

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

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2011 and 2010



KPMG Phoomchai Audit Ltd.

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Audit Report of Certified Public Accountant

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

I have audited the accompanying consolidated and Bank only statements of financial position as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and Bank only financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of Standard Chartered Bank (Thai) Public Company Limited and its subsidiary, and of Standard Chartered Bank (Thai) Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2, 4 and 46 to the financial statements, with effect from 1 January 2011 the Bank and its subsidiary have adopted certain new and revised financial reporting standards and relevant Bank of Thailand notifications with regard to the presentation of the financial statements. The consolidated and Bank only financial statements for the year ended 31 December 2010 have been restated accordingly.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
22 February 2012

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

Statements of financial position

As at 31 December 2011 and 2010

		Consolidated		Bank only	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Assets					
Cash		387,841	487,870	387,841	487,870
Interbank and money market items, net	9	71,480,608	63,244,456	71,480,375	63,244,221
Claims on security		9,000,000	-	9,000,000	-
Derivatives assets	10	35,263,204	40,358,191	35,263,204	40,358,191
Investments, net	11	60,018,670	53,932,124	60,018,670	53,932,124
Investments in subsidiary	12	-	-	58,746	58,746
Loans to customers and accrued interest receivables, net	13,14,15				
Loans to customers		98,762,880	96,325,646	98,762,880	96,325,646
Accrued interest receivables		633,332	425,709	633,332	425,709
Total loans to customers and accrued interest receivables		99,396,212	96,751,355	99,396,212	96,751,355
Less deferred revenue	15	(2)	(2,078)	(2)	(2,078)
Less allowance for doubtful accounts	16	(4,770,609)	(3,261,961)	(4,770,609)	(3,261,961)
Total loans to customers and accrued interest receivables, net		94,625,601	93,487,316	94,625,601	93,487,316
Properties for sale, net	17	75,295	79,951	75,295	79,951
Premises and equipment, net	18	873,770	1,001,088	873,770	1,001,088
Intangible assets, net		6,769	17,018	6,769	17,018
Accounts receivable from sales of investments and debt securities in issue	19	10,780,357	22,875,950	10,780,357	22,875,950
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions		392,038	4,830,393	392,038	4,830,393
Other assets, net	20	1,101,171	699,774	1,099,639	698,185
Total assets		284,005,324	281,014,131	284,062,305	281,071,053
Liabilities and equity					
Deposits	21	98,199,642	96,216,232	98,215,408	96,239,419
Interbank and money market items	22	47,125,046	51,401,864	47,125,046	51,401,864
Liabilities payable on demand		1,354,688	1,722,978	1,354,688	1,722,978
Liabilities to deliver security		9,000,000	-	9,000,000	-
Derivatives liabilities	10	36,979,026	44,838,170	36,979,026	44,838,170
Debt issued and borrowings	23	36,350,632	21,569,915	36,425,495	21,644,724
Provisions	25,27,33	581,149	613,046	575,408	604,516
Accounts payable from purchase of investments	24	12,779,006	24,162,939	12,779,006	24,162,939
Other liabilities	28	5,881,636	7,707,950	5,884,585	7,711,934
Total liabilities		248,250,825	248,233,094	248,338,662	248,326,544
Equity					
Share capital	29				
Authorised share capital		14,842,627	14,842,627	14,842,627	14,842,627
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
Other reserves	32	41,819	(104,963)	41,819	(104,963)
Retained earnings					
Appropriated					
Legal reserve	32	688,700	508,727	682,700	502,727
Unappropriated		11,131,116	8,484,409	11,106,260	8,453,881
Total equity		35,754,499	32,781,037	35,723,643	32,744,509
Total liabilities and equity		284,005,324	281,014,131	284,062,305	281,071,053

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

		Consolidated		Bank only	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Interest income	38	12,388,912	8,876,393	12,388,912	8,876,393
Interest expenses	39	4,451,138	2,243,193	4,453,371	2,244,715
Net interest income		7,937,774	6,633,200	7,935,541	6,631,678
Fees and service income		1,508,900	1,478,022	1,508,900	1,478,021
Fees and service expenses		694,460	671,838	694,458	671,836
Net fees and service income	40	814,440	806,184	814,442	806,185
Gains on trading and foreign exchange transactions	41	2,141,407	1,492,741	2,141,407	1,492,741
Gains on investments	42	47,928	141,599	47,928	141,599
Other operating income		64,899	52,788	145,273	186,353
Total operating income		11,006,448	9,126,512	11,084,591	9,258,556
Other operating expenses					
Employee expenses	43	2,577,346	2,770,095	2,526,828	2,699,677
Directors' remuneration		9,340	8,800	9,340	8,800
Premises and equipment expenses		532,411	591,751	521,878	580,122
Taxes and duties		335,275	277,901	335,124	277,705
Service agreements		462,288	366,499	612,245	548,062
Others		1,313,859	1,025,656	1,306,273	1,019,517
Total other operating expenses		5,230,519	5,040,702	5,311,688	5,133,883
Impairment loss of loans	16,44	1,771,460	923,542	1,771,609	923,542
Profit from operations before income tax expense		4,004,469	3,162,268	4,001,294	3,201,131
Income tax expenses	45	410,458	1,313,638	401,835	1,300,643
Profit for the year		3,594,011	1,848,630	3,599,459	1,900,488
Other comprehensive income					
Gains (lossess) on remeasuring available-for-sale investments		116,551	(84,675)	116,551	(84,675)
Actuarial losses on defined benefit plans		(10,642)	-	(10,418)	-
Gains (lossess) on cash flow hedges		30,231	(128,339)	30,231	(128,339)
Total other comprehensive income, net		136,140	(213,014)	136,364	(213,014)
Total comprehensive income for the year		3,730,151	1,635,616	3,735,823	1,687,474
Basic earnings per share (in Baht)	30	2.42	1.25	2.43	1.28

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

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

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Consolidated (in thousand Baht)							
		Issued and paid-up share capital	Premium on share capital	Fair value changes in available-for-sale investments	Other reserves		Retained earnings		
					Cash flow hedges	Total other reserves	Legal reserve	Unappropriated	
Balance as at 1 January 2010		14,837,045	9,055,819	5,314	102,737	108,051	410,162	7,832,285	32,243,362
Transfer to legal reserve		-	-	-	-	-	98,565	(98,565)	-
Dividends	31	-	-	-	-	-	-	(1,097,941)	(1,097,941)
Comprehensive income for the year		-	-	-	-	-	-	1,848,630	1,848,630
Profit for the year		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	(84,675)	-	(84,675)	-	-	(84,675)
Net change in fair value recognised in equity		-	-	-	-	-	-	-	-
Cash flow hedges		-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	(128,339)	(128,339)	-	-	(128,339)
- transferred to profit and loss		-	-	(84,675)	(128,339)	(213,014)	-	-	(213,014)
Total other comprehensive income		-	-	(84,675)	(128,339)	(213,014)	-	1,848,630	1,635,616
Total comprehensive income for the year		-	-	(84,675)	(128,339)	(213,014)	-	1,848,630	1,635,616
Balance as at 31 December 2010		14,837,045	9,055,819	(79,361)	(25,602)	(104,963)	508,727	8,484,409	32,781,037
Transfer to legal reserve		-	-	-	-	-	179,973	(179,973)	-
Dividends	31	-	-	-	-	-	-	(756,689)	(756,689)
Comprehensive income for the year		-	-	-	-	-	-	3,594,011	3,594,011
Profit for the year		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Available-for-sale investments		-	-	116,551	-	116,551	-	-	116,551
Net change in fair value recognised in equity		-	-	-	-	-	-	-	-
Cash flow hedges		-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	-	-	-
- transferred to profit and loss		-	-	-	30,231	30,231	-	-	30,231
Actuarial losses on defined benefit plans	25	-	-	-	-	-	-	(10,642)	(10,642)
Total other comprehensive income		-	-	116,551	30,231	146,782	-	(10,642)	136,140
Total comprehensive income for the year		-	-	116,551	30,231	146,782	-	3,583,369	3,730,151
Balance as at 31 December 2011		14,837,045	9,055,819	37,190	4,629	41,819	688,700	11,131,116	35,754,499

