



*Leading the way
in Asia, Africa and
the Middle East*

Standard Chartered employs 30,000 people in over 500 locations serving 56 countries and territories across the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the Americas. It is one of the world's most international banks and employees comprise 79 nationalities.

Standard Chartered serves both Consumer and Wholesale Banking customers, is well-established in growth markets and aims to be the 'Right Partner' for its customers. The Bank combines deep local knowledge with global capability.

The Bank is trusted across its network for its standard of governance and its commitment to making a difference in the communities in which it operates.

Front Cover:
The 2004 Standard Chartered Bank Hong Kong Marathon.

Standard Chartered has sponsored the Hong Kong Marathon since 1997. This year 24,000 runners took part. The event was a huge success and was covered by every newspaper and TV station in Hong Kong.

This Review and Summary Financial Statement does not give you all the information you need to gain a full understanding of the results of the Group and the state of affairs of the Bank, or of the Group, as the full Annual Report and Accounts. If you want to receive a free copy of the full Annual Report and Accounts for 2003, or future years, please write to our registrars.

Employees

30,153

Nationalities

79

Countries/territories

56

Tier 1 capital ratio

8.8%

Mortgage customers

250,000

Credit cards in issue

6 m

Number of branches/offices

519

Wholesale Banking operating profit

UP 18%

Consumer Banking operating profit

UP 19%

Hong Kong operating profit

UP 17%

Net bad debts

DOWN 25%

Strategic Highlights

- Operating profit up 22 per cent.
- Net revenue up 5 per cent to \$4.75 billion.
- Earnings Per Share up 20 per cent.
- Return on Equity rose to 15.3 per cent.
- Expanded in new markets – South Africa, South Korea and Afghanistan.

1	Strategic Highlights
2	Group at a Glance
4	Chairman's Statement
6	Group Chief Executive's Review
18	Our People
20	Corporate Social Responsibility
24	Summary Financial Review
30	Board of Directors
32	Summary Report of the Directors
33	Statement of the Independent Auditor
34	Consolidated Profit and Loss Account
35	Consolidated Balance Sheet
36	Summary Segmental Information
37	Directors' Remuneration Report
49	Principal Group Addresses
51	Shareholder Information

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

Balance sheet growth

\$59.7 bn

Loans and advances to customers

\$60.6 bn

Other assets

Net revenue

\$2,968 m

Net interest income

\$1,785 m

Other revenue

Profit before taxation

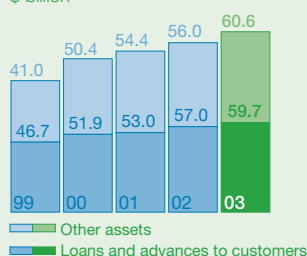
\$1.54 bn

Dividend per share

52.0 cents

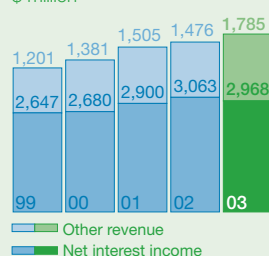
Balance sheet growth

\$ billion



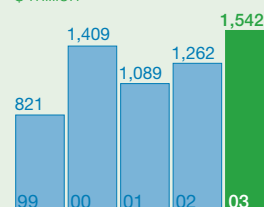
Net revenue

\$ million



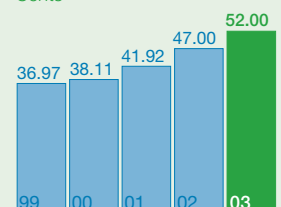
Profit before taxation

\$ million



Dividend per share

Cents



Group at a Glance

Standard Chartered is one of the world's most international banks. In all our markets we are committed to exploring opportunities to be the Right Partner to our customers, employees and to the communities we operate in.

Asia

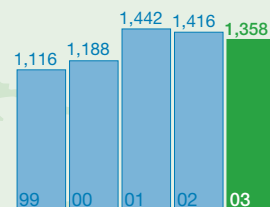
Hong Kong

Standard Chartered's business in Hong Kong has returned to growth and is well placed to benefit from a revival in the economy. It is our largest market. We intend to incorporate locally, in preparation for the potential economic growth generated by closer integration with China's Pearl River Delta region.

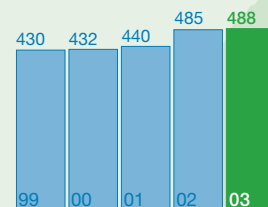
Singapore

Standard Chartered's 145th year of doing business in Singapore was marked by continued revenue growth and product innovation. The launch of our ground-breaking Manhattan credit card proved particularly successful, offering consumers the first credit card in Asia with interest rates tailored to their spending patterns.

Employees 3,991 **Branches/offices** 75
Net Revenue \$1,358 million



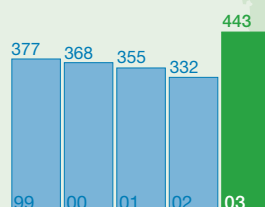
Employees 2,289 **Branches/offices** 20
Net Revenue \$488 million



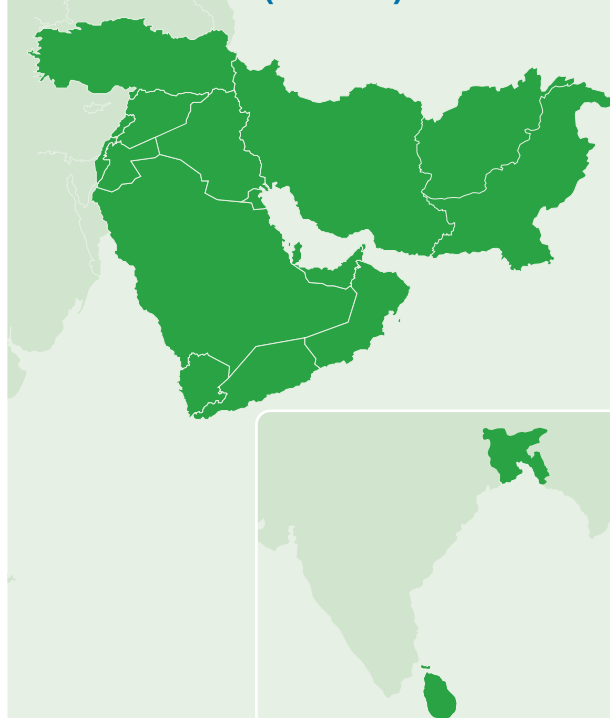
Africa

Africa is an increasingly profitable region for the Group through our continued development of the range and quality of services that we offer. We have taken a major step towards returning to full service banking in South Africa, with the acquisition of 20twenty, an online financial services company. The Banker magazine named Standard Chartered Bank of the Year for Africa 2003.

Employees 4,512 **Branches/offices** 137
Net Revenue \$443 million



Middle East and South Asia (MESA)

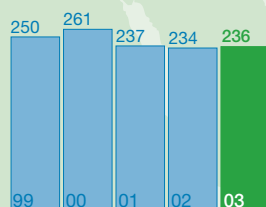


Malaysia

Standard Chartered has continued to develop its long-established presence in Malaysia. In Consumer Banking we launched interactive kiosks in major shopping malls and expanded our product range in the country's growing Islamic financial services market. Standard Chartered Malaysia also supports the Group with a Global Service Centre in Kuala Lumpur with 1,000 employees.

