

**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 2010 and 2009



KPMG Phoomchai Audit Ltd.

Empire Tower, 50<sup>th</sup>-51<sup>st</sup> Floors  
195 South Sathorn Road  
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
195 ถนนสาทรใต้  
กรุงเทพฯ 10120

Tel: +66 2677 2000

Fax: +66 2677 2222

www.kpmg.co.th

## Audit Report of Certified Public Accountant

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

I have audited the accompanying consolidated and Bank only balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in shareholders' 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 audits 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 2010 and 2009 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 generally accepted accounting principles.

(Wilai Buranakittisophon)  
Certified Public Accountant  
Registration No. 3920

KPMG Phoomchai Audit Ltd.  
Bangkok  
21 February 2011

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

**Balance sheets**

**As at 31 December 2010 and 2009**

|   |                 | <b>Consolidated</b>    |                        | <b>Bank only</b>       |                        |
|---|-----------------|------------------------|------------------------|------------------------|------------------------|
|   | <i>Note</i>     | 2010                   | 2009                   | 2010                   | 2009                   |
|   |                 | <i>(in Baht)</i>       |                        |                        |                        |
| <b>Assets</b>   |                 |                        |                        |                        |                        |
| <b>Cash</b>   |                 | <b>487,869,987</b>     | <b>462,729,250</b>     | <b>487,869,987</b>     | <b>462,729,250</b>     |
| <b>Inter-bank and money market items</b>  | <b>5</b>        |                        |                        |                        |                        |
| Domestic items - Interest bearing, net  |                 | 60,986,919,035         | 76,316,472,190         | 60,986,683,624         | 76,316,234,679         |
| - Non-interest bearing  |                 | 885,324,502            | 1,515,142,890          | 885,324,502            | 1,515,142,890          |
| Foreign items - Interest bearing  |                 | 1,058,976,058          | 13,290,247,555         | 1,058,976,058          | 13,290,247,555         |
| - Non-interest bearing  |                 | 313,236,501            | 134,277,521            | 313,236,501            | 134,277,521            |
| <b>Total inter-bank and money market items, net</b>                               |                 | <b>63,244,456,096</b>  | <b>91,256,140,156</b>  | <b>63,244,220,685</b>  | <b>91,255,902,645</b>  |
| <b>Investments</b>  | <b>6</b>        |                        |                        |                        |                        |
| Current investments, net  |                 | 30,527,043,501         | 18,933,192,020         | 30,527,043,501         | 18,933,192,020         |
| Long term investments, net  |                 | 23,405,080,700         | 21,868,206,099         | 23,405,080,700         | 21,868,206,099         |
| Investment in subsidiary  |                 | -                      | -                      | 58,746,364             | 58,746,364             |
| <b>Total investments, net</b>   |                 | <b>53,932,124,201</b>  | <b>40,801,398,119</b>  | <b>53,990,870,565</b>  | <b>40,860,144,483</b>  |
| <b>Loans and accrued interest receivable</b>                                      | <b>7, 8, 27</b> |                        |                        |                        |                        |
| Loans   |                 | 96,323,567,626         | 81,259,470,406         | 96,323,567,626         | 81,259,470,406         |
| Accrued interest receivable   |                 | 425,709,354            | 378,295,526            | 425,709,354            | 378,295,526            |
| <b>Total loans and accrued interest receivable</b>                                |                 | <b>96,749,276,980</b>  | <b>81,637,765,932</b>  | <b>96,749,276,980</b>  | <b>81,637,765,932</b>  |
| <b>Less allowance for doubtful accounts</b>                                       | <b>9</b>        | <b>(3,261,961,364)</b> | <b>(3,088,028,924)</b> | <b>(3,261,961,364)</b> | <b>(3,088,028,924)</b> |
| <b>Total loans and accrued interest receivable, net</b>                           |                 | <b>93,487,315,616</b>  | <b>78,549,737,008</b>  | <b>93,487,315,616</b>  | <b>78,549,737,008</b>  |
| <b>Properties foreclosed, net</b>   | <b>10</b>       | <b>79,950,992</b>      | <b>107,674,251</b>     | <b>79,950,992</b>      | <b>107,674,251</b>     |
| <b>Premises and equipment, net</b>  | <b>11</b>       | <b>1,001,087,667</b>   | <b>1,080,460,588</b>   | <b>1,001,087,667</b>   | <b>1,080,460,588</b>   |
| <b>Unrealised gain on mark to market of derivative contracts</b>                  |                 | <b>40,358,191,374</b>  | <b>35,362,377,001</b>  | <b>40,358,191,374</b>  | <b>35,362,377,001</b>  |
| <b>Accounts receivable from sales of investments and debt securities in issue</b> | <b>12</b>       | <b>22,875,949,586</b>  | <b>13,642,832,513</b>  | <b>22,875,949,586</b>  | <b>13,642,832,513</b>  |
| <b>Other assets, net</b>  | <b>13</b>       | <b>5,547,185,782</b>   | <b>3,909,073,772</b>   | <b>5,545,596,918</b>   | <b>3,907,055,734</b>   |
| <b>Total assets</b>   |                 | <b>281,014,131,301</b> | <b>265,172,422,658</b> | <b>281,071,053,390</b> | <b>265,228,913,473</b> |

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

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

**Balance sheets**

**As at 31 December 2010 and 2009**

|  |               | <b>Consolidated</b>    |                        | <b>Bank only</b>       |                        |
|--|---------------|------------------------|------------------------|------------------------|------------------------|
|  | <i>Note</i>   | 2010                   | 2009                   | 2010                   | 2009                   |
|  |               | <i>(in Baht)</i>       |                        |                        |                        |
| <b>Liabilities and shareholders' equity</b>                      |               |                        |                        |                        |                        |
| <b>Deposits</b>  | <b>14</b>     |                        |                        |                        |                        |
| Deposits in Baht   |               | 90,504,885,828         | 87,919,489,321         | 90,528,072,416         | 87,938,746,504         |
| Deposits in foreign currencies                                   |               | 5,711,346,434          | 7,811,642,626          | 5,711,346,434          | 7,811,642,626          |
| <b>Total deposits</b>  |               | <b>96,216,232,262</b>  | <b>95,731,131,947</b>  | <b>96,239,418,850</b>  | <b>95,750,389,130</b>  |
| <b>Inter-bank and money market items</b>                         | <b>15</b>     |                        |                        |                        |                        |
| Domestic items - Interest bearing                                |               | 32,637,785,632         | 34,653,925,866         | 32,637,785,632         | 34,653,925,866         |
| - Non-interest bearing   |               | 40,896,640             | 53,337,997             | 40,896,640             | 53,337,997             |
| Foreign items - Interest bearing                                 |               | 11,801,546,056         | 18,679,485,909         | 11,801,546,056         | 18,679,485,909         |
| - Non-interest bearing   |               | 6,921,636,256          | 4,608,024,911          | 6,921,636,256          | 4,608,024,911          |
| <b>Total inter-bank and money market items</b>                   |               | <b>51,401,864,584</b>  | <b>57,994,774,683</b>  | <b>51,401,864,584</b>  | <b>57,994,774,683</b>  |
| <b>Liabilities payable on demand</b>                             |               | <b>1,722,977,623</b>   | <b>1,247,609,493</b>   | <b>1,722,977,623</b>   | <b>1,247,609,493</b>   |
| <b>Borrowings</b>  | <b>16</b>     |                        |                        |                        |                        |
| Short term borrowings  |               | 20,569,915,085         | 15,258,706,044         | 20,644,724,172         | 15,393,236,324         |
| Long term borrowings   |               | 1,000,000,000          | 1,600,000,000          | 1,000,000,000          | 1,600,000,000          |
| <b>Total borrowings</b>  |               | <b>21,569,915,085</b>  | <b>16,858,706,044</b>  | <b>21,644,724,172</b>  | <b>16,993,236,324</b>  |
| <b>Unrealised loss on mark to market of derivative contracts</b> |               | <b>44,838,169,731</b>  | <b>40,916,859,237</b>  | <b>44,838,169,731</b>  | <b>40,916,859,237</b>  |
| <b>Accrued expenses</b>  |               | <b>2,358,730,162</b>   | <b>2,528,402,130</b>   | <b>2,360,482,540</b>   | <b>2,520,903,808</b>   |
| <b>Accounts payable from purchase of investments</b>             | <b>17</b>     | <b>24,162,938,867</b>  | <b>15,207,228,675</b>  | <b>24,162,938,867</b>  | <b>15,207,228,675</b>  |
| <b>Provisions</b>  | <b>18, 26</b> | <b>344,001,517</b>     | <b>93,520,207</b>      | <b>339,285,517</b>     | <b>93,520,207</b>      |
| <b>Other liabilities</b>   | <b>19</b>     | <b>5,618,264,293</b>   | <b>2,350,828,421</b>   | <b>5,616,681,870</b>   | <b>2,349,415,591</b>   |
| <b>Total liabilities</b>   |               | <b>248,233,094,124</b> | <b>232,929,060,837</b> | <b>248,326,543,754</b> | <b>233,073,937,148</b> |
| <b>Shareholders' equity</b>                                      |               |                        |                        |                        |                        |
| <b>Share capital</b>   | <b>20</b>     |                        |                        |                        |                        |
| Authorised share capital   |               | 14,842,627,020         | 14,842,627,020         | 14,842,627,020         | 14,842,627,020         |
| Issued and paid-up share capital                                 |               | 14,837,045,480         | 14,837,045,480         | 14,837,045,480         | 14,837,045,480         |
| Share premium  | <b>20, 24</b> | 9,055,818,602          | 9,055,818,602          | 9,055,818,602          | 9,055,818,602          |
| <b>Surpluses from fair value changes</b>                         |               |                        |                        |                        |                        |
| Investments  | <b>6, 24</b>  | (79,360,711)           | 5,313,972              | (79,360,711)           | 5,313,972              |
| Cash flow hedges   | <b>24</b>     | (25,602,208)           | 102,736,407            | (25,602,208)           | 102,736,407            |
| <b>Retained earnings</b>   |               |                        |                        |                        |                        |
| Appropriated   |               |                        |                        |                        |                        |
| Legal reserve  | <b>24</b>     | 508,727,492            | 410,162,032            | 502,727,492            | 407,703,093            |
| Unappropriated   |               | 8,484,408,522          | 7,832,285,328          | 8,453,880,981          | 7,746,358,771          |
| <b>Total shareholders' equity</b>                                |               | <b>32,781,037,177</b>  | <b>32,243,361,821</b>  | <b>32,744,509,636</b>  | <b>32,154,976,325</b>  |
| <b>Total liabilities and shareholders' equity</b>                |               | <b>281,014,131,301</b> | <b>265,172,422,658</b> | <b>281,071,053,390</b> | <b>265,228,913,473</b> |
| <b>Off - balance sheet items - contingencies</b>                 | <b>25</b>     |                        |                        |                        |                        |
| Aval to bills and guarantees of loans                            |               | 74,228,418             | 87,862,943             | 74,228,418             | 87,862,943             |
| Liability under unmatured import bills                           |               | 1,530,221,749          | 1,102,221,211          | 1,530,221,749          | 1,102,221,211          |
| Letters of credit  |               | 3,768,812,968          | 3,742,513,040          | 3,768,812,968          | 3,742,513,040          |
| Other contingencies  |               | 3,543,102,135,524      | 3,505,924,266,172      | 3,543,102,135,524      | 3,505,924,266,172      |

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

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Statements of income**  
**For the years ended 31 December 2010 and 2009**

|   |             | <b>Consolidated</b>  |                      | <b>Bank only</b>     |                      |
|---|-------------|----------------------|----------------------|----------------------|----------------------|
|   | <i>Note</i> | 2010                 | 2009                 | 2010                 | 2009                 |
|   |             | <i>(in Baht)</i>     |                      |                      |                      |
| <b>Interest and dividend income</b>   | <b>27</b>   |                      |                      |                      |                      |
| Loans   |             | 6,669,274,462        | 6,844,799,990        | 6,669,274,462        | 6,844,799,990        |
| Inter-bank and money market items   |             | 1,275,369,331        | 1,631,140,953        | 1,275,369,331        | 1,631,126,262        |
| Hire purchase income  |             | 64,693,053           | 197,943,443          | 64,693,053           | 197,943,443          |
| Investments   |             | 773,472,748          | 659,520,015          | 848,472,673          | 704,519,969          |
| <b>Total interest and dividend income</b>                                     |             | <b>8,782,809,594</b> | <b>9,333,404,401</b> | <b>8,857,809,519</b> | <b>9,378,389,664</b> |
| <b>Interest expenses</b>  | <b>27</b>   |                      |                      |                      |                      |
| Deposits  |             | 942,089,831          | 1,512,133,107        | 942,104,754          | 1,512,133,107        |
| Inter-bank and money market items   |             | 621,615,565          | 339,232,182          | 621,615,565          | 339,232,182          |
| Borrowings  |             | 217,753,809          | 471,303,219          | 219,261,260          | 472,731,387          |
| <b>Total interest expenses</b>  |             | <b>1,781,459,205</b> | <b>2,322,668,508</b> | <b>1,782,981,579</b> | <b>2,324,096,676</b> |
| <b>Net interest and dividend income</b>                                       |             | <b>7,001,350,389</b> | <b>7,010,735,893</b> | <b>7,074,827,940</b> | <b>7,054,292,988</b> |
| Bad debts and doubtful accounts   |             | 923,541,998          | 1,991,865,311        | 923,541,998          | 1,991,865,311        |
| <b>Net interest and dividend income after bad debts and doubtful accounts</b> |             | <b>6,077,808,391</b> | <b>5,018,870,582</b> | <b>6,151,285,942</b> | <b>5,062,427,677</b> |
| <b>Non-interest income</b>  | <b>27</b>   |                      |                      |                      |                      |
| (Loss) gain on investments  | <b>6</b>    | (55,664,803)         | 31,639,500           | (55,664,803)         | 31,639,500           |
| Fees and service income:  |             |                      |                      |                      |                      |
| Acceptances, avals and guarantees   |             | 161,965,430          | 185,056,713          | 161,965,430          | 185,056,713          |
| Others  |             | 1,290,350,609        | 1,337,438,867        | 1,290,350,609        | 1,337,438,867        |
| Gain on exchange and derivative contracts                                     |             | 1,690,004,080        | 2,284,983,351        | 1,690,004,080        | 2,284,983,351        |
| Other income  |             | 52,369,068           | 177,000,654          | 110,933,509          | 206,542,101          |
| <b>Total non-interest income</b>  |             | <b>3,139,024,384</b> | <b>4,016,119,085</b> | <b>3,197,588,825</b> | <b>4,045,660,532</b> |
| <b>Non-interest expenses</b>  | <b>27</b>   |                      |                      |                      |                      |
| Personnel expenses  | <b>18</b>   | 2,781,135,314        | 2,348,158,715        | 2,710,717,608        | 2,285,012,751        |
| Premises and equipment expenses   |             | 642,602,543          | 622,175,980          | 630,973,257          | 610,816,068          |
| Taxes and duties  |             | 277,901,424          | 312,696,508          | 277,705,100          | 312,372,255          |
| Fees and service expenses   |             | 1,508,317,603        | 1,746,924,522        | 1,684,939,700        | 2,003,452,856        |
| Directors' remuneration   | <b>28</b>   | 8,800,000            | 8,961,667            | 8,800,000            | 8,961,667            |
| Contribution to Deposit Protection Agency                                     |             | 361,252,936          | 435,496,422          | 361,252,936          | 435,496,422          |
| Other expenses  |             | 474,555,230          | 815,606,992          | 473,355,033          | 812,345,864          |
| <b>Total non-interest expenses</b>  |             | <b>6,054,565,050</b> | <b>6,290,020,806</b> | <b>6,147,743,634</b> | <b>6,468,457,883</b> |
| <b>Profit before income tax expense</b>                                       |             | <b>3,162,267,725</b> | <b>2,744,968,861</b> | <b>3,201,131,133</b> | <b>2,639,630,326</b> |
| Income tax expense  | <b>30</b>   | 1,313,637,705        | 998,418,999          | 1,300,643,158        | 954,737,848          |
| <b>Profit for the year</b>  |             | <b>1,848,630,020</b> | <b>1,746,549,862</b> | <b>1,900,487,975</b> | <b>1,684,892,478</b> |
| <b>Basic earnings per share</b>   | <b>21</b>   | <b>1.25</b>          | <b>1.29</b>          | <b>1.28</b>          | <b>1.25</b>          |