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

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

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Bank only						
		(in thousand Baht)						
		Other reserves			Retained earnings			
		Issued and paid-up share capital	Premium on share capital	Fair value changes in available-for-sale investments	Cash flow hedges	Total other reserves	Legal reserve	Unappropriated
								Total equity
Balance as at 1 January 2010		14,837,045	9,055,819	5,314	102,737	108,051	407,703	7,746,358
Transfer to legal reserve		-	-	-	-	-	95,024	(95,024)
Dividends	31	-	-	-	-	-	-	(1,097,941)
Comprehensive income for the year		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	1,900,488
Available-for-sale investments		-	-	-	-	-	-	-
Net change in fair value recognised in equity		-	-	(84,675)	-	(84,675)	-	(84,675)
Cash flow hedges		-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	(128,339)	(128,339)	-	(128,339)
- transferred to profit and loss		-	-	-	-	-	-	-
Total other comprehensive income		-	-	(84,675)	(128,339)	(213,014)	-	(213,014)
Total comprehensive income for the year		-	-	(84,675)	(128,339)	(213,014)	-	1,687,474
Balance as at 31 December 2010		14,837,045	9,055,819	(79,361)	(25,602)	(104,963)	502,727	32,744,509
Transfer to legal reserve		-	-	-	-	-	179,973	(179,973)
Dividends	31	-	-	-	-	-	-	(756,689)
Comprehensive income for the year		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	3,599,459
Available-for-sale investments		-	-	-	-	-	-	-
Net change in fair value recognised in equity		-	-	116,551	-	116,551	-	116,551
Cash flow hedges		-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	-	-
- transferred to profit and loss		-	-	-	30,231	30,231	-	30,231
Actuarial losses on defined benefit plans	25	-	-	-	-	-	-	(10,418)
Total other comprehensive income		-	-	116,551	30,231	146,782	-	136,364
Total comprehensive income for the year		-	-	116,551	30,231	146,782	-	3,735,823
Balance as at 31 December 2011		14,837,045	9,055,819	37,190	4,629	41,819	682,700	35,723,643

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

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

Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	4,004,469	3,162,268	4,001,294	3,201,131
<i>Adjustments to reconcile net profit to net cash provided by operating activities</i>				
Depreciation and amortisation	134,314	181,409	134,314	181,409
Impairment loss of loans	2,424,189	1,519,587	2,423,942	1,519,587
Impairment loss of investments	78	-	78	-
Amortisation of discount of debt instruments	(495,907)	(231,509)	(495,907)	(231,509)
Amortisation of discount of debt issued and borrowings	758,382	200,705	758,382	200,705
Gains on disposal of investments	(48,006)	(141,535)	(48,006)	(141,535)
Losses on disposal of premises and equipment	9,996	4,882	9,996	4,882
Impairment loss of properties for sale	11,656	3,891	11,656	3,891
Provisions made	225,263	387,033	224,515	379,687
Net interest income	(7,937,774)	(6,633,200)	(7,935,541)	(6,631,678)
Interest received	12,174,058	8,819,967	12,174,058	8,819,967
Interest paid	(4,319,437)	(2,200,238)	(4,321,671)	(2,201,760)
Income tax paid	(1,383,738)	(1,612,422)	(1,376,884)	(1,582,483)
Profit from operations before changes in operating assets and liabilities	5,557,543	3,460,838	5,560,226	3,522,294
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(8,236,152)	28,011,684	(8,236,154)	28,011,682
Derivatives assets and liabilities, net	(2,678,754)	(1,197,152)	(2,678,754)	(1,197,152)
Trading investments	2,933,345	(10,578,020)	2,933,345	(10,578,020)
Loans to customers	(3,326,278)	(16,364,836)	(3,326,031)	(16,364,836)
Properties for sale	19,431	23,832	19,431	23,832
Other assets	4,424,274	(1,694,615)	4,424,218	(1,692,717)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	1,983,410	485,100	1,975,989	489,030
Interbank and money market items	(4,276,818)	(6,592,910)	(4,276,818)	(6,592,910)
Liabilities payable on demand	(368,290)	475,368	(368,290)	475,368
Short-term debt issued and borrowings	13,604,342	5,995,454	13,604,396	5,935,733
Provisions used	(267,802)	-	(264,042)	-
Other liabilities	(1,395,867)	3,179,443	(1,395,132)	3,171,882
Net cash provided by operating activities	7,972,384	5,204,186	7,972,384	5,204,186
<i>Cash flows from investing activities</i>				
Purchase of premises and equipment	(30,833)	(48,954)	(30,833)	(48,954)
Proceeds from disposals of premises and equipment	134	234	134	234
Purchase of available-for-sale investments	(104,909,213)	(36,134,737)	(104,909,213)	(36,134,737)
Proceeds from disposals of available-for-sale investments	97,411,914	32,210,804	97,411,914	32,210,804
Proceeds from held to maturity investments	189,485	245,324	189,485	245,324
Proceeds from disposal general investments	22,789	246,225	22,789	246,225
Net cash used in investing activities	(7,315,724)	(3,481,104)	(7,315,724)	(3,481,104)
<i>Cash flows from financing activities</i>				
Proceeds from debt issued and borrowings	-	(600,000)	-	(600,000)
Dividends paid	(756,689)	(1,097,941)	(756,689)	(1,097,941)
Net cash used in financing activities	(756,689)	(1,697,941)	(756,689)	(1,697,941)
Net increase (decrease) in cash	(100,029)	25,141	(100,029)	25,141
Cash at beginning of the year	487,870	462,729	487,870	462,729
Cash at end of the year	387,841	487,870	387,841	487,870

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the financial statements
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These notes form an integral part of the financial statements.

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

1 General information

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

The Bank is a commercial bank, which provides a wide range of banking services to individual and corporate customers. The immediate and ultimate parent companies of the Bank are Standard Chartered Bank and Standard Chartered PLC, respectively, which are incorporated in the United Kingdom.

The consolidated financial statements relate to the Bank and its 100% subsidiary, Thai Exclusive Leasing Company Limited (“TEL”). TEL’s main business is debt collection services.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”); applicable rules and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Bank and its subsidiary’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets

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TFRS	Topic
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP's announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of certain of these new and revised TFRS has resulted in changes in the Bank and its subsidiary's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 36.

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:

- Derivatives instruments are measured at fair value
- Trading investments are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Liabilities for cash-settled share-based payment arrangement are measured at fair value

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary
Notes to the financial statements
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Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 5, and in the following notes.

Note 3	Impact of severe flooding in Thailand
Note 5.19	Income tax
Note 6	Risk management
Note 7	Fair value of financial instruments
Note 11	Investments
Note 16	Allowance for doubtful accounts
Note 25	Employee benefit obligations
Note 26	Share-based payment
Note 27	Provisions

3 Impact of severe flooding in Thailand

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

As at 31 December 2011, the Bank has granted relief to customers with aggregate amounts due totalling Baht 18,473 million in accordance with the guidance detailed in the circular dated 19 October 2011.

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

4 Changes in accounting policy and presentation

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiary have changed their accounting policy and presentation in the following area:

- Presentation of financial statements

(b) *Presentation of financial statements*

From 1 January 2011, the Bank and its subsidiary have adopted TAS 1 Presentation of Financial Statements (revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Bank and its subsidiary present all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

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Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

5 Significant accounting policies

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

5.1 Basis of consolidation

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

Subsidiary

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

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

Transactions eliminated on consolidation

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

5.2 Income

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

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

5.3 Expenses

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

5.4 Loans to customers

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

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5.5 Finance lease receivables

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

5.6 Allowance for doubtful accounts

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

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

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

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

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

5.7 Troubled debt restructuring

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

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

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

5.8 Investments

Investment in subsidiary

The investment in subsidiary in the Bank only financial statements is accounted for using the cost method.

Investments in debt and equity securities

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

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

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

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

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

Initial recognition

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

Disposal of investments

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

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

5.9 Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

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

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5.10 Premises and equipment

Owned assets

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

Leased assets

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

Depreciation

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

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

Buildings	20-50 years
Equipment	3-5 years

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

Disposals of premises and equipment

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

5.11 Leasehold premises

Leasehold premises included in other assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the term of the lease agreement.

5.12 Properties for sale

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

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

5.13 Claims on security and liability to deliver security

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

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5.14 Financial instruments

Derivatives

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

Hedging

Fair value hedge

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

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the 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 existing in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognized in profit or loss immediately.

5.15 Deposit or borrowing transactions with embedded derivatives

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

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5.16 Impairment

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

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

Reversals of impairment

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

5.17 Employee benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

Actuarial gains and losses that arise are recognised and presented in other comprehensive income in the period they arise. Past service costs are recognised immediately to the extent that benefits are vested and are otherwise recognised over the average period until benefits are vested on a straight line basis. Current service costs and any past service costs, together with the unwinding of the discount on plan liabilities, are charged to employee expenses.

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Short-term employee benefits

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

5.18 Provisions

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

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

5.19 Income tax

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

In determining the amount of current tax, the Bank and its subsidiary take into account the impact of uncertain tax positions, if any. The Bank and its subsidiary believe that its accruals for tax liabilities are adequate based on its assessment of many factors, including interpretations of tax law. New information may become available regarding the adequacy of existing tax liabilities recorded in the financial statements; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

6 Risk management

Financial instruments

Accounting policies

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

Credit risk

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

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

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

Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. Market risk includes foreign exchange risk and interest rate risk.