Employees 2,211 **Branches/offices** 30

Net Revenue
\$236 million

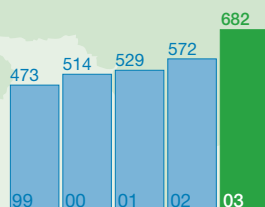


Other Asia Pacific

Standard Chartered enjoyed double-digit revenue growth in many markets. In China, the Group's position was enhanced by being granted custodian bank status for Qualified Foreign Institutional Investors. Standard Chartered was also named Best Retail Bank in the Asia Pacific region by Retail Banker International magazine.

Employees 5,265 **Branches/offices** 79

Net Revenue
\$682 million

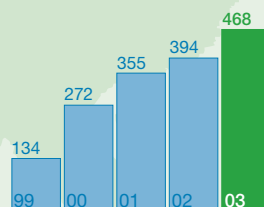


India

Standard Chartered reinforced its position as the largest international bank in India with the rapid expansion of its branch network and product range. The Group highlighted its position as a leading bank in the Indian currency market by transacting the first on-shore foreign currency rupee option. Standard Chartered India also supports the Group with a Global Service Centre in Chennai with 3,300 employees.

Employees 7,201 **Branches/offices** 69

Net Revenue
\$468 million

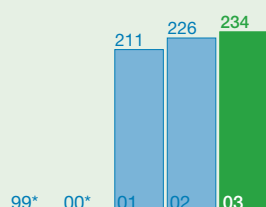


United Arab Emirates

The UAE is an important market for Standard Chartered's Consumer and Wholesale businesses. Over 40 new products were launched by the Bank's investment services unit, which enjoyed rapid revenue growth. Our internet banking service was launched, while our card business also expanded with the launch of a Visa Electron Debit Card.

Employees 842 **Branches/offices** 8

Net Revenue
\$234 million



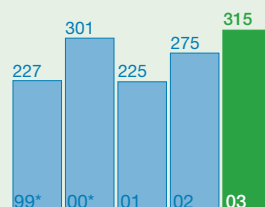
*Prior to 2001 the UAE information is not separately available

Other MESA

The MESA region delivered strong revenue growth in 2003. We continued to develop our product range across the region, maintaining our position as the largest foreign bank in Pakistan and Bangladesh. We also became the first international bank to open a branch in Afghanistan.

Employees 2,248 **Branches/offices** 85

Net Revenue
\$315 million

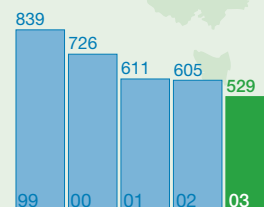


Americas and the United Kingdom

Businesses in these regions provide Wholesale Banking for those trading or investing in Asia, Africa, the Middle East and Latin America. Standard Chartered New York has one of the largest US dollar clearing businesses in the USA, ranking 8th in the banking industry. The Group also operates an offshore banking business based in Jersey. In 2003, a new representative office was opened in Turkey.

Employees 1,594 **Branches/offices** 16

Net Revenue
\$529 million



Chairman's Statement

We have delivered another strong performance. Not only did our business succeed in making up for the uncertain economic start to 2003, we went on to achieve strong growth over the previous year, underlining the progress we are making towards our goal of leading the way in Asia, Africa and the Middle East.

Operating profit rose 22 per cent to \$1,542 million compared with \$1,262 million in 2002

Net revenue increased to \$4,753 million, up 5 per cent

Normalised Earnings Per Share at 89.6 cents, up 20 per cent

Normalised Return on Equity increased to 15.3 per cent

Recommended final dividend per share up 10.6 per cent to 36.49 cents, making 52 cents for the year

Performance is my top priority. This year's results are evidence of the strength and focus of our management team and the performance culture that is developing throughout the Group.

It is notable that Standard Chartered delivered a 37 per cent increase in Total Shareholder Return last year, the highest of the major UK banks.

A changing world

The economic climate has improved significantly. We have entered 2004 with a strengthening world economy and increasing business confidence. There are signs of vibrant economic growth in our major markets for the year ahead.

The Asian economies are out-performing and China is particularly strong. China is having a major impact across Asia, boosting intra-regional trade. Hong Kong, in particular, has benefited from measures China introduced to promote closer economic integration.

World trade has continued to outstrip world growth, benefiting our core regions.

The economic cycle is proving beneficial for Africa and the Middle East. The combination of a weak dollar and global recovery is keeping oil and commodity prices high.

Of course, there are always shocks. But in recent years, the world economy, and our markets, have shown remarkable resilience to these shocks, and policy makers have demonstrated their ability to respond quickly.

Positioned for growth

Our plans are led by organic growth. We are operating in dynamic markets with attractive growth rates. There is plenty of potential for us to grow in these markets.

However, we recognise that there are a number of places where we have opportunities to build a bigger presence; examples are China, South Africa and South Korea. We will continue to consider acquisitions but we are very disciplined in our approach.

During the year, the Group created a range of opportunities in new markets and we will move these forward in 2004.

Last summer we returned to South Africa with the award of a banking licence and the acquisition of the digital financial services company 20twenty. We took a 9.8 per cent stake in Koram, South Korea's sixth largest bank, for \$154 million. We were the first international bank to be awarded a licence in Afghanistan. In Iraq, we play a leading role in the consortium running the Trade Bank of Iraq. We recently opened a new representative office in Turkey.

In Hong Kong, we are in the process of incorporating our local business. This is a further sign of our commitment to Hong Kong and will help us take advantage of closer economic integration with China.

In January 2004 we sold our 0.4 per cent shareholding in Bank of China's subsidiary BOC Hong Kong, making a gain of \$35 million. We will use these funds to further organic growth in China. These gains are not included in our results for 2003.

Corporate governance

I would like to thank Ronnie Chan, Barry Clare and Cob Stenham who retired from the Board during 2003. They made a valuable contribution to the Board. I also want to thank Sir Patrick Gillam, my predecessor, who played a key role in making Standard Chartered the bank it is today.

David Moir and Sir Ralph Robins will be retiring from the Board after the Annual General Meeting on 11 May 2004.

We also saw the appointment of two new non-executive directors: Paul Skinner and Ruth Markland. They both have a wealth of talent to offer. Ruth has great expertise in Asia, where she was Managing Partner Asia for Freshfields Bruckhaus Deringer, and a deep understanding of the regulatory environment there. Paul is the Chairman of Rio Tinto, one of the most successful global mining companies. In his former position at Royal Dutch Shell he was CEO of the Group's global Oil Products business.

These changes to the Board bring us closer in line with corporate governance guidelines under the new Combined Code, which came into effect in January 2004. Further changes can be anticipated as we continue to shape our Board in line with best practice.

It is my view that good performance and good governance reinforce each other. We attach great importance to the high standards of governance we have achieved in all our markets and will ensure that these are sustained.

Corporate Social Responsibility

Another aspect of good governance is good corporate citizenship. This is essential for sustaining the growth of our business and for long-term profitability. We have a responsibility in the type of business we do and to the communities we serve.

During 2003, the Group's 150th anniversary, we made substantial efforts to reinvest in the communities where we do business. In a year in which we grew our operating profit by 22 per cent, our employees also raised \$1.4 million,

enough to restore the sight of 56,000 people through our 'Seeing is Believing' campaign. In addition, all our staff were educated on HIV/AIDS, as part of our 'Living with HIV' programme which was awarded the Global Business Coalition Award for Business Excellence.

Our Corporate Social Responsibility initiatives made a major contribution to the engagement of employees in our business strategy and have enhanced our reputation with our customers.

