

150 years
with you

Standard Chartered Nakornthon Bank
March 2003
Registered Office : 90 North Sathon Road,
Bang Rak, Bangkok 10500, Thailand
Telephone : +66 (0) 2724 4000
Fax : +66 (0) 2724 4444
www.standardchartered.co.th
www.standardcharterednakornthon.co.th
Registration No. Bor.Mor.Jor. 123

Standard Chartered Nakornthon Bank Annual Report and Accounts 2002



Annual Report and Accounts 2002 Standard Chartered Nakornthon Bank

Standard
Chartered 



Standard Chartered employs 29,000 people in over 500 offices in more than 50 countries. The Group serves both Consumer Banking and Wholesale Bank customers. With 150 years in the emerging markets, the Bank has unmatched knowledge and understanding of its customers in its markets. Standard Chartered recognises its responsibilities to its staff and to the Communities in which it operates. On 10 September 1999, Standard Chartered Nakornthon Bank became part of Standard Chartered Group, when the Group acquired 75% of the equity and full management control of the Bank.

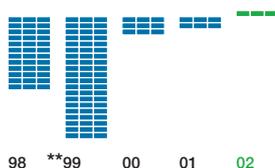
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Performance Highlights

- Net revenue increased by 31% whilst operating costs reduced by 7%.
- Net profit was Baht 445 million compared to a net loss of Baht 736 million in 2001.
- Spread ratio increased to 4.39% from 2.52% mainly due to higher yield on assets and lower funding costs.
- Return on Equity (ROE) and Return on Assets (ROA) improved from -22% and -1% to 13% and 0.6%, respectively.
- Earnings per Shares (EPS) increased from Baht -1.05 to Baht 0.64 in 2002.

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-3,987 -5,560 -2,347 -736 445

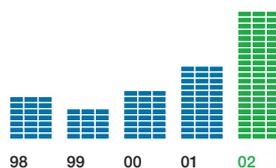


Net Profit

Unit : Million Baht

** Prior to Baht 5.1 billion provision adjustment by BOT

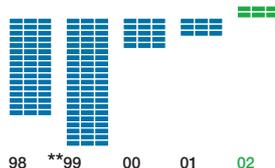
1.33 0.90 1.53 2.52 4.39



Spread Ratio

Unit : %

-182.81 -246.56 -47.10 -22.28 12.92

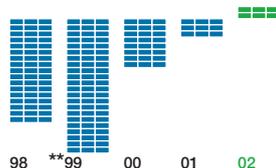


ROE

Unit : %

** Prior to Baht 5.1 billion provision adjustment by BOT

-5.49 -8.39 -3.31 -0.98 0.64



ROA

Unit : %

** Prior to Baht 5.1 billion provision adjustment by BOT



Standard Chartered Nakornthon Bank (SCNB) has made a strong turnaround in performance in 2002, despite the challenging economic environment. We have made progress in all of our targeted business areas, winning new customers and growing market share.

Today, SCNB is seen as a leader in the banking industry in Thailand, recognised for its innovation, its focus on customer satisfaction and strong pool of local talent. This is an enviable position, which we have established in a short period of time and one which we are committed to build on to deliver even stronger results in the years to come.

Thailand and all of its ASEAN neighbours face considerable challenges in keeping their economy growing at a healthy rate. We see a role for SCNB in fostering this growth by continuing to do what we do well with our people, our products and our customers.

2002 Results

Despite the unfavourable global economic environment, the Thai economy recorded steady gains in 2002, fueled by private consumption and export volume growth, as well as subdued inflation. In addition, with lower non-performing loans on banks' balance sheets, it is anticipated that all banks would start growing their loan books for the first time since the 1997 financial crisis. This is a very significant change, which will strengthen both the banking environment and the overall economy.

For SCNB, the year 2002 was a major turning point. The Bank achieved an operating profit of Baht 1,116 million, a tremendous improvement from the operating loss of Baht 89 million in the previous year. This was due mainly to strong growth in the consumer loan book and stringent cost control. In addition, we were relentless in controlling credit quality, bringing the debt charge for 2002 to Baht 671 million, resulting in a net profit of Baht 445 million for the year.

I am confident that with the current momentum in our operations, SCNB should continue to deliver sustainable performance and further strengthen relationships with our customers in Thailand.

Strategy and Growth

Standard Chartered has a long-term commitment to its business in Thailand where it has been for over a century. The scale of our business changed significantly in 1999 when we were allowed to acquire Nakornthon Bank. We are delighted with the progress that SCNB has made in building a strong banking business in Thailand and will continue to support business growth in this country. I want to list a number of initiatives that we undertook in 2002 that underline our commitment to the business community in Thailand:

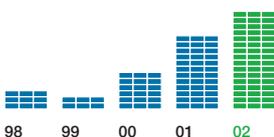
- In May, the Bank played host to a team of UK-based senior analysts from leading institutions such as Goldman Sachs, Morgan Stanley, UBS Warburg and Merrill Lynch. The visit gave the analysts the opportunity to see for themselves the investment opportunities and business climate in the country.

- In July, the Bank sponsored the first Asia Pacific Credit Bureau Conference in Bangkok, with participation from delegates from over 20 countries.

- In October, reflecting the growing importance of SCNB and the Thai market to the Group, the Board of Directors of Standard Chartered Pcl. chose Bangkok as a venue for their overseas Board meeting and global business review.

SCNB is committed to socially responsible investment and to promoting the best standards of corporate responsibility, as well as good governance. We will also continue to invest in people development - developing our people into world class professionals, as we continue to invest in and introduce innovative world class, value-added products and world class services to our customers.

694 669 1,581 3,102 4,075



Net Revenue
Unit : Million Baht



The Board

There have been a number of changes to the Board of Directors during the year.

Khun Julaporn Namchaisiri, who represented the Financial Institutions Development Fund (FIDF), stepped down as Director on 14 May 2002. Khun Banphot Hongthong resigned as Independent Director and Member of the Bank's Audit Committee on 1 June 2002. Khun Tarisa Watanakej was appointed Director on 14 May 2002 and resigned on 1 October 2002. I would like to take this opportunity to thank Khun Julaporn and Khun Banphot and Khun Tarisa for their valuable guidance and assistance.

Khun Orajit Singkalavanich was appointed Independent Director and Member of the Audit Committee on 17 July 2002. The Director-General of the Department of Business Development, Khun Orajit started her career in government

service in 1985, holding various key positions in the Departments of Export Promotion, Foreign Trade and the Ministry of Commerce. She is also concurrently a director of Thailand Securities Depository Co., Ltd. and serves on the Committee of Finance and Investment, Thai Chamber of Commerce.

Loi Chan was appointed Director on 19 August 2002, replacing Khun Thippaporn Gertphol, Standard Chartered's representative who has since resigned from the Board. In addition to his role as Director, Loi will continue in his role as Senior Executive Vice President, heading the Bank's Consumer Banking business. I would like to take this opportunity to thank Khun Thippaporn for her valuable contributions.

To represent the FIDF, the Bank of Thailand appointed Khun Pakorn Malakul Na Ayudhya to the Board on 1 October 2002, upon his retirement as the Deputy

Governor of the Bank of Thailand. Khun Pakorn also serves on the Committee of the Institute of Directors Association. Prior to this, he was the Secretary General, The Office of Securities and Exchange Commission.

Our People

The dedication, professionalism, and commitment of our people have enabled us to achieve profitable growth even in this difficult business environment. On behalf of the Board, I would like to thank them for their continuing commitment and hard work. ■

David Moir
Chairman
28 February 2003

Chief Executive Officer's Review



I am delighted that in only its third full year of operation, Standard Chartered Nakornthon Bank recorded a net profit for the first time of Baht 445 million which is an improvement of Baht 1,181 million over the loss of Baht 736 million recorded in 2001.

This strong turnaround in performance is the outcome of many of our very focused initiatives. These included the re-configuration of our distribution channels to strategic locations, upgrading of people and organisation, introduction of new products and services at regular intervals, and a particular attention to risk management, compliance and control culture.

During the year we also introduced our refreshed brand that was received with much enthusiasm and helped us build our already positive image, thanks to the various campaigns of the previous year, to even greater heights.

I firmly believe that we are now a market leader and are indeed recognised for our products, well trained staff and world class customer service.

2002 Results

Notwithstanding the challenges of the economic environment, we pursued relentlessly our goal to grow revenue in our defined target segments.

Our total income of Baht 4,075 million was a 31% improvement over 2001, which is significant.

We continued to manage costs efficiently and achieved a reduction of 7% in total operating costs to Baht 2,959 million, over the previous year.

Although the loan book continued to grow, credit disciplines were not compromised as a result of which bad debt charges were well contained and increased only marginally from Baht 647 million in 2001 to Baht 671 million in 2002.

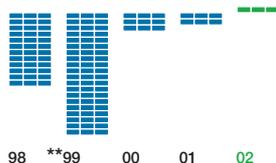
The final result was a net profit of Baht 445 million, a gratifying performance especially given the various challenges that we faced since the formation of SCNB in September 1999, in transforming the bank into a modern and performance oriented financial institution.

Review of Operations

The Bank operates two core businesses: Consumer Banking and Wholesale Bank. Its focus is to build a strong consumer banking business, which is the largest of the Bank's businesses, using its well-established branch network in vantage points in our target areas.

Consumer Banking - offers banking, credit cards, personal loans and investment services. The Bank also provides a Business Banking unit which serves small and medium sized customers with a full range of products suited to the size and nature of their businesses.

-3,987 -5,560 -2,347 -736 445



Net Profit

Unit : Million Baht

** Prior to Baht 5.1 billion provision adjustment by BOT



Products and Services

Our Consumer Banking products are offered through three “Value Centres”. These are Unsecured Lending, Wealth Management, and Business Banking.

Unsecured Lending comprises three core products: Credit Cards, Personal Installment Loans, and Personal Lines of Credit. We also offer a semi cash secured line of credit accessed by the Visa Electron Card.

Wealth Management offers three main products: Deposit products (checking, savings, and time deposits), Overdraft Facilities backed by deposits, and Investment and Insurance Services. Investment Services are marketed by the Bank’s Certified Investment Planners and cover only SEC approved investment funds

managed by independent fund managers. Insurance referral services are by Personal Financial Consultants certified by the Insurance Commission.

The Business Banking unit serves small and medium sized companies with a full range of deposit, lending and trade products suited to the size and nature of their businesses. These services are designed to support Thailand’s growing SME segment.

Marketing and Competition

Our Consumer Banking business has made significant progress in expanding its customer base with a well rationalised distribution strategy. We are now able to reach a wider customer base through a third party commission-based sales force, comprising about 1,000 sales staff. Surplus

bank premises especially at the branches have also been converted to sales areas for marketing loan products. We are now a major banking services provider in Consumer Banking in the Thai financial sector with about 700,000 accounts in both deposit and loan products.

We are well positioned to grow our business through cutting edge automated credit scoring technology, streamlined operations and a check and balance process that is in place. We are also more focused in driving sales through targeted print media and radio channels. In the coming year, we will continue to leverage our large existing customer base to increase product holding and we will target new customer acquisition through the use of technology.

Spearheading lending industry reform. In July 2002, we sponsored the Asia Pacific Credit Bureau Conference which was officially opened by M.R. Pridiyathorn Devakula, the Governor of The Bank of Thailand and was attended by participants from over 20 countries. The objectives of the conference were to share international experience and to discuss the benefits of a full positive credit bureau, its benefits to both banks and consumers, and ultimately the favourable effect on the economy.

Unsecured Lending turning high-tech. In December 2002, we re-engineered our loan approval process making it more cost efficient in terms of acquisition.

Future Plans

We will continue to focus on growing our personal loan business by developing a more efficient alliance acquisition channel, using our business intelligence to increase the breadth and depth of our customer relationship, capitalising on our risk management technology to differentiate loan pricing and further streamlining our customer delivery operations to realise cost efficiency and service.

Wholesale Bank - Our Wholesale Bank has two main units, Commercial Banking and Global Markets. Commercial Banking provides cash management, clearing services, and also lending and trade finance products through Standard Chartered Group's network in Asia, Africa, South Asia, the Middle East and Latin America. Global Markets provides customers with foreign exchange risk management and interest rate risk management strategies as well as fixed income investment and debt underwriting solutions.

Our Wholesale Bank business did exceptionally well in managing costs and

reducing bad debt charges, resulting in a more than 40% improvement in operating contribution. At the same time, this business also improved its product value propositions with the introduction of more efficient channels of accessing these products. Trade finance products and services in the area of supplier and dealer financing have been well received and we expect to attract more customers in this segment.

Commercial Banking

Cash Management had a good year, despite revenue being adversely impacted by decreasing interest rates. In 2002, product development efforts in cash management had been concentrated on fee rather than interest income.

Global Markets

Our Global Markets business has played an increasing role in supporting Consumer Banking for asset and liabilities management and product development. We are working with regulatory authorities to launch yield enhancement products for our retail customers.

Apart from investment products for retail customers, we have also been active in debt trading and distribution of Government Bonds, Savings Bonds, Bank of Thailand Bills, Corporate Bonds, and Yankee Bonds for both onshore and offshore investors.

Proactive management of our assets and liabilities continues to be the key function of Global Markets. The highest priority is placed on managing interest rate risks and liquidity risks.

The Year Ahead

We are confident about the prospects of the Thai economy in 2003. Recovery should remain on track supported by ongoing strong domestic private consumption.

Stimulus fiscal policy through the relaxation of tax measures should help boost consumer purchasing power. While the value-added tax will remain unchanged at 7% until the end of 2003, the government recently announced its decision to extend some existing tax incentives and also implement new tax incentives to boost the property sector for another year. Personal disposable income is also raised via personal income tax measures.

In 2003, growth is expected to accelerate moderately at 4%, assuming the global recovery remains broadly on track. On the investment front, Thailand continues to look a relatively good place to invest given firmer economic fundamentals and stable socio-political conditions. Foreign portfolio inflows are expected to return to the Thai stock market in 2003 and foreign direct investment is also expected to pick up. Thailand should also benefit from increased trade integration with China. Exports in the last five months of 2002 increased significantly boosting all hopes for 2003 to be also a good year for exports. The advent of recover export markets and increasing penetration into China are some positive factors which influence the ongoing economic progress of Thailand.

As for the bank, our key focus in 2003 will continue to be growing the Consumer Banking business and selectively growing our Wholesale Bank business in the areas of trade finance, cash management and global market products. We will continue to drive for revenue and will manage costs efficiently. We will continue to improve our competitive positioning by building market share, if necessary making additional investments where necessary.

We want to be the best performing and customer-focused bank that is seen as a model for the banking industry in Thailand



and we firmly believe that we are making very steady progress in this regard.

People

I said last year that we are committed to making our bank a great place to work, and one which will continue to attract new talent. I am delighted that our employee engagement levels, measured by Gallup, a well recognised global organisation, indicate that we have made great progress last year and remain one of the most efficient units not only within our Group but also among some of the top global companies that Gallup are associated with.

We have also been able to demonstrate yet again our commitment to investing in people development with the opening of our

new world-class Learning Centre in our premises which provides our staff among other things also access to new e-learning facilities.

I must once again express my warmest gratitude to all our staff, who continue to rise to all the challenges and are making it a routine to repeatedly produce a world class performance. I have shared with them towards the end of the year our enhanced vision of a great future for the Bank and for all of them here in Thailand. I am delighted with their commitment and enthusiasm and I am confident that the first class performance of 2002 is just the beginning of a very bright future for Standard Chartered Nakornthon Bank.

In closing, I wish to advise that the Standard Chartered Group will be celebrating its 150th year in 2003, a major milestone in the history of the Bank, and my staff and I are determined to make 2003 therefore a very special year for the Bank in Thailand. ■

Vishnu Mohan
Chief Executive Officer
and Deputy Chairman
28 February 2003

“Standard Chartered Nakornthon Bank achieved a net profit for the first time since acquiring Nakornthon Bank in September 1999.”

Operational and Financial Position Summary Analysis

The Bank significantly improved its performance by recording a net profit of Baht 445 million compared to a net loss of 736 million in 2001.

Earnings Performance

Net revenue in 2002 was Baht 4,075 million, an increase of 31% or Baht 973 million, due mainly to higher net interest and dividend income.

The Bank recorded net interest and dividend income of Baht 3,029 million, an increase of 52% or Baht 1,040 million. This significant increase was the result of growing interest income from retail loans and reducing interest expenses due to falling interest rates throughout the year. Non-interest income was Baht 1,046 million, a reduction of 6% or Baht 67 million, owing

to a one-off extra ordinary item representing the reversal of provision of Baht 300 million booked in 2001. Excluding this item, non-interest increased by 29%.

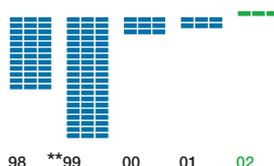
Operating Costs and Profit

Operating costs in 2002 were managed down by 7% or Baht 232 million, resulting in an improvement in cost to income ratio from 103% in 2001 to 73% in 2002.

Operating profit was Baht 1,116 million, an increase of 1,353% or Baht 1,205 million. Bad and doubtful debt accounts increased marginally by 4% to Baht 671 million in 2002.

The final result was a net profit of Baht 445 million compared to a net loss of Baht 736 million, an improvement of Baht 1,181 million or 160%.

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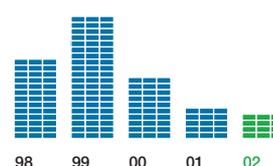


Net Profit

Unit : Million Baht

** Prior to Baht 5.1 billion provision adjustment by BOT

252 458 202 103 73



Cost/Income Ratio

Unit : %

Profitability Ratio

Yield on assets rose to 6.83%, compared to 5.41% in 2001, due to high growth of retail loans. Funding cost dropped to 2.44%, due to low interest rates caused by excess liquidity in the market. Hence, the Bank's spread ratio increased from 2.52% in 2001 to 4.39% in 2002.

Return on Assets (ROA) and Return on Equity (ROE) were 0.64% and 12.92% respectively.

Asset Quality

Assets at year end totaled Baht 62,589 million, which was a decrease of 10% from the previous year mainly due to reduction of Assets subject to Loan Management Agreement (LMA).

The Bank's total assets comprised loan of Baht 25,939 or 41% of total assets (37% in year 2001) and assets subject to Loan Management Agreement (LMA) of Baht

33,674 million or 54% of total assets (52% year 2001).

Allowance for bad and doubtful accounts was Baht 5,394 million, a 5% increase from the previous year.

The Bank's personal loan portfolio continued to grow and increased from 19% in 2001 to 29% in 2002 of total loans.

Non Performing Loans (NPLs) at the end of December 2002 were 2.64% or Baht 1,409 million, compared to 2.11% or Baht 1,227 million in 2001. The higher NPLs were due mainly to the growing consumer loan book and the impact of the BOT's new regulation on classified NPLs, which became effective from December 2002.

Sources of Funds

Deposit were the main source of funds, representing 82% of the total funding. The Bank also aimed to diversify its sources of funding through various types of creditors

to help reduce concentration risk. Individual and corporate creditors contributed 77% and 12% of total deposits respectively, at year-end 2002.

Capital Adequacy

At the end of December 2002, the Bank's total capital fund was Baht 3,245 million, comprising of Tier-1 capital of Baht 2,904 million and Tier-2 capital of Baht 341 million. The Bank's capital adequacy ratio and Tier-1 capital adequacy ratios were 11.30% and 10.11% respectively, well above the BOT's minimum requirements of 8.5% and 4.25% respectively.

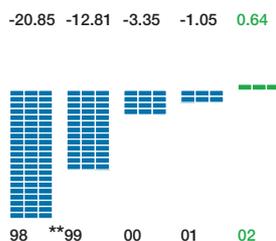
Earnings per Share

Earnings per Share (EPS) of the Bank was Baht 0.64, an increase of 61% from the negative Baht 1.05 in 2001. Book Value per Share (BVS) was Baht 5.16, an increase of 13% from Baht 4.55. ■



Types of Business Loans

Unit : %



Earning per Share

Unit : Baht

** Prior to Baht 5.1 billion provision adjustment by BOT

Corporate Responsibility and Community Project

Standard Chartered Nakornthon Bank believes that it has a responsibility to those who work for the bank, to its shareholders, to its customers, to the community in which it operates and to the wider environment. As well as providing employment, the Bank actively seeks ways to provide support to community projects that focus on youth, health and education. The Bank also encourages its staff to participate in those activities and to contribute to the community.



Projects for the year included:

Charity Dinner in aid of the Princess Mother's Medical Volunteer Foundation

The Bank held a charity dinner on 29 October 2002, which raised Baht 2.5 million for the Princess Mother's Medical Volunteer Foundation. The event was a highlight of the visit of the Board of Directors of Standard Chartered Pcl. to Bangkok.



The Baan Hua Pang School Library Project

Staff of the Bank raised a total of about Baht 500,000 which was donated to the Baan Hua Pang School in Tambon Phayayen of Pak Chong District, Nakhon Ratchasima to build a library and fund the purchase of books, computers and other library equipment. The community school has about 200 students, aged 4 to 12.

Standard Chartered Nakornthon Bank T-BIRD Project (SCNB T-BIRD)

Standard Chartered Nakornthon Bank has since 1990 - under the T-BIRD project - been providing low cost financing to help people in the rural communities of Pak Chong District, Nakhon Ratchasima Province start their own businesses and improve the quality of life. The project is implemented in co-operation with related government agencies that provide advice to villagers on production and marketing strategies. In 2002, the Bank extended loans totaling Baht 2.04 million, to 14 families.