The Bank is a party to financial instruments with market risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates and foreign exchange rates. These financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, forward foreign exchange contracts, foreign exchange options, bond options and interest rate contracts. These instruments involve, to varying degrees, elements of credit, foreign exchange, and interest rate risk in excess of the amounts recognised in the financial statements. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.

The Bank enters into foreign exchange contracts and interest rate contracts as part of its risk management strategy primarily to manage the market risk arising from the Bank's underlying assets and liabilities and to offset risk created by customers. The trading activity of all those financial instruments is governed by guidelines and parameters set by Standard Chartered Group and approved by the Board of Directors.

Foreign exchange risk

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

Interest rate risk

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

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

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Fixed interest rate	176,187	172,280
Floating interest rate	48,493	38,207
Total	224,680	210,487

As at 31 December 2011, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 13,070 million (2010: Baht 18,585 million).

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

Consolidated						
	2011			2010		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	100,358	2,930	2.92%	80,858	1,245	1.54%
Investments	43,922	1,185	2.70%	45,770	817	1.79%
Loans to customers	96,066	8,274	8.61%	87,388	6,814	7.80%
Total	240,346	12,389	5.15%	214,016	8,876	4.15%
Interest-bearing financial liabilities						
Deposits	91,299	2,240	2.45%	91,207	1,403	1.54%
Interbank and money market items	63,731	1,423	2.23%	55,940	622	1.11%
Debt issued and borrowings	29,952	788	2.63%	17,088	218	1.27%
Total	184,982	4,451	2.41%	164,235	2,243	1.37%
Bank only						
	2011			2010		
	Average balance (in million Baht)	Interest	Average rate (% per annum)	Average balance (in million Baht)	Interest	Average rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	100,357	2,930	2.92%	80,858	1,245	1.54%
Investments	43,922	1,185	2.70%	45,829	817	1.78%
Loans to customers	96,066	8,274	8.61%	87,388	6,814	7.80%
Total	240,345	12,389	5.15%	214,075	8,876	4.15%
Interest-bearing financial liabilities						
Deposits	91,313	2,240	2.45%	91,223	1,403	1.54%
Interbank and money market items	63,731	1,423	2.23%	55,940	622	1.11%
Debt issued and borrowings	30,030	790	2.63%	17,196	220	1.28%
Total	185,074	4,453	2.41%	164,359	2,245	1.37%

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Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 December 2011 and 2010 are as follows:

	Consolidated 2011						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	388	-	388
Interbank and money market items, net	611	69,326	-	317	1,226	-	71,480
Derivatives assets	-	-	-	-	35,263	-	35,263
Investments, net	-	22,261	19,185	18,540	33	-	60,019
Loans to customers	47,814	34,181	7,993	4,452	44	4,279	98,763
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	10,780	-	10,780
Total financial assets	48,425	125,768	27,178	23,309	47,734	4,279	276,693
Financial liabilities							
Deposits	48,020	32,824	8,432	1,141	7,783	-	98,200
Interbank and money market items	2,876	38,536	-	1,164	4,549	-	47,125
Liabilities payable on demand	-	-	-	-	1,355	-	1,355
Derivatives liabilities	-	-	-	-	36,979	-	36,979
Debt issued and Borrowings	-	35,616	735	-	-	-	36,351
Accounts payable from purchase of investments	-	-	-	-	12,779	-	12,779
Total financial liabilities	50,896	106,976	9,167	2,305	63,445	-	232,789

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	Consolidated 2010						
	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	-	-	-	-	488	-	488
Interbank and money market items, net	757	60,960	-	302	1,225	-	63,244
Derivatives assets	-	-	-	-	40,358	-	40,358
Investments, net	-	24,570	9,067	20,240	55	-	53,932
Loans to customers	37,193	44,853	8,103	4,442	44	1,688	96,323
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,876	-	22,876
Total financial assets	<u>37,950</u>	<u>130,383</u>	<u>17,170</u>	<u>24,984</u>	<u>65,046</u>	<u>1,688</u>	<u>277,221</u>
<i>Financial liabilities</i>							
Deposits	53,227	28,500	6,064	894	7,531	-	96,216
Interbank and money market items	3,974	40,465	-	-	6,963	-	51,402
Liabilities payable on demand	-	-	-	-	1,723	-	1,723
Derivatives liabilities	-	-	-	-	44,838	-	44,838
Debt issued and Borrowings	-	21,570	-	-	-	-	21,570
Accounts payable from purchase of investments	-	-	-	-	24,163	-	24,163
Total financial liabilities	<u>57,201</u>	<u>90,535</u>	<u>6,064</u>	<u>894</u>	<u>85,218</u>	<u>-</u>	<u>239,912</u>

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	Bank only						
	2011						
	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Non accrual	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	388	-	388
Interbank and money market items, net	611	69,326	-	317	1,226	-	71,480
Derivatives assets	-	-	-	-	35,263	-	35,263
Investments, net	-	22,261	19,185	18,540	33	-	60,019
Loans to customers	47,814	34,181	7,993	4,452	44	4,279	98,763
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	10,780	-	10,780
Total financial assets	48,425	125,768	27,178	23,309	47,734	4,279	276,693
Financial liabilities							
Deposits	48,035	32,824	8,432	1,141	7,783	-	98,215
Interbank and money market items	2,876	38,536	-	1,164	4,549	-	47,125
Liabilities payable on demand	-	-	-	-	1,355	-	1,355
Derivatives liabilities	-	-	-	-	36,979	-	36,979
Debt issued and Borrowings	-	35,690	735	-	-	-	36,425
Accounts payable from purchase of investments	-	-	-	-	12,779	-	12,779
Total financial liabilities	50,911	107,050	9,167	2,305	63,445	-	232,878

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	Bank only 2010						
	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	-	-	-	-	488	-	488
Interbank and money market items, net	757	60,960	-	302	1,225	-	63,244
Derivatives assets	-	-	-	-	40,358	-	40,358
Investments, net	-	24,570	9,067	20,240	55	-	53,932
Loans to customers	37,193	44,853	8,103	4,442	44	1,688	96,323
Accounts receivable from sales of investments and debt securities in issue	-	-	-	-	22,876	-	22,876
Total financial assets	37,950	130,383	17,170	24,984	65,046	1,688	277,221
Financial liabilities							
Deposits	53,250	28,500	6,064	894	7,531	-	96,239
Interbank and money market items	3,974	40,465	-	-	6,963	-	51,402
Liabilities payable on demand	-	-	-	-	1,723	-	1,723
Derivatives liabilities	-	-	-	-	44,838	-	44,838
Debt issued and Borrowings	-	21,645	-	-	-	-	21,645
Accounts payable from purchase of investments	-	-	-	-	24,163	-	24,163
Total financial liabilities	57,224	90,610	6,064	894	85,218	-	240,010

Liquidity risk

The Bank defines liquidity risk as the risk that it either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only secure them at excessive cost.

The Bank has established standards, principles, policies and techniques for managing liquidity risk. Liquidity risk management is governed by the Asset & Liability Committee (ALCO). The tools used for the management of liquidity risk, range from key financial ratios and medium-term funding requirements to ensure statements of financial position are not developing structural imbalances, to short term cash flow limits and controls on borrowing in the wholesale markets. They are supplemented by the establishment of a liquidity crisis contingency plan and regular stress test on liquidity positions.

ALCO ensures that the statements of financial position of the Bank is managed in accordance with the policies of the Standard Chartered Group adopted by the Bank and any other applicable regulatory requirements relating to management of liquidity, capital adequacy and structural market risks.

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

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The Market Risk unit produces daily risk reports in which liquidity risks are monitored against limits. Liquidity stress tests are carried out daily on the Bank-specific scenario, and quarterly on the Market-wide scenario and Combined scenarios; as at 31 December 2011, the Bank passed liquidity stress tests on all scenarios.

Customer deposits form a significant part of the Bank's overall funding. Its composition has remained relatively diversified and stable. Capital markets are accessed for the purposes of providing additional funding, maintaining a presence in local money markets and optimising asset and liability maturities.

As at 31 December 2011, advances to deposits ratio of the Bank is 79% (2010: 86%).