The way ahead

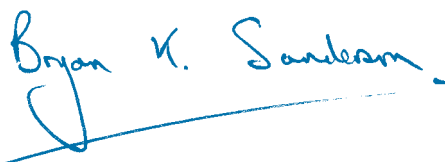
Standard Chartered continues to achieve strong profit growth in most of its markets. With the growth of our businesses in India and the Middle East we have a more balanced platform.

Our brand has a long and positive association with our markets in Asia, Africa and the Middle East.

Our business is in good shape and the economic outlook across our markets is far more positive than 12 months ago.

Standard Chartered has many options for future growth, which, with disciplined management, we look forward to developing. Our primary goal is to improve shareholder return.

In 2003 we achieved record results. We are determined to deliver again in 2004.



Bryan Sanderson, CBE

Chairman

18 February 2004



Group Chief Executive's Review

The Group has achieved strong results in 2003. We are establishing a track record of consistent delivery.



In 2003 we improved performance despite a challenging environment, with the SARS virus in East Asia, the war in Iraq and the low interest rate environment globally. This has demonstrated the strength of our management, the motivation of our people and the resilience of our business.

Two years ago, our management team made a commitment to improve the Bank's financial performance.

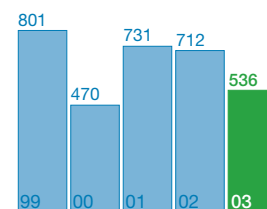
Since then, operating profit has increased from \$1.1 billion to over \$1.5 billion. Return on Equity has improved from 12.0 per cent to 15.3 per cent. Earnings Per Share (EPS) has grown from 66.3 cents to 89.6 cents, up 35 per cent.

The key for us going forward is to deliver against a balanced scorecard of sustainable revenue growth, tightly controlled costs, increasing EPS and improved Total Shareholder Returns. At the same time we have to invest in our brand and ensure our staff are engaged.

This will involve making some trade-offs on key metrics. In 2003 we took advantage of good profits in the first half to invest in our Consumer Banking business and lay further foundations for growth in 2004. We deliberately traded short-term improvement in our cost-income ratio to accelerate growth. However, we remain focused on costs and we expect an improvement in our cost-income ratio this year.

Provision for bad debts and contingent liabilities

\$ million



We have also traded revenue to reduce the risk of parts of our business, and we are seeing the benefits of this in the reduction in our bad debts, which came down 25 per cent.

In short, we have grown our business. We have delivered better returns and we have invested for growth.

We have also improved our processes and controls. We have become a more tightly disciplined Group. Our brand is stronger and we have a clear strategic direction.

Our aspiration is to be the world's best international bank, leading the way in Asia, Africa and the Middle East.

I see the past two years as the first phase of our journey towards this aspiration; performance improvement and bringing returns to a higher level. We are now entering the next phase which will be about growth, investment and continued delivery.

Our 2003 priorities

Last year we outlined to you the following agenda for 2003:

- Drive returns in Wholesale Banking
- Grow Consumer Banking revenue
- Accelerate growth in India
- Leverage opportunities in China
- Drive technology improvements

We have made good progress.

Wholesale Banking

Objective: Drive returns

We committed to improving returns in Wholesale Banking by changing the shape of the business, reducing the risk profile and achieving positive 'jaws' – the gap between revenue growth and cost growth. We have done this.

We have rationalised our customer base. We traded revenue for risk reduction, which is reflected in our improved bad debt line. We have also invested in new product capabilities, particularly in our Global Markets business. The result has been a low level of bad debts, diversified revenue streams and improved returns.

In 2003, profits increased by 18 per cent, driven by revenue growth of seven per cent. There was tight control on costs and an outstanding net bad debt performance.

Customer revenue growth of 11 per cent more than offset a decline in revenue from asset and liability management. Our investment in building a broad range of more value-added, less capital-intensive products, such as derivatives, fixed income and structured products, is bearing fruit with our customers.

Our strength in foreign exchange was recognised by awards from FX Week as Best Bank in Emerging Asian Currencies and Best Bank in Emerging African/Middle East Currencies.

We have made excellent progress in trade finance, increasing revenue by 10 per cent in 2003. The launch of B2BeX, our internet platform for trade sourcing, payments and financing, has been a success. There are now over 450 companies using this.

Despite a low interest rate environment, we are generating more customer revenue from our capital. Given the momentum of customer business we will continue to do so.

Our performance on bad debts in Wholesale Banking has been outstanding, underpinned by very strong recoveries. Sustaining this excellent performance will be a challenge as the level of non-performing loans continues to reduce. However, tight risk management remains a cornerstone of our Wholesale Banking strategy.

We have controlled costs firmly, scaling back in unprofitable segments and geographies such as Latin America. We will continue to pace investment with capital capacity and revenue growth.

Consumer Banking

Objective: Grow revenue

In Consumer Banking we have built market share in a number of markets and produced strong revenue growth.

Overall we increased our Consumer Banking profits by 19 per cent in 2003.

Revenue grew strongly outside of Hong Kong, but fell in Hong Kong as a direct result of the actions we took to contain the personal bankruptcy problem that has affected Hong Kong's banking industry. In 2004 we expect to see a return to revenue growth in Hong Kong as the consumer-led recovery there takes hold.

"Standard Chartered in Africa, Middle East and South Asia has performed well. Our knowledge of our markets and our long-term commitment, have earned us good relationships with customers, host governments and regulators. We are a very visible name in the community. Our businesses in the UK and the Americas are an important part of our international network. They play a key role in originating business for our markets in Asia, Africa and the Middle East."

Chris Keljik

Group Executive Director



Costs rose as we deliberately accelerated investment in new markets, new products and new service platforms in the second half. This included launching Consumer Banking in South Africa and South Korea; launching the Manhattan credit card in Singapore and MortgageOne in new markets; expanding distribution and upgrading phone and internet banking across a number of countries.

In 2003 we saw double-digit revenue growth in most markets and, in some, growth of more than 20 per cent. Credit card revenue grew strongly and we are making good progress in the personal loans market. Our mortgage business performed very well, particularly MortgageOne, an innovative off-set mortgage product, which continued to capture market share.

In Indonesia and India, in particular, we continued the expansion of our branch networks. In Thailand and Taiwan we have seen a significant increase in revenue, with personal loans and wealth management products proving particularly successful.

Malaysia achieved good growth in profitability, helped by mortgage sales and a decrease in bad debts.

In the United Arab Emirates (UAE) we launched new credit card products, expanded our investment services unit and made improvements to our branches. We also began the launch of our internet banking service across the region.

Our progress in Consumer Banking was recognised in the Lafferty Retail Banking Awards – the industry benchmark – where we were named Best Retail Bank in Asia Pacific.

We enter 2004 with real impetus and Consumer Banking will continue to be an engine for future growth.

India

Objective: Accelerate growth

In India we had a good year on the back of robust revenue growth.

Our customer base and brand recognition is growing rapidly along with our product range and we have a better balanced business.

We have diversified our product base to include mortgages and we have seen strong growth in mortgages and investment services. Traditionally, our India Consumer Banking business was liabilities-led which resulted in short term margin pressure. However, our expanding mortgage book means that assets are now growing strongly which should generate good revenue growth in 2004.



Bringing banking to Afghanistan

We paved the way for the regeneration of financial services by becoming the first international bank to open in Afghanistan following the war. Our Kabul branch will supply secured transactions and international money transfers. *"The Bank's commitment to Kabul sends a powerful message on the positive future of the country"*, said Mike O'Brien, the UK's then Minister of State for International Trade and Investment.

