity		39,832,569	37,996,334	40,073,814	38,302,499
Total liabilities and equity		254,571,826	260,355,839	254,833,463	260,453,751

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

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

		Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
	Note	2013	2012	2013	2012
		(in thousand Baht)			
Interest income	34,38	13,160,349	13,711,077	13,030,776	13,271,619
Interest expenses	34,39	4,245,397	5,066,089	4,247,996	5,014,497
Net interest income		8,914,952	8,644,988	8,782,780	8,257,122
Fees and service income	34	1,895,179	1,911,640	1,895,179	1,909,459
Fees and service expenses	34	810,180	949,861	943,379	1,063,187
Net fees and service income	40	1,084,999	961,779	951,800	846,272
Gains on trading and foreign exchange transactions	34,41	1,681,269	2,072,669	1,681,145	2,087,262
Gains on investments	42	345,127	177,072	86,678	129,060
Other operating income	34	48,802	97,171	126,018	151,824
Total operating income		12,075,149	11,953,679	11,628,421	11,471,540
Other operating expenses	34				
Employee expenses	43	2,921,904	2,852,462	2,806,875	2,769,753
Directors' remuneration		8,789	9,550	8,789	9,550
Premises and equipment expenses		567,089	578,915	554,897	565,605
Taxes and duties		404,829	393,976	379,492	370,204
Service agreements		429,736	483,853	429,278	483,853
Others		792,342	1,394,264	647,525	1,276,731
Total other operating expenses		5,124,689	5,713,020	4,826,856	5,475,696
Impairment loss of loans and debt securities	44	3,179,508	1,927,080	3,127,396	1,914,564
Profit from operations before income tax expense		3,770,952	4,313,579	3,674,169	4,081,280
Income tax expenses	45	820,198	1,059,567	787,671	996,216
Profit for the year		2,950,754	3,254,012	2,886,498	3,085,064
Other comprehensive income					
Gains on remeasuring available-for-sale investments		48,095	119,515	48,095	119,515
Actuarial gains (losses) on defined benefit plans		14,805	(16,052)	13,974	(14,696)
(Losses) gains on cash flow hedges		(9,436)	56,561	(9,436)	56,561
Income tax relating to other comprehensive income	45	(10,693)	(32,006)	(10,526)	(32,321)
Total other comprehensive income, net		42,771	128,018	42,107	129,059
Total comprehensive income for the year		2,993,525	3,382,030	2,928,605	3,214,123
Profit attributable to:					
Shareholders of the Bank		2,950,753	3,244,843	2,886,498	3,085,064
Non-controlling interest		1	9,169	-	-
Profit for the year		2,950,754	3,254,012	2,886,498	3,085,064
Total comprehensive income attributable to :					
Shareholders of the Bank		2,993,524	3,372,861	2,928,605	3,214,123
Non-controlling interest		1	9,169	-	-
Total comprehensive income for the year		2,993,525	3,382,030	2,928,605	3,214,123
Earnings per share					
Basic earnings per share (in Baht)	30	1.99	2.19	1.95	2.08

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

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

Consolidated												
(in thousand Baht)												
Note	Issued and paid-up share capital	Premium on share capital	Reserve arising from business combination under common control	Fair value change in available-for-sale investments	Other reserves		Retained earnings			Total shareholders' equity	Non-controlling interest	Total equity
					Cash flow hedges	Total other reserves	Legal reserve	Unappropriated				
	14,837,045	9,055,819	25,000	29,752	3,704	33,456	688,700	11,751,668	36,391,688	108,462	36,500,150	
	-	-	-	-	-	-	154,254	(154,254)	-	-	-	
3/	-	-	-	-	-	-	-	(1,246,312)	(1,246,312)	-	(1,246,312)	
Dividends	-	-	-	-	-	-	-	-	(521,906)	-	(521,906)	
Reserve arising from business combination under common control	-	-	(521,906)	-	-	-	-	-	-	-	-	
Non-controlling interest decreased from business combination under common control	-	-	-	-	-	-	-	-	-	(117,628)	(117,628)	
Comprehensive income for the year	-	-	-	-	-	-	-	3,244,843	3,244,843	9,169	3,254,012	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Available-for-sale investments	-	-	-	95,612	-	95,612	-	-	95,612	-	95,612	
Net change in fair value recognised in equity, net of tax	-	-	-	-	-	-	-	-	-	-	-	
Cash flow hedges	-	-	-	-	45,247	45,247	-	-	45,247	-	45,247	
Net change of effective portion of fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	(12,841)	(12,841)	-	(12,841)	
Actuarial losses on defined benefit plans, net of tax	-	-	-	95,612	45,247	140,859	-	(12,841)	128,018	-	128,018	
Total other comprehensive income	-	-	-	95,612	45,247	140,859	-	3,232,002	3,372,861	9,169	3,382,030	
Total comprehensive income for the year	-	-	-	95,612	45,247	140,859	-	847,954	3,372,861	9,169	3,382,030	
Balance as at 31 December 2012	14,837,045	9,055,819	(496,906)	125,364	48,951	174,315	847,954	13,583,104	37,996,331	3	37,996,334	
	14,837,045	9,055,819	(496,906)	125,364	48,951	174,315	847,954	13,583,104	37,996,331	3	37,996,334	
Balance as at 1 January 2013	14,837,045	9,055,819	(496,906)	125,364	48,951	174,315	847,954	13,583,104	37,996,331	3	37,996,334	
Transfer to legal reserve	-	-	-	-	-	-	144,325	(144,325)	-	-	-	
Dividends	-	-	-	-	-	-	-	(1,157,290)	(1,157,290)	-	(1,157,290)	
Comprehensive income for the year	-	-	-	-	-	-	-	2,950,753	2,950,753	1	2,950,754	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Available-for-sale investments	-	-	-	38,475	-	38,475	-	-	38,475	-	38,475	
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	-	-	-	-	(7,548)	(7,548)	-	-	(7,548)	-	(7,548)	
Actuarial gains on defined benefit plans, net of tax	-	-	-	38,475	(7,548)	30,927	-	11,844	11,844	-	11,844	
Total other comprehensive income	-	-	-	38,475	(7,548)	30,927	-	2,962,597	2,993,524	1	2,993,525	
Total comprehensive income for the year	-	-	-	38,475	(7,548)	30,927	-	987,279	2,993,524	1	2,993,525	
Balance as at 31 December 2013	14,837,045	9,055,819	(496,906)	163,839	41,403	205,242	987,279	15,244,086	39,832,565	4	39,832,569	

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

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

Statements of changes in equity

	Bank only						
	(in thousand Baht)						
	Other reserves			Retained earnings			
	Fair value change in available-for-sale investments	Cash flow hedges	Total other reserves	Legal reserve	Unappropriated	Total equity	
Note	Issued and paid-up share capital	Premium on share capital					

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

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

	Consolidated		Bank only	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
	(in thousand Baht)			
Cash flows from operating activities				
Profit from operations before income tax expense	3,770,952	4,313,579	3,674,169	4,081,280
Adjustments to reconcile net profit to net cash provided by (used in) operating activities				
Depreciation and amortisation	143,311	144,926	143,187	144,661
Impairment loss of loans and debt securities	3,704,786	2,673,602	3,704,786	2,660,788
Impairment loss of investments (reversal)	46,049	(199)	(6,063)	(199)
Impairment on amount due from related party	19,669	-	-	-
Amortisation of premium of debt instruments	3,588,358	121,297	3,588,358	121,297
Amortisation of discount of debt issued and borrowings	131,419	420,723	131,419	422,692
Gains on disposal of investments	(80,879)	(129,060)	(80,879)	(129,060)
(Gains) losses on disposal of premises and equipment	(490)	11,336	(490)	11,186
Reversal of impairment loss of properties for sale	(10,502)	(16,199)	(10,502)	(16,199)
Provisions made (reversed)	42,782	(36,549)	41,398	(38,011)
Net interest income	(8,914,952)	(8,644,988)	(8,782,780)	(8,257,122)
Interest received	13,137,897	13,763,900	13,009,916	13,330,214
Interest paid	(4,198,454)	(5,076,194)	(4,201,163)	(5,019,404)
Income tax paid	(228,837)	(852,755)	(78,891)	(735,742)
Profit from operations before changes in operating assets and liabilities	11,151,109	6,693,419	11,132,465	6,576,381
(Increase) decrease in operating assets				
Interbank and money market items	15,914,470	12,652,963	15,898,530	12,682,004
Derivative assets and liabilities, net	501,018	(1,203,477)	500,851	(1,215,629)
Trading investments	818,325	2,018,006	818,325	2,018,006
Investments in receivables	1,072,323	2,207,844	-	-
Loans to customers	(2,124)	(13,598,134)	891,712	(12,011,423)
Properties for sale	24,344	51,470	24,344	51,470
Other assets	(6,111,956)	(2,563,052)	(6,107,277)	(2,627,549)
Increase (decrease) in operating liabilities				
Deposits	(11,039,043)	16,335,990	(11,214,500)	16,360,514
Interbank and money market items	(949,167)	6,643,712	(949,167)	7,784,595
Liabilities payable on demand	(823,855)	1,188,783	(823,855)	1,188,783
Short-term debt issued and borrowings	(3,392,223)	(29,575,240)	(3,392,223)	(29,652,072)
Provisions used	(4,645)	(834)	(4,645)	(834)
Other liabilities	1,524,182	604,570	1,879,952	301,602
Net cash provided by operating activities	8,682,758	1,456,020	8,654,512	1,455,848
Cash flows from investing activities				
Purchase of premises and equipment	(88,600)	(105,737)	(88,600)	(105,550)
Proceeds from disposals of premises and equipment	749	2,773	749	2,773
Purchase of investments in subsidiary	-	(639,535)	-	(639,535)
Purchase of available-for-sale investments	(80,368,163)	(66,307,389)	(80,368,163)	(66,307,389)
Purchase of investments in receivables	-	(386,995)	-	(386,995)
Proceeds from available-for-sale investments	72,831,209	67,178,860	72,831,209	67,178,860
Proceeds from investments in receivables	95,000	165,361	95,000	165,361
Proceeds from disposal of general investments	16,716	4,930	16,716	4,930
Net cash used in investing activities	(7,513,089)	(87,732)	(7,513,089)	(87,545)
Cash flows from financing activities				
Dividends paid	(1,157,290)	(1,246,312)	(1,157,290)	(1,246,312)
Net cash used in financing activities	(1,157,290)	(1,246,312)	(1,157,290)	(1,246,312)
Net increase (decrease) in cash	12,379	121,976	(15,867)	121,991
Cash at beginning of the year	509,835	387,859	509,832	387,841
Cash at end of the year	522,214	509,835	493,965	509,832

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

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

Notes to the financial statements

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 February 2014.