The remaining period to maturity of significant financial assets and financial liabilities as at 31 December 2011 and 2010 are as follows:

	Consolidated					
	2011					
	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	388	-	-	-	-	388
Interbank and money market items, net	1,787	69,062	-	631	-	71,480
Derivatives assets	-	9,385	4,026	21,852	-	35,263
Investments in debt securities	-	9,525	19,207	31,254	-	59,986
Investments in equity securities, net	-	-	-	-	33	33
Loans to customers	13,181	21,965	4,495	59,122	-	98,763
Accounts receivable from sales of investments and debt securities in issue	10,780	-	-	-	-	10,780
Total financial assets	26,136	109,937	27,728	112,859	33	276,693
<i>Financial liabilities</i>						
Deposits	55,803	30,139	10,906	1,352	-	98,200
Interbank and money market items	7,425	38,536	-	1,164	-	47,125
Liabilities payable on demand	1,355	-	-	-	-	1,355
Derivatives liabilities	108	10,471	3,627	22,773	-	36,979
Debt issued and borrowings	19	34,597	735	1,000	-	36,351
Accounts payable from purchase of investments	12,779	-	-	-	-	12,779
Total financial liabilities	77,489	113,743	15,268	26,289	-	232,789

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	Consolidated					
	2010					
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	Total
	(in million Baht)					
Financial assets						
Cash	488	-	-	-	-	488
Interbank and money market items, net	1,955	60,987	-	302	-	63,244
Derivatives assets	-	10,981	5,842	23,535	-	40,358
Investments in debt securities	-	11,055	13,161	29,661	-	53,877
Investments in equity securities, net	-	-	-	-	55	55
Loans to customers	10,316	23,373	3,147	59,487	-	96,323
Accounts receivable from sales of investments and debt securities in issue	22,876	-	-	-	-	22,876
Total financial assets	35,635	106,396	22,150	112,985	55	277,221

<i>Financial liabilities</i>						
Deposits	60,758	27,033	7,443	982	-	96,216
Interbank and money market items	10,936	38,966	300	1,200	-	51,402
Liabilities payable on demand	1,723	-	-	-	-	1,723
Derivatives liabilities	96	12,282	7,297	25,163	-	44,838
Debt issued and borrowings	13	20,557	-	1,000	-	21,570
Accounts payable from purchase of investments	24,163	-	-	-	-	24,163
Total financial liabilities	97,689	98,838	15,040	28,345	-	239,912

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

<i>Financial liabilities</i>						
Deposits	55,818	30,139	10,906	1,352	-	98,215
Interbank and money market items	7,425	38,536	-	1,164	-	47,125
Liabilities payable on demand	1,355	-	-	-	-	1,355
Derivatives liabilities	108	10,471	3,627	22,773	-	36,979
Debt issued and borrowings	19	34,671	735	1,000	-	36,425
Accounts payable from purchase of investments	12,779	-	-	-	-	12,779
Total financial liabilities	77,504	113,817	15,268	26,289	-	232,878

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Bank only						
2010						
	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	488	-	-	-	-	488
Interbank and money market items, net	1,955	60,987	-	302	-	63,244
Derivatives assets	-	10,981	5,842	23,535	-	40,358
Investments in debt securities	-	11,055	13,161	29,661	-	53,877
Investments in equity securities, net	-	-	-	-	55	55
Loans to customers	10,316	23,373	3,147	59,487	-	96,323
Accounts receivable from sales of investments and debt securities in issue	22,876	-	-	-	-	22,876
Total financial assets	35,635	106,396	22,150	112,985	55	277,221
<i>Financial liabilities</i>						
Deposits	60,781	27,033	7,443	982	-	96,239
Interbank and money market items	10,936	38,966	300	1,200	-	51,402
Liabilities payable on demand	1,723	-	-	-	-	1,723
Derivatives liabilities	96	12,282	7,297	25,163	-	44,838
Debt issued and borrowings	13	20,632	-	1,000	-	21,645
Accounts payable from purchase of investments	24,163	-	-	-	-	24,163
Total financial liabilities	97,712	98,913	15,040	28,345	-	240,010

Derivatives

The remaining period to maturity of the notional amount of derivatives as at 31 December 2011 and 2010 are as follows:

Consolidated and Bank only			
2011			
	Within 1 year	Over 1 year	Total
	<i>(in million Baht)</i>		
<i>Foreign currency related</i>			
Forward exchange contracts	680,084	6,379	686,463
Cross currency swap contracts	83,292	223,643	306,935
Currency option contracts	6,499	-	6,499
<i>Interest rate related</i>			
Interest rate swap contracts	493,127	975,238	1,468,365
Interest rate option contracts	1,980	11,509	13,489
<i>Others</i>			
- Commodities	21,786	300	22,086

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	Consolidated and Bank only		
	2010		
	Within	Over	Total
	1 year	1 year	
	(in million Baht)		
<i>Foreign currency related</i>			
Forward exchange contracts	613,992	17,231	631,223
Cross currency swap contracts	84,966	174,028	258,994
Currency option contracts	11,355	865	12,220
<i>Interest rate related</i>			
Interest rate swap contracts	486,583	897,455	1,384,038
Interest rate option contracts	-	13,680	13,680
<i>Others</i>			
- Commodities	18,862	1,666	20,528

7 Fair value of financial instruments

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

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

	Consolidated			
	2011		2010	
	Carrying	Fair	Carrying	Fair
	amount	Value	amount	Value
	(in million Baht)			
<i>Financial assets</i>				
Cash	388	388	488	488
Interbank and money market items, net	71,480	71,480	63,244	63,244
Derivatives assets	35,263	35,263	40,358	40,358
Investments, net	60,019	60,019	53,932	53,932
Loans to customers	98,763	99,777	96,323	97,649
Accounts receivable from sales of investments and debt securities in issue	10,780	10,780	22,876	22,876
Total financial assets	276,693	277,707	277,221	278,547
<i>Financial liabilities</i>				
Deposits	98,200	98,199	96,216	96,216
Interbank and money market items	47,125	47,150	51,402	51,397
Liabilities payable on demand	1,355	1,355	1,723	1,723
Derivatives liabilities	36,979	36,979	44,838	44,838
Debt issued and borrowings	36,351	36,337	21,570	21,567
Accounts payable from purchase of investments	12,779	12,779	24,163	24,163
Total financial liabilities	232,789	232,799	239,912	239,904

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	2011		Bank only 2010	
	Carrying amount	Fair Value (in million Baht)	Carrying amount	Fair Value
<i>Financial assets</i>				
Cash	388	388	488	488
Interbank and money market items, net	71,480	71,480	63,244	63,244
Derivatives assets	35,263	35,263	40,358	40,358
Investment, net	60,019	60,019	53,932	53,932
Loans to customers	98,763	99,777	96,323	97,649
Accounts receivable from sales of investments and debt securities in issue	10,780	10,780	22,876	22,876
Total financial assets	276,693	277,707	277,221	278,547
<i>Financial liabilities</i>				
Deposits	98,215	98,215	96,239	96,239
Interbank and money market items	47,125	47,150	51,402	51,397
Liabilities payable on demand	1,355	1,355	1,723	1,723
Derivatives liabilities	36,979	36,979	44,838	44,838
Debt issued and borrowings	36,425	36,412	21,645	21,642
Accounts payable from purchase of investments	12,779	12,779	24,163	24,163
Total financial liabilities	232,878	232,890	240,010	240,002

Methods and assumptions in estimating fair value of financial instruments

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

Cash, interbank and money market items (assets)

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

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

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

General investments

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

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Loans to customers

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

Deposits

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

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

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

Liabilities payable on demand

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

Derivatives

The fair values of foreign exchange contracts, interest rate contracts and other contracts are determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, and are disclosed in Note 10.

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8 Maintenance of capital fund

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

	Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Tier one capital</i>		
Issued and paid-up share capital	14,837	14,837
Share premium	9,056	9,056
Legal reserve	503	408
Net income after appropriation	7,697	6,648
Less deduction item: 50% from tier one capital and 50% from tier two capital	(309)	(350)
Less deduction amount of negative capital tier two	(59)	-
Total tier one capital	31,725	30,599
<i>Tier two capital</i>		
Provision for normal classified asset	250	394
Gain on revaluation of available-for-sale investments	-	4
Less deduction item: 50% from tier one capital and 50% from tier two capital	(250)	(350)
Total tier two capital	-	48
Total capital	31,725	30,647
Total capital ratio	17.13%	15.12%
Tier one capital ratio	17.13%	15.10%

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

Since 2010, the Bank has further applied the calculation for minimum capital requirement under AIRB for additional products, as approved by the Bank of Thailand, resulting in the expected loss (EL) exceeding the total eligible provision. In accordance with the capital calculation basis under AIRB, the excess has been deducted from tier one and tier two capital.

As at 31 December 2011 and 2010, the Bank met the minimum capital ratio requirements set down by the BoT for total capital of 8.5% and tier one capital of 4.25%.