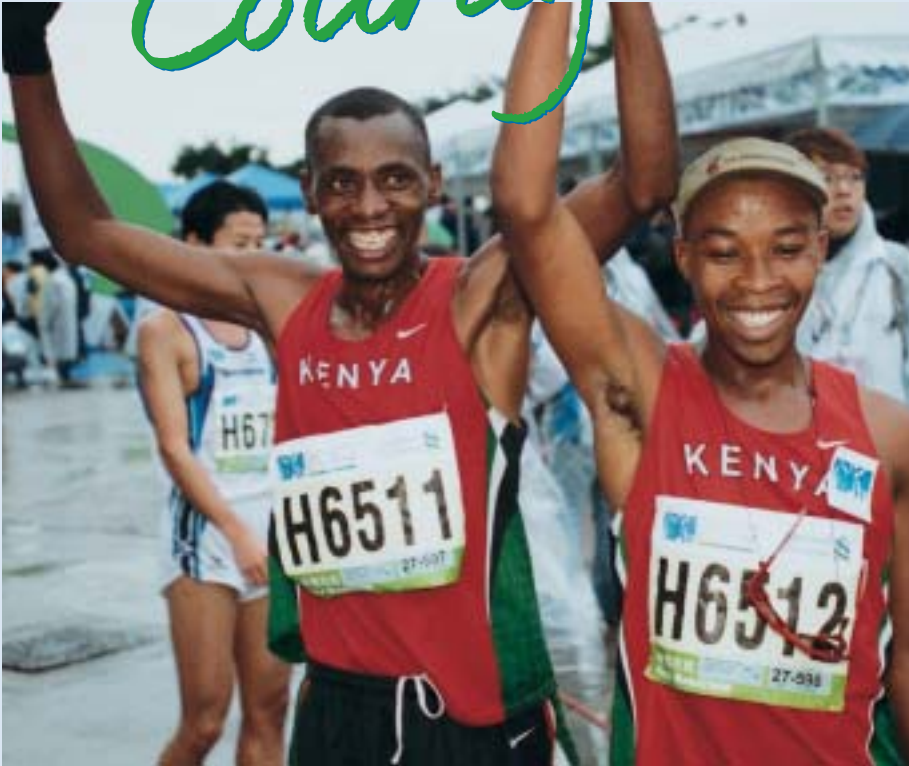


First rupee option

Our investment in options capabilities meant we were able to respond when the Reserve Bank of India granted permission to offer foreign currency-rupee options. We issued India's first ever such option, of US\$30 million, for Reliance Industries and have since done the same for a number of other key clients. Issuing onshore rupee options underlines our position as the largest international bank in India.



Courageous



Winning courage

At the 2004 Standard Chartered Marathon in Hong Kong, two Kenyans won the half marathon. Henry Wanyoike (right), 29, is blind and demonstrated great courage and stamina to become the first-ever blind runner to win a race in Hong Kong. Our sponsorship of marathons in Hong Kong, Singapore, Mumbai and Nairobi showcased the vibrancy and potential of each city, and reinforced brand awareness in surrounding communities.

Standing up to SARS

Our Hong Kong office sent an important signal of Standard Chartered's commitment to Hong Kong by organising a mass shopping trip for its staff at a time when public confidence was rock-bottom. The 'Shoppers against SARS' rally, involving more than 1,000 staff, demonstrated our belief that Hong Kong is one of the most vibrant markets in Asia.



Standard Chartered is committed to taking decisive, innovative action to act as the Right Partner in Asia, Africa and the Middle East. We are dedicated to expanding our business in these markets.



First Foreign Corporate Retail Bond in Hong Kong

We broke new ground in Hong Kong by launching the market's first ever foreign corporate retail bond issue. The offering, on behalf of Ford Motor Credit Company, underlined the potential for growth in Hong Kong's local bond market, and helped re-emphasise Hong Kong's position as an international finance centre. Standard Chartered acted as sole underwriter in this milestone transaction. Both the initial issue of HK\$500 million and an additional tranche of US\$60 million were fully subscribed.



We continue to build our branch and distribution network and opened branches in nine new cities in 2003.

Our Wholesale Banking business in India has followed our client focused growth strategy. We bank half of India's top 300 corporations and our Global Markets capability is gaining external recognition.

We have achieved a lot but India is a market where we have big ambitions. We are aiming for long-term sustainable growth and to achieve that we will continue to diversify our product base, improve our risk management and strengthen our distribution capabilities.

Hong Kong and China

Objective: Leverage opportunities

The Group's long-term confidence in Hong Kong is being rewarded and we saw excellent growth in operating profit. Although we witnessed a turbulent six months due to SARS and the impact of the personal bankruptcies issue during the first half of the year, there was a remarkable turnaround in sentiment in the second half.

We are confident we can show significant improvement in Hong Kong as a consumer-led revival takes hold. Consumer Banking saw renewed revenue growth in the second half. We increased our penetration in the mortgage market, and bankruptcy bad debts fell. In the fourth quarter, losses related to the personal bankruptcy issue fell to \$29 million, the lowest since 2001 and down from \$40 million in quarter three. The challenge for us now is to rebuild a quality asset base in unsecured lending.

We have announced that we are seeking to incorporate our Hong Kong business locally, which will underpin our strategy for growth in Greater China.

We continue to take advantage of growth in the Pearl River Delta. The Closer Economic Partnership Agreement between Hong Kong and China is fundamental to the development of this region.

China remains very much on our agenda. We are seeing good organic growth and increased profitability from our business in this market.

We also continue to explore opportunities for acquisition and minority stake investments.

"We have made truly excellent progress with regard to the debt charge. This reflects the rigour of our assessment disciplines and the anticipatory quality of our processes within what is always a dynamic business environment."

Richard Meddings

Group Executive Director



Shared service centres boost efficiency

The total number of staff at our Global Shared Service Centres (GSSCs) in Chennai, India and Kuala Lumpur, Malaysia, rose to 4,300 during 2003. The centralisation of functions into these hubs has continued to deliver substantial savings though improved use of resources.



Growing consumer markets

We responded to growing markets for Consumer Banking services and met our shareholders' demand for greater investment in this area. We expanded our operations in India and increased the availability of mortgages, credit cards and personal loans.



Responsive



Priority banking

Each customer is unique, and to meet their individual requirements, Standard Chartered has developed Priority banking, which caters to the needs of high net-worth individuals, and is available at more than 60 Priority Banking Centres in 20 countries worldwide. Standard Chartered responds to Priority banking customers' needs by providing constant access to a privileged service throughout our international network.

Being the Right Partner means being aware of the needs and concerns of all Standard Chartered stakeholders, and moving swiftly to meet them.

Risk management

An increasingly proactive approach to risk management has enabled us to reduce the level of bad debt across our business. Anticipating potential problems earlier, and working in partnership with customers to manage accounts, has made a positive impact across all areas of our business.



Seeing is Believing

There are over 45 million blind people in the world today, the majority of whom reside in our core markets, in Asia, Africa and the Middle East. Eighty per cent of cases could be prevented or cured if people had access to the right knowledge or treatment. Our ongoing 'Seeing is Believing' campaign has so far raised enough money to restore the sight of over 56,000 people around the world.



"Our franchise in Asia has been refocused on growth opportunities. In particular, we have started the process of repositioning our Hong Kong business through local incorporation and integration with our Pearl River Delta business. Across the Asia region, both Consumer and Wholesale Banking have delivered strong results. Not only has our financial performance exceeded expectations, but we believe our reputation for sound governance and participating in the communities we serve is second to none."

Kai Nargolwala

Group Executive Director



Technology

Objective: Drive improvements

The Group has made significant progress in 2003 towards improving operational efficiency. We have now built the capability and capacity needed to underpin our growth strategy going forward and I am proud of what we have achieved in this area.

