HIGHLIGHTS

STANDARD CHARTERED PLC RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

Results

- Profit before tax rose 39 per cent to $2,158 million from $1,550 million* in 2003.
- Net revenue up 13 per cent to $5,367 million from $4,740 million* in 2003.
- Normalised cost income ratio at 53.5 per cent (2003: 53.6 per cent*).
- Debt charge down 60 per cent to $214 million (2003: $536 million).
- Normalised earnings per share up 40 per cent at 125.9 cents (2003: 90.1 cents*).
- Normalised return on equity reaches 20.1 per cent (2003: 15.7 per cent*).
- Annual dividend per share increased by 10.6 per cent to 57.5 cents.

Significant achievements

- Record profits exceeding $2 billion for the first time driven by good revenue growth and excellent risk management.
- Consumer Banking and Wholesale Banking each achieved $1 billion in operating profit.
- Achieved Return on Equity goal of 20 per cent.
- Incorporated Hong Kong operations to help expansion in China.
- Made significant progress on acquisitions and alliances - Korea First Bank, Bank Permata, Bohai Bank and PrimeCredit.
- Raised 20 per cent of funds necessary to achieve Corporate Responsibility target of restoring sight to 1 million people.

Commenting on these results, the Chairman of Standard Chartered PLC, Bryan Sanderson, said:

"I am delighted to be reporting on another successful year for Standard Chartered. We have demonstrated our ability to drive good revenue growth and continue our strong profit momentum. At the same time, we have achieved a number of significant acquisitions and alliances that will enable us to expand in key markets and products."

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC - TABLE OF CONTENTS

Unless another currency is specified, the word "dollar" or symbol "$" in this document means United States dollar.

STANDARD CHARTERED PLC - SUMMARY OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 $m	2003* $m
RESULTS		
Net revenue	**5,367**	4,740
Provisions for bad and doubtful debts and contingent liabilities	**(214)**	(536)
Profit before taxation	**2,158**	1,550
Profit attributable to shareholders	**1,479**	1,024
BALANCE SHEET		
Total assets	**141,688**	120,202
Shareholders' funds:		
Equity	**7,759**	6,880
Non-equity	**676**	649
Capital resources	**16,123**	14,110
INFORMATION PER ORDINARY SHARE	**Cents**	Cents
Earnings per share - normalised basis	**125.9**	90.1
- basic	**121.2**	82.0
Dividend per share	**57.5**	52.0
Net asset value per share	**658.3**	588.0
RATIOS	**%**	%
Post-tax return on equity - normalised basis	**20.1**	15.7
Cost income ratio - normalised basis	**53.5**	53.6
Capital ratios:		
Tier 1 capital	**8.6**	8.6
Total capital	**15.0**	14.5

* Comparative restated (see note 31 on page 63).

Results on a normalised basis reflect the Group's results excluding amortisation of goodwill, profits/losses of a capital nature, profits/losses on repurchase of share capital and subordinated debt and a donation to the Tsunami relief fund (see note 10 on page 46).

STANDARD CHARTERED PLC - CHAIRMAN'S STATEMENT

I am delighted to be reporting on another successful year for Standard Chartered. We have demonstrated our ability to drive good revenue growth and continue our strong profit momentum. At the same time, we have achieved a number of significant acquisitions and alliances that will enable us to expand in key markets and products.

In addition, the incorporation of our business in Hong Kong will enable us to take advantage of the Closer Economic Partnership Agreement with China. This will open up further opportunities for us in the Pearl River Delta region.

2004 Results

Our primary focus is on performance. We have continued to build on our track record.

We have seen improvement in all our key financial metrics. There has been broad based revenue growth in almost all our geographies and our bad debt performance has been excellent. Profit before tax is up 39 per cent, supported by revenue growth of 13 per cent. Our profits have nearly doubled in three years. We have again achieved excellent earnings per share growth of 40 per cent and we have achieved our return on equity goal of 20 per cent, on a normalised basis.

As a result of 2004's performance, the Board is recommending a dividend of 57.5 cents.

Positioned for growth

We are confident that this broad and balanced growth is sustainable. We are well positioned for growth in the future having achieved a number of strategic goals.

Last year, we acknowledged that there were a number of markets and product sectors where we needed to build a bigger presence.

In 2004, we added a number of acquisitions and alliances complementing our organic growth. Most recently, we entered into an agreement to acquire Korea First Bank for approximately Korean Won (KRW) 3.4 trillion ($3.3 billion), which we have financed with a placing of Standard Chartered PLC ordinary shares for approximately GBP 1.1 billion ($2 billion) together with other funding resources. This acquisition is still subject to regulatory approvals. However, it is very clear that this will be a new engine of earnings growth for the Group. We will be a partner in Bohai Bank, a unique opportunity to start a new national bank in China. Through a consortium with PT Astra International Tbk, we also acquired a controlling interest in PT Bank Permata Tbk, Indonesia's sixth largest bank. Completing the transfer of the ANZ project finance team will deepen our Wholesale Banking expertise, while PrimeCredit in Hong Kong gives us access to the consumer banking sub-prime sector.

Each of these will give us competitive advantage in our chosen markets.

Corporate Governance

We believe good governance and good performance reinforce each other. In the past year there has been an intensified focus on regulation in the financial services industry and we are working even more closely with our regulators around the world.

I have also placed great importance on reinforcing our Board strength. During 2004, we announced the appointment of three new high-calibre Non-Executive Directors: Jamie Dundas, Oliver Stocken and Val Gooding. Their appointments extend the skills base of the Board and add further to its existing diversity.

We have a Board which provides a good balance of support and challenge to the Bank's senior management.

Jamie Dundas has an outstanding record in areas relevant to Standard Chartered, including experience in Hong Kong and a background in banking.

Former Barclays Group Finance Director, Oliver Stocken is Deputy Chairman of 3i PLC, and has wide experience as a company director.

Val Gooding, chief executive of BUPA and a non-executive director at Compass Group PLC, brings marketing and brand expertise to the Group. She was previously with British Airways, her final role being Director, Asia Pacific.

I would like to thank Lord Stewartby, Sir Ralph Robins and David Moir who retired from the Board in 2004. Lord Stewartby left after 14 years of service to the Group, most recently as non-executive Deputy Chairman, the Senior Independent Director and the Chairman of the Audit and Risk Committee.

Sir Ralph had over 15 years of service on our Board. David was with Standard Chartered for 46 years and made an invaluable contribution, including as Chairman and Director of Standard Chartered Nakornthon Bank in Thailand and Deputy Chairman and Director of Standard Chartered Bank Malaysia Berhad.

I would like to thank them all for the tremendous guidance and support they have given.

Corporate Responsibility

2004 ended on a tragic note for the world when the Asian Tsunami struck after Christmas. We operate in five of the countries most affected by the Tsunami. Sadly, two of our staff were lost in the Tsunami and a number of our staff have lost family members.

I am proud of the way our staff responded to this crisis. Staff donations are over $450,000. Because of the scale of this disaster, Standard Chartered has made an initial corporate $5 million donation to relief funds.

We are also making good progress with our Seeing is Believing campaign and so far have achieved 20 per cent of our target of raising funds to restore the sight of one million people suffering from curable blindness. We are also actively promoting our Living with HIV programme, to raise awareness of HIV/AIDS.

However, corporate responsibility is about more than community support. We have established a Corporate Responsibility Committee, which I chair. This Committee works to align business strategy with the corporate responsibility aspirations of the Group. Our approach to corporate responsibility has become an integral part of our values as a company.

In summary

2004 has been a year of significant progress. We have built on our track record of performance, establishing good growth momentum. We have achieved a number of strategic goals. As a result, we are now a stronger bank with a more diversified earnings base.

Bryan Sanderson CBE
Chairman
16 February 2005

STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW

2004 has been a good year for the Group. We have momentum and scale in our markets and we are pleased with the strategic progress we have made.

Over the last three years, we have pursued a focused agenda.

We set ourselves ambitious performance goals and have consistently delivered against them. We have strengthened the infrastructure and technology of the Bank; we have developed a robust risk management capability; we are re-invigorating our brand; we have increased staff engagement and deepened our talent pool. Our organic, broad based growth has given us the shareholder support and confidence to make acquisitions and alliances.

During 2004, we delivered against a balanced scorecard of growth and performance. Profit before tax was $2,158 million, a 39 per cent increase from $1,550 million. Return on equity rose from 15.7 per cent to 20.1 per cent. Cost-income ratio improved to 53.5 per cent. Earnings per share saw an increase from 90.1 cents to 125.9 cents. All these figures are on a normalised basis.

For the first time, both our Wholesale and Consumer Banking businesses produced more than $1 billion each in operating profit.

We are in dynamic markets and at the core of our strategy is organic growth. We will supplement this organic growth with selective acquisitions and alliances that extend our customer or geographic reach, or broaden our product range.

Looking to the year ahead our industry faces a number of challenges: rising sophistication and regionalisation of local banks; new entrants including non-bank financial institutions; margin compression in many of our markets; increasingly demanding regulatory requirements; sophisticated customers demanding more for less; the risk of a major disruption from an unexpected event; and an unrelenting war for talent. Like all international businesses, retaining and attracting the best people in a highly competitive industry is always a challenge. Companies have to invest heavily in recruiting and developing the right talent.

Many of these challenges are not new. What is different today is the pace and intensity of change.

To compete successfully and grow, we need to be able to anticipate and react quickly to changes. We have to accept that different markets are at different stages of development so we need different strategies for them.

We have been disciplined on costs and processes and innovative on products. We are standardising our technology platforms and we are absolutely focused on customers. This enables us to be more nimble and able to anticipate and respond to the changing industry environment.

2005 PRIORITIES

Our strategic intent is to be the world's best international bank - leading the way in Asia, Africa and the Middle East. We have set out our top priorities for 2005:

- Expand Consumer Banking customer segments and products
- Continue Wholesale Banking transformation
- Integrate Korea First Bank and deliver growth
- Accelerate growth in India and China
- Deliver further technology benefits
- Embed Outserve into our culture

Consumer Banking

Consumer Banking is a business on the move, getting more innovative every year. It continues to grow its revenue base on the back of both good asset growth outside Hong Kong and an increase in non interest income from our wealth management business. Consumer Banking also benefited from a faster than anticipated reduction in personal bankruptcies in Hong Kong.

Operating profit increased by 42 per cent and we achieved revenue growth of eight per cent.

There was strong performance in many markets, reflecting our increasingly broad based geographic and product mix. Our challenge is to invest at the right pace in growing markets and, at the same time, increase productivity and innovation in our more mature markets like Singapore and Hong Kong.

We are seeing returns on our investments in product capabilities, network expansion and systems. For example, our Consumer Banking business in the Middle East and South Asia (MESA) region enjoyed revenue growth of 23 per cent in 2004, following significant investment in the second half of 2003.

Innovative products have also set us apart in many of our markets. A good example is Manhattan Card. Manhattan is the first credit card in India and Singapore to have risk-based pricing. It is an example of customer segmentation driving product innovation. With our recent launch in three cities in India, we now have approximately 120,000 cards in issue outside of Hong Kong, and 620,000 in Hong Kong. We will launch Manhattan in three more cities in India in the next few months.

MortgageOne is another example. This portfolio grew over 50 per cent in Hong Kong and accounts for 80 per cent of new mortgage sales in Malaysia.

Innovation in channels is also proving an important contributor to growth.

In the Republic of Korea (Korea), we have an innovative approach to customer service. Our personal loans sales staff use a bus to travel to local neighbourhoods, bringing our sales people and personal loan products directly to our customers' doorstep. Such innovation on distribution channels has become a big part of Standard Chartered, and we will continue to offer new and original ideas and approaches across all our markets.

Looking ahead, we will increase customer segmentation to grow key segments such as youth and the international banking sector.

We will increase the size of our Small and Medium Enterprises (SME) business. Our Priority Banking offering will be expanded in our key markets and we will be looking at opportunities to extend the reach of our consumer finance business across Asia following our acquisition of Advantage Limited (PrimeCredit) in Hong Kong.

Wholesale Banking

In 2004, our Wholesale Banking business enjoyed a year of robust revenue performance. We have executed well on the strategy we laid out a few years ago and delivered on our promises.

Overall operating profit for Wholesale Banking is up by 28 per cent. We have grown revenues by 14 per cent and, significantly, customer revenues by 19 per cent.

Disciplined investments in key sales and control functions have delivered good results across all geographies, products and all four of our customer segments. We have deepened our customer relationships and are now a top three bank to 25 per cent of our customers.

However, there is still room to further improve cross-sell ratios and strengthen our product capabilities. The acquisition of the ANZ project finance portfolio is one example of how we are doing this.

The emergence of China and India as economic powerhouses is changing the dynamics of trade and new trade corridors are opening, particularly between our markets.

Our acquisition of Sumitomo Mitsui Banking Corporation's business in India gives us a strong position in the trade corridor between Japan and India and our network in the Middle East and Africa will also prove important in giving us leverage as trade corridors change.

On-going initiatives and integration of our acquisitions will greatly benefit our Wholesale Banking business, adding to the many opportunities we see to continue to grow revenues, which we will do within our usual jaws discipline and paced capital growth.

Korea First Bank

Our recent acquisition of Korea First Bank, subject to regulatory approval, is the biggest in the history of Standard Chartered. We will execute it well and build our presence in Korea, expanding our reach in Asia.

The scale of opportunities in Korea is tremendous. It is the world's 10th largest economy, Asia's third largest and its economy is expected to grow by four per cent in 2005. Korea's banking sector generates a revenue pool over three times the size of Hong Kong.

Korea First Bank is the seventh largest banking group in Korea by assets, with a market share of approximately six per cent and over three million retail customers. It has one of the lowest levels of non-performing loans in the industry.

We have appointed an experienced integration team in Korea. We are building relations with the regulators, labour unions, the local community and the staff of Korea First Bank. These are important relationships to us.

Retaining key management talent is also very important and we are pleased with the quality of senior management in Korea First Bank.

Full year results for Korea First Bank will be announced in March. We will give more details at our interim results following completion of this acquisition. In advance of this, the following gives a flavour of potential synergies.

Korea First Bank Consumer Banking

Korea First Bank has the country's fifth largest distribution network. It has over 400 branches located throughout the country and 2,100 ATMs. In a country with 60 per cent internet penetration, it has a user-friendly internet banking platform, and a strong mobile banking business.

An example of one opportunity is our personal loan product, which can be introduced to Korea First Bank.

With our strong credit scoring system and our tested instalment loan product, we have grown personal loans into an almost $200 million business, in just one year. Korea First Bank's own instalment loan business is relatively small and we have built our business from just one branch. We see good potential in distributing this through Korea First Bank's branch network.

Our success in personal loans has been due to excellent customer segmentation, good credit quality, driven off credit bureau data, and innovative distribution channels, like the sales bus mentioned earlier.

Korea First Bank Wholesale Banking

Standard Chartered will build a leading Wholesale Banking franchise in Korea by leveraging our international network, product capability and management processes as well as Korea First Bank's customer base.

One example of a growth opportunity is fee based income. At Korea First Bank, non-interest income represents less than 25 per cent of total revenues - at Standard Chartered this is over 40 per cent.

Building a trade and cash management business will be a key priority – we can leverage our international network and products to generate new fee income.

In parallel, we will strengthen Korea First Bank's Global Markets product capability, developing the necessary infrastructure as well as training for staff.

We see good opportunities in foreign exchange and derivatives as well as in debt capital markets.

It is clear there are significant revenue opportunities and the combination of our expertise with that of Korea First Bank will help realise the opportunities we see in the market. We are now even more confident that this acquisition will be EPS accretive in 2006.

India and China

India and China are our two biggest long-term opportunities. We are well on track in both these markets.

With 10 new branches, taking our total network to 75 branches in 27 cities, we are the largest international bank in India. We have focused on growing our distribution network and asset base, as well as broadening revenue streams. As a result, we have strong market share in mortgages, credit cards, wealth management, fixed income and trade finance in India.

We are investing heavily in India because we see the scale of the opportunity. Our focus on growing our customer base and expanding revenue may slow the pace of operating profit growth in the short term, but it will put us in a strong position to benefit in the medium term. There is no doubt that we can build on our position as the leading international bank in India.

In China, our strategy has three strands: organic growth, strategic investments and taking advantage of opportunities in the Pearl River Delta. We are growing revenues at over 30 per cent per annum and we have strengthened our network with additional Renminbi (RMB) licences in Xiamen, Beijing and Nanjing. We now have five RMB licences and we are allowed to conduct RMB business with local corporates in 13 cities.

We have also added a branch licence in Guangzhou. Our ambition is to remain a leading bank in China.

In parallel with this organic growth, we have signed a framework agreement to take a 19.99 per cent stake in Bohai Bank - the first bank with a national licence for many years. This will be the first time that a foreign bank has been allowed to participate and take a management role in the establishment of a national bank.

Bohai Bank will be able to open branches and sell products throughout China and we will be a significant part of this exciting new bank.

When we mention our business in China we have to talk about Hong Kong, which is now very much a regional hub, integral to developing opportunities in China.