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 shareholders' equity**

**For the years ended 31 December 2010 and 2009**

| Consolidated |  |  |               |             |                   |               |                            |                |
|--------------|--|--|---------------|-------------|-------------------|---------------|----------------------------|----------------|
| (in Baht)    |  |  |               |             |                   |               |                            |                |
|              |  | Surpluses (deficits) from fair value changes |               |             | Retained earnings |               | Total shareholders' equity |                |
|              |  | Issued and paid-up share capital             | Share premium | Investments | Cash flow hedges  | Legal reserve |                            | Unappropriated |
| Note         |  |  |               |             |                   |               |                            |                |
|              |  |  |               |             |                   |               |                            |                |
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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 shareholders' equity**

**For the years ended 31 December 2010 and 2009**

|   | Bank only   |                      |                     |                          |                    |                      |                            |
|---|---|----------------------|---------------------|--------------------------|--------------------|----------------------|----------------------------|
|   | <i>(in Baht)</i>                                    |                      |                     |                          |                    |                      |                            |
|   | <i>Surpluses (deficits) from fair value changes</i> |                      |                     | <i>Retained earnings</i> |                    |                      |                            |
|   | Issued and paid-up share capital                    | Share premium        | Investments         | Cash flow hedges         | Legal reserve      | Unappropriated       | Total shareholders' equity |
| <i>Note</i>   |   |                      |                     |                          |                    |                      |                            |
| <b>Balance as at 1 January 2009</b>                       | <b>11,386,817,020</b>                               | <b>5,260,567,296</b> | <b>64,052,515</b>   | <b>233,941,163</b>       | <b>323,458,469</b> | <b>6,145,710,917</b> | <b>23,414,547,380</b>      |
| Net change in fair value of investments                   | -   | -                    | (58,738,543)        | -                        | -                  | -                    | (58,738,543)               |
| Net change in fair value of cash flow hedging instruments | -   | -                    | -                   | (131,204,756)            | -                  | -                    | (131,204,756)              |
| Net expense recognised directly in equity                 | -   | -                    | (58,738,543)        | (131,204,756)            | -                  | -                    | (189,943,299)              |
| Profit for the year                                       | -   | -                    | -                   | -                        | -                  | 1,684,892,478        | 1,684,892,478              |
| Total recognised (expense) income                         | -   | -                    | (58,738,543)        | (131,204,756)            | -                  | 1,684,892,478        | 1,494,949,179              |
| Transfer to legal reserve                                 | -   | -                    | -                   | -                        | 84,244,624         | (84,244,624)         | -                          |
| Issue of ordinary shares                                  | 3,450,228,460                                       | 3,795,251,306        | -                   | -                        | -                  | -                    | 7,245,479,766              |
| <b>Balance as at 31 December 2009</b>                     | <b>14,837,045,480</b>                               | <b>9,055,818,602</b> | <b>5,313,972</b>    | <b>102,736,407</b>       | <b>407,703,093</b> | <b>7,746,358,771</b> | <b>32,154,976,325</b>      |
| Net change in fair value of investments                   | -   | -                    | (84,674,683)        | -                        | -                  | -                    | (84,674,683)               |
| Net change in fair value of cash flow hedging instruments | -   | -                    | -                   | (128,338,615)            | -                  | -                    | (128,338,615)              |
| Net expense recognised directly in equity                 | -   | -                    | (84,674,683)        | (128,338,615)            | -                  | -                    | (213,013,298)              |
| Profit for the year                                       | -   | -                    | -                   | -                        | -                  | 1,900,487,975        | 1,900,487,975              |
| Total recognised (expense) income                         | -   | -                    | (84,674,683)        | (128,338,615)            | -                  | 1,900,487,975        | 1,687,474,677              |
| Transfer to legal reserve                                 | -   | -                    | -                   | -                        | 95,024,399         | (95,024,399)         | -                          |
| Dividends   | -   | -                    | -                   | -                        | -                  | (1,097,941,366)      | (1,097,941,366)            |
| <b>Balance as at 31 December 2010</b>                     | <b>14,837,045,480</b>                               | <b>9,055,818,602</b> | <b>(79,360,711)</b> | <b>(25,602,208)</b>      | <b>502,727,492</b> | <b>8,453,880,981</b> | <b>32,744,509,636</b>      |

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 2010 and 2009**

|   | <b>Consolidated</b>  |                      | <b>Bank only</b>     |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2010                 | 2009                 | 2010                 | 2009                 |
|   | <i>(in Baht)</i>     |                      |                      |                      |
| <b>Cash flows from operating activities</b>   |                      |                      |                      |                      |
| Profit before income tax expense  | 3,162,267,725        | 2,744,968,861        | 3,201,131,133        | 2,639,630,326        |
| <b>Adjustments to reconcile net profit to net cash provided by operating activities</b> |                      |                      |                      |                      |
| Depreciation and amortisation   | 181,408,783          | 164,969,070          | 181,408,783          | 164,969,070          |
| Bad debts and doubtful accounts   | 1,519,586,447        | 2,602,037,086        | 1,519,586,447        | 2,602,037,086        |
| Amortisation of discount of debt instruments  | (231,508,752)        | (169,337,665)        | (231,508,752)        | (169,337,665)        |
| Amortisation of discount of borrowings  | 200,704,994          | 430,654,305          | 200,704,994          | 430,654,305          |
| (Gain) loss on disposal of investments  | (141,534,811)        | 15,571,131           | (141,534,811)        | 15,571,131           |
| Reversal of impairment of investments   | -                    | (28,965,879)         | -                    | (28,965,879)         |
| Reversal of impairment of fixed assets  | -                    | (6,318,118)          | -                    | (6,318,118)          |
| Loss on disposal of fixed assets  | 4,882,186            | 3,272,739            | 4,882,186            | 3,272,739            |
| Impairment of properties foreclosed   | 3,891,020            | -                    | 3,891,020            | -                    |
| Provisions increase   | 250,481,310          | 79,614,690           | 245,765,310          | 79,614,690           |
|   | 4,950,178,902        | 5,836,466,220        | 4,984,326,310        | 5,731,127,685        |
| <br>Net income from interest and dividends  | (7,001,350,389)      | (7,010,735,893)      | (7,074,827,940)      | (7,054,292,988)      |
| Proceeds from interest and dividends  | 8,726,382,809        | 9,544,709,007        | 8,801,382,734        | 9,589,694,270        |
| Interest paid   | (1,738,698,873)      | (2,472,047,532)      | (1,740,221,247)      | (2,473,475,700)      |
| Income tax paid   | (1,612,421,933)      | (559,080,859)        | (1,582,483,086)      | (513,680,778)        |
| <b>Net profit from operations before changes in operating assets and liabilities</b>    | <b>3,324,090,516</b> | <b>5,339,310,943</b> | <b>3,388,176,771</b> | <b>5,279,372,489</b> |
| <br><b>(Increase) decrease in operating assets</b>                                      |                      |                      |                      |                      |
| Inter-bank and money market items   | 28,011,684,060       | (18,318,995,438)     | 28,011,681,960       | (18,318,997,538)     |
| Trading investments   | (10,578,019,681)     | 8,071,096,259        | (10,578,019,681)     | 8,071,096,259        |
| Loans   | (16,364,835,544)     | 3,843,430,313        | (16,364,835,544)     | 3,843,430,313        |
| Properties foreclosed   | 23,832,239           | 62,514,944           | 23,832,239           | 62,514,944           |
| Unrealised (gain) loss on derivative contracts, net                                     | (1,197,151,925)      | 14,114,427,970       | (1,197,151,925)      | 14,114,427,970       |
| Other assets  | (1,694,615,485)      | 960,489,320          | (1,695,044,660)      | 960,812,708          |
| <br><b>Increase (decrease) in operating liabilities</b>                                 |                      |                      |                      |                      |
| Deposits  | 485,100,315          | (33,764,640,381)     | 489,029,720          | (33,766,720,708)     |
| Inter-bank and money market items   | (6,592,910,099)      | 34,918,798,896       | (6,592,910,099)      | 34,918,798,896       |
| Liabilities payable on demand   | 475,368,130          | (1,059,238,585)      | 475,368,130          | (1,059,238,585)      |
| Borrowings  | 5,395,453,513        | (11,919,416,763)     | 5,335,732,320        | (11,874,886,482)     |
| Accrued expenses  | 86,351,929           | (161,581,779)        | 78,658,329           | (146,634,102)        |
| Other liabilities   | 3,229,838,339        | (589,584,577)        | 3,229,668,747        | (587,365,042)        |
| <b>Net cash provided by operating activities</b>  | <b>4,604,186,307</b> | <b>1,496,611,122</b> | <b>4,604,186,307</b> | <b>1,496,611,122</b> |

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 2010 and 2009**

|   | <b>Consolidated</b>    |                        | <b>Bank only</b>       |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | 2010                   | 2009                   | 2010                   | 2009                   |
|   | <i>(in Baht)</i>       |                        |                        |                        |
| <b><i>Cash flows from investing activities</i></b>          |                        |                        |                        |                        |
| Proceeds from disposal of available-for-sale investments    | 32,210,803,863         | 21,139,888,318         | 32,210,803,863         | 21,139,888,318         |
| Purchase of available-for-sale investments                  | (36,134,737,306)       | (30,357,512,943)       | (36,134,737,306)       | (30,357,512,943)       |
| Proceeds from disposal of held to maturity investment       | 245,323,947            | -                      | 245,323,947            | -                      |
| Decrease in general investments                             | 246,225,058            | 284,048,380            | 246,225,058            | 284,048,380            |
| Proceeds from disposal of premises and equipment            | 233,971                | 7,752,088              | 233,971                | 7,752,088              |
| Purchase of premises and equipment                          | (48,953,737)           | (111,376,718)          | (48,953,737)           | (111,376,718)          |
| <b>Net cash used in investing activities</b>                | <b>(3,481,104,204)</b> | <b>(9,037,200,875)</b> | <b>(3,481,104,204)</b> | <b>(9,037,200,875)</b> |
| <b><i>Cash flows from financing activities</i></b>          |                        |                        |                        |                        |
| Dividends paid  | (1,097,941,366)        | -                      | (1,097,941,366)        | -                      |
| Proceeds from issue of ordinary shares                      | -                      | 7,245,479,766          | -                      | 7,245,479,766          |
| <b>Net cash (used in) provided by financing activities</b>  | <b>(1,097,941,366)</b> | <b>7,245,479,766</b>   | <b>(1,097,941,366)</b> | <b>7,245,479,766</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>25,140,737</b>      | <b>(295,109,987)</b>   | <b>25,140,737</b>      | <b>(295,109,987)</b>   |
| Cash and cash equivalents at beginning of the year          | 462,729,250            | 757,839,237            | 462,729,250            | 757,839,237            |
| <b>Cash and cash equivalents at end of the year</b>         | <b>487,869,987</b>     | <b>462,729,250</b>     | <b>487,869,987</b>     | <b>462,729,250</b>     |

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 2010 and 2009**

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**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 February 2011.

**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 subsidiary, Thai Exclusive Leasing Company Limited (“TEL”). The Bank acquired a 100% shareholding in TEL. TEL’s main business is debt collection for the Bank.

**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

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

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including Thai Accounting Standards (“TAS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and the Bank of Thailand (“BoT”) and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

| Former no. | Revised no. | Topic   |
|------------|-------------|---|
| TAS 11     | TAS 101     | Doubtful Account and Bad Debts  |
| TAS 27     | TAS 103     | Disclosures in the Financial Statements of Banks and Similar<br>Financial Institution |
| TAS 34     | TAS 104     | Accounting for Troubled Debt Restructuring  |
| TAS 40     | TAS 105     | Accounting for Investment in Debt and Equity Securities                               |
| TAS 48     | TAS 107     | Financial Instruments Disclosure and Presentation                                     |

The Bank and its subsidiary have adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated and Bank only’s financial statements.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

On 15 December 2010, the FAP issued the new TFRS, TAS 19 Employee Benefits, relevant to the Bank and its subsidiary's operations and effective for accounting periods beginning on or after 1 January 2011. As permitted by TAS 19, the Bank and its subsidiary early adopted the TAS resulting in a change in the accounting policies for employee benefits in the consolidated and Bank only financial statements for the year ended 31 December 2010. The Bank and its subsidiary charged the cumulative past service costs in the statement of income for the year then ended. The effects of these changes are disclosed in note 3.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 33.

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

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and 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.

### **3 Changes in accounting policy**

As permitted by TAS 19 Employee Benefits, the Bank and its subsidiary have early adopted the TAS resulting in a change in the accounting policies for employee benefits in the consolidated and Bank only financial statements for the year ended 31 December 2010.

Under the new policies, the Bank and its subsidiary's obligations in respect of employee long-term benefits are recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Details of the new accounting policies adopted by the Bank and its subsidiary are included in note 4.18 below. Previously, the Bank and its subsidiary's obligations in respect of employee long-term benefits were recognised as and when payments were made. The Bank and its subsidiary have opted to record the entire amount of this liability as an expense in 2010 in accordance with the transitional provisions of TAS 19. The financial impact of the changes on the financial statements for the year ended 31 December 2010 is summarised as follows:

|   | <b>Consolidated</b><br>2010 | <b>Bank only</b><br>2010 |
|---|-----------------------------|--------------------------|
|   | <i>(in million Baht)</i>    |                          |
| <b><i>Balance sheets as at 31 December</i></b>                    |                             |                          |
| Increase in employee long-term benefit obligation                 | 223                         | 219                      |
| <b>Decrease in retained earnings</b>                              | <b>223</b>                  | <b>219</b>               |
| <b><i>Statements of income for the year ended 31 December</i></b> |                             |                          |
| Increase in personnel expenses                                    | 223                         | 219                      |
| <b>Decrease in profit for the year</b>                            | <b>223</b>                  | <b>219</b>               |
| <b>Decrease in earnings per share</b>                             |                             |                          |
| - Basic earnings per share <i>(in Baht)</i>                       | 0.15                        | 0.15                     |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**4 Significant accounting policies**

**4.1 Basis of consolidation**

The consolidated financial statements relate to the Bank and its subsidiary. Significant intra-group transactions between the Bank and its subsidiary are eliminated on consolidation. The subsidiary is an entity controlled by the Bank. Control exists when the Bank has the power, directly, 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.