1 General information

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

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

The Bank is a commercial bank, which provides a wide range of banking services to individual and corporate customers. Details of the Bank’s subsidiaries as at 31 December 2013 and 2012 are given in notes 11 and 34.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) Notification No. Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The FAP has issued the following new and revised TFRS and Announcements relevant to the Bank and its subsidiaries’ operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
FAP Announcement 34/2555	Accounting Guidance for Transfers of Financial Assets

The adoption of these new and revised TFRS and FAP Announcements has resulted in changes in the Bank and its subsidiaries’ accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS and Announcement, as at 31 December 2013 the FAP had issued a number of new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 36.

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

Notes to the financial statements

Furthermore, with the effect from 1 January 2013, the Bank establishes its regulatory capital requirements in accordance with BoT notification dated 8 November 2012 which is in line with the requirements of Basel III.

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

(b) *Basis of measurement*

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

- Derivative instruments are measured at fair value
- Trading investments are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation as explained in Note 4.16

(c) *Functional and presentation currency*

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

(d) *Use of estimates and judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements is included in the following notes:

Note 5	Risk management
Note 6	Fair value of financial instruments
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Note 25	Provisions
Note 27	Share-based payments
Note 45	Income tax expenses

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Notes to the financial statements

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS and the FAP Announcement as set out in note 2, the Bank and its subsidiaries have changed their accounting policies in the following areas:

- Presentation of information on operating segments
- Accounting for transfers of financial assets

Details of the new accounting policies adopted by the Bank and its subsidiaries are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Bank and its subsidiaries.

(b) Presentation of information on operating segments

From 1 January 2013, the Bank and its subsidiaries have adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which is included in the Bank and subsidiaries' 2013 financial statements for comparative purposes, and has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Bank and its subsidiaries' reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Bank and subsidiaries' management in order to assess each segment's performance and to allocate resources to those segments.

The change in basis of presentation and disclosure of segment information has resulted in the Bank and its subsidiaries presenting segment information (Note 37) in respect of the following segments: Consumer Banking and Wholesale Banking.

(c) Accounting guidance for transfers of financial assets

The FAP has issued accounting guidance for transfers of financial assets in accordance with international financial reporting standards, under which the classification of receivables purchased or transferred to the Bank and its subsidiaries should be classified as loans, unless the Bank and its subsidiaries have the intention to sell the debt in the future, was adopted by the Bank and its subsidiaries for the reporting period beginning on 1 January 2013 onwards. The change in policy only impacts presentational aspects and has no impact on the Bank and its subsidiaries' reported assets, liabilities or earnings per share. There were no such transactions in the current period.

Receivables acquired prior to 1 January 2013 continue to be recorded as investment in receivables until the loans have been restructured.

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Notes to the financial statements

4 Significant accounting policies

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

4.1 Basis of consolidation

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

Acquisitions from entities under common control

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

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

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Transactions eliminated on consolidation

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

4.2 Income

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

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

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

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4.3 Expenses

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

4.4 Loans to customers

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

4.5 Allowance for doubtful accounts

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

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

To the extent that the above policy does not meet the minimum provisioning guidelines established by the BoT, the Bank 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 and debt securities. The Bank and its subsidiaries write off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of impairment loss of loans and debt securities in profit or loss.

4.6 Troubled debt restructuring

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

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

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

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Notes to the financial statements

4.7 Investments

Investments in subsidiaries

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

Investments in debt and equity securities

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

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

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

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

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

Investments in receivables

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

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

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

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

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receivables. The difference between the carrying value and fair value on transfer date is recognised in profit or loss, except in the case of gains.

Initial recognition

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

Disposal of investments

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

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

4.8 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Outstanding forward foreign exchange contracts are stated at fair value by comparing contract rates to forward market rates with similar maturities. At each reporting date, changes in fair value on outstanding forward foreign exchange contracts calculated as described above, except for effective cash flow hedges (note 4.13), are reflected in profit or loss.

4.9 Premises and equipment

Owned assets

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

Leased assets

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

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

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

Disposals of premises and equipment

Gains and losses on disposals of premises and equipment are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

4.10 Leasehold premises

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

4.11 Properties for sale

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

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

4.12 Claims on security and liability to deliver security

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

4.13 Financial instruments

Derivatives

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

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Hedging

Fair value hedge

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

Cash flow hedge

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

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 occurred 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.

4.14 Deposit or borrowing transactions with embedded derivatives

The Bank assesses and records fair value relating to deposit or borrowing transactions with embedded derivatives in accordance with the BoT notification regarding the permission for commercial banks to undertake deposit or borrowing transactions with embedded derivatives dated 3 August 2008. The Bank records embedded derivatives separately from the host contracts when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in the fair value recognised in profit or loss.

4.15 Impairment

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

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

Calculation of recoverable amount

The recoverable amount of investments in receivables is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of non financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate in order to reflect current market assessments of the time

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

4.16 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Actuarial gains and losses that arise are recognised and presented in other comprehensive income in the period they arise. Past service costs are recognised over the vesting period. Current service costs and any past service costs, together with the unwinding of the discount on plan liabilities, are charged to employee expenses.

Short-term employee benefits

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

Share-based compensation

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

Cash-settled awards are revalued at each reporting date and a liability 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.

Equity-settled awards are recognised at the time of grant based on the fair value of the equity instruments granted in the statements of financial position. The cost of the awards is recognised to profit or loss over the vesting period.

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4.17 Provisions

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

4.18 Reserve arising from business combination under common control

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

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

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

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

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

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

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

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

4.20 Earnings per share

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

4.21 Segment information

The Bank and its subsidiaries have two reportable segments representing strategic divisions that offer different products and services, and are managed separately because they require different technologies, allocation of resources, distribution channels and marketing strategies. For each of the strategic divisions, management reviews internal management reports on at least a monthly basis.

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to management of the Bank and its subsidiaries for the purposes of allocating resources to, and assessing the performance of, the Bank and its subsidiaries' various lines of business.

5 Risk management

Financial instruments

Accounting policies

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has credit risk management policies and procedures which aim to mitigate the risk of financial losses from default by dealing with 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

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the contingent liabilities will not adhere to the terms of the contract with the Bank when settlement becomes due.

Market risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates. The Bank undertakes transactions in the money markets, foreign exchange markets, and capital markets which gives rise to market risk exposure.

Other financial instruments undertaken include debt and other securities and certain off-balance sheet financial instruments (derivatives). Derivative instruments are contracts whose characteristics and value derived from underlying financial instruments, interest and exchange rates or indices. They include forwards, swaps, and options transactions in the foreign exchange and interest rate markets. The Bank enters derivative positions to meet customer demand or for hedging purposes. Derivative contracts entered into by the Bank are primarily over-the-counter derivatives.

The Bank has established standards, principles, policies, and techniques for managing market risk. Market risk limits are proposed by the business within the terms of agreed policy. Market Risk function, which is independent from the business, monitors exposures against these limits approved by Board of Directors.

Historical simulation is used to measure Value at Risk (VaR) on trading exposure by applying actual historical market rate movements based on a one-day holding period and a 97.5% confidence level. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to Value at Risk (VaR) as part of the overall risk management tools. Market risk exposures are measured and monitored against approved limits or triggers to ensure the Bank's market risk exposures are within acceptable levels.

Foreign exchange risk

The Bank is exposed to foreign exchange risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at each reporting date. Details in respect of these significant exposures are described in notes 8, 9, 12, 21 and 22.

Interest rate risk

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

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

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Fixed interest rate	132,523	157,271	136,410	162,188
Floating interest rate	68,007	60,060	63,936	54,728
Total	200,530	217,331	200,346	216,916

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As at 31 December 2013, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 12,520 million (2012: Baht 15,020 million).

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

	Consolidated					
	2013			2012		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	55,669	1,491	2.68%	62,177	1,901	3.06%
Investments	63,750	2,021	3.17%	68,229	2,382	3.49%
Loans to customers	98,605	9,648	9.78%	94,927	9,428	9.93%
Total	218,024	13,160	6.04%	225,333	13,711	6.08%
<i>Interest-bearing financial liabilities</i>						
Deposits	107,610	2,972	2.76%	106,860	2,938	2.75%
Interbank and money market items	56,591	1,111	1.96%	56,216	1,536	2.73%
Debt issued and borrowings	6,164	162	2.62%	17,730	592	3.34%
Total	170,365	4,245	2.49%	180,806	5,066	2.80%
Bank only						
	2013			2012		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	55,669	1,491	2.68%	62,173	1,901	3.06%
Investments	60,264	1,847	3.07%	62,774	2,072	3.30%
Loans to customers	101,787	9,693	9.52%	99,721	9,299	9.32%
Total	217,720	13,031	5.99%	224,668	13,272	5.91%
<i>Interest-bearing financial liabilities</i>						
Deposits	107,811	2,975	2.76%	107,235	2,939	2.74%
Interbank and money market items	56,591	1,111	1.96%	55,657	1,481	2.66%
Debt issued and borrowings	6,164	162	2.62%	17,788	594	3.34%
Total	170,566	4,248	2.49%	180,680	5,014	2.77%

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Notes to the financial statements

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 December 2013 and 2012 are as follows:

	Consolidated 2013						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	522	-	522
Interbank and money market items, net	15,305	26,099	-	328	1,205	-	42,937
Derivative assets	-	-	-	-	36,316	-	36,316
Investments, net	3,133	15,738	5,988	35,309	14	-	60,182
Loans to customers	46,923	34,907	5,991	10,809	19	5,431	104,080
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	4,462	-	4,462
Total financial assets	65,361	76,744	11,979	46,446	42,538	5,431	248,499
Financial liabilities							
Deposits	64,444	24,428	8,908	1,480	3,929	-	103,189
Interbank and money market items	7,930	37,959	-	2,962	5,109	-	53,960
Liabilities payable on demand	-	-	-	-	1,720	-	1,720
Derivative liabilities	-	-	-	-	37,246	-	37,246
Debt issued and borrowings	-	3,517	-	-	-	-	3,517
Accounts payable from purchase of investments	-	-	-	-	3,485	-	3,485
Total financial liabilities	72,374	65,904	8,908	4,442	51,489	-	203,117
Notional							
Interest rate swap contracts	-	287,884	194,319	906,916	-	-	1,389,119
Interest rate option contracts	-	1,550	-	13,803	-	-	15,353