We have seen a good performance in Hong Kong and the outlook for the economy is good. Overall, consumer confidence is being restored. We are seeing inflation for the first time in many years, and unemployment is down. A rise in tourism, with 21 million visitors in 2004, and more than 24 million expected in 2005, will continue to help the economy.

But margin compression is increasing, and loan demand is not growing as fast as the economy. We are focusing on productivity to ensure we have the capacity to grow in a maturing market. We believe that our strategy in Hong Kong will pay off.

Delivering technology benefits

Across the industry, the key themes are data centre consolidation, security, service delivery channels for customers, and pressure to reduce telecommunications costs. We will continue our efforts to ensure we can stay ahead of changes in the industry.

Improvements in our technology platform have underpinned much of our ability to grow.

Our Global Shared Service Centres in Chennai and Kuala Lumpur continue to develop scale and efficiencies. We estimate that our Shared Service Centres have generated annual cost savings of $80 million. We have created economies of scale and tighter control has meant our technology production costs are down year-on-year. This has created capacity for increased investment in business applications and infrastructure.

The stability and efficiency of our operations have been enhanced. Moving forward, we will continue to emphasise standardising technology as we migrate to a lower cost and modern core banking platform globally.

We have completed our Know Your Customer roll out and we have migrated our platforms to meet changing reporting requirements under International Financial Reporting Standards.

Outserve

In line with our brand promise to be The Right Partner, we believe that service will be a differentiator for us in an increasingly competitive banking industry.

To this end, we began a series of internal initiatives in 2004 to build our service culture and processes. We call these initiatives "Outserve" and we believe it will have a profound impact on our shareholder value.

Outserve comprises four key components: the voice of the customer, process improvements, metrics and measurements, change management and communication.

We have taken the best methodologies on Voice of Customer, and developed an improved model tailored to our industry and market needs.

Our service metrics include over 100 indicators to monitor every aspect of the customer experience.

We are managing culture change and improving the way we communicate about customers.

Our top 220 leaders in the company, including myself, are completing First Hand Days, where we experience somebody else's job on the front line to understand service issues and remove blockages to improved service.

We are obsessive about our customer service and will use this as a source of distinction because we believe that our Outserve initiative will create revenue, reduce customer attrition and create value.

OUTLOOK

We have had a strong performance in 2004 and the revenue momentum into 2005 is good.

Both of our businesses have good growth potential and we have robust controls in place.

We continue to make progress towards our ambitious goals to be a leader in India and China. The smooth integration of Korea First Bank is a high priority.

We will continue to produce strong profit growth for our shareholders in the short term. However, we will also focus on building a long term sustainable business.

Overall, Standard Chartered is in good health and we are optimistic about the future.

Mervyn Davies CBE
Group Chief Executive
16 February 2005

STANDARD CHARTERED PLC – FINANCIAL REVIEW

GROUP SUMMARY

The Group delivered another strong performance in the year ended 31 December 2004 with a record profit before tax of $2,158 million, up 39 per cent on the previous year. Normalised earnings per share has grown by 40 per cent to 125.9 cents. (Refer to note 10 on page 46 for the details of basic and diluted earnings per share).

This performance is the result of broadly based organic growth across both businesses and a significantly improved debt performance. The results have also benefited from several one-off items, described on page 12, which together generated profit of $85 million before tax. Operating profit before tax adjusted to exclude these one-off items increased by 34 per cent compared to 2003.

Prior period figures have been restated, principally to reflect the full adoption of the provisions of FRS 17 "Retirement Benefits". See note 31 on page 63.

The Group has made several acquisitions in 2004. In August, it acquired 100 per cent of Advantage Limited ("PrimeCredit"), a consumer finance business in Hong Kong, and increased its share in Standard Chartered Bank Nepal Limited from 50 per cent to 75 per cent. In November, the Group entered into a consortium agreement with PT Astra International Tbk to acquire a controlling interest in PT Bank Permata Tbk ("Permata"), an Indonesian commercial bank. The Group's effective interest in Permata at 31 December 2004 was 31.55 per cent. It has been accounted for as a joint venture. In December 2004 the Group acquired from ANZ part of its project finance business, a team of specialists and a portfolio of loan commitments amounting to $1.26 billion. Together these acquisitions contributed $8 million to profit before tax in 2004.

Net revenue has grown by 13 per cent in total to $5,367 million compared to 2003. The increase is 11 per cent when adjusted for the one-off items above. Business momentum is strong and revenue has grown at twice the pace of revenue growth a year ago. Revenue from outside Hong Kong and Singapore, our two most mature and competitive markets, now comprise 64 per cent of the Group's total revenue and grew at 19 per cent over 2003.

Net interest income grew by seven per cent to $3,168 million. A fall in interest margins from 2.8 per cent to 2.7 per cent has been offset by 10 per cent growth in average earning assets. Interest spread fell from 2.5 per cent to 2.4 per cent.

Other finance income at $10 million compares with a finance charge of $13 million in 2003, principally as a result of contributions made to the UK and Hong Kong funds.

Net fees and commissions increased by 15 per cent from $1,156 million to $1,334 million. Growth was seen in most markets, driven by wealth management, mortgages and corporate advisory services.

Dealing profits grew by 23 per cent from $525 million to $648 million, largely driven by customer led foreign exchange dealing. In particular, retail foreign exchange performed well.

Other operating income at $207 million compares to $104 million in 2003. The increase reflects the one-off items partly offset by a fall in profits on investment securities as a result of a programme to reduce the risk in the book in 2003.

Total operating expenses increased from $2,643 million to $2,996 million. Of this increase $44 million arose from accelerated goodwill amortisation. The adjusted cost increase, excluding goodwill and one-off items, was 11 per cent, in line with adjusted revenue growth. The normalised cost income ratio has fallen from 53.6 per cent in 2003 to 53.5 per cent in 2004. The Group's investment programmes over recent years in market expansion, new products, distribution outlets and sales capabilities have been paying back in good revenue growth. This investment continued in 2004 together with increased spend on the Group's regulatory and control infrastructure.

Provisions for bad and doubtful debts fell from $536 million to $214 million, a reduction of 60 per cent. This includes a $55 million release from the Group's general provision. This performance is a direct result of significantly strengthened risk management discipline, as well as a favourable credit environment.

One-off items from Corporate Activity

In January 2004, the Group sold its investment in BOC Hong Kong (Holdings) Limited realising a net profit of $36 million and in May 2004, it disposed of its investment in KorAm Bank realising a net profit of $95 million. These gains were partially offset by a $23 million premium paid on the repurchase of surplus subordinated debt in India and are reported in other operating income.

One-off costs of $18 million were incurred on incorporating the Group's business in Hong Kong and, at the end of December, the Group agreed to donate $5 million to the Tsunami relief effort.

The effect of these gains and charges, all of which arose from corporate decisions taken at the centre and which are non-recurring in nature, have not been attributed to either Consumer Banking or Wholesale Banking in the business segmental results.

CONSUMER BANKING

Consumer Banking has built up strong momentum with operating profit up 42 per cent in 2004 to $1,064 million. The accelerated investment in growth opportunities in 2003 is delivering results. Revenue increased by eight per cent, which is twice the rate that was achieved in 2003, to $2,693 million. This was driven by loan growth of 18 per cent outside Hong Kong and an increased contribution across all product segments, in particular the SME business. Investing for growth has led to a 10 per cent increase in costs when compared to 2003. The specific bad debt charge fell by 43 per cent. The debt charge in Hong Kong fell significantly and charges elsewhere also improved. In addition, $29 million of general provision held against the consumer portfolio has been released in 2004.

Hong Kong delivered an increase in operating profit of 77 per cent to $462 million. This resulted from a lower debt charge, cost efficiencies and improved mortgage margins, although these showed some decline in the second half. Revenue was flat at $954 million. Improved margins in mortgages and a good performance in wealth management was offset by subdued loan demand across the market. Costs were tightly controlled and, in the fourth quarter, an operational efficiency programme was initiated to reduce back office costs and improve productivity.

In Singapore, operating profit was broadly flat at $180 million in an intensely competitive environment. Although asset growth was strong at 16 per cent and there was good performance in wealth management and the SME business, revenue was offset by contracting margins, particularly in the mortgage business. Cost growth was five per cent, largely supporting product investment.

Operating profit in Malaysia was up 17 per cent to $75 million with strong performance across all products and a lower debt charge. Revenue grew by eight per cent. Continued margin pressure in the mortgage portfolio was more than offset by higher volume. Revenue from wealth management increased significantly, driven by unit trust sales. Costs increased by nine per cent as a result of significant infrastructure investment.

In Other Asia Pacific, operating profit at $97 million was 11 per cent higher than in 2003 with revenue up 18 per cent. Thailand, Taiwan, Indonesia and Korea performed well across a broad range of products. Costs increased by 23 per cent as the Group continued to invest in China and Korea.

In India, strong asset growth and a lower debt charge drove operating profit up by 100 per cent to $78 million, despite contracting margins in both mortgages and deposit accounts. Costs increased by 22 per cent to $153 million as a result of continued investment in enhanced risk management, new products and delivery channels to support rapid business growth.

Operating profit in the United Arab Emirates (UAE) increased by 42 per cent to $64 million with revenue up by 22 per cent, driven by credit cards, personal loans and wealth management. Costs were 11 per cent higher than in 2003, reflecting further investment in infrastructure and product capability. Elsewhere in MESA operating profit grew by 38 per cent to $69 million with strong performances in wealth management, cards and personal loans, particularly in Bangladesh, Pakistan and Bahrain.

In Africa, operating profit increased from $7 million to $17 million with revenue up by 28 per cent to $218 million. This was largely a result of strong asset growth as new products were launched in a number of countries, including Nigeria, South Africa and Kenya, together with improved margins in Zimbabwe. Costs have grown by 23 per cent. This was driven by continued investment in South Africa and inflationary pressures.

The Americas, UK and Group Head Office has seen an increase in operating profit of 10 per cent to $22 million, mostly through firm cost control. The re-focused international banking offering has delivered good profit growth, with revenues largely booked in Hong Kong, Singapore and Dubai.

The following tables provide an analysis of operating profit by geographic segment for Consumer Banking:

	2004									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Net revenue	**954**	**330**	**175**	**393**	**258**	**124**	**172**	**218**	**69**	**2,693**
Costs	**(415)**	**(116)**	**(86)**	**(231)**	**(153)**	**(51)**	**(93)**	**(195)**	**(48)**	**(1,388)**
Specific	**(88)**	**(40)**	**(18)**	**(69)**	**(29)**	**(10)**	**(11)**	**(6)**	**-**	**(271)**
General	**11**	**6**	**4**	**3**	**2**	**1**	**1**	**-**	**1**	**29**
Charge for debts	**(77)**	**(34)**	**(14)**	**(66)**	**(27)**	**(9)**	**(10)**	**(6)**	**1**	**(242)**
Income from joint venture	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**1**
Operating profit	**462**	**180**	**75**	**97**	**78**	**64**	**69**	**17**	**22**	**1,064**

	2003*									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Net revenue	954	328	162	333	223	102	138	170	78	2,488
Costs	(411)	(110)	(79)	(188)	(125)	(46)	(83)	(159)	(58)	(1,259)
Specific charge for debts	(282)	(40)	(19)	(58)	(59)	(11)	(5)	(4)	-	(478)
Operating profit	261	178	64	87	39	45	50	7	20	751

* Comparative restated (see note 31 on page 63).

An analysis of Consumer Banking revenue by product is set out below:

Revenue by product	**2004 $m**	2003* $m
Cards and Personal Loans	**1,117**	1,043
Wealth Management / Deposits	**891**	805
Mortgages and Auto Finance	**638**	603
Other	**47**	37
	2,693	2,488

* Comparative restated (see note 31 on page 63).

Cards and personal loans have delivered increased revenue of seven per cent in a very competitive price environment. Assets have grown by 25 per cent outside of Hong Kong. Hong Kong has returned to profitability despite a seven per cent decline in cards outstandings.

Wealth management revenue has increased by 11 per cent to $891 million with strong demand for investment products, partially offset by compression in deposit margins.

Mortgages and auto finance revenue has grown by six per cent to $638 million driven by new products, increased fee income and, in Hong Kong, improved mortgage margins.

Costs in Consumer Banking have increased by 10 per cent to $1,388 million. This was a direct result of the investment which began in 2003 to expand distribution outlets and launch new products and services in key growth markets.

The specific net charge for debts in Consumer Banking has fallen by 43 per cent to $271 million. The specific net debt charge in Hong Kong fell significantly as bankruptcy losses continued to fall sharply due to the improving economic environment. Other areas showed a stable or improving performance while sustaining strong business growth.

WHOLESALE BANKING

Wholesale Banking delivered a strong broadly based performance across all geographies, products and customer segments. Operating profit was up 28 per cent at $1,190 million. This was achieved on controlled economic capital, through expanding product capabilities and deepening customer relationships. Revenue increased by 14 per cent to $2,566 million. Customer revenues were up by 19 per cent. Costs increased by 12 per cent due to increased investment in product capabilities such as debt capital markets and derivatives, increased spend on infrastructure and controls, and an increase in performance driven compensation. There was a net specific debt release in 2004 of $2 million compared to a charge of $68 million in 2003. This reflected success in changing the risk profile of the business and also a benign credit environment. In addition, a $26 million release was made from the general provision held against the Wholesale portfolio (2003: $10 million).

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

The following tables provide an analysis of operating profit by geographic segment for Wholesale Banking:

2004

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Net revenue	**418**	**183**	**95**	**422**	**231**	**147**	**205**	**366**	**499**	**2,566**
Costs	**(221)**	**(110)**	**(57)**	**(277)**	**(97)**	**(48)**	**(75)**	**(162)**	**(357)**	**(1,404)**
Specific	**(54)**	**(2)**	**11**	**22**	**3**	**6**	**7**	**(6)**	**15**	**2**
General	**6**	**3**	**1**	**4**	**2**	**2**	**2**	**-**	**6**	**26**
Charge for debts	**(48)**	**1**	**12**	**26**	**5**	**8**	**9**	**(6)**	**21**	**28**
Amounts written off fixed asset investments	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**(3)**	**(1)**
Income from joint venture	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**1**
Operating profit	**149**	**74**	**50**	**172**	**141**	**107**	**139**	**198**	**160**	**1,190**

2003*

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Net revenue	401	158	73	348	243	132	177	273	447	2,252
Costs	(207)	(100)	(57)	(241)	(87)	(45)	(62)	(123)	(328)	(1,250)
Specific	(23)	7	21	(41)	(1)	9	9	(5)	(44)	(68)
General	-	-	-	-	-	-	-	-	10	10
Charge for debts	(23)	7	21	(41)	(1)	9	9	(5)	(34)	(58)
Amounts written off fixed asset investments	-	-	-	-	(4)	-	-	-	(7)	(11)
Operating profit	171	65	37	66	151	96	124	145	78	933

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

In Hong Kong, net revenue grew by four per cent from $401 million to $418 million. The growth was largely from foreign exchange and derivatives on the back of strong trade flows. Costs were $14 million higher at $221 million with continued investment in the front office partially offset by a reduction in technology costs.

Revenue in Singapore grew by 16 per cent. Strong customer revenue, particularly from global markets products, more than offset a decline in revenue from asset and liability management. Costs increased by 10 per cent to $110 million mainly due to investment in risk and governance infrastructure.

In Malaysia, revenue increased from $73 million to $95 million with good growth in global markets products facilitated by a wider product mix and advisory services. Costs were held flat at $57 million through tight control.

The Other Asia Pacific region delivered strong results with excellent contributions in all countries and, in particular, from Korea and Taiwan. Revenue grew by 21 per cent to $422 million. This increase was broadly spread across the commercial banking and global markets product range. Costs increased by 15 per cent to $277 million reflecting investment in product capability in the region.

In India, profit on the sale of investment securities arising as a result of a programme to reduce the risk in the book was significantly lower in 2004. Excluding the effect of this, revenue grew by around 12 per cent. This reflected broad based product growth and positive contribution from all customer segments. The increase in costs of 11 per cent to $97 million is the result of investment in new businesses, people and infrastructure to capture further growth opportunities.

In the UAE revenue increased by 11 per cent to $147 million, driven largely by foreign exchange, cash management and structured global markets products. Elsewhere in the MESA region revenue grew by $28 million to $205 million, led by significant cross-selling of global markets products. The increase in costs in the region was due to expansion into new markets, investment in new products, infrastructure and continued strengthening of risk and governance functions.

In Africa, revenue at $366 million was 34 per cent higher than in 2003. High commodity prices and relative economic stability in a number of key markets have contributed to this result. The contribution from Botswana and Zimbabwe was particularly strong. Costs grew by 32 per cent, mainly due to inflationary pressure and expansion in Nigeria and South Africa.

The Americas, UK and Group Head Office has seen revenue increase by 12 per cent to $499 million. Strong fees and commissions were partially offset by reduced yield on asset and liability management.

An analysis of Wholesale Banking revenue by product is set out below:

Revenue by product	**2004 $m**	2003* $m
Trade and Lending	**868**	815
Global Markets	**1,209**	1,054
Cash Management and Custody	**489**	383
	2,566	2,252

* Comparative restated (see note 31 on page 63).

Trade and lending revenue has increased by seven per cent to $868 million. Trade finance, underpinned by strong intra-Asian trade flows, has outstripped lending growth.