Youth Career Development Project (YCDP) for Underprivileged Young Women

The bank, for the first time, joined forces with UNICEF to organise a career development programme for underprivileged young women in the northern region of Thailand. In 2002, the Bank provided training for two young women at its head office at Sathon Road. Standard Chartered Nakornthon Bank also awarded scholarships, worth Baht 120,000 to the two young women.



The Pakred Child Development Center Project

Standard Chartered Nakornthon Bank raised and donated Baht 115,000 to establish the Pakred Child Development Center, part of the government's Pakred Foster Home, to help develop skills of 300 children - from newborns to five-year olds.

The Knowledge and Experience Project

Standard Chartered Nakornthon Bank has since 1992 been working with various leading Thai universities in organising the "Knowledge and Experience" project, which helps prepare newly graduate university students for their future careers. During the year, we organised a series of seminars on career opportunities and other topics of interest that reach more than 5,000 undergraduates of Thammasat University, the Thai Chamber of Commerce University and Rajamoangala Institute of Technology.



Midday Meal Project for Community Schools

For 15 years since 1987, Standard Chartered Nakornthon Bank has been working with the Ministry of Education to provide lunch to 1,334 needy and undernourished primary schools in the rural areas under the Office of the National Primary Education Commission. To date, the bank has committed some Baht 12,560,000 to the project.

In 2002, the Bank also donated Baht 350,000 to the Ministry of Education to support the agriculture-for-lunch project in seven schools in Khon Kaen Province.

The seven schools, supported by the Bank's contribution, use the money to run their agricultural projects such as rearing chicken and fish and vegetable farming to provide lunch for the children. Surplus stock is sold to generate income for the project.

Board of Directors



David George Moir
Chairman

Appointed to the Board on 10 September 1999 as the Chairman. He is also Non-Executive Director of Standard Chartered Group in London. He is a Non-Executive Director of Finesse Alliance International PVT, Ltd. and also sits on the Board of Pengurusan Danaharta Nasional Berhad (Danaharta). Graduated from Dale College, King Williams Town, South Africa. He's also a fellow of the Institute of Bankers in Malaysia H.M. Queen Elizabeth II. Age 62.



Vishnu Mohan
Deputy Chairman

Appointed to the Board on 12 June 2000 as Deputy Chairman and became Chief Executive Officer of Standard Chartered Nakornthon Bank (SCNB). Prior to becoming Chief Executive Officer of SCNB, he was CEO of Standard Chartered in Ghana. Graduated from Institution of Bankers, London. Age 51.



Michael Bernard DeNoma
Director

Appointed to the Board on 17 September 1999. He is also a Director of Standard Chartered Group in London and is responsible for consumer banking worldwide and for corporate governance in Thailand, Indonesia, Philippines and Brunei. Graduated Master's Degree from Wharton School, U.S.A. and Post Graduated fellowship from London School of Economics. Age 46.



Rachanee Tripipatkul
Director

Appointed to the Board on 23 July 2001. She is Senior Executive Vice President and Chief Financial Officer of Standard Chartered Nakornthon Bank. She is also Director of the Thai Institute of Banking and Finance and a specialist at the Thai Bankers Associations. She's Fellow member of the Institute of Chartered Accountants in England & Wales. Age 49.



Pakorn Malakul Na Ayudhya
Director

Appointed to the Board on 1 October 2002. He is the Chairman of Export - Import Bank of Thailand and also Committee member of Institute of Directors Association. He was Deputy Governor of Bank of Thailand during 2000-September 2002. Graduated Bachelor's Degree in economics from the Queen's University of Belfast, Northern Ireland and Diploma's Degree from National Defense College in 1996. Age 60.



Sunet Ratanavanich
Director

Appointed to the Board on 23 January 2001. She is a Director of Asset Management Department, Bank of Thailand and also Director of Petchburi Asset Management Co., Ltd. Graduated Bachelor's Degree in Economic from Chulalongkorn University, Thailand. Age 58.



Chalaw Fuangaromya
Independent Director/
Chairman of the Audit Committee

Appointed to the Board on 24 May 2000 as an Independent Director and Chairman of the Audit Committee. He is also an Executive Director of the General Insurance Association and Director of Thai Tapioca Development Institute. Graduated Master's Degree from Southern Illinois University and Master's Degree in Social Science from University of Birmingham. Age 65.



Orajit Singkalavanich
Independent Director/
Member of the Audit Committee

Appointed to the Board on 17 July 2002. She is Director General of Department of Business Development, Ministry of Commerce. She is also Director of Thailand Securities Depository Co., Ltd. and Director of Committee on Finance and Investment, the Thai Chamber of Commerce. Graduated Bachelor's Degree in Economics with Second Honours from Thammasat University and Master's Degree in Agricultural Economic from Utah State University, USA. She also received a Diploma from National Defense College. Age 56.

Senior Management

Mr. Vishnu Mohan

Chief Executive Officer

Education

Diploma Examinations from Institution of Bankers, London

Working Experience

Joined Standard Chartered in Dubai in 1977 and has worked with the Bank in Dubai, Sharjah, Canada and Botswana. He became Chief Executive Officer (CEO) of Standard Chartered Bank, Ghana in 1997, then appointed to be CEO of SCNB in 2000. Has over 25 years experience in banking industrial. Age 51.

Ms. Rachanee Tripipatkul

Senior Executive Vice President, Finance

Education

Follow Member of the Institute of Chartered Accountants in England & Wales.

Working Experience

Has extensive experiences in auditing, accounting and finance for more than 25 years. Joined Standard Chartered Bank Thailand as Internal Controller in 1985 and was appointed as Chief Financial Officer of SCNB in 2000. Age 49.

Mr. David Shaw

Advisor, Organisational Development

Education

Master's Degree in Human Sciences, Oxford University, England

Working Experience

Joined Standard Chartered in 1994 and has worked in Dubai, Indonesia and England. Has over 30 years experience in Human Resources in Financial Services. Age 50.

Mr. Loi Chan

Senior Executive Vice President, Consumer Banking

Education

Master's Degree in International Business (Banking), University of South Carolina, U.S.A.

Working Experience

Has worked in the field of Banking for more than 20 years especially in credit and risk management in U.S.A., Hong Kong, Japan, Australia, Denmark and Taiwan. Age 51.
(Resigned Effective 1 January 2003)

Mr. Manoj Chawla

Executive Vice President
Group Special Assets Management (GSAM)

Education

Associate Chartered Accountant, Associate Company Secretary, and Bachelor of Law, University of Delhi, India

Working Experience

Has extensive experiences in Credit Management and NPL. Has been with Standard Chartered for over 10 years. Age 45.

Mr. Pornchai Wiwatpattarakul

Executive Vice President,
Legal and Compliance and Company Secretary

Education

Bachelor's Degree (Hons), Oxford University and Master of Law, specialised in petroleum and mining law of Middle Temple, Barrister-at-law

Working Experience

Extensive legal counselling experience in government concessionary contracts, project financing, heavy industry joint-ventures, especially in petroleum, mining, coal & steel, banking & financing transactions. Age 42.

Ms. Warin Paaopanchon

Executive Vice President, Global Markets

Education

Bachelor of Business Administration, Finance from Assumption Business Administration College (ABAC)

Working Experience

Has worked with Standard Chartered in the field of Global Markets for more than 13 years especially in Assets & Liabilities Management (ALM). Age 37.

Mrs. Srichan Changwathai

Senior Vice President, Audit

Education

Master's Degree in Computer Science from Chulalongkorn University

Working Experience

Has worked in the field of Information Technology in Government State Enterprise and Banking Business for 26 years and has worked with Standard Chartered Nakornthon Bank since 1999. Age 50.
(Resigned Effective 1 March 2003)

Ms. Thaksina Kasemsant

Senior Vice President, Commercial Banking

Education

Master's Degree in Finance, Georgia State University, U.S.A.

Working Experience

Joined Standard Chartered Nakornthon in 1998. Has worked in the field of Banking and Finance for over 20 years, especially in corporate banking and investment. Age 48.

Ms. Safina Komoltamaetee

Senior Vice President, Corporate Affairs

Education

Master's Degree in Radio & Television Production from Butler University, Indiana, U.S.A.

Working Experience

Has over 20 years experience in communications and advertising and was in charge of corporate communications at a major corporation before joining Standard Chartered Bank in 1999. Age 46.

Mr. Ed Sarasas

Senior Vice President, Central Services

Education

Bachelor of Laws, Ramkhamhaeng University

Working Experience

Joined Standard Chartered in 1997. Has over 14 years of experiences in Property Management and Human Resources from Leading International Industrial Firms. Age 43.

Mr. Arthakrit Visudtibhan

Senior Vice President, Human Resources

Education

Master's Degree in Public Administration from University of Southern California, U.S.A.

Working Experience

Has 20 years of experiences in the field of Human Resources Management from leading local and international companies with 5 years with Standard Chartered. Age 46.
(Resigned Effective 8 November 2002)

Mr. Premchit Visesphaetaya

Senior Vice President, Technology

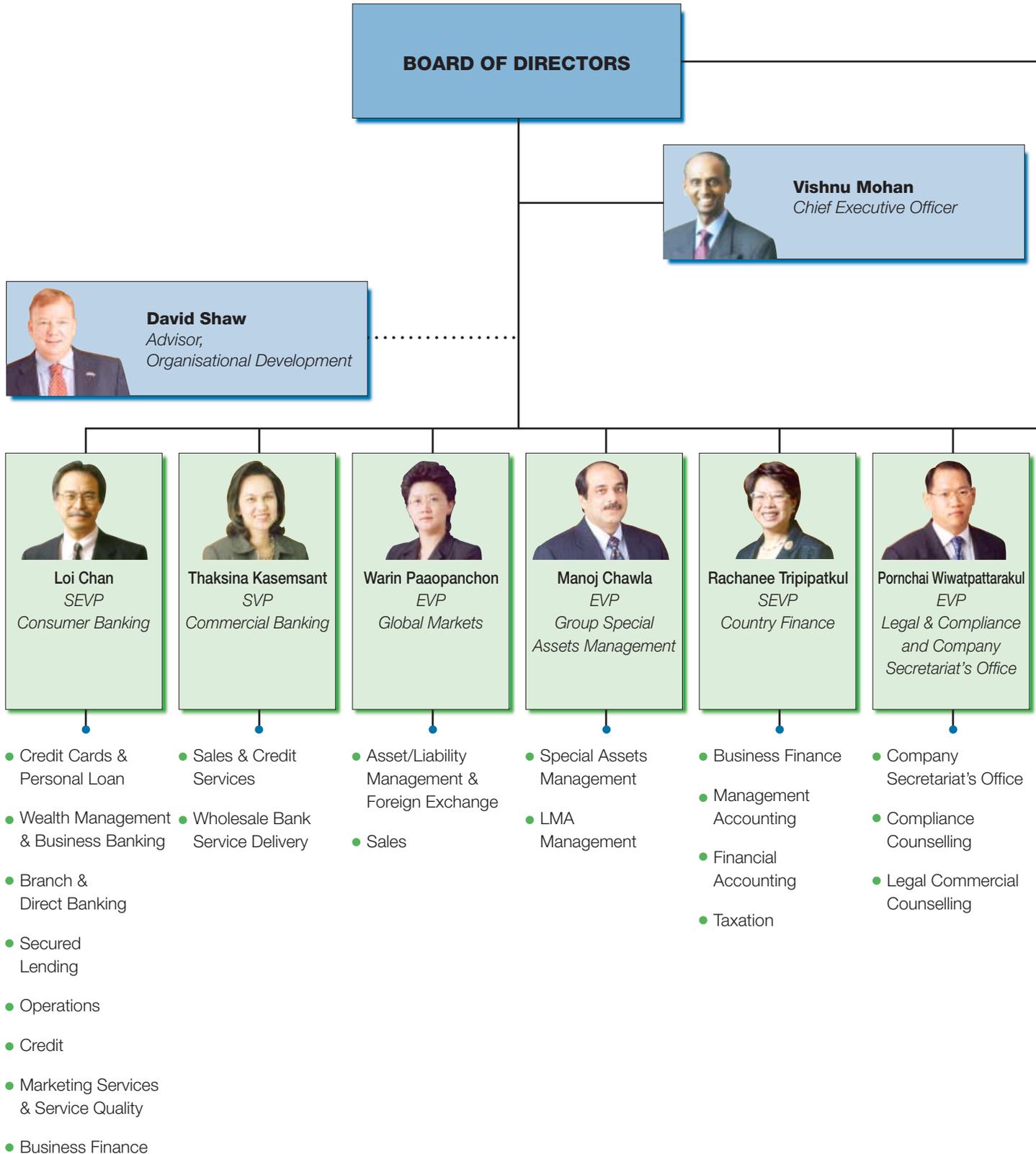
Education

Master's Degree in Computer Science, West Coast University, U.S.A.

Working Experience

Extensive experience in Information Technology for more than 23 years; 15 years in U.S.A. and 8 years in Thailand in the area of finance, insurance, manufacturing and project management. Age 44.

Organisation Chart





Remark : Wholesale Bank consists of two main businesses : Commercial Banking and Global Markets

Audit Committee Report

To the Shareholders

The Audit Committee comprises two independent directors with the Company Secretary and the Head of Internal Audit serving as joint secretaries. To reinforce its capacity, it appointed a consultant to assist and advise the Committee on various aspects.

The Audit Committee Members are listed as below:

- | | |
|------------------------------|----------|
| 1. Mr. Chalaw Fuangaromya | Chairman |
| 2. Ms. Orarit Singkalavanich | Member |

Consultant:

Dr. Angkarat Priebjivat

During the year 2002 the Committee had a number of meetings with the Independent Auditor and Internal Auditor, having accomplished the followings:

- (1) Review the Financial Statement of Year 2001, the Financial Statement for six-month period ended 30 June 2002, and the Financial Statements of First and Third Quarters of Year 2002, ensuring that there are in conformity with acceptable accounting principles and adequate disclosure before submitting to the Board of Directors' Meetings for approval and further submission to the regulators concerned;
- (2) Review and approve the 2002 Audit Plan for each quarter as proposed by the Internal Audit;

- (3) Advise and guide the Internal Audit to fulfill its functions and acknowledge the internal audit reports, compliance reviews, and soft monitoring plans as conducted by either the Internal Audit or the Group Audit of Standard Chartered Bank;
- (4) Monitor the Bank's performance to be compliance with administrative orders of the regulatory bodies, such as the Bank of Thailand, the SEC, and the SET to ensure that the Bank's Management had promptly and respectfully observed the orders and policies of the regulators.
- (5) Recommend the Board of nomination of the Bank's Independent Auditor and its remuneration;

As the Committee has consistently reviewed the Bank's financial reports, internal controls, and also monitored performance of the Bank to ensure its compliance with all regulatory requirements, the Audit Committee is certain that the information contained therein are adequate, transparent, and reliable in line with good corporate governance practices.



(Mr. Chalaw Fuangaromya)

Chairman of the Audit Committee
29 January 2003

Internal Control

The Board attaches great importance to maintaining a strong control environment. The Board has a collective responsibility for the establishment and maintenance of a system of internal control that provides reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement of loss.

The Bank's system of internal control is monitored regularly by the Board, its Committees, senior management and Standard Chartered Group Audit function. The work of Group Audit includes an assessment of the risks and the status of the internal control environment in each operating unit and its findings are reported to senior management responsible for the area audited. The findings of all adverse audits are reported to the Chief Executive of the Bank and Group Chief Executive and require immediate action. Group Audit also reports regularly to the Chairman and to the Audit Committee.

The Audit Committee has reviewed and approved the annual audit plan, monitored the status of the ongoing audit work, and reviewed the key findings with Group Audit. In this respect, based on the work completed and reported during 2002, the Audit Committee is satisfied that no matters required separate disclosure under this heading. The Bank's external auditors have also been invited to raise any matters they considered appropriate relating to the control environment and the financial statements, with the Audit Committee.

Risk Management is essential to the Bank's business. The Bank has a risk management structure to ensure that there are written policies and procedures to identify and manage risk including operational risk, balance sheet management, market risk and credit risk. The Bank's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The Bank has established a management structure that clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated. The business performance of the Bank is reported regularly to its management and the Board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies that are applied consistently. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. These controls include segregation of duties, the regular reconciliation of accounts and the valuation of assets and positions. An annual self-certification process reinforces these controls.

The Board has approved a Code of Conduct, which sets out the Bank's core values relating to the lawful and ethical conduct of business. All employees have a copy of this Code of Conduct and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators. ■

Structure of Management

1. The Board of Directors

as of 31 December 2002 is listed as below:

1. Mr. David George Moir	Chairman
2. Mr. Vishnu Mohan	Deputy Chairman/ Chief Executive Officer
3. Ms. Rachanee Tripipatkul	Director/Senior Executive Vice President
4. Mr. Loi Chan*	Director/Senior Executive Vice President
5. Mr. Michael Bernard DeNoma	Director
6. Mrs. Sunet Ratanavanich	Director
7. Mr. Pakorn Malakul Na Ayudhya	Director
8. Mr. Chalaw Fuangaromya	Independent Director/ Chairman of the Audit Committee
9. Ms. Orajit Singkalavanich	Independent Director/ Member of the Audit Committee
10. Mr. Pornchai Wiwatpattarakul	Company Secretary
11. Mr. Nopadol Mungonchai	Company Secretary

Directors authorized to act on behalf of the Bank

1. Mr. David George Moir	Chairman
2. Mr. Vishnu Mohan	Deputy Chairman/ Chief Executive Officer
3. Ms. Rachanee Tripipatkul	Director/Senior Executive Vice President
4. Mr. Loi Chan*	Director/Senior Executive Vice President

Two of four directors jointly sign with Company's seal affixed.

*Remark : * Mr. Loi Chan resigned from the Bank with effect from 1 January 2003.*

2. Management Committee

This committee is chaired by the CEO and attended by senior executives from Consumer Banking, Wholesale Bank (Commercial Banking and Global Markets), Finance and Human Resources. Every month, it reviews and directs the activities of the Bank in accordance with such direction as may be issued by the Board and to ensure consistency with the strategies and policies of the Standard Chartered Bank Group. Moreover, it also serves as the advisory body to the CEO.

Members:

1. Mr. Vishnu Mohan	Chief Executive Officer
2. Mr. Loi Chan*	SEVP, Consumer Banking
3. Ms. Rachanee Tripipatkul	SEVP, Finance
4. Mr. Arthakrit Visudtibhan**	SVP, Human Resources

Invitees:

1. Mr. David Shaw	Advisor, Organisational Development
2. Mr. Pornchai Wiwatpattarakul	EVP, Legal & Compliance
3. Mr. Michael Staples	EVP, Service Delivery, Wholesale Bank
4. Mrs. Siriporn Ambhanwong	EVP, Operations, Consumer Bank
5. Mr. Shantanu Mitra	EVP, Country Credit, Consumer Banking

Secretary: Ms. Siriporn Anunpanakul

*Remarks : * Mr. Loi Chan resigned from the Bank with effect from 1 January 2003.*

*** Mr. Arthakrit Visudtibhan resigned from the Bank with effect from 8 November 2002.*

3. Audit Committee

The Audit Committee comprises two of the current Independent Directors. In addition, at the Board of Directors' Meeting No. 2/2544 on 27 February 2001, Dr. Angkarat Priebjivat, an expert in finance, accounting and internal control, was appointed as consultant to the Audit Committee to assist the Committee in carrying out its task whilst the Bank cannot appoint the third member of the Audit Committee as required by the Stock Exchange of Thailand's regulation, the Audit Committee members are as follows:-

Members:

- | | |
|------------------------------|------------------------------------|
| 1. Mr. Chalaw Fuangaromya | Chairman to
the Audit Committee |
| 2. Ms. Orajit Singkalavanich | Member to
the Audit Committee |

Counsel:

- | | |
|-------------------------|--------------------------------------|
| Dr. Angkarat Priebjivat | Consultant to
the Audit Committee |
|-------------------------|--------------------------------------|

Secretaries:

- | | |
|---------------------------------|---|
| 1. Mr. Pornchai Wiwatpattarakul | Secretary to
the Audit Committee |
| 2. Mr. Nopadol Mungonchai | Secretary to
the Audit Committee |
| 3. Mrs. Srichan Changwatchai*** | Joint Secretary to
the Audit Committee |

*Remark : *** Mrs. Srichan Changwatchai resigned from the Bank with effect from 1 March 2003.*

The key responsibilities of the Audit Committee are to review the sufficiency, credibility and objectivity of the financial reporting; to review the adequacy and effectiveness of internal control systems and internal audit functions; to review compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws; to consider and advise the appointment of the external auditors including the audit fee and to consider compliance with all connected transaction disclosures or the conflict-of-interest disclosures.

4. Asset & Liability Committee

This committee ensures effective management and control of the balance sheet size and resource allocation, commitments to lend, liquidity, relevant pricing issues, tax position, market risks, regulatory and financial compliance and capital hedging and profit remittance. It is chaired by the CEO and members of the committee are listed as below:-

Members:

- | | |
|-----------------------------|-------------------------|
| 1. Mr. Vishnu Mohan | Chief Executive Officer |
| 2. Mr. Loi Chan* | SEVP, Consumer Banking |
| 3. Ms. Rachanee Tripipatkul | SEVP, Finance |
| 4. Mr. Manoj Chawla | EVP, GSAM |

Secretary:

- | | |
|----------------------------|-------------|
| Mr. Pongthep Utaisinchaoen | VP, Finance |
|----------------------------|-------------|

*Remark : * Mr. Loi Chan resigned from the Bank with effect from 1 January 2003.*

5. Country Operational Risk Committee

This committee ensures that operational risk exposures are being identified, assessed, monitored and properly managed on an on-going basis. It also ensures that corporate governance is formally managed and all audit trails are properly maintained and followed up.