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	Consolidated 2012						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
<i>Financial assets</i>							
Cash	-	-	-	-	510	-	510
Interbank and money market items, net	190	57,001	-	613	1,047	-	58,851
Derivative assets	-	-	-	-	28,091	-	28,091
Investments, net	4,257	47,800	451	5,951	22	-	58,481
Loans to customers	54,858	23,883	10,427	11,900	55	5,045	106,168
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	2,408	-	2,408
Total financial assets	59,305	128,684	10,878	18,464	32,133	5,045	254,509
<i>Financial liabilities</i>							
Deposits	76,749	25,803	7,479	1,142	3,055	-	114,228
Interbank and money market items	6,608	37,487	49	2,756	8,010	-	54,910
Liabilities payable on demand	-	-	-	-	2,543	-	2,543
Derivative liabilities	-	-	-	-	28,522	-	28,522
Debt issued and borrowings	-	6,772	6	-	-	-	6,778
Accounts payable from purchase of investments	-	-	-	-	1,604	-	1,604
Total financial liabilities	83,357	70,062	7,534	3,898	43,734	-	208,585
<i>Notional</i>							
Interest rate swap contracts	-	243,790	232,979	1,148,762	-	-	1,625,531
Interest rate option contracts	-	-	1,550	15,419	-	-	16,969

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	Bank only 2013						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	494	-	494
Interbank and money market items, net	15,305	26,099	-	328	1,168	-	42,900
Derivative assets	-	-	-	-	36,316	-	36,316
Investments, net	-	15,738	5,988	35,309	14	-	57,049
Loans to customers	45,985	36,482	7,341	11,771	19	5,431	107,029
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	4,462	-	4,462
Total financial assets	61,290	78,319	13,329	47,408	42,473	5,431	248,250
<i>Financial liabilities</i>							
Deposits	64,540	24,504	8,908	1,480	3,929	-	103,361
Interbank and money market items	7,930	37,959	-	2,962	5,109	-	53,960
Liabilities payable on demand	-	-	-	-	1,720	-	1,720
Derivative liabilities	-	-	-	-	37,246	-	37,246
Debt issued and Borrowings	-	3,517	-	-	-	-	3,517
Accounts payable from purchase of investments	-	-	-	-	3,485	-	3,485
Total financial liabilities	72,470	65,980	8,908	4,442	51,489	-	203,289
<i>Notional</i>							
Interest rate swap contracts	-	287,884	194,319	906,916	-	-	1,389,119
Interest rate option contracts	-	1,550	-	13,803	-	-	15,353

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				Bank only 2012			
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year (in million Baht)	Non- interest bearing	Non accrual	Total
Financial assets							
Cash	-	-	-	-	510	-	510
Interbank and money market items, net	190	57,001	-	613	994	-	58,798
Derivative assets	-	-	-	-	28,091	-	28,091
Investments, net	-	47,799	451	5,951	22	-	54,223
Loans to customers	53,785	26,114	12,912	12,100	55	5,045	110,011
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	2,408	-	2,408
Total financial assets	53,975	130,914	13,363	18,664	32,080	5,045	254,041
Financial liabilities							
Deposits	77,002	25,896	7,479	1,142	3,057	-	114,576
Interbank and money market items	6,608	37,487	49	2,756	8,010	-	54,910
Liabilities payable on demand	-	-	-	-	2,543	-	2,543
Derivative liabilities	-	-	-	-	28,522	-	28,522
Debt issued and borrowings	-	6,772	6	-	-	-	6,778
Accounts payable from purchase of investments	-	-	-	-	1,604	-	1,604
Total financial liabilities	83,610	70,155	7,534	3,898	43,736	-	208,933
Notional							
Interest rate swap contracts	-	243,790	232,979	1,148,762	-	-	1,625,531
Interest rate option contracts	-	-	1,550	15,419	-	-	16,969

Liquidity risk

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

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

The Asset & Liability Committee (ALCO) is the responsible governing body to ensure that the financial position of the Bank is managed in accordance with the policies of the Standard Chartered Group and any other applicable regulatory requirements relating to management of liquidity, capital adequacy and structural market risks.

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

Liquidity risk management framework of the Bank requires limits to be set for prudent liquidity management. All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on a regular basis by Market Risk and Finance.

In addition, under liquidity stress scenarios, the Bank has to ensure that cash inflows exceed outflows under all stress scenarios. Liquidity stress tests are carried out daily on the Bank-specific scenario, monthly on the Market-wide scenario and quarterly on Combined scenarios; as at 31 December 2013, the Bank passed liquidity stress tests on all scenarios.

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

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

As at 31 December 2013, the loan to deposits ratio of the Bank is 89% (2012: 83%).

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Notes to the financial statements

The remaining period to maturity of significant financial assets and financial liabilities as at 31 December 2013 and 2012 based on contractual maturity are as follows:

	Consolidated 2013					
	At call	Within 6 months	Over 6 months to 1 year (in million Baht)	Over 1 year	No maturity	Total
Financial assets						
Cash	522	-	-	-	-	522
Interbank and money market items, net	16,473	26,080	324	60	-	42,937
Derivative assets	-	12,375	2,915	21,026	-	36,316
Investments in debt securities	-	6,607	10,520	39,864	-	56,991
Investments in equity securities, net	-	-	-	-	14	14
Investments in receivables	3,133	44	-	-	-	3,177
Loans to customers	23,447	19,230	3,694	57,709	-	104,080
Accounts receivable from sales of investments and debt securities in issue	4,462	-	-	-	-	4,462
Total financial assets	48,037	64,336	17,453	118,659	14	248,499
Financial liabilities						
Deposits	68,373	21,798	11,445	1,573	-	103,189
Interbank and money market items	18,136	30,762	-	5,062	-	53,960
Liabilities payable on demand	1,720	-	-	-	-	1,720
Derivative liabilities	67	12,324	3,451	21,404	-	37,246
Debt issued and borrowings	-	2,517	-	1,000	-	3,517
Accounts payable from purchase of investments	3,485	-	-	-	-	3,485
Total financial liabilities	91,781	67,401	14,896	29,039	-	203,117

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	Consolidated 2012					
	At call	Within 6 months	Over 6 months to 1 year <i>(in million Baht)</i>	Over 1 year	No maturity	Total
Financial assets						
Cash	510	-	-	-	-	510
Interbank and money market items, net	1,143	57,098	-	610	-	58,851
Derivative assets	14	6,223	2,095	19,759	-	28,091
Investments in debt securities	-	3,209	7,920	43,073	-	54,202
Investments in equity securities, net	-	-	-	-	22	22
Investments in receivables	4,257	-	-	-	-	4,257
Loans to customers	19,567	19,483	8,128	58,990	-	106,168
Accounts receivable from sales of investments and debt securities in issue	2,408	-	-	-	-	2,408
Total financial assets	27,899	86,013	18,143	122,432	22	254,509
Financial liabilities						
Deposits	79,803	23,825	8,989	1,611	-	114,228
Interbank and money market items	14,617	35,388	49	4,856	-	54,910
Liabilities payable on demand	2,543	-	-	-	-	2,543
Derivative liabilities	68	6,249	2,111	20,094	-	28,522
Debt issued and borrowings	-	5,772	6	1,000	-	6,778
Accounts payable from purchase of investments	1,604	-	-	-	-	1,604
Total financial liabilities	98,635	71,234	11,155	27,561	-	208,585

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Notes to the financial statements

Bank only						
2013						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	494	-	-	-	-	494
Interbank and money market items, net	16,436	26,080	324	60	-	42,900
Derivative assets	-	12,375	2,915	21,026	-	36,316
Investments in debt securities	-	6,607	10,520	39,864	-	56,991
Investments in equity securities, net	-	-	-	-	14	14
Investments in receivables	-	44	-	-	-	44
Loans to customers	23,447	19,230	3,694	60,658	-	107,029
Accounts receivable from sales of investments and debt securities in issue	4,462	-	-	-	-	4,462
Total financial assets	44,839	64,336	17,453	121,608	14	248,250

<i>Financial liabilities</i>						
Deposits	68,469	21,798	11,521	1,573	-	103,361
Interbank and money market items	18,136	30,762	-	5,062	-	53,960
Liabilities payable on demand	1,720	-	-	-	-	1,720
Derivative liabilities	67	12,324	3,451	21,404	-	37,246
Debt issued and borrowings	-	2,517	-	1,000	-	3,517
Accounts payable from purchase of investments	3,485	-	-	-	-	3,485
Total financial liabilities	91,877	67,401	14,972	29,039	-	203,289

Bank only						
2012						
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	<i>(in million Baht)</i>					
<i>Financial assets</i>						
Cash	510	-	-	-	-	510
Interbank and money market items, net	1,090	57,098	-	610	-	58,798
Derivative assets	14	6,223	2,095	19,759	-	28,091
Investments in debt securities	-	3,209	7,920	43,072	-	54,201
Investments in equity securities, net	-	-	-	-	22	22
Loans to customers	19,482	21,716	9,782	59,031	-	110,011
Accounts receivable from sales of investments and debt securities in issue	2,408	-	-	-	-	2,408
Total financial assets	23,504	88,246	19,797	122,472	22	254,041

<i>Financial liabilities</i>						
Deposits	80,058	23,918	8,989	1,611	-	114,576
Interbank and money market items	14,617	35,388	49	4,856	-	54,910
Liabilities payable on demand	2,543	-	-	-	-	2,543
Derivative liabilities	68	6,249	2,111	20,094	-	28,522
Debt issued and borrowings	-	5,772	6	1,000	-	6,778
Accounts payable from purchase of investments	1,604	-	-	-	-	1,604
Total financial liabilities	98,890	71,327	11,155	27,561	-	208,933

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Derivatives

The remaining periods to maturity of the notional amount of derivatives as at 31 December 2013 and 2012 are as follows:

	Consolidated and Bank only		
	Within 1 year	2013 Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	682,132	12,145	694,277
Cross currency swap contracts	97,957	248,650	346,607
Currency option contracts	4,335	8,500	12,835
<i>Interest rate related</i>			
Interest rate swap contracts	482,203	906,916	1,389,119
Interest rate option contracts	1,550	13,803	15,353
<i>Others</i>			
Commodities	14,117	4,857	18,974
	Consolidated and Bank only		
	Within 1 year	2012 Over 1 year (in million Baht)	Total
<i>Foreign currency related</i>			
Forward exchange contracts	622,296	22,903	645,199
Cross currency swap contracts	84,772	249,929	334,701
Currency option contracts	4,116	8,500	12,616
<i>Interest rate related</i>			
Interest rate swap contracts	476,769	1,148,762	1,625,531
Interest rate option contracts	1,550	15,419	16,969
<i>Others</i>			
Equity option	-	1	1
Commodities	25,231	2,419	27,650

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6 Fair value of financial instruments

Fair value is the estimated value that the Bank and its subsidiaries could receive from selling its financial assets or the estimated cost for redeeming its financial liabilities based on market values, or estimated values that can be derived from using general market principles of calculation.