Global markets revenue has grown strongly at 15 per cent. Investment in new product capability in debt capital markets, asset backed securities, structured trade and derivatives has started to deliver good returns. Revenue from asset and liability management was lower than in 2003 due to the shape of the yield curves, but the decline has stabilised.

Cash management and custody revenue was up by 28 per cent. Cash management grew on the back of higher transaction volumes and an increase of more than 30 per cent in average balances. Custody increased by more than 40 per cent with assets under administration up by more than 50 per cent.

Costs in Wholesale Banking increased by 12 per cent. This was due to further investment for growth, increased spending on infrastructure and controls and higher performance driven costs, largely due to variable compensation.

The Wholesale Banking had a net specific debt release of $2 million compared to a $68 million charge in the previous period. Gross provisions were down by 37 per cent and recoveries down by 13 per cent. This has been achieved through continued enhancement of risk management processes and improvement in the risk profile, together with a favourable credit environment. $26 million of general provision was released against the Wholesale portfolio in 2004 (2003: $10 million).

RISK

Through its risk management structure the Group seeks to manage efficiently the core risks: credit, market, country and liquidity risk arise directly through the Group's commercial activities whilst business, regulatory, operational and reputational risk are normal consequences of any business undertaking. The key element of risk management philosophy is for the risk functions to operate as an independent control working in partnership with the business units to provide a competitive advantage to the Group.

The basic principles of risk management followed by the Group include:

- ensuring that business activities are controlled on the basis of risk adjusted return;
- managing risk within agreed parameters with risk quantified wherever possible;
- assessing risk at the outset and throughout the time that we continue to be exposed to it;
- abiding by all applicable laws, regulations, and governance standards in every country in which we do business;
- applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

Risk Management Framework

Ultimate responsibility for the effective management of risk rests with the Company's Board of Directors. The Audit and Risk Committee reviews specific risk areas and guides and monitors the activities of the Group Risk Committee and the Group Asset and Liability Committee.

All the Executive Directors of Standard Chartered PLC and members of the Standard Chartered Bank Court are members of the Group Risk Committee which is chaired by the Group Executive Director responsible for Risk ("GED Risk"). This Committee has responsibility for determining the Group standards and policies for risk measurement and management, and also delegating authorities and responsibilities to various sub committees.

The committee process ensures that standards and policy are cascaded down through the organisation from the Board through the Group Risk Committee and the Group Asset and Liability Committee to the functional, regional, and country level committees. Key information is communicated through the country, regional, and functional committees to Group, to provide assurance that standards and policies are being followed.

The GED Risk manages an independent risk function which:

- recommends Group standards and policies for risk measurement and management;
- monitors and reports Group risk exposures for country, credit, market and operational risk;
- approves market risk limits and monitors exposure;
- sets country risk limits and monitors exposure;
- chairs the credit committee and delegates credit authorities subject to oversight;
- validates risk models; and
- recommends risk appetite and strategy.

Individual Group Executive Directors are accountable for risk management in their businesses and support functions and for countries where they have governance responsibilities. This includes:

- implementing the policies and standards as agreed by the Group Risk Committee across all business activity;
- managing risk in line with appetite levels agreed by the Group Risk Committee; and
- developing and maintaining appropriate risk management infrastructure and systems to facilitate compliance with risk policy.

The GED Risk, together with Group Internal Audit, provides independent assurance that risk is being measured and managed in accordance with the Group's standards and policies.

Credit Risk

Credit risk is the risk that a counterparty will not settle its obligations in accordance with agreed terms.

Credit exposures include individual borrowers and connected groups of counterparties and portfolios on the banking and trading books.

Clear responsibility for credit risk is delegated from the Board to the Group Risk Committee. Standards and policies for managing credit risk are determined by the Group Risk Committee which also delegates credit authorities through the GED Risk to independent Risk Officers at Group and at the Wholesale Banking and Consumer Banking business levels. Procedures for managing credit risk are determined at the business levels with specific policies and procedures being adapted to different risk environment and business goals. The Risk Officers are located in the businesses to maximise the efficiency of decision-making, but have an independent reporting line into the GED Risk.

Within the Wholesale Banking business, credit analysis includes a review of facility detail, credit grade determination and financial spreading/ratio analysis. The Bank uses a numerical grading system for quantifying the risk associated with a counterparty. The grading is based on a probability of default measure with customers analysed against a range of quantitative and qualitative measures. There is a clear segregation of duties with loan applications being prepared separately from the approval chain. Significant exposures are reviewed and approved centrally through a Group or Regional level Credit Committee. This Committee receives its authority and delegated responsibilities from the Group Risk Committee.

The businesses, working with the Risk Officers, take responsibility for managing pricing for risk, portfolio diversification and overall asset quality within the requirements of Group standards, policies, and the business strategy.

For Consumer Banking, standard credit application forms are generally used which are processed in central units using manual or automated approval processes as appropriate to the customer, the product or the market. As with Wholesale Banking, origination and approval roles are segregated.

Loan Portfolio

Loans and advances to customers have increased by 20 per cent during the year to $71.6 billion. In Consumer Banking growth has resulted from increases in the mortgage book, mainly in Singapore, Malaysia and India. In Wholesale Banking growth was across all regions. This was particularly in trade, syndications and project finance, including the acquisition of the $1.2 billion ANZ project finance portfolio.

Approximately 49 per cent (2003: 53 per cent) of the portfolio relates to Consumer Banking, predominantly retail mortgages. Other Consumer Banking covers credit cards, personal loans and other secured lending.

Approximately half of the Group's loans and advances are short term in nature and have a maturity of one year or less. The Wholesale Banking portfolio is predominantly short term, with 75 per cent of loans and advances having a maturity of one year or less. In Consumer Banking, 63 per cent of the portfolio is in the mortgage book, traditionally longer term in nature.

The following tables set out by maturity the amount of customer loans net of provisions:

	2004				2003*			
	One year or less $m	**One to five years $m**	**Over five years $m**	**Total $m**	One year or less $m	One to five years $m	Over five years $m	Total $m
Consumer Banking								
Mortgages	**1,877**	**4,156**	**15,985**	**22,018**	1,917	4,143	14,229	20,289
Other	**5,241**	**3,876**	**403**	**9,520**	4,874	3,534	553	8,961
Small and medium enterprises	**989**	**440**	**2,050**	**3,479**	558	217	1,631	2,406
Total	**8,107**	**8,472**	**18,438**	**35,017**	7,349	7,894	16,413	31,656
Wholesale Banking	**27,670**	**5,145**	**4,099**	**36,914**	22,209	4,526	1,778	28,513
General provisions	**-**	**-**	**-**	**(335)**	-	-	-	(425)
Net loans and advances to customers	**35,777**	**13,617**	**22,537**	**71,596**	29,558	12,420	18,191	59,744

* The analysis of net loans and advances to customers for Consumer and Wholesale Banking at 31 December 2003 has been restated to separately disclose small and medium enterprises within Consumer Banking. This has resulted in a transfer of $514 million from the Wholesale Banking portfolio to Consumer Banking. There was no impact on total net loans and advances to customers.

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

The following tables set out an analysis of the Group's net loans and advances as at 31 December 2004 and 31 December 2003 by the principal category of borrowers, business or industry and/or geographical distribution:

	2004									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to individuals										
Mortgages	**12,189**	**5,064**	**2,422**	**737**	**1,194**	**-**	**87**	**63**	**262**	**22,018**
Other	**2,097**	**651**	**488**	**2,622**	**1,201**	**819**	**1,109**	**431**	**102**	**9,520**
Small and medium enterprises	**731**	**1,622**	**578**	**200**	**230**	**13**	**29**	**76**	**-**	**3,479**
Consumer Banking	**15,017**	**7,337**	**3,488**	**3,559**	**2,625**	**832**	**1,225**	**570**	**364**	**35,017**
Agriculture, forestry and fishing	**-**	**26**	**55**	**56**	**15**	**-**	**19**	**171**	**314**	**656**
Construction	**154**	**27**	**6**	**34**	**105**	**103**	**136**	**46**	**4**	**615**
Commerce	**1,560**	**804**	**136**	**895**	**262**	**824**	**378**	**353**	**1,113**	**6,325**
Electricity, gas and water	**387**	**40**	**71**	**271**	**104**	**-**	**119**	**102**	**300**	**1,394**
Financing, insurance and business services	**1,914**	**1,608**	**554**	**762**	**415**	**951**	**411**	**47**	**2,268**	**8,930**
Loans to governments	**-**	**306**	**1,551**	**-**	**-**	**-**	**16**	**7**	**225**	**2,105**
Mining and quarrying	**-**	**65**	**63**	**122**	**1**	**92**	**57**	**95**	**1,032**	**1,527**
Manufacturing	**1,343**	**423**	**269**	**2,512**	**814**	**236**	**1,031**	**404**	**2,294**	**9,326**
Commercial real estate	**984**	**721**	**2**	**388**	**-**	**-**	**-**	**29**	**2**	**2,126**
Transport, storage and communication	**366**	**280**	**128**	**321**	**226**	**56**	**243**	**165**	**1,177**	**2,962**
Other	**19**	**128**	**51**	**354**	**43**	**38**	**205**	**24**	**86**	**948**
Wholesale Banking	**6,727**	**4,428**	**2,886**	**5,715**	**1,985**	**2,300**	**2,615**	**1,443**	**8,815**	**36,914**
General provision									**(335)**	**(335)**
Total loans and advances to customers	**21,744**	**11,765**	**6,374**	**9,274**	**4,610**	**3,132**	**3,840**	**2,013**	**8,844**	**71,596**
Total loans and advances to banks	**2,852**	**2,399**	**480**	**3,554**	**325**	**535**	**932**	**510**	**7,335**	**18,922**

Under "Loans to individuals - Other", $1,270 million (2003: $1,371 million) relates to the cards portfolio in Hong Kong. The total cards portfolio is $3,586 million (2003: $3,329 million).

The Wholesale Banking portfolio is well diversified across both geography and industry, with no concentration in exposure to sub-industry classification levels in manufacturing, financing, insurance and business services, commerce and transport, storage and communication.

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

	2003*									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to individuals										
Mortgages	11,974	4,450	1,951	831	640	-	67	30	346	20,289
Other	2,219	703	660	1,990	999	677	1,127	430	156	8,961
Small and medium enterprises	577	1,162	541	-	126	-	-	-	-	2,406
Consumer Banking	14,770	6,315	3,152	2,821	1,765	677	1,194	460	502	31,656
Agriculture, forestry and fishing	6	2	76	49	12	-	24	144	387	700
Construction	104	9	13	43	34	83	91	19	13	409
Commerce	1,350	848	187	717	30	619	394	398	725	5,268
Electricity, gas and water	327	36	25	240	56	3	69	127	84	967
Financing, insurance and business services	1,575	883	428	657	194	434	320	116	1,184	5,791
Loans to governments	-	61	747	8	-	-	13	-	281	1,110
Mining and quarrying	-	14	78	35	-	59	59	16	470	731
Manufacturing	1,326	745	214	2,016	943	179	916	283	1,738	8,360
Commercial real estate	873	663	7	250	-	-	1	18	3	1,815
Transport, storage and communication	491	143	38	118	71	30	237	114	1,513	2,755
Other	23	62	44	170	1	26	166	44	71	607
Wholesale Banking	6,075	3,466	1,857	4,303	1,341	1,433	2,290	1,279	6,469	28,513
General provision									(425)	(425)
Total loans and advances to customers	20,845	9,781	5,009	7,124	3,106	2,110	3,484	1,739	6,546	59,744
Total loans and advances to banks	2,113	1,045	204	2,784	239	605	889	308	5,167	13,354

* The analysis of net loans and advances to customers for Consumer and Wholesale Banking at 31 December 2003 has been restated to separately disclose small and medium enterprises within Consumer Banking. This has resulted in a transfer of $514 million from the Wholesale Banking portfolio to Consumer Banking. There was no impact on total net loans and advances to customers.

Problem Credits

The Group employs a variety of tools to monitor the loan portfolio and to ensure the timely recognition of problem credits.

In Wholesale Banking, accounts or portfolios are placed on Early Alert when they display signs of weakness. Such accounts and portfolios are subject to a dedicated process involving senior risk officers and representatives from the specialist recovery unit, which is independent of the business units. Account plans are re-evaluated and remedial actions are agreed and monitored until complete. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exit of the account or immediate movement of the account into the control of the specialist recovery unit.

In Consumer Banking, an account is considered to be in default when payment is not received on the due date. Accounts that are overdue by more than 30 days (60 days for mortgages) are considered delinquent. These are closely monitored and subject to a special collections process.

In general, loans are treated as non-performing when interest or principal is 90 days or more past due.

Consumer Banking

Provisions are derived on a formulaic basis depending on the product:

Mortgages: a provision is raised where accounts are 150 days past due based on the difference between the outstanding value of the loan and the forced sale value of the underlying asset.

Credit cards: a charge-off is made for all balances which are 150 days past due or earlier as circumstances dictate. In Hong Kong charge-off is currently at 120 days.

Other unsecured Consumer Banking products are charged off at 150 days past due.

For other secured Consumer Banking products a provision is raised at 90 days past due for the difference between the outstanding value and the forced sale value of the underlying asset. The underlying asset is then re-valued periodically until disposal.

It is current practice to provision and write-off exposure in respect of Hong Kong bankruptcies at the time the customer petitions for bankruptcy.

The Small and Medium Enterprises (SME) portfolio is provisioned on a case by case basis.

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

The following tables set out the non-performing portfolio in Consumer Banking:

2004

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances Gross non-performing	72	146	181	60	42	14	28	24	46	613
Specific provisions for bad and doubtful debts	(32)	(24)	(28)	(13)	(12)	(11)	(11)	(9)	(5)	(145)
Interest in suspense	(1)	(4)	(24)	(7)	(8)	(2)	(13)	(8)	(7)	(74)
Net non-performing loans and advances	39	118	129	40	22	1	4	7	34	394
Cover ratio										36%

2003

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances Gross non-performing	138	115	192	63	43	16	23	18	10	618
Specific provisions for bad and doubtful debts	(48)	(17)	(26)	(15)	(11)	(11)	(8)	(7)	(5)	(148)
Interest in suspense	(1)	(3)	(23)	(9)	(9)	(5)	(8)	(7)	(2)	(67)
Net non-performing loans and advances	89	95	143	39	23	-	7	4	3	403
Cover ratio										35%

The relatively low Consumer Banking cover ratio reflects the fact that the Group classifies all exposure which is more than 90 days past due as non-performing, whilst specific provisions on unsecured lending are only raised at the time of charge-off. For secured products, provisions reflect the difference between the value of the underlying assets and the outstanding loan (see details relating to the raising of provisions above).

Wholesale Banking

Loans are designated as non-performing as soon as payment of interest or principal is 90 days or more overdue or where sufficient weakness is recognised so that full payment of either interest or principal becomes questionable. Where customer accounts are recognised as non-performing or display weakness that may result in non-performing status being assigned, they are passed to the management of a specialist unit which is independent of the main businesses of the Group.

For loans and advances designated non-performing, interest continues to accrue on the customer's account but is not included in income.

Where the principal, or a portion thereof, is considered uncollectible and of such little realisable value that it can no longer be included at its full nominal amount on the balance sheet, a specific provision is raised. In any decision relating to the raising of provisions, the Group attempts to balance economic conditions, local knowledge and experience and the results of independent asset reviews.

Where it is considered that there is no realistic prospect of recovering the principal of an account against which a specific provision has been raised, then that amount will be written off.

The following tables set out the total non-performing portfolio in Wholesale Banking including the portfolio covered by a Loan Management Agreement ("LMA") with a Thai Government Agency (see note 12 on page 48). This portfolio amounted to $236 million net of provisions at 31 December 2004 (2003: $660 million). The net non-performing loan portfolio has decreased by $607 million (54 per cent) over 2003.

2004

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances Gross non-performing	**409**	**185**	**117**	**558**	**68**	**49**	**126**	**104**	**674**	**2,290**
Specific provisions for bad and doubtful debts	**(257)**	**(89)**	**(68)**	**(256)**	**(29)**	**(31)**	**(69)**	**(46)**	**(435)**	**(1,280)**
Interest in suspense	**(92)**	**(56)**	**(35)**	**(54)**	**(26)**	**(13)**	**(55)**	**(42)**	**(127)**	**(500)**
Net non-performing loans and advances	**60**	**40**	**14**	**248**	**13**	**5**	**2**	**16**	**112**	**510**

2003

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances Gross non-performing	357	236	194	1,077	86	52	180	116	887	3,185
Specific provisions for bad and doubtful debts	(220)	(106)	(118)	(375)	(44)	(40)	(99)	(51)	(460)	(1,513)
Interest in suspense	(91)	(64)	(55)	(68)	(30)	(12)	(66)	(43)	(126)	(555)
Net non-performing loans and advances	46	66	21	634	12	-	15	22	301	1,117

Wholesale Banking Cover Ratio

The following tables show the Wholesale Banking cover ratio. The non-performing loans recorded below under Standard Chartered Nakornthon Bank (SCNB) are excluded from the cover ratio calculation as they are the subject of a Loan Management Agreement (LMA) with a Thai Government Agency. Refer to note 12 on page 48.