In order to comply with the new requirement of BOT in promoting the good corporate governance, CORG is approved to act as Risk Management Committee in the Board of Director's meeting No. 13/2545 held on 16 December 2002.

This committee is chaired by the CEO and members of the committee are listed as below:-

Members:

- | | |
|-----------------------------|--|
| 1. Mr. Vishnu Mohan | Chief Executive Officer |
| 2. Mr. Loi Chan* | SEVP, Consumer Banking |
| 3. Ms. Rachanee Tripipatkul | SEVP, Finance |
| 4. Mr. David Shaw | Advisor,
Organisational Development |

5. Mr. Michael Staples	EVP, Service Delivery, Wholesale Bank
6. Mr. Pornchai Wiwatpattarakul	EVP, Legal & Compliance
7. Mrs. Siriporn Ambhanwong	EVP, CB Operations
8. Mr. Arthakrit Visudtibhan**	SVP, Human Resources
9. Mr. Ed Sarasas	SVP, Central Services
10. Mr. Premchit Visesphaetaya	SVP, Technology
11. Mrs. Srichan Changwatchai***	SVP, Audit
12. Mrs. Supaporn Angchaisuksiri	SVP, Branches Business Support
13. Ms. Safina Komoltamaetee	SVP, Corporate Affairs
14. Mrs. Somsiri Siyarnnork	VP, Central Services
15. Mrs. Savitree Kittisuwan	VP, CB Operations

Remarks : * Mr. Loi Chan resigned from the Bank with effect from 1 January 2003.

** Mr. Arthakrit Visudtibhan resigned from the Bank with effect from 8 November 2002.

*** Mrs. Srichan Changwatchai resigned from the Bank with effect from 1 March 2003.

6. Credit Policy and Portfolio Committee

This committee monitors all credit and portfolio risks and ensures compliance with Group policies as well as regulatory requirements and consistency of policies in various business segments. It also reviews all audit reports of the credit function and ensure proper remedial actions are undertaken if required. It is chaired by the CEO and members of the committee are listed as below:-

Members:

1. Mr. Vishnu Mohan	Chief Executive Officer
2. Mr. Manoj Chawla	EVP, GSAM
3. Mrs. Thaksina Kasemsant	SVP, Commercial Banking
4. Ms. Walapa Asawakul	VP, Credit Operations, Commercial Banking
5. Ms. Nualnit Thanyasanchai	AVP, Credit Operations, Wholesale Bank

7. People Development Committee

This committee reviews manpower and people development plans and strategies to ensure that these support long term business success. It also directs the formulation of succession plans and the management of high potential staff and reviews the Bank's recruitment needs. It is chaired by the CEO and members of the committee are listed as below:-

Members:

1. Mr. Vishnu Mohan	Chief Executive Officer
2. Mr. Loi Chan*	SEVP, Consumer Banking
3. Ms. Rachanee Tripipatkul	SEVP, Finance
4. Mr. David Shaw	Advisor, Organisational Development
5. Mr. Michael Staples	EVP, Service Delivery, Wholesale Bank
6. Mr. Pornchai Wiwatpattarakul	EVP, Legal & Compliance
7. Mrs. Warin Paaopanchon	EVP, Global Markets
8. Mr. Arthakrit Visudtibhan**	SVP, Human Resources

Secretary:

Ms. Chanida Timratana

Remarks : * Mr. Loi Chan resigned from the Bank with effect from 1 January 2003.

** Mr. Arthakrit Visudtibhan resigned from the Bank with effect from 8 November 2002.

8. Credit Committee

The committee structure and process was established to enhance the effectiveness and efficiency of risk management within the bank and to make it consistent with International Best Practice that will result in added comfort to our regulator and external auditor.

Head of Commercial Banking will be responsible for ensuring that all credit proposals presented to the committee have been subject to the standard process of analysis and objective consideration. All credit approvals must be circulated for signing off by at least two of the following three members:

Members:

- | | |
|----------------------------|-------------------------|
| 1. Mr. Vishnu Mohan | Chief Executive Officer |
| 2. Mr. Manoj Chawla | EVP, GSAM |
| 3. Mrs. Thaksina Kasemsant | SVP, Commercial Banking |

9. External Property Valuation Company Committee

This committee reviews and approves external and/or internal property valuation agent to appraise properties used as collateral and approves property appraised value. Members of the committee are listed as below:-

Members:

- | | |
|---------------------------------|--|
| 1. Mr. Manoj Chawla | EVP, GSAM |
| 2. Mr. Peter Warbanoff | EVP, GSAM2, GSAM |
| 3. Mr. Ed Sarasas | SVP, Central Services |
| 4. M.L. Peputtchai Benyabadhana | VP, Property Management,
Central Services |

Selection of Directors and Executives**Selection of Directors**

The Bank is in the process of establishing Nomination (Recruitment) and Compensation Committee Comprising of at least 3 members by appointing from the non-executive directors and independent directors.

The process for selecting the Directors of the Bank is in accordance with provisions stipulated in the Bank's Article of Association as follows:

Clause 18 provides that:

"General meeting of Shareholders shall elect Directors of the Company. In voting for election of Directors, each Shareholder shall have votes equal to the number of shares held by him/her multiplied by the number of Directors to be elected.

"Each Shareholder may cast all of his/her votes to elect a person or persons as Directors. In the case of election of persons

as Directors, he/she may split as many votes to any persons. The persons obtaining the highest number of votes in descending order shall be elected as Directors according to the number of Directors electable in that election. In the event the persons obtaining equal votes in descending order outnumber Directors electable, the election shall be carried out by lot drawing so as to have Directors in the number electable.

"At every Ordinary Shareholder Meeting, the entire Board of Directors shall be elected."

Clause 42 provides that:

"A change in the number of Directors must obtain a resolution of the Shareholders' Meeting with votes of not less than eighty-six percent of the total number of votes of Shareholders who attend the Meeting and have the right to vote."

In addition, the Bank must comply with provisions and/or conditions stipulated in the Shareholders Agreement made by and between Standard Chartered Bank and the Financial Institution Development Fund on 10 September 1999 which provides in relation to the number of Directors and ratio for selecting the Directors as follows:

1. The maximum number of Directors shall be nine.
2. SCB shall be entitled to nominate five candidates and the FIDF shall be entitled to nominate two candidates for election to the Board. The remaining two candidates will be independent and nominated by SCB, after consultation with FIDF.
3. Any Director nominated and appointed to the Board by a party may at any time be removed and substituted by the party that nominated such Director and the parties agree to procure that any such removal and election shall take place at a Shareholders' Meeting and/or a Board Meeting.

For executive office appointments, the Bank focuses on individual competencies and experience. Apart from knowledge and experience in the international banking practices and operations, we also expect our senior executives to have a thorough understanding of the culture and strategies of the Group.

In the early stages of integration, we appointed a number of experienced managers from overseas to help in building the foundation for future growth and to transfer knowledge to local management team.

Remuneration

Monetary Payment

The remuneration of the Directors and the top executives are as follows:

- 4 Members of the Board of Directors, excluding 5 Bank executives who did not receive the remuneration from the Bank as per the Group policy, received remuneration totaling Baht 5.05 million during 2002.

The above said remuneration was paid according to the resolution of the Annual General Shareholders' Meeting No. 3 held on 26 April 2002 as follows:

Remuneration

- Chairman of the Board of Directors
Baht 3,000,000 per year
- Deputy Chairman of the Board of Directors
Baht 2,000,000 per year
- Other Directors
Baht 1,000,000 per year
- Chairman of the Audit Committee (additional receive)
Baht 1,000,000 per year
- Member of the Audit Committee (additional receive)
Baht 200,000 per year
- Consultant to the Audit Committee
Baht 300,000 per year

(As per service contract dated 1 March 2002)

Remuneration for Bank Executives

In 2002, the amount of remuneration paid to 7 executives at the level of Executive Vice President (Division Head) and above totaled Baht 40.3 million.

Other Remuneration

In 2002, the Bank's provident fund contribution for 7 executives at the level of Executive Vice President (Division Head) and above totaled Baht 4.36 million.

Supervision on Inside Information

All employees are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators. This forms part of a compliance structure that sets policies and standards for compliance with rules and regulations.

For supervision on inside information, the Bank's policy and procedures are as follows:

1. In compliance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, the Bank has provided that the Directors and Executives of the Bank must report on a monthly basis any change of securities holding to the Company Secretary. This information is then reported to the Directors at their monthly meetings.

2. The Bank has a Code of Conduct stating the core values of the Bank relating to the lawful and ethical conduct of our staff for operating the business both internally and externally. The provision relating to insider trading as follows:

"Insider trading (or insider dealing) is a criminal offence in many countries where the Bank operates. It occurs when people buy or sell securities (e.g. stocks and shares) whilst in possession of "inside information". That is, information which is (a) non-public; and (b) price-sensitive.

"As a Bank employee you must not deal in securities if you have inside information in relation to them. The term "dealing" (or "trading") includes not only buying, selling and exercising options for your own account but also for relatives, friends and other people.

"In addition you must observe any local personal account dealing rules in force in your country, dealing with issues such as prohibitions on dealing in the securities of certain categories of customer, and certain kinds of transactions." ■

Procedure Implemented by the Bank for Practices of Good Corporate Governance

The Bank realises that good corporate governance is fundamental to its operational success as it enhances organisational efficiency and maximises effectiveness for all concerned parties including shareholders, stakeholders as well as society as a whole.

In this light, the Bank has adopted the “Fifteen Principles of Good Corporate Governance” of the Stock Exchange of Thailand as a guiding philosophy behind its management policy, and has published the “Group Compliance Standards Manual” in line with these principles for all of its employees to abide by. In addition, utmost emphasis is also placed upon compliance with the “Code of Best Practice for Directors of Listed Companies”, particularly in relation to the roles and responsibilities of directors as well as the framework for internal control and audit.

Translating these principles into practice, the Bank is committed to undertaking its professional activities with prudence, fairness, transparency, and integrity, and has always maintained high international standards of banking practice. Moreover, the Bank has established a long-term strategic plan towards sustainable growth and has pursued its vision of professional practice that strengthens the organisation’s competitive edge while adhering to accepted business codes of conduct and professional ethics. Its ultimate objectives are to maximise shareholders’ economic value and to drive the organisation towards international banking practice underpinned by high operational standards and quality services, for the utmost benefit of clients, counterparts and local banking communities.

The Board and its senior management has laid down guidelines for best practice and have implemented procedures to effect the practice of good corporate governance as follows:

- **Policy on Corporate Governance and Business Ethics**

CG No. 1, 7

Ethical Standards

The Bank has published and distributed to its employees the “Group Code of Conduct” which governs high standard of

integrity. It also requires all the staff to strictly observe this code. The Code outlines professional ethics for a good banker and provides guidelines for bank staff - including its directors and management - regarding their required duties and responsibilities to the Bank and the public. The Code covers various facets of the best practice, including:

- Observance of local laws and group standards
- Compliance with local laws
- Relation with customers and regulators
- Respect of customer confidentiality and data privacy
- Ensuring that products are suitable for customers
- Prohibitions against various misconducts such as money laundering, insider trading, speculative dealing, bribes and inducements as well as reporting procedure for these misconducts
- Conflicts of interest
- Reporting of ethical breaches

The Bank attentively monitors compliance of staff of all levels to the ethical standards prescribed in “the Group Code of Conduct”.

Money Laundering Prevention and Reporting

As an international financial organisation, the Standard Chartered Group is committed to fighting against money laundering. Once any transaction of suspicious nature is detected, the Bank is promptly obliged to immediately report it to relevant statutory regulatory bodies.

Additionally, the Bank has also appointed its staff to work in a newly set up position of Country Money Laundering Prevention Officer (CMLPO) to oversee issues relating to potential money laundering. A series of training has been carried out to provide employees with proper knowledge essential for dealing with transactions of suspicious nature that may involve money laundering. Instructions have also been circulated to all staff members on money laundering prevention, required reporting procedures, and disciplinary measures against failure to properly report such events or attempts to obstruct such reporting.

The Bank has also prepared a “Compliance Officer Manual” to be used as an operational guideline for officers in the Compliance Unit. This manual describes relevant monitoring procedures for various functions in the Bank to make sure that their activities duly comply with existing laws and regulations.

Training on and Assessment of Regulatory Requirements

The Bank has organised a specially designed computer based training programme called “Compliance and You” to update the staff’s knowledge and to assess their awareness of compliance regulations. The programme not only allows the bank staff to gauge how much they have learned but also helps identify future training needs across the Bank.

Regulatory News Circulation Centre (RNCC)

The “Regulatory News Circulation Centre (RNCC)” has been established by the Bank as a clearing house that gathers and disseminates to staff across the functions information relating to promulgation and amendment of relevant rules and regulations. This is to ensure that they are well informed of up to date requirements and are aware of their compliance responsibilities.

- Shareholders Rights, Equitable Treatment and Shareholders Meetings

CG No. 2, 4

The Bank’s policies that emphasise unbiased entitlements and equitable treatment for shareholders and various stakeholders are implemented through shareholders meetings that encourage awareness, equal opportunities for participation, and full disclosure of information.

The Bank also honors equitable rights of all shareholders and always takes great precaution to prevent any incident that may prejudice the rights and opportunities of minority shareholders.

Shareholders’ Meetings

It is a common practice for the Bank to promote good communication with its shareowners, and thus shareholders meetings are considered to be a matter of great importance. For

each and every General Shareholders’ Meeting, the Bank always makes sure that its shareholders receive, prior to any meeting, sufficient information and facts concerning the proposed agenda attached to the meeting’s notifications, which are forwarded to shareholders at least seven days prior to the meeting date. Provision of equitable treatment to shareholders by allowing them to review issues such as details of proposed agenda, registration rules, and conditions for assignment of voting rights in advance of their decision making is also practiced regularly by the Bank.

Advance registration is exercised for each General Shareholder’s Meeting. The meeting is always scheduled in advance to ensure that there will be no possible problems regarding the date, time and venue thereof. For each item on the agenda, participants are provided with opinions of the Board on that issue, together with full disclosure of relevant information, to clarify any possible doubts. The Bank also promotes prudent consideration prior to decision making and always allocates appropriate time for participants to pose questions and allows equal opportunities for expressions of opinions, particularly on the matters relating to the Bank’s management’s strategies and policies. Sufficient time is allotted for decision making and voting is carried out in accordance with the sequence order of the proposed agenda. Voting procedures and vote counting are explained to participants in advance.

- Rights of Stakeholders

CG No. 3

The Bank follows international ethical codes of commercial competition and universally accepted business practices by undertaking banking activities with honesty and integrity. Equal rights of various groups of stakeholders, namely staff, clients, counterparts, local communities and other social bodies are fully recognized, and efforts have been made to instill confidence among all parties involved, that the Bank has given great significance to protection of their rights. This practice is based on the principle of equitable treatment afforded to them by applicable laws, and such protective actions are also fully monitored.

Good relationships and promotion of good morale among the Bank's employees are encouraged by means of the "Great Place to Work" campaign and an internal journal called "San Samphan". The main objective is to develop corporate culture and values through unity and collective efforts of all employees, in support of the Bank's credos of equal treatment and equitable remuneration.

Additionally, the Bank has initiated as well as participated in various campaigns to provide needed community services, especially activities that raise awareness of environmental responsibilities. The "Customer Week" and the "Foreign Exchange Trading Workshops for the Bank of Thailand's Staff" were some of the activities organised to promote good communication with clients and stakeholders.

The Bank is fully aware of its responsibilities towards its clients and its duty to safeguard their confidential information. Suggestions as well as complaints from clients and stakeholders are regularly reviewed and taken to enhance operational improvement on the grounds of sound performance and continued efficiency.

- Leadership, Vision and Conflicts of Interests

CG No. 5, 6

Leadership and managerial vision are essential qualities required by the Bank in selecting its Board members and management team. The five basic values, to which the Banks encourages its Board members, management and staff to adhere, testifies how the Bank is committed to implanting into its personnel leadership and managerial vision, and to setting goals for its mission. These are the qualities of being:

- Courageous
- Responsive
- International
- Creative
- Trustworthy

Segregation of duties between the Board and the management team is implemented to demonstrate the Bank's accountability towards its shareholders. The Board members enjoy complete freedom in expressing their views and making their decisions regarding operational policies that will yield maximum benefits to the Bank and its shareholders. The Board of Directors also takes an active role in regularly monitoring the management's performances and achievements.

The Directors of the Bank do not hold directorship in any other company that may give rise to any conflict of interest with the Bank. Segregation of roles and duties of the Board members and shareholders is clearly defined in order to eliminate any possible occurrence of such conflicts. Measures prescribed in the Group Code of Conduct are applied to carefully, honestly, reasonably and independently solve any potential conflicts on a virtuous ground.

It is the policy of the Standard Chartered Group that every aspect of its business and operations be conducted within a comprehensive system of delegated authority. Directors and employees are given the delegated authorities they need to carry out the responsibilities given to them.

The principles for establishing delegated authority are clearly stated in the Bank's Delegated Authority Manual while the delegated authority of any individual employee is confirmed in writing so far as reasonably practicable and be subject to periodic review. This delegated authority comprises the following:

- Specific authorities set out in the job description
- Specific authorities established by Group policy statements/instruction circulars
- Implied authority to do all things necessary for and reasonably incidental to the proper performance of that job e.g. to delegate certain tasks to subordinates
- Any further authority specially delegated on a particular occasion or for a particular purpose by a Director or senior manager (including implied authority)

All of the above authority may only be exercised within the limitations and restrictions imposed by the Bank's operational policies and procedures e.g. Group Code of Conduct.

The Bank has also implemented preventive measures against conflicts of interest, including insider trading, by setting up stringent rules governing personal dealings of the Bank's shares by its staff. Among other things, the rules prescribe that prior approval must be obtained from line supervisors or the Legal and Compliance Department, and that trading during the "Closing Periods" is prohibited. The "Closing Periods" refer to the period from 1 January of every year to the day after the public disclosure of the Standard Chartered Group's annual operating performance, and the period from 1 July of every year to the day after the public disclosure of the Group's half-year operating performance.

- The Board of Directors : Balance of Power and Segregation of Positions

CG No. 8, 9

Composition of the Board : Executive Directors, Non-Executive Directors and Independent Directors

Of the nine directors, three are actively involved in the day-to-day management of the Bank and reside in Thailand. Six other members are non-executive directors, two of whom are independent directors. Two non-resident directors are the Chairman of the Board, who resides in the United Kingdom, and a non-executive director, who resides in Singapore.

As for a balance of power among the Board members, the Bank has existing 2 Independent Directors and is going to additionally appoint another one in order that one third of them are independent directors. In addition, the number of directors is decided in proportion to the Bank's shareholding structure.

Segregation of Directors Positions

As prohibited by the Bank of Thailand's regulations, none of the nine directors is simultaneously holding the position of the Chairman of the Board, an executive-director or a director with an authorised signature in more than three companies. Nor do they serve as directors of any company that may have a conflict of interest with the Bank.

The Chairman of the Board and the Chief Executive Officer are not the same person. The Chief Executive Officer, who also serves as the Deputy Chairman of the Board, is in charge of day-to-day management of the Bank.

Roles and Responsibilities of Directors

Each Board member is committed to diligently performing his/her task in compliance with the standards of good corporate governance and regularly monitors operational performance of the Bank. These directors undertake their duties, attentively and in good faith, in conformity with the laws, the Bank's objectives and articles of association, as well as the shareholders' resolutions, with great emphasis on protection of the Bank's best interest and fiduciary accountability towards the Bank's shareholders.

The Board has a duty to formulate policies and strategic directions of the Bank, as well as to oversee that the management team has properly and effectively implemented the policies, not only in accordance with their formulated guidelines, but also in compliance with prevailing legal framework and acceptable business ethics.

Changes in the Board of Directors during 2002

The Board underwent many changes during 2002, including the resignations of some directors.

The following directors resigned in 2002:

1. Mr. Michael Bernard DeNoma
resigned on 28 February 2002
2. Mrs. Julaporn Namchaisiri
resigned on 14 May 2002
3. Mr. Banphot Hongthong
resigned on 1 June 2002
4. Mr. Peter John Hutchinson
resigned on 8 July 2002
5. Mrs. Thippaporn Gertphol
resigned on 19 August 2002
6. Mrs. Tharisa Wattanages
resigned on 1 October 2002

The following directors were appointed in 2002:

1. Mr. Peter John Hutchinson
appointed on 28 February 2002
2. Mrs. Tharisa Wattanages
appointed on 14 May 2002
3. Ms. Orajit Singkalavanich
appointed on 17 July 2002
4. Mr. Michael Bernard DeNoma
appointed on 29 July 2002
5. Mr. Loi Chan*
appointed on 19 August 2002
6. Mr. Pakorn Malakul Na Ayudhya
appointed 1 October 2002

*Note : * Mr. Loi Chan will resign from his directorship effective 1 January 2003.*

- Board Meetings

CG No. 11

The Board meets regularly, at least once a month, on yearly pre-scheduled dates, to review and discuss the Bank's performance and operation as well as to outline management policies and to consider issues of significance.

The meeting's agenda are generally presented to the directors' attention in advance through meeting notifications, attached with supplementary information for review and consideration. Such arrangements are undertaken to ensure receipt of timely information by all directors prior to any meeting date, so that they can efficiently perform their tasks in monitoring the Bank's business strategies, operating results and regulatory compliance.