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

	Consolidated			
	2013		2012	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
<i>Financial assets</i>				
Cash	522	522	510	510
Interbank and money market items, net	42,937	42,937	58,851	58,851
Derivative assets	36,316	36,316	28,091	28,091
Investments, net	60,182	60,182	58,481	58,481
Loans to customers	104,080	105,060	106,168	107,601
Accounts receivable from sales of investments and debt securities in issue	4,462	4,462	2,408	2,408
Total financial assets	248,499	249,479	254,509	255,942
<i>Financial liabilities</i>				
Deposits	103,189	103,189	114,228	114,228
Interbank and money market items	53,960	54,009	54,910	54,947
Liabilities payable on demand	1,720	1,720	2,543	2,543
Derivative liabilities	37,246	37,246	28,522	28,522
Debt issued and borrowings	3,517	3,528	6,778	6,793
Accounts payable from purchase of investments	3,485	3,485	1,604	1,604
Total financial liabilities	203,117	203,177	208,585	208,637

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	Bank only			
	2013		2012	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
<i>Financial assets</i>				
Cash	494	494	510	510
Interbank and money market items, net	42,900	42,900	58,798	58,798
Derivative assets	36,316	36,316	28,091	28,091
Investment, net	57,049	57,049	54,223	54,223
Loans to customers	107,029	108,010	110,011	111,444
Accounts receivable from sales of investments and debt securities in issue	4,462	4,462	2,408	2,408
Total financial assets	248,250	249,231	254,041	255,474
<i>Financial liabilities</i>				
Deposits	103,361	103,361	114,576	114,576
Interbank and money market items	53,960	54,009	54,910	54,947
Liabilities payable on demand	1,720	1,720	2,543	2,543
Derivative liabilities	37,246	37,246	28,522	28,522
Debt issued and borrowings	3,517	3,528	6,778	6,793
Accounts payable from purchase of investments	3,485	3,485	1,604	1,604
Total financial liabilities	203,289	203,349	208,933	208,985

Methods and assumptions in estimating fair value of financial instruments

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

Cash, interbank and money market items (assets)

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

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

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

General investments

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

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Investments in receivables

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

Loans to customers

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

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits repricing within 1 year approximate their market value at the reporting date. 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.

Interbank and money market items (liabilities) and debts issued and borrowings

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

Liabilities payable on demand

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

Derivatives

The fair values of foreign exchange contracts, interest rate contracts and other contracts are determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, and are disclosed in Note 9.

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7 Maintenance of capital fund

The ratios of capital to assets (Capital Adequacy Ratio) as of 31 December 2013 were calculated from the financial statements of the Bank. The Bank has chosen to adopt the Advanced Internal Ratings-Based Approach (AIRB) in compliance with the Basel III accord on first time adoption, which is consistent with BoT requirements.

	2013 (in million Baht)
<i>Tier 1 capital</i>	
Common Equity Tier 1 (CET1)	
Issued and paid-up share capital, share premium	23,893
Legal reserve	837
Net profit after appropriation	12,241
Other comprehensive income (OCI)	41
Less cash flow hedge reserve	(41)
Less deferred tax assets	(343)
Total Tier 1 Capital Base	36,628
<i>Tier 2 capital</i>	
Provision for normal classified assets	442
Surplus of provision	674
Total Tier 2 Capital Base	1,116
Total Capital Base	37,744
Total Risk-Weighted Assets	187,368

	The BoT's regulation minimum requirement	2013
Capital adequacy ratio	8.50%	20.14%
Tier-1 Capital ratio	6.00%	19.55%
Tier-1 Common Equity ratio	4.50%	19.55%
Tier-2 Capital ratio	-	0.60%

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 2013 within 4 months after the period end date, as indicated in the notification, through the Bank's website www.standardchartered.co.th.

Capital management

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

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8 Interbank and money market items (assets)

			Consolidated			
	At call	2013 Term	Total	At call	2012 Term	Total
			(in million Baht)			
Domestic						
Bank of Thailand	14,314	7,100	21,414	482	40,100	40,582
Commercial banks	1,193	3,577	4,770	213	4,130	4,343
Other financial institutions	530	1,500	2,030	-	-	-
Total	16,037	12,177	28,214	695	44,230	44,925
Add accrued interest receivable	1	14	15	-	23	23
Less allowance for doubtful accounts	(15)	(5)	(20)	-	-	-
Total domestic, net	16,023	12,186	28,209	695	44,253	44,948
Foreign						
US Dollar	22	7,760	7,782	8	13,384	13,392
Japanese Yen	126	-	126	211	-	211
Euro	131	-	131	39	-	39
Chinese Yuan	26	6,490	6,516	72	-	72
Other currencies	145	-	145	118	-	118
Total	450	14,250	14,700	448	13,384	13,832
Add accrued interest receivable	-	37	37	-	74	74
Less allowance for doubtful accounts	-	(9)	(9)	-	(3)	(3)
Total foreign, net	450	14,278	14,728	448	13,455	13,903
Total domestic and foreign, net	16,473	26,464	42,937	1,143	57,708	58,851
			Bank only			
	At call	2013 Term	Total	At call	2012 Term	Total
			(in million Baht)			
Domestic						
Bank of Thailand	14,314	7,100	21,414	482	40,100	40,582
Commercial banks	1,156	3,577	4,733	160	4,130	4,290
Other financial institutions	530	1,500	2,030	-	-	-
Total	16,000	12,177	28,177	642	44,230	44,872
Add accrued interest receivable	1	14	15	-	23	23
Less allowance for doubtful accounts	(15)	(5)	(20)	-	-	-
Total domestic, net	15,986	12,186	28,172	642	44,253	44,895
Foreign						
US Dollar	22	7,760	7,782	8	13,384	13,392
Japanese Yen	126	-	126	211	-	211
Euro	131	-	131	39	-	39
Chinese Yuan	26	6,490	6,516	72	-	72
Other currencies	145	-	145	118	-	118
Total	450	14,250	14,700	448	13,384	13,832
Add accrued interest receivable	-	37	37	-	74	74
Less allowance for doubtful accounts	-	(9)	(9)	-	(3)	(3)
Total foreign, net	450	14,278	14,728	448	13,455	13,903
Total domestic and foreign, net	16,436	26,464	42,900	1,090	57,708	58,798

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9 Derivatives

Derivatives held for trading

Fair value and notional amount classified by type of risks

Type of risks	Consolidated and Bank only					
	2013			2012		
	Fair value Assets	Liabilities	Notional amount (in million Baht)	Fair value Assets	Liabilities	Notional amount
Foreign currency related	23,497	25,502	1,053,719	12,287	12,435	992,516
Interest rate related	11,984	10,933	1,391,952	14,295	14,585	1,627,480
<i>Others</i>						
- Equity option	-	-	-	1	-	1
- Commodities	738	738	18,974	1,406	1,406	27,650
	<u>738</u>	<u>738</u>	<u>18,974</u>	<u>1,407</u>	<u>1,406</u>	<u>27,651</u>
Total	<u>36,219</u>	<u>37,173</u>	<u>2,464,645</u>	<u>27,989</u>	<u>28,426</u>	<u>2,647,647</u>

Proportion of the notional amount classified by counterparties

Counterparties	Consolidated and Bank only	
	2013	2012
	(%)	
Financial institutions	62.64%	68.12%
Related parties	26.39%	20.53%
Other parties	10.97%	11.35%

Derivatives held for hedging

Fair value hedges

Type of risks	Consolidated and Bank only					
	2013			2012		
	Fair value Assets	Liabilities	Notional amount (in million Baht)	Fair value Assets	Liabilities	Notional amount
Interest rate related	-	31	850	-	55	1,850
Total	<u>-</u>	<u>31</u>	<u>850</u>	<u>-</u>	<u>55</u>	<u>1,850</u>

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.

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

Cash flow hedges

Type of risks	Consolidated and Bank only					
	2013			2012		
	Fair value		Notional amount <i>(in million Baht)</i>	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Interest rate related	97	42	11,670	102	41	13,170
Total	97	42	11,670	102	41	13,170

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

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

	Consolidated and Bank only				
	2013				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast cash flows					
Forecast receivable cash flows	92	161	189	-	442
Forecast payable cash flows	(18)	(50)	(112)	-	(180)
Net forecast cash flows	74	111	77	-	262

	Consolidated and Bank only				
	2012				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast cash flows					
Forecast receivable cash flows	184	484	976	4	1,648
Forecast payable cash flows	(38)	(76)	(187)	-	(301)
Net forecast cash flows	146	408	789	4	1,347

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

10 Investments

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Trading investments	Fair value			
Government and state enterprise bonds	2,454	3,070	2,454	3,070
Private debt instruments	284	702	284	702
Total	2,738	3,772	2,738	3,772
Available-for-sale investments	Fair value			
Government and state enterprise bonds	52,153	46,841	52,153	46,841
Private debt instruments	2,100	3,317	2,100	3,317
Domestic marketable equity securities	-	6	-	6
Total	54,253	50,164	54,253	50,164
Investments in receivables	Cost			
Investments in receivables	3,177	4,528	44	270
Total	3,177	4,528	44	270
General investments	Cost			
Domestic non-marketable equity securities	26	35	26	35
Foreign non-marketable equity securities	1	1	1	1
Total	27	36	27	36
<i>Less allowance for impairment</i>	<i>(13)</i>	<i>(19)</i>	<i>(13)</i>	<i>(19)</i>
Net	14	17	14	17
Total investments, net	60,182	58,481	57,049	54,223

As at 31 December 2013, the Bank has government and state enterprise bonds which were pledged as collateral amounting to Baht 21,940 million (2012: Baht 17,500 million).