At 86 per cent, the Wholesale Banking non-performing portfolio is well covered. The balance uncovered by specific provision and interest in suspense represents the value of collateral held and/or the Group's estimate of the net value of any work-out strategy.

	2004		
	Total $m	**SCNB (LMA) $m**	**Total excl LMA $m**
Loans and advances - Gross non-performing	**2,290**	**351**	**1,939**
Specific provisions for bad and doubtful debts	**(1,280)**	**(115)**	**(1,165)**
Interest in suspense	**(500)**	**-**	**(500)**
Net non-performing loans and advances	**510**	**236**	**274**
Cover ratio			**86%**

	2003		
	Total $m	SCNB (LMA) $m	Total excl LMA $m
Loans and advances - Gross non-performing	3,185	772	2,413
Specific provisions for bad and doubtful debts	(1,513)	(112)	(1,401)
Interest in suspense	(555)	-	(555)
Net non-performing loans and advances	1,117	660	457
Cover ratio			81%

Group

The following tables set out the movements in the Group's total specific provisions against loans and advances:

2004

	Asia Pacific									
	Hong Kong $m	**Singapore $m**	**Malaysia $m**	**Other Asia Pacific $m**	**India $m**	**UAE $m**	**Other Middle East & Other S Asia $m**	**Africa $m**	**Americas UK & Group Head Office $m**	**Total $m**
Provisions held at 1 January 2004	**268**	**123**	**144**	**390**	**55**	**51**	**107**	**58**	**465**	**1,661**
Exchange translation differences	**-**	**3**	**-**	**4**	**2**	**(3)**	**(1)**	**2**	**8**	**15**
Amounts written off	**(154)**	**(62)**	**(63)**	**(142)**	**(65)**	**(13)**	**(29)**	**(21)**	**(58)**	**(607)**
Recoveries of amounts previously written off	**29**	**7**	**10**	**12**	**24**	**3**	**4**	**4**	**2**	**95**
Other	**4**	**-**	**(2)**	**(42)**	**(1)**	**-**	**(5)**	**-**	**38**	**(8)**
New provisions	**207**	**60**	**36**	**95**	**106**	**15**	**28**	**27**	**35**	**609**
Recoveries/provisions no longer required	**(65)**	**(18)**	**(29)**	**(48)**	**(80)**	**(11)**	**(24)**	**(15)**	**(50)**	**(340)**
Net charge against/(credit to) profit	**142**	**42**	**7**	**47**	**26**	**4**	**4**	**12**	**(15)**	**269**
Provisions held at 31 December 2004	**289**	**113**	**96**	**269**	**41**	**42**	**80**	**55**	**440**	**1,425**

2003

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 January 2003	255	159	235	358	60	108	144	53	452	1,824
Exchange translation differences	2	2	-	13	3	-	2	1	10	33
Amounts written off	(353)	(85)	(99)	(120)	(87)	(64)	(32)	(6)	(64)	(910)
Recoveries of amounts previously written off	23	14	10	13	18	1	1	1	3	84
Other	36	-	-	27	1	4	(4)	-	20	84
New provisions	364	72	34	142	142	14	22	24	90	904
Recoveries/provisions no longer required	(59)	(39)	(36)	(43)	(82)	(12)	(26)	(15)	(46)	(358)
Net charge against/(credit to) profit	305	33	(2)	99	60	2	(4)	9	44	546
Provisions held at 31 December 2003	268	123	144	390	55	51	107	58	465	1,661

Group (continued)

General Provision

The general provision is held to cover the inherent risk of losses, which, although not identified, are known by experience to be present in a loan portfolio and to other material uncertainties where specific provisioning is not appropriate. It is not held to cover losses arising from future events.

The Group sets the general provision with reference to past experience by using both Flow Rate and Expected Loss methodology, as well as taking judgemental factors into account. These factors include, but are not confined to, the economic environment in our core markets, the shape of the portfolio with reference to a range of indicators and management actions taken to pro-actively manage the portfolio.

During the year, $39 million of the general provision was applied to cover litigation in India dating back to 1992 and $4 million was added from acquisitions. $55 million has been released from the general provision reflecting the benign economic environment, the significant improvement in the Hong Kong bankruptcy situation and other portfolio indicators. At 31 December 2004, the balance of general provision stood at $335 million, 0.5 per cent of Loans and Advances to Customers (2003: $425 million, 0.7 per cent).

Country Risk

Country Risk is the risk that a counterparty is unable to meet its contractual obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

This covers the risk that:

- the sovereign borrower of a country may be unable or unwilling to fulfil its foreign currency or cross-border contractual obligations; and/or
- a non-sovereign counterparty may be unable to fulfil its contractual obligations as a result of currency shortage due to adverse economic conditions or actions taken by the government of the country.

The Group Risk Committee approves country risk policy and procedures and delegates the setting and management of country limits to the Group Head, Credit and Country Risk.

The businesses and country Chief Executive Officers manage exposures within these set limits and policies. Countries designated as higher risk are subject to increased central monitoring.

The following table, based on the Bank of England Cross Border Reporting (CE) guidelines, shows the Group's cross border assets including acceptances where they exceed one per cent of the Group's total assets.

Cross border assets exclude facilities provided within the Group. They comprise loans and advances, interest bearing deposits with other banks, trade and other bills, acceptances, amounts receivable under finance leases, certificates of deposit and other negotiable paper and investment securities where the counterparty is resident in a country other than that where the cross border asset is recorded. Cross border assets also include exposures to local residents denominated in currencies other than the local currency.

	2004				2003			
	Public sector $m	**Banks $m**	**Other $m**	**Total $m**	Public sector $m	Banks $m	Other $m	Total $m
USA	**824**	**745**	**2,660**	**4,229**	1,436	902	2,149	4,487
Netherlands	**-**	**2,639**	**406**	**3,045**	-	1,729	275	2,004
Hong Kong	**4**	**199**	**2,719**	**2,922**	14	112	2,301	2,427
Singapore	**-**	**325**	**1,939**	**2,264**	-	160	1,509	1,669
India	**74**	**1,132**	**867**	**2,073**	60	641	1,052	1,753
Korea	**47**	**1,258**	**698**	**2,003**	3	1,393	475	1,871
China*	**101**	**686**	**902**	**1,689**	**-**	-	-	-
France	**149**	**1,243**	**183**	**1,575**	4	1,529	253	1,786
Germany**	**-**	**-**	**-**	**-**	-	1,292	315	1,607

* Less than one per cent of total assets at 31 December 2003
** Less than one per cent of total assets at 31 December 2004

Market Risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. The Group is exposed to market risk arising principally from customer driven transactions.

Market Risk is governed by the Group Risk Committee, which agrees policies and levels of risk appetite in terms of Value at Risk (VaR). The Group Market Risk Committee provides market risk oversight and guidance on policy setting. Policies cover the trading book of the Group and also market risks within the non-trading books. Limits by location and portfolio are proposed by the businesses within the terms of agreed policy. Group Market Risk approves the limits within delegated authorities and monitors exposures against these limits.

Group Market Risk complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible. In addition, VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained.

Additional limits are placed on specific instrument and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools. Option risks are controlled through revaluation limits on currency and volatility shifts, limits on volatility risk by currency pair and other underlying variables that determine the options' value.

Value at Risk

The Group uses historic simulation to measure VaR on all market risk related activities.

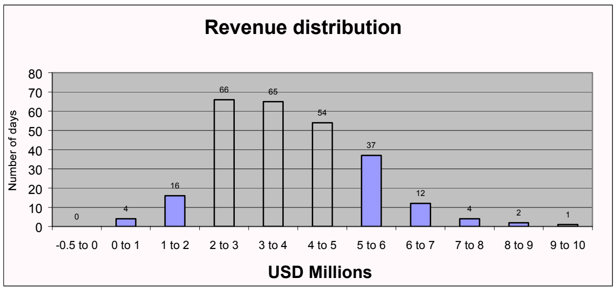
The total VaR for trading and non-trading books combined at 31 December 2004 was $15.4 million (2003: $12.2 million). Interest rate related VaR was $15.6 million (2003: $12.2 million) and foreign exchange related VaR was $3.0 million (2003: $1.3 million). The total VaR of $15.4 million recognises offsets between interest rate and foreign exchange risks. Additional information is given in note 29 on page 62.

The average total VaR for trading and non-trading books during the year was $15.8 million (2003: $13.6 million) with a maximum exposure of $19.4 million (2003: $16.0 million).

VaR for interest rate risk in the non-trading books of the Group totalled $16.7 million at 31 December 2004 (2003: $9.5 million). The increase in VaR reflects the rise in interest rates and positional changes.

The Group has no significant trading exposure to equity or commodity price risk.

The average daily revenue earned from market risk related activities was $3.8 million, compared with $3.5 million during 2003.



Foreign Exchange Exposure

The Group's foreign exchange exposures comprise trading, non-trading and structural foreign currency translation exposures.

Foreign exchange trading exposures are principally derived from customer driven transactions. The average daily revenue from foreign exchange trading businesses during 2004 was $1.6 million (2003: $1.3 million).

Interest Rate Exposure

The Group's interest rate exposures comprise trading exposures and non trading structural interest rate exposures.

Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities.

The average daily revenue from interest rate trading businesses during 2004 was $2.2 million (2003: $2.2 million).

Derivatives

Derivatives are contracts whose characteristics and value derive from underlying financial instruments, interest and exchange rates or indices. They include futures, forwards, swaps and options transactions in the foreign exchange and interest rate markets. Derivatives are an important risk management tool for banks and their customers because they can be used to manage the risk of price, interest rate and exchange rate movements.

The Group's derivative transactions are principally in instruments where the mark-to-market values are readily determinable by reference to independent prices and valuation quotes or by using standard industry pricing models.

The Group enters into derivative contracts in the normal course of business to meet customer requirements and to manage its own exposure to fluctuations in interest and exchange rates.

The Group applies a potential future exposure methodology to manage counterparty credit exposure associated with derivative transactions. This is calculated by taking the cost of replacing the contract, where its mark-to-market value is positive together with an estimate for the potential future change in the market value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value. The credit risk on derivatives is therefore usually small relative to their notional principal values. For an analysis of derivative contracts see notes 26 and 27 on pages 58 to 60.

Liquidity Risk

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

It is the policy of the Group to maintain adequate liquidity at all times, in all geographical locations and for all currencies. Hence the Group is in a position to meet all obligations, to repay depositors, to fulfil commitments to lend and to meet any other commitments made.

Liquidity risk management is governed by the Group Asset and Liability Committee (GALCO). This Committee, chaired by the GED Finance and with authority derived from the Board, is responsible for both statutory and prudential liquidity. These responsibilities are managed through the provision of authorities, policies and procedures that are co-ordinated by the Liquidity Management Committee (LMC) with regional and country Asset and Liability Committees (ALCO).

Due to the diversified nature of the Group's business, the Group's policy is that liquidity is more effectively managed locally, in-country. Each Country ALCO is responsible for ensuring that the country is self-sufficient and is able to meet all its obligations to make payments as they fall due. The Country ALCO has primary responsibility for compliance with regulations/Group policy and maintaining a Country Liquidity Crisis Contingency Plan. A substantial portion of the Group's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

The Group also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

The GALCO oversees the structural foreign exchange and interest rate exposures that arise within the Group. Policies and terms of reference are set within which Group Corporate Treasury manage these exposures on a day-to-day basis.

Policies and guidelines for the setting and maintenance of capital ratio levels are also delegated by GALCO. Group ratios are monitored centrally by Group Corporate Treasury, while local requirements are monitored by the local ALCO.

Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of technology, processes, infrastructure, personnel and other risks having an operational impact. The Group seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control, and report such risks.

The Group Operational Risk Committee (GORC) has been established to supervise and direct the management of operational risks across the Group. GORC is also responsible for ensuring adequate and appropriate policies and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

An independent Group operational risk function is responsible for establishing and maintaining the overall operational risk framework, and for monitoring the Group's key operational risk exposures. This unit is supported by Wholesale Banking and Consumer Banking Operational Risk units. They are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures, and the provision of guidance to the respective business areas on operational risk.

Compliance with operational risk policies and procedures is the responsibility of all managers. Every country operates a Country Operational

Risk Group (CORG). The CORG has in-country governance responsibility for ensuring that an appropriate and robust risk management framework is in place to monitor and manage operational risk.

Business Risk

Business risk is the risk of failing to achieve business targets due to inappropriate strategies, inadequate resources or changes in the economic or competitive environment and is managed through the Group's management processes. Regular reviews of the performance of Group businesses by the Group Management Committee, comprising Group Executive Directors and other senior management are used to assess business risks and agree management action. The reviews include corporate financial performance measures, capital usage, resource utilisation and risk statistics to provide a broad understanding of the current business position.

Compliance and Regulatory Risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements in a country in which the Group operates. The Group Compliance and Regulatory Risk function is responsible for establishing and maintaining an appropriate framework of Group compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

Legal Risk

Legal risk is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or other loss for the Group, failure to protect the title to and ability to control the rights to assets of the Group (including intellectual property rights), changes in the law, or jurisdictional risk.

The Group manages legal risk through the Group Legal Risk Committee, Legal risk policies and procedures and effective use of its internal and external lawyers.

Reputational Risk

Reputational risk is defined as the risk that any action taken by the Group or its employees creates a negative perception in the external market place. This includes the Group's and/or its customers' impact on the environment. The Group Risk Committee examines issues that are considered to have reputational repercussions for the Group and issues guidelines or policies as appropriate. It also delegates responsibilities for the management of legal/regulatory and reputational risk to the business through business risk committees. In Wholesale Banking, potential reputational risks resulting from transactions or policies and procedures are reviewed and actioned through the Wholesale Banking Reputational Risk Committee. Consumer Banking's Product and Reputational Risk Committee provides similar assurance.

Independent Monitoring

Group Internal Audit is an independent Group function that reports directly to the Group Chief Executive and the Audit and Risk Committee. Group Internal Audit provides independent confirmation that Group and business standards, policies and procedures are being complied with. Where necessary, corrective action is recommended.

Hedging Policies

The Group does not generally hedge the value of its foreign currency denominated investments in subsidiaries and branches. Hedges may be taken where there is a risk of a significant exchange rate movement but, in general, management believes that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation. The Group also seeks to match its assets denominated in foreign currencies with corresponding liabilities in the same currencies.

The effect of exchange rate movements on the capital risk asset ratio is mitigated by the fact that both the value of these investments and the risk weighted value of assets and contingent liabilities follow substantially the same exchange rate movements.

CAPITAL

The Group believes that being well capitalised is important. The Group Asset and Liability Committee targets Tier 1 and Total capital ratios of 7 - 9 per cent and 12 - 14 per cent respectively.

Basel II

The Group has a centrally managed Basel programme with work streams operating in businesses covering both credit and operational risk. Work is well advanced and the Group expects to be in line to gain compliance with the Basel Accord by 1 January 2007.

There is close alignment between the objectives of Basel II and the Group's own best practice goals. As a leading international bank, we are concerned by the potential impact of inconsistent implementation of the Basel Accord cross border and regard this as a key industry issue for Regulators to address.

International Financial Reporting Standards (IFRS)

From 1 January 2005, the Group will be required by European Directives to report its consolidated financial statements under IFRS, as endorsed by the European Union. Our first published results under IFRS will be the 2005 Interim Report. In May 2005 we intend to present to investors and analysts the impact of IFRS on the Group following the restatement of our 2004 financial statements.

The transition to IFRS represents a significant change in our accounting policies. The principal changes are:

- recording all derivatives and certain debt security assets at fair value on the balance sheet;
- recording additional bad debt charges for time-value discount provisions;
- recording interest on a 'level yield' basis;
- recording the cost of share options awarded to employees on a fair value basis;
- ceasing goodwill amortisation;
- dividends proposed but not declared are no longer accrued as a liability;
- grossing up of the balance sheet for items no longer permitted to be netted;
- consolidating certain assets and liabilities previously permitted to be off balance sheet;
- reclassification between liabilities and shareholders' funds of certain preferred securities and shares; and
- deferred tax effect on IFRS adjustments.

IFRS does not change net cash flows or the underlying economics of our business. However, excluding the potential impact of recording all derivatives on balance sheet at fair value, we expect an increase in shareholders' funds, particularly from not accruing dividends until declared. The cost of awarding share options to employees is expected to increase.

The accounting rules for fair valuing all derivatives is expected to cause some degree of earnings volatility in the future. Although the Group will aim to minimise this volatility, our priority will be to ensure risk is managed effectively.

Our expectation is that the impact of IFRS on the Group's regulatory capital will be minimal.