Name	Directorship Period	Attendance/Meetings (Times)		
		Ordinary	Extraordinary	Total
Mr. David George Moir	1 Jan. 2002 - 31 Dec. 2002	4/12	0/1	4/13
Mr. Vishnu Mohan	1 Jan. 2002 - 31 Dec. 2002	12/12	1/1	13/13
Mr. Michael Bernard DeNoma	1 Jan. 2002 - 28 Feb. 2002 29 Jul. 2002 - 31 Dec. 2002	0/2 2/7	- -	2/9
Mr. Peter John Hutchinson	28 Feb. 2002 - 8 Jul. 2002	2/4	0/1	2/5
Mr. Loi Chan	19 Aug. 2002 - 31 Dec. 2002	2/4	-	2/4
Mrs. Thippaporn Gertphol	1 Jan. 2002 - 19 Aug. 2002	8/8	1/1	9/9
Ms. Rachanee Tripipatkul	1 Jan. 2002 - 31 Dec. 2002	11/12	1/1	12/13
Mr. Banphot Hongthong	1 Jan. 2002 - 1 Jun. 2002	3/5	0/1	3/6
Mrs. Julaporn Namchaisiri	1 Jan. 2002 - 14 May 2002	5/5	1/1	6/6
Mrs. Tharisa Wattanages	14 May 2002 - 1 Oct. 2002	4/4	-	4/4
Mr. Pakorn Malakul Na Ayudhya	1 Oct. 2002 - 31 Dec. 2002	3/3	-	3/3
Mrs. Sunet Ratanavanich	1 Jan. 2002 - 31 Dec. 2002	12/12	1/1	13/13
Mr. Chalaw Fuangaromya	1 Jan. 2002 - 31 Dec. 2002	10/12	1/1	11/13
Ms. Orajit Singkalavanich	17 Jul. 2002 - 31 Dec. 2002	5/6	-	5/6

- **Audit Committee**

CG No. 12

The Bank's Audit Committee was set up by a resolution of the Board of Directors' Meeting No. 10/2543. The Committee comprises the Chairman, a committee member and a Consultant to the Committee. The Bank's two existing independent directors, Mr. Chalaw Fuangaromya and Mr. Banphot Hongthong serve as the Chairman and the member of the Audit Committee respectively and the Consultant to the Committee appointed by the Bank is Dr. Angkarat Priabjariyawat, an expert in the fields of finance, accounting and internal control. The role of the Consultant is to provide technical assistance to the Committee in carrying out its tasks during the period when the Bank is not able to appoint the third member of the Audit Committee as required by the SET.

The Audit Committee comprises:

1. Mr. Chalaw Fuangaromya
Chairman of the Audit Committee
2. Ms. Orakit Singkalavanich
Member of the Audit Committee
3. Dr. Angkarat Priebjriwat
Consultant to the Audit Committee
4. Mr. Pornchai Wiwatpattarakul
Secretary to the Audit Committee
5. Mr. Nopadol Mungonchai
Secretary to the Audit Committee
6. Mrs. Srichan Changwatchai*
Joint Secretary to the Audit Committee

The major responsibilities of the Audit Committee are to review credibility and sufficient disclosure of the Bank's financial statements, to assess efficiency and suitability of internal audit and control systems, to ensure continued regulatory compliance, and to prepare the Annual Audit Committee Report. In addition, the Audit Committee also duly performs all prescribed tasks required by the Bank of Thailand, the Stock Exchange of Thailand and the Securities Exchange Commission.

The Audit Committee meets at least four times a year. The presence of two members forms the quorum for a meeting. If deemed suitable and appropriate, the Committee members can request a joint meeting with the presence of external auditors and key personnel of the Bank's various functions, such as Accounting and Finance, Legal and Compliance.

*Note : * Mrs. Srichan Changwatchai resigned from the Bank with effect from 1 March 2003.*

Other Special Committees

The Bank has formed other special committees and sub-committees to assist the Board of Directors in its supervisory and monitoring tasks such as the Asset & Liability Committee, the Country Operation Risk Committee, the Credit Policy and Portfolio Committee, the Property Appraisal Committee, the Compliance Risk Management Committee, and the People Development Committee. Details on their roles and duties appear under the title of "Structure of Shareholders and Management" shown in this annual report.

- **Directors and Management's Remuneration**

CG No. 10

The remunerations of the Board members are fixed by the resolution of the Shareholders' Meeting provided by a majority of votes of no less than two-thirds of the total cast votes.

Five directors nominated by the Standard Chartered Group do not accept any remuneration for their directorship.

Additional details on the Directors and Management appear under the heading of "Structure of Shareholders and Management" shown in this annual report.

- **Internal Control and Audit System**

CG No. 13

The Bank set up an internal control and audit system to oversee management's activities, authorisation limits, banking risks, operational functions, operational risks, credit quality and financial reporting, etc.

In addition, job descriptions and organisation chart have been developed to illustrate particularised responsibilities and reporting lines. In the past year the internal auditing framework was restructured to accommodate new elements of risk management.

Assessment process such as “Key Control Standard” (KSC) and “Key Risk Indicators” (KRI) were also introduced. The “Country Operational Risk Group” was formed to mitigate operational risks. The “Incident Report” has been utilized as a reporting format for compliance matters. The “Country Compliance Manual” has also been drafted to lay out all statutory and regulatory issues applicable to related banking activities.

As far as operational control is concerned, all products are required to be annually reviewed by the Legal & Compliance Department in order to verify its legitimate applicability. A “Service Quality” (SQ) team was established to handle all complaints whereas the “Branch Operating Instructions” (BOI) process and a “Branch Control Team” (BCT) were formed to monitor conformity of branch operations.

In brief, the Bank has a well designed internal control and audit system with monitoring elements to ensure that its operations consistently comply with applicable rules, regulations, laws and ethical codes. The Bank also encourages the practices of good governance among its Boards, management and staff by regularly updating them with prevailing compliance knowledge as well as promoting professionalism.

Additional details on the Directors and Management appear under the heading of “Structure of Shareholders and Management” shown in this annual report.

- Director Reporting

CG No. 14

The Board are cumulatively responsible for and reasonably confident in the true and fair representation of the Bank’s year-end 2002 financial statements as stated in the Report of the Audit Committee shown in this annual report.

The Board of Director is accountable that the said financial statements have been prepared under the Thai Generally Acceptable Accounting Practices (GAAP), using appropriate and consistent accounting policies, while sufficient disclosure of material information is provided in its notes to the financial statements.

In this regard, the Board has assigned the Audit Committee, comprising independent directors and a consultant to the Audit Committee, to monitor the quality of financial reporting and the internal control system. The Audit Committee’s opinions on the reasonability, sufficiency, transparency and credibility of the presented financial statements are stated in the Report of the Audit Committee shown in this annual report.

- Relations with Investors

CG No. 15

The Bank has established a department called Corporate Affairs to look after relations with investors and to represent the Bank in communicating with institutional investors, shareholders, analysts and general public on operational issues and financial results. ■

Information of Investor Relations Division, Corporate Affairs Department

Name	Ms. Safina Komoltamaetee
Tel.	+66 (0) 2724 8010
Website	www.standardcharterednakornthon.co.th
E-mail Address	Safina.Komoltamaetee@th.standardchartered.com

Nature of Business

Overview

Standard Chartered Nakornthon Bank conducts commercial banking businesses and provides its financial services domestically and internationally. As of the year end 2002, the Bank operates over 41 branches across the country, 33 within the Bangkok Metropolitan Area and 8 in the provinces. The Bank administrates a network of electronic banking comprising 46 ATMs in an effort to provide convenient banking services for its customers, through its own internal system as well as through connection with the global network of the Standard Chartered Group, which covers more than 50 countries the world over.

The Bank's operations focus on Consumer Banking and Wholesale Banking. In 2002 the Bank achieved its anticipated goals for both of its core businesses, particularly in providing a broad range of banking services to various tiers of customers, from individual and institutional clients to private enterprises and public corporations.

Major Changes and Development of Standard Chartered Nakornthon Bank

1999 : We are Here to Grow Together and Create a Premier Commercial Bank in Thailand

- **10 September 1999** - The Standard Chartered Banks became the major shareholder of the Nakornthon Bank following an acquisition of 75% of the latter's shares from the Financial Institutions Development Fund. The Nakornthon Bank's name was changed to the Standard Chartered Nakornthon Bank. This incident signified a major transformation of the Bank towards sound and steady business growth. Major activities comprised Consumer Banking - focusing on Credit Cards, Housing Loans, Personal Installment Loans and Wealth Management - and Wholesale Banking - specializing in Cash Management, Commercial Banking, Trade Finance and Custodian Services.

2000 : Building our Brand and Setting New Standards

- **3 April 2000** - The Bank together with the Master Card International launched a new Standard Chartered Master Card Picture Credit Card: the first and only picture imprinted credit card in Thailand with the use of the state-of-the-art Digital Quality Photo IDS printing technology. Cardholders can create enlarged imprinted pictures of their choices and styles.
- **8 June 2000** - The Bank offered a full range of banking services at its newly opened branch in the Tesco Lotus Supercenter on Sukhumvit 50, aiming to facilitate daily store shoppers. This marked the Standard Chartered Group's first step towards provision of branch services in a major superstore. More branches have since been opened at other locations.
- **August 2000** - The Bank took an initiative to launch its advertising campaign covering the outside compartments of the first sky train - a move that reflected a creative innovation in banking advertisement. The campaign was successful in gaining wider public recognition. In addition, the Bank also implemented a series of promotional campaigns to introduce new services and products to customers, eventually covering the whole fleet of 35 sky trains providing services in full operation as of March 2001. The increased brand recognition to 75%, from its initial 10% position, reflected one of the Bank's most successful marketing strategies through its choice of this highly effective media channel.
- **30 September 2000** - The Bank resumed Credit Card activities of the Standard Chartered Bank, Bangkok through an acquisition agreement with its purchase price limited to Baht 1,864.1 million for a full control the said activities worth Baht 1,248.66 million in net assets.

- **25 November 2000** - The Bank donated a mobile library operating in an air-conditioned bus worth over Baht 3.3 million to the Bangkok Metropolitan Administration. Wide selections of books, as well as computers with an Internet service, are available in this mobile unit supervised by a full-time librarian. Services are offered to a number of major communities in Bangkok.

2001 : Take Our Brand to New Heights - Introduce New Branch Concept

- **January 2001** - The Bank innovated a new approach to promote consumer banking in Thailand by means of an advertisement series called “Mother”, drawing upon Asian cultural value - a strong bond among family members. This advertisement series was very well accepted by the public upon its launching on television and in other printed media. In 2001, the TVC “Mother” also won the silver medal at 25th Annual Top Advertising Contest of Thailand 2000-2001 (TACT Award). In 2002 this advertisement series won the first runner up prize at the Best Television Commercials Awards of the Office of the Consumer Protection Board.
- **29 June 2001** - The Bank revealed its brand new look at its Sathon Office. The traditional banking look and atmosphere was replaced by a new image of modern comfort with spacious service areas where clients could make their choice of self-serviced transactions or counter services. In addition, a team of the Bank’s well-trained investment planners were on hand to provide advisory services while the “Financial Spa” Program was readily accessible for clients to individually review their financial status.
- **18 September 2001** - The Extraordinary Shareholders Meeting resolved to approve the Bank’s entering into a service agreement with the Standard Chartered Bank, which, in addition to the cost reduction benefit, allowed the Bank’s full utilisation of competent and resourceful personnel from the Standard Chartered Bank, Thailand.
- **5 November 2001** - The Bank was recognised by the Money Laundering Control Board as one of the banks that supported the government’s attempt to fight against money laundering activities.

2002 : Our Brand is the heart of everything we do.

- **30 March 2002** - The Bank’s new brand logo and its underlying five Core Values of being Courageous, Responsive, International, Creative and Trustworthy were introduced to the staff. Later on, in October 2002, the Executive Directors of the Standard Chartered Bank presided over the inauguration ceremony of this new brand logo at its Sathon Head Office & Branch. Also witnessing this momentous event were distinguished guests and members of the mass media.
- **16-17 May 2002** - The Bank hosted a conference for a leading group of analysts from the UK who selected Thailand as one of its stops during their visits to countries in the Standard Chartered Group global network. This decision reflected the foreign analysts’ notable confidence in the country’s position.
- **6 July 2002** - The Bank introduced its new Home Décor Loan Scheme offered in collaboration with ten home decor firms, aiming to compete in the credit market of home lovers. Road shows were organised in various leading department stores to promote this scheme.
- **18-19 July 2002** - The Bank hosted the Asia Pacific Credit Bureau Conference in Thailand for representatives from both the government and the private sectors. Over 150 participants from central banks, including the Bank of Thailand, Credit Bureaus, as well as leading bankers, from 22 countries attended this conference, the objective of which was to create mutual understanding and to explore common guidelines for centralized personal credit data development in each country.

- **27-30 October 2002** - The Executive Directors of the Standard Chartered Group selected Thailand, in stead of London, as its venue for the Annual Executive Board Meeting. This event signified the emphasis placed upon and the importance given to its operations and investments in Thailand. On this occasion, Sir Patrick Gillam, the Chairman of the Standard Chartered Group, together with Mr. Mervin Davies, Mr. Michael Bernard DeNoma and Mr. Vishnu Mohan, Chief Executive Officer of the Bank met with His Excellency the Thai Prime Minister, His Excellency the Minister of Finance, the Governor of the Central Bank of Thailand and His Excellency the British Ambassador in Thailand. The visiting executives also had opportunities to exchange their views with leading local economists, businessmen and the Bank's clients. In addition, the team attended the inauguration ceremony of the Bank's new brand logo at the Bank's Sathon Head Office. Sir Patrick Gillam also chaired a charity gala dinner organised to raise funds in support of the Princess Mother's Medical Volunteer Foundation. The event raised Baht 2.5 million for the Foundation.

- **25 November 2002** - the Bank signed a Letter of Intent with the Government Housing Bank to form of a business alliance. Cooperation between the two banks included activities such as the mutual client introduction scheme and consideration of the Government Housing Bank to sell its housing portfolio to the Bank.

Our Mission

The Bank's ultimate goal is to achieve comprehensive business growth through continued improvement of its financial products and services. In addition, the Bank firmly believes in constant development of its staff, aiming to boost their caliber, professionalism and service mindedness. A promotion campaign such as the "Customer Week" is a clear evidence of the Bank's

commitment to bringing about the best services for its customer. The Bank makes it a practice to regularly review its customers' needs and demands and, by matching them with appropriate resources and expertise of the Bank itself as well as those of the Standard Chartered Group, deliver the most satisfactory services to its customers.

The Bank's mission is to become one of the best commercial banks in Thailand that offer world class product qualities and financial instruments. In the past year, the Bank accomplished its goal in expanding its market share and creating increased value for its shareholders investment. Apart from its contributions to the country's competitiveness in the money market, the Bank also played a part in advocating, and adhering to, the practice of business ethics in the local banking community.

Moreover, the Bank has set a target to be, among the four hybrid banks, the number one provider of treasury services while pursuing its aspiration to push its Consumer Banking towards leadership in the chosen market in Thailand during the next few years.

Business Operations Classified by Products and Services

Consumer Banking

Consumer Banking offers a wide range of retail banking products from three "Value Centres". These are:

1. Unsecured Lending
2. Wealth Management
3. Business Banking

In addition, the Bank, recognising the diverse requirements of its clients, has made improvements upon its product categories, such as the Home Décor Loan.

Unsecured Lending comprises three core products: Credit Cards, Personal Installment Loans, and Personal Lines of Credit.

Wealth Management offers three main products: Deposit Products (checking, savings, and time deposits), Overdraft Facilities backed by deposits, and Investment and Insurance Services. Investment Services are marketed by the Bank's Certified Investment Planners and cover only SEC approved investment funds managed by independent fund managers. Insurance Referral Services are provided by the Bank's Personal Financial Consultants who have been officially certified by the Insurance Commission to be competent in offering advisory services to its customers. Moreover, the Wealth Management function also offers a semi cash secured line of credit accessed by the Visa Electron Card.

The Bank's **Business Banking** Unit serves small and medium size customers with a full range of deposit, lending and trade products suited to the size and nature of their businesses. These services are aimed at supporting Thailand's growing SME segment.

- Marketing and Competition

The Consumer Bank has made substantial progress in increasing its customer base with a rationalised distribution strategy, by contracting the services of commission sales force and by utilising its surplus bank premises to market its loan products. It is now a major banking service provider in the Thai financial sector with about 700,000 accounts in both deposit and loan products.

The Bank is well positioned to increase its profitable business volume with target marketing, business intelligence, cutting edge automated credit scoring technology, streamlined operations and check-&-balance process in place. Marketing expenses are primarily direct response oriented, driven via targeted print media and radio channels to minimize wastage. Management effort is equally divided into leveraging the Bank's large existing customer base to increase product holding and to reduce attrition to competition, and into targeting new customer acquisition through the use of technology.

- Future Plans

The Consumer Bank will focus on building profitable growth in the personal loan business by developing a more efficient alliance acquisition channel, utilizing its business intelligence to increase the breadth and depth of its customer relationship, capitalising on its risk management technology to differentiate loan pricing, and further streamlining its customer delivery operations to improve cost efficiency.

Wholesale Bank

Wholesale Bank provides services in two main categories, namely:

1. Global Markets
2. Commercial Banking

1. Global Markets is the unit that provides treasury products and financial advisory services on risk management to the Bank's corporate, organisational and institutional clients. Although SCNB benefits from access to the Standard Chartered Group's advanced technology in the treasury and risk management fields, the unit operates independently from the Global Markets function of Standard Chartered Bank, Bangkok Branch, having its own personnel, books, computer systems as well as a totally different customer base.

The main roles of Global Markets are assets and liabilities management (i.e., managing liquidity and interest rate risks) and foreign exchange management. Two major product lines are offered to our customers, namely:-

1. Foreign Exchange, comprising:

- FX spot and FX forward instruments in all major currencies, and particularly those of the emerging markets such as Asia and Africa;
- Arrangement of structured finance deals, options, and other off-balance sheet hedging instruments.

2. Interest rates, including transactions relating to:

- Interest rates on wholesale deposits, interbank loans, money market instruments, investments in various types of government and corporate bonds, interest rate swap agreements, forward rate agreements, etc. Moreover, the Bank is in the process of offering yield enhancement deposits.

- Marketing and Competition

The Bank's primary competitive advantage is its ability to effectively train its corporate relationship personnel, who, in turn, can provide high quality service and advice to SME and Priority Bank clients. Thus, its clients are in a better position to assess their risks and explore ways of hedging their inherent exposures. Moreover, the Bank has retained a number of economists dedicated to Thai Baht research, who regularly provide valuable reports and appropriate recommendations on Thailand's fundamental economy as well as on the trend of FX and interest rates. This service has been implemented to reinforce the clients' confidence in their decision making or advance planning.

In addition, the Bank's round the clock Globewatch service provides its clients with opportunities to take advantage of the Standard Chartered Group's branch networks in major cities around the world. Local corporates also benefit from the competitive Thai Baht foreign exchange and interest rate quotations offered by SCNB, particularly in the cases of long dated FX forward agreements, cross currency swap agreements and interest rate swap agreements. Needless to say, all of these benefits are the fruits of SCNB's transfer of know-how gained from the experience accumulated during the operations of the Standard Chartered Bank, Bangkok Branch.

2. Commercial Banking provides services to large local and international entities, working hand-in-hand with Global Markets. The objective is to provide the Bank's target clients with a full range of excellent services in Treasury Management, Cash Management, Cross-Border Transactions, and Commercial Lending. The Customer Relations Manager oversees the work in this function to ensure that the clients are always taken care of and well facilitated. Performance is evaluated against the targeted earnings, and building up of value-added is strongly encouraged.

The Bank offers to clients in its target group, i.e., local and international corporates, organisations, government agencies and financial institutions, fully integrated products and services comprising:

- 1. Cash Management Products**, which provide solutions for customers to manage their liquidity and increase the effectiveness of their cash collection and payment processes.
- 2. Trade Finance Products**, which comprise a full range of import and export financing activities, both pre-and post-shipment. Among the services and products offered are trade facilities, guarantees and bonds, letters of credit, and trade bill collections.
- 3. Commercial Lending Products**, which include overdraft facilities, and short to long term loans in both local and foreign currencies.
- 4. Treasury Products**, which range from simple day to day money market and foreign exchange transactions to the more complex ones such as structured finance and derivatives. These services are offered through joint operations with the Global Markets unit.

- Marketing and Competition

The operations of Commercial Banking are characterised by its centralized nature, with both the sales and operation functions located at the Bank's Head Office. Innovative services are usually initiated and developed at the Standard Chartered Group's Asian Regional Office in Singapore or the Head Office in London. They are then adopted and adapted to best serve the clients in Thailand, either as recommendations of new solutions for their businesses or as financial transactions that may prove to best suit their requirements.

- Future Plans

The Bank's Wholesale Bank function aims at expanding the scope of its services in terms of both Global Markets and Commercial Banking. In 2002, the Global Markets Function introduced in the market a wide range of innovations for several categories of financial transactions and has set a goal for continuous implementation of such activities. Policies have been set forth for improvement of fundamental products and structured transactions, such as derivatives and securitisation to be more responsive to the needs and demands of individual and corporate clients.

In 2003, SCNB will focus its efforts on making its Global Markets function a key contributor to the growth of Consumer Banking. New product developments projects for customers are now in process and SCNB is planning to offer a new deposit and investment product, i.e., yield enhancement, to its large corporate and financial institutional clients. Meanwhile, Assets and Liabilities Management will continue to be the core activities of the Global Markets function.