In accordance with the BoT Notification No. Sor Nor Sor 25/2552 dated 14 December 2009, Re: "Public Disclosure of Capital Maintenance for Commercial Banks", the Bank intends to disclose Capital Maintenance information as of 31 December 2011 within 4 months after the year 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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9 Interbank and money market items (assets)

	Consolidated and Bank only					
	At call	2011 Term	Total	At call	2010 Term	Total
			<i>(in million Baht)</i>			
Domestic						
Bank of Thailand	791	50,400	51,191	780	50,500	51,280
Commercial banks	140	4,877	5,017	105	2,460	2,565
Special financial institutions	-	-	-	-	8,000	8,000
Total	931	55,277	56,208	885	60,960	61,845
Add accrued interest receivable	-	46	46	-	27	27
Less allowance for doubtful accounts	-	(3)	(3)	-	-	-
Total domestic, net	931	55,320	56,251	885	60,987	61,872
Foreign						
US Dollar	30	14,366	14,396	593	302	895
Japanese Yen	177	-	177	301	-	301
Euro	419	-	419	93	-	93
Australian Dollar	47	-	47	7	-	7
Other currencies	183	-	183	76	-	76
Total	856	14,366	15,222	1,070	302	1,372
Add accrued interest receivable	-	18	18	-	-	-
Less allowance for doubtful accounts	-	(11)	(11)	-	-	-
Total foreign	856	14,373	15,229	1,070	302	1,372
Total domestic and foreign, net	1,787	69,693	71,480	1,955	61,289	63,244

10 Derivatives

Derivatives held for trading

Fair value and notional amount classified by type of risks

Consolidated and Bank only						
Type of risks	2011			2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related	18,889	19,668	999,897	20,701	25,155	902,437
Interest rate related	14,898	15,816	1,468,784	17,655	17,605	1,379,133
Others						
- Bond option	-	-	-	8	-	-
- Equity option	1	-	-	1	-	-
- Commodities	1,376	1,376	22,086	1,898	1,898	20,528
	1,377	1,376	22,086	1,907	1,898	20,528
Total	35,164	36,860	2,490,767	40,263	44,658	2,302,098

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Proportion of the notional amount classified by counterparties

Counterparties	Consolidated and Bank only	
	2011	2010
	(%)	
Financial institutions	78.81%	82.89%
Related parties	12.60%	7.34%
Other parties	8.59%	9.77%

Derivatives held for hedging

Fair value hedges

Type of risks	Consolidated and Bank only					
	2011			2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Interest rate related	-	73	1,900	86	143	6,375
Total	-	73	1,900	86	143	6,375

The swaps exchange fixed rates for floating rates on funding to match floating rates received on assets, or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative i.e. interest rate swaps are substantially matched by corresponding fair value changes of the hedged items i.e. investments and deposits, both of which are recognised in profit or loss.

Cash flow hedges

Type of risks	Consolidated and Bank only					
	2011			2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Interest rate related	99	46	11,170	9	37	12,210
Total	99	46	11,170	9	37	12,210

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

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

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

Consolidated and Bank only					
2010					
Forecast cash flows	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
<i>(in million Baht)</i>					
Forecast received cash flows	94	169	540	19	822
Forecast payable cash flows	(80)	(151)	(165)	-	(396)
Net forecast cash flow	14	18	375	19	426

11 Investments

		Consolidated and Bank only	
		2011	2010
		<i>(in million Baht)</i>	
Trading investments		Fair value	
Government and state enterprise bonds		8,940	6,325
Private debt instruments		-	4,461
Total		8,940	10,786
Available-for-sale investments		Fair value	
Government and state enterprise bonds		49,269	42,759
Private debt instruments		1,709	75
Domestic marketable equity securities		10	17
Total		50,988	42,851
Held to maturity		Cost	
Investment in transferred debt		68	257
Total		68	257
General investments		Cost	
Domestic non-marketable equity securities		41	56
Foreign non-marketable equity securities		1	1
Total		42	57
Less allowance for impairment		(19)	(19)
Net		23	38
Total investments, net		60,019	53,932

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As at 31 December 2011, the Bank has government and state enterprise bonds which were pledged as collateral amounting to Baht 15,500 million (2010: Baht 16,000 million).

Fair value changes in available-for-sale investments as of 31 December 2011 and 2010 consisted of:

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Fair value changes in available-for-sale investments</i>		
Debt securities	91	22
Equity securities	-	8
Total	91	30
<i>Less fair value changes in fair value hedged investments</i>	<i>(54)</i>	<i>(109)</i>
Fair value changes in available-for-sale investments recognised in other comprehensive income	37	(79)

Investments in companies with problems in relation to their financial positions and results of operations as at 31 December 2011 and 2010 are as follows:

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

	Consolidated and Bank only				
	2010				
	No. of companies	Cost	Fair value	Allowance for revaluation	Allowance for impairment
			<i>(in million Baht)</i>		
Listed company	1	99	17	7	(89)
Non-listed companies	7	24	13	-	(11)
Total	8	123	30	7	(100)

12 Investment in subsidiary

Company name	Type of business	Type of Investment	Bank only Ownership Interest	2011	2010
				Investment (Cost method) <i>(in million Baht)</i>	
Subsidiary					
Thai Exclusive Leasing Company Limited (TEL)	Debt collection business	Ordinary Shares	100%	59	59
Investment in subsidiary				59	59

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13 Loans to customers and accrued interest receivables

Classified by type of loans

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Overdrafts	2,811	1,797
Loans	79,800	79,648
Bills	16,149	14,743
Finance lease receivables	-	135
Others	3	2
Less deferred revenue	-	(2)
Total	98,763	96,323
Add accrued interest receivable	634	426
Less allowance for doubtful accounts		
Minimum allowance as BoT's regulations		
- Individual approach	(3,369)	(1,417)
- Collective approach	(694)	(552)
Excess allowance	(708)	(1,293)
	(4,771)	(3,262)
Net	94,626	93,487

Classified by currency and residence of debtors

	Consolidated and Bank only					
	2011			2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	90,005	280	90,285	87,129	47	87,176
US Dollar	8,013	420	8,433	7,886	1,089	8,975
Other currencies	45	-	45	172	-	172
Total	98,063	700	98,763	95,187	1,136	96,323

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Classified by industry and loan classification

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

Consolidated and Bank only						
2010						
	Pass	Special mention	Substandard <i>(in million Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,788	-	-	-	8	1,796
Manufacturing and commerce	25,640	2,502	2	66	873	29,083
Property development and construction	4,061	7	1	2	118	4,189
Infrastructure and services	11,994	56	-	4	84	12,138
Housing loans	23,949	137	98	73	70	24,327
Others	24,148	353	112	37	140	24,790
Total	91,580	3,055	213	182	1,293	96,323

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Classified by loan classification

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

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

As at 31 December 2011, the collective approach is applied to loans to customers and accrued interest receivables of Baht 61,960 million, using provision rates between 0.05% and 3.14%, and the total allowance is Baht 694 million.

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Consolidated and Bank only				
2010				
	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 BoT's Regulations				
Pass	91,987	53,845	1	538
Special mention	3,063	2,792	2	56
Substandard	213	131	100	131
Doubtful	182	73	100	73
Doubtful of loss	1,304	1,171	100	1,171
				1,969
Excess allowance				
				1,293
Total	96,749	58,012		3,262

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

As at 31 December 2010, the collective approach was applied to loans to customers and accrued interest receivables of Baht 55,326 million, using provision rates between 0.04% and 2.93%. The total allowance under this approach was Baht 552 million.

Non-performing loans

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

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

As at 31 December 2011 and 2010, NPL net (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Non-performing loans, net	1,089	313
Total loans used for NPL net ratio calculation ⁽¹⁾	151,846	155,848
Ratio of total loans	0.72%	0.20%

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As at 31 December 2011 and 2010, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Non-performing loans, gross	4,279	1,688
Total loans used for NPL gross ratio calculation ⁽¹⁾	155,036	157,223
Ratio of total loans	2.76%	1.07%

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

14 Troubled debt restructuring

During the years ended 31 December 2011 and 2010, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated and Bank only				
2011				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring	Amount of debt after restructuring
			<i>(in million Baht)</i>	
Modification of terms and conditions	Over 1 year to 26 years	491	319	316
Total		491	319	316

Consolidated and Bank only				
2010				
Restructuring method	Terms of debt restructuring agreements	No. of customers	Amount of debt before restructuring	Amount of debt after restructuring
			<i>(in million Baht)</i>	
Modification of terms and conditions	Over 9 months to 26 years	2,060	3,363	3,342
Total		2,060	3,363	3,342

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

As at 31 December 2011, the Bank had outstanding balances of restructured debt amounting to Baht 1,325 million (2010: Baht 4,091 million).

The loss incurred arising from restructuring, before allowance for doubtful accounts, for the year ended 31 December 2011 was Baht 3 million (2010: Baht 21 million). If the loss on debt restructuring is higher than the allowance for doubtful accounts, the excess amounts are recognised as loss from debt restructuring in profit or loss. The Bank had no loss on debt restructuring for the year ended 31 December 2011 and 2010.

Interest income recognised from these restructured debts totalled Baht 325 million for the year ended 31 December 2011 (2010: Baht 563 million).