CAPITAL (continued)

	2004 $m	2003* $m
Tier 1 capital:		
Shareholders' funds	**8,435**	7,529
Minority interests - equity	**111**	83
Innovative Tier 1 securities	**1,246**	1,155
Less: restriction on innovative Tier 1 securities	**(68)**	(160)
Unconsolidated associated companies	**30**	13
Less: goodwill capitalised	**(1,900)**	(1,986)
Add: provision for retirement benefits after tax	**110**	124
Total Tier 1 capital	**7,964**	6,758
Tier 2 capital:		
Qualifying general provision	**335**	387
Perpetual subordinated debt	**1,961**	1,914
Other eligible subordinated debt	**3,525**	2,898
Restricted innovative Tier 1 securities	**68**	160
Total Tier 2 capital	**5,889**	5,359
Investments in other banks	**(33)**	(742)
Other deductions	**(34)**	(4)
Total capital	**13,786**	11,371
Risk weighted assets	**71,096**	58,371
Risk weighted contingents	**21,028**	19,791
Total risk weighted assets and contingents	**92,124**	78,162
Capital ratios:		
Tier 1 capital	**8.6%**	8.6%
Total capital	**15.0%**	14.5%

	2004 $m	2003 $m
Shareholders' funds:		
Equity	**7,759**	6,880
Non-equity	**676**	649
	8,435	7,529
Post-tax return on equity (normalised)	**20.1%**	15.7%

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004

	Notes	Before Acquisitions $m	Acquisitions $m	2004 Total $m	2003* Total $m
Interest receivable		**5,208**	**24**	**5,232**	4,790
Interest payable		**(2,062)**	**(2)**	**(2,064)**	(1,822)
Net interest income		**3,146**	**22**	**3,168**	2,968
Other finance income	**5**	**10**	**-**	**10**	(13)
Fees and commissions receivable, net		**1,334**	**-**	**1,334**	1,156
Dealing profits and exchange	**3**	**647**	**1**	**648**	525
Other operating income	**4**	**206**	**1**	**207**	104
		2,187	**2**	**2,189**	1,785
Net revenue		**5,343**	**24**	**5,367**	4,740
Administrative expenses:					
Staff		**(1,529)**	**(5)**	**(1,534)**	(1,332)
Premises		**(319)**	**(2)**	**(321)**	(290)
Other		**(716)**	**(5)**	**(721)**	(640)
Depreciation and amortisation, of which:	**7**	**(418)**	**(2)**	**(420)**	(381)
Amortisation of goodwill		**(179)**	**(2)**	**(181)**	(134)
Other		**(239)**	**-**	**(239)**	(247)
Total operating expenses		**(2,982)**	**(14)**	**(2,996)**	(2,643)
Operating profit before provisions		**2,361**	**10**	**2,371**	2,097
Provisions for bad and doubtful debts	**11**	**(210)**	**(4)**	**(214)**	(536)
Amounts written off fixed asset investments		**(1)**	**-**	**(1)**	(11)
Income from joint venture		**-**	**2**	**2**	-
Operating profit including joint venture before taxation	**1,2**	**2,150**	**8**	**2,158**	1,550
Taxation	**6**	**(635)**	**(2)**	**(637)**	(497)
Operating profit after taxation		**1,515**	**6**	**1,521**	1,053
Minority interests		**(42)**	**-**	**(42)**	(29)
Profit for the period attributable to shareholders		**1,473**	**6**	**1,479**	1,024
Dividends on non-equity preference shares	**8**	**(58)**	**-**	**(58)**	(55)
Dividends on ordinary equity shares	**9**	**(725)**	**-**	**(725)**	(611)
Retained profit		**690**	**6**	**696**	358
Normalised earnings per ordinary share	**10**			**125.9c**	90.1c
Basic earnings per ordinary share	**10**			**121.2c**	82.0c
Diluted earnings per ordinary share	**10**			**119.3c**	81.0c
Dividend per ordinary share	**9**			**57.5c**	52.0c

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED BALANCE SHEET
As at 31 December 2004

		Notes	2004 $m	2003* $m
Assets				
Cash, balances at central banks and cheques in course of collection			**2,269**	1,982
Treasury bills and other eligible bills			**4,425**	5,689
Loans and advances to banks		**1,11**	**18,922**	13,354
Loans and advances to customers		**1,11**	**71,596**	59,744
Debt securities and other fixed income securities		**13**	**28,295**	23,141
Equity shares and other variable yield securities		**14**	**253**	359
Interests in joint venture	- share of gross assets		**1,179**	-
	- share of gross liabilities		**(992)**	-
	- share of net assets		**187**	-
Intangible fixed assets			**1,900**	1,986
Tangible fixed assets			**844**	884
Prepayments, accrued income and other assets			**12,997**	13,063
Total assets			**141,688**	120,202
Liabilities				
Deposits by banks		**1,15**	**15,813**	10,924
Customer accounts		**1,16**	**84,572**	73,767
Debt securities in issue		**1,17**	**7,378**	6,062
Accruals, deferred income and other liabilities			**17,802**	15,339
Subordinated liabilities:				
Undated loan capital			**1,588**	1,568
Dated loan capital		**18**	**5,144**	4,399
Minority interests:				
Equity			**111**	83
Non-equity			**845**	531
Shareholders' funds		**19,20**	**8,435**	7,529
Total liabilities and shareholders' funds			**141,688**	120,202

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2004

	2004 **$m**	2003* $m
Profit attributable to shareholders	**1,479**	1,024
Exchange translation differences	**93**	69
Actuarial loss on retirement benefits	**(5)**	(65)
Deferred tax on actuarial gain on retirement benefits	**1**	20
Total recognised gains and losses for the period	**1,568**	1,048
Prior year adjustments**	**(186)**	
Total recognised gains and losses since the last annual report	**1,382**	

* Comparative restated (see note 31 on page 63).
** Including cumulative actuarial gains/losses arising in prior periods

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 December 2004

There is no material difference between the results as reported and the results that would have been reported on a historical cost basis. Accordingly, no note of the historical cost profits and losses has been included.

ACCOUNTING CONVENTION

The accounts of the Group have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets and dealing positions. The accounting policies, as listed in the Annual Report 2003, continue to be consistently applied, apart from the items referred to in note 31 on page 63, principally the adoption of FRS17 for Retirement Benefits, which have resulted in a restatement of comparative figures.

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2004

	2004 $m	2003* $m
Net cash inflow from operating activities (see note 21)	**2,503**	3,748
Returns on investment and servicing of finance		
Interest paid on subordinated loan capital	**(338)**	(298)
Dividends paid to minority shareholders of subsidiary undertakings	**(17)**	(22)
Dividends paid on preference shares	**(58)**	(55)
Net cash outflow from returns on investment and servicing of finance	**(413)**	(375)
Taxation		
UK taxes paid	**(33)**	(161)
Overseas taxes paid	**(540)**	(353)
Total taxes paid	**(573)**	(514)
Capital expenditure and financial investment		
Purchases of tangible fixed assets	**(240)**	(156)
Acquisitions of treasury bills held for investment purposes	**(9,396)**	(12,604)
Acquisitions of debt securities held for investment purposes	**(75,353)**	(49,247)
Acquisitions of equity shares held for investment purposes	**(121)**	(194)
Disposals of tangible fixed assets	**51**	14
Disposals and maturities of treasury bills held for investment purposes	**10,778**	12,632
Disposals and maturities of debt securities held for investment purposes	**71,482**	49,498
Disposals of equity shares held for investment purposes	**356**	13
Net cash outflow from capital expenditure and financial investment	**(2,443)**	(44)
Net cash (outflow)/inflow before equity dividends paid and financing	**(926)**	2,815
Net cash outflow from the purchase of interests in subsidiary undertakings, joint venture and businesses	**(333)**	-
Net cash inflow/(outflow) from disposal of interests in subsidiary and associated undertakings and the business of a branch	**6**	(95)
Net cash outflow from acquisitions and disposals	**(327)**	(95)
Equity dividends paid to members of the Company	**(587)**	(531)
Financing		
Gross proceeds from issue of ordinary share capital	**-**	3
Repurchase of preference share capital	**-**	(20)
Gross proceeds from issue of preferred securities	**499**	-
Repayment of subordinated liabilities	**(25)**	-
Net cash inflow/(outflow) from financing	**474**	(17)
(Decrease)/increase in cash in the period	**(1,366)**	2,172

* Comparative restated (see note 31 on page 63).

STANDARD CHARTERED PLC – NOTES

1. Segmental Information by Geographic Segment

The following tables set out profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the years ended 31 December 2004 and 31 December 2003:

	2004									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest receivable	1,389	720	343	798	541	204	324	536	1,463	6,318
Interest payable	(461)	(408)	(159)	(320)	(254)	(53)	(109)	(185)	(1,201)	(3,150)
Net interest income	928	312	184	478	287	151	215	351	262	3,168
Other finance income	4	1	-	-	-	-	-	4	1	10
Fees and commissions receivable, net	324	114	51	197	111	87	116	153	181	1,334
Dealing profits and exchange	99	81	30	121	67	33	42	74	101	648
Other operating income	53	5	5	19	1	-	4	2	118	207
Net revenue	1,408	513	270	815	466	271	377	584	663	5,367
Costs	(654)	(226)	(144)	(510)	(251)	(99)	(169)	(357)	(405)	(2,815)
Amortisation of goodwill	-	-	-	-	-	-	-	-	(181)	(181)
Total operating expenses	(654)	(226)	(144)	(510)	(251)	(99)	(169)	(357)	(586)	(2,996)
Operating profit before provisions	754	287	126	305	215	172	208	227	77	2,371
Charge for debts	(125)	(33)	(2)	(40)	(22)	(1)	(1)	(12)	22	(214)
Amounts written off fixed asset investments	-	-	-	-	2	-	-	-	(3)	(1)
Income from joint venture	-	-	-	2	-	-	-	-	-	2
Operating profit before taxation	629	254	124	267	195	171	207	215	96	2,158
Loans and advances to customers - average	21,608	10,414	5,272	7,932	3,779	2,582	3,718	1,834	7,421	64,560
Net interest margin (%)	2.2	1.6	2.4	2.5	3.6	2.6	3.5	7.6	0.6	2.7
Loans and advances to customers - period end	21,744	11,765	6,374	9,274	4,610	3,132	3,840	2,013	8,844	71,596
Loans and advances to banks - period end	2,852	2,399	480	3,554	325	535	932	510	7,335	18,922
Total assets employed	48,459	20,419	7,130	21,424	8,528	6,371	6,493	6,407	52,821	178,052
Total risk weighted assets and contingents	20,337	13,892	4,411	13,344	6,413	4,150	4,611	2,749	24,895	94,802

See note a) to f) on page 40.

STANDARD CHARTERED PLC – NOTES (continued)

1. Segmental Information by Geographic Segment (continued)

2003*

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total* $m
Interest receivable	1,473	621	318	700	513	215	291	409	1,182	5,722
Interest payable	(531)	(287)	(145)	(300)	(258)	(71)	(94)	(161)	(907)	(2,754)
Net interest income	942	334	173	400	255	144	197	248	275	2,968
Other finance income	(3)	(2)	(1)	(1)	(2)	-	-	-	(4)	(13)
Fees and commissions receivable, net	313	118	47	160	88	66	82	118	164	1,156
Dealing profits and exchange	96	43	12	109	60	24	33	65	83	525
Other operating income	7	(7)	4	13	65	-	3	12	7	104
Net revenue	1,355	486	235	681	466	234	315	443	525	4,740
Costs	(618)	(210)	(136)	(429)	(212)	(91)	(145)	(282)	(386)	(2,509)
Amortisation of goodwill	-	-	-	-	-	-	-	-	(134)	(134)
Total operating expenses	(618)	(210)	(136)	(429)	(212)	(91)	(145)	(282)	(520)	(2,643)
Operating profit before provisions	737	276	99	252	254	143	170	161	5	2,097
Charge for debts	(305)	(33)	2	(99)	(60)	(2)	4	(9)	(34)	(536)
Amounts written off fixed asset investments	-	-	-	-	(4)	-	-	-	(7)	(11)
Operating profit/(loss) before taxation	432	243	101	153	190	141	174	152	(36)	1,550
Loans and advances to customers - average	21,428	8,624	4,329	6,675	2,811	1,929	3,328	1,416	7,249	57,789
Net interest margin (%)	2.4	1.8	2.5	2.4	4.0	3.4	3.8	6.7	0.8	2.8
Loans and advances to customers - period end	20,845	9,781	5,009	7,124	3,106	2,110	3,484	1,739	6,546	59,744
Loans and advances to banks - period end	2,113	1,045	204	2,784	239	605	889	308	5,167	13,354
Total assets employed	39,390	15,747	6,676	16,756	7,590	4,962	5,465	4,557	38,292	139,435
Total risk weighted assets and contingents	19,438	12,423	4,018	8,569	4,560	3,234	4,138	2,115	22,019	80,514

* Comparative restated (see note 31 on page 63).

See note a) to f) on page 40.

1. Segmental Information by Geographic Segment (continued)

(a) Total interest receivable and total interest payable include intra-group interest of $1,086 million (2003: $932 million).

(b) Group central expenses have been distributed between segments in proportion to their direct costs and the benefit of the Group's capital has been distributed between segments in proportion to their risk weighted assets.

(c) Business acquisitions are a result of corporate decisions made at the centre and the amortisation of purchased goodwill is included in the Americas, UK and Group Head Office segment.

(d) Total assets employed include intra-group items of $28,801 million (2003: $11,726 million) and balances of $7,563 million (2003: $7,507 million) which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

(e) Total risk weighted assets and contingents include $2,678 million (2003: $2,352 million) of balances which are netted in calculating capital ratios.

(f) In 2004 other operating income includes profits and losses arising from corporate decisions to dispose of investments in KorAm Bank ($95 million in Americas, UK & Group Head Office) and BOC Hong Kong (Holdings) Limited ($36 million in Hong Kong) and the premium on repurchase of surplus subordinated debt ($23 million in India). Costs include $18 million related to the incorporation of the Hong Kong business (Hong Kong) and the $5 million donation to the Tsunami relief effort (Malaysia, India, Other APR and Other MESA). These decisions resulted in non-recurring gains and charges of $85 million. They are included in the Geographic segmental information, but are not allocated to businesses in the Business segmental information shown in note 2.

STANDARD CHARTERED PLC – NOTES (continued)

1. Segmental Information by Geographic Segment (continued)

The following tables set out the structure of Standard Chartered's deposits by principal geographic region where it operates at 31 December 2004 and 31 December 2003:

2004

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Non interest bearing current and demand accounts	**3,602**	**2,040**	**989**	**1,228**	**1,224**	**1,114**	**1,146**	**1,159**	**16**	**12,518**
Interest bearing current and demand accounts	**15,300**	**2,329**	**130**	**2,831**	**2**	**661**	**429**	**1,603**	**3,920**	**27,205**
Savings deposits	**24**	**528**	**437**	**1,715**	**970**	**249**	**1,350**	**512**	**9**	**5,794**
Time deposits	**13,155**	**9,847**	**3,423**	**6,189**	**3,441**	**2,529**	**1,657**	**679**	**10,410**	**51,330**
Other deposits	**2**	**50**	**569**	**894**	**2**	**187**	**215**	**69**	**1,550**	**3,538**
Total	**32,083**	**14,794**	**5,548**	**12,857**	**5,639**	**4,740**	**4,797**	**4,022**	**15,905**	**100,385**
Deposits by banks	**1,204**	**3,150**	**813**	**3,361**	**1,109**	**1,007**	**355**	**110**	**4,704**	**15,813**
Customer accounts	**30,879**	**11,644**	**4,735**	**9,496**	**4,530**	**3,733**	**4,442**	**3,912**	**11,201**	**84,572**
	32,083	**14,794**	**5,548**	**12,857**	**5,639**	**4,740**	**4,797**	**4,022**	**15,905**	**100,385**
Debt securities in issue	**1,508**	**758**	**401**	**1,063**	**387**	**-**	**-**	**1**	**3,260**	**7,378**
Total	**33,591**	**15,552**	**5,949**	**13,920**	**6,026**	**4,740**	**4,797**	**4,023**	**19,165**	**107,763**

2003

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Non interest bearing current and demand accounts	2,997	1,814	781	944	1,049	775	920	867	433	10,580
Interest bearing current and demand accounts	14,294	1,538	94	1,906	3	599	325	991	3,863	23,613
Savings deposits	22	492	453	978	786	214	1,080	520	4	4,549
Time deposits	12,671	7,751	2,833	4,993	2,987	2,108	1,480	749	8,105	43,677
Other deposits	16	45	593	803	230	169	246	150	20	2,272
Total	30,000	11,640	4,754	9,624	5,055	3,865	4,051	3,277	12,425	84,691
Deposits by banks	1,097	921	733	1,725	1,234	955	305	160	3,794	10,924
Customer accounts	28,903	10,719	4,021	7,899	3,821	2,910	3,746	3,117	8,631	73,767
	30,000	11,640	4,754	9,624	5,055	3,865	4,051	3,277	12,425	84,691
Debt securities in issue	2,068	346	351	783	87	-	-	1	2,426	6,062
Total	32,068	11,986	5,105	10,407	5,142	3,865	4,051	3,278	14,851	90,753

STANDARD CHARTERED PLC – NOTES (continued)

2. Segmental Information by Class of Business

	2004				2003*			
	Consumer Banking $m	**Wholesale Banking $m**	**Corporate items not allocated**	**Total $m**	Consumer Banking $m	Wholesale Banking $m	Corporate items not allocated	Total* $m
Net interest income	**1,952**	**1,216**	**-**	**3,168**	1,830	1,138	-	2,968
Other finance income	**3**	**7**	**-**	**10**	(4)	(9)	-	(13)
Other income	**738**	**1,343**	**108**	**2,189**	662	1,123	-	1,785
Net revenue	**2,693**	**2,566**	**108**	**5,367**	2,488	2,252	-	4,740
Costs	**(1,388)**	**(1,404)**	**(23)**	**(2,815)**	(1,259)	(1,250)	-	(2,509)
Amortisation of goodwill	**-**	**-**	**(181)**	**(181)**	-	-	(134)	(134)
Total operating expenses	**(1,388)**	**(1,404)**	**(204)**	**(2,996)**	(1,259)	(1,250)	(134)	(2,643)
Operating profit before provisions	**1,305**	**1,162**	**(96)**	**2,371**	1,229	1,002	(134)	2,097
Charge for debts	**(242)**	**28**	**-**	**(214)**	(478)	(58)	-	(536)
Amounts written off fixed asset investments	**-**	**(1)**	**-**	**(1)**	-	(11)	-	(11)
Income from joint venture	**1**	**1**	**-**	**2**	-	-	-	-
Operating profit before taxation	**1,064**	**1,190**	**(96)**	**2,158**	751	933	(134)	1,550
Total assets employed	**37,047**	**104,641**	**-**	**141,688**	33,890	86,312	-	120,202
Total risk weighted assets and contingents	**28,069**	**64,055**	**-**	**92,124**	24,253	53,909	-	78,162

* Comparative restated (see note 31 on page 63).