With respect to Commercial Banking, a new "supply chain" lending scheme will be offered to the target group as part of the plan to expand the trade finance base and to ensure continuity of financial support to clients for investment in production materials and inventories. ■

Risk Factors

The risk factors that may affect the Bank's operations and financial conditions can be grouped into two main categories: business risks and industry risks. Business risks are risks directly related to the Bank's products and services. Industry risks, on the other hand, are those faced by members of the banking community and each party may use different measures to tackle and mitigate them.

Business Risks

Major business risks relating to activities of the Bank may be further divided into five major groups, namely:

- Credit Risk
- Liquidity Risk
- Market Risk and/or Price Risk
- Financial Risk
- Operational Risk

Credit Risk

Credit risk involves the Bank's risk for potential loss resulting from failure of its borrowers or counterparties to honor their financial or contractual obligations to the Bank. This kind of risk prevails in activities such as lending, sales and trading of financial instruments, and treasury services, which include foreign exchange and derivatives contracts.

- Consumer Credit Risk

Consumer credit risk relates to lending activities in consumer banking, both secured and unsecured, as well as SME finance. To ensure that its risk management strategies are effective, the Bank has adopted a sound business-specific credit control policy and stringent risk acceptance criteria. Systematic risk monitoring procedures are regularly implemented. An independent risk management mechanism has also been put into effect to cautiously assess portfolio risk and approve new business products.

The Bank's consumer loan portfolios are well diversified in terms of both customers and products. The consumer lending base and the number of credit card clients approximate to 200,000 accounts.

- Commercial Credit Risk

Commercial credit risk involves the Bank's commercial lending to institutional clients such as corporates, organisations, banks and government entities as well as payment risk of its counterparties for due financial contracts. Credit officers are mainly responsible for credit risk management of their portfolios in accordance with the Bank's guidelines and risk management practices, which covers items such as authorisation criteria, limit levels, credit control and security checklists. Appropriate allocation and sound diversification of lending portfolios among suitable industries are also key objectives of the Bank.

Additional commercial credit risk measures include:

- A uniform risk rating procedure
- Regular credit risk monitoring by an independent Risk Control Unit
- Standardised patterns for loan documentation
- Criteria for problem recognition and remedies thereof

- Credit and Trading Exposure Arising from Foreign Exchange and Derivatives

The Bank has applied the Group Market Risk Policy to all treasury product trading limits and customer limits. The settlement and pre-settlement risk concepts have been adopted. In addition, MIS for effective monitoring has been implemented so that top management can oversee its Global Markets position. A Risk Control Unit has been established independently of the Global Markets function to monitor all limits and excesses. To sum up, SCNB has capitalised on the Standard Chartered Group's experience in the Asia Pacific Region in terms of product development, operational control, risk management, and other infrastructures.

Liquidity Risk

It is the Bank's policy to maintain adequate liquidity, at all times, to be in a position, in the normal course of business to meet all the Bank's obligations, to repay depositors, to fulfill commitments to lend, and to meet any other commitments in which the Bank may have made. In addition to fully complying with the Bank of

Thailand's statutory reserve requirements, the Bank must be self-sufficient in its funding operations through a diversified funding base, taken into account all available market opportunities.

The Asset Liability Management Committee (ALCO) is responsible for ensuring that liquidity management is adhered to on a continuous basis. ALCO members comprise Chief Executive Officer - Chairman, Chief Financial Officer, Head of Consumer Banking, and Head of Group Special Asset Management where ALCO would meet on a monthly basis, or as determined by Chairman if necessary, to discuss liquidity matters, including balance sheet structure and deposit/lending pricing strategies.

Risk Control Unit would be responsible for monitoring and controlling liquidity risk, on a daily basis, through the following guidelines:

- Liquidity Risk Limits, such as Maximum Cumulative Outflow, Wholesale Borrowing Limits, Swap funding Limits, etc.
- Stress test to ensure that the Bank's commitments are met when some unforeseen event causes conditions to be far from normal.

In addition, guidelines of monitoring the Bank's Balance Sheet Structure, such as Loan-to-deposit ratio, medium term funding, etc. are required to be reported to ALCO on a monthly basis.

Market Risk and/or Price Risk

Market fluctuations in foreign exchange and interest rate pose the following risks, which directly influence the Bank's, operation and financial status.

- Basis risk

Basis risk, linking to asset-liability management, occurs as changes in interest rates cause interest-bearing deposit liabilities to be repriced at a difference rate than interest earnings assets and hence creating an asset-liability mismatch that might have adverse effect on the Bank's net interest incomes.

- Foreign exchange risk

Foreign exchange risk relates to possible negative impacts generated by markets fluctuations that may affect the Bank's exchange exposure and positions.

The Bank has employed various hedging techniques to protect its positions, including maintaining proper foreign exchange positions in line with the Bank's policy guidelines and the requirements set by the Bank of Thailand, aiming towards suitable protection of its current exposure. In addition to an exposure report daily submitted to the management, Value at Risk (VaR), Management Action Trigger (MAT), and PVO1 methods are applied to measure and monitor the Bank's overall risk level under the prevailing market condition.

Financial Risk

Financial risk links to the required adequacy of the Bank's capital position in relation to its risk assets.

As of the yearend 2002, the Bank maintained a satisfactory level of capital adequacy ratio, which indeed was higher than the required standard of 8.50% set by the Bank of Thailand. The capital to risk assets ratio was 11.30%, comprising 10.11% Tier 1 capital and 1.19% Tier 2 capital.

The non-performing loan, regarded as a possible factor that may adversely affect the Bank's future capital adequacy, has gradually increased from Baht 1.2 billion in December 2001 to Baht 1.4 billion in December 2002.

Operational Risk

Operational Risk is the risk that the Bank will incur direct or indirect loss due to an event or action causing the failure of technology, process, infrastructure, personnel and any other risk having an operational impact.

Considering that this risk is of such a wide raging nature, the Bank has established a country operational risk framework to control and manage the risk, track indicators of any potential risk and report any issues, breakdowns or breaches for senior management to review.

Each business has a defined set of Key Control Standards performed in the business unit. A series of key indicators are tracked each month to monitor potential risks and these are reported to senior management for review at the business unit level.

Issues arising each month are reported to the Country Operations Risk Group meeting, which is chaired by the Chief Executive Officer and comprises a team of the most senior risk managers in the Bank. Their function is to review risks and ensure appropriate actions are taken to control any risks that may arise.

In addition, the Bank has prepared Branch or Departmental Operating Instructions as the central source for branches and departments to refer to. The Branch Control Team regularly monitors the branches' performance to ensure their conformity to the Bank's regulations and the Audit function has been restructured to correspond more with risk management.

Most financial products are complicated and compliance to the authorities stringent rules and regulations is required for commercial banking operations. The risk of liabilities arising from failure to comply with applicable laws, or defamation due to violations of the regulations, or failure to observe acceptable standards of business ethics, is vital to the Bank's business operations. Such risk will increase if there is a lack of proper and clear understanding of applicable laws, or if the Bank's practices are not adequately protected in the case of legal disputes that may arise. In view of this, the Bank's Country Compliance manual has been prepared for each country where its businesses are in operation. The manual serves as guidelines for management of

risks relating to laws and regulations. The Legal and Compliance Office is required to play a role in the development of existing and new products. These product development projects have to be reviewed by this Office annually. In addition, the Bank has always organised training programs for the staff to keep them abreast with applicable laws and regulations, especially the anti money laundering law.

As precaution against the risk associated with failure or down times of the information technology systems, which are very important to the Bank's business operations at present, the Operational Contingency Plans have been drawn up and put in place to accommodate any emergency situation that may arise. These plans are tested periodically to ensure the Bank's uninterrupted operations even during a critical time.

Industry Risk

Industry risk associated with the banking sector is directly correlated with economic cycles and global, regional and national political stability, such as economic recession, inflation, political uncertainty, regional stability, etc. However, fully aware of these factors and their related risks, the Bank always undertakes its operations with prudence and alertness to proactive and responsive reactions that may be required. ■

General Information

Name	Standard Chartered Nakornthon Bank Public Company Limited
Nature of Business	Commercial Banking
Registration Number	Bor.Mor.Jor. 123
Registered Capital	Baht 7,003,010,940
Paid-up Capital	Baht 7,003,010,940 - 700,301,094 common shares with par value per share of Baht 10
Address	90 North Sathon Road, Bang Rak, Bangkok 10500
Telephone	+66 (0) 2724 4000
Facsimile	+66 (0) 2724 4444
Homepage	www.standardchartered.co.th , www.standardcharterednakornthon.co.th
Share Registrar	Thailand Securities Depository Co., Ltd.
Address	4 th , 6 th to 7 th Floors, The Stock Exchange of Thailand Building, 62 Ratchadaphisek Road, Khlong Toei, Bangkok 10110
Telephone	+66 (0) 2229 2800
Facsimile	+66 (0) 2359 1262
Auditor	KPMG Audit (Thailand) Limited
Address	21 st - 22 nd Floors, Empire Tower, 195 South Sathon Road, Yan Nawa, Sathon, Bangkok 10120
Telephone	+66 (0) 2677 2000
Facsimile	+66 (0) 2236 6165
Legal Counselors	1. Mr. Pornchai Wiwatpattarakul <i>Executive Vice President and Company Secretary</i>
	2. Mr. Nopadol Mungonchai <i>Senior Vice President and Company Secretary</i>
Address	Standard Chartered Nakornthon Bank Public Company Limited Legal & Compliance and Company Secretariat's Office 90 North Sathon Road, Bang Rak, Bangkok 10500
Telephone	+66 (0) 2724 8030, +66 (0) 2724 8040
Facsimile	+66 (0) 2724 8060, +66 (0) 2724 8050

Structure of Shareholders

Top ten major shareholders as of 31 December 2002 were:

	Name	Number of shares Baht 10 per share	% of paid up capital
1.	Standard Chartered Bank	525,225,000	74.9998
2.	Financial Institutions Development Fund (FIDF)	174,873,394	24.9711
3.	Thailand Securities Depository Company Limited for Depository (Thai)	103,873	0.0148
4.	Thailand Securities Depository Company Limited for Depository (Other)	49,480	0.0071
5.	Tunladawan Co., Ltd.	10,275	0.0015
6.	Poonpol Co., Ltd.	3,787	0.0005
7.	Muang Thai Life Assurance Co., Ltd.	2,584	0.0004
8.	Mr. Katapon Kanokpruk	2,500	0.0004
9.	Mr. Song Vacharasriroj	1,613	0.0002
10.	Miss Nattawan Wanglee	1,329	0.0002

Companies in which the bank holds 10% stake and over

No.	Name/Type of Business/Location	Type of share	Total number of shares issued	No. of shares held by the Bank	Percentage of shareholding
1	Burapa Steel Industries Co., Ltd. (Steel Industries) 46/11-12 Nation Tower, 5 th floor, Bang Na-Trat Rd., Bang Na, Bangkok 10260 Tel. +66 (0) 2751 4001 Fax +66 (0) 2751 4006	Common	9,625,000	2,172,095	22.57
2	Eastern Printing Pcl. (Printing Industries) 51/29 Moo 7, Soi Siamsamakhi, Talat Bang Khen, Don Mueang, Bangkok 10210 Tel. +66 (0) 2551 0541-4 Fax +66 (0) 2552 0905	Common	395,557,651	87,619,748	22.15

No.	Name/Type of Business/Location	Type of share	Total number of shares issued	No. of shares held by the Bank	Percentage of shareholding
3	Wongpaitoon Group Pcl. (Footwear Industries) 70/19 Moo 6, Ekdachai Rd., Bang Bon, Bang Khun Thien, Bangkok 10150 Tel. +66 (0) 2415 6992 Fax +66 (0) 2416 4642	Common	604,845,880	98,364,146	16.26
4	Datamat Pcl. (Technology) 1252 Phattanakan Rd., Suan Luang, Bangkok 10250 Tel. +66 (0) 2310 5111 Fax +66 (0) 2319 8208	Common	53,637,000	8,004,921	14.92
5	Phatra Real Estates Pcl. (Real Estates) 252/251, 252/253 Muang Thai-Phatra Office Tower II, Ratchadaphisek Rd., Huai Khwang, Bangkok 10320 Tel. +66 (0) 2693 3990-9 Fax +66 (0) 2693 3950	Preference	479,406,405	58,797,674	12.26
6	Nakornthon Leasing Co., Ltd. (Leasing) 193/45 Lake Ratchada Building, 12 th Floor, Ratchadaphisek, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2661 9790-7 Fax +66 (0) 2264 0366	Common	8,000,000	900,000	11.25
7	Thai Baroda Industries Limited (Tire Industries) 159 Room No. 901, 9 th Floor, Soi Sukhumvit 21, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2260 6580-9 Fax +66 (0) 2260 6594	Common	9,050,000	997,700	11.03
8	Padungsin Co., Ltd. (Investment in Real Estate) 201/6 Petchkasem Soi 20, Pak Khlong, Phasi Charoen, Bangkok 10160 Tel. +66 (0) 2283 1837	Common	50,000	5,000	10.00

Connected Transactions

Connected transactions with potential conflicting parties

- Loans and obligations to major shareholders and corporations in which the Bank holds 10% stake and over:

Potential conflicting parties	Type of business	Relationship	As at 31 December 2002 (Baht thousands)			Reasons for the transactions	Approval	Future plans
			Loans	Obligations	Interest rate			
1. Burapa Steel Industries Co., Ltd.	Steel Industries	22.57% of shares held by SCNB	352,048	3,400	0.1%	Restructured under Rehabilitation	Approved by SCNB's authorised person (GSAM)	Wait and see the result of selling shares by other creditors
2. Eastern Printing Pcl.	Printing Industries	22.15% of shares held by SCNB	10,156	-	0%	Restructured under Rehabilitation	Approved by SCNB's authorised person as SCNB must be obliged under Bankruptcy Law	Pending review the Company performance
3. Wongpaitoon Group Pcl.	Footwear Industries	16.26% of shares held by SCNB	88,688	-	2%	Restructured under Rehabilitation	Approved by SCNB's authorised person (GSAM)	Pending review the Company performance
4. Datamat Pcl.	Technology	14.92% of shares held by SCNB	32,181	1,994	7%	Restructured under CDRAC	Approved by SCNB's Executive	Pending review the Company performance
5. Nakornthon Leasing Co., Ltd.	Leasing	11.25% of shares held by SCNB	384,919	-	15.50%	Acquired by Nakornthon Bank	Approved by the previous management of Nakornthon Bank	Liquidation under Bankruptcy Law

Potential conflicting parties	Type of business	Relationship	As at 31 December 2002 (Baht thousands)			Reasons for the transactions	Approval	Future plans
			Loans	Obligations	Interest rate			
6. Thai Baroda Industries Co., Ltd.	Tire Industries	11.03% of shares held by SCNB	463,397	70,791	0.1%, 4.50%	Restructured under CDRAC	Approved by SCNB's Board of Directors (FIDF Representative)	Plans to divest interests to strategic investor
7. Padungsin Co., Ltd.	Investment Leasing	10% of shares held by SCNB	141,720	-	17%, 17.50%	Acquired by Nakornthon Bank	Approved by the previous management of Nakornthon Bank	The Court order to bankrupt and wait for write-off
8. Standard Chartered Bank	Financial Institution	Major Shareholder	154,292	-	6.50%, 6.7%, 7.35%, 7.6%	To manage the Bank's liquidity	Approved by Asset & Liability Committee	Normal business

- All deposits, loans and obligations of directors, top executives and related persons:

Potential conflicting parties	Transaction type	As at 31 December 2002 (Baht thousands)	Reasons for the transactions
Directors, top executives and related persons	Loans	-	Normal Practice Market rate
	Obligations	-	
	All deposits	13,683	
	Interest rate	Market rate	

Notification in Regard to the Connected Transaction Concerning Outsourcing of Certain Financial Processing Activities between Standard Chartered Nakornthon Public Company Limited and Scope International Private Limited

1. Date of Transaction

The meeting of the Board of Directors' of Standard Chartered Nakornthon Bank Public Company Limited No. 5/2545 held on 26 April 2002 has unanimously approved the Bank to outsource certain accounting and financial processing activities to Finance Shared Service Center ("FSSC") in Chennai, India, the services of which will be provided by Scope International Private Limited. This outsourcing commenced in the early December 2002.

2. Names of Parties Involved

By and Between:

Standard Chartered Nakornthon Bank Public Company Limited and Scope International Private Limited

Relationship with Bank:

Standard Chartered Bank is a major shareholder of Scope International Private Limited, holding directly 100% of registered and paid-up capital of Scope International Private Limited and is a major shareholding of the Bank, holding directly 75% of the registered and paid-up capital of the Bank.

3. General Nature of the Transaction

The Bank and Scope International Private Limited will enter into a service agreement whereby Scope International Private Limited will provide a service as a center for several financial processing activities, such as Month end closing, Profitability Analysis System Production, Accounts payable, Fixed Assets, Cross border recharges, Group reporting and Local reporting, except for the transaction that required direct contact with the relevant governmental agency or other third parties. The agreement will have a term of 1 year, renewable annually by an agreement of both parties.

The FSSC will have a reporting line to the head of the FSSC in Chennai and to the Group Head of Finance. The service agreement between the FSSC and the Bank will define the performance expectation and the rights and responsibilities of the FSSC.

4. Total Value of the Transaction

The migration of the Finance Processing Activity and the entering into the service agreement with Scope International Private Limited, which is a connected person is considered a connected transaction under Clause 9 of the Notification of the Stock Exchange of Thailand Re: Rules, Procedures and Disclosure of the Connected Transactions of Listed Companies. The total value of the transaction equals to 0.93% of the Net Tangible Asset Value of the Bank. The Net Tangible Asset Value

of the Bank and its subsidiaries as at 31 March 2002 was Baht 3,313,267,766. The one-off cost for the establishment of the FSSC in Chennai, India is approximately Baht 18,000,000 or approximately USD 410,000 and the consideration under the service agreement will be a total of approximately Baht 13,000,000 per year or approximately USD 280,000 per year (calculated at the exchange rate of Baht 45 per USD 1).

5. Objectives of the Transactions

- 5.1 To improve in operational controls and performance efficiency
- 5.2 To reduce costs as a result of the lower cost operating environment in Chennai
- 5.3 To allow the local Financial team to carry out more value added work assignment and to be good business partnering.
- 5.4 To remove the amount of manual processing and labor intensive
- 5.5 To reduce headcount by approximately 35% or 25% of local Financial team of 72 persons

6. Total Value of Transaction and the Terms of Payment

The Bank will pay the consideration for the services provided by Scope International Private Limited by having the one-off cost for establishment of the FSSC in Chennai, India for approximately Baht 18,000,000 or approximately USD 410,000 and the consideration under the service agreement for a total of approximately Baht 13,000,000 per year or approximately USD 280,000 per year (calculated at the exchange rate of Baht 45 per USD 1). The payment of such consideration will be as agreed by the parties under the service agreement.

7. Source of Fund

The working capital of the Bank. ■

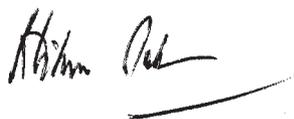
Responsibilities for Financial Statements

The Board of Directors of Standard Chartered Nakornthon Bank Pcl. is responsible for the financial statements of the bank and financial information shown in the annual report. Such financial statements were prepared in conformity with the generally accepted accounting standards in Thailand. The proper accounting policy had been selected and applied consistently. In addition, discretion and best estimation had been used in the preparation, as well as the sufficient disclosure of key data in the notes to financial statements.

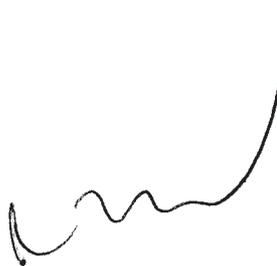
The Board of Directors had arranged and maintained the effective internal control system to ensure that the account entries were made with correctness, completeness, and sufficiency to maintain its assets, and to be aware of its weakness to prevent dishonesty or irregular practice materially.

In this regard, the Board of Directors had appointed the Audit Committee, comprising Independent Directors, to be responsible for the quality of financial reports and internal control system. The opinions of the Audit Committee regarding this matter are appeared in the report of the Audit Committee shown in the annual report.

The Board of Directors is of the opinion that the overall internal control system of the bank is satisfactory, and can cause reasonably confidence in the reliability of financial statements of Standard Chartered Nakornthon Bank Pcl., as of 31 December 2002.



Mr. Vishnu Mohan
Chief Executive Officer and Deputy Chairman



Ms. Rachanee Tripipatkul
Director and Chief Financial Officer

Auditor's Report

To the Shareholders of Standard Chartered Nakornthon Bank Public Company Limited:

I have audited the balance sheet of Standard Chartered Nakornthon Bank Public Company Limited as at 31 December 2002, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. The Bank's management are responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements on my audit. The financial statements of Standard Chartered Nakornthon Bank Public Company Limited for the year then ended 31 December 2001, presented for comparison, were audited by another auditor in the same office, whose report dated 13 February 2002, expressed an unqualified opinion.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Standard Chartered Nakornthon Bank Public Company Limited as at 31 December 2002 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to Note 2.4 to the financial statements. The operations of the Bank may continue to be influenced by the economic conditions in Thailand and the Asia Pacific Region in general.