**4.2 Income**

Interest income on loans, discounts on loans, and other income are recognised on an accrual basis, except for interest income on receivables overdue for more than three months and interest from receivable 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 the statement of income. Subsequent interest receipts are recognised on a cash basis.

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

**4.3 Expenses**

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

**4.4 Cash and cash equivalents**

Cash and cash equivalents include cash and cash in the course of collection.

**4.5 Loans**

Loans 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 unearned discount.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**4.6 Hire purchase receivables**

Hire purchase receivables are stated at cost net of unearned interest income on hire purchase agreements and allowance for doubtful accounts.

**4.7 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 and receivables.

Specific provisions are made where the repayment of identified loans is in doubt and reflects an expected loss. 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 bad debts and doubtful accounts expense. The Bank writes off bad debts against the allowance for doubtful accounts for uncollectible amounts. Bad debts recovered are presented net of bad debts and doubtful accounts expense in the statement of income.

**4.8 Troubled debt restructuring**

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

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.

Losses on troubled debt restructuring are recognised in the statement of income.

**4.9 Investments**

*Investment in subsidiary*

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

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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*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 the statement of income.

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 difference are recognised in the statement of income. When these investments are sold, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

General investments are stated at cost less impairment losses.

*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 the statement of income.

The weighted average method is used for computation of the cost of investments.

**4.10 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 the statement of income.

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, the unrealised gains or losses on outstanding forward foreign exchange contracts, calculated as described above, are reflected in the statement of income.

**4.11 Premises and equipment**

*Owned assets*

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

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*Leased assets*

Leases in terms of which the Bank substantially assumes 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 statement of income.

*Depreciation*

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful life of each part of an item of assets. The estimated useful lives are as follows:

|           |             |
|-----------|-------------|
| Buildings | 20-50 years |
| Equipment | 3-5 years   |

*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 the statement of income.

*Subsequent expenditure*

Subsequent expenditure relating to an item of premises and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

**4.12 Leasehold premises**

Leasehold premises included in other assets are stated at cost less amortisation and impairment losses. Amortisation is charged to the statement of income on a straight-line basis over the term of the lease agreement.

**4.13 Properties foreclosed**

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

Loss on impairment of properties foreclosed is recognised in the statement of income. Gains or losses on the disposal of properties for sale are reflected in the statement of income on disposal.

**4.14 Customers' liability under collateral and Bank's liability under collateral delivered**

The Bank records Customers' liability under collateral and liability under collateral delivered on the balance sheet as assets and liabilities, respectively, according to the BoT's guidance.



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

*Derivatives*

Derivative contracts are initially recognised at fair value on the date on which the derivative contracts are entered into and are subsequently re-measured at their fair values. The resulting profit or loss is included in the statement of income. All derivatives are carried as assets when fair value is positive as “Unrealised gain on mark to market of derivative contracts” and as liabilities when fair value is negative as “Unrealised loss on mark to market of derivative contracts” in the balance sheet.

*Hedging*

*Fair value hedge*

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

*Cash flow hedge*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of recognised assets and liabilities or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the statement of income.

*Discontinuing hedge accounting*

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

**4.16 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 which requires commercial banks to apply related accounting standards.

**4.17 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 the statement of income.

*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 the statement of income.

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

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

*Defined contribution plans*

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

The Bank and its subsidiary have established contributory provident funds for their employees. Memberships of the funds are 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, it is not included in the balance sheet.

*Defined benefit plans*

For unfunded defined benefit plans, the liability recognised at the balance sheet 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 the shareholders' equity 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 personnel expenses.

*Short-term employee benefits*

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

**4.19 Provisions**

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

A provision for commitments on off-balance sheet items are determined by credit risk transactions. A provision is recognised when the transactions relate to loans 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 and after management's estimate of the likelihood of these commitments being realised.

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

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

**5 Inter-bank and money market items (assets)**

|  | <b>Consolidated and Bank only</b> |               |               |              |               |               |
|--|-----------------------------------|---------------|---------------|--------------|---------------|---------------|
|  | At call                           | 2010<br>Term  | Total         | At call      | 2009<br>Term  | Total         |
|  | <i>(in million Baht)</i>          |               |               |              |               |               |
| <b>Domestic</b>                        |                                   |               |               |              |               |               |
| Bank of Thailand                       | 780                               | 50,500        | 51,280        | 1,391        | 76,100        | 77,491        |
| Commercial banks                       | 105                               | 2,460         | 2,565         | 264          | 60            | 324           |
| Other bank                             | -                                 | 8,000         | 8,000         | -            | -             | -             |
| <b>Total domestic</b>                  | <b>885</b>                        | <b>60,960</b> | <b>61,845</b> | <b>1,655</b> | <b>76,160</b> | <b>77,815</b> |
| Add accrued interest receivable        | -                                 | 27            | 27            | 1            | 17            | 18            |
| Less allowance for doubtful accounts   | -                                 | -             | -             | (2)          | -             | (2)           |
| <b>Net</b>                             | <b>885</b>                        | <b>60,987</b> | <b>61,872</b> | <b>1,654</b> | <b>76,177</b> | <b>77,831</b> |
| <b>Foreign</b>                         |                                   |               |               |              |               |               |
| US Dollar                              | 593                               | 302           | 895           | 499          | 11,679        | 12,178        |
| Japanese Yen                           | 301                               | -             | 301           | 93           | -             | 93            |
| Euro                                   | 93                                | -             | 93            | -            | -             | -             |
| Australian Dollar                      | 7                                 | -             | 7             | 48           | 772           | 820           |
| Other currencies                       | 76                                | -             | 76            | 126          | 5             | 131           |
| <b>Total foreign</b>                   | <b>1,070</b>                      | <b>302</b>    | <b>1,372</b>  | <b>766</b>   | <b>12,456</b> | <b>13,222</b> |
| Add accrued interest receivable        | -                                 | -             | -             | -            | 203           | 203           |
| <b>Net</b>                             | <b>1,070</b>                      | <b>302</b>    | <b>1,372</b>  | <b>766</b>   | <b>12,659</b> | <b>13,425</b> |
| <b>Total domestic and foreign, net</b> | <b>1,955</b>                      | <b>61,289</b> | <b>63,244</b> | <b>2,420</b> | <b>88,836</b> | <b>91,256</b> |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**6 Investments**

|  | Consolidated and Bank only |                                   |               |               |
|--|----------------------------|-----------------------------------|---------------|---------------|
|  | 2010                       |                                   | 2009          |               |
|  | Cost                       | Market price<br>(in million Baht) | Cost          | Market Price  |
| <b><i>Current investments</i></b>            |                            |                                   |               |               |
| <b><i>Trading investments</i></b>            |                            |                                   |               |               |
| Government and state enterprise bonds        | 6,334                      | 6,325                             | 1,392         | 1,391         |
| Private debt instruments                     | 4,669                      | 4,461                             | -             | -             |
| <b>Total</b>                                 | <b>11,003</b>              | <b>10,786</b>                     | <b>1,392</b>  | <b>1,391</b>  |
| Less allowance for revaluation               | (217)                      |                                   | (1)           |               |
| <b>Net</b>                                   | <b>10,786</b>              |                                   | <b>1,391</b>  |               |
| <b><i>Available-for-sale investments</i></b> |                            |                                   |               |               |
| Government and state enterprise bonds        | 19,751                     | 19,741                            | 17,525        | 17,542        |
| (Less) add allowance for revaluation         | (10)                       |                                   | 17            |               |
| <b>Net</b>                                   | <b>19,741</b>              |                                   | <b>17,542</b> |               |
| <b>Total current investments, net</b>        | <b>30,527</b>              |                                   | <b>18,933</b> |               |
| <b><i>Long-term investments</i></b>          |                            |                                   |               |               |
| <b><i>Available-for-sale investments</i></b> |                            |                                   |               |               |
| Government and state enterprise bonds        | 22,981                     | 23,018                            | 20,902        | 21,001        |
| Private debt instruments                     | 80                         | 75                                | -             | -             |
| Domestic marketable equity securities        | 99                         | 17                                | 99            | 14            |
| <b>Total</b>                                 | <b>23,160</b>              | <b>23,110</b>                     | <b>21,001</b> | <b>21,015</b> |
| Add allowance for revaluation                | 39                         |                                   | 103           |               |
| Less allowance for impairment                | (89)                       |                                   | (89)          |               |
| <b>Net</b>                                   | <b>23,110</b>              |                                   | <b>21,015</b> |               |
| <b><i>Held to maturity</i></b>               |                            |                                   |               |               |
| Private debt instruments                     | -                          |                                   | 312           |               |
| <b>Net</b>                                   | <b>-</b>                   |                                   | <b>312</b>    |               |
| <b><i>General investments</i></b>            |                            |                                   |               |               |
| Domestic non-marketable equity securities    | 56                         |                                   | 61            |               |
| Foreign non-marketable equity securities     | 1                          |                                   | 1             |               |
| Investment in transferred debt               | 257                        |                                   | 498           |               |
| <b>Total</b>                                 | <b>314</b>                 |                                   | <b>560</b>    |               |
| Less allowance for impairment                | (19)                       |                                   | (19)          |               |
| <b>Net</b>                                   | <b>295</b>                 |                                   | <b>541</b>    |               |
| <b>Total long-term investments, net</b>      | <b>23,405</b>              |                                   | <b>21,868</b> |               |
| <b>Total investments, net</b>                | <b>53,932</b>              |                                   | <b>40,801</b> |               |

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As at 31 December 2010, the Bank has government and state enterprise bonds which were pledged as collateral amounting at Baht 16,000 million (2009: Baht 7,000 million).

**Investment in subsidiary**

Investment in ordinary shares of subsidiary was as follows:

| Company name                                 | Type of business         | Type of investment | Bank only<br>Ownership interest | 2010                         | 2009      |
|--|--------------------------|--------------------|---------------------------------|------------------------------|-----------|
|  |                          |                    |                                 | At cost<br>(in million Baht) |           |
| Thai Exclusive Leasing Company Limited (TEL) | Debt collection business | Ordinary shares    | 100%                            | 59                           | 59        |
| <b>Investment in subsidiary</b>              |                          |                    |                                 | <b>59</b>                    | <b>59</b> |

The remaining period to maturity of debt instruments was as follows:

|                                       | Consolidated and Bank only |               |                 |               |                  |               |                 |               |
|---------------------------------------|----------------------------|---------------|-----------------|---------------|------------------|---------------|-----------------|---------------|
|                                       | 2010                       |               |                 |               | 2009             |               |                 |               |
|                                       | Maturity date              |               |                 |               | Maturity date    |               |                 |               |
|                                       | Within<br>1 year           | 1-5 years     | Over<br>5 years | Total         | Within<br>1 year | 1-5 years     | Over<br>5 years | Total         |
|                                       | (in million Baht)          |               |                 |               |                  |               |                 |               |
| <b>Trading investments</b>            |                            |               |                 |               |                  |               |                 |               |
| Government and state enterprise bonds | 4,281                      | 1,513         | 540             | 6,334         | 801              | 306           | 285             | 1,392         |
| Private debt instruments              | -                          | 4,669         | -               | 4,669         | -                | -             | -               | -             |
| Add (less) allowance for revaluation  | 1                          | (209)         | (9)             | (217)         | (1)              | -             | -               | (1)           |
| <b>Net</b>                            | <b>4,282</b>               | <b>5,973</b>  | <b>531</b>      | <b>10,786</b> | <b>800</b>       | <b>306</b>    | <b>285</b>      | <b>1,391</b>  |
| <b>Available-for-sale investments</b> |                            |               |                 |               |                  |               |                 |               |
| Government and state enterprise bonds | 19,751                     | 22,840        | 141             | 42,732        | 17,525           | 20,896        | 6               | 38,427        |
| Private debt instruments              | -                          | 80            | -               | 80            | -                | -             | -               | -             |
| (Less) add allowance for revaluation  | (10)                       | 25            | 7               | 22            | 17               | 97            | 2               | 116           |
| <b>Net</b>                            | <b>19,741</b>              | <b>22,945</b> | <b>148</b>      | <b>42,834</b> | <b>17,542</b>    | <b>20,993</b> | <b>8</b>        | <b>38,543</b> |
| <b>Held to maturity</b>               |                            |               |                 |               |                  |               |                 |               |
| Private debt instruments              | -                          | -             | -               | -             | -                | 312           | -               | 312           |
| <b>Total</b>                          | <b>-</b>                   | <b>-</b>      | <b>-</b>        | <b>-</b>      | <b>-</b>         | <b>312</b>    | <b>-</b>        | <b>312</b>    |
| <b>General investments</b>            |                            |               |                 |               |                  |               |                 |               |
| Investment in transferred debt        | 193                        | 64            | -               | 257           | 213              | 285           | -               | 498           |
| <b>Net</b>                            | <b>193</b>                 | <b>64</b>     | <b>-</b>        | <b>257</b>    | <b>213</b>       | <b>285</b>    | <b>-</b>        | <b>498</b>    |
| <b>Total debt instruments, net</b>    | <b>24,216</b>              | <b>28,982</b> | <b>679</b>      | <b>53,877</b> | <b>18,555</b>    | <b>21,896</b> | <b>293</b>      | <b>40,744</b> |

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Gain (loss) on investments for the years presented in the statements of income consisted of:

|  | <b>Consolidated and Bank only</b> |              |
|--|-----------------------------------|--------------|
|  | 2010                              | 2009         |
|  | <i>(in million Baht)</i>          |              |
| <i>Gain on disposals of investments</i>              |                                   |              |
| Trading investments                                  | 25                                | 58           |
| Available-for-sale investments                       | 129                               | 147          |
| Held to maturity                                     | 12                                | -            |
| <b>Total</b>   | <b>166</b>                        | <b>205</b>   |
| <i>Loss from revaluation of investments</i>          |                                   |              |
| Trading investments                                  | (216)                             | (40)         |
| Available-for-sale investments                       |                                   |              |
| - fair value hedged                                  | (6)                               | (162)        |
| <b>Total</b>   | <b>(222)</b>                      | <b>(202)</b> |
| <i>Reversal of loss on impairment of investments</i> | -                                 | 29           |
| <b>Total (loss) gain on investments</b>              | <b>(56)</b>                       | <b>32</b>    |

(Deficits) surpluses from fair value changes on investments as of 31 December 2010 and 2009 consisted of:

|   | <b>Consolidated and Bank only</b> |            |
|---|-----------------------------------|------------|
|   | 2010                              | 2009       |
|   | <i>(in million Baht)</i>          |            |
| <i>Surpluses from fair value changes on investments</i>                               |                                   |            |
| Debt instruments  | 22                                | 116        |
| Equity securities   | 8                                 | 4          |
| <b>Total</b>  | <b>30</b>                         | <b>120</b> |
| <i>Less surpluses from fair value changes in hedged investments</i>                   | (109)                             | (115)      |
| <b>(Deficits) surpluses of fair value changes of investments recognised in equity</b> | <b>(79)</b>                       | <b>5</b>   |

Investments in companies with problems in relation to their financial positions and results of operations as at 31 December 2010 and 2009 are as follows:

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

|                      | <b>Consolidated and Bank only</b> |            |            |                           |
|----------------------|-----------------------------------|------------|------------|---------------------------|
|                      | 2009                              |            |            |                           |
|                      | No. of companies                  | Cost       | Fair value | Allowance for revaluation |
|                      |                                   |            |            | <i>(in million Baht)</i>  |
| Listed company       | 1                                 | 99         | 14         | 4                         |
| Non-listed companies | 7                                 | 24         | 13         | -                         |
| <b>Total</b>         | <b>8</b>                          | <b>123</b> | <b>27</b>  | <b>4</b>                  |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**7 Loans and accrued interest receivable**

*Classified by type of loans*

|                                      | <b>Consolidated and Bank only</b> |               |
|--------------------------------------|-----------------------------------|---------------|
|                                      | 2010                              | 2009          |
|                                      | <i>(in million Baht)</i>          |               |
| Overdrafts                           | 1,797                             | 1,811         |
| Loans                                | 79,781                            | 61,476        |
| Bills                                | 14,743                            | 17,968        |
| Others                               | 2                                 | 5             |
| <b>Total</b>                         | <b>96,323</b>                     | <b>81,260</b> |
| Add accrued interest receivable      | 426                               | 378           |
| Less allowance for doubtful accounts | (3,262)                           | (3,088)       |
| <b>Net</b>                           | <b>93,487</b>                     | <b>78,550</b> |

*Classified by remaining period to maturity*

|               | <b>Consolidated and Bank only</b> |               |
|---------------|-----------------------------------|---------------|
|               | 2010                              | 2009          |
|               | <i>(in million Baht)</i>          |               |
| Within 1 year | 36,836                            | 38,326        |
| Over 1 year   | 59,487                            | 42,934        |
| <b>Total</b>  | <b>96,323</b>                     | <b>81,260</b> |

*Classified by currency and residence of debtors*

|                  | <b>Consolidated and Bank only</b> |              |               |               |            |               |
|------------------|-----------------------------------|--------------|---------------|---------------|------------|---------------|
|                  | 2010                              |              |               | 2009          |            |               |
|                  | Domestic                          | Foreign      | Total         | Domestic      | Foreign    | Total         |
|                  | <i>(in million Baht)</i>          |              |               |               |            |               |
| Thai Baht        | 87,129                            | 47           | 87,176        | 76,944        | 80         | 77,024        |
| US Dollar        | 7,886                             | 1,089        | 8,975         | 3,421         | 444        | 3,865         |
| Other currencies | 172                               | -            | 172           | 371           | -          | 371           |
| <b>Total</b>     | <b>95,187</b>                     | <b>1,136</b> | <b>96,323</b> | <b>80,736</b> | <b>524</b> | <b>81,260</b> |

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

*Classified by industry and loan classification*

| <b>Consolidated and Bank only</b>           |               |                    |                                  |            |                     |               |
|---|---------------|--------------------|----------------------------------|------------|---------------------|---------------|
| 2010  |               |                    |                                  |            |                     |               |
|   | Pass          | Special<br>mention | Substandard<br>(in million Baht) | Doubtful   | Doubtful<br>of loss | Total         |
| Agriculture and<br>mining                   | 1,788         | -                  | -                                | -          | 8                   | 1,796         |
| Manufacturing<br>and commerce               | 25,640        | 2,502              | 2                                | 66         | 873                 | 29,083        |
| Property<br>development and<br>construction | 4,061         | 7                  | 1                                | 2          | 118                 | 4,189         |
| Infrastructure<br>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        |
| <b>Total</b>                                | <b>91,580</b> | <b>3,055</b>       | <b>213</b>                       | <b>182</b> | <b>1,293</b>        | <b>96,323</b> |

  

| <b>Consolidated and Bank only</b>           |               |                    |                                  |           |                     |               |
|---|---------------|--------------------|----------------------------------|-----------|---------------------|---------------|
| 2009  |               |                    |                                  |           |                     |               |
|   | Pass          | Special<br>mention | Substandard<br>(in million Baht) | Doubtful  | Doubtful<br>of loss | Total         |
| Agriculture and<br>mining                   | 476           | -                  | -                                | -         | 7                   | 483           |
| Manufacturing<br>and commerce               | 23,425        | 3,031              | 57                               | 29        | 1,762               | 28,304        |
| Property<br>development and<br>construction | 4,054         | 9                  | 1                                | 3         | 122                 | 4,189         |
| Infrastructure<br>and services              | 10,803        | 89                 | 2                                | 8         | 91                  | 10,993        |
| Housing loans                               | 16,539        | 162                | 51                               | 28        | 24                  | 16,804        |
| Others                                      | 19,444        | 652                | 163                              | 22        | 206                 | 20,487        |
| <b>Total</b>                                | <b>74,741</b> | <b>3,943</b>       | <b>274</b>                       | <b>90</b> | <b>2,212</b>        | <b>81,260</b> |



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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

*Classified by loan classification*

| Consolidated and Bank only<br>2010                                       |  |   |                             |                                  |
|--|--|---|-----------------------------|----------------------------------|
|  | Loans and<br>accrued<br>interest<br>receivable | Debt after<br>collateral*<br><i>(in million Baht)</i> | % of<br>allowance<br>set up | Minimum<br>requirement<br>of BoT |
| 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                            |
| <b>Total</b>   | <b>96,749</b>                                  | <b>58,012</b>   |                             | <b>1,969</b>                     |
| Allowance over minimum<br>requirement of the BoT                         |  |   |                             | 1,293                            |
| <b>Total allowance provided in<br/>accordance with the Bank's policy</b> |  |   |                             | <b>3,262</b>                     |

\* Debt after collateral 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 and accrued interest receivable of Baht 55,326 million, using provision rates between 0.04% and 2.93%. The total allowance under this approach was Baht 552 million.

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

| Consolidated and Bank only<br>2009                                       |  |                           |                             |                                  |
|--|--|---------------------------|-----------------------------|----------------------------------|
|  | Loans and<br>accrued<br>interest<br>receivable | Debt after<br>collateral* | % of<br>allowance<br>set up | Minimum<br>requirement<br>of BoT |
|  | <i>(in million Baht)</i>                       |                           |                             |                                  |
| Pass   | 75,089   | 49,582                    | 1                           | 496                              |
| Special mention  | 3,962  | 3,537                     | 2                           | 71                               |
| Substandard  | 274  | 193                       | 100                         | 193                              |
| Doubtful   | 90   | 29                        | 100                         | 29                               |
| Doubtful of loss   | 2,223  | 1,810                     | 100                         | 1,810                            |
| <b>Total</b>   | <b>81,638</b>                                  | <b>55,151</b>             |                             | <b>2,599</b>                     |
| Allowance over minimum<br>requirement of the BoT                         |  |                           |                             | 489                              |
| <b>Total allowance provided in<br/>accordance with the Bank's policy</b> |  |                           |                             | <b>3,088</b>                     |

\* Debt after collateral 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 2009, the collective approach was applied to loans and accrued interest receivable of Baht 44,475 million, using provision rates between 0.10% and 4.84%. The total allowance under this approach was Baht 773 million.

Unearned interest from hire purchase transactions as at 31 December 2010 and 2009 are as follows:

|                                      | Consolidated and Bank only |      |
|--------------------------------------|----------------------------|------|
|                                      | 2010                       | 2009 |
|                                      | <i>(in million Baht)</i>   |      |
| Unearned interest from hire purchase | 2                          | 61   |

### Non-performing loans

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

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

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**For the years ended 31 December 2010 and 2009**

As at 31 December 2010 and 2009, NPL net (including financial institutions) based on the above directive can be summarised as follows:

|   | <b>Consolidated and Bank only</b> |         |
|---|-----------------------------------|---------|
|   | 2010                              | 2009    |
|   | <i>(in million Baht)</i>          |         |
| Non-performing loans, net                                     | 313                               | 540     |
| Total loans used for NPL net ratio calculation <sup>(1)</sup> | 155,848                           | 155,463 |
| Ratio of total loans  | 0.20%                             | 0.35%   |

As at 31 December 2010 and 2009, NPL gross (including financial institutions) based on the above directive can be summarised as follows:

|   | <b>Consolidated and Bank only</b> |         |
|---|-----------------------------------|---------|
|   | 2010                              | 2009    |
|   | <i>(in million Baht)</i>          |         |
| Non-performing loans, gross                                     | 1,688                             | 2,576   |
| Total loans used for NPL gross ratio calculation <sup>(1)</sup> | 157,223                           | 157,499 |
| Ratio of total loans  | 1.07%                             | 1.64%   |

<sup>(1)</sup> Total loans used for NPL ratio calculation are loans as presented in the balance sheet and loans to financial institutions as included in inter-bank and money market items.

## **8 Troubled debt restructuring**

Details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

| <b>Consolidated and Bank only</b>    |  |                  |                                     |                                    |
|--------------------------------------|--|------------------|-------------------------------------|------------------------------------|
| 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                              |
| <b>Total</b>                         |  | <b>2,060</b>     | <b>3,363</b>                        | <b>3,342</b>                       |

| <b>Consolidated and Bank only</b>    |  |                  |                                     |                                    |
|--------------------------------------|--|------------------|-------------------------------------|------------------------------------|
| 2009                                 |  |                  |                                     |                                    |
| 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 3 months to 36 years              | 5,681            | 2,447                               | 2,401                              |
| <b>Total</b>                         |  | <b>5,681</b>     | <b>2,447</b>                        | <b>2,401</b>                       |

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 at the market rate.

As at 31 December 2010, the Bank had outstanding balances of restructured debt amounting to Baht 4,091 million (2009: Baht 3,315 million).

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The loss incurred arising from restructuring, before allowance for doubtful accounts, for the year ended 31 December 2010 was Baht 21 million (2009: Baht 46 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 the statement of income. The Bank had no loss on debt restructuring for the years ended 31 December 2010 and 2009.

Interest income recognised from these restructured debts totalled Baht 563 million for the year ended 31 December 2010 (2009: Baht 337 million).

**9 Allowance for doubtful accounts**

|                                   | Consolidated and Bank only |                    |                 |           |                     |                     | Total        |
|-----------------------------------|----------------------------|--------------------|-----------------|-----------|---------------------|---------------------|--------------|
|                                   | Pass                       | Special<br>mention | Sub<br>standard | Doubtful  | Doubtful<br>of loss | Excess<br>allowance |              |
|                                   | 2010                       |                    |                 |           |                     |                     |              |
|                                   | (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)         |
| <b>Balance at end of the year</b> | <b>538</b>                 | <b>56</b>          | <b>131</b>      | <b>73</b> | <b>1,171</b>        | <b>1,293</b>        | <b>3,262</b> |

|                                   | Consolidated and Bank only |                    |                 |           |                     |                     | Total        |
|-----------------------------------|----------------------------|--------------------|-----------------|-----------|---------------------|---------------------|--------------|
|                                   | Pass                       | Special<br>mention | Sub<br>standard | Doubtful  | Doubtful<br>of loss | Excess<br>allowance |              |
|                                   | 2009                       |                    |                 |           |                     |                     |              |
|                                   | (in million Baht)          |                    |                 |           |                     |                     |              |
| Balance at beginning of the year  | 638                        | 24                 | 346             | 222       | 1,255               | 424                 | 2,909        |
| Allowance for doubtful accounts   | (142)                      | 47                 | (153)           | (193)     | 2,978               | 65                  | 2,602        |
| Bad debt written off              | -                          | -                  | -               | -         | (2,411)             | -                   | (2,411)      |
| Others                            | -                          | -                  | -               | -         | (12)                | -                   | (12)         |
| <b>Balance at end of the year</b> | <b>496</b>                 | <b>71</b>          | <b>193</b>      | <b>29</b> | <b>1,810</b>        | <b>489</b>          | <b>3,088</b> |

Bad debt recovered for the years ended 31 December 2010 and 2009 are presented net of bad debts and doubtful accounts expense in the statement of income. For the year ended 31 December 2010, bad debt recovered was in the amount of Baht 596 million (2009: Baht 610 million).

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**Notes to the financial statements**  
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**10 Properties foreclosed**

The details of properties foreclosed are as follows:

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

| Consolidated and Bank only                 |                      |                   |              |                   |
|--|----------------------|-------------------|--------------|-------------------|
| 2009                                       |                      |                   |              |                   |
|  | Beginning<br>balance | Increase          | Disposals    | Ending<br>balance |
|  |                      | (in million Baht) |              |                   |
| <b>Assets acquired from debt repayment</b> |                      |                   |              |                   |
| Immovable property                         |                      |                   |              |                   |
| - Appraised by external appraisal          | 24                   | -                 | -            | 24                |
| Movable property                           |                      |                   |              |                   |
| - Appraised by external appraisal          | 14                   | 60                | (68)         | 6                 |
| <b>Total</b>                               | <b>38</b>            | <b>60</b>         | <b>(68)</b>  | <b>30</b>         |
| Transfer from premises and equipment       | 17                   | 180               | (88)         | 109               |
| <b>Total properties foreclosed</b>         | <b>55</b>            | <b>240</b>        | <b>(156)</b> | <b>139</b>        |
| Less allowance for impairment              | (19)                 | (86)              | 74           | (31)              |
| <b>Properties foreclosed, net</b>          | <b>36</b>            | <b>154</b>        | <b>(82)</b>  | <b>108</b>        |

Properties foreclosed were acquired as a result of troubled debt restructuring. According to the terms and conditions of certain debt restructuring agreements, as at 31 December 2009, option to buy-back has been granted over properties transferred with a value of Baht 16 million. The option was exercisable within 5 years from the date of transfer. Debtor has terminated this option and the Bank accordingly sold this property foreclosed during the year 2010.

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

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                        | (96)           | 1,251   | 1,050                          | 108         | 6                          | 1,071                       | -                        | 180   |
| Others                          | 30                       | 23                         | (44)           | 9   | -                              | -           | -                          | -                           | -                        | 9     |
| Total                           | 3,289                    | 135                        | (140)          | 3,284   | 1,749                          | 161         | 6                          | 1,823                       | (460)                    | 1,001 |

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

For the year ended 31 December 2010, the depreciation charges included in the statement of income 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.

**For the years ended 31 December 2010 and 2009**

Changes in premises and equipment during the year ended 31 December 2009 are summarised as follows:

|                   | 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 | Beginning balance                                   | Depreciation | Disposals and transfer out |                             |
| Land              | 131                             | -                        | (87)                       | 44  | -            | -                          | 35                          |
| Freehold premises | 2,094                           | -                        | (114)                      | 1,980   | 54           | (14)                       | 830                         |
| Equipment         | 1,384                           | 84                       | (233)                      | 1,235   | 88           | (228)                      | 185                         |
| Others            | 2                               | 52                       | (24)                       | 30  | -            | -                          | 30                          |
| <b>Total</b>      | <b>3,611</b>                    | <b>136</b>               | <b>(458)</b>               | <b>3,289</b>  | <b>142</b>   | <b>(242)</b>               | <b>1,080</b>                |

For the year ended 31 December 2009, the depreciation charge included in the statement of income was Baht 142 million.

As at 31 December 2009, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 875 million.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**12 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.