See note 1b), 1c) and 1f) on page 40.

3. Dealing Profits and Exchange

	2004 $m	2003 $m
Income from foreign exchange dealing	**494**	396
Profits less losses on dealing securities	**20**	12
Other dealing profits and exchange	**134**	117
	648	525

4. Other Operating Income

	2004 $m	2003 $m
Other operating income includes:		
Profits less losses on disposal of investment securities	**164**	62
Premium paid on repurchase of India subordinated debt	**(23)**	-
Dividend income	**11**	14

5. Retirement Benefits

With effect from 1 January 2004 the Group fully adopted Financial Reporting Standard 17 - Retirement Benefits (FRS17). See note 31 on page 63.

The disclosures required under the Financial Reporting Standard 17 - Retirement Benefits (FRS17) have been calculated for all relevant plans by qualified independent actuaries based on the most recent full actuarial valuations updated to 31 December 2004 (the effective date of the full valuations ranges between 31 December 2002 and 31 December 2004). Actuarial gains and losses during the period reflect conditions at the balance sheet date and are recognised in the Statement of Total Recognised Gains and Losses.

The total charge under FRS17 for benefits under the Group's retirement benefit schemes was $82 million (2003: $97 million), of which $45 million (2003: $38 million) was for defined benefit pension schemes, $46 million (2003: $44 million) was for defined contribution pension schemes and $1 million (2003: $2 million) was for post-retirement benefits other than pensions. The finance income was $10 million (2003: charge of $13 million).

The assets and liabilities of the schemes, attributable to defined benefit members were:

	2004 $m	2003 $m
Total market value of assets	**1,913**	1,665
Present value of the schemes' liabilities	**(2,069)**	(1,838)
Deficit	**(156)**	(173)
Related deferred tax asset	**46**	49
Net pension liability	**(110)**	(124)

Pension expense for defined benefit schemes on the FRS17 basis was:

	2004 $m	2003 $m
Current service cost	**47**	37
Past service cost	**3**	6
Gain on settlement and curtailments	**(5)**	(5)
Total charge to operating profit	**45**	38
Expected return on pension scheme assets	**(120)**	(73)
Interest on pension scheme liabilities	**110**	86
(Credit)/charge to investment income	**(10)**	13
Total charge to profit before deduction of tax	**35**	51
Actual less expected return on assets	**(22)**	(67)
Experience (gain)/loss on liabilities	**(2)**	9
Loss on change of assumptions	**29**	123
Total loss recognised in Statement of Total Recognised Gains and Losses before tax	**5**	65
Deferred tax	**(1)**	(20)
	4	45

6. Taxation

	2004 $m	2003* $m
Analysis of taxation charge in the period		
The charge for taxation based upon the profits for the period comprises:		
United Kingdom corporation tax at 30% (2003: 30%):		
Current tax on income for the period	**407**	353
Adjustments in respect of prior periods	**17**	(34)
Double taxation relief	**(357)**	(286)
Foreign tax:		
Current tax on income for the period	**559**	491
Adjustments in respect of prior periods	**(14)**	(26)
Total current tax	**612**	498
Deferred tax:		
Origination/reversal of timing differences - current year	**38**	7
Adjustments in respect of prior periods	**(13)**	(8)
	25	(1)
Tax on profits on ordinary activities	**637**	497
Effective tax rate	**29.5%**	32.1%

*Comparative restated (see note 31 on page 63).

Overseas taxation includes taxation on Hong Kong profits of $122 million (2003: $134 million) provided at a rate of 17.5 per cent (2003: 17.5 per cent) on the profits assessable in Hong Kong. The Group's total deferred tax asset is $322 million at 31 December 2004, (2003: $339 million). $276 million (2003: $290 million) is disclosed in other assets. The balance of $46 million in December 2004 (2003: $49 million) represents the deferred tax on pension liabilities, so is offset against the pension liabilities amount included in other liabilities.

7. Depreciation and Amortisation

	2004 $m	2003 $m
Goodwill	**181**	134
Premises	**40**	43
Equipment	**199**	204
	420	381

The Group has reviewed its goodwill amortisation periods and has revised the amortisation schedule from periods between 10 and 20 years to periods between 5 and 20 years.

8. Dividends on Preference Shares

	2004 $m	2003 $m
Non-cumulative irredeemable preference shares:		
7⅜% preference shares of £1 each	**14**	12
8¼% preference shares of £1 each	**15**	13
Non-cumulative redeemable preference shares:		
8.9% preference shares of $5 each	**29**	30
	58	55

9. Dividends on Ordinary Equity Shares

	2004		2003	
	Cents per share	**$m**	Cents per share	$m
Interim	**17.06**	**201**	15.51	182
Final	**40.44**	**524**	36.49	429
	57.50	**725**	52.00	611

The 2004 final dividend of 40.44 cents per share will be paid in either sterling, Hong Kong dollars or US dollars on 13 May 2005, to shareholders on the UK register of members at the close of business on 25 February 2005 and to shareholders on the Hong Kong branch register of members at the opening of business in Hong Kong (9:00am Hong Kong time) on 25 February 2005. It is intended that shareholders will be able to elect to receive shares credited as fully paid instead of all or part of the interim cash dividend. Details of the dividend will be sent to shareholders on or around 14 March 2005.

10. Earnings per Ordinary Share

	2004			2003*		
	Profit $m	**Average number of shares ('000)**	**Per share amount cents**	Profit $m	Average number of shares ('000)	Per share amount cents
Basic EPS						
Profit attributable to ordinary shareholders	**1,421**	**1,172,921**		969	1,167,333	
Premium and costs paid on repurchase of preference shares	**-**	**-**		(12)	-	
Basic earnings per ordinary share	**1,421**	**1,172,921**	**121.2c**	957	1,167,333	82.0c
Effect of dilutive potential ordinary shares:						
Convertible bonds	**23**	**34,488**		21	34,488	
Options	**-**	**3,444**		-	6,161	
Diluted EPS	**1,444**	**1,210,853**	**119.3c**	978	1,207,982	81.0c

The Group measures earnings per share on a normalised basis. This differs from earnings defined in Financial Reporting Standard 14. The table below provides a reconciliation.

	2004 $m	2003* $m
Profit attributable to ordinary shareholders, as above	**1,421**	957
Amortisation of goodwill	**181**	134
Premium and costs paid on repurchase of preference shares	**-**	12
Profit on sale of shares in - KorAm	**(95)**	-
- Bank of China	**(36)**	-
Premium and costs paid on repurchase of subordinated debt	**23**	-
Costs of Hong Kong incorporation	**18**	-
Tsunami donation	**5**	-
	(85)	
Profits less losses on disposal of investment securities	**(33)**	(62)
Profit on sale of tangible fixed assets	**(4)**	-
Profit on disposal of subsidiary undertakings	**(4)**	-
Amounts written off fixed asset investments	**1**	11
Normalised earnings	**1,477**	1,052
Normalised earnings per ordinary share	**125.9c**	90.1c

* Comparative restated (see note 31 on page 63).

11. Loans and Advances

	2004		2003	
	Loans to banks $m	**Loans to customers $m**	Loans to banks $m	Loans to customers $m
Gross loans and advances	**18,986**	**73,866**	13,423	62,383
Specific provisions for bad and doubtful debts	**(52)**	**(1,373)**	(59)	(1,602)
General provision	**-**	**(335)**	-	(425)
Interest in suspense	**(12)**	**(562)**	(10)	(612)
	18,922	**71,596**	13,354	59,744

The movement in provisions for bad and doubtful debts is set out below:

	2004		2003	
	Specific $m	**General $m**	Specific $m	General $m
Provisions held at beginning of period	**1,661**	**425**	1,824	468
Exchange translation differences	**15**	**-**	33	-
Amount utilised	**-**	**(39)**	-	(33)
Amounts written off	**(607)**	**-**	(910)	-
Recoveries of amounts previously written off	**95**	**-**	84	-
Other	**(8)**	**4**	84	-
New provisions	**609**	**-**	904	-
Recoveries/provisions no longer required	**(340)**	**(55)**	(358)	(10)
Net charge against/(credit to) profit	**269**	**(55)**	546	(10)
Provisions held at end of period	**1,425**	**335**	1,661	425

12. Non-Performing Loans and Advances

	2004			2003		
	SCNB (LMA) $m	**Other $m**	**Total $m**	SCNB (LMA) $m	Other $m	Total $m
Loans and advances on which interest is suspended	**351**	**2,552**	**2,903**	772	3,031	3,803
Specific provisions for bad and doubtful debts	**(115)**	**(1,310)**	**(1,425)**	(112)	(1,549)	(1,661)
Interest in suspense	**-**	**(574)**	**(574)**	-	(622)	(622)
	236	**668**	**904**	660	860	1,520

Net non-performing loans and advances comprises loans and advances to banks $55 million (2003: $96 million) and loans and advances to customers $849 million (2003: $1,424 million).

12. Non-Performing Loans and Advances (continued)

The Group acquired Standard Chartered Nakornthon Bank (SCNB) (formerly Nakornthon Bank) in September 1999. Under the terms of the acquisition, non-performing loans (NPLs) of THB 38.75 billion ($998 million) are subject to the LMA with the Financial Institutions Development Fund (FIDF), a Thai Government agency. Under the LMA, the FIDF has guaranteed the recovery of a principal amount of the NPLs of THB 23 billion ($592 million). The LMA also provides, inter alia, for loss sharing arrangements whereby the FIDF will bear up to 85 per cent of losses in excess of the guaranteed amount. The guarantee from FIDF is being progressively settled with final settlement expected in early 2005. The carrying cost of the NPLs is reimbursable by the FIDF to SCNB every half year for a period of five years from the date of acquisition.

Excluding the SCNB non-performing loan portfolio, subject to the LMA, specific provisions and interest in suspense together cover 74 per cent (2003: 72 per cent) of total non-performing lending to customers.

13. Debt Securities and Other Fixed Income Securities

	2004			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	**8,206**	**1,719**	**9,925**	**8,231**
Other public sector securities	**1,263**	**-**	**1,263**	**1,256**
	9,469	**1,719**	**11,188**	**9,487**
Issued by banks:				
Certificates of deposit	**6,076**	**82**	**6,158**	**6,068**
Other debt securities	**6,269**	**777**	**7,046**	**6,285**
	12,345	**859**	**13,204**	**12,353**
Issued by other issuers:				
Other debt securities	**2,895**	**1,008**	**3,903**	**2,900**
	2,895	**1,008**	**3,903**	**2,900**
Total debt securities	**24,709**	**3,586**	**28,295**	**24,740**
Of which:				
Listed on a recognised UK exchange	**5,651**	**-**	**5,651**	**5,671**
Listed elsewhere	**6,700**	**1,505**	**8,205**	**6,723**
Unlisted	**12,358**	**2,081**	**14,439**	**12,346**
	24,709	**3,586**	**28,295**	**24,740**
Book amount investment securities:				
One year or less	**14,627**			
One to five years	**8,107**			
More than five years	**1,975**			
	24,709			

Debt securities include $1,068 million (2003: $559 million) of securities sold subject to sale and repurchase transactions.

The valuation of listed investments is at market value and of unlisted investments at directors' estimate.

13. Debt Securities and Other Fixed Income Securities (continued)

	2003			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	7,496	819	8,315	7,570
Other public sector securities	476	-	476	478
	7,972	819	8,791	8,048
Issued by banks:				
Certificates of deposit	4,086	65	4,151	4,072
Other debt securities	5,215	353	5,568	5,212
	9,301	418	9,719	9,284
Issued by other issuers:				
Bills discountable with recognised markets	-	17	17	-
Other debt securities	3,528	1,086	4,614	3,489
	3,528	1,103	4,631	3,489
Total debt securities	20,801	2,340	23,141	20,821
Of which:				
Listed on a recognised UK exchange	5,855	-	5,855	5,846
Listed elsewhere	5,298	957	6,255	5,301
Unlisted	9,648	1,383	11,031	9,674
	20,801	2,340	23,141	20,821
Book amount investment securities:				
One year or less	10,993			
One to five years	8,445			
More than five years	1,363			
	20,801			

The change in the book amount of debt securities held for investment purposes comprised:

	2004			2003		
	Historical cost $m	**Amortisation of discounts/ premiums $m**	**Book amount $m**	Historical cost $m	Amortisation of discounts/ premiums $m	Book amount $m
At 1 January	**20,791**	**10**	**20,801**	18,383	15	18,398
Exchange translation differences	**(35)**	**19**	**(16)**	1,475	10	1,485
Acquisitions	**75,353**	**-**	**75,353**	50,266	-	50,266
Maturities and disposals	**(71,499)**	**47**	**(71,452)**	(49,333)	(93)	(49,426)
Amortisation of discounts and premiums	**-**	**23**	**23**	-	78	78
At 31 December	**24,610**	**99**	**24,709**	20,791	10	20,801

At 31 December 2004, unamortised premiums on debt securities held for investment purposes amounted to $135 million (2003: $163 million) and unamortised discounts amounted to $356 million (2003: $366 million).

14. Equity Shares and Other Variable Yield Securities

	2004		2003*	
	Book amount Investment securities $m	**Valuation Investment securities $m**	Book amount Investment securities $m	Valuation Investment securities $m
Listed on a recognised UK exchange	**-**	**-**	1	1
Listed elsewhere	**88**	**107**	261	353
Unlisted	**165**	**188**	97	97
	253	**295**	359	451
One year or less	**10**	**10**	14	14
One to five years	**35**	**35**	40	44
More than five years	**1**	**1**	-	-
Undated	**207**	**249**	305	393
	253	**295**	359	451

* Comparative restated (see note 31 on page 63).

The valuation of listed securities is at market value and of unlisted securities at directors' estimate.

Income from listed equity shares amounted to $4 million (2003: $5 million) and income from unlisted equity shares amounted to $7 million (2003: $9 million).

The change in the book amount of equity shares held for investment purposes comprised:

	2004			2003*		
	Historical cost $m	**Provisions $m**	**Book amount $m**	Historical cost $m	Provisions $m	Book amount $m
At 1 January	**398**	**(39)**	**359**	225	(32)	193
Exchange translation differences	**2**	**(1)**	**1**	4	(1)	3
Acquisitions	**121**	**-**	**121**	246	-	246
Disposals	**(207)**	**(7)**	**(214)**	(71)	1	(70)
Charge/(credit) to profit	**-**	**-**	**-**	-	(5)	(5)
Other	**(13)**	**(1)**	**(14)**	(6)	(2)	(8)
At 31 December	**301**	**(48)**	**253**	398	(39)	359

* Comparative restated (see note 31 on page 63).

15. Deposits by Banks

	2004 $m	2003 $m
Repayable on demand	**2,588**	3,894
With agreed maturity dates or periods of notice, by residual maturity:		
Three months or less	**8,963**	5,057
Between three months and one year	**2,268**	1,502
Between one and five years	**1,994**	446
Over five years	**-**	25
	15,813	10,924

16. Customer Accounts

	2004 $m	2003 $m
Repayable on demand	**36,862**	31,619
With agreed maturity dates or periods of notice, by residual maturity:		
Three months or less	**40,842**	35,789
Between three months and one year	**5,626**	5,615
Between one and five years	**1,204**	742
Over five years	**38**	2
	84,572	73,767

17. Debt Securities in Issue

	2004			2003		
	Certificates of deposit of $100,000 or more $m	**Other debt securities in issue $m**	**Total $m**	Certificates of deposit of $100,000 or more $m	Other debt securities in issue $m	Total $m
By residual maturity:						
Three months or less	**1,707**	**1,834**	**3,541**	1,711	612	2,323
Between three and six months	**701**	**206**	**907**	487	52	539
Between six months and one year	**637**	**475**	**1,112**	1,030	59	1,089
Between one and five years	**1,013**	**724**	**1,737**	1,552	459	2,011
Over five years	**21**	**60**	**81**	13	87	100
	4,079	**3,299**	**7,378**	4,793	1,269	6,062

18. Dated Subordinated Loan Capital

	2004 $m	2003 $m
By residual maturity:		
Within one year	**1,084**	25
Between one and five years	**1,805**	1,026
Over five years	**2,255**	3,348
	5,144	4,399

Of the total dated subordinated loan capital, $4,671 million is at fixed interest rates (2003: $3,992 million).