Thirdthong Thepmongkorn
Certified Public Accountant
Registration Number 3787

KPMG Audit (Thailand) Limited
Bangkok, 19 February 2003

Balance Sheets

As at 31 December 2002 and 2001

(Amounts in Baht)

	2002	2001
ASSETS		
Cash	379,891,523	414,215,242
Inter-bank and money market items (Note 4.1)		
Domestic items - Interest bearing	387,640,367	171,765,591
- Non-interest bearing	613,149,717	754,239,476
Foreign items - Interest bearing	440,885,133	4,347,765,412
- Non-interest bearing	163,678,862	353,270,337
Total inter-bank and money market items	1,605,354,079	5,627,040,816
Investment in securities (Notes 3.3, 4.2, 4.11 and 8)		
Current investment - net	2,767,608,566	647,251,841
Long term investment - net	591,469,527	2,616,091,470
Total investment in securities - net	3,359,078,093	3,263,343,311
Loans and accrued interest receivables (Notes 3.4, 3.6, 4.4 and 4.5)		
Loans	25,939,030,366	25,526,195,198
Assets subject to the Loan Management Agreement (Notes 2.3, 3.6, 3.7 and 4.3)	33,674,412,527	36,547,836,037
Accrued interest receivables	133,339,206	116,344,501
Total loans and accrued interest receivables	59,746,782,099	62,190,375,736
Less : Allowance for doubtful accounts (Notes 3.5 and 4.6)	(5,394,482,375)	(5,110,470,572)
Total loans and accrued interest receivables - net	54,352,299,724	57,079,905,164
Properties foreclosed - net (Notes 3.9 and 4.7)	75,325,704	239,819,045
Customers' liability under acceptances	-	2,946,555
Premises and equipment - net (Notes 3.10 and 4.8)	2,299,867,553	2,422,815,738
Accrued yield maintenance (Note 4.3)	79,657,624	455,379,885
Other assets - net (Note 3.11)	437,205,517	414,236,304
Total assets	62,588,679,817	69,919,702,060

See notes to financial statements

(Amounts in Baht)

	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (Note 4.9)		
Deposits in Baht	51,166,167,671	57,091,825,869
Deposits in foreign currencies	405,259,539	558,097,294
Total deposits	51,571,427,210	57,649,923,163
Inter-bank and money market items (Note 4.10)		
Domestic items - Interest bearing	4,641,000,958	6,162,298,920
- Non-interest bearing	139,497,851	72,642,271
Foreign items - Interest bearing	45,308,759	52,924,075
- Non-interest bearing	54,576,868	362,302
Total inter-bank and money market items	4,880,384,436	6,288,227,568
Liabilities payable on demand	72,204,447	90,212,572
Securities sold under repurchase agreements (Notes 4.11 and 8)	650,000,000	700,000,000
Bank's liability under acceptances	-	2,946,555
Accrued interest payables	350,846,027	312,993,830
Accrued expenses	501,137,273	393,369,516
Other liabilities (Note 4.12)	947,915,331	1,295,682,461
Total liabilities	58,973,914,724	66,733,355,665
Shareholders' equity		
Share capital		
Authorized 700,301,094 ordinary shares, Baht 10 par value	7,003,010,940	7,003,010,940
Issued and fully paid-up, 700,301,094 ordinary shares	7,003,010,940	7,003,010,940
Appraisal surplus on fixed assets (Notes 3.10, 4.8 and 6)	242,563,758	252,463,980
Revaluation surplus on investment (Note 3.3)	12,174,348	28,712,649
Deficit	(3,642,983,953)	(4,097,841,174)
Total shareholders' equity	3,614,765,093	3,186,346,395
Total liabilities and shareholders' equity	62,588,679,817	69,919,702,060
Off - balance sheet items - contingencies (Notes 3.14 and 9)		
Aval to bills and guarantees of loans	1,275,758,215	649,829,393
Liability under unmatured import bills	70,852,664	156,222,248
Letters of credit	83,483,853	400,555,968
Other contingencies	34,613,967,846	63,076,525,242

See notes to financial statements

Statements of Income

For the Years Ended 31 December 2002 and 2001

(Amounts in Baht)

	2002	2001
Interest and dividend income (Notes 3.1 and 11)		
Loans and yield maintenance	3,893,552,648	3,213,262,589
Inter-bank and money market items	402,919,402	388,090,262
Investments	213,506,017	294,307,726
Total interest and dividend income	4,509,978,067	3,895,660,577
Interest expenses (Notes 3.2 and 11)		
Deposits	1,230,706,188	1,613,565,001
Inter-bank and money market items	249,892,102	287,874,688
Short-term borrowings	-	4,556
Long-term borrowings	-	5,425,189
Total interest expenses	1,480,598,290	1,906,869,434
Net interest and dividend income	3,029,379,777	1,988,791,143
Bad debt and doubtful accounts (Note 3.5)	671,560,956	646,919,842
Net interest and dividend income after bad debt and doubtful accounts	2,357,818,821	1,341,871,301
Non-interest income (Notes 3.1 and 11)		
Gain on investment	26,823,585	42,661,327
Fees and services income:		
Acceptances, aval and guarantees	52,431,011	61,011,716
Others	692,172,917	517,051,286
Gain on exchange rate (Note 3.8)	42,822,256	79,145,263
Reversal of provision for liabilities (Note 16)	-	300,000,000
Other income	231,743,356	113,351,525
Total non-interest income	1,045,993,125	1,113,221,117

See notes to financial statements

(Amounts in Baht)

	2002	2001
Non-interest expenses (Notes 3.2 and 11)		
Personnel expenses	1,172,805,996	1,205,571,775
Premises and equipment expenses	481,642,831	600,896,119
Taxes and duties	167,761,082	139,055,074
Fees and service expense	334,593,846	393,477,666
Directors' remuneration (Note 12)	5,632,766	5,238,901
Contribution to Financial Institutions Development Fund	253,223,934	265,190,975
Other expenses	543,194,492	581,259,615
Total non-interest expenses	2,958,854,947	3,190,690,125
Net income (loss)	444,956,999	(735,597,707)
Basic earnings (loss) per share (Note 3.16)	0.64	(1.05)
Weighted-average number of ordinary shares (share) (Note 3.16)	700,301,094	700,301,094

See notes to financial statements

Statements of Changes in Shareholders' Equity

For the Years Ended 31 December 2002 and 2001

(Amounts in Baht)

	Issued and paid-up share capital	Appraisal surplus on fixed assets	Revaluation surplus (deficit) on investment - net	Retained earnings (deficit)	Total
Balance as at 1 January 2001	7,003,010,940	250,909,961	(14,058,841)	(3,363,152,423)	3,876,709,637
Surplus on fixed assets revaluation - net (Note 6)	-	1,554,019	-	908,956	2,462,975
Revaluation surplus on investment - net	-	-	42,771,490	-	42,771,490
Unrealized items in the statement of income	-	1,554,019	42,771,490	908,956	45,234,465
Net loss for the year	-	-	-	(735,597,707)	(735,597,707)
Balance as at 31 December 2001	7,003,010,940	252,463,980	28,712,649	(4,097,841,174)	3,186,346,395
Surplus on fixed assets revaluation - net (Note 6)	-	(9,900,222)	-	9,900,222	-
Revaluation deficit on investment - net	-	-	(16,538,301)	-	(16,538,301)
Unrealized items in the statement of income	-	(9,900,222)	(16,538,301)	9,900,222	(16,538,301)
Net income for the year	-	-	-	444,956,999	444,956,999
Balance as at 31 December 2002	7,003,010,940	242,563,758	12,174,348	(3,642,983,953)	3,614,765,093

See notes to financial statements

Statements of Cash Flows

For the Years Ended 31 December 2002 and 2001

	<i>(Amounts in Baht)</i>	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	444,956,999	(735,597,707)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	228,031,119	209,781,274
Bad debt and doubtful accounts	671,560,956	646,919,841
Loss on impairment of fixed assets and properties foreclosed	8,648,996	196,675,999
Amortized revaluation surplus on investment	(9,654,891)	(51,059,638)
(Gain) loss on disposal of premises and equipment	12,004,533	(30,299,523)
Unrealized (gain) loss on exchanges	(39,949,100)	4,786,898
Reversal of provision for liabilities and charges	-	(348,872,506)
Increase in accrued interest and dividend receivables	(32,409,800)	(43,938,683)
Decrease in other accrued income	375,722,261	620,129,001
Increase (decrease) in accrued interest payables	37,855,573	(43,493,357)
Increase in provisions for liabilities and charges and accrued expenses	128,698,683	169,970,064
Net income from operations before the changes in operating assets and liabilities	1,825,465,329	595,001,663
(Increase) decrease in operating assets		
Inter-bank and money market items	4,003,585,996	(1,092,508,292)
Loans and assets subject to the Loan Management Agreement	2,113,586,868	(1,682,985,035)
Properties foreclosed	159,358,341	99,072,333
Other assets	(50,440,619)	(126,506,812)
Increase (decrease) in operating liabilities		
Negotiable certificates of deposits (liabilities), deposit and borrowings	(6,055,006,596)	(833,634,241)
Inter-bank and money market items	(1,439,788,612)	2,575,698,075
Liabilities payable on demand	(17,983,007)	(64,037,803)
Securities sold under repurchase agreements	(50,000,000)	(2,700,000,000)
Other liabilities	(291,523,928)	243,740,767
Net cash provided by (used in) operating activities	197,253,772	(2,986,159,345)

See notes to financial statements

Statements of Cash Flows (Continued)

For the Years Ended 31 December 2002 and 2001

	<i>(Amounts in Baht)</i>	
	2002	2001
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investment in securities	(75,477,318)	3,407,155,835
Purchase of premises and equipment	(256,473,903)	(630,229,606)
Proceeds from sales of premises and equipment	100,373,730	89,244,738
Net cash provided by (used in) investing activities	(231,577,491)	2,866,170,967
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term borrowings	-	(151,417,000)
Net cash used in financing activities	-	(151,417,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,323,719)	(271,405,378)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEARS (Note 3.15)	414,215,242	685,620,620
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS (Note 3.15)	379,891,523	414,215,242

See notes to financial statements

Notes to Financial Statements

For the Years Ended 31 December 2002 and 2001

1. BUSINESS OPERATIONS

Standard Chartered Nakornthon Bank Public Company Limited (the “Bank”) is listed on the Stock Exchange of Thailand. The Bank is a commercial bank which provides a wide range of banking services to individual and corporate customers. The major shareholder of the Bank is Standard Chartered Plc. (“Standard Chartered”), which is incorporated in the United Kingdom.

With the approval of the Ministry of Finance, the Bangkok International Banking Facility was closed on 20 December 2001.

The Bank’s Head Office is located at 90 North Sathon Road, Silom, Bang Rak, Bangkok. As at 31 December 2002 and 2001, the total number of the Bank’s staff was 1,414 and 1,562 respectively.

2. BASIS OF PRESENTATION

2.1 Compliance with regulations

The Bank’s financial statements are prepared in the format prescribed by the Bank of Thailand in its: “Forms of Balance Sheet and Statement of Income of Commercial Bank” dated 10 May 2001 and in accordance with Generally Accepted Accounting Principles practiced in Thailand (“Generally Accepted Accounting Principles”).

As required by Thai law and regulatory requirements, the Bank’s financial statements have been prepared in the Thai language. They have been translated into English for the convenience of the reader.

2.2 Inter-office transactions

The financial statements include the assets, liabilities, revenues and expenses of the Bank’s head office and all branches, domestic and overseas and the accounts of the Bangkok International Banking Facility business prior to its closure. All inter-office transactions have been eliminated.

2.3 Loan Management Agreement

On 10 September 1999, the Financial Institutions Development Fund (“FIDF”) entered into a Loan Management Agreement (“the Loan Management Agreement”) with the Bank in respect of a specific pool of assets. The principal terms of the agreement are summarized in Note 4.3.

2.4 Economic environment

The operations of the Bank may continue to be influenced for the foreseeable future by the economic conditions in Thailand and the Asia Pacific Region in general. The Bank’s financial statements reflect management’s current assessment of the impact of current economic conditions on the financial position of the Bank. Actual future results could, however, differ from management estimates.

2.5 Estimation

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

Interest income on loans, discounts on loans, and other income are recognised on an accrual basis, except for interest income on delinquent loans and receivables overdue for more than three months which are recognised on a cash basis in accordance with the Bank of Thailand's notifications.

In accordance with the Bank of Thailand's regulation, 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.

Yield maintenance receivable under the Loan Management Agreement is recognised on an accrual basis by reference to the agreed yield maintenance rate specified in the Loan Management Agreement.

3.2 Recognition of expenses

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

3.3 Investment in securities

Investments in securities held for trading purposes are stated at fair value with unrealized gains or losses reflected in the statement of income.

Available-for-sale securities are stated at fair value with unrealized gains or losses reflected in shareholders' equity.

Held-to-maturity debt instruments are stated at amortized cost. The amortization of premiums or accretion of discounts on acquisition are adjusted to interest income on a straight-line basis over the remaining period of the debt instrument.

General investments are stated at cost, net of allowance for impairment.

To the extent that the value of any investment in a security has suffered an impairment, an allowance is made and charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When partly disposing of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined from the weighted average carrying amount of the total holding of the investment.

3.4 Loans

Loans are stated at the outstanding principal amount, except for bank overdrafts which include accrued interest receivable. Loans on the purchase of bills at a discount are stated at the face value of the bills, net of unearned discount.

3.5 Allowance for doubtful accounts

The Bank establishes an allowance for doubtful accounts based on an appraisal of the loan portfolio, including assets subject to the Loan Management Agreement. The allowance for doubtful accounts comprises two elements, specific and general.

Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision relates to the inherent risk of loan losses which, although they have not been separately identified, are known from experience to be present in any loan portfolio, and to those identified loans where material uncertainty exists as to the quantum of the specific provision required. The amount of the general provision reflects past experience and judgements about current conditions in particular locations or business sectors.

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

3.6 Troubled debt restructuring

The Bank records transferred assets or equity interests received that are not subject to the Loan Management Agreement at the lower of the swap price (as related to book value of the loans) or fair value of the assets or equity as at the restructuring date.

Where troubled debt restructuring of loans not subject to the Loan Management Agreement involves modification of the terms of the remaining loans, 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. For the reasons set out in Note 4.3, restructured loans subject to the Loan Management Agreement are accounted for differently as set out in Note 3.7.

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

3.7 Assets subject to the Loan Management Agreement

Assets subject to the Loan Management Agreement are stated at their estimated recoverable amounts taking into account the provisions of the Loan Management Agreement summarized in Note 4.3.

3.8 Foreign currency transactions

Foreign currency transactions are recorded at the rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Baht using the Bank of Thailand reference rates of exchange at the balance sheet date. Gains or losses on the translation of assets and liabilities are reflected 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 market value which is calculated based on the reference rate set by the Bank of Thailand. Unrealized gains or losses on revaluation are reflected in the statement of income.

3.9 Properties foreclosed

Properties foreclosed, which comprise land and buildings not subject to the Loan Management Agreement, are stated at the lower of cost or market value. Gains or losses on the disposal of properties foreclosed are reflected in the statement of income on disposal.

3.10 Premises and equipment and depreciation

Land is stated at revalued cost and premises are stated at revalued cost less accumulated depreciation. Revaluations are carried out at least every 3 years and are performed by independent external valuers. Equipment is stated at cost less accumulated depreciation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the asset as follows:

Premises:	20 to 50 years
Equipment:	3 to 5 years

Depreciation of historical cost is charged to the statement of income. Depreciation of revaluation surplus is charged to retained earnings.

Provision is made for any impairment of assets and charged firstly against the surplus on fixed assets revaluation and, to the extent the provision reduces the recoverable amount below the historical cost value, the balance is charged to the statement of income.

Gains and losses on disposal of premises and equipment are determined by reference to the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income. On disposal of a revalued asset, the remaining revaluation surplus of that asset is transferred to retained earnings.

3.11 Leasehold premises

Leasehold premises included in other assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the term of the lease agreement.

Provision is made for any impairment of assets to the extent the provision reduces the recoverable amount below the book value, the balance is charged to the statement of income.

3.12 Income tax expense

Income tax expense for each year is recognised on an accrual basis which is based on the taxable profit for the year.

3.13 Registered provident fund

The Bank set up a provident fund under the Provident Fund Act B.E. 2530 and registered it on 27 June 1990. Under the Fund's regulations, employees who have successfully passed their probation period are eligible to participate in the Fund. An employee is entitled to the benefits upon death, disability, resignation from the Fund or the Bank, and retirement. This Fund is managed by a fund manager, and is therefore, not presented in the balance sheet.

A fund member is allowed to opt for a contribution of 3% up to 10% whereas the Bank will contribute at 10% of staff monthly base salary.

3.14 Off-balance sheet financial instruments

Off-balance sheet financial instruments are valued using the Bank of Thailand's reference rates in respect of forward foreign exchange rates and market rates for other instruments. The resulting profit or loss is included in the statement of income, except where the position in the instrument has been designated as a hedge. In this case the profit or loss resulting from marking it to market is accounted for a basis consistent with the underlying hedged position in accordance with International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement".

3.15 Cash and cash equivalents

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

3.16 Basic earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the year by the weighted average number of ordinary shares outstanding during the year.

4. ADDITIONAL INFORMATION

4.1 Inter-bank and money market items (assets)

(Million Baht)

	31 December 2002			31 December 2001		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	612	-	612	748	-	748
Commercial banks	1	174	175	6	158	164
Finance companies and securities companies	5	200	205	-	-	-
Other financial institutions	8	-	8	12	-	12
Total domestic	626	374	1,000	766	158	924
Add: Accrued interest receivable	-	3	3	-	2	2
Less: Allowance for doubtful accounts	-	(2)	(2)	-	-	-
Total	626	375	1,001	766	160	926
Foreign						
US Dollar	118	432	550	298	4,290	4,588
Japanese Yen	3	-	3	5	-	5
Other currencies	43	-	43	50	2	52
Total foreign	164	432	596	353	4,292	4,645
Add: Accrued interest receivable	-	8	8	-	56	56
Total	164	440	604	353	4,348	4,701
Total domestic and foreign	790	815	1,605	1,119	4,508	5,627

As at 31 December 2002 and 2001, inter-bank and money market items included loans to Standard Chartered Group undertakings of Baht 574 million and Baht 2,414 million, respectively. The interest income on these loans for the years ended 31 December 2002 and 2001 was Baht 31 million and Baht 96 million, respectively.

4.2 Investment in securities

(Million Baht)

	31 December 2002		31 December 2001	
	Cost/ Amortized cost	Market price	Cost/ Amortized cost	Market price
Current investment				
Available-for-sale securities				
Government and state enterprise bonds	811	814	-	-
<u>Add:</u> Allowance for revaluation	3		-	
Total	814		-	
Held-to-maturity debt instruments				
Government and state enterprise bonds	1,954		647	
Private debt instruments	50		137	
Total	2,004		784	
<u>Less:</u> Allowance for impairment	(50)		(137)	
Total	1,954		647	
Total current investment - net	2,768		647	
Long-term investment				
Available-for-sale securities				
Government and state enterprise bonds	305	311	903	919
Domestic marketable equity securities	2	2	-	-
Total	307	313	903	919
<u>Add:</u> Allowance for revaluation	6		16	
Total	313		919	
Held-to-maturity debt instruments				
Government and state enterprise bonds	246		1,665	
Total	246		1,665	
General investments				
Domestic non-marketable equity securities	402		410	
Foreign non-marketable equity securities	1		1	
Total	403		411	
<u>Less:</u> Allowance for impairment	(371)		(379)	
Total	32		32	
Total long-term investment - net	591		2,616	

The remaining period of debt instruments (at cost) was as follows:

(Million Baht)

	31 December 2002			31 December 2001		
	Maturity date			Maturity date		
	Within 1 year	Over 1-5 years	Total	Within 1 year	Over 1-5 years	Total
Available-for-sale securities						
Government and state enterprise bonds	811	305	1,116	-	903	903
Add: Allowance for revaluation	3	6	9	-	16	16
Total	814	311	1,125	-	919	919
Held-to-maturity debt instruments						
Government and state enterprise bonds	1,954	246	2,200	647	1,665	2,312
Private debt instruments	50	-	50	137	-	137
Total	2,004	246	2,250	784	1,665	2,449
Less: Allowance for impairments	(50)	-	(50)	(137)	-	(137)
Total	1,954	246	2,200	647	1,665	2,312
Total debt instruments - net	2,768	557	3,325	647	2,584	3,231

During the year ended 31 December 2002 and 2001, the Bank transferred certain Government bonds from available-for-sale securities to held-to-maturity debt instruments. The fair value at the date of transfer was Baht 924 million and Baht 713 million, respectively (carrying amount : Baht 921 million and Baht 713 million, respectively).

Investments in companies which are experiencing financial difficulties were as follows:

(Million Baht)

	31 December 2002			
	No. of companies	Cost	Fair value	Provision
Closed financial institution	1	54	-	54
Companies other than listed companies	16	367	-	367
Total	17	421	-	421

(Million Baht)

	31 December 2001			
	No. of companies	Cost	Fair value	Provision
Closed financial institution	1	54	-	54
Companies other than listed companies	18	462	-	462
Total	19	516	-	516

4.3 Assets subject to Loan Management Agreement

Under the Loan Management Agreement dated 10 September 1999 between the Bank, Standard Chartered Bank and the Financial Institutions Development Fund (“FIDF”), the FIDF entered into a gain/loss sharing and yield maintenance arrangement with the Bank in respect of a pool of assets (“the Covered Assets Pool” or “CAP”), in an aggregate amount of Baht 35,918 million. Under this arrangement, the FIDF agreed to make a cash payment to the Bank at the end of five years equal to the amount which the parties had agreed at the commencement of the period to be an appropriate level of provisioning in respect of the CAP (the “Notional Provisioned Amount”) adjusted for subsequent actual recoveries. The FIDF will bear, by way of an increase in the amount of the payment, 85% of any actual losses in respect of the CAP over and above the Notional Provisioned Amount or receive, by way of a reduction in the amount of the payment, 100% of the first Baht 3,000 million of any “gains” in respect of the CAP above the Notional Provisioned Amount and 95% of any “gains” in excess of the first Baht 3,000 million above the Notional Provisioned Amount.