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15 Finance lease receivables

	Consolidated and Bank only	
	2011	2010
	Amount due within 1 year	
	(in million Baht)	
Gross receivables from finance lease	-	135
Less deferred revenue	-	(2)
Present value of minimum lease payment	-	133
Less allowance for doubtful accounts	-	(2)
Total finance lease receivables, net	-	131

16 Allowance for doubtful accounts

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

	Consolidated and Bank only						
	2010						
	Pass	Special mention	Sub standard	Doubtful	Doubtful of loss	Excess allowance	Total
	(in million Baht)						
Balance at beginning of the year	496	71	193	29	1,810	489	3,088
Allowance for doubtful Accounts	42	(15)	(62)	44	707	804	1,520
Bad debt written off	-	-	-	-	(1,329)	-	(1,329)
Others	-	-	-	-	(17)	-	(17)
Balance at end of the year	538	56	131	73	1,171	1,293	3,262

Impairment loss of loans recording in the profit or loss representing allowance for doubtful accounts net of bad debts recovered. For the year ended 31 December 2011, bad debts recovered was amounted to Baht 652 million (2010: Baht 596 million).

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17 Properties for sale

The details of properties for sale are as follows:

Consolidated and Bank only				
2011				
	Beginning balance	Increase	Disposals	Ending Balance
		<i>(in million Baht)</i>		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	8	-	-	8
Movable property				
- Appraised by external appraisal	2	3	(2)	3
Total	10	3	(2)	11
Transfer from premises and equipment	100	42	(42)	100
Total properties for sale	110	45	(44)	111
Less allowance for impairment	(30)	(29)	23	(36)
Properties for sale, net	80	16	(21)	75

Consolidated and Bank only				
2010				
	Beginning balance	Increase	Disposals	Ending Balance
		<i>(in million Baht)</i>		
Assets acquired from debt repayment				
Immovable property				
- Appraised by external appraisal	24	-	(16)	8
Movable property				
- Appraised by external appraisal	6	5	(9)	2
Total	30	5	(25)	10
Transfer from premises and equipment	109	-	(9)	100
Total properties for sale	139	5	(34)	110
Less allowance for impairment	(31)	(13)	14	(30)
Properties for sale, net	108	(8)	(20)	80

18 Premises and equipment

Consolidated and Bank only
2011

As at 31 December 2011, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 940 million.

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Changes in premises and equipment during the year ended 31 December 2010 are summarised as follows:

Consolidated and Bank only										
2010										
Changes in cost during the year				Changes in accumulated depreciation during the year				Premises and equipment, net		
Beginning balance	Purchase and transfer in	Disposals and transfer out	Ending balance	Beginning Balance	Depreciation (in million Baht)	Transfer in	Disposals And transfer out	Ending balance	Allowance for impairment	
Land	44	-	44	-	-	-	-	-	(9)	35
Freehold premises	1,980	-	1,980	699	53	-	-	752	(451)	777
Equipment	1,235	112	1,251	1,050	108	6	(93)	1,071	-	180
Others	30	23	9	-	-	-	-	-	-	9
Total	3,289	135	3,284	1,749	161	6	(93)	1,823	(460)	1,001

As at 31 December 2010, the Bank had net book value of equipment under finance leases of Baht 30 million.

For the year ended 31 December 2010, the depreciation charges included in profit or loss were Baht 161 million.

As at 31 December 2010, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 914 million.

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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	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued interest and income receivable	463	392	463	391
Prepayments	43	38	43	38
Leasehold premises, net	31	33	31	33
Prepaid tax	411	-	411	-
Others	153	237	152	236
Total	1,101	700	1,100	698

21 Deposits

Classified by type of deposits

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current	7,783	7,531	7,783	7,531
Savings	48,020	53,227	48,035	53,250
Term				
- Less than 6 months	11,256	4,746	11,256	4,746
- 6 months to less than 1 year	8,362	9,852	8,362	9,852
- 1 year and over	22,779	20,860	22,779	20,860
Total	98,200	96,216	98,215	96,239

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Classified by currency and residence of depositors

Consolidated						
	Domestic	2011 Foreign	Total	Domestic	2010 Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	89,521	1,923	91,444	88,431	2,074	90,505
US Dollar	4,504	1,784	6,288	2,456	2,044	4,500
Other currencies	360	108	468	1,111	100	1,211
Total	94,385	3,815	98,200	91,998	4,218	96,216

Bank only						
	Domestic	2011 Foreign	Total	Domestic	2010 Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	89,536	1,923	91,459	88,454	2,074	90,528
US Dollar	4,504	1,784	6,288	2,456	2,044	4,500
Other currencies	360	108	468	1,111	100	1,211
Total	94,400	3,815	98,215	92,021	4,218	96,239

As at 31 December 2011, structured deposits that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 175 million (2010: nil).

22 Interbank and money market items (liabilities)

Consolidated and Bank only						
	At call	2011 Term	Total	At call	2010 Term	Total
	<i>(in million Baht)</i>					
Domestic						
Commercial banks	-	21,800	21,800	10	19,262	19,272
Special financial institutions	-	7,980	7,980	-	-	-
Other financial institutions	2,437	9,920	12,357	3,359	10,048	13,407
Total domestic	2,437	39,700	42,137	3,369	29,310	32,679
Foreign						
US Dollar	-	-	-	-	11,156	11,156
Thai Baht	4,988	-	4,988	7,558	-	7,558
Australian Dollar	-	-	-	9	-	9
Total foreign	4,988	-	4,988	7,567	11,156	18,723
Total domestic and foreign	7,425	39,700	47,125	10,936	40,466	51,402

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23 Debt issued and borrowings

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

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

As at 31 December 2011 and 2010, debt issued and borrowings balances are denominated in Thai Baht with forms as follows:

Consolidated						
	2011			2010		
	Maturity	Interest rate	Domestic (in million Baht)	Maturity	Interest rate	Domestic (in million Baht)
		(%)			(%)	
Debentures	2012	3.05% - 3.50%	16,104	2011	1.70% - 2.10%	11,144
Bills of exchange	2011-2012	2.33% - 4.50%	19,143	2010-2011	1.00% - 2.10%	9,426
Structured notes	2012-2015	0.00% - 29.19%	1,104	2014	0.00% - 6.25%	1,000
Total			36,351			21,570

Bank only						
	2011			2010		
	Maturity	Interest rate	Domestic (in million Baht)	Maturity	Interest rate	Domestic (in million Baht)
		(%)			(%)	
Debentures	2012	3.05% - 3.50%	16,104	2011	1.70% - 2.10%	11,144
Bills of exchange	2011-2012	2.33% - 4.50%	19,217	2010-2011	1.00% - 2.10%	9,501
Structured notes	2012-2015	0.00% - 29.19%	1,104	2014	0.00% - 6.25%	1,000
Total			36,425			21,645

As at 31 December 2011, structured notes that are not designated at fair value in the consolidated and Bank only financial statements amounted to Baht 1,104 million (2010: Baht 1,000 million).

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24 Accounts payable from purchase of investments

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

25 Employee benefit obligations

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statements of financial position obligations for:				
Defined benefit obligations	<u>268</u>	<u>223</u>	<u>262</u>	<u>219</u>
 Year ended 31 December				
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Statements of comprehensive income recognised in profit or loss:				
Defined benefit obligations	<u>36</u>	<u>223</u>	<u>35</u>	<u>219</u>
 Recognised in other comprehensive income:				
Actuarial losses on defined benefit plans	<u>11</u>	<u>-</u>	<u>10</u>	<u>-</u>

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

The statements of financial position obligation was determined as follows:

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>268</u>	<u>223</u>	<u>262</u>	<u>219</u>
Statements of financial position obligation	<u>268</u>	<u>223</u>	<u>262</u>	<u>219</u>

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Movement in the present value of the defined benefit obligations:

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	223	-	219	-
Benefit paid by the plan	(2)	-	(2)	-
Current service costs and interest	36	-	35	-
Past service costs	-	223	-	219
Actuarial losses in other comprehensive income	11	-	10	-
Defined benefit obligations at 31 December	268	223	262	219

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

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Employee expense				
- Current service costs	28	-	27	-
- Interest on obligation	8	-	8	-
- Past service costs	-	223	-	219
Total	36	223	35	219

Actuarial losses recognised in other comprehensive income

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Recognised during the year	11	-	10	-
At 31 December	11	-	10	-

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

	Consolidated and Bank only	
	2011	2010
	<i>(%)</i>	
Discount rate	3.40%	3.70%
Future average salary increases	5.00%	5.00%
Turnover rate	0% - 30%	0% - 30%

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

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26 Share-based payment

Share-based compensation

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

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

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

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

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

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

Valuation

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

Grant date	2011				2010			
	14 December	20 September	22 June	10 March	16 December	21 September	18 June	11 March
Share price at grant date (£)	-	-	-	16.82	17.66	19.12	17.40	17.40
Vesting period (years)								
– 2006 RSS	-	-	-	1/2/3	2/3	2/3	2/3	2/3
Vesting period (years)								
– 2007 SRSS	-	-	-	2/3	2/3	2/3	2/3	1/2/3
Expected dividend yield (%)								
– 2006 RSS	-	-	-	2.8/4.1	3.7	3.7	3.9	3.9
Expected dividend yield (%)								
– 2007 SRSS	-	-	-	4.1	3.7	3.7	3.9	2.7/3.9
Fair value (£) – 2006 RSS	-	-	-	16.82/15.22	16.11	17.46	15.80	15.80
Fair value (£) – 2007 SRSS	-	-	-	15.22	16.11	17.46	15.80	16.93/15.80

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

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A reconciliation of movements for the years ended 31 December 2011 and 2010 shown below:

	2011	2010
	No. of shares	
Outstanding at 1 January	247,999	208,325
Granted	37,656	79,510
Additional shares for SC PLC rights issue	-	6,457
Lapsed	(4,122)	(14,882)
Exercised	(84,022)	(31,411)
Outstanding at 31 December	197,511	247,999
Weighted average remaining contractual life	3.08 years	4.76 years
Exercisable at 31 December	58,037	32,943

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.