On 3 December 2004, the Group issued $350 million notes at 99.938 per cent. Interest is payable on the notes at 4.375 per cent Fixed Rate to, but excluding, 4 December 2009 and at Floating Rate thereafter. All of the notes may be redeemed by the Group on any interest payment date from and including 4 December 2009. There is not an option to redeem anything less than 100 per cent of the notes. The notes will mature on 3 December 2014.

On 3 December 2004, the Group issued HKD670 million Floating Rate Notes at par. Interest is payable at HIBOR plus 37 basis points up until 4 December 2009, when the rate increases to HIBOR plus 87 basis points. All of the Notes may be redeemed by the Group on the interest payment date on 4 December 2009. There is not an option to redeem anything less than 100 per cent of the notes. The notes will mature on 3 December 2014.

On 3 December 2004, the Group issued HKD500 million notes at 99.886 per cent. Interest is payable on the notes at 3.50 per cent Fixed Rate to, but excluding, the interest payment date on 4 December 2009 and at Floating Rate thereafter. All of the notes may be redeemed by the Group on the interest payment date falling in December 2009. There is not an option to redeem anything less than 100 per cent of the notes. The notes will mature on 3 December 2014.

$25 million Floating Rate notes 2004/2009 were redeemed in July 2004.

On 3 February 2005, the Group issued €750 million subordinated Lower Tier 2 notes (“Euro notes”) at an issue price of 99.43 per cent and $500 million subordinated Lower Tier 2 notes (“Dollar notes”) at an issue price of 99.86 per cent. Interest is payable annually on the Euro notes at a fixed rate of 3.625 per cent until 3 February 2012 when variable rate interest of 3 month Euribor plus 87 basis points will be paid. The Euro notes will mature on 3 February 2017. The Euro notes are callable on 3 February 2012 and at each subsequent interest date. Interest is payable quarterly on the Dollar notes at a variable rate of $ Libor plus 30 basis points until 4 February 2010 when the rates will increase to Libor plus 80 basis points. The Dollar notes will mature on 3 February 2015. The Dollar notes are callable on 4 February 2010 and at each subsequent interest date.

19. Called Up Share Capital

	2004 $m	2003 $m
Equity capital		
Ordinary shares of $0.50 each	**589**	587
Non-equity capital		
Non-cumulative irredeemable preference shares:		
7⅜% preference shares of £1 each	**185**	172
8¼% preference shares of £1 each	**191**	178
Non-cumulative redeemable preference shares:		
8.9% preference shares of $5 each	**2**	2
	967	939

19. Called Up Share Capital (continued)

On 14 January 2005, the Company issued 117,902,943 new ordinary shares at a price of 920 pence per share representing approximately 9.99 per cent of the Company's existing issued ordinary share capital. The net proceeds of the placing were approximately GBP 1,071 million ($2.1 billion). The purpose of the share issue was to aid the funding of the purchase of the entire share capital of Korea First Bank for approximately KRW 3.4 trillion ($3.3 billion) in cash.

20. Shareholders' Funds

	Share capital $m	Share premium account $m	Capital reserve $m	Capital redemption reserve $m	Premises revaluation reserve $m	Profit and loss account $m	Total shareholders' funds $m
At 1 January 2004 previously published	**939**	**2,813**	**5**	**11**	**(2)**	**4,009**	**7,775**
Prior year adjustments (note 31)	**-**	**-**	**-**	**-**	**-**	**(186)**	**(186)**
At 1 January 2004 restated	**939**	**2,813**	**5**	**11**	**(2)**	**3,823**	**7,589**
Exchange translation differences	**26**	**-**	**-**	**-**	**-**	**67**	**93**
Shares issued, net of expenses	**2**	**15**	**-**	**-**	**-**	**52**	**69**
Actuarial loss on retirement benefits	**-**	**-**	**-**	**-**	**-**	**(4)**	**(4)**
Realised on disposal of property	**-**	**-**	**-**	**-**	**(3)**	**3**	**-**
Retained profit	**-**	**-**	**-**	**-**	**-**	**696**	**696**
Capitalised on exercise of share options	**-**	**7**	**-**	**-**	**-**	**(7)**	**-**
At 31 December 2004	**967**	**2,835**	**5**	**11**	**(5)**	**4,630**	**8,443**
Own shares held in ESOP Trusts	**-**	**-**	**-**	**-**	**-**	**(8)**	**(8)**
Total shareholders' funds	**967**	**2,835**	**5**	**11**	**(5)**	**4,622**	**8,435**

Equity interests	**7,759**
Non-equity interests	**676**
At 31 December 2004	**8,435**

20. Shareholders' Funds (continued)

	Share capital $m	Share premium account $m	Capital reserve $m	Capital redemption reserve $m	Premises revaluation reserve $m	Profit and loss account $m	Total* shareholders' funds $m
At 1 January 2003 previously published	909	2,764	5	3	3	3,643	7,327
Prior year adjustments (note 31)	-	-	-	-	-	(149)	(149)
At 1 January 2003 restated	909	2,764	5	3	3	3,494	7,178
Exchange translation differences	35	-	-	-	(2)	36	69
Shares issued, net of expenses	3	46	-	-	-	-	49
Realised on disposal of property	-	-	-	-	(3)	3	-
Repurchase of preference shares	(8)	-	-	8	-	(20)	(20)
Actuarial loss on retirement benefits	-	-	-	-	-	(45)	(45)
Retained profit	-	-	-	-	-	358	358
Capitalised on exercise of share options	-	3	-	-	-	(3)	-
At 31 December 2003	939	2,813	5	11	(2)	3,823	7,589
Own shares held in ESOP Trust	-	-	-	-	-	(60)	(60)
Total shareholders' funds	939	2,813	5	11	(2)	3,763	7,529
Equity interests							6,880
Non-equity interests							649
At 31 December 2003							7,529

* Comparative restated (see note 31 on page 63).

Bedell Cristin Trustees Limited is the trustee of both the 1995 Employees' Share Ownership Plan Trust ('the 1995 trust'), which is an employee benefit trust used in conjunction with some of the Group's employee share schemes, and the Standard Chartered 2004 Employee Benefit Trust ('the 2004 trust') which is an employee benefit trust used in conjunction with the Group's deferred bonus plan. The trustee has agreed to satisfy a number of awards made under the employee share schemes and the deferred bonus plan through the relevant employee benefit trust. As part of these arrangements Group companies fund, from time to time, the trust to enable the trustee to acquire shares to satisfy these awards.

The 1995 trust has acquired, at market value, 12,127,841 (2003: 9,513,386) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's Restricted Share Scheme, Performance Share Plan and Executive Share Option Schemes. The purchase of these shares has been fully funded by the Group.

At 31 December 2004, the 1995 trust held 12,127,841 (2003: 9,513,386) shares, of which 11,854,754 (2003: 4,733,884) have vested unconditionally. The balance of 273,087 (2003: 4,779,502) shares has been included in the Group balance sheet, as a deduction in shareholders' funds at a cost of $5 million (2003: $60 million). The market value of the unvested shares at 31 December 2004 was $5 million (2003: $79 million). 273,087 (2003: 4,585,901) shares have been conditionally gifted to employees.

The 2004 trust has acquired, at market value, 178,926 (2003: nil) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's deferred bonus plan. The purchase of these shares has been fully funded by the Group.

At 31 December 2004, the 2004 trust held 178,926 (2003: nil) shares, all of which were unvested. These shares have been included in the Group balance sheet, as a deduction in shareholders' funds, at cost of $3 million (2003: nil). The market value of the unvested shares at 31 December 2004 was $3 million. The shares are used to satisfy awards under the Group's deferred bonus plan.

21. Consolidated Cash Flow Statement

Reconciliation between operating profit before taxation and net cash inflow from operating activities:

	2004 $m	2003* $m
Operating profit	**2,158**	1,550
Adjustments for items not involving cash flow or shown separately:		
Amortisation of goodwill	**181**	134
Depreciation and amortisation of premises and equipment	**239**	247
Gain on disposal of tangible fixed assets	**(4)**	(14)
Gain on disposal of investment securities	**(164)**	(62)
Amortisation of investments	**(41)**	(107)
Charge for bad and doubtful debts and contingent liabilities	**214**	536
Amounts written off fixed asset investments	**1**	11
Debts written off, net of recoveries	**(504)**	(807)
Increase in accruals and deferred income	**59**	201
(Increase)/decrease in prepayments and accrued income	**(165)**	80
Net increase in mark-to-market adjustment***	**(259)**	(403)
Interest paid on subordinated loan capital	**338**	298
Net cash inflow from trading activities	**2,053**	1,664
Net increase in cheques in the course of collection	**(45)**	(27)
Net increase in treasury bills and other eligible bills	**(78)**	(76)
Net (increase)/decrease in loans and advances to banks and customers	**(16,216)**	2,398
Net increase in deposits from banks, customer accounts and debt securities in issue	**14,927**	2,128
Net increase in dealing securities	**(1,174)**	(1,550)
Net increase/(decrease) in other accounts**	**3,036**	(789)
Net cash inflow from operating activities	**2,503**	3,748
Analysis of changes in cash		
Balance at beginning of period	**5,661**	3,496
Exchange translation differences	**57**	(7)
Net cash (outflow)/inflow	**(1,366)**	2,172
Balance at end of period	**4,352**	5,661

* Comparative restated (see note 31 on page 63).
** This includes the effect of foreign exchange translation in the local books of subsidiaries and branches.
*** Mark-to-market adjustments are being reclassified from the reconciliation to 'Net cash inflow from operating activities', to the reconciliation to 'Net cash inflow from trading activities', as this better reflects their impact on cash flows.

22. Net Interest Margin and Interest Spread

	2004	2003
	%	%
Net interest margin	**2.7**	2.8
Interest spread	**2.4**	2.5

	$m	$m
Average interest earning assets	**117,300**	106,939
Average interest bearing liabilities	**101,155**	91,840

23. Remuneration

The Group employed 33,322 staff at 31 December 2004 (2003: 30,200).

Within the authority delegated by the Board of Directors, the Board Remuneration Committee is involved in determining the remuneration policy of the Group but specifically for agreeing the individual remuneration packages for executive directors and other highly remunerated individuals. No executive directors are involved in deciding their own remuneration. The Group's remuneration policy is to:

- Support a strong performance-oriented culture and ensure that individual rewards and incentives relate directly to the performance of the individual, the operations and functions for which they are responsible, the Group as a whole and the interests of the shareholders; and

- Maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented employees of the highest quality internationally.

The success of the Group depends upon the performance and commitment of talented employees. In terms of applying this policy:

- Base salaries are set at the median of the Group's key international competitors; and

- Annual bonus awards are made wholly on the basis of Group and individual performance and also an individual's adherence to the Group's values.

Standard Chartered believes strongly in encouraging employee share ownership at all levels in the organisation. The Group operates certain discretionary share plans which are designed to provide competitive long-term incentives. Of these plans, the Performance Share Plan and the Executive Share Option Scheme are only exercisable upon the achievement of specified performance criteria. In addition, the Group operates two all-employee sharesave schemes in which 40 per cent of employees participate.

24. Charge on Group Assets

Group assets include $2,653 million (2003: $2,951 million) which are subordinated to the claims of other parties, $2,532 million of which relates to note issuance in Hong Kong (2003: $2,249 million).

25. Contingent Liabilities and Commitments

The table below shows the contract or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk. The credit equivalent and risk weighted amounts have been calculated in accordance with the Financial Services Authority guidelines implementing the Basel Accord on capital adequacy, after taking account of collateral and guarantees received.

	2004			2003		
	Contract or underlying principal amount $m	**Credit equivalent amount $m**	**Risk weighted amount $m**	Contract or underlying principal amount $m	Credit equivalent amount $m	Risk weighted amount $m
Contingent liabilities						
Acceptances and endorsements	**976**	**976**	**842**	716	716	535
Guarantees and irrevocable letters of credit	**15,942**	**9,976**	**8,146**	12,350	8,480	5,773
Other contingent liabilities	**3,139**	**2,414**	**1,221**	4,802	3,364	2,132
	20,057	**13,366**	**10,209**	17,868	12,560	8,440
Commitments						
Documentary credits and short term trade-related transactions	**2,924**	**585**	**494**	2,157	431	394
Forward asset purchases and forward deposits placed	**54**	**54**	**11**	26	26	5
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	**9,140**	**4,570**	**4,133**	7,182	3,591	3,259
Less than one year	**8,903**	**-**	**-**	5,203	-	-
Unconditionally cancellable	**25,933**	**-**	**-**	26,589	-	-
	46,954	**5,209**	**4,638**	41,157	4,048	3,658

26. Fair Values

These tables analyse the notional principal amounts and the positive and negative fair values of the Group's derivative financial instruments. Positive and negative fair values are the mark-to-market values of the derivative contracts adjusted for any amounts recognised in the Consolidated Profit and Loss Account for non-trading items. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

Fair values at the period end are representative of the Group's typical position during the period.

Trading activities are defined as positions held in financial instruments with the intention of benefiting from short term rates or price movements. The risk section of the Financial Review on pages 17 to 32 explains the Group's risk management of derivative contracts.

	2004			2003		
	Notional principal amounts $m	**Positive fair value $m**	**Negative fair value $m**	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Trading book						
Forward foreign exchange contracts	**409,003**	**6,789**	**6,500**	405,983	8,936	8,535
Foreign exchange derivative contracts						
Currency swaps and options	**116,734**	**2,592**	**2,532**	124,138	1,875	1,931
Exchange traded futures and options	**238**	**-**	**-**	327	-	-
Total	**116,972**	**2,592**	**2,532**	124,465	1,875	1,931
Interest rate derivative contracts						
Swaps	**409,418**	**3,359**	**3,125**	253,359	2,834	2,941
Forward rate agreements and options	**57,475**	**101**	**127**	61,506	89	81
Exchange traded futures and options	**96,282**	**54**	**54**	108,995	24	27
Total	**563,175**	**3,514**	**3,306**	423,860	2,947	3,049
Total trading book derivative financial instruments	**1,089,150**	**12,895**	**12,338**	954,308	13,758	13,515
Effect of netting		**(7,563)**	**(7,563)**		(7,507)	(7,507)
		5,332	**4,775**		6,251	6,008

26. Fair Values (continued)

Non-trading activities are defined as positions held with respect to management of the Group's assets and liabilities and related hedges.

	2004			2003		
	Notional principal amounts $m	**Positive fair value $m**	**Negative fair value $m**	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Non-trading book						
Interest rate derivative contracts						
Swaps	**2,304**	**17**	**4**	28	-	2
Forward rate agreements and options	**495**	**-**	**-**	92	-	-
Exchange traded futures and options	**-**	**-**	**-**	2,634	2	1
Total	**2,799**	**17**	**4**	2,754	2	3
Commodity derivative contracts*	**6,030**	**33**	**33**	866	1	1
Total non-trading book derivative financial instruments	**8,829**	**50**	**37**	3,620	3	4

* The increase in commodity derivative contracts relates to oil options entered into on a back-to-back basis to meet customer requirements.

	2004		2003	
	Book value $m	**Market value $m**	Book value $m	Market value $m
Listed and publicly traded securities:				
Financial assets	**16,627**	**16,689**	17,542	17,548
Preference shares	**676**	**856**	649	768
Other financial liabilities	**12,013**	**11,833**	10,760	10,965
Financial liabilities	**12,689**	**12,689**	11,409	11,733

Financial assets include treasury bills, debt securities and equity shares. Other financial liabilities include debt securities in issue and subordinated loan capital.

27. Credit Exposures in respect of Derivative Contracts

The residual maturity analysis of the notional principal amounts of derivative contracts, excluding exchange traded futures and options, held at 31 December 2004 and 31 December 2003 for trading and non-trading purposes is set out below:

	2004				2003			
	Under one year $m	**One to five years $m**	**Over five years $m**	**Total $m**	Under one year $m	One to five years $m	Over five years $m	Total $m
Forward foreign exchange and foreign exchange derivative contracts								
Notional principal amount	**479,468**	**41,409**	**4,860**	**525,737**	488,667	37,075	4,379	530,121
Net replacement cost	**7,640**	**1,504**	**237**	**9,381**	9,581	1,091	139	10,811
Interest rate derivative contracts								
Notional principal amount	**243,369**	**189,548**	**36,775**	**469,692**	166,138	119,008	29,839	314,985
Net replacement cost	**519**	**1,782**	**1,176**	**3,477**	474	1,520	929	2,923
Commodity derivative contracts								
Notional principal amount	**1,094**	**4,348**	**588**	**6,030**	445	421	-	866
Net replacement cost	**3**	**23**	**7**	**33**	-	1	-	1
Counterparty risk								
Financial institutions				**11,532**				12,901
Non financial institutions				**1,359**				834
Total net replacement cost				**12,891**				13,735

The risk section of the Financial Review on pages 17 to 32 explains the Group's risk management of derivative contracts.