This has not been done through any grand cutting-edge solution; but through focused and disciplined project prioritisation and investment, and through the courage and tenacity it took to build our hubs and move to standardisation and centralisation of processes.

We have continued the expansion of the shared service centres at Chennai in India and Kuala Lumpur in Malaysia. We now have 3,300 employees at the two sites, accounting for 11 per cent of our workforce. Nearly half of our world-wide technology staff are now in Chennai.

Our strategy for Technology and Operations going forward has three elements:

- rigorous vendor management;
- taking the hubs into the next phase of evolution. The first phase was around hubbing processes. Going forward we will re-engineer these processes to ensure best-in-class turnaround times and service, and also to deliver further cost benefits;

- and thirdly, continued but focused investment in our infrastructure. There will be further infrastructure investment in 2004, but it will be targeted, focused and tightly controlled.

Other performance highlights

Africa

We can single out Africa's performance, where operating profits increased by 50 per cent in 2003.

Wholesale Banking is central to our growth and is producing high returns. Consumer Banking is comparatively small, but we are in the process of transforming it from a traditional savings bank to a modern consumer bank by migrating product capability from Asia and MESA.

Core countries like Kenya and Ghana produced strong growth and there are great opportunities for us to grow our footprint in the two biggest economies in the region, South Africa and Nigeria, where we are under-represented.

In South Africa, we re-entered the market in August 2003 with a branch opening and the acquisition of the digital financial services company 20twenty. In Nigeria, our revenue, albeit still relatively small today, increased 50 per cent in 2003 and we plan to double the number of branches to six this year.

Our performance was recognised by The Banker magazine, which named us Bank of the Year in Africa for 2003.

Ethnic breakdown of employees

We employ 30,000 people from 79 different nationalities. Last year we recruited 125 graduates split equally between genders and representing 21 different nationalities, using a global online application system.



Cricket tour sponsorship

During 2003, we sponsored the first-ever full England cricket tour to Bangladesh. This was a source of considerable national pride in Bangladesh, where cricket is the national sport. The tour helped raise awareness of our various community initiatives and also supported the launch of a new cricket-linked credit card.



International



Standard Chartered enables individuals to identify opportunities to be the Right Partner around the world. We believe the diversity of our business helps build stronger relationships and a better service.

Positioning for growth in South Africa

Standard Chartered entered the consumer banking market in South Africa for the first time since withdrawing from the country under apartheid. The acquisition of 20twenty, a local digital financial services company, ensures we are well positioned to take advantage of the potential for growth in this market. 20twenty's founder and CEO Christo Davel, was appointed Head of Consumer Banking in South Africa.



Leadership in foreign exchange

Standard Chartered is the 8th largest US dollar clearer in New York, largely based on our expertise in emerging markets currencies. In 2003, London recorded the largest turnover of FX trades. Our Hong Kong Treasury operates one of the largest dealing rooms in the North East Asia region, incorporating the latest, state-of-the-art risk management technology. We are a regional currency specialist as well as a leading price maker in Hong Kong dollar treasury instruments and North East Asian currencies.



Custodian Bank in China

During 2003, we were granted custodian bank status for Qualified Foreign Institutional Investors, by the People's Bank of China. This positions us well for the opening up of the Chinese A-share stock market to foreign capital. We have been acting as the cash-clearing bank for the B-share market in Shenzhen since 1992 and our strong relationships with China's regulators complement our connection with the world's prominent institutional investors.

2003년 주주 보상 '스탠다드차타드 은행'

한미銀 경영권 인수 추진

Consumer Banking in South Korea

Our presence in Asia expanded further with the launch of Consumer Banking services in South Korea, as reported in local newspaper headlines (above). This complemented our existing Wholesale Banking in the country. We now offer personal loans under the Standard Chartered brand, and will introduce new products and open branches over the coming months. Standard Chartered also holds a 9.8 per cent stake in Koram, South Korea's sixth largest bank.

Risk

We have significantly enhanced our capability in risk management over the past two years. We have strengthened our analytical capability and tightened our controls.

Although 2003 presented us with a challenging risk environment, bad debts fell by 25 per cent to \$536 million. We have benefited from a relatively benign credit environment in Asia, but this substantial reduction proves that our efforts to improve our risk profile, including our willingness to sacrifice revenue, have paid off.

With the ever present threat of terrorism, corporate collapses and rapid changes in currency markets, we remain vigilant and keep a tight control of risk.

Brand and service

Two core elements of our strategy are our brand promise and our commitment to excellent customer service.

Brand recognition has improved significantly since our brand re-launch 18 months ago.

We became the sponsor of the Hong Kong marathon in 1997. This event has become an enormous success and we have started three new marathons in the key cities of Singapore, Mumbai and Nairobi. These are high profile events and a great way to be part of the community.

Our aspiration to lead the way sets out our direction for future growth. Our new customer service strategy provides an opportunity to drive this forward.

We are in an industry that's not renowned for its service and recognise we have a long way to go. We have started by learning from some of the great service companies – retailers, airlines and hotels – to improve our own service model.

This will not involve major investment. It is about processes, behaviour and culture. We believe that our ability to out-serve our customers' expectations is fundamental to unlocking shareholder value.

We are adding the launch of this out-serve initiative as a new item for our 2004 priorities.

"Our ability to excel amidst a tough economic backdrop is testimony to the fact that we have an unique franchise, filled with a tremendous amount of drive, energy and creativity. Our brand promise is to be the Right Partner to our customers. Our innovative approach to sales and marketing, together with a robust risk framework, has put us on a strong growth path across the entire franchise."

Mike DeNoma

Group Executive Director



Islamic banking

We understand the need to tailor products to the needs of our customers. In Malaysia and more recently MESA, we offer a wide range of Islamic banking products that comply with Shariah principles. We are Malaysia's largest distributor of Islamic unit trusts and have recently signed a distribution agreement with the country's two top Islamic insurance providers.



Price Solutions' financial kiosks

We launched the Group's first financial kiosk in Malaysia's premier shopping mall. The kiosk forms an unique marketing channel for the sales of Consumer Banking products such as mortgages, credit cards and business financial services. The financial kiosk is managed by our fully-owned subsidiary, Price Solutions.



Creative



Mini credit card launch

Our credit cards became a fashion statement in Hong Kong and India, when we broke the conventions of design to launch a mini credit card. The VISA Mini Card is half the size of a regular credit card and is perforated in the corner allowing it to be attached to key rings or mobile phones. It is helping to bring purchasing power closer to customers' finger-tips during Hong Kong's economic recovery.

Creative thinkers think beyond predictable solutions. That's how Standard Chartered approaches each challenge, ensuring our business is based on innovative and perceptive thinking.