**13 Other assets**

|  | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|--|--------------------------|--------------|------------------|--------------|
|  | 2010                     | 2009         | 2010             | 2009         |
|  | <i>(in million Baht)</i> |              |                  |              |
| Accrued interest and income receivable | 391                      | 234          | 391              | 234          |
| Leasehold premises, net                | 33                       | 35           | 33               | 35           |
| Software, net                          | 17                       | 35           | 17               | 35           |
| Call loan collateral                   | 4,715                    | 3,358        | 4,715            | 3,358        |
| Others                                 | 391                      | 247          | 390              | 245          |
| <b>Total</b>                           | <b>5,547</b>             | <b>3,909</b> | <b>5,546</b>     | <b>3,907</b> |

**14 Deposits**

*Classified by type of deposits*

|                                | <b>Consolidated</b>      |               | <b>Bank only</b> |               |
|--------------------------------|--------------------------|---------------|------------------|---------------|
|                                | 2010                     | 2009          | 2010             | 2009          |
|                                | <i>(in million Baht)</i> |               |                  |               |
| Current                        | 7,531                    | 2,435         | 7,531            | 2,436         |
| Savings                        | 53,227                   | 53,897        | 53,250           | 53,915        |
| Term                           |                          |               |                  |               |
| - Less than 6 months           | 4,746                    | 8,083         | 4,746            | 8,083         |
| - 6 months to less than 1 year | 9,852                    | 8,316         | 9,852            | 8,316         |
| - 1 year and over              | 20,860                   | 23,000        | 20,860           | 23,000        |
| <b>Total</b>                   | <b>96,216</b>            | <b>95,731</b> | <b>96,239</b>    | <b>95,750</b> |

*Classified by remaining period to maturity of deposits*

|   | <b>Consolidated</b>      |               | <b>Bank only</b> |               |
|---|--------------------------|---------------|------------------|---------------|
|   | 2010                     | 2009          | 2010             | 2009          |
|   | <i>(in million Baht)</i> |               |                  |               |
| Within 1 year (including matured contracts) | 95,234                   | 88,089        | 95,257           | 88,108        |
| Over 1 year                                 | 982                      | 7,642         | 982              | 7,642         |
| <b>Total</b>                                | <b>96,216</b>            | <b>95,731</b> | <b>96,239</b>    | <b>95,750</b> |



**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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*Classified by currency and residence of depositors*

|                  | <b>Consolidated</b> |                 |                            |               |                 |               |
|------------------|---------------------|-----------------|----------------------------|---------------|-----------------|---------------|
|                  | Domestic            | 2010<br>Foreign | Total<br>(in million Baht) | Domestic      | 2009<br>Foreign | Total         |
| Thai Baht        | 88,431              | 2,074           | 90,505                     | 86,298        | 1,621           | 87,919        |
| US Dollar        | 2,456               | 2,044           | 4,500                      | 6,388         | 418             | 6,806         |
| Other currencies | 1,111               | 100             | 1,211                      | 910           | 96              | 1,006         |
| <b>Total</b>     | <b>91,998</b>       | <b>4,218</b>    | <b>96,216</b>              | <b>93,596</b> | <b>2,135</b>    | <b>95,731</b> |

  

|                  | <b>Bank only</b> |                 |                            |               |                 |               |
|------------------|------------------|-----------------|----------------------------|---------------|-----------------|---------------|
|                  | Domestic         | 2010<br>Foreign | Total<br>(in million Baht) | Domestic      | 2009<br>Foreign | Total         |
| Thai Baht        | 88,454           | 2,074           | 90,528                     | 86,317        | 1,621           | 87,938        |
| US Dollar        | 2,456            | 2,044           | 4,500                      | 6,388         | 418             | 6,806         |
| Other currencies | 1,111            | 100             | 1,211                      | 910           | 96              | 1,006         |
| <b>Total</b>     | <b>92,021</b>    | <b>4,218</b>    | <b>96,239</b>              | <b>93,615</b> | <b>2,135</b>    | <b>95,750</b> |

**15 Inter-bank and money market items (liabilities)**

|                                   | <b>Consolidated and Bank only</b> |               |                            |              |               |               |
|-----------------------------------|-----------------------------------|---------------|----------------------------|--------------|---------------|---------------|
|                                   | At call                           | 2010<br>Term  | Total<br>(in million Baht) | At call      | 2009<br>Term  | Total         |
| <b>Domestic</b>                   |                                   |               |                            |              |               |               |
| Commercial banks                  | 10                                | 19,262        | 19,272                     | 14           | 20,601        | 20,615        |
| Other banks                       | -                                 | -             | -                          | 1            | -             | 1             |
| Securities companies              | 2,171                             | 7,948         | 10,119                     | 3,100        | 9,762         | 12,862        |
| Other financial institutions      | 1,188                             | 2,100         | 3,288                      | 686          | 543           | 1,229         |
| <b>Total domestic</b>             | <b>3,369</b>                      | <b>29,310</b> | <b>32,679</b>              | <b>3,801</b> | <b>30,906</b> | <b>34,707</b> |
| <b>Foreign</b>                    |                                   |               |                            |              |               |               |
| US Dollar                         | -                                 | 11,156        | 11,156                     | 1            | 18,430        | 18,431        |
| Euro                              | -                                 | -             | -                          | 66           | -             | 66            |
| Thai Baht                         | 7,558                             | -             | 7,558                      | 4,791        | -             | 4,791         |
| Australian Dollar                 | 9                                 | -             | 9                          | -            | -             | -             |
| <b>Total foreign</b>              | <b>7,567</b>                      | <b>11,156</b> | <b>18,723</b>              | <b>4,858</b> | <b>18,430</b> | <b>23,288</b> |
| <b>Total domestic and foreign</b> | <b>10,936</b>                     | <b>40,466</b> | <b>51,402</b>              | <b>8,659</b> | <b>49,336</b> | <b>57,995</b> |

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

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### 16 Borrowings

The Bank has a program to issue and offer debentures to public or/and institutional investors for a total amount of 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 (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 2010 and 2009, the outstanding balances of borrowings are summarised as follows:

| <b>Consolidated</b> |             |               |                   |             |               |                   |
|---------------------|-------------|---------------|-------------------|-------------|---------------|-------------------|
|                     | 2010        |               |                   | 2009        |               |                   |
|                     | Maturity    | Interest rate | Amount            | Maturity    | Interest rate | Amount            |
|                     |             | (%)           | (in million Baht) |             | (%)           | (in million Baht) |
| Debentures          | 2011        | 1.70% - 2.10% | 11,144            | 2010        | 1.10% - 1.40% | 7,481             |
| Bills of exchange   | 2010 - 2011 | 1.00% - 2.10% | 9,426             | 2010        | 0.70% - 3.70% | 7,378             |
| Structured deposits | 2014        | 0.00% - 6.25% | 1,000             | 2010 - 2013 | 0.00% - 4.00% | 2,000             |
| <b>Total</b>        |             |               | <b>21,570</b>     |             |               | <b>16,859</b>     |

  

| <b>Bank only</b>    |             |               |                   |             |               |                   |
|---------------------|-------------|---------------|-------------------|-------------|---------------|-------------------|
|                     | 2010        |               |                   | 2009        |               |                   |
|                     | Maturity    | Interest rate | Amount            | Maturity    | Interest rate | Amount            |
|                     |             | (%)           | (in million Baht) |             | (%)           | (in million Baht) |
| Debentures          | 2011        | 1.70% - 2.10% | 11,144            | 2010        | 1.10% - 1.40% | 7,481             |
| Bills of exchange   | 2010 - 2011 | 1.00% - 2.10% | 9,501             | 2010        | 0.70% - 3.70% | 7,512             |
| Structured deposits | 2014        | 0.00% - 6.25% | 1,000             | 2010 - 2013 | 0.00% - 4.00% | 2,000             |
| <b>Total</b>        |             |               | <b>21,645</b>     |             |               | <b>16,993</b>     |

### 17 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.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**18 Employee benefit obligations**

|                                       | Consolidated<br>2010<br>(in million Baht) | Bank only<br>2010 |
|---------------------------------------|---|-------------------|
| <b>Balance sheet obligations for:</b> |   |                   |
| Defined benefit obligation            | <u>223</u>                                | <u>219</u>        |
| <b>Statement of income charge:</b>    |   |                   |
| Defined benefit obligation            | <u>223</u>                                | <u>219</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 balance sheet obligation was determined as follows:

|                                       | Consolidated<br>2010<br>(in million Baht) | Bank only<br>2010 |
|---------------------------------------|---|-------------------|
| Present value of unfunded obligations |   |                   |
| <b>Balance sheet obligation</b>       | <u>223</u>                                | <u>219</u>        |

Movement in the present value of the defined benefit obligations:

|   | Consolidated<br>2010<br>(in million Baht) | Bank only<br>2010 |
|---|---|-------------------|
| Defined benefit obligations at 1 January          | -   | -                 |
| Past service costs                                | 223                                       | 219               |
| <b>Defined benefit obligations at 31 December</b> | <u>223</u>                                | <u>219</u>        |

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

|                      | Consolidated<br>2010<br>(in million Baht) | Bank only<br>2010 |
|----------------------|---|-------------------|
| Past service costs   |   |                   |
| - Personnel expenses | 223                                       | 219               |
| <b>Total</b>         | <u>223</u>                                | <u>219</u>        |

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

|                                 | Consolidated<br>2010<br>(%) | Bank only<br>2010 |
|---------------------------------|-----------------------------|-------------------|
| Discount rate at 31 December    | 3.70%                       | 3.70%             |
| Future average salary increases | 5.00%                       | 5.00%             |

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

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 19 Other liabilities

|                         | Consolidated      |              | Bank only    |              |
|-------------------------|-------------------|--------------|--------------|--------------|
|                         | 2010              | 2009         | 2010         | 2009         |
|                         | (in million Baht) |              |              |              |
| Withholding tax payable | 250               | 151          | 250          | 151          |
| Call deposit collateral | 4,480             | 1,407        | 4,480        | 1,407        |
| VAT payable             | 11                | 15           | 10           | 14           |
| Other payables          | 307               | 213          | 307          | 213          |
| Others                  | 570               | 564          | 570          | 564          |
| <b>Total</b>            | <b>5,618</b>      | <b>2,350</b> | <b>5,617</b> | <b>2,349</b> |

### 20 Share capital

|                           | Consolidated and Bank only          |                |  |                |                |
|---------------------------|-------------------------------------|----------------|--|----------------|----------------|
|                           | Par value<br>per share<br>(in Baht) | 2010<br>Number | 2010<br>Amount<br>(in million shares / million Baht) | 2009<br>Number | 2009<br>Amount |
| <b>Authorised</b>         |                                     |                |  |                |                |
| At 1 January              |                                     |                |  |                |                |
| - ordinary shares         | 10                                  | 1,484          | 14,843   | 1,160          | 11,604         |
| Reduction of shares       | 10                                  | -              | -  | (22)           | (217)          |
| Increase of new shares    | 10                                  | -              | -  | 346            | 3,456          |
| <b>At 31 December</b>     |                                     |                |  |                |                |
| - ordinary shares         | 10                                  | <b>1,484</b>   | <b>14,843</b>  | <b>1,484</b>   | <b>14,843</b>  |
| <b>Issued and paid-up</b> |                                     |                |  |                |                |
| At 1 January              |                                     |                |  |                |                |
| - ordinary shares         | 10                                  | 1,484          | 14,837   | 1,139          | 11,387         |
| Issue of new shares       | 10                                  | -              | -  | 345            | 3,450          |
| <b>At 31 December</b>     |                                     |                |  |                |                |
| - ordinary shares         | 10                                  | <b>1,484</b>   | <b>14,837</b>  | <b>1,484</b>   | <b>14,837</b>  |

#### Increase of registered capital with issuance of new ordinary shares and decrease of the existing unpaid registered share capital

According to the resolution of the Annual General Meeting of Shareholders ("AGM") held on 21 April 2009, the AGM approved the following changes to share capital:

- (1) Reduction in registered capital by decreasing the number of registered shares which had not yet been issued, of 21,740,735 at Baht 10 each.
- (2) Increase in registered capital from Baht 11,386,817,020 to Baht 14,842,627,020, and issuance of up to 345,581,000 new ordinary shares of Baht 10 each.

Effective on 11 May 2009, in accordance with the resolution of the Annual General Meeting of Shareholders ("AGM") No. 10, held on 21 April 2009, the Bank offered 345,581,000 new ordinary shares to existing shareholders, with a par value of Baht 10 each, at a ratio of 1 newly issued share for every 3.295 existing shares at a price of Baht 21 per share through a rights issue for the purpose of the future expansion of the business. From the above share offer, the shareholders took up 345,022,846 ordinary shares at Baht 21 each totaling Baht 7,245 million.

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

On 22 May 2009, the Bank registered the above paid-up share capital issue with the Ministry of Commerce. This resulted in the Bank's issued paid-up capital increasing from 1,138,681,702 ordinary shares with par value of Baht 10 each, totaling Baht 11,387 million to 1,483,704,548 ordinary shares with a par value of Baht 10 each, totaling Baht 14,837 million. After this share issue, Standard Chartered Bank held a 99.87% shareholding in the Bank.

The share premium of Baht 3,795 million arising on the new shares issued has been credited to the Share Premium Reserve, increasing the reserve from Baht 5,261 million to Baht 9,056 million.

### 21 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the years as follows:

|   | Consolidated                       |              | Bank only    |              |
|---|------------------------------------|--------------|--------------|--------------|
|   | 2010                               | 2009         | 2010         | 2009         |
|   | (in million Baht / million shares) |              |              |              |
| <b>Profit for the year attributable to equity holders of the Bank (basic)</b> | <b>1,849</b>                       | <b>1,747</b> | <b>1,900</b> | <b>1,685</b> |
| Number of ordinary shares outstanding at 1 January                            | 1,484                              | 1,139        | 1,484        | 1,139        |
| Effect of shares issued on 22 May 2009  | -                                  | 211          | -            | 211          |
| <b>Weighted average number of ordinary shares outstanding (basic)</b>         | <b>1,484</b>                       | <b>1,350</b> | <b>1,484</b> | <b>1,350</b> |
| <b>Basic earnings per share (in Baht)</b>                                     | <b>1.25</b>                        | <b>1.29</b>  | <b>1.28</b>  | <b>1.25</b>  |

### 22 Dividends

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 dividend was paid to shareholders in May 2010.

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

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

|   | <b>Bank only</b>         |               |
|---|--------------------------|---------------|
|   | <b>2010</b>              | <b>2009</b>   |
|   | <i>(in million Baht)</i> |               |
| <b><i>Tier one capital</i></b>  |                          |               |
| Issued and paid-up share capital  | 14,837                   | 14,837        |
| Share premium   | 9,056                    | 9,056         |
| Legal reserve   | 408                      | 323           |
| Net income after appropriation  | 6,648                    | 6,146         |
| Less deduction item: 50% from tier one capital and<br>50% from tier two capital | (350)                    | -             |
| <b>Total tier one capital</b>   | <b>30,599</b>            | <b>30,362</b> |
| <b><i>Tier two capital</i></b>  |                          |               |
| Provision for normal classified asset   | 394                      | 311           |
| Surplus provision for Tier two capital according to IRB approach                | -                        | 355           |
| Gain on revaluation of available-for-sale investments                           | 4                        | 2             |
| Less deduction item: 50% from tier one capital and<br>50% from tier two capital | (350)                    | -             |
| <b>Total tier two capital</b>   | <b>48</b>                | <b>668</b>    |
| <b>Total capital</b>  | <b>30,647</b>            | <b>31,030</b> |
| <b>Total capital ratio</b>  | <b>15.12%</b>            | <b>18.71%</b> |
| <b>Tier one capital ratio</b>   | <b>15.10%</b>            | <b>18.31%</b> |

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.