28. Structural Currency Exposures

The Group's structural currency exposures are set out below:

	2004			2003		
	Net investments in overseas units $m	**Borrowing in the functional currency of the units concerned hedging the net investment in the units $m**	**Structural currency exposures $m**	Net investments in overseas units $m	Borrowing in the functional currency of the units concerned hedging the net investment in the units $m	Structural currency exposures $m
Functional currency of the business unit:						
Singapore Dollar	**1,080**	**-**	**1,080**	9	-	9
Indian Rupee	**650**	**-**	**650**	482	-	482
Hong Kong Dollar	**2,920**	**-**	**2,920**	(1)	-	(1)
Malaysian Ringgit	**509**	**-**	**509**	428	-	428
Thai Baht	**180**	**-**	**180**	(1)	-	(1)
UAE Dirham	**271**	**-**	**271**	241	-	241
Korean Won	**117**	**-**	**117**	88	-	88
Indonesian Rupiah	**291**	**-**	**291**	118	-	118
Sterling	**952**	**(952)**	**-**	842	(832)	10
Other non US dollar	**883**	**-**	**883**	832	-	832
Total	**7,853**	**(952)**	**6,901**	3,038	(832)	2,206

Structural currency exposures for 2004 and 2003 relate to net investments in non US dollar units.

The Group's main operations in non US dollar units were Asia, Africa, India and the United Kingdom. The main operating (or 'functional') currencies of its overseas business units therefore include Hong Kong Dollar, Malaysian Ringgit, Singapore Dollar, Indian Rupee and Sterling. The Group prepares its consolidated financial statements in US dollars, and the Group's consolidated balance sheet is affected by movements in the exchange rates between functional currencies and US dollars. These currency exposures are referred to as structural. Translation gains and losses arising from these exposures are recognised in the Consolidated Statement of Total Recognised Gains and Losses.

The risk section of the Financial Review on pages 17 to 32 explains the Group's hedging policies.

29. Market Risk

	2004				2003			
	12 months to 31 December			31 December	12 months to 31 December			31 December
Trading book	Average $m	High $m	Low $m	Actual $m	Average $m	High $m	Low $m	Actual $m
Daily value at risk:								
Interest rate risk	**3.3**	**4.4**	**2.2**	**3.4**	2.7	4.0	1.8	2.9
Foreign exchange risk	**2.4**	**4.5**	**1.2**	**3.0**	1.6	3.8	0.9	1.3
Total	**4.2**	**6.0**	**3.1**	**5.1**	3.4	6.7	2.0	3.2

This note should be read in conjunction with the market risk section of the Financial Review on pages 28 and 29 which explains the Group's market risk management.

The Group measures the risk of losses arising from potential future adverse movements in interest and exchange rates, prices and volatilities using a VaR methodology. The Group uses historic simulation as its VaR methodology.

The total Group Trading book VaR shown in the table above is not a sum of the interest rate and exchange rate risks due to offset. The highest and lowest VaR are independent and could have occurred on different days.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced around six times per year.

The historic simulation method is used with an observation period of one year and involves the revaluation of all unmatured contracts to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio.

The Group recognises that there are limitations to the VaR methodology. These limitations include the fact that the historic data may not be the best proxy for future price movements, either because the observation period does not include representative price movements or, in some cases, because of incomplete market data.

The Group performs regular back-testing, where actual profits and losses are compared with VaR estimates to track the statistical validity of the VaR Model.

VaR is calculated as the Group's exposure as at the close of business, London time. Intra-day risk levels may vary from those reported at the end of the day.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. To manage the risk arising from events which the VaR methodology does not capture, the Group regularly stress tests its main market risk exposures. Stress testing involves valuing portfolios at prices which assume extreme changes in risk factors beyond the range of normal experience. Positions that would give rise to potentially significant losses under a low probability stress event are reviewed by the Group Risk Committee.

30. Forward Looking Statements

This document contains forward-looking statements, including such statements within the meaning of section 27A of the US Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These statements concern, or may affect, future matters. These may include the Group's future strategies, business plans, and results and are based on the current expectations of the directors of Standard Chartered. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments, competitive and general operating conditions.

31. Restatement of Comparative Figures

a) The Group has fully adopted the accounting requirements of FRS17 - Retirement Benefits. FRS17 replaces Statement of Standard Accounting Practice (SSAP) 24 and Urgent Issue Task Force (UITF) Abstract 6 as the accounting standard dealing with post-retirement benefits. The standard is being introduced in the UK in stages, starting with disclosures in the notes to the accounts. The full requirements of the standard are not mandatory until reporting periods starting on or after 1 January 2005, however early adoption is encouraged. The Group has adopted the standard one year early as there is now more certainty that similar requirements will be incorporated within IFRS, under which the Group will report for reporting periods starting on or after 1 January 2005.

The new standard requires the Group to include the assets of its defined benefit schemes on its balance sheet together with the related liability to make benefit payments net of deferred tax. The profit and loss account includes a charge in respect of the cost of accruing benefits for current employees and any benefit improvements. The expected return of the schemes' assets is included within other income less a charge in respect of unwinding the discount applied to the scheme's liabilities.

Under SSAP24 the profit and loss account included a charge in respect of the cost of accruing surplus benefits for the current employees offset by a credit in respect of the amortisation of the surplus in the Group's defined benefit schemes. A net pension prepayment was included in the Group's balance sheet.

A prior year adjustment has been made reducing shareholders' funds at 31 December 2003 by $202 million to reflect the revised policy.

The effect of this change on the profit and loss account for the year ended 31 December 2004 has been to introduce other finance income of $10 million (2003: $13 million charge), and to decrease administrative expenses by $16 million (2003: $30 million decrease). Profit before tax has been increased by $26 million (2003: $17 million increase).

The effect on the Group's balance sheet at 31 December 2004 has been to include a provision for defined benefit schemes of $110 million (2003: $124 million), to reduce prepayments and accrued income by $60 million (2003: $81 million) and to reduce shareholders' funds by $183 million (2003: $202 million).

b) The cost recognition policy for the Group has been revised for share schemes to reflect their usage as long term incentive plans, in accordance with the Urgent Issues Task Force 17 Employee Share Schemes.

In previous years costs have been recognised on an up front basis. From 2004 the Group will spread the cost of share schemes over the performance/vesting period. The effect of this change on the profit and loss account for the year ended 31 December 2004 has been to decrease staff costs by $14 million before tax (2003: $9 million increase staff costs). Shareholders' funds have been increased by $10 million (2003: $16 million).

32. UK and Hong Kong Accounting Requirements

The consolidated financial statements of the Group are prepared in accordance with UK GAAP which differs in certain significant respects from Hong Kong GAAP. There would be no material differences between the accounting conventions except as set out below:

Investments in Securities

UK GAAP

Securities, including equity shares and treasury bills, which are intended for use on a continuing basis are classified as investment securities. Investment securities are stated at cost less any provision for impairment. Where dated investment securities are purchased at a premium or a discount, these premiums or discounts are amortised through the profit and loss account. Securities other than investment securities are classified as dealing securities and are stated at market value.

Hong Kong GAAP

Under Hong Kong Statement of Standard Accounting Practice 24 – Accounting for Investments in Securities (SSAP24), investment securities classified as held-to-maturity securities are stated at amortised cost less any provision for diminution in value. Other securities, not intended to be held until maturity, are accounted for under the 'alternative' treatment. Under the alternative treatment securities are identified as either trading or non-trading. Trading securities are stated at fair value with changes in fair value recognised in the profit and loss account as they arise. Non-trading securities are stated at fair value with changes in fair value recognised in the revaluation reserve until disposal.

If the Group had prepared its financial statements under Hong Kong SSAP24 there would have been a net charge to the profit and loss account of $9 million, (2003: $5 million), an increase in the book amount of investment in securities of $46 million (2003: $30 million) and a credit to reserves of $32 million (2003: $21 million).

Tangible Fixed Assets

UK GAAP

Under Financial Reporting Standard 15 - Tangible Fixed Assets (FRS15), revaluation gains should be recognised in the profit and loss account only to the extent (after adjusting for subsequent depreciation) that they reverse revaluation losses on the same asset that were previously recognised in the profit and loss account. All other revaluation gains should be recognised in the statement of total recognised gains and losses.

All revaluation losses that are caused by a clear consumption of economic benefits should be recognised in the profit and loss account. Other revaluation losses should be recognised in the statement of total recognised gains and losses until the carrying amount reaches its depreciated historical cost; and thereafter, in the profit and loss account unless it can be demonstrated that the recoverable amount (the higher of net realisable value and value in use as defined in Financial Reporting Standard 11 - Impairment of fixed assets and goodwill) of the asset is greater than the revalued amount, in which case the loss should be recognised in the statement of recognised gains and losses to the extent that the recoverable amount of the asset is greater than its revalued amount.

Hong Kong GAAP

Under Hong Kong SSAP17 - Property, Plant and Equipment, when an asset's carrying amount is increased as a result of revaluation, the increase should be credited directly to equity under the heading of revaluation reserve. However, a revaluation increase should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised as an expense. However, a revaluation decrease should be charged directly against any related revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset. Any excess thereafter will be charged to the profit and loss account.

At 31 December 2004, the Group's total properties comprised less than one per cent of the Group's total assets. A formal revaluation of certain of the Group's principal properties was performed at 31 August 2002, and at 30 September 2002 for all other properties, by independent valuers.

If the Group had prepared its financial statements under Hong Kong SSAP17 there would have been a net credit to the profit and loss account of $2 million (2003: $15 million charge) in respect of valuations below depreciated historical cost.

Dividends

UK GAAP

Dividends declared after the period end are recognised as a liability in the period to which they relate.

32. UK and Hong Kong Accounting Requirements (continued)

Hong Kong GAAP
Under Hong Kong SSAP9 (revised) - Events after the balance sheet date, dividends are only recognised as a liability in the accounting period in which they are declared by the directors (in the case of interim dividends) or approved by the shareholders (in the case of final dividends).

The retained profit for the year ended 31 December 2004 would rise by $95 million (2003: $44 million rise) had the Company adopted Hong Kong SSAP9 (revised), and there would have been an increase in reserves of $524 million (2003: $429 million).

Cash Flow Statement

UK GAAP
The Group prepares its cash flow statement in accordance with Financial Reporting Standard 1- Cash flow statements (FRS1). FRS1 is based on cash, with no concept of cash equivalents. Cash is defined as cash in hand and deposits with qualifying financial institutions repayable on demand, less overdrafts from such institutions repayable on demand.

Hong Kong GAAP
Under Hong Kong SSAP15 - Cash flow statements (Revised 2001) the statement is based on a wider concept of cash and cash equivalents. Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Hong Kong SSAP15 also specifies that bank borrowings are generally considered to be financing activities. However, bank overdrafts repayable on demand, which form an integral part of an enterprise's Cash Management, are included as a component of cash and cash equivalents.

In addition, Hong Kong SSAP15 is different from FRS1 in respect of the presentation/classification of the cash flow statement. Hong Kong SSAP15 classifies cashflows under three headings: (a) cash flows from operating activities; (b) cash flows from investing activities; and (c) cash flows from financing activities. FRS1 specifies a fuller analysis using eight headings: (a) cash flows from operating activities; (b) dividends from joint ventures and associates; (c) returns on investment and servicing of finance; (d) taxation; (e) capital expenditure and financial investment; (f) acquisitions and disposals; (g) equity dividends paid; and (h) financing.

Retirement Benefits

UK GAAP
Background
Financial Reporting Standard 17 - Retirement benefits (FRS17) has been adopted by the Group for the first time with effect from 1 January 2004.

FRS17 requires defined benefit pension scheme assets to be measured at fair value at each balance sheet date and liabilities to be measured on an actuarial basis using the projected unit method. Differences due to actuarial gains and losses are taken through the Statement of Total Recognised Gains and Losses. FRS17 requires that the asset or liability be shown separately on the balance sheet and net of attributable deferred tax.

Hong Kong GAAP
Hong Kong Accounting Standard 19 Employee Benefits ("HKAS 19", formerly known as SSAP34) – was originally published by the Hong Kong Institute of Certified Public Accountants in December 2001 and was effective for periods beginning on or after 1 January 2002. Subsequent updates mean that HKAS 19 is now essentially the same as IAS 19 as issued by the International Accounting Standards Board.

Accordingly the only material difference between HKAS 19 and FRS 17 is in respect of the treatment of actuarial gains and losses. HKAS 19 requires these to be recognised in the profit and loss account rather than in the Statement of Total Recognised Gains and Losses.

On 16 December 2004 the International Accounting Standards Board announced that it will allow the FRS 17 treatment of actuarial gains and losses under IAS 19. It is therefore assumed that the Hong Kong Institute of Certified Public Accountants will, in due course, adopt a similar approach in order to maintain the consistency of HKAS 19 with IAS 19.

In the light of this the pension disclosures have not been reworked to reflect what seems likely to be only a short term difference between FRS17 and HKAS 19.

Deferred taxation

UK GAAP
Under Financial Reporting Standard 19 - Deferred tax, deferred taxation is provided in full, subject to the recoverability of deferred tax assets, on timing differences at the rates of taxation anticipated to apply when the differences crystallise, arising from the inclusion of income and expenditure in taxation

32. UK and Hong Kong Accounting Requirements (continued)

computations in periods different from those in which they are included in the financial statements.

Hong Kong GAAP
Under Statement of Standard Accounting Practice 12 (revised) - Accounting for deferred tax, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis are recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates inacted or substantively inacted at the balance sheet date.

The deferred tax asset balance would be decreased by $28 million at 31 December 2004 (2003: $24 million) and the deferred tax liability balance would be increased by nil at 31 December 2004 (2003: nil). The profit and loss reserves balance would be decreased by $7 million (2003: $8 million) and the premises revaluation reserve would be decreased by $22 million at 31 December 2004 (2003: $16 million).

33. Dealings in the Company's listed securities

Neither the Company nor any of its subsidiaries has bought, sold or redeemed any securities of the Company listed on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2004.

34. Corporate Governance

The directors confirm that, throughout the period, the Company has complied with the provisions of Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange.

The directors also confirm that the announcement of these results have been reviewed by the Company's Audit and Risk Committee.

35. Summarised Consolidated Profit and Loss Account (unaudited) First half and second half 2004

	1st Half 2004 $m	2nd Half 2004 $m	Total 2004 $m
Interest receivable	2,543	2,689	5,232
Interest payable	(997)	(1,067)	(2,064)
Net interest income	1,546	1,622	3,168
Other finance income	3	7	10
Fees and commissions receivable, net	665	669	1,334
Dealing profits and exchange	332	316	648
Other operating income	176	31	207
	1,173	1,016	2,189
Net revenue	2,722	2,645	5,367
Administrative expenses:			
Staff	(774)	(760)	(1,534)
Premises	(158)	(163)	(321)
Other	(332)	(389)	(721)
Depreciation and amortisation, of which:	(211)	(209)	(420)
Amortisation of goodwill	(88)	(93)	(181)
Other	(123)	(116)	(239)
Total operating expenses	(1,475)	(1,521)	(2,996)
Operating profit before provisions	1,247	1,124	2,371
Provisions for bad and doubtful debts	(139)	(75)	(214)
Amounts written off fixed asset investments	(2)	1	(1)
Income from joint venture	-	2	2
Operating profit before taxation	1,106	1,052	2,158
Taxation	(340)	(297)	(637)
Operating profit after taxation	766	755	1,521
Minority interests	(20)	(22)	(42)
Profit for the period attributable to shareholders	746	733	1,479
Dividends on non-equity preference shares	(29)	(29)	(58)
Dividends on ordinary equity shares	(201)	(524)	(725)
Retained profit	516	180	696
Normalised earnings per ordinary share	57.9c	68.0c	125.9c
Basic earnings per ordinary share	61.2c	60.0c	121.2c
Dividend per ordinary share	17.06c	40.44c	57.50c

The financial information included herein has been derived from the audited and unaudited information contained in the Group's Report and Accounts for the year ended 31 December 2004. Statutory accounts for 2003 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain a statement under Section 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanation) of the Companies Act 1985.

Financial Calendar

Ex-dividend date	23 February 2005
Record date	25 February 2005
Posting to shareholders of 2004 Report and Accounts	14 March 2005
Annual General Meeting	5 May 2005
Payment date – final dividend on ordinary shares	13 May 2005

Copies of this statement are available from:

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The following information is available on our website

- *A live webcast of the 2004 annual results analysts' presentation (available from 9:45am GMT)*
- *A pre-recorded webcast including the Q/A session of the analysts' presentation in London (available 1:00pm GMT)*
- *Interviews with Mervyn Davies, Group Chief Executive and Peter Sands, Group Finance Director (available from 8:00am GMT)*
- *Slides of the Group's presentations (available after 11:00am GMT)*

Images of Standard Chartered are available for the media at www.newscast.co.uk

Information regarding the Group's commitment to corporate responsibility is available at www.standardchartered.com/ourbeliefs

The 2004 Report and Accounts will be made available on the website of the Stock Exchange of Hong Kong and on our website www.standardchartered.com.