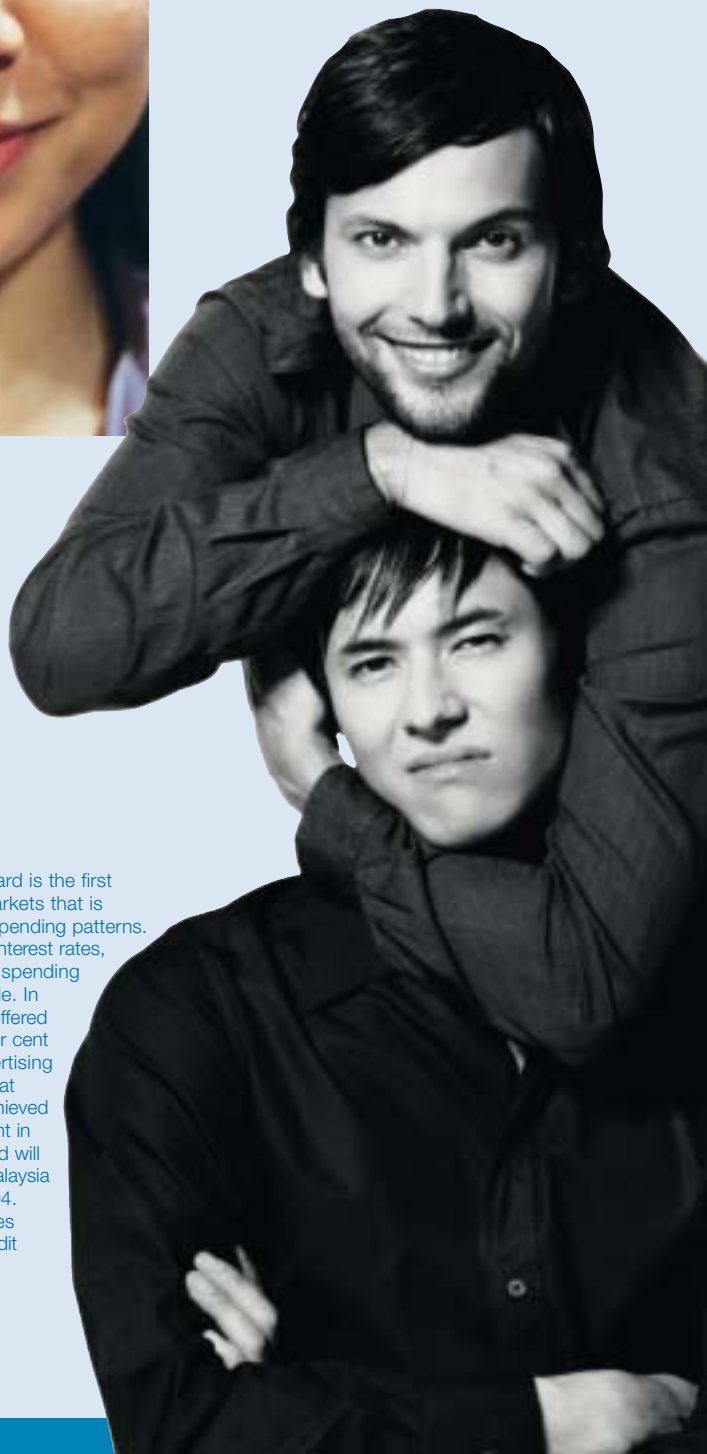


B2BeX wins award

Our online trading platform, B2BeX, was awarded the prestigious Wharton Infosys Business Transformation Award for 2003. B2BeX allows businesses to exchange documents and data on one integrated online system, saving up to 10 per cent in trading costs. B2BeX is now used by more than 450 companies.

Manhattan credit card launch

Our Manhattan credit card is the first credit card for Asian markets that is tailored to customers' spending patterns. Manhattan offers tiered interest rates, according to customers' spending behaviour and risk profile. In Singapore, Manhattan offered an APR as low as 12 per cent and its high profile advertising campaign (right), aimed at young professionals, achieved awareness of 74 per cent in just four weeks. The card will be rolled out in India, Malaysia and Thailand during 2004. Customising interest rates allows us to balance credit risk management with expansion in consumer markets.



Our people

We employ over 30,000 people in 56 countries and territories. More than half our employees are educated to degree level, while 26 per cent possess a post-graduate qualification.

New talent is vital for future performance. Using a global online system, in 2003 we recruited 125 graduates to our management trainee programme, split equally between genders and representing 21 nationalities.

Our focus is on helping our people play to their strengths by identifying and developing their talents. Our talent management process covers 93 per cent of our employees.

Since 2000 we have been systematically improving employee engagement. Central to this is our employee engagement survey. In 2003, 95 per cent of employees participated. It continues to highlight strong year on year increases in our employee engagement.

"The Bank is in very good shape and has real momentum. In 2003 we delivered a strong financial performance, won market share across multiple markets and made significant investments in our business to generate future growth. We are confident that we will continue to make good progress in 2004."

Peter Sands

Group Executive Director



Our 2004 priorities

- Accelerate Consumer Banking growth
- Drive returns in Wholesale Banking
- Step-up growth in India
- Build China options
- Deliver technology benefits
- Begin out-serve journey

Outlook

The past twelve months have seen considerable change in the outlook for business. A year ago there was a lot of uncertainty about the direction of the global economy with the war in Iraq, followed by the SARS outbreak in East Asia.

Now the mood is more upbeat, particularly in our markets. However, we are well aware that the world is still prone to the threat of terrorism as well as corporate and economic shocks. In addition, there are concerns over the impact of the weakness of the US dollar.

Nonetheless, we believe that we have a management team that can deliver consistent performance despite short-term economic conditions, as we proved last year.

We have again delivered strong financial performance and our businesses have good momentum. We are confident that we will be able to take advantage of the significant growth opportunities in our markets in the year ahead.

A handwritten signature in blue ink that reads "E. Mervyn Davies".

Mervyn Davies, CBE
Group Chief Executive
18 February 2004



Bank of the Year for Africa

The Banker magazine awarded Standard Chartered the Bank of the Year Award for Africa, after we expanded our operations in South Africa and the Ivory Coast and returned to the Nigerian market. Our strong performances in Zimbabwe, Tanzania, Kenya, Botswana and Ghana were cited, along with the range and quality of our financial services and a strong record for innovation.

Institutional Investor Research Group

Institutional Investor Research Group Award

In a survey conducted by Institutional Investor Research Group, sell-side analysts voted Standard Chartered as having the most improved performance in investor relations within the financial industry category. As part of our 2003 analyst itinerary, we organised an investor trip to our hub in Chennai. "I thought that the discussion was hugely impressive... until I had the tour of the premises. That was truly exceptional", commented James Alexander, M&G.

Trustworthy



Partnering Hutchison around the world

Standard Chartered has a long-standing relationship with the Hutchison Whampoa Group of which their Ports division, Hutchison Port Holdings, is the world's largest independently owned operator of container terminals. Grace Fung Oei, Head of Large Corporates for Standard Chartered Hong Kong is pictured with John Meredith, Hutchison Port Holdings Group Managing Director, at Kwai Chung in Hong Kong, which is one of the busiest ports in the world.

150 years
with you

Earning the trust of all our stakeholders is central to the way that Standard Chartered does business. We are committed to transparent reporting and good corporate governance, and providing responsible products and services to meet customers' needs.



The Equator Principles

A framework for banks to manage environmental and social issues in project financing

Adopting the Equator Principles

We enhanced our long-established social and environmental risk processes by adopting the Equator Principles in 2003. These have been developed following International Finance Corporation guidelines and cover the financing of projects in industries such as mining and forestry. Under the principles, we will only provide loans to projects which are socially and environmentally responsible.



150 years of partnership

We have been a trusted partner for 150 years. Our management continues to reflect the breadth of our operations. In total, 70 nationalities are represented in our senior management, reflecting our presence in 56 countries.

Our People

“In the banking industry, our customers are ever more demanding. We will develop a competitive edge through our people – through their relationships with our customers in working together to deliver superior service and by applying their wealth of talent and skills to add value to customers in complex markets and across borders.”

Mervyn Davies, Group Chief Executive - Accounting for People, DTi Report

Our people make a difference

Our focus is on helping our people play to their strengths, through identifying and developing their talents, to improve personal and team performance.