During the course of the five year period, the FIDF also agreed to make half yearly yield maintenance payments to the Bank calculated at a specified deposit rate plus 1% p.a. on the assets of the CAP.

In addition to the above, the Bank had the right, within six months of the date of the agreement, to include a further tranche of loans into the CAP representing 15% of the overall book value of loans as at 30 June 1999 subject to the Loan Management Agreement, less the CAP of Baht 35,918 million. The Bank exercised this right and the FIDF approved the transfer of a further Baht 2,933 million of loans into the CAP on 14 September 2000.

Under the terms of the Loan Management Agreement, the Bank receives yield maintenance on the assets subject to the agreement, all of which are also subject to the FIDF guarantee and gain/loss sharing arrangements. The accounting policy for these assets is disclosed in Note 3.7. As a result, restructured loans in this portfolio, together with any losses arising on restructuring, will fall outside the scope of Thai Accounting Standard No. 34 “Accounting for troubled debt restructuring” for accounts presentation purposes, and accordingly no disclosure is made in this respect.

The Bank provides for its share of the estimated ultimate losses on the CAP based on the estimated amounts recoverable on the assets in the CAP.

Assets subject to the Loan Management Agreement were Baht 33,674 million and Baht 36,548 million as at 31 December 2002 and 2001, respectively. To the extent that a loan in the CAP has been restructured in the period since 10 September 1999, or the Bank has foreclosed on collateral held against a loan in the CAP, the resulting assets continue to be disclosed as assets subject to the Loan Management Agreement as follows:

	<i>(Million Baht)</i>	
	31 December 2002	31 December 2001
Inter-bank and money market items	567	865
Loans (including accrued interest receivable)	32,004	34,823
Equity securities	464	437
Properties foreclosed	639	423
Total	33,674	36,548

According to the terms and conditions of certain debt restructuring agreements, as at 31 December 2002 and 2001, options for the original owners to buy-back have been granted over properties transferred with a valued of Baht 327 million and Baht 204 million, respectively. The options are exercisable within 3 to 4 years from the date of transfer.

4.4 Loans and accrued interest receivables

4.4.1 Classified by type of loans:

(Million Baht)

	31 December 2002	31 December 2001
Overdrafts	7,052	6,246
Loans	16,770	16,472
Bills	2,113	2,805
Others	4	3
Total	25,939	25,526
Add: Accrued interest receivable	133	116
Less: Allowance for doubtful accounts	(1,316)	(1,308)
Total	24,756	24,334

4.4.2 Classified by remaining period of contracts:

(Million Baht)

	31 December 2002	31 December 2001
Within 1 year	17,022	17,136
Over 1 year	8,917	8,390
Total	25,939	25,526
Add: Accrued interest receivable	133	116
Total	26,072	25,642

4.4.3 Classified by currencies and residence of debtors:

(Million Baht)

	31 December 2002			31 December 2001		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	25,484	25	25,509	24,941	47	24,988
US Dollar	395	-	395	488	-	488
Other currencies	35	-	35	50	-	50
Total	25,914	25	25,939	25,479	47	25,526
Add: Accrued interest receivable			133			116
Total			26,072			25,642

4.4.4 Classified by industries and classifications:

(Million Baht)

31 December 2002						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	339	48	6	-	41	434
Manufacturing and commerce	5,176	155	58	27	724	6,140
Property development and Construction	1,063	-	154	28	7	1,252
Infrastructure and services	1,898	46	5	38	34	2,021
Housing loans	114	11	6	4	10	145
Others	15,216	465	224	26	16	15,947
Total	23,806	725	453	123	832	25,939
Add: Accrued interest receivable						133
Total						26,072

(Million Baht)

31 December 2001						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	528	2	3	58	6	597
Manufacturing and commerce	7,441	128	146	31	717	8,463
Property development and Construction	1,755	5	159	36	54	2,009
Infrastructure and utilities	2,472	57	8	16	31	2,584
Housing loans	193	16	3	3	7	222
Others	11,359	174	82	25	11	11,651
Total	23,748	382	401	169	826	25,526
Add: Accrued interest receivable						116
Total						25,642

As at 31 December 2002 and 2001, loans included Baht 154 million and Baht 419 million, respectively due from Standard Chartered Group undertakings. The interest income on these loans for the years ended 31 December 2002 and 2001 were Baht 24 million and Baht 40 million, respectively.

4.4.5 Classified by loan classifications

Classified loans, excluding assets subject to the Loan Management Agreement, were as follows:

(Million Baht)

31 December 2002				
	Loan and accrued interest receivable	Debt after collateral	% allowance set up by BOT	Minimum requirement of BOT
Normal	23,925	18,624	1%	186
Special mention	735	502	2%	10
Substandard	453	381	20%	76
Doubtful	124	86	50%	43
Doubtful of loss	835	251	100%	251
Total	26,072	19,844		566

(Million Baht)

Minimum requirement of the BOT	566
Allowance over minimum requirement of the BOT	750
Total allowance set up under the Bank's policy (see Note 3.5)	1,316

(Million Baht)

31 December 2001				
	Loan and accrued interest receivable	Debt after collateral	% allowance set up by BOT	Minimum requirement of BOT
Normal	23,850	16,930	1%	169
Special mention	387	220	2%	4
Substandard	404	307	20%	61
Doubtful	170	55	50%	27
Doubtful of loss	831	310	100%	310
Total	25,642	17,822		571

(Million Baht)

Minimum requirement of the BOT	571
Allowance over minimum requirement of the BOT	737
Total allowance set up under the Bank's policy (see Note 3.5)	1,308

As at 31 December 2002 and 2001, the Bank had non-performing loans according to the BOT's Notification of Baht 1,408 million and Baht 1,228 million, respectively.

4.5 Troubled debt restructuring

Details of the restructured debts not subject to Loan Management Agreement as at restructuring dates classified by the restructuring methods were as follows:

Restructuring methods	For the year ended 31 December 2002				
	No. of customers	Amount of debt before restructuring (Million Baht)	Type of transferred assets	Fair value of assets (Million Baht)	Amount of debt after restructuring (Million Baht)
	Transfer of assets	7	161	Cash	61
Modification of terms and conditions	4	48	-	-	43
Assets transferred and modification of terms and conditions	16	66	Cash/ Shares	3	56
Total	27	275		64	99

Restructuring methods	For the year ended 31 December 2001				
	No. of customers	Amount of debt before restructuring (Million Baht)	Type of transferred assets	Fair value of assets (Million Baht)	Amount of debt after restructuring (Million Baht)
	Transfer of assets	4	45	Cash	30
Modification of terms and conditions	7	173	-	-	173
Assets transferred and modification of terms and conditions	20	577	Cash, land and building	114	322
Total	31	795		144	495

As at 31 December 2002 and 2001, the Bank had outstanding balances of restructured debt amounting to Baht 522 million and Baht 617 million, respectively.

For the years ended 31 December 2002 and 2001, the losses on debt restructuring were Baht 115 million and Baht 186 million, respectively and were included under bad debt and doubtful accounts in the statements of income.

Interest income recognised from such restructured debts totalled Baht 7 million and Baht 2 million for the years ended 31 December 2002 and 2001, respectively.

4.6 Allowance for doubtful accounts

(Million Baht)

	31 December 2002						Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess allowance	
Balance at beginning of the year	179	5	254	491	3,444	737	5,110
Change in allowance for doubtful accounts - net	21	5	136	(299)	408	13	284
Balance at the end of the year	200	10	390	192	3,852	750	5,394

(Million Baht)

	31 December 2001						Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess allowance	
Balance at beginning of the year	156	8	153	824	3,030	424	4,595
Change in allowance for doubtful accounts - net	23	(3)	101	(333)	414	313	515
Balance at the end of the year	179	5	254	491	3,444	737	5,110

4.7 Properties foreclosed

(Million Baht)

	31 December 2002			
	Beginning balance	Increase	Disposals	Ending balance
Immovable property	403	1	(195)	209
Less: Allowance for impairment	(163)	-	29	(134)
Properties foreclosed - net	240	1	(166)	75

(Million Baht)

	31 December 2001			
	Beginning balance	Increase	Disposals	Ending balance
Immovable property	488	14	(99)	403
Less: Allowance for impairment	(163)	-	-	(163)
Properties foreclosed - net	325	14	(99)	240

Assets foreclosed are acquired as a result of troubled debt restructuring.

According to the terms and conditions of certain debt restructuring agreements, as at 31 December 2002 and 2001, options to buy-back have been granted to the original owners over properties transferred with a value of Baht 51 million and Baht 273 million, respectively. The options are exercisable within 3 to 4 years from the date of transfer.

4.8 Premises and equipment

(Million Baht)

	31 December 2002									
	Cost				Accumulated depreciation					
	Beginning balance	Purchase and transfer in	Disposals and transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	Allowance for impairment	Premises and equipment - net
Land										
Historical cost	221	124	(78)	267	-	-	-	-	(82)	185
Revaluation surplus (Revalued in 2000)	224	-	(9)	215	-	-	-	-	-	215
Freehold premises										
Historical cost	2,470	24	(128)	2,366	393	84	(48)	429	(556)	1,381
Revaluation surplus (Revalued in 2000)	29	-	-	29	1	1	-	2	-	27
Equipment	1,123	304	(142)	1,285	679	168	(50)	797	(8)	480
Others	218	39	(245)	12	-	-	-	-	-	12
Total	4,285	491	(602)	4,174	1,073	253	(98)	1,228	(646)	2,300

Depreciation for the year ended 31 December 2002 was Baht 253 million and has been included in the statement of income.

As at 31 December 2002, the Bank had premises and equipment still in use, which have been fully depreciated, with an original cost of Baht 553 million.

4.9 Deposits

4.9.1 Classified by type of deposits:

(Million Baht)

	31 December 2002	31 December 2001
Current	696	679
Savings	9,715	9,888
Term		
- Less than 6 months	22,553	28,783
- 6 months to less than 1 year	-	-
- 1 year and over	18,283	17,888
Negotiable certificates of deposit	324	412
Total	51,571	57,650

4.9.2 Classified by remaining period of contracts:

(Million Baht)

	31 December 2002	31 December 2001
Within 1 year (including matured contracts)	45,468	48,916
Over 1 year	6,103	8,734
Total	51,571	57,650

4.9.3 Classified by currencies and residence of depositors:

(Million Baht)

	31 December 2002			31 December 2001		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	50,402	764	51,166	56,112	980	57,092
US Dollar	172	219	391	328	206	534
Other currencies	-	14	14	-	24	24
Total	50,574	997	51,571	56,440	1,210	57,650

4.10 Inter-bank and money market items (liabilities)

(Million Baht)

	31 December 2002			31 December 2001		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	79	4,151	4,230	46	4,176	4,222
Others banks	-	-	-	600	500	1,100
Finance companies and securities companies	174	1	175	328	-	328
Other financial institutions	121	254	375	140	445	585
Total domestic	374	4,406	4,780	1,114	5,121	6,235
Foreign						
Japanese yen	-	-	-	-	15	15
Other currencies	55	45	100	1	37	38
Total foreign	55	45	100	1	52	53
Total domestic and foreign	429	4,451	4,880	1,115	5,173	6,288

As at 31 December 2002 and 2001, inter-bank and money market items included amounts due to Standard Chartered Group undertakings of Baht 97 million and Baht 68 million, respectively. The interest expense on these items for the years ended 31 December 2002 and 2001 were Baht 5 million and Baht 23 million, respectively.

4.11 Securities sold under repurchase agreements

(Million Baht)

	31 December 2002	31 December 2001
Government bonds and Bank of Thailand bonds	650	700
Total	650	700

4.12 Other liabilities

(Million Baht)

	31 December 2002	31 December 2001
Sundry creditors	289	627
Provisions for liabilities and charges	225	205
Unrealized loss on foreign exchange revaluation - net	335	403
Others	99	61
Total	948	1,296

5. CAPITAL FUND

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

(Million Baht)

	31 December 2002	31 December 2001
Tier one capital		
Issued and fully paid-up share capital	7,003	7,003
Net loss after appropriation	(4,099)	(4,099)
Total tier one capital	2,904	2,904
Tier two capital		
Appraisal surplus on land revaluation	140	147
Appraisal surplus on freehold premises revaluation	14	14
General provision for normal loans and receivables	187	168
Total tier two capital	341	329
Total capital	3,245	3,233
Total capital ratio	11.30%	10.92%
Tier one capital ratio	10.11%	9.81%

The Bank meets the minimum capital requirements set down by the Bank of Thailand for total capital ratio of 8.5% and tier one capital ratio of 4.25%.

6. APPRAISAL SURPLUS ON FIXED ASSETS REVALUATION

(Million Baht)

	31 December 2002	31 December 2001
Balance at beginning of the year	252	251
Revaluation during the year	-	15
Reversal from sales of fixed assets during the year	(9)	(13)
Depreciation charged	(1)	(1)
Balance at ending of the year	242	252

7. LEGAL RESERVE

Under the Public Limited Companies Act, the Bank is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorized share capital.

8. ASSETS PLEDGED AS COLLATERAL

As at 31 December 2002 and 2001, the Bank pledged Government bonds and Bank of Thailand bonds of Baht 650 million and Baht 700 million, respectively as collateral to secure borrowing from the Bank of Thailand (see Note 4.11).

9. CONTINGENCIES

(Million Baht)

	31 December 2002			31 December 2001		
	Thai Baht	Foreign currencies	Total	Thai Baht	Foreign currencies	Total
Aval to bills	1,134	-	1,134	494	-	494
Letters of indemnity - borrowings	59	83	142	69	87	156
Other letters of guarantee	2,033	278	2,311	3,054	542	3,596
Letters of credit	2	81	83	21	380	401
Forward exchange contracts:						
Purchase contracts	-	3,204	3,204	-	15,513	15,513
Sale contracts	-	3,157	3,157	-	15,310	15,310
Options contracts:						
Options bought	-	303	303	-	265	265
Options sold	-	303	303	-	265	265
Interest rate contracts	18,325	-	18,325	20,924	-	20,924
Unused credit line of overdraft	6,703	-	6,703	6,403	-	6,403
Others	334	45	379	810	146	956
Total	28,590	7,454	36,044	31,775	32,508	64,283

As at 31 December 2002, the Bank's forward exchange purchase/sale contracts, interest rate contracts, foreign exchange purchase/sale options and other letters of guarantee included transactions with Standard Chartered Group undertakings of Baht 3,482 million, Baht 18,275 million, Baht 303 million and nil, respectively. (As at 31 December 2001: Baht 9,708 million, Baht 20,924 million, Baht 265 million and Baht 93 million, respectively).

10. LITIGATION

As at 31 December 2002, claims in respect of letters of guarantee and other items totaling Baht 290 million (as at 31 December 2001: Baht 317 million) have been made by customers against the Bank. Litigation is pending and no provision has been made in the financial statements on the grounds that management consider that the liability, if any, resulting from the litigation will not be material.

11. RELATED PARTY TRANSACTIONS

The Bank has significant business transactions with its related companies. These transactions are with companies that have joint directors and/or shareholders with the Bank. The financial statements reflect the effects of these transactions in the normal course of business which are disclosed in Notes 4.1, 4.4, 4.10 and 9. The price, interest rates, terms and conditions are the same as those of other customers and are considered to be on an at arms length basis. Other significant related party transactions are as follows:

11.1 Loans to executives and business entities

Loans made to executive officers and to business entities in which the Bank, its directors or executive officers, hold 10% or more of paid up capital were as follows:

(Million Baht)

	31 December 2002		31 December 2001	
	End of year	Average	End of year	Average
Loans				
Loans to executive officers	3	3	-	-
Loans to business entities	1,506	1,411	1,003	1,006
Total	1,509	1,414	1,003	1,006

No commitments to further lending had been made at 31 December 2002 and 2001.

11.2 License agreement

On 10 September 1999, the Bank entered into a non-exclusive license agreement with its major shareholder, Standard Chartered Pcl., relating to the use by the Bank in relation to its business in Thailand of the Standard Chartered name and logo and other marks owned by Standard Chartered Pcl.

The license agreement commenced on 10 September 1999 and will continue in force until terminated by either party giving the other not less than 12 months' written notice, or until the Bank ceases to be subsidiary of Standard Chartered Pcl., whichever is the first to occur. There is also the right to terminate the agreement immediately upon the occurrence of certain events, including dissolution, insolvency, winding up and any material breach which remains unremedied for a period of 30 days after written notice has been given requiring the breach to be remedied.

No fee is payable by the Bank for the license, but the Bank is required to indemnify Standard Chartered Pcl. for any costs expenses claims and liabilities (including legal fees) which may be suffered or reasonably incurred by Standard Chartered Pcl. or any member of its group as a result of or in connection with any breach by the Bank of its obligations under the agreement.

11.3 Services agreement

On 10 September 1999 the Bank entered into a Services Agreement with Standard Chartered Bank relating to the provision of certain management and other services to the Bank by Standard Chartered Bank. These services include the secondment to or engagement by the Bank of suitably qualified personnel to fill certain key executive and other positions in the Bank and the provision of certain centralized or regionalized services by the Standard Chartered Group.

The fees payable by the Bank to Standard Chartered Bank under the services agreement are such amounts as shall be determined by Standard Chartered Bank to be a fair and reasonable allocation to the Bank of the actual costs to the Standard Chartered Group of providing such services, such determination to be made on a consistent basis with the way in which amounts are allocated to other members of the Standard Chartered Group based on their relative revenues (total income less interest expense). The cost of other services shall be reimbursed by the Bank on an actual cost basis.

The parties have agreed a limit on the amounts payable by the Bank in relation to the provision of centralized or regionalized services 2.5% of revenues for each year until 31 December 2001 and 3.5% of revenues for each of the three years ending on 31 December 2004.

11.4 Shared support function

With effect from 1 September 2001 the Bank entered into a Services Agreement with Standard Chartered Bank, Bangkok Branch relating to the provision of support service functions to Standard Chartered Bank, Bangkok Branch. The Bank will provide the support service functions in the areas of Wholesale Bank: Service Delivery and Treasury Operations, Consumer Banking Operations, Finance, Information Technology, Human Resource, Central Services and Legal and Compliance.

With the exception of Legal and Compliance advisory fees, the monthly fee payable to the Bank by Standard Chartered Bank, Bangkok Branch for the services including a charge for the space utilization, will be Baht 16,811,500. The monthly fee arrangements applied during the first year of the Agreement until 31 December 2002. The Legal and Compliance advisory fees are charged at the rate of Baht 3,000 - Baht 5,000, an hourly basis, calculated on the basis of the actual time spent in providing the service.

All modifications to the scope of services shall be mutually agreed upon in writing by both parties.

11.5 Outsourcing of certain financial processing activities

The meeting of the Board of Directors' of Standard Chartered Nakornthon Bank Public Company Limited No. 5/2545 held on 26 April 2002 unanimously approved that the Bank outsource certain accounting and financial processing activities to Scope International Private Limited, a wholly owned subsidiary of Standard Chartered based in Chennai, India. This outsourcing commenced in the early December 2002.

The consideration for the services to be provided by Scope International Private Limited comprised a one-off cost for the establishment of the Shared Service Center of approximately Baht 18 million and a service charge of approximately Baht 13 million per year.

12. 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 and executives' bonus and directors' remuneration approved by the Shareholders' Meeting. Directors nominated by Standard Chartered Bank have waived directors' fees.

13. LONG-TERM LEASE AGREEMENTS

The Bank has entered into 19 lease agreements in respect of its branches for periods ranging between 3 years and 30 years and which expired on or before 2023. The rental for the year 2003 is approximately Baht 16 million.

14. RESULTS OF OPERATIONS CLASSIFIED BY DOMESTIC AND OVERSEAS BUSINESS

At 31 December 2002 and 2001 the Bank was not engaged in overseas business.

The results of operations classified by types of business are as follows:

(Million Baht)

	For the year ended 31 December 2001			Total
	Domestic	Overseas	Eliminated transactions	
Interest and dividend income	3,891	4	1	3,896
Interest expense	(1,900)	(6)	(1)	(1,907)
Net interest and dividend income	1,991	(2)	-	1,989
Non-interest income	1,113	-	-	1,113
Non-interest expense	(3,837)	(1)	-	(3,838)
Net loss	(733)	(3)	-	(736)

15. FINANCIAL INSTRUMENTS

15.1 Use of off-balance sheet financial instruments

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 and interest rate contracts. These instruments involve, to varying degrees, elements of credit, foreign exchange, and interest rate risk in excess of the amount 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 forward 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 Group Market Risk.

15.2 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 assets and financial liabilities are disclosed in Note 3.

15.3 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 obtaining sufficient collateral or other security where appropriate.

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 expected exposure to credit losses.

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 forward foreign exchange contracts, the Bank controls the credit risk of its financial instruments through credit approvals, limits, and monitoring procedures. All credit risks are conducted in line with a Credit Policy which has been approved by 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.