During 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 2010 and 2009, 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 2010 within 4 months after the year end date, as indicated in the notification, through the Bank's website [www.standardchartered.co.th](http://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.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**24 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.

***Surpluses from fair value changes on investment***

Surpluses from fair value changes on investment recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are disposed of.

***Surpluses from fair value changes on cash flow hedges***

Surpluses from fair value changes on cash flow hedges comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

***Legal reserve***

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

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

|   | Consolidated and Bank only |                               |                            |                  |                               |                  |
|---|----------------------------|-------------------------------|----------------------------|------------------|-------------------------------|------------------|
|   | Thai<br>Baht               | 2010<br>Foreign<br>currencies | Total<br>(in million Baht) | Thai<br>Baht     | 2009<br>Foreign<br>currencies | Total            |
| <i>Aval to bills and<br/>guarantees of loans</i>  |                            |                               |                            |                  |                               |                  |
| Letters of indemnity<br>- borrowings              | <u>10</u>                  | <u>64</u>                     | <u>74</u>                  | <u>13</u>        | <u>75</u>                     | <u>88</u>        |
| <i>Liability under unmatured<br/>import bills</i> | <u>57</u>                  | <u>1,473</u>                  | <u>1,530</u>               | <u>-</u>         | <u>1,102</u>                  | <u>1,102</u>     |
| <i>Letters of credit</i>                          | <u>83</u>                  | <u>3,686</u>                  | <u>3,769</u>               | <u>52</u>        | <u>3,691</u>                  | <u>3,743</u>     |
| <i>Other contingencies</i>                        |                            |                               |                            |                  |                               |                  |
| Other letters of guarantee                        | 16,165                     | 15,702                        | 31,867                     | 14,581           | 14,925                        | 29,506           |
| <i>Foreign exchange contracts</i>                 |                            |                               |                            |                  |                               |                  |
| Forward foreign<br>exchange contracts             |                            |                               |                            |                  |                               |                  |
| Purchase contracts                                | 306,667                    | 323,518                       | 630,185                    | 278,731          | 297,467                       | 576,198          |
| Sale contracts                                    | 292,806                    | 338,417                       | 631,223                    | 258,257          | 320,039                       | 578,296          |
| Cross currency swap contracts                     |                            |                               |                            |                  |                               |                  |
| Purchase contracts                                | 117,309                    | 137,824                       | 255,133                    | 106,478          | 147,796                       | 254,274          |
| Sale contracts                                    | 126,587                    | 132,407                       | 258,994                    | 140,526          | 117,859                       | 258,385          |
| Currency option contracts                         |                            |                               |                            |                  |                               |                  |
| Options bought                                    | 3,968                      | 8,140                         | 12,108                     | 4,058            | 10,587                        | 14,645           |
| Options sold                                      | 8,222                      | 3,998                         | 12,220                     | 9,629            | 5,294                         | 14,923           |
| <i>Interest rate contracts</i>                    |                            |                               |                            |                  |                               |                  |
| Interest rate swap contracts                      | 1,233,447                  | 150,591                       | 1,384,038                  | 1,211,267        | 182,940                       | 1,394,207        |
| Interest rate option contracts                    |                            |                               |                            |                  |                               |                  |
| Options bought                                    | 7,660                      | 671                           | 8,331                      | 12,640           | 742                           | 13,382           |
| Options sold                                      | 4,678                      | 671                           | 5,349                      | 14,150           | 742                           | 14,892           |
| <i>Equity option</i>                              |                            |                               |                            |                  |                               |                  |
| Purchase contracts                                | 2                          | -                             | 2                          | -                | -                             | -                |
| <i>Bond option</i>                                |                            |                               |                            |                  |                               |                  |
| Purchase contracts                                | 500                        | -                             | 500                        | 200              | -                             | 200              |
| <i>Commodity contracts</i>                        |                            |                               |                            |                  |                               |                  |
| Purchase contracts                                | -                          | 20,528                        | 20,528                     | -                | 12,135                        | 12,135           |
| Sale contracts                                    | -                          | 20,528                        | 20,528                     | -                | 12,135                        | 12,135           |
| <i>Unused credit line of<br/>Overdrafts</i>       | 11,570                     | -                             | 11,570                     | 10,335           | -                             | 10,335           |
| <i>Others</i>                                     | <u>260,526</u>             | <u>-</u>                      | <u>260,526</u>             | <u>322,411</u>   | <u>-</u>                      | <u>322,411</u>   |
|   | <u>2,390,107</u>           | <u>1,152,995</u>              | <u>3,543,102</u>           | <u>2,383,263</u> | <u>1,122,661</u>              | <u>3,505,924</u> |
| <b>Total</b>                                      | <u>2,390,257</u>           | <u>1,158,218</u>              | <u>3,548,475</u>           | <u>2,383,328</u> | <u>1,127,529</u>              | <u>3,510,857</u> |



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**26 Litigation**

- 26.1 As at 31 December 2010, the Bank has received claims in respect of letters of guarantee and other items totaling Baht 1,050 million (excluding interest) (2009: *Baht 556 million*). Litigation is pending and the Bank has recorded provision for possible loss from these claims of Baht 29 million as at 31 December 2010 (2009: *Baht 1 million*).
- 26.2 During 2006, the Bank entered into a derivative contract with a State Enterprise for a term of five years, expiring in August 2011. During 2008, the State Enterprise informed the Bank that it disputed the validity of certain terms of the contract and the 3 subsequent due payments remain unpaid. On 19 August 2009, according to the normal business practice and its contractual rights, the Bank has effected the early termination of all derivative contracts with the State Enterprise. The Bank is taking actions to claim for damages from this early termination. The Bank's position remains firm that the said derivative contract is legally valid and enforceable and that there are no proper grounds for the contract to be challenged. However, in accordance with Bank of Thailand regulations, the Bank has fully provided for the net receivable balance.

**27 Related party transactions and balances**

Related parties are those parties linked to the Bank as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

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

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

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### Significant transactions with related parties

Significant transactions with related parties for the years ended 31 December 2010 and 2009 are summarised as follows:

|  | Consolidated      |       | Bank only |       |
|--|-------------------|-------|-----------|-------|
|  | 2010              | 2009  | 2010      | 2009  |
|  | (in million Baht) |       |           |       |
| Interest income  | 64                | 876   | 64        | 876   |
| Dividend income  | -                 | -     | 75        | 45    |
| Loss on forward and derivative contracts                       | (536)             | (80)  | (536)     | (80)  |
| Claim received   | -                 | 5,272 | -         | 5,272 |
| Other fee and service income                                   | 2                 | 1     | 2         | 1     |
| Other income - shared support function                         | 13                | 12    | 76        | 91    |
| Other income   | -                 | -     | 6         | 11    |
| Interest expense   | 57                | 32    | 59        | 34    |
| Other fee and service expenses                                 | 24                | 219   | 24        | 219   |
| Fee and service expenses - service agreement                   | 366               | 414   | 548       | 681   |
| Fee and service expense - outsourcing of processing activities | 34                | 28    | 34        | 28    |
| Trademark license fee  | 135               | 156   | 135       | 156   |
| Other expenses   | 52                | 34    | 52        | 34    |
| Other expenses reimbursed                                      | 72                | 60    | 72        | 60    |

In 2009, the Bank obtained an irrevocable standby letter of credit from Standard Chartered Bank, London and exercised the standby letter of credit to cover a possible loss from a receivable. The fees paid and amount received under this SBLC are included in "other fees and service expenses" and "claim received" respectively. The claim received has been offset against the receivable.

### 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 authorised management, including their related parties hold 10% or more of the paid up capital as of 31 December 2010 and 2009 were as follows:

|   | Consolidated and Bank only |            |                |            |
|---|----------------------------|------------|----------------|------------|
|   | 2010                       |            | 2009           |            |
|   | At end of year             | Average    | At end of year | Average    |
|   | (in million Baht)          |            |                |            |
| <b>Loans</b>  |                            |            |                |            |
| To executive directors and authorised management, including their related Parties   | <u>14</u>                  | <u>16</u>  | <u>22</u>      | <u>22</u>  |
| <b>Deposits</b>   |                            |            |                |            |
| From executive directors and authorised management, including their related parties | <u>141</u>                 | <u>148</u> | <u>144</u>     | <u>157</u> |

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

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|  | Consolidated and Bank only |                |
|--|----------------------------|----------------|
|  | 2010                       | 2009           |
|  | (in million Baht)          |                |
| <b><i>Inter-bank and money market items (assets)</i></b>                             |                            |                |
| Standard Chartered Bank  | <u>1,353</u>               | <u>13,336</u>  |
| <b><i>Loans and accrued interest receivable</i></b>                                  |                            |                |
| Standard Chartered (Thai) Asset Management Company Limited                           | <u>4,911</u>               | <u>452</u>     |
| <b><i>Unrealised gain (loss) on mark to market of derivative contracts, net</i></b>  |                            |                |
| Standard Chartered Bank  | (1,914)                    | (2,130)        |
| Standard Chartered (GCT) Limited   | 77                         | 63             |
| Standard Chartered (Thailand) Limited  | -                          | 8              |
| <b>Total</b>   | <u>(1,837)</u>             | <u>(2,059)</u> |
| <b><i>Accrued income</i></b>   |                            |                |
| Standard Chartered Bank  | 68                         | 61             |
| Thai Exclusive Leasing Company Limited<br>(nil in consolidated financial statements) | 1                          | -              |
| <b>Total</b>   | <u>69</u>                  | <u>61</u>      |
| <b><i>Deposits</i></b>   |                            |                |
| Standard Chartered (Thailand) Limited  | 11                         | 12             |
| Standard Chartered (Thai) Asset Management Company Limited                           | 64                         | 4              |
| Standard Chartered Securities (Hong Kong) Limited                                    | 1                          | -              |
| Thai Exclusive Leasing Company Limited<br>(nil in consolidated financial statements) | 23                         | 19             |
| <b>Total</b>   | <u>99</u>                  | <u>35</u>      |
| <b><i>Inter-bank and money market items (liabilities)</i></b>                        |                            |                |
| Standard Chartered Bank  | <u>12,999</u>              | <u>18,780</u>  |
| <b><i>Accrued interest payable</i></b>   |                            |                |
| Standard Chartered Bank  | <u>2</u>                   | <u>1</u>       |
| <b><i>Borrowings</i></b>   |                            |                |
| Standard Chartered (Thailand) Limited  | 582                        | 194            |
| Thai Exclusive Leasing Company Limited<br>(nil in consolidated financial statements) | 75                         | 135            |
| <b>Total</b>   | <u>657</u>                 | <u>329</u>     |
| <b><i>Accrued expenses</i></b>   |                            |                |
| Standard Chartered Bank  | 350                        | 405            |
| Standard Chartered Strategic Brand Management Limited                                | 136                        | 154            |
| Scope International Private Limited  | 22                         | 4              |
| Thai Exclusive Leasing Company Limited<br>(nil in consolidated financial statements) | 14                         | 18             |
| <b>Total</b>   | <u>522</u>                 | <u>581</u>     |

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|   | Consolidated and Bank only |                |
|---|----------------------------|----------------|
|   | 2010                       | 2009           |
|   | (in million Baht)          |                |
| <b>Letters of credit</b>                  |                            |                |
| Standard Chartered Bank                   | <u>13</u>                  | <u>430</u>     |
| <b>Forward foreign exchange contracts</b> |                            |                |
| Standard Chartered Bank                   | <u>122,952</u>             | <u>122,729</u> |
| <b>Cross currency swap contracts</b>      |                            |                |
| Standard Chartered Bank                   | 79,841                     | 38,702         |
| Standard Chartered (GCT) Limited          | 676                        | 874            |
| <b>Total</b>                              | <u>80,517</u>              | <u>39,576</u>  |
| <b>Currency option contracts</b>          |                            |                |
| Standard Chartered Bank                   | <u>259</u>                 | <u>1,333</u>   |
| <b>Interest rate swap contracts</b>       |                            |                |
| Standard Chartered Bank                   | 123,792                    | 169,929        |
| Standard Chartered (Thailand) Limited     | -                          | 555            |
| <b>Total</b>                              | <u>123,792</u>             | <u>170,484</u> |
| <b>Interest rate option contracts</b>     |                            |                |
| Standard Chartered Bank                   | <u>671</u>                 | <u>742</u>     |
| <b>Commodity contracts</b>                |                            |                |
| Standard Chartered Bank                   | <u>20,528</u>              | <u>12,135</u>  |
| <b>Other letters of guarantee</b>         |                            |                |
| Standard Chartered Bank                   | 12,252                     | 11,187         |
| Standard Chartered (Thailand) Limited     | 3                          | 3              |
| <b>Total</b>                              | <u>12,255</u>              | <u>11,190</u>  |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

*Significant agreements with related parties*

*License agreement*

In 2008, the Bank entered into a non-exclusive license agreement with Standard Chartered Strategic 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 an agreed rate in accordance with the conditions in the agreement.

*Services agreement*

In 1999, the Bank entered into a Services Agreement with Standard Chartered PLC relating to the provision of certain management and other services to the Bank by Standard Chartered PLC, including the provision of certain centralized or regionalized services of the Standard Chartered Group. The fees payable by the Bank to Standard Chartered PLC under the services agreement are such amounts as shall be determined by Standard Chartered PLC to be a fair and reasonable allocation to the Bank of the actual costs to the Standard Chartered Group of providing such services.

On 9 August 2010, the Bank of Thailand issued the Notification Sor.Nor.Sor. 8/2553 re:Outsourcing Regulation, the main objective of the Bank of Thailand is to encourage financial institutions to upgrade its operational capabilities and utilize its 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.

To fully comply with the Bank of Thailand Notification, the Bank has revisited and completed a review of all services provided by Standard Chartered PLC under the 1999 Services Agreement in January 2011, and is in the process of obtaining the necessary approvals to cancel the 1999 Services Agreement and enter into a new agreement with Standard Chartered PLC.

*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 based on the actual time spent in providing the service.

*Outsourcing services*

In 2002, the Bank entered into service agreements for certain accounting and financial processing activities and related to information technology support with related parties.

In 2008, the Bank entered into a collection service agreement with Thai Exclusive Leasing Company Limited. Thai Exclusive Leasing Company Limited will provide debt collection services to the Bank. The fee is charged at the market rate.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**28 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.

**29 Non-cancellable operating lease agreements**

The Bank has entered into operating lease agreements for periods ranging from 1 year to 30 years. The period to maturity of long-term lease payments is as follows:

|                                      | <b>Consolidated and Bank only</b> |             |
|--------------------------------------|-----------------------------------|-------------|
|                                      | <b>2010</b>                       | <b>2009</b> |
|                                      | <i>(in million Baht)</i>          |             |
| Within one year                      | 90                                | 74          |
| After one year but within five years | 132                               | 122         |
| After five years                     | 109                               | 124         |
| <b>Total</b>                         | <b>331</b>                        | <b>320</b>  |

**30 Income tax expense**

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

**31 Results of operations classified by domestic and overseas business**

As at 31 December 2010 and 2009, the Bank has not engaged in overseas business. The results of the Bank's operations were derived from only domestic business.

**32 Financial instruments**

*Accounting policies*

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

*Credit risk*

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

In respect of on-balance sheet financial assets, the carrying value of the assets, less the allowance for doubtful accounts, reflect the Bank's maximum exposure to credit losses.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

The Bank's exposure to credit loss for off-balance sheet commitments 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 on-balance sheet instruments. 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 off-balance sheet financial instruments 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 off-balance sheet 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 contract or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments. The Bank does not take speculative positions in any derivative financial instruments.