We have established a range of processes and benchmarks to measure and enhance the contribution of our employees. Our work on human capital measurement means we understand the difference that talented and motivated employees make in every area of our business. It also shows that we continue to make progress in building a strong performance culture.

The International Dinner, part of Standard Chartered's intensive Career Development Programme, is an opportunity for management trainees to network (right).



Successful employees

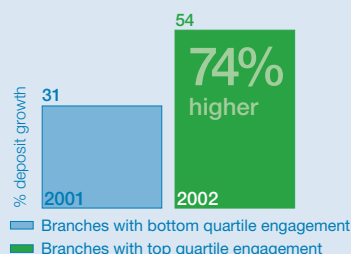
Standard Chartered employees celebrate achieving certification following one of our sales programmes.

Being the Right Partner to our employees is about building a work place which helps our people grow, enables individuals to make a difference and teams to win.



Employee engagement

Our Q12 employee engagement survey asks our employees about 12 key factors that underpin a productive and stimulating place to work, including “Do I have the opportunity to do what I do best every day?” In 2003, the survey covered 53 countries, with an average of 95 per cent of our employees responding.



Engagement and deposits growth

Standard Chartered's human capital measurements studies show that high employee engagement is a leading indicator of business performance. For example, highly engaged staff within branches in Ghana enjoy much greater deposits growth. Continuous engagement improvement remains a key focus of our people strategy.

Global picnics

Picnics were held all over the world to celebrate our employees and their families in our 150th anniversary year.



Human Resources

Tim Miller, Group Head of Human Resources at Standard Chartered, and some of his global team, responsible for best in class people management practices across the Bank.



An international employer

We employ just over 30,000 people in 56 countries and territories, with equal gender representation. Our top 500 managers represent 70 different nationalities. More than half our employees are educated to degree level, while 26 per cent possess a post-graduate qualification.

New talent is vital for our future performance. We have a global graduate recruitment programme that is second to none. Using a global online selection system, in 2003 we recruited 125 graduates split equally between genders and representing 21 different nationalities.

Nurturing talent

Our talent management process, covering 93 per cent of all our employees, identifies and accelerates the development of those who can make a greater contribution in the future.

We take an integrated approach to developing leadership and management capabilities. This includes an intensive individual development process in which over 100 of our top leaders have participated and the 'Leadership Workshop' designed to address individual and collective challenges. The Workshop has been developed with Templeton College, Oxford University and 200 senior managers have participated so far. Our learning providers also include Harvard Business School, INSEAD and The London Business School.

Learning across markets

Continuous development is crucial in helping us outperform the competition.

'Learning Roadmaps' help our people identify the knowledge and skills they need to further their personal and career development. Our 'One Bank' training curriculum means we maintain consistently high standards across our different markets, whilst providing all employees with access to appropriate learning.

This is complemented by an online assessment tool that enables our people to identify and maximise their talents through coaching from one of our 100 qualified internal coaches.

The quality of training we offer our people is reflected by our position as a supplier of learning services to major non-competitor banks.

The right rewards

We want our employees to share in Standard Chartered's success. Our reward programmes are designed to support our business strategy and reinforce our corporate values.

Employees' total remuneration is geared to their performance and we ensure basic pay and benefits are competitive. All employees are also eligible for incentive rewards based on their performance and the Group's results.

We offer a range of equity plans and 40 per cent of employees globally participate in the Save-As-You-Earn Share Save Scheme.

Engaging our people

A committed and engaged workforce is key to performance. Since 2000 we have been systematically improving employee engagement through a process of team based measurement, discussion and action planning.

Central to this is our employee engagement survey. In 2003, 95 per cent of employees across 53 countries responded and our results continue to highlight strong year-on-year increases in our employees' engagement. Our internal modelling, a leading indicator of business performance, shows that teams that enjoy strong or significantly improved levels of engagement outperform others on a range of business outcomes. These include productivity, revenue growth and customer satisfaction.

Additionally, our focus on continuous two-way communication is designed to engage everyone in our Strategic Intent: "to lead the way in Asia, Africa and the Middle East". The launch of Strategic Intent in late 2003 has ensured that every employee within Standard Chartered understands our long-term business goals and how they personally can contribute to them.

Thank you to all employees for their contribution in making 2003 another year of great progress.



Human Capital Roadmap

Standard Chartered's Human Capital Roadmap provides a common and consistent framework for people, management policies and practices around the world.

Corporate Social Responsibility

Standard Chartered aims to be an ethical and responsible partner, which means that Corporate Social Responsibility (CSR) is integral to everything we do. Basing our business activities on sound CSR policies and principles not only enhances shareholder value, but means Standard Chartered can have a strong and positive influence in the markets where we operate.

CSR in Standard Chartered is much more than corporate philanthropy; it's about how we manage our operations in different markets, the values that drive our behaviour and underpin our performance and the impact that our business has on customers and communities.

By taking a socially responsible approach Standard Chartered has accrued real benefits. CSR has made a major contribution to risk management, has enhanced our reputation in local markets, has attracted new business and has helped deliver record levels of employee engagement.

Standard Chartered complies with all international and local legal obligations and adheres to international codes of practice. We also understand our wider obligations to the communities in which we operate. This is reflected in the breadth of CSR initiatives Standard Chartered is involved with.

Environment

We are committed to minimising our environmental impact. In 2003 we conducted a complete review of our Group Environment Policy and boosted the coverage of our Global Environment Management System (GEMS), to over half of our employees, up from 40 per cent in 2002.

GEMS identifies areas where we make an impact on the environment, such as waste and energy use, and measures how we perform against targets. For the

first time independent environmental audits of the offices covered by GEMS were conducted and we are on target to reach our goal of involving 70 per cent of our operations by 2005.

We also created 'GEMS-Lite', an information service for employees in our smaller markets, designed to help reduce their environmental impact.

Our Environmental and Social Risk Policy, designed to ensure we do not lend to inappropriate customers, was thoroughly reviewed in 2003. In addition, we completed a series of workshops for customer relationships managers covering the range of social and environmental risks inherent in lending. This information, along with an e-learning environmental awareness course for our employees, was made available via our intranet.

We recognise our duty to encourage our suppliers to meet our high CSR standards. All principal suppliers and service providers in our major procurement centres of Hong Kong, Singapore and London are now required to demonstrate in tender documents how they meet our social, ethical and environmental standards.

Our commitment to preserving the environment was underlined last year by our decision to adopt the Equator Principles. Based on International Finance Corporation Standards, the Equator Principles are voluntary guidelines for project finance addressing

issues such as sustainable use of renewable natural resources, socio-economic impacts and protection of human health, cultural properties and biodiversity. The Equator Principles reinforce our commitment to provide loans only to customers demonstrating that their investments are socially and environmentally responsible.

Standard Chartered is also a signatory of the United Nations Environment Programme's Financial Institutions Statement on the Environment and Sustainable Development.

Human rights

Standard Chartered is committed to supporting the principles established by the United Nations Universal Declaration of Human Rights.

Our business approach is clear. We support people and economies, not individual governments or regimes. In mid 2003 we decided to cease conducting business in Myanmar (Burma) and close our representative office there. We had a small operation in Myanmar and were not an integral part of the economy.

Standard Chartered first had a presence in the country in 1862, but with increasing international condemnation of the government of Myanmar and no sign of any change or improvement in the regime's approach to human rights, we felt our presence in the country could no longer be justified.



The United Nations Global Compact

Standard Chartered adopted the UN Global Compact in 2001 and actively addresses the principles contained in it. We are members of the UN Global Compact UK Forum and spoke at the UN Global Compact Policy Dialogue on HIV/AIDS.