15.4 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 loans analyzed as follows:

(Million Baht)

	31 December 2002	31 December 2001
Fixed interest rate	15,257	11,343
Floating interest rate	38,687	51,347
Total loans (including inter-bank and money market items and assets subject to the Loan Management Agreement)	53,944	62,690

As at 31 December 2002 and 2001, the Bank entered into interest rate contracts with a notional value of Baht 18,325 million and Baht 20,924 million, respectively for hedging purposes.

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

(Million Baht)

	31 December 2002		
	Average balance	Interest and dividends	Average rate (%) (per annum)
Interest - earning financial assets			
Inter-bank and money market items	2,194	49	2.23
Securities purchased under resale agreements	767	16	2.09
Investment in securities - net	6,800	214	3.15
Loans and assets subject to the Loan Management Agreement	56,841	3,887	6.84
Interest - bearing financial liabilities			
Deposits	53,416	1,231	2.30
Inter-bank and money market items	7,667	184	2.40
Securities sold under repurchase agreements	3,687	65	1.76

(Million Baht)

	31 December 2001		
	Average balance	Interest and dividends	Average rate (%) (per annum)
Interest - earning financial assets			
Inter-bank and money market items	4,889	226	4.62
Securities purchased under resale agreements	67	2	2.99
Investment in securities - net	8,060	294	3.65
Loans and assets subject to the Loan Management Agreement	58,295	3,213	5.51
Interest - bearing financial liabilities			
Deposits	58,554	1,534	2.62
Inter-bank and money market items	6,236	201	3.22
Securities sold under repurchase agreements	4,871	86	1.77
Long-term borrowings	76	6	7.89

Financial assets and financial liabilities classified by maturity of interest repricing as at 31 December 2002 are as follows:

(Million Baht)

	Immediate repricing	Within 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Stop accrued	Total
Financial assets							
Cash	-	-	-	-	380	-	380
Inter-bank and money market items	12	805	-	-	788	-	1,605
Investment in securities	-	2,542	223	551	405	50	3,771
Loans and assets subject to the Loan Management Agreement	37,597	12,659	251	1,528	6,488	1,090	59,613
Financial liabilities							
Deposits	9,715	26,099	8,958	6,103	696	-	51,571
Inter-bank and money market items	235	4,197	4	250	194	-	4,880
Liabilities payable on demand	-	-	-	-	72	-	72
Securities sold under repurchase agreements	-	650	-	-	-	-	650

The remaining period of financial assets and financial liabilities were as follows:

(Million Baht)

	31 December 2002					Total
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year	No maturity	
Financial assets						
Cash	43	-	-	-	337	380
Inter-bank and money market items	790	815	-	-	-	1,605
Investment in securities	50	2,542	223	551	405	3,771
Loans and assets subject to the Loan Management Agreement	7,238	8,866	918	42,128	463	59,613
Financial liabilities						
Deposits	10,411	26,099	8,958	6,103	-	51,571
Inter-bank and money market items	429	4,197	4	250	-	4,880
Liabilities payable on demand	72	-	-	-	-	72
Securities sold under repurchase agreements	-	650	-	-	-	650

(Million Baht)

	31 December 2001					
	Over					
	At call	Within 6 months	6 months to 1 year	Over 1 year	No maturity	Total
Financial assets						
Cash	55	-	-	-	359	414
Inter-bank and money market items	1,119	4,348	-	160	-	5,627
Investment in securities	137	498	149	2,569	410	3,763
Loans and assets subject to the Loan Management Agreement	8,954	6,295	1,887	44,517	421	62,074
Financial liabilities						
Deposits	10,567	32,949	5,400	8,734	-	57,650
Inter-bank and money market items	1,115	4,368	36	769	-	6,288
Liabilities payable on demand	90	-	-	-	-	90
Securities sold under repurchase agreements	-	700	-	-	-	700
Interest rate contracts (notional principal amount)	-	4,413	5,204	11,307	-	20,924

Off-balance sheet financial instruments classified by maturity date as at 31 December 2002, are as follows:

(Million Baht)

	Within 1 year	Over 1 year	Total
Avals to bills and guarantees of loans	692	584	1,276
Forward exchange contracts	2,342	3,978	6,320
Option contracts	606	-	606
Interest rate contracts	7,047	11,278	18,325

15.5 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.

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

(Million Baht)

	31 December 2002	
	Carrying amount	Fair value
Financial assets		
Cash	380	380
Inter-bank and money market items	1,605	1,604
Available-for-sale securities - net	1,127	1,127
Held-to-maturity debt instruments - net	2,200	2,227
General investments - net	32	32
Loans, accrued interest receivable and Assets subject to the Loan Management Agreement - net	54,352	54,352
Financial liabilities		
Deposits	51,571	51,570
Inter-bank and money market items	4,880	4,880
Liabilities payable on demand	72	72
Securities sold under repurchase agreements	650	650
Accrued interest payable	351	351

(Million Baht)

	31 December 2001	
	Carrying amount	Fair value
Financial assets		
Cash	414	414
Inter-bank and money market items	5,627	5,622
Available-for-sale securities - net	919	919
Held-to-maturity debt instruments - net	2,312	2,356
General investments - net	32	32
Loans, accrued interest receivable and Assets subject to the Loan Management Agreement - net	57,080	57,080
Financial liabilities		
Deposits	57,650	57,640
Inter-bank and money market items	6,288	6,288
Liabilities payable on demand	90	90
Securities sold under repurchase agreements	700	700
Accrued interest payable	313	313

The fair values of off-balance sheet financial instruments as at 31 December 2002, are as follows:

(Million Baht)

	Notional value	Fair value
Forward exchange contracts	6,038	6,347
Option contracts	606	18
Interest rate contracts	18,325	474

Methods and assumptions in estimating market value or fair value of financial instruments

The following methods and assumptions were used by the Bank in estimating the market value or fair value of financial instruments:

Cash and inter-bank and money market items (assets): The carrying amounts of cash and short-term instruments which have remaining maturities of less than 90 days or bear variable rates of interest approximate their market value. Market value for fixed rate instruments with remaining maturities greater than 90 days is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

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 or considered to be the carrying amount presented in balance sheet.

Loans, accrued interest receivable and assets subject to the Loan Management Agreement: For variable-rate loans that reprice frequently and have no significant change in credit risk, market value is based on carrying value. The market value of fixed rate loans that reprice within 90 days of the balance sheet date approximates the carrying value at the balance sheet date. Market value for other fixed interest loans is estimated by using a discounted cash flow analysis and using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

The fair values of accrued interest receivable and assets subject to the Loan Management Agreement are based on the carrying amounts presented in balance sheet.

Deposits: The market value disclosed for deposits which are payable on demand is equal to the carrying value of such deposits. The carrying amounts of variable-rate deposits and, fixed-term money market accounts, certificates of deposit and fixed rate deposits which reprice within 90 days approximate their market value at the reporting date. Market 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): The carrying amount of inter-bank and money market items which have remaining maturities of less than 90 days and/or bear variable rates of interest approximates their market value at the reporting date. Market value for fixed rate instruments with remaining maturities greater than 90 days 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 liability payable on demand approximates market value.

Securities sold under repurchase agreements: The carrying value of securities sold under repurchase agreements approximates market value.

Accrued interest payable: The carrying value of accrued interest payables approximates market value.

Off-balance sheet financial instruments

Commitments to extend credit, letters of credit, aval and guarantees - These financial instruments are generally not sold or traded such that estimated fair values are not readily ascertainable. Fair value of these items was not calculated for the following reasons:

- (i) very few of the commitments extending beyond 90 days would commit the Bank to a predetermined rate of interest;
- (ii) the fees attaching to these commitments are the same as those currently charged to enter into similar arrangements; and
- (iii) the quantum of fees collected under these arrangements, upon which fair value would be determined, is not material.

Other off-balance sheet financial instruments: The fair values of forward exchange contracts, option 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.

16. RETIREMENT BENEFITS

Prior to October 2000, the Bank operated a pension plan in addition to a provident fund scheme. Both served the same purpose and the pension plan has therefore consolidated into replaced by an enhanced registered provident fund scheme (as describes in Note 3.13). As a result, in 2001, the Bank reversed a provision for retirement pensions in the amount of Baht 300 million.

17. RECLASSIFICATION OF ACCOUNTS

Certain comparative information in the financial statements for the year ended 31 December 2001 has been reclassified in accordance with the presentation adopted in the financial statements for the year ended 31 December 2002.

Branch Network

Head Office and Bangkok and Metropolitan Branches (27 Branches)

SATHON MAIN BRANCH	STANDARD CHARTERED NAKORNTHON BANK (Sathon Main BR.) 90 North Sathon Rd., Silom, Bang Rak, Bangkok 10500 Tel. +66 (0) 2724 6326-34 Fax +66 (0) 2724 6121
BANG KHAE	STANDARD CHARTERED NAKORNTHON BANK (Bang Khae BR.) 127 Moo 15, Phetkasem Rd., Phasi Charoen, Bangkok 10160 Tel. +66 (0) 2413 2129-30, +66 (0) 2454 2993-4 Fax +66 (0) 2413-4655
CHAENG WATTHANA	STANDARD CHARTERED NAKORNTHON BANK (Chaeng Watthana BR.) 155/1-3 Chaeng Watthana Rd., Don Mueang, Bangkok 10210 Tel. +66 (0) 2982 4581-2, +66 (0) 2574 0653, +66 (0) 2982 4745-7 Fax +66 (0) 2573 2471, +66 (0) 2573 1723
CHAROEN KRUNG	STANDARD CHARTERED NAKORNTHON BANK (Charoen Krung BR.) 335 Charoen Krung Rd., Pom Prap Sattru Phai, Bangkok 10100 Tel. +66 (0) 2225 7451-2, +66 (0) 2622 7027-9 Fax +66 (0) 2225-7453, +66 (0) 2622-8639
CHAROEN NAKHON	STANDARD CHARTERED NAKORNTHON BANK (Charoen Nakhon BR.) 257 Charoen Nakhon Rd., Thon Buri, Bangkok 10600 Tel. +66 (0) 2476 4236-8 Fax +66 (0) 2877 8280
FUTURE PARK RANGSIT	STANDARD CHARTERED NAKORNTHON BANK (Future Park Rangsit BR.) 161 Moo 2, Phahon Yothin Rd., Thanyaburi, Pathum Thani 12130 Tel. +66 (0) 2958 0415-8, +66 (0) 2958 0365 Fax +66 (0) 2958 0364
LAT PHRAO	STANDARD CHARTERED NAKORNTHON BANK (Lat Phrao BR.) 2231 Lat Phrao Rd., Bang Kapi, Bangkok 10240 Tel. +66 (0) 2539 6454-5, +66 (0) 2530 2064, +66 (0) 2933 1910 Fax +66 (0) 2539 6456
MAHANAK	STANDARD CHARTERED NAKORNTHON BANK (Mahanak BR.) 2, 4 Anantanak Rd., Pom Prap Sattru Phai, Bangkok 10100 Tel. +66 (0) 2223 2833-4, +66 (0) 2621 8263-5, +66 (0) 2226 1351 Fax +66 (0) 2222 7459
NANANUA	STANDARD CHARTERED NAKORNTHON BANK (Nananua BR.) 8/5-6 Sukhumvit Rd., Watthana, Bangkok 10110 Tel. +66 (0) 2253 2201, +66 (0) 2255 5926-7, +66 (0) 2655 7630-2, +66 (0) 2655 7994 Fax +66 (0) 2253 2202

PHAHURAT	STANDARD CHARTERED NAKORNTHON BANK (Phahurat BR.) 121-121/1, 123-123/1 Phahurat Rd., Phra Nakhon, Bangkok 10200 Tel. +66 (0) 2222 6355, +66 (0) 2225 0641-3, 0-2623 9780-2 Fax +66 (0) 2623 9781
PHATTHANAKAN	STANDARD CHARTERED NAKORNTHON BANK (Phatthanakan BR.) 1124, 1128, 1130 Phatthanakan Rd., Suan Luang, Bangkok 10250 Tel. +66 (0) 2319 9385-7, +66 (0) 2319 9352, +66 (0) 2319 3942 Fax +66 (0) 2319 3941
PHRAPINKLAO	STANDARD CHARTERED NAKORNTHON BANK (Phrapinklao BR.) 691/43-46 Charan Sanitwong Rd., Bangkok Noi, Bangkok 10700 Tel. +66 (0) 2435 4261, +66 (0) 2435 4263, +66 (0) 2435 4279, +66 (0) 2882 5720-1 Fax +66 (0) 2435 0643
PRADIPHAT	STANDARD CHARTERED NAKORNTHON BANK (Pradiphat BR.) 196, 196/1-2 Pradiphat Rd., Phaya Thai, Bangkok 10400 Tel. +66 (0) 2278 2201-2, +66 (0) 2279 4923-4, +66 (0) 2618 3698-9 Fax +66 (0) 2618 7992
PRATUNAM	STANDARD CHARTERED NAKORNTHON BANK (Pratunam BR.) 120/29-30 Ratchaprarop Rd., Ratchathewi, Bangkok 10400 Tel. +66 (0) 2255 5774-5, +66 (0) 2251 2104-5, +66 (0) 2656 3367-8 Fax +66 (0) 2255 5776
RAM INTHRA	STANDARD CHARTERED NAKORNTHON BANK (Ram Inthra BR.) 56/6-8 Ram Inthra Rd., Khan Na Yao, Bangkok 10230 Tel. +66 (0) 2948 5785-8, +66 (0) 2509 2472 Fax +66 (0) 2519 0897
RATCHADAPHISEK	STANDARD CHARTERED NAKORNTHON BANK (Ratchadaphisek BR.) 169/98 Ratchadaphisek Rd., Din Daeng, Bangkok 10320 Tel. +66 (0) 2692 6721-39 Fax +66 (0) 2692 6720
SAMPENG	STANDARD CHARTERED NAKORNTHON BANK (Sampeng BR.) 899 Mangkhorn Rd., Samphanthawong, Bangkok 10100 Tel. +66 (0) 2221 3259, +66 (0) 2221 3340, +66 (0) 2223 3939, +66 (0) 2622 9360-3 Fax +66 (0) 2222 9886
SAMUT PRAKAN	STANDARD CHARTERED NAKORNTHON BANK (Samut Prakan BR.) 176/1 Sai Luat Rd., Mueang, Samut Prakan 10280 Tel. +66 (0) 2701 8034-5, +66 (0) 2389 3560, +66 (0) 2389 3696 Fax +66 (0) 2389 3951

SAMUT SAKHON	STANDARD CHARTERED NAKORNTHON BANK (Samut Sakhon BR.) 923/140 Sethakit 1 Rd., Mueang, Samut Sakhon 74000 Tel. +66 (0) 3442 7127-8, +66 (0) 3481 0550-1 Fax +66 (0) 3481 0552
SAPHAN MAI DON MUEANG	STANDARD CHARTERED NAKORNTHON BANK (Saphan Mai Don Mueang BR.) 3/1051-3 Phahon Yothin Rd., Bang Khen, Bangkok 10220 Tel. +66 (0) 2552 3520-1, +66 (0) 2970 4138-9, +66 (0) 2970 5434, +66 (0) 2970 2730 Fax +66 (0) 2521 1939
SATHUPRADIT	STANDARD CHARTERED NAKORNTHON BANK (Sathupradit BR.) 7/47-49 Sathupradit Rd., Yan Nawa, Bangkok 10120 Tel. +66 (0) 2211 9960-1, +66 (0) 2674 7464, +66 (0) 2211 7538, +66 (0) 2674 9971 Fax +66 (0) 2674 7465
SRINAGARINDRA	STANDARD CHARTERED NAKORNTHON BANK (Srinagarindra BR.) 14/41-42 Srinagarindra Rd., Prawet, Bangkok 10260 Tel. +66 (0) 2399 4266-7, +66 (0) 2398 8407-8 Fax +66 (0) 2748 2567
SUKHUMVIT 24	STANDARD CHARTERED NAKORNTHON BANK (Sukhumvit 24 BR.) 97/85-88 Sukhumvit 24 Rd., Khlong Tan, Khlong Toei, Bangkok 10110 Tel. +66 (0) 2661 1500 Fax +66 (0) 2661 1501
SUKHUMVIT 71	STANDARD CHARTERED NAKORNTHON BANK (Sukhumvit 71 BR.) 40/5-7 Sukhumvit 71 Rd., Watthana, Bangkok 10110 Tel. +66 (0) 2391 8606, +66 (0) 2391 9512, +66 (0) 2382 2295-7 Fax +66 (0) 2382 2298
SURAWONG	STANDARD CHARTERED NAKORNTHON BANK (Surawong BR.) 297 Surawong Rd., Bang Rak, Bangkok 10500 Tel. +66 (0) 2234 4464-6, +66 (0) 2236 6875-6, +66 (0) 2267 0447-8 Fax +66 (0) 2267 0449, +66 (0) 2635 6826 press 0
THA DIN DAENG	STANDARD CHARTERED NAKORNTHON BANK (Tha Din Daeng BR.) 379, 381, 383 Tha Din Daeng Rd., Khlong San, Bangkok 10600 Tel. +66 (0) 2437 0156-7, +66 (0) 2437 0516, +66 (0) 2863 3009-10 Fax +66 (0) 2437 4863

THE MALL 3 RAMKHAMHAENG	STANDARD CHARTERED NAKORNTHON BANK (The Mall 3 Ramkhamhaeng Sub BR.) 1909 Ramkhamhaeng Rd., Bang Kapi, Bangkok 10240 Tel. +66 (0) 2717 3800-7 Fax +66 (0) 2717 3808
Sub Branches in Tesco Lotus (7 Sub Branches)	
TESCO LOTUS BANG KAPI	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Bang Kapi Sub BR.) 3109 Lat Phrao Rd., Khlong Chan, Bang Kapi, Bangkok 10240 Tel. +66 (0) 2374 2570 Fax +66 (0) 2374 2572
TESCO LOTUS LAK SI	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Lak Si Sub BR.) 559 Phahon Yothin Rd., Bang Khen, Bangkok 10220 Tel. +66 (0) 2955 7592-600 Fax +66 (0) 2955 7601
TESCO LOTUS PRACHACHUEN	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Prachachuen Sub BR.) 829 Pracha Rat 2 Rd., Bang Sue, Bangkok 10800 Tel. +66 (0) 2910 6150-4, +66 (0) 2910 6156-9 Fax +66 (0) 2910 6155
TESCO LOTUS RAMA III	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Rama III Sub BR.) 172 Narathiwatratchanakharin Rd., Yan Nawa, Bangkok 10120 Tel. +66 (0) 2681 1411-21 Fax +66 (0) 2681 1422
TESCO LOTUS RATTANATHIBET	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Rattathibet Sub BR.) 37/112 Moo 8, Rattathibet Rd., Banggrasor, Mueang, Nonthaburi 11000 Tel. +66 (0) 2950 8843, +66 (0) 2950 8845-56 Fax +66 (0) 2950 8844
TESCO LOTUS SEACON SQUARE	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Seacon Square Sub BR.) 904/2 Moo 6, Srinagarindra Rd., Nong Bon, Prawet, Bangkok 10260 Tel. +66 (0) 2720 2350-4 Fax +66 (0) 2720 2355
TESCO LOTUS SUKHUMVIT 50	STANDARD CHARTERED NAKORNTHON BANK (Tesco Lotus Sukhumvit 50 Sub BR.) 1710 Sukhumvit Rd., Khlong Toei, Bangkok 10250 Tel. +66 (0) 2741 4440-42 Fax +66 (0) 2741 4439

Branches in Provincial Area (7 Branches)

CHIANG MAI	STANDARD CHARTERED NAKORNTHON BANK (Chiang Mai BR.) 184 Changphuak Rd., Mueang, Chiang Mai 50200 Tel. +66 (0) 5321 0340-2 Fax +66 (0) 5341 2806, +66 (0) 5321 0161
HAT YAI	STANDARD CHARTERED NAKORNTHON BANK (Hat Yai BR.) Niphat Uthit 2 Rd., Hat Yai, Songkhla 90110 Tel. +66 (0) 7423 4751-3, +66 (0) 7435 2991-2, +66 (0) 7435 2993-5 Fax +66 (0) 7423 4754
KHON KAEN	STANDARD CHARTERED NAKORNTHON BANK (Khon Kaen BR.) 62/62-63 Klangmueang Rd., Mueang, Khon Kaen 40000 Tel. +66 (0) 4322 3055, +66 (0) 4322 3073-4 Fax +66 (0) 4322 3076
NAKHON PATHOM	STANDARD CHARTERED NAKORNTHON BANK (Nakhon Pathom BR.) 184/28 Ratchawithi Rd., Mueang, Nakhon Pathom 73000 Tel. +66 (0) 3425 4218-20 Fax +66 (0) 3425 9480
NAKHON RATCHASIMA	STANDARD CHARTERED NAKORNTHON BANK (Nakhon Ratchasima BR.) 38, 40, 42, 44 Phoklang Rd., Mueang, Nakhon Ratchasima 30000 Tel. +66 (0) 4424 4192, +66 (0) 4424 4684, +66 (0) 4424 4704, +66 (0) 4426 9007-8, +66 (0) 4425 6704 Fax +66 (0) 4425 7154
RAYONG	STANDARD CHARTERED NAKORNTHON BANK (Rayong BR.) 127/20 Sukhumvit Rd., Mueang, Rayong 21000 Tel. +66 (0) 3861 6077-9 Fax +66 (0) 3861 6080
SI RACHA	STANDARD CHARTERED NAKORNTHON BANK (Si Racha BR.) 109 Surasak 1 Rd., Si Racha, Chon Buri 20110 Tel. +66 (0) 3831 4001-3 Fax +66 (0) 3831 4000