	2010			
<i>Grant date</i>	16December	21September	18June	11March
Share price at grant date (£)	17.66	19.12	17.40	17.40
Vesting period (years)	3	3	3	3
Expected dividend yield (%)	3.78	3.76	3.51	3.51
Fair value (EPS) (£)	7.90	8.55	7.85	7.85
Fair value (TSR) (£)	3.10	3.36	3.08	3.08

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

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

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A reconciliation of movements for the years ended 31 December 2011 and 2010 shown below:

	2011	2010
	No. of shares	
Outstanding at 1 January	52,698	58,359
Granted	-	-
Additional shares for SC PLC rights issue	-	2,067
Lapsed	(6,368)	-
Exercised	(9,836)	(7,728)
Outstanding at 31 December	36,494	52,698
Weighted average remaining contractual life	6.72 years	6.39 years
Exercisable at 31 December	8,472	14,542

2011 Standard Chartered Share Plan

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

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

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

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

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A reconciliation of movements for the years ended 31 December 2011 and 2010 shown below:

	2011	2010
	No. of shares	
Outstanding at 1 January	-	-
Granted	14,216	-
Lapsed	-	-
Outstanding at 31 December	14,216	-
Weighted average remaining contractual life	9.44 years	-
Exercisable at 31 December	-	-

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 stockbroking commission charges.

Valuation

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

	2011		2010	
<i>Grant date</i>	11 October	4 October	9 October	5 October
Share price at grant date (£)	14.11	11.70	18.70	18.48
Exercise price (£) ⁽¹⁾	10.65	10.65	15.19	15.19
Vesting period (years)	3/5	3/5	3/5	3/5
Expected volatility (%)	53.8/45.8	53.3/45.54	56.0/46.0	56.0/46.0
Expected option life (years)	3.33/5.33	3.33/5.33	3.33/5.33	3.33/5.33
Risk free rate (%)	0.9/1.4	0.7/1.2	0.9/0.6	0.9/0.6
Expected dividend yield (%)	3.9/3.5	3.9/3.5	3.5/3.4	3.5/3.4
Fair value (£)	5.46/5.39	3.87	7.2/7.0	7.0/6.9

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

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

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A reconciliation of movements for the years ended 31 December 2011 and 2010 shown below:

	2011	2010
	No. of shares	
Outstanding at 1 January	646,453	652,147
Granted	263,523	163,369
Additional shares for SC PLC rights issue	-	25,410
Lapsed	(86,296)	(98,691)
Exercised	(138,284)	(95,782)
Outstanding at 31 December	685,396	646,453
Weighted average remaining contractual life	2.30 years	1.36 years
Exercisable at 31 December	97,789	58,168

27 Provisions

	Employee Benefits	Share-based payment	Consolidated Contingent Liabilities	Total
			(in million Baht)	
At 1 January 2010	-	132	94	226
Provisions made	243	117	27	387
Provisions used	-	-	-	-
Provisions reversed	-	-	-	-
At 31 December 2010 and 1 January 2011	243	249	121	613
Provisions made	67	19	157	243
Provisions used	(21)	(247)	-	(268)
Provisions reversed	-	(3)	(4)	(7)
At 31 December 2011	289	18	274	581

	Employee Benefits	Share-based payment	Bank only Contingent Liabilities	Total
			(in million Baht)	
At 1 January 2010	-	131	94	225
Provisions made	238	115	27	380
Provisions used	-	-	-	-
Provisions reversed	-	-	-	-
At 31 December 2010 and 1 January 2011	238	246	121	605
Provisions made	65	19	158	242
Provisions used	(21)	(243)	-	(264)
Provisions reversed	-	(3)	(4)	(7)
At 31 December 2011	282	19	275	576

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28 Other liabilities

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposit collaterals	7	7	7	7
Social security	3	3	3	3
Withholding tax payable	200	250	199	249
Collaterals from Credit Support Annex agreements and margin payables from private repo Transaction	3,037	4,676	3,037	4,676
VAT payable	7	11	7	11
Other payables	292	308	292	308
Accrued interest payable	316	184	316	184
Accrued expenses	1,707	1,947	1,711	1,953
Others	313	322	313	321
Total	5,882	7,708	5,885	7,712

29 Share capital

	Consolidated and Bank only				
	Par value per share (in Baht)	2011 Number	2011 Amount	2010 Number	2010 Amount
		<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

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30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 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	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit for the years attributable to equity holders of the Bank (basic)	<u>3,594</u>	<u>1,849</u>	<u>3,599</u>	<u>1,900</u>
Number of ordinary shares outstanding	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>	<u>1,484</u>
Basic earnings per share (in Baht)	<u>2.42</u>	<u>1.25</u>	<u>2.43</u>	<u>1.28</u>

31 Dividends

At the annual general meeting of the shareholders of the Bank held on 12 April 2011, the shareholders approved the appropriation of dividend of Baht 0.51 per share, amounting to Baht 757 million. The dividends were paid to shareholders in May 2011.

At the annual general meeting of the shareholders of the Bank held on 22 April 2010, the shareholders approved the appropriation of dividend of Baht 0.74 per share, amounting to Baht 1,098 million. The dividends were paid to shareholders in May 2010.

32 Reserves

Share premium

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

Legal reserve

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

Other reserves

Fair value change in available-for-sale investments

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

Cash flow hedges

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

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Movement in reserves

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

33 Contingent liabilities

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Guarantees of loans	165	74
Liability under unmatured import bills	1,142	1,530
Letters of credit	5,544	3,769
<i>Other contingencies</i>		
- Unused credit line of overdrafts	10,397	11,570
- Other letters of guarantee	26,474	31,867
- Unused credit line – other	465,011	260,526
	<u>501,882</u>	<u>303,963</u>
Total	<u>508,733</u>	<u>309,336</u>

Litigation

As at 31 December 2011, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 1,035 million (excluding interest) (2010: Baht 1,050 million). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 166 million as at 31 December 2011 (2010: Baht 29 million).

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34 Related party transactions and balances

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

Relationships with related parties were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank and its subsidiary
Standard Chartered Bank	United Kingdom	Immediate parent company of the Bank and its subsidiary
Thai Exclusive Leasing Company Limited	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representative of the Bank
Standard Chartered (Thailand) Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered (Thai) Asset Management Company Limited	Thailand	Affiliated company of Standard Chartered Group
Resolution Alliance Limited	Thailand	Affiliated company of Standard Chartered Group
Standard Chartered Securities (Hong Kong) Limited	Hong Kong	Affiliated company of Standard Chartered Group
Scope International Private Limited	India	Affiliated company of Standard Chartered Group
Scope International (Malaysia) Private Sendirian Berhad	Malaysia	Affiliated company of Standard Chartered Group
Standard Chartered (GCT) Limited	United Kingdom	Affiliated company of Standard Chartered Group
Standard Chartered Strategic Brand Management Limited	United Kingdom	Affiliated company of Standard Chartered Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary

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

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

Significant transactions with related parties

Significant transactions with related parties for the years ended 31 December 2011 and 2010 are summarised as follows:

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income	354	64	354	64
Interest expenses	60	57	62	59
Fee and service income	2	2	2	2
Fee and service expenses	19	24	19	24
Losses on trading and foreign exchange				
Transactions	3,013	536	3,013	536
<i>Other operating income</i>				
Dividend income	-	-	25	75
Shared support function	12	13	68	76
Rental income	-	-	6	6
<i>Other operating expenses</i>				
Service agreements	462	366	612	548
Outsourcing of processing activities	32	34	32	34
Trademark license fee	164	135	164	135
Reimbursable direct expenses to/from related	63/(62)	52/(72)	63/(62)	52/(72)

Significant agreements with related parties

License agreement

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

Services agreement

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

On 9 August 2010, the Bank of Thailand issued the Notification Sor.Nor.Sor. 8/2553 re: Outsourcing Regulation, the main objective of which is to encourage financial institutions to upgrade operational capabilities and utilize limited resources in core activities as well as gain benefits from specialized expertise of service providers. The essence of such Notification is to improve the outsourcing guideline by adhering to the principle that if core activities of the financial institution are relevant to business decision-making, management responsibilities, checks and balances and risk management, the financial institution must conduct these activities by itself and cannot utilize outsourcing.