Human rights

Standard Chartered supports the United Nations Universal Declaration of Human Rights. In 2003 we closed our representative office in Myanmar (Burma).

Labour standards

Standard Chartered aims to uphold the International Labour Organisation (ILO) core conventions. Rewarding our employees' success and helping them to fulfil their potential makes a key contribution to our performance.

FTSE4Good

We are part of FTSE4Good, the Socially Responsible Investment Index that recognises companies achieving high standards of Corporate Social Responsibility. FTSE4Good reviews its constituents every six months and Standard Chartered has been a member since its launch in July 2001.



Business in the Environment

Business in the Environment recognised Standard Chartered's substantial progress in its environmental index, published in 2003, increasing our average score to 70 per cent, up from 48 per cent the previous year.



Community Partnership for Africa

With a growing presence in African markets, Standard Chartered has created a unified aid programme designed to make a lasting impact in local communities.

The amount we contributed through the Community Partnership programme increased to \$1.5 million in 2003. Close cooperation between our staff, governments, local businesses and customers means we are making positive progress on a range of projects. For example, in Gambia we have funded the construction of a centre to provide counselling and rehabilitation advice for street children. In Nigeria we are refurbishing and equipping the Ayinke House State Teaching Hospital and in South Africa we have provided funding for furniture and a pre-school teacher for a school in Soweto.

Being the Right Partner means dedication to making a difference to the communities where we operate.



Brazil

Standard Chartered staff planted 150 pine and fruit trees, working together with 'Casa Da Paz', 'Home of Peace', which houses homeless children.



Award for International Impact

Business in the Community is the UK's leading organisation promoting Corporate Social Responsibility. Our Community Partnership for Africa programme won the 2003 Example of Excellence for International Impact.



Child bankers clinic

In Thailand, Standard Chartered employees educated the children of the Samakkee Songkhor School in basic banking.

Environment

Standard Chartered made significant progress towards reducing our environmental impact as measured by Business in the Environment (BiE). We became a signatory of the Equator Principles and our Global Environment Management System (GEMS), was expanded to over half of our employees.

Our investment in the community	US\$m
Cash support	8.5
Staff time	7.3
Gifts in kind	0.1
Management costs	0.6
TOTAL	16.6

Note: Calculated using Business in the Community's PerCent Standard guidelines. This represents 1.1 per cent of our operating profit for 2003.

Living with HIV

Actress Glenn Close presents Standard Chartered with the Global Business Coalition on HIV/AIDS 2003 Award for Business Excellence in the Workplace.



We took the decision to leave Myanmar after consulting widely with relevant non-governmental organisations and governments.

Community

As well as being responsible to our customers through our financial service offerings, we also want to be responsible towards the communities in which we operate. In 2003 we invested \$16.6 million in community activities as defined by the UK's Business in the Community. Adding the \$1.44 million raised by staff for 'Seeing is Believing' and the \$365,000 raised by the Standard Chartered marathons makes over \$18.4 million contributed to our communities.

Community Week

During Community Week (22 September to 26 September 2003) every member of staff was given a day's leave to work for a charity or community project of their choice following the basic themes of youth, health, education and the environment. We offered employees the chance to win \$10,000 for their chosen charity and the scheme prompted our employees around the world to initiate a huge range of activities.

The winning events were a car rally in India involving blind navigators and, in Sri Lanka, music and drama workshops for children living in slums. Three employees were also awarded three-month sabbaticals to work for the charity of their choice.



On World AIDS Day we placed eye-catching advertisements promoting business responsibility in fighting the HIV/AIDS pandemic.

As well as contributing to the neighbourhoods in which we do business, Community Week allowed our staff to have fun while making a difference.

Living with HIV

Standard Chartered believes we have both a moral duty and a business need to confront the worst pandemic the world has ever seen. As a company with nearly 5,000 employees in Africa and a major presence in markets such as India and China, where the spread of HIV/AIDS is particularly rapid, the disease impacts our business.

Ignorance and discrimination are a real barrier to tackling the disease in many countries, so we have made education a priority. Our 'Living with HIV' course was designed to answer the questions our staff and their families needed answering, such as how HIV is spread, how it can be prevented and how to care for those infected. All of our 30,000 employees participated in the course in time for World AIDS Day, on 1 December 2003.

'Living with HIV' proved so effective that in some markets, such as Brunei and Bahrain, Standard Chartered employees

Sierra Leone

Staff participated in a community walk to raise funds for our HIV/AIDS and 'Seeing is Believing' campaigns.



Philippines

Staff helping pre-schoolers at the Resources for the Blind Centre.



Community Week

Every member of staff was given a day's leave to work for a charity or community project of their choice following the themes of youth, health, education and the environment.

Jordan

General Manager for MESA, David Edwards and CEO Jordan, Zahid Rahim, along with other staff from the Bank, donated eyeglasses to Beit Al Amal School.



were invited to educate health service officials in the public sector. We are very proud that the programme was awarded the Global Business Coalition on HIV/AIDS Workplace Award for Business Excellence in 2003.

In 2003 we incorporated the provision of anti-retro viral drugs for employees and their dependents wherever possible. We also made 'Living with HIV' information freely available via our website (www.standardchartered.com/global/csr/com/com_hiv_intro.html) to other businesses and organisations.

Seeing is Believing

It is a staggering fact that of the 45 million blind people in the world today, 80 per cent of cases could be prevented or cured with the right knowledge or treatment. Sight loss plays a major role in perpetuating poverty and after we asked our staff which social issues they would most like to see us address, blindness emerged as a top theme.

One of the biggest causes of blindness is cataracts, which can cost as little as US\$25 to cure. With this in mind,

Standard Chartered launched 'Seeing is Believing', which aimed to restore the sight of 28,000 people (the number of Standard Chartered employees in February 2003) by World Sight Day on 9 October 2003.

Fundraising schemes were launched by our teams around the world and we far exceeded our original target. By the end of 2003 we had raised \$1.44 million, enough to restore the sight of more than 56,000 people around the world. We intend to develop 'Seeing is Believing' through 2004, with a target to restore sight to a million people. If you would like to help, please contact Genevieve Kotta, whose details are on the back of this report.

Shopping against SARS

Being a responsible organisation also means helping communities overcome relevant issues.

The SARS outbreak hit Hong Kong's economy particularly hard, with tourist traffic falling by 65 per cent during March, April and May last year. In response, hundreds of our staff in Hong Kong caught the imagination of the public and media by demonstrating their support

for local businesses with a mass shopping trip in May.

Employees were supplied with T-shirts bearing the slogan 'We Believe in Hong Kong' and more than 1,000 took part in a rally in Hong Kong's main shopping centre to demonstrate the city's will to fight back. In cooperation with the Singapore government, we also took out a full-page advert in the Financial Times when the World Health Organisation took Singapore off the SARS list.

Marathons

We have taken an active role in promoting health and fitness by sponsoring marathons in markets where we operate. In 2003 we sponsored marathons in Hong Kong, Singapore and Nairobi, which attracted large numbers of local citizens and raised money for charity.

The 2003 Standard Chartered Bank Hong Kong Marathon, for example, saw 18,000 runners take to the streets and raised more than HK\$2 million (US\$260,000) for the Hong Kong Sports Association for the Physically Disabled. The 2003 Standard Chartered Bank Singapore Marathon attracted over 9,000 runners and raised SG\$130,000 (US\$76,000) for Action for AIDS Singapore, and the first Standard Chartered Bank Nairobi