Fair value changes in available-for-sale investments as of 31 December 2013 and 2012 consisted of:

	Consolidated and Bank only	
	2013	2012
	<i>(in million Baht)</i>	
Fair value changes in available-for-sale investments		
Debt securities	235	198
Equity securities	-	(4)
Total	235	194
<i>Less fair value changes in fair value hedged investments</i>	<i>(30)</i>	<i>(38)</i>
<i>Less deferred tax</i>	<i>(41)</i>	<i>(31)</i>
Fair value changes in available-for-sale investments	164	125

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiaries
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Investments in companies with problems in relation to their financial positions and results of operations as at 31 December 2013 and 2012 are as follows:

Consolidated and Bank only					
2013					
	No. of companies	Cost	Fair value	Allowance for revaluation (in million Baht)	Allowance for impairment
Non-listed companies	7	24	13	-	(11)
Total	7	24	13	-	(11)

Consolidated and Bank only					
2012					
	No. of companies	Cost	Fair value	Allowance for revaluation (in million Baht)	Allowance for impairment
Listed company	1	99	6	(4)	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	19	(4)	(100)

11 Investment in subsidiaries

Company name	Type of business	Type of investment	Bank only Ownership interest	2013	2012
				Investment (Cost method) (in million Baht)	
Standard Chartered (Thai) Asset Management Company Limited (SCTAMC)	Managing substandard assets purchased or transferred from financial institutions	Ordinary shares	99.9988%	639	639
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary shares	99.9999%	59	59
Investment in subsidiaries				698	698

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

12 Loans to customers and accrued interest receivable

Classified by type of loans

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Overdrafts	1,495	1,585	1,495	1,585
Loans	91,938	82,422	94,887	86,265
Bills	10,406	22,157	10,406	22,157
Others	241	4	241	4
Total	104,080	106,168	107,029	110,011
Add accrued interest receivable	523	504	576	559
Total	104,603	106,672	107,605	110,570
Less allowance for doubtful accounts				
Minimum allowance as BoT's regulations				
- Individual approach	(3,926)	(3,751)	(3,965)	(3,800)
- Collective approach	(805)	(658)	(805)	(658)
Excess allowance	(2,878)	(1,757)	(2,839)	(1,708)
	(7,609)	(6,166)	(7,609)	(6,166)
Net	96,994	100,506	99,996	104,404

Classified by currency and residence of debtors

	Consolidated				Bank only	
	2013		2012		2012	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	90,326	163	90,489	95,016	227	95,243
US Dollar	9,402	1,182	10,584	5,345	2,336	7,681
Other currencies	706	2,301	3,007	1,130	2,114	3,244
Total	100,434	3,646	104,080	101,491	4,677	106,168
	2013		2012		2012	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	93,275	163	93,438	98,859	227	99,086
US Dollar	9,402	1,182	10,584	5,345	2,336	7,681
Other currencies	706	2,301	3,007	1,130	2,114	3,244
Total	103,383	3,646	107,029	105,334	4,677	110,011

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

Classified by industry and loan classification

	Consolidated 2013					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	929	1	-	-	7	937
Manufacturing and commerce	31,363	3,185	88	-	3,558	38,194
Property development and construction	4,430	72	202	4	469	5,177
Infrastructure and services	4,847	58	299	-	172	5,376
Housing loans	23,898	386	99	35	410	24,828
Others	27,653	909	276	4	726	29,568
Total	93,120	4,611	964	43	5,342	104,080

	2012					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,977	-	1	-	7	1,985
Manufacturing and commerce	33,235	3,295	99	12	3,643	40,284
Property development and construction	5,935	45	309	-	105	6,394
Infrastructure and services	6,713	106	6	3	108	6,936
Housing loans	24,985	328	166	38	380	25,897
Others	23,351	702	228	37	354	24,672
Total	96,196	4,476	809	90	4,597	106,168

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

	Bank only 2013					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	929	1	-	-	7	937
Manufacturing and commerce	31,363	3,185	57	-	3,481	38,086
Property development and construction	4,430	72	7	4	125	4,638
Infrastructure and services	4,847	58	9	-	172	5,086
Housing loans	23,898	386	99	35	410	24,828
Others	31,539	909	276	4	726	33,454
Total	97,006	4,611	448	43	4,921	107,029

	2012					Total
	Pass	Special mention	Substandard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,977	-	1	-	7	1,985
Manufacturing and commerce	33,119	3,295	37	12	3,558	40,021
Property development and construction	5,577	45	3	-	105	5,730
Infrastructure and services	6,566	106	6	3	108	6,789
Housing loans	24,985	328	166	38	380	25,897
Others	28,267	702	228	37	355	29,589
Total	100,491	4,476	441	90	4,513	110,011

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

Classified by loan classification

Consolidated				
2013				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	93,600	60,565	1	605
Special mention	4,654	3,292	2	66
Substandard	965	359	100	359
Doubtful	43	7	100	7
Doubtful of loss	5,341	3,694	100	3,694
				4,731
Excess allowance				
Total	104,603	67,917		7,609

Bank only				
2013				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	97,539	64,452	1	644
Special mention	4,654	3,292	2	66
Substandard	448	359	100	359
Doubtful	43	7	100	7
Doubtful of loss	4,921	3,694	100	3,694
				4,770
Excess allowance				
Total	107,605	71,804		7,609

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

As at 31 December 2013, the collective approach is applied to loans to customers and accrued interest receivables of Baht 64,851 million, using provision rates between 0.03% and 4.88%. The total allowance under this approach is Baht 805 million.

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

Consolidated				
2012				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	96,671	60,674	1	607
Special mention	4,505	2,916	2	58
Substandard	809	295	100	295
Doubtful	90	26	100	26
Doubtful of loss	4,597	3,423	100	3,423
				<u>4,409</u>
<i>Excess allowance</i>				<u>1,757</u>
Total	106,672	67,334		6,166

Bank only				
2012				
	Loans to customers and accrued interest receivables less deferred revenue (in million Baht)	Net amount for allowance for doubtful accounts*	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in million Baht)
<i>Minimum allowance as per BoT's Regulations</i>				
Pass	101,021	65,591	1	656
Special mention	4,505	2,916	2	58
Substandard	441	295	100	295
Doubtful	90	26	100	26
Doubtful of loss	4,513	3,423	100	3,423
				<u>4,458</u>
<i>Excess allowance</i>				<u>1,708</u>
Total	110,570	72,251		6,166

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

As at 31 December 2012, the collective approach was applied to loans to customers and accrued interest receivables of Baht 65,163 million, using provision rates between 0.03% and 3.65%. The total allowance under this approach was Baht 658 million.

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

Notes to the financial statements

Non-performing loans

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

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

As at 31 December 2013 and 2012, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	2013	2012	2013	2012
		<i>(in million Baht)</i>		
Non-performing loans, net	2,120	1,652	1,182	1,200
Total loans used for NPL net ratio calculation ⁽¹⁾	127,905	146,799	130,854	150,642
Ratio of total loans	1.66%	1.13%	0.90%	0.80%

As at 31 December 2013 and 2012, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated		Bank only	
	2013	2012	2013	2012
		<i>(in million Baht)</i>		
Non-performing loans, gross	6,349	5,497	5,412	5,045
Total loans used for NPL gross ratio calculation ⁽¹⁾	132,134	150,644	135,084	154,487
Ratio of total loans	4.81%	3.65%	4.01%	3.27%

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

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

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

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

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

	For the year ended 31 December	
	2013	2012
	(in million Baht)	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	115	190
<i>Adjustments to reconcile net profit to net cash provided by (used in) operating activities</i>		
Impairment loss of debt securities	52	13
Impairment on amount due from related party	20	-
Net gains on foreign exchange transactions	-	(1)
Provision for employee benefit obligations	1	1
Net interest income	(130)	(385)
Interest received	378	746
Interest paid	(250)	(371)
Income tax paid	(137)	(106)
Profit from operations before changes in operating assets and liabilities	49	87
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	170	50
Investments in receivables	1,072	2,208
Loans to customers	136	(940)
Amount due from related parties	-	30
Deposits	(6)	(1)
Other receivables	-	34
Other assets	(1)	1
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	8	-
Other payable to related party	-	(40)
Advance from asset purchaser	(389)	349
Accrued expenses and other liabilities	19	(4)
Net cash provided by operating activities	1,058	1,774
<i>Cash flows from financing activities</i>		
Proceeds from borrowings of intercompany and money market items	200	-
Repayments of borrowings of intercompany and money market items	(1,230)	(1,774)
Net cash used in financing activities	(1,030)	(1,774)
Net increase in cash	28	-
Cash at beginning of the year	-	-
Cash at end of the year	28	-

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

14 Troubled debt restructuring

During the years ended 31 December 2013 and 2012, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
2013				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 1 month to 28 years	713	2,548	2,540
Total		713	2,548	2,540

Consolidated and Bank only				
2012				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring (in million Baht)	Amount of debt after restructuring
Modification of terms and conditions	Over 5 months to 27 years 10 months	252	338	335
Total		252	338	335

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

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

Consolidated and Bank only		
	2013	2012
	<i>(in million Baht)</i>	
Troubled restructured debt	2,991	1,094

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

Consolidated and Bank only		
	2013	2012
	<i>(in million Baht)</i>	
The loss incurred arising from restructuring, before allowance for doubtful accounts	8	3

If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank and its subsidiaries had no loss on debt restructuring for the years ended 31 December 2013 and 2012.