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

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

Shared support function

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

Outsourcing services

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

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

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Key management personnel</i>		
Short-term employee benefits	439	397
Share-based payments	17	16
Termination benefits	10	-
Total key management personnel compensation	466	413

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Directors' and executives' benefits

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

Significant balances and business transactions with executives and business entities

Significant balances and business transactions with executive directors and authorised management, including their related parties and business entities in which the Bank, its directors or key management, including their related parties hold 10% or more of the paid up capital as of 31 December 2011 and 2010 were as follows:

	Consolidated and Bank only			
	2011		2010	
	At end of year	Average (in million Baht)	At end of year	Average
<i>Loans to customers</i>				
To executive directors and authorised management, including their related parties	<u>2,822</u>	<u>243</u>	<u>14</u>	<u>16</u>
<i>Deposits</i>				
From executive directors and authorised management, including their related parties	<u>158</u>	<u>161</u>	<u>141</u>	<u>148</u>
<i>Borrowing</i>				
From executive directors and authorised management, including their related parties	<u>48</u>	<u>48</u>	<u>-</u>	<u>-</u>

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	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Interbank and money market items (assets)</i>		
Standard Chartered Bank	13,573	1,353
<i>Derivatives assets (marked to market value)</i>		
Standard Chartered Bank	5,545	5,168
Standard Chartered (GCT) Limited	-	93
Total	5,545	5,261
<i>Loans to customers and accrued interest receivables</i>		
Resolution Alliance Limited	327	-
Standard Chartered (Thai) Asset Management Company Limited	5,624	4,911
Total	5,951	4,911
<i>Accrued income</i>		
Standard Chartered Bank	11	68
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	-	1
Total	11	69
<i>Deposits</i>		
Resolution Alliance Limited	39	-
Standard Chartered (Thailand) Limited	11	11
Standard Chartered (Thai) Asset Management Company Limited	308	64
Standard Chartered Securities (Hong Kong) Limited	1	1
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	16	23
Total	375	99
<i>Interbank and money market items (liabilities)</i>		
Standard Chartered Bank	536	12,999
<i>Derivatives liabilities (marked to market value)</i>		
Standard Chartered Bank	8,488	7,082
Standard Chartered (GCT) Limited	-	16
Standard Chartered (Thai) Asset Management Company Limited	12	-
Total	8,500	7,098
<i>Debt issued and borrowings</i>		
Standard Chartered (Thailand) Limited	349	582
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	75	75
Total	424	657

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	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Provisions</i>		
Standard Chartered Bank	<u>19</u>	<u>246</u>
<i>Accrued interest payable</i>		
Standard Chartered Bank	<u>-</u>	<u>2</u>
<i>Accrued expenses</i>		
Standard Chartered Bank	472	596
Standard Chartered Strategic Brand Management Limited	166	136
Scope International Private Limited	7	13
Scope International (Malaysia) Sendirian Berhad	9	9
Thai Exclusive Leasing Company Limited (nil in consolidated financial statements)	14	14
Total	<u>668</u>	<u>768</u>
<i>Letters of credit</i>		
Standard Chartered Bank	<u>1</u>	<u>13</u>
<i>Other letters of guarantee</i>		
Standard Chartered Bank	8,559	12,252
Standard Chartered (Thailand) Limited	3	3
Total	<u>8,562</u>	<u>12,255</u>
<i>Derivatives - Foreign currency related</i>		
Standard Chartered Bank	102,218	101,258
Standard Chartered (GCT) Limited	-	297
Standard Chartered (Thai) Asset Management Company Limited	1,141	-
Total	<u>103,359</u>	<u>101,555</u>
<i>Derivatives - Interest rate related</i>		
Standard Chartered Bank	<u>194,790</u>	<u>124,463</u>
<i>Derivatives - Commodities</i>		
Standard Chartered Bank	<u>17,379</u>	<u>16,591</u>

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35 Non-cancellable operating lease agreements

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

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Within one year	100	90
After one year but within five years	160	132
After five years	109	109
Total	369	331

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiary have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial period beginning on or after 1 January 2013.

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

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

TAS 12 – Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the asset or liability in the statement of financial position and the amount attributed to that asset or liability for tax purposes; and the carry forward of unused tax losses. Currently, the Bank and its subsidiary do not recognise deferred tax in the financial statements.

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When the Bank and its subsidiary adopt TAS 12, the effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2011 will be adjusted accordingly. The estimated impact on the statement of financial position as at 31 December 2011 is as follows:

	Consolidated	Bank only
	2011	
	<i>(in million Baht)</i>	
<i>Statement of financial position</i>		
Net increase in deferred tax assets	612	611
Equity		
- Decrease in other reserves items	(8)	(8)
- Increase in retained earnings	620	619
	<u>612</u>	<u>611</u>

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

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

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

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

As at 31 December 2011 and 2010, the Bank has not engaged in overseas business. The financial positions and results of the Bank's operations were derived from only domestic business.

38 Interest income

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Interbank and money market items	2,930	1,245
Investments and trading transactions	157	59
Investments in debt securities	1,028	758
Loans	8,269	6,749
Financial lease contracts	5	65
Total interest income	<u>12,389</u>	<u>8,876</u>

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39 Interest expenses

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	1,840	1,042	1,840	1,042
Interbank and money market items	1,423	622	1,423	622
Contribution to Deposits Protection Agency	400	361	400	361
Debt issued and borrowings	785	214	787	216
Others	3	4	3	4
Total interest expenses	4,451	2,243	4,453	2,245

40 Net fees and service income

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Fees and service income</i>		
Acceptance, avals and guarantees	151	162
Other	1,358	1,316
	1,509	1,478
<i>Fees and service expenses</i>	695	672
Net fees and service income	814	806

41 Gains on trading and foreign exchange transactions

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains (losses) on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	3,639	1,769
Interest rate related derivatives	(1,520)	(288)
Debt securities	(30)	(193)
Equity securities	-	1
	2,089	1,289
<i>Gains on hedging transactions</i>	52	204
Total	2,141	1,493

42 Gains on investments

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
<i>Gains on sales</i>		
Available-for-sale investments	39	129
Held to maturity	-	12
General investments	9	-
Total gains on investments	48	141

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43 Employee expenses

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Management</i>				
Wages and salaries	293	256	293	256
Pension costs - defined benefit plans	6	30	6	30
Share-based payment transactions	17	16	17	16
Others	156	140	156	140
	<u>472</u>	<u>442</u>	<u>472</u>	<u>442</u>
<i>Other employees</i>				
Wages and salaries	1,334	1,311	1,299	1,271
Pension costs - defined benefit plans	30	194	29	190
Share-based payment transactions	(6)	108	(6)	108
Others	747	715	733	689
	<u>2,105</u>	<u>2,328</u>	<u>2,055</u>	<u>2,258</u>
Total employee expenses	<u>2,577</u>	<u>2,770</u>	<u>2,527</u>	<u>2,700</u>

Defined benefit plans and contribution plans

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

44 Impairment loss of loans

	Consolidated and Bank only	
	2011	2010
	<i>(in million Baht)</i>	
Interbank and money market items	14	(1)
Loans to customers	1,758	925
Total impairment loss of loans	<u>1,772</u>	<u>924</u>

45 Income tax expense

The corporate income tax amount is determined by applying the corporate tax rate to the accounting profit for the year after adjusting income and expenses as required by the Revenue code and includes adjustment of tax payable in respect of the previous year.

The current tax expense in the consolidated and bank only statements of comprehensive income is less than the amount determined by applying the corporation tax rate to the accounting profit for the year principally because of the different treatment for accounting and taxation purposes of certain items of revenue and expense. The most significant items result from timing differences on loan loss expenses; during 2011 the Bank sold a portfolio of NPL's resulting in an allowable tax deduction on loan loss expensed for accounting purposes in prior years.

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Income tax recognised in profit or loss

	Consolidated		Bank only	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current tax expenses				
Current year	432	1,368	424	1,355
Adjustment for prior years	(22)	(54)	(22)	(54)
Total income tax expenses	410	1,314	402	1,301

46 Reclassification of accounts

Financial statements as at 31 December 2010 and financial statements for the year ended 31 December 2010 have been reclassified to be presented for comparative purposes in order to comply with new and revised Financial Reporting Standards and the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services”.