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 approved guidelines and parameters set by Standard Chartered Group Market Risk.

*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 5, 7, 14 and 15.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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*Interest rate risk*

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

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

|                        | <b>Consolidated and Bank only</b> |                |
|------------------------|-----------------------------------|----------------|
|                        | 2010                              | 2009           |
|                        | <i>(in million Baht)</i>          |                |
| Fixed interest rate    | 172,280                           | 180,933        |
| Floating interest rate | 38,207                            | 27,810         |
| <b>Total</b>           | <b>210,487</b>                    | <b>208,743</b> |

As at 31 December 2010, for hedging purposes, the Bank entered into interest rate contracts with a notional value of Baht 18,585 million (2009: Baht 22,370 million).

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

|   | <b>Consolidated</b>      |                       |                      |                          |                       |                      |
|---|--------------------------|-----------------------|----------------------|--------------------------|-----------------------|----------------------|
|   | 2010                     |                       |                      | 2009                     |                       |                      |
|   | Average balance          | Interest and dividend | Average rate         | Average balance          | Interest and dividend | Average rate         |
|   | <i>(in million Baht)</i> |                       | <i>(% per annum)</i> | <i>(in million Baht)</i> |                       | <i>(% per annum)</i> |
| <b>Interest-earning financial assets</b>      |                          |                       |                      |                          |                       |                      |
| Inter-bank and money market items             | 80,858                   | 1,275                 | 1.58                 | 94,317                   | 1,631                 | 1.73                 |
| Investments                                   | 45,770                   | 774                   | 1.69                 | 34,120                   | 659                   | 1.93                 |
| Loans   | 87,388                   | 6,734                 | 7.71                 | 81,694                   | 7,043                 | 8.62                 |
| <b>Total</b>                                  | <b>214,016</b>           | <b>8,783</b>          | <b>4.10</b>          | <b>210,131</b>           | <b>9,333</b>          | <b>4.44</b>          |
| <b>Interest-bearing financial liabilities</b> |                          |                       |                      |                          |                       |                      |
| Deposits                                      | 91,207                   | 942                   | 1.03                 | 107,627                  | 1,512                 | 1.40                 |
| Inter-bank and money market items             | 55,940                   | 622                   | 1.11                 | 35,249                   | 339                   | 0.96                 |
| Borrowings                                    | 17,088                   | 218                   | 1.27                 | 32,679                   | 471                   | 1.44                 |
| <b>Total</b>                                  | <b>164,235</b>           | <b>1,782</b>          | <b>1.08</b>          | <b>175,555</b>           | <b>2,322</b>          | <b>1.32</b>          |



**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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**For the years ended 31 December 2010 and 2009**

|   | Bank only                               |                          |                               |   |                          |                               |
|---|---|--------------------------|-------------------------------|---|--------------------------|-------------------------------|
|   | 2010                                    |                          |                               | 2009                                    |                          |                               |
|   | Average<br>balance<br>(in million Baht) | Interest and<br>dividend | Average rate<br>(% per annum) | Average<br>balance<br>(in million Baht) | Interest and<br>dividend | Average rate<br>(% per annum) |
| <b>Interest-earning financial assets</b>      |   |                          |                               |   |                          |                               |
| Inter-bank and money market items             | 80,858                                  | 1,275                    | 1.58                          | 94,317                                  | 1,631                    | 1.73                          |
| Investments                                   | 45,829                                  | 849                      | 1.85                          | 34,179                                  | 704                      | 2.06                          |
| Loans   | 87,388                                  | 6,734                    | 7.71                          | 81,694                                  | 7,043                    | 8.62                          |
| <b>Total</b>                                  | <b>214,075</b>                          | <b>8,858</b>             | <b>4.14</b>                   | <b>210,190</b>                          | <b>9,378</b>             | <b>4.46</b>                   |
| <b>Interest-bearing financial liabilities</b> |   |                          |                               |   |                          |                               |
| Deposits                                      | 91,223                                  | 942                      | 1.03                          | 107,645                                 | 1,512                    | 1.40                          |
| Inter-bank and money market items             | 55,940                                  | 622                      | 1.11                          | 35,249                                  | 339                      | 0.96                          |
| Borrowings                                    | 17,196                                  | 219                      | 1.28                          | 32,797                                  | 473                      | 1.44                          |
| <b>Total</b>                                  | <b>164,359</b>                          | <b>1,783</b>             | <b>1.08</b>                   | <b>175,691</b>                          | <b>2,324</b>             | <b>1.32</b>                   |

Significant financial assets and financial liabilities classified by earlier of maturity or interest repricing as at 31 December 2010 and 2009 are as follows:

|  | Consolidated<br>2010   |                    |                               |                |                             |                |                |
|--|------------------------|--------------------|-------------------------------|----------------|-----------------------------|----------------|----------------|
|  | Immediate<br>repricing | Within<br>6 months | Over<br>6 months<br>to 1 year | Over<br>1 year | Non-<br>interest<br>bearing | Non<br>accrual | Total          |
|  | (in million Baht)      |                    |                               |                |                             |                |                |
| <b>Financial assets</b>  |                        |                    |                               |                |                             |                |                |
| Cash   | -                      | -                  | -                             | -              | 488                         | -              | 488            |
| Inter-bank and money<br>market items   | 757                    | 60,960             | -                             | 302            | 1,225                       | -              | 63,244         |
| Investments  | -                      | 24,570             | 9,067                         | 20,240         | 55                          | -              | 53,932         |
| Loans  | 37,193                 | 44,853             | 8,103                         | 4,442          | 44                          | 1,688          | 96,323         |
| Accounts receivable from<br>sales of investments and<br>debt securities in issue | -                      | -                  | -                             | -              | 22,876                      | -              | 22,876         |
| <b>Total financial assets</b>  | <b>37,950</b>          | <b>130,383</b>     | <b>17,170</b>                 | <b>24,984</b>  | <b>24,688</b>               | <b>1,688</b>   | <b>236,863</b> |
| <b>Financial liabilities</b>   |                        |                    |                               |                |                             |                |                |
| Deposits   | 53,227                 | 28,500             | 6,064                         | 894            | 7,531                       | -              | 96,216         |
| Inter-bank and money<br>market items   | 3,974                  | 40,465             | -                             | -              | 6,963                       | -              | 51,402         |
| Liabilities payable<br>on demand   | -                      | -                  | -                             | -              | 1,723                       | -              | 1,723          |
| Borrowings   | -                      | 21,570             | -                             | -              | -                           | -              | 21,570         |
| Accounts payable from<br>purchase of investments                                 | -                      | -                  | -                             | -              | 24,163                      | -              | 24,163         |
| <b>Total financial liabilities</b>   | <b>57,201</b>          | <b>90,535</b>      | <b>6,064</b>                  | <b>894</b>     | <b>40,380</b>               | <b>-</b>       | <b>195,074</b> |

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

|  | Consolidated<br>2009     |                    |                               |                |                             |                |                |
|--|--------------------------|--------------------|-------------------------------|----------------|-----------------------------|----------------|----------------|
|  | Immediate<br>repricing   | Within<br>6 months | Over<br>6 months<br>to 1 year | Over<br>1 year | Non-<br>interest<br>bearing | Non<br>accrual | Total          |
|  | <i>(in million Baht)</i> |                    |                               |                |                             |                |                |
| <b>Financial assets</b>  |                          |                    |                               |                |                             |                |                |
| Cash   | -                        | -                  | -                             | -              | 463                         | -              | 463            |
| Inter-bank and money<br>market items   | 772                      | 88,616             | -                             | -              | 1,868                       | -              | 91,256         |
| Investments  | -                        | 21,718             | 8,713                         | 10,313         | 57                          | -              | 40,801         |
| Loans  | 26,540                   | 42,153             | 5,478                         | 4,440          | 73                          | 2,576          | 81,260         |
| Accounts receivable from<br>sales of investments and<br>debt securities in issue | -                        | -                  | -                             | -              | 13,643                      | -              | 13,643         |
| <b>Total financial assets</b>  | <b>27,312</b>            | <b>152,487</b>     | <b>14,191</b>                 | <b>14,753</b>  | <b>16,104</b>               | <b>2,576</b>   | <b>227,423</b> |
| <b>Financial liabilities</b>   |                          |                    |                               |                |                             |                |                |
| Deposits   | 53,897                   | 28,209             | 4,481                         | 6,709          | 2,435                       | -              | 95,731         |
| Inter-bank and money<br>market items   | 3,998                    | 49,336             | -                             | -              | 4,661                       | -              | 57,995         |
| Liabilities payable<br>on demand   | -                        | -                  | -                             | -              | 1,248                       | -              | 1,248          |
| Borrowings   | -                        | 16,859             | -                             | -              | -                           | -              | 16,859         |
| Accounts payable from<br>purchase of investments                                 | -                        | -                  | -                             | -              | 15,207                      | -              | 15,207         |
| <b>Total financial liabilities</b>   | <b>57,895</b>            | <b>94,404</b>      | <b>4,481</b>                  | <b>6,709</b>   | <b>23,551</b>               | <b>-</b>       | <b>187,040</b> |

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

|  | Bank only<br>2010        |                    |                               |                |                             |                |                |
|--|--------------------------|--------------------|-------------------------------|----------------|-----------------------------|----------------|----------------|
|  | Immediate<br>repricing   | Within<br>6 months | Over<br>6 months<br>to 1 year | Over<br>1 year | Non-<br>interest<br>bearing | Non<br>accrual | Total          |
|  | <i>(in million Baht)</i> |                    |                               |                |                             |                |                |
| <b>Financial assets</b>  |                          |                    |                               |                |                             |                |                |
| Cash   | -                        | -                  | -                             | -              | 488                         | -              | 488            |
| Inter-bank and money<br>market items   | 757                      | 60,960             | -                             | 302            | 1,225                       | -              | 63,244         |
| Investments  | -                        | 24,570             | 9,067                         | 20,240         | 114                         | -              | 53,991         |
| Loans  | 37,193                   | 44,853             | 8,103                         | 4,442          | 44                          | 1,688          | 96,323         |
| Accounts receivable from<br>sales of investments and<br>debt securities in issue | -                        | -                  | -                             | -              | 22,876                      | -              | 22,876         |
| <b>Total financial assets</b>  | <b>37,950</b>            | <b>130,383</b>     | <b>17,170</b>                 | <b>24,984</b>  | <b>24,747</b>               | <b>1,688</b>   | <b>236,922</b> |
| <b>Financial liabilities</b>   |                          |                    |                               |                |                             |                |                |
| Deposits   | 53,250                   | 28,500             | 6,064                         | 894            | 7,531                       | -              | 96,239         |
| Inter-bank and money<br>market items   | 3,974                    | 40,465             | -                             | -              | 6,963                       | -              | 51,402         |
| Liabilities payable<br>on demand   | -                        | -                  | -                             | -              | 1,723                       | -              | 1,723          |
| Borrowings   | -                        | 21,645             | -                             | -              | -                           | -              | 21,645         |
| Accounts payable from<br>purchase of investments                                 | -                        | -                  | -                             | -              | 24,163                      | -              | 24,163         |
| <b>Total financial liabilities</b>   | <b>57,224</b>            | <b>90,610</b>      | <b>6,064</b>                  | <b>894</b>     | <b>40,380</b>               | <b>-</b>       | <b>195,172</b> |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

|  |                          |                    |                               | Bank only<br>2009 |                             |                |                |
|--|--------------------------|--------------------|-------------------------------|-------------------|-----------------------------|----------------|----------------|
|  | Immediate<br>Repricing   | Within<br>6 months | Over<br>6 months<br>to 1 year | Over<br>1 year    | Non-<br>interest<br>bearing | Non<br>accrual | Total          |
|  | <i>(in million Baht)</i> |                    |                               |                   |                             |                |                |
| <b>Financial assets</b>  |                          |                    |                               |                   |                             |                |                |
| Cash   | -                        | -                  | -                             | -                 | 463                         | -              | 463            |
| Inter-bank and money<br>market items   | 772                      | 88,616             | -                             | -                 | 1,868                       | -              | 91,256         |
| Investments  | -                        | 21,718             | 8,713                         | 10,313            | 116                         | -              | 40,860         |
| Loans  | 26,540                   | 42,153             | 5,478                         | 4,440             | 73                          | 2,576          | 81,260         |
| Accounts receivable from<br>sales of investments and<br>debt securities in issue | -                        | -                  | -                             | -                 | 13,643                      | -              | 13,643         |
| <b>Total financial assets</b>  | <b>27,312</b>            | <b>152,487</b>     | <b>14,191</b>                 | <b>14,753</b>     | <b>16,163</b>               | <b>2,576</b>   | <b>227,482</b> |
| <b>Financial liabilities</b>   |                          |                    |                               |                   |                             |                |                |
| Deposits   | 53,915                   | 28,209             | 4,481                         | 6,709             | 2,436                       | -              | 95,750         |
| Inter-bank and money<br>market items   | 3,998                    | 49,336             | -                             | -                 | 4,661                       | -              | 57,995         |
| Liabilities payable<br>on demand   | -                        | -                  | -                             | -                 | 1,248                       | -              | 1,248          |
| Borrowings   | -                        | 16,993             | -                             | -                 | -                           | -              | 16,993         |
| Accounts payable from<br>purchase of investments                                 | -                        | -                  | -                             | -                 | 15,207                      | -              | 15,207         |
| <b>Total financial liabilities</b>   | <b>57,913</b>            | <b>94,538</b>      | <b>4,481</b>                  | <b>6,709</b>      | <b>23,552</b>               | <b>-</b>       | <b>187,193</b> |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

*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 balance sheet ratios and medium-term funding requirements to ensure balance sheets 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 balance sheet 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.

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 2010, 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. Professional 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 2010, advances to deposits ratio of the Bank is 86% (2009: 73%).