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

Consolidated and Bank only		
	2013	2012
	<i>(in million Baht)</i>	
Interest income	187	133

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Notes to the financial statements

15 Allowance for doubtful accounts

	Consolidated 2013						Total
	Pass	Special mention	Sub standard	Doubtful (in million Baht)	Doubtful of loss	Excess allowance	
Balance at beginning of the year	607	58	295	26	3,423	1,757	6,166
Allowance for doubtful accounts	(2)	8	64	(19)	2,532	1,121	3,704
Bad debt written off	-	-	-	-	(2,252)	-	(2,252)
Others	-	-	-	-	(9)	-	(9)
Balance at end of the year	605	66	359	7	3,694	2,878	7,609

	Bank only 2013						Total
	Pass	Special mention	Sub standard	Doubtful (in million Baht)	Doubtful of loss	Excess allowance	
Balance at beginning of the year	656	58	295	26	3,423	1,708	6,166
Allowance for doubtful accounts	(12)	8	64	(19)	2,532	1,131	3,704
Bad debt written off	-	-	-	-	(2,252)	-	(2,252)
Others	-	-	-	-	(9)	-	(9)
Balance at end of the year	644	66	359	7	3,694	2,839	7,609

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

	Consolidated						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	
	2012						
	<i>(in million Baht)</i>						
Balance at beginning of the year	519	9	172	1,647	1,321	1,103	4,771
Allowance for doubtful accounts	88	49	123	(1,621)	3,367	654	2,660
Bad debt written off	-	-	-	-	(1,347)	-	(1,347)
Other	-	-	-	-	82	-	82
Balance at end of the year	607	58	295	26	3,423	1,757	6,166

	Bank only						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	
	2012						
	<i>(in million Baht)</i>						
Balance at beginning of the year	575	9	172	1,647	1,321	1,047	4,771
Allowance for doubtful accounts	81	49	123	(1,621)	3,367	661	2,660
Bad debt written off	-	-	-	-	(1,347)	-	(1,347)
Other	-	-	-	-	82	-	82
Balance at end of the year	656	58	295	26	3,423	1,708	6,166

Impairment loss of loans and debt securities recorded in the consolidated financial statements representing allowance for doubtful accounts, impairment of investment in transferred debt, and net of bad debts recovered.

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Allowance for doubtful accounts	3,704	2,660	3,704	2,660
Impairment of investment in receivables	53	13	-	-
Less bad debts recovered	(577)	(746)	(577)	(745)
Impairment loss of loans and debt securities	3,180	1,927	3,127	1,915

In the current year, the Bank and its subsidiaries have estimated the impairment loss of loans based on countercyclical assumptions in addition to normal impairment loss of loans, resulting in an increase in the amount charged to profit or loss.

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

16 Properties for sale

The details of properties for sale are as follows:

Consolidated and Bank only				
2013				
	Beginning balance	Increase	Disposals	Ending balance
		(in million Baht)		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	(7)	1
Movable property				
- Appraised by external appraisal	1	-	-	1
Total	9	-	(7)	2
Transfer from premises and equipment	51	-	(18)	33
Total properties for sale	60	-	(25)	35
Less allowance for impairment	(20)	(2)	13	(9)
Properties for sale, net	40	(2)	(12)	26

Consolidated and Bank only				
2012				
	Beginning balance	Increase <i>(in million Baht)</i>	Disposals	Ending balance
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	3	5	(7)	1
Total	11	5	(7)	9
Transfer from premises and equipment	100	-	(49)	51
Total properties for sale	111	5	(56)	60
Less allowance for impairment	(36)	(6)	22	(20)
Properties for sale, net	75	(1)	(34)	40

17 Premises and equipment

Changes in premises and equipment during the years ended 31 December 2013 and 2012 are summarised as follows:

	Consolidated 2013					
	Changes in accumulated depreciation during the year					
	Beginning balance	Disposals and transfers out	Depreciation	Ending balance	Allowance for impairment	Premises and equipment, net
	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)
Land Freehold premises	36	-	36	-	(9)	27
Equipment	1,889	-	1,889	69	(430)	549
Others	1,262	(92)	1,307	71	-	201
Total	48	(102)	-	-	-	-
	<u>3,235</u>	<u>(194)</u>	<u>3,232</u>	<u>140</u>	<u>(439)</u>	<u>777</u>
	2012					
	Changes in accumulated depreciation during the year					
	Beginning balance	Disposals and transfers out	Depreciation	Ending balance	Allowance for impairment	Premises and equipment, net
	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)	(in million Baht)
Land Freehold premises	36	-	36	-	(9)	27
Equipment	1,917	(28)	1,889	66	(430)	618
Others	1,199	(24)	1,262	71	-	135
Total	30	(62)	48	-	-	48
	<u>3,182</u>	<u>(114)</u>	<u>3,235</u>	<u>137</u>	<u>(439)</u>	<u>828</u>

As at 31 December 2013, the Bank and its subsidiaries had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 1,012 million (2012: Baht 1,033 million).

Notes to the financial statements

As at 31 December 2013, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 1,010 million (2012: Baht 1,032 million).

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

18 Deferred tax

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

	Consolidated	
	2013	2012
	<i>(in million Baht)</i>	
Deferred tax assets	585	563
Deferred tax liabilities	(15)	(19)
Net	570	544

	Bank only	
	2013	2012
	<i>(in million Baht)</i>	
Deferred tax assets	398	414
Deferred tax liabilities	(55)	(30)
Net	343	384

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

Movements in total deferred tax assets and liabilities during the years ended 31 December 2013 and 2012 were as follows:

	At 1 January 2013	Consolidated (Charged) / Credited to:		At 31 December 2013
		Profit or loss (note 45) (in million Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	147	32	(10)	169
Loans and accrued interest receivable	95	(6)	-	89
Premises and equipment	100	(8)	-	92
Intangible assets	2	-	-	2
Other assets	61	8	-	69
Provisions	103	9	(3)	109
Other liabilities	55	-	-	55
Total	563	35	(13)	585
<i>Deferred tax liabilities</i>				
Properties for sale	(7)	2	-	(5)
Cash flow hedges	(12)	-	2	(10)
Total	(19)	2	2	(15)
Net	544	37	(11)	570

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

	At 1 January 2012	Consolidated (Charged) / Credited to:		At 31 December 2012
		Profit or loss (note 45) (in million Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	120	51	(24)	147
Loans and accrued interest receivable	269	(174)	-	95
Premises and equipment	112	(12)	-	100
Intangible assets	3	(1)	-	2
Other assets	62	(1)	-	61
Provisions	112	(12)	3	103
Other liabilities	63	(8)	-	55
Total	741	(157)	(21)	563
<i>Deferred tax liabilities</i>				
Properties for sale	(14)	7	-	(7)
Cash flow hedges	(1)	-	(11)	(12)
Total	(15)	7	(11)	(19)
Net	726	(150)	(32)	544

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

		Bank only (Charged) / Credited to:		
	At 1 January 2013	Profit or loss (note 45) (in million Baht)	Other comprehensive income	At 31 December 2013
<i>Deferred tax assets</i>				
Loans and accrued interest receivable	95	(6)	-	89
Premises and equipment	100	(8)	-	92
Intangible assets	2	-	-	2
Other assets	61	4	-	65
Provisions	101	9	(3)	107
Other liabilities	55	(12)	-	43
Total	414	(13)	(3)	398
<i>Deferred tax liabilities</i>				
Investments	(11)	(19)	(10)	(40)
Properties for sale	(7)	2	-	(5)
Cash flow hedges	(12)	-	2	(10)
Total	(30)	(17)	(8)	(55)
Net	384	(30)	(11)	343

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

		Bank only (Charged) / Credited to:		
	At 1 January 2012	Profit or loss (note 45) (in million Baht)	Other comprehensive income	At 31 December 2012
<i>Deferred tax assets</i>				
Investments	14	(1)	(13)	-
Loans and accrued interest receivable	269	(174)	-	95
Premises and equipment	112	(12)	-	100
Intangible assets	3	(1)	-	2
Other assets	62	(1)	-	61
Provisions	110	(12)	3	101
Other liabilities	56	(1)	-	55
Total	626	(202)	(10)	414
<i>Deferred tax liabilities</i>				
Investments	-	-	(11)	(11)
Properties for sale	(14)	7	-	(7)
Cash flow hedges	(1)	-	(11)	(12)
Total	(15)	7	(22)	(30)
Net	611	(195)	(32)	384

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

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

20 Other assets

	Consolidated		Bank only	
	2013	2012	2013	2012
<i>(in million Baht)</i>				
Accrued interest and income receivable	649	614	649	614
Prepayments	35	37	33	35
Leasehold premises, net	26	28	26	28
Prepaid tax	-	379	-	379
Others	260	211	249	185
Total	970	1,269	957	1,241

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

21 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Current	8,339	4,464	8,339	4,466
Savings	60,034	75,340	60,130	75,593
Term				
- Less than 6 months	9,368	10,514	9,368	10,607
- 6 months to less than 1 year	5,504	9,203	5,580	9,203
- 1 year and over	19,944	14,707	19,944	14,707
Total	103,189	114,228	103,361	114,576

Classified by currency and residence of depositors

Consolidated						
	2013		2012			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	94,273	2,645	96,918	106,199	2,644	108,843
US Dollar	5,419	565	5,984	4,421	577	4,998
Other currencies	218	69	287	296	91	387
Total	99,910	3,279	103,189	110,916	3,312	114,228

Bank only						
	2013		2012			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	94,445	2,645	97,090	106,547	2,644	109,191
US Dollar	5,419	565	5,984	4,421	577	4,998
Other currencies	218	69	287	296	91	387
Total	100,082	3,279	103,361	111,264	3,312	114,576

As at 31 December 2013 and 2012, there are no structured deposits that are designated at fair value in the consolidated and Bank only financial statements.

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

22 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	2013		Total (in million Baht)	2012		Total
	At call	Term		At call	Term	
Domestic						
Commercial banks	-	25,840	25,840	-	24,577	24,577
Special financial institutions	506	-	506	-	307	307
Other financial institutions	8,723	5,062	13,785	6,101	5,943	12,044
Total domestic	9,229	30,902	40,131	6,101	30,827	36,928
Foreign						
US Dollar	3,283	4,922	8,205	54	9,343	9,397
Thai Baht	5,507	-	5,507	8,320	-	8,320
Japanese Yen	117	-	117	142	-	142
Chinese Yuan	-	-	-	-	123	123
Total foreign	8,907	4,922	13,829	8,516	9,466	17,982
Total domestic and foreign	18,136	35,824	53,960	14,617	40,293	54,910

23 Debt issued and borrowings

The Bank has a program to issue and offer debentures to the public and/or institutional investors for the total amounts not exceeding Baht 40,000 million and Baht 10,000 million, or equivalent thereof in other currencies, with a maximum maturity of five years and twenty years, respectively, in accordance with the law and as authorised by the shareholders. The debentures may be issued and offered in one or more tranches and may be offered at any time. If the Bank has redeemed or repurchased any debentures issued in accordance with the above mentioned authorised amount, the Bank can issue new debentures as a replacement of such redeemed or repurchased debentures (on a revolving basis). The debentures may be offered to the public and/or institutional investors in accordance with the relevant notifications of the Office of the Securities and Exchange Commission.

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

As at 31 December 2013 and 2012, debt issued and borrowings balances are denominated in Thai Baht with forms as follows:

Consolidated and Bank only						
	Maturity	2013		Maturity	2012	
		Interest rate	Amount		Interest rate	Amount
		(%)	(in million Baht)		(%)	(in million Baht)
Debentures	2014	1.65% - 2.59%	2,517	2013	2.20% - 2.88%	5,674
Bills of exchange	-	-	-	2013	3.25% - 3.75%	104
Structured notes	2015	0.00% - 5.48%	1,000	2015	0.00% - 6.25%	1,000
Total			3,517			6,778

As at 31 December 2013, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,000 million (2012: Baht 1,000 million).

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

24 Employee benefit obligations

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Statements of financial position obligations for:				
Defined benefit obligations	<u>348</u>	<u>322</u>	<u>338</u>	<u>313</u>

	Consolidated		Bank only	
<i>Year ended 31 December</i>	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>46</u>	<u>38</u>	<u>44</u>	<u>37</u>
Recognised in other comprehensive income:				
Actuarial gains (losses) on defined benefit plans	<u>15</u>	<u>(16)</u>	<u>14</u>	<u>(15)</u>

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

The statements of financial position obligation were determined as follows:

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>348</u>	<u>322</u>	<u>338</u>	<u>313</u>
Statements of financial position obligation	<u>348</u>	<u>322</u>	<u>338</u>	<u>313</u>

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

Notes to the financial statements

Movement in the present value of the defined benefit obligations:

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	322	269	313	262
Benefit paid by the plan	(5)	(1)	(5)	(1)
Current service costs and interest	46	38	44	37
Actuarial (gains) losses in other comprehensive income	(15)	16	(14)	15
Defined benefit obligations at 31 December	348	322	338	313

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

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	35	29	33	28
- Interest on obligation	11	9	11	9
Total	46	38	44	37

Actuarial gains (losses) recognised in other comprehensive income

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Recognised during the year	15	(16)	14	(15)
At 31 December	15	(16)	14	(15)

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

	Consolidated and Bank only	
	2013	2012
Discount rate	4.00%	3.50%
Future average salary increases	5.00%	5.00%
Turnover rate	0% - 50%	0% - 50%

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

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

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

25 Provisions

	Employee benefits	Consolidated Contingent liabilities <i>(in million Baht)</i>	Total
At 1 January 2012	269	275	544
Provisions made	54	2	56
Provisions used	(1)	-	(1)
Provisions reversed	-	(80)	(80)
At 31 December 2012 and 1 January 2013	322	197	519
Provisions made	31	-	31
Provisions used	(5)	-	(5)
At 31 December 2013	348	197	545

	Employee benefits	Bank only Contingent liabilities <i>(in million Baht)</i>	Total
At 1 January 2012	262	275	537
Provisions made	52	2	54
Provisions used	(1)	-	(1)
Provisions reversed	-	(80)	(80)
At 31 December 2012 and 1 January 2013	313	197	510
Provisions made	30	-	30
Provisions used	(5)	-	(5)
At 31 December 2013	338	197	535

26 Accounts payable from purchase of investments

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

27 Share-based payments

The Bank and its subsidiaries participate in cash settled and equity settled share-based compensations under the following schemes:

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

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

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

Notes to the financial statements

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

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

Valuation

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

2001 Performance Share Plan (2001 PSP)

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

Valuation

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

Currently, no further 2001 PSP awards can be granted under the plan.

2011 Standard Chartered Share Plan

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

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

All Employee Sharesave Schemes (Sharesave)

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

Valuation

Options under the Sharesave schemes are valued using a binomial option-pricing model.

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

Notes to the financial statements

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

The fair value and the assumptions used in the calculation are share price at grant date, vesting period, expected dividend yield, fair value, exercise price, expected volatility, expected option life and risk free rate. The expected dividend yield is based on the historical dividend yield for three years prior to grant.

Movements of share-based payments in accrued expense during the years ended 31 December 2013 and 2012 were as follows:

	Consolidated	Bank only
	<i>(in million Baht)</i>	
At 1 January 2012	21	19
Provisions made	74	71
Provisions used	(21)	(18)
Provisions reversed	(19)	(19)
At 31 December 2012	55	53
and 1 January 2013	125	122
Provisions made	(61)	(61)
Provisions used	(55)	(53)
Provisions reversed		
At 31 December 2013	64	61

28 Other liabilities

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Withholding tax payable	134	422	133	422
VAT payable	10	9	9	8
Other payables	734	769	734	767
Accrued interest payable	358	311	358	311
Others	653	960	636	554
Total	1,889	2,471	1,870	2,062

29 Share capital

	Consolidated and Bank only				
	Par value	2013		2012	
	per share	Number	Amount	Number	Amount
	<i>(in Baht)</i>	<i>(in million shares / million Baht)</i>			
Authorised					
At 1 January - ordinary shares	10	1,484	14,843	1,484	14,843
At 31 December - ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up					
At 1 January - ordinary shares	10	1,484	14,837	1,484	14,837
At 31 December - ordinary shares	10	1,484	14,837	1,484	14,837

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

Notes to the financial statements

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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:

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht / million shares)</i>			
Profit for the years attributable to equity holders of the Bank (basic)	2,951	3,245	2,886	3,085
Number of ordinary shares outstanding	1,484	1,484	1,484	1,484
Basic earnings per share (in Baht)	1.99	2.19	1.95	2.08

31 Dividends

At the annual general meeting of the shareholders of the Bank held on 18 April 2013, the shareholders approved the appropriation of a dividend of Baht 0.78 per share, amounting to Baht 1,157 million. The dividends were paid to shareholders in May 2013.

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

32 Reserves

Share premium

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

Legal reserve

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

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

Notes to the financial statements

Other reserves

Fair value change in available-for-sale investments

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

Cash flow hedges

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

Movement in reserves

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

33 Contingent liabilities

	Consolidated and Bank only	
	2013	2012
	<i>(in million Baht)</i>	
Guarantees of loans	1,990	3,588
Liability under unmatured import bills	1,090	1,114
Letters of credit	2,611	3,063
<i>Other contingencies</i>		
- Unused credit line of overdrafts	3,378	3,559
- Other letters of guarantee	36,252	22,287
	<u>39,630</u>	<u>25,846</u>
Total	<u>45,321</u>	<u>33,611</u>

Litigation

As at 31 December 2013, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 1,005 million (excluding interest) (2012: Baht 996 million). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 189 million as at 31 December 2013 (2012: Baht 188 million).

34 Related party transactions and balances

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

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

Notes to the financial statements

Relationships with related parties were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiaries
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank
Standard Chartered (Thai) Asset Management Company Limited	Thailand	Subsidiary, 99.9988% shareholding, 50% of directors are representative of the Bank
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 99.9999% shareholding, more than 50% of directors are representative of the Bank
Standard Chartered (Thailand) Limited	Thailand	Affiliated company of Standard Chartered Group
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	Affiliated company of Standard Chartered Group
Scope International Private Limited	India	Affiliated company of Standard Chartered Group
Scope International (Malaysia) Sendirian Berhad	Malaysia	Affiliated company of Standard Chartered Group
Scope International (China) Company Limited	China	Affiliated company of Standard Chartered Group
Standard Chartered (GCT) Limited	United Kingdom	Affiliated company of Standard Chartered Group
Standard Chartered Strategic Brand Management Limited	United Kingdom	Affiliated company of Standard Chartered Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries

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

Transactions

Interest rate
Services
Derivatives

Pricing policies

Based on market rate
Contractually agreed price
Based on market price

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

Notes to the financial statements

Significant transactions with related parties

Significant transactions for the years ended 31 December 2013 and 2012 with related parties were as follows :

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Interest income	151	274	399	580
Interest expenses	20	69	22	18
Fee and service income	4	5	4	5
Fee and service expenses	16	23	175	173
Gains (losses) on trading and foreign exchange transactions	725	(839)	725	(853)
Other operating income	4	5	103	84
Service agreements	430	484	429	484
Others	250	239	244	239

Significant balances and business transactions with executives and business entities

Significant balances and business transactions with executive directors and authorised management, including their related parties and business entities in which the Bank, its directors or key management, including their related parties hold 10% or more of the paid up capital as of 31 December 2013 and 2012 were as follows:

	Consolidated and Bank only			
	2013		2012	
	At end of year	Average	At end of year	Average
	<i>(in million Baht)</i>			
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>1,974</u>	<u>2,146</u>	<u>2,311</u>	<u>2,443</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>244</u>	<u>260</u>	<u>225</u>	<u>183</u>
<i>Borrowing</i>				
From executive directors and authorised management, including their related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>

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

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Standard Chartered Bank	<u>14,045</u>	<u>13,533</u>	<u>14,045</u>	<u>13,533</u>
<i>Derivative assets (marked to market value)</i>				
Standard Chartered Bank	<u>8,162</u>	<u>5,608</u>	<u>8,162</u>	<u>5,608</u>
<i>Loans to customers and accrued interest receivable</i>				
Resolution Alliance Limited	236	241	236	241
Standard Chartered (Thai) Asset Management Company Limited	-	-	3,940	4,971
Total	<u>236</u>	<u>241</u>	<u>4,176</u>	<u>5,212</u>
<i>Other assets</i>				
Resolution Alliance Limited	-	20	-	-
Standard Chartered Bank	3,355	5	3,355	5
Thai Exclusive Leasing Company Limited	-	-	1	-
Standard Chartered (Thai) Asset Management Company Limited	-	-	2	-
Total	<u>3,355</u>	<u>25</u>	<u>3,358</u>	<u>5</u>
<i>Deposits</i>				
Resolution Alliance Limited	35	20	35	20
Standard Chartered Securities (HongKong) Limited.	1	-	1	-
Standard Chartered (Thailand) Limited	10	9	10	9
Standard Chartered (Thai) Asset Management Company Limited	-	-	75	229
Thai Exclusive Leasing Company Limited	-	-	98	119
Total	<u>46</u>	<u>29</u>	<u>219</u>	<u>377</u>
<i>Interbank and money market items (liabilities)</i>				
Standard Chartered Bank	<u>5,993</u>	<u>10,146</u>	<u>5,993</u>	<u>10,146</u>
<i>Derivative liabilities (marked to market value)</i>				
Standard Chartered Bank	<u>10,712</u>	<u>10,090</u>	<u>10,712</u>	<u>10,090</u>
<i>Debt issued and borrowings</i>				
Standard Chartered (Thailand) Limited	<u>346</u>	<u>349</u>	<u>346</u>	<u>349</u>