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

The remaining period to maturity of significant financial assets and financial liabilities as at 31 December 2010 and 2009 are as follows:

|  | Consolidated<br>2010 |                    |  |                |                | Total          |
|--|----------------------|--------------------|--|----------------|----------------|----------------|
|  | At call              | Within<br>6 months | Over<br>6 months<br>to 1 year<br>(in million Baht) | Over<br>1 year | No<br>maturity |                |
| <b>Financial assets</b>  |                      |                    |  |                |                |                |
| Cash   | 488                  | -                  | -  | -              | -              | 488            |
| Inter-bank and money market items  | 1,955                | 60,987             | -  | 302            | -              | 63,244         |
| Investments  | -                    | 11,055             | 13,161   | 29,661         | 55             | 53,932         |
| Loans  | 10,316               | 23,373             | 3,147  | 59,487         | -              | 96,323         |
| Accounts receivable from sales of<br>investments and debt securities<br>in issue | 22,876               | -                  | -  | -              | -              | 22,876         |
| <b>Total financial assets</b>  | <b>35,635</b>        | <b>95,415</b>      | <b>16,308</b>                                      | <b>89,450</b>  | <b>55</b>      | <b>236,863</b> |
| <b>Financial liabilities</b>   |                      |                    |  |                |                |                |
| Deposits   | 60,758               | 27,033             | 7,443  | 982            | -              | 96,216         |
| Inter-bank and money market items  | 10,936               | 38,966             | 300  | 1,200          | -              | 51,402         |
| Liabilities payable on demand  | 1,723                | -                  | -  | -              | -              | 1,723          |
| Borrowings   | 13                   | 20,557             | -  | 1,000          | -              | 21,570         |
| Accounts payable from purchase<br>of investments                                 | 24,163               | -                  | -  | -              | -              | 24,163         |
| <b>Total financial liabilities</b>   | <b>97,593</b>        | <b>86,556</b>      | <b>7,743</b>                                       | <b>3,182</b>   | <b>-</b>       | <b>195,074</b> |
|  | Consolidated<br>2009 |                    |  |                |                | Total          |
|  | At call              | Within<br>6 months | Over<br>6 months<br>to 1 year<br>(in million Baht) | Over<br>1 year | No<br>maturity |                |
| <b>Financial assets</b>  |                      |                    |  |                |                |                |
| Cash   | 463                  | -                  | -  | -              | -              | 463            |
| Inter-bank and money market items  | 2,420                | 88,836             | -  | -              | -              | 91,256         |
| Investments  | -                    | 9,664              | 8,891  | 22,189         | 57             | 40,801         |
| Loans  | 11,824               | 21,845             | 4,657  | 42,934         | -              | 81,260         |
| Accounts receivable from sales of<br>investments and debt securities<br>in issue | 13,643               | -                  | -  | -              | -              | 13,643         |
| <b>Total financial assets</b>  | <b>28,350</b>        | <b>120,345</b>     | <b>13,548</b>                                      | <b>65,123</b>  | <b>57</b>      | <b>227,423</b> |
| <b>Financial liabilities</b>   |                      |                    |  |                |                |                |
| Deposits   | 56,332               | 26,429             | 5,328  | 7,642          | -              | 95,731         |
| Inter-bank and money market items  | 8,659                | 49,036             | -  | 300            | -              | 57,995         |
| Liabilities payable on demand  | 1,248                | -                  | -  | -              | -              | 1,248          |
| Borrowings   | -                    | 15,259             | -  | 1,600          | -              | 16,859         |
| Accounts payable from purchase<br>of investments                                 | 15,207               | -                  | -  | -              | -              | 15,207         |
| <b>Total financial liabilities</b>   | <b>81,446</b>        | <b>90,724</b>      | <b>5,328</b>                                       | <b>9,542</b>   | <b>-</b>       | <b>187,040</b> |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
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|  | Bank only<br>2010 |                    |  |                |                | Total          |
|--|-------------------|--------------------|--|----------------|----------------|----------------|
|  | At call           | Within<br>6 months | Over<br>6 months<br>to 1 year<br>(in million Baht) | Over<br>1 year | No<br>maturity |                |
| <b>Financial assets</b>  |                   |                    |  |                |                |                |
| Cash   | 488               | -                  | -  | -              | -              | 488            |
| Inter-bank and money market items  | 1,955             | 60,987             | -  | 302            | -              | 63,244         |
| Investments  | -                 | 11,055             | 13,161   | 29,661         | 114            | 53,991         |
| Loans  | 10,316            | 23,373             | 3,147  | 59,487         | -              | 96,323         |
| Accounts receivable from sales of<br>investments and debt securities<br>in issue | 22,876            | -                  | -  | -              | -              | 22,876         |
| <b>Total financial assets</b>  | <b>35,635</b>     | <b>95,415</b>      | <b>16,308</b>                                      | <b>89,450</b>  | <b>114</b>     | <b>236,922</b> |

|  |               |               |              |              |          |                |
|--|---------------|---------------|--------------|--------------|----------|----------------|
| <b>Financial liabilities</b>                     |               |               |              |              |          |                |
| Deposits   | 60,781        | 27,033        | 7,443        | 982          | -        | 96,239         |
| Inter-bank and money market items                | 10,936        | 38,966        | 300          | 1,200        | -        | 51,402         |
| Liabilities payable on demand                    | 1,723         | -             | -            | -            | -        | 1,723          |
| Borrowings                                       | 13            | 20,632        | -            | 1,000        | -        | 21,645         |
| Accounts payable from purchase<br>of investments | 24,163        | -             | -            | -            | -        | 24,163         |
| <b>Total financial liabilities</b>               | <b>97,616</b> | <b>86,631</b> | <b>7,743</b> | <b>3,182</b> | <b>-</b> | <b>195,172</b> |

|  | Bank only<br>2009 |                    |  |                |                | Total          |
|--|-------------------|--------------------|--|----------------|----------------|----------------|
|  | At call           | Within<br>6 months | Over<br>6 months<br>to 1 year<br>(in million Baht) | Over<br>1 year | No<br>maturity |                |
| <b>Financial assets</b>  |                   |                    |  |                |                |                |
| Cash   | 463               | -                  | -  | -              | -              | 463            |
| Inter-bank and money market items  | 2,420             | 88,836             | -  | -              | -              | 91,256         |
| Investments  | -                 | 9,664              | 8,891  | 22,189         | 116            | 40,860         |
| Loans  | 11,824            | 21,845             | 4,657  | 42,934         | -              | 81,260         |
| Accounts receivable from sales of<br>investments and debt securities<br>in issue | 13,643            | -                  | -  | -              | -              | 13,643         |
| <b>Total financial assets</b>  | <b>28,350</b>     | <b>120,345</b>     | <b>13,548</b>                                      | <b>65,123</b>  | <b>116</b>     | <b>227,482</b> |

|  |               |               |              |              |          |                |
|--|---------------|---------------|--------------|--------------|----------|----------------|
| <b>Financial liabilities</b>                     |               |               |              |              |          |                |
| Deposits   | 56,351        | 26,429        | 5,328        | 7,642        | -        | 95,750         |
| Inter-bank and money market items                | 8,659         | 49,036        | -            | 300          | -        | 57,995         |
| Liabilities payable on demand                    | 1,248         | -             | -            | -            | -        | 1,248          |
| Borrowings                                       | -             | 15,393        | -            | 1,600        | -        | 16,993         |
| Accounts payable from purchase<br>of investments | 15,207        | -             | -            | -            | -        | 15,207         |
| <b>Total financial liabilities</b>               | <b>81,465</b> | <b>90,858</b> | <b>5,328</b> | <b>9,542</b> | <b>-</b> | <b>187,193</b> |

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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### Derivatives

The remaining period to maturity of the notional amount and the fair value of derivatives as at 31 December 2010 and 2009 are as follows:

| Consolidated and Bank only<br>2010 |                   |                |           |            |
|------------------------------------|-------------------|----------------|-----------|------------|
|                                    | Within<br>1 year  | Over<br>1 year | Total     | Fair value |
|                                    | (in million Baht) |                |           |            |
| Forward exchange contracts         | 1,227,271         | 34,137         | 1,261,408 | (813)      |
| Cross currency swap contracts      | 168,081           | 346,046        | 514,127   | (3,645)    |
| Currency option contracts          | 22,517            | 1,811          | 24,328    | 4          |
| Interest rate swap contracts       | 486,583           | 897,455        | 1,384,038 | (135)      |
| Interest rate option contracts     | -                 | 13,680         | 13,680    | 100        |
| Equity option                      | -                 | 2              | 2         | 1          |
| Bond option                        | 500               | -              | 500       | 8          |
| Commodity contracts                | 37,723            | 3,333          | 41,056    | -          |

| Consolidated and Bank only<br>2009 |                   |                |           |            |
|------------------------------------|-------------------|----------------|-----------|------------|
|                                    | Within<br>1 year  | Over<br>1 year | Total     | Fair value |
|                                    | (in million Baht) |                |           |            |
| Forward exchange contracts         | 1,137,930         | 16,564         | 1,154,494 | (2,145)    |
| Cross currency swap contracts      | 190,896           | 321,763        | 512,659   | (5,073)    |
| Currency option contracts          | 19,907            | 9,661          | 29,568    | 45         |
| Interest rate swap contracts       | 495,794           | 898,413        | 1,394,207 | 1,647      |
| Interest rate option contracts     | 18,750            | 9,524          | 28,274    | (30)       |
| Bond option                        | 200               | -              | 200       | 2          |
| Commodity contracts                | 21,476            | 2,794          | 24,270    | -          |

### Fair value

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.



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

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

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

|  | Consolidated    |                                 |                 |                |
|--|-----------------|---------------------------------|-----------------|----------------|
|  | 2010            |                                 | 2009            |                |
|  | Carrying amount | Fair value<br>(in million Baht) | Carrying Amount | Fair value     |
| <b>Financial assets</b>  |                 |                                 |                 |                |
| Cash   | 488             | 488                             | 463             | 463            |
| Inter-bank and money market items, net                                     | 63,244          | 63,244                          | 91,256          | 91,256         |
| Investments, net   | 53,932          | 53,932                          | 40,801          | 40,801         |
| Loans  | 96,323          | 97,649                          | 81,260          | 81,351         |
| Accounts receivable from sales of investments and debt securities in issue | 22,876          | 22,876                          | 13,643          | 13,643         |
| <b>Total financial assets</b>  | <b>236,863</b>  | <b>238,189</b>                  | <b>227,423</b>  | <b>227,514</b> |
| <b>Financial liabilities</b>   |                 |                                 |                 |                |
| Deposits   | 96,216          | 96,216                          | 95,731          | 95,731         |
| Inter-bank and money market items  | 51,402          | 51,397                          | 57,995          | 58,023         |
| Liabilities payable on demand  | 1,723           | 1,723                           | 1,248           | 1,248          |
| Borrowings   | 21,570          | 21,567                          | 16,859          | 16,842         |
| Accounts payable from purchase of investments                              | 24,163          | 24,163                          | 15,207          | 15,207         |
| <b>Total financial liabilities</b>   | <b>195,074</b>  | <b>195,066</b>                  | <b>187,040</b>  | <b>187,051</b> |

|  | Bank only       |                                 |                 |                |
|--|-----------------|---------------------------------|-----------------|----------------|
|  | 2010            |                                 | 2009            |                |
|  | Carrying Amount | Fair value<br>(in million Baht) | Carrying amount | Fair value     |
| <b>Financial assets</b>  |                 |                                 |                 |                |
| Cash   | 488             | 488                             | 463             | 463            |
| Inter-bank and money market items, net                                     | 63,244          | 63,244                          | 91,256          | 91,256         |
| Investment, net  | 53,991          | 54,027                          | 40,860          | 40,948         |
| Loans  | 96,323          | 97,649                          | 81,260          | 81,351         |
| Accounts receivable from sales of investments and debt securities in issue | 22,876          | 22,876                          | 13,643          | 13,643         |
| <b>Total financial assets</b>  | <b>236,922</b>  | <b>238,284</b>                  | <b>227,482</b>  | <b>227,661</b> |
| <b>Financial liabilities</b>   |                 |                                 |                 |                |
| Deposits   | 96,239          | 96,239                          | 95,750          | 95,750         |
| Inter-bank and money market items  | 51,402          | 51,397                          | 57,995          | 58,023         |
| Liabilities payable on demand  | 1,723           | 1,723                           | 1,248           | 1,248          |
| Borrowings   | 21,645          | 21,642                          | 16,993          | 16,977         |
| Accounts payable from purchase of investments                              | 24,163          | 24,163                          | 15,207          | 15,207         |
| <b>Total financial liabilities</b>   | <b>195,172</b>  | <b>195,164</b>                  | <b>187,193</b>  | <b>187,205</b> |

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**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, inter-bank and money market items (assets)*

The fair value of cash, short-term instruments and floating rate instruments is their carrying amounts. 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 balance sheet.

*Loans*

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

*Inter-bank and money market items (liabilities) and debentures*

The carrying amount of inter-bank and money market items and debentures 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 and interest rate 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.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**33 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 anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

| TFRS                  | Topic   | Year effective |
|-----------------------|---|----------------|
| TAS 1 (revised 2009)  | Presentation of Financial Statements                            | 2011           |
| TAS 7 (revised 2009)  | Statement of Cash Flows   | 2011           |
| TAS 8 (revised 2009)  | Accounting Policies, Changes in Accounting Estimates and Errors | 2011           |
| TAS 10 (revised 2009) | Events after the Reporting Period                               | 2011           |
| TAS 12                | Income Taxes  | 2013           |
| TAS 16 (revised 2009) | Property, Plant and Equipment                                   | 2011           |
| TAS 17 (revised 2009) | Leases  | 2011           |
| TAS 18 (revised 2009) | Revenue   | 2011           |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates                | 2013           |
| TAS 23 (revised 2009) | Borrowing Costs   | 2011           |
| TAS 24 (revised 2009) | Related Party Disclosures                                       | 2011           |
| TAS 26                | Accounting and Reporting by Retirement Benefit Plans            | 2011           |
| TAS 27 (revised 2009) | Consolidated and Separate Financial Statements                  | 2011           |
| TAS 29                | Financial Reporting in Hyperinflationary Economies              | 2011           |
| TAS 33 (revised 2009) | Earnings per Share  | 2011           |
| TAS 34 (revised 2009) | Interim Financial Reporting                                     | 2011           |
| TAS 36 (revised 2009) | Impairment of Assets  | 2011           |
| TAS 37 (revised 2009) | Provisions, Contingent Liabilities and Contingent Assets        | 2011           |
| TAS 38 (revised 2009) | Intangible Assets   | 2011           |
| TAS 40 (revised 2009) | Investment Property   | 2011           |
| TFRS 2                | Share-based Payment   | 2011           |
| TFRS 5 (revised 2009) | Non-current Assets Held for Sale and Discontinued Operations    | 2011           |

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and is presently considering the potential initial impact on the Bank and its subsidiary's financial statements.

**Standard Chartered Bank (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**34 Reclassification of accounts**

Certain accounts in the 2009 financial statement have been reclassified to conform to the presentation in the 2010 financial statements as follows:

|                                   |                            | <b>2009</b>                           |                           |
|-----------------------------------|----------------------------|---------------------------------------|---------------------------|
|                                   |                            | <b>Consolidated</b>                   |                           |
|                                   | Before<br>Reclassification | Reclassification<br>(in million Baht) | After<br>Reclassification |
| <b><i>Balance sheet</i></b>       |                            |                                       |                           |
| Provisions                        | -                          | 94                                    | 94                        |
| Other liabilities                 | 2,444                      | (94)                                  | 2,350                     |
|                                   |                            | -                                     |                           |
| <b><i>Statement of income</i></b> |                            |                                       |                           |
| Bad debts and doubtful accounts   | 2,602                      | (610)                                 | 1,992                     |
| Other income                      | (787)                      | 610                                   | (177)                     |
|                                   |                            | -                                     |                           |
|                                   |                            |                                       |                           |
|                                   |                            | <b>2009</b>                           |                           |
|                                   |                            | <b>Bank only</b>                      |                           |
|                                   | Before<br>Reclassification | Reclassification<br>(in million Baht) | After<br>Reclassification |
| <b><i>Balance sheet</i></b>       |                            |                                       |                           |
| Provisions                        | -                          | 94                                    | 94                        |
| Other liabilities                 | 2,443                      | (94)                                  | 2,349                     |
|                                   |                            | -                                     |                           |
| <b><i>Statement of income</i></b> |                            |                                       |                           |
| Bad debts and doubtful accounts   | 2,602                      | (610)                                 | 1,992                     |
| Other income                      | (817)                      | 610                                   | (207)                     |
|                                   |                            | -                                     |                           |

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the nature of business.