Notes to the financial statements

	Consolidated		Bank only	
	2013	2012	2013	2012
	(in million Baht)			
Accrued expenses				
Standard Chartered Bank	557	539	555	538
Standard Chartered Strategic Brand Management Limited	175	174	175	174
Scope International Private Limited	2	2	2	2
Scope International (Malaysia) Sendirian Berhad	1	2	1	2
Scope International (China) Company Limited	1	1	1	1
Thai Exclusive Leasing Company Limited	-	-	12	14
Total	736	718	746	731
Other liabilities				
Standard Chartered Bank	54	8	54	9
Other letters of guarantee				
Standard Chartered Bank	8,792	8,132	8,792	8,132
Standard Chartered (Thailand) Limited	-	3	-	3
Total	8,792	8,135	8,792	8,135
Derivatives - Foreign currency related				
Standard Chartered Bank	177,887	249,955	177,887	249,955
Derivatives - Interest rate related				
Standard Chartered Bank	465,507	357,135	465,507	357,135
Derivatives - Commodities				
Standard Chartered Bank	6,797	16,256	6,797	16,256
	Consolidated		Bank only	
	2013	2012	2013	2012
	(in million Baht)			
Key management personnel				
Short-term employee benefits	535	496	493	482
Post-employment benefits	8	7	7	6
Share-based payments	23	16	22	15
Total key management personnel compensation	566	519	522	503

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Notes to the financial statements

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

License agreement

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

Services agreement

In 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.

Shared support function

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

Outsourcing services

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

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

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35 Non-cancellable operating lease agreements

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

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Within one year	105	98	104	96
After one year but within five years	175	182	175	181
After five years	56	82	56	82
Total	336	362	335	359

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiaries have not adopted the new and revised TFRS that have been issued as of the reporting date but are not yet effective. Those new and revised TFRS that are applicable to the Bank and its subsidiaries, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TIC 15	Operating Leases-Incentives	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and Bank only financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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Notes to the financial statements

37 Segment information

Business segments

The Bank and its subsidiaries have two reportable segments as disclosed below. The strategic divisions offer different products and services, and are managed separately because they require different technologies, allocation of resources, distribution channels and marketing strategies.

The Bank and its subsidiaries' two significant strategic divisions are:

- Consumer Banking, which provides a wide range of Retail Banking and SME products to serve the Bank's Priority & International Banking, SME, and Personal Banking customers; and
- Wholesale Banking, which provides a wide range of products and services for three client segments: Local Corporate, Global Corporate and Financial Institutions. And in August 2012, Wholesale Banking completed the acquisition of the Standard Chartered (Thai) Asset Management Company Limited ("SCTAMC") for managing substandard assets purchased or transferred from other financial institutions.

In addition, certain items which do not fall within the two main business segments, including unallocated central costs and Corporate Real Estate service costs are reported in "Other Banking". Financial information is presented internally to the Bank's management using these three business segments.

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

Geographical segments

As the Bank and its subsidiaries comprise only one geographical segment in Thailand, the Bank is considered to operate only in the domestic segment.

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By class of business

<i>Year ended 31 December</i>	Consumer Banking		Wholesale Banking		Other Banking		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>									
Net interest income	5,765	5,298	3,109	3,619	41	(272)	-	-	8,915	8,645
Other income	296	50	2,883	3,180	80	153	(99)	(74)	3,160	3,309
Operating income	6,061	5,348	5,992	6,799	121	(119)	(99)	(74)	12,075	11,954
Operating expenses	(3,005)	(3,243)	(2,107)	(2,617)	(66)	94	53	53	(5,125)	(5,713)
Operating profit before impairment and taxation	3,056	2,105	3,885	4,182	55	(25)	(46)	(21)	6,950	6,241
Impairment loss of loans and debt securities	(2,735)	(1,430)	(444)	(497)	-	-	-	-	(3,179)	(1,927)
Profit from operations before income tax expenses	321	675	3,441	3,685	55	(25)	(46)	(21)	3,771	4,314
Segment assets as at 31 December	63,205	65,641	189,733	192,732	1,634	1,983	-	-	254,572	260,356
Segment liabilities and equity as at 31 December	53,549	57,471	157,383	160,707	43,640	42,178	-	-	254,572	260,356

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38 Interest income

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Interbank and money market items	1,491	1,901	1,491	1,901
Investments and trading transactions	194	238	194	238
Investments in debt securities	1,630	1,810	1,630	1,810
Investments in receivables	197	334	23	24
Loans to customers	9,648	9,428	9,693	9,299
Total interest income	13,160	13,711	13,031	13,272

39 Interest expenses

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Deposits	2,343	2,338	2,346	2,339
Interbank and money market items	1,111	1,536	1,111	1,481
Contribution to Deposits Protection Agency and Financial Institutions Development Fund	629	600	629	600
Debt issued and borrowings	161	590	161	592
Others	1	2	1	2
Total interest expenses	4,245	5,066	4,248	5,014

40 Net fees and service income

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Fees and service income</i>				
Acceptance, avals and guarantees	174	146	174	145
Other	1,721	1,766	1,721	1,764
	1,895	1,912	1,895	1,909
<i>Fees and service expenses</i>	810	950	943	1,063
Net fees and service income	1,085	962	952	846

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Notes to the financial statements

41 Gains on trading and foreign exchange transactions

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	529	1,783	529	1,797
Interest rate related derivatives	1,079	145	1,079	145
Debt securities	66	120	66	120
Equity securities	-	(1)	-	(1)
	<u>1,674</u>	<u>2,047</u>	<u>1,674</u>	<u>2,061</u>
<i>Gains on hedging transactions</i>	<u>7</u>	<u>26</u>	<u>7</u>	<u>26</u>
Total	<u>1,681</u>	<u>2,073</u>	<u>1,681</u>	<u>2,087</u>

42 Gains on investments

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Gains (losses) on sales</i>				
Available-for-sale investments	83	131	83	131
General investments	4	(2)	4	(2)
Investments in receivables	258	48	-	-
Total gains on investments	<u>345</u>	<u>177</u>	<u>87</u>	<u>129</u>

43 Employee expenses

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
<i>Management</i>				
Wages and salaries	299	291	294	286
Pension costs - defined benefit plans	8	7	7	6
Share-based payment transactions	23	16	22	15
Others	236	205	199	196
	<u>566</u>	<u>519</u>	<u>522</u>	<u>503</u>
<i>Other employees</i>				
Wages and salaries	1,473	1,406	1,428	1,364
Pension costs - defined benefit plans	38	31	37	31
Share-based payment transactions	42	40	40	40
Others	803	856	780	832
	<u>2,356</u>	<u>2,333</u>	<u>2,285</u>	<u>2,267</u>
Total employee expenses	<u>2,922</u>	<u>2,852</u>	<u>2,807</u>	<u>2,770</u>

Defined benefit plans, defined contribution plans and share-based compensation plans

Details of the defined benefit plans and defined contribution plans are given in note 24.

Details of the share-based payment plans are given in note 27.

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44 Impairment loss of loans and debt securities

	Consolidated		Bank only	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Interbank and money market items	26	(11)	26	(11)
Investment in receivables	53	13	-	-
Loans to customers	3,101	1,925	3,101	1,926
Total impairment loss of loans and debt securities	3,180	1,927	3,127	1,915

45 Income tax expenses

Income tax recognised in profit or loss

	<i>Note</i>	Consolidated		Bank only	
		2013	2012	2013	2012
		<i>(in million Baht)</i>			
Current tax expense					
Current year		760	887	670	769
Under provided in prior years		97	22	88	32
		857	909	758	801
Deferred tax expense	18				
Movements in temporary differences		39	102	99	162
Income tax reduction		-	(13)	-	(21)
(Over) under provided in prior years		(76)	61	(69)	54
		(37)	150	30	195
Total income tax expense		820	1,059	788	996

Income tax recognised in other comprehensive income

	Consolidated					
	2013		2012			
	Before Tax	Tax (expense) benefit	Before Tax	Tax (expense) benefit	Net of Tax	
	<i>(in million Baht)</i>					
Movements in temporary difference						
Cash flow hedges	(9)	2	(7)	57	(11)	46
Available-for-sale investments	48	(10)	38	119	(24)	95
Defined benefit plans	15	(3)	12	(16)	3	(13)
Total	54	(11)	43	160	(32)	128

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

	Bank only					
	Before Tax	2013 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2012 Tax (expense) benefit	Net of Tax
Movements in temporary difference						
Cash flow hedges	(9)	2	(7)	57	(11)	46
Available-for-sale investments	48	(10)	38	119	(24)	95
Defined benefit plans	14	(3)	11	(15)	3	(12)
Total	53	(11)	42	161	(32)	129

Reconciliation of effective tax rate

	Consolidated			
	2013 Rate (%)	2013 (in million Baht)	2012 Rate (%)	2012 (in million Baht)
Profit before total income tax expense		3,771		4,313
Income tax using the Thai corporation tax rate	20	754	23	992
Effect of income tax from subsidiaries		9		4
Income tax reduction		-		(13)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		36		(7)
Under provided in prior years		21		83
Total	22	820	25	1,059

	Bank only			
	2013 Rate (%)	2013 (in million Baht)	2012 Rate (%)	2012 (in million Baht)
Profit before total income tax expense		3,674		4,081
Income tax using the Thai corporation tax rate	20	735	23	938
Income tax reduction		-		(21)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		34		(7)
Under provided in prior years		19		86
Total	21	788	24	996

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods, 2013 and 2014, which begin on or after 1 January 2013 and 2014, respectively.

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

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It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

46 Reclassification of accounts

Certain accounts in the statements of financial position as at 31 December 2012, which are included in the 2013 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2013 financial statements. The significant reclassifications are as follows:

		2012 Consolidated	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statements of financial position as at 31 December 2012</i>			
Loans to customers	105,722	446	106,168
Other liabilities	2,025	446	2,471
		<u>-</u>	
		2012 Bank only	
	Before reclassification	Reclassification (in million Baht)	After reclassification
<i>Statements of financial position as at 31 December 2012</i>			
Loans to customers	109,565	446	110,011
Other liabilities	1,616	446	2,062
		<u>-</u>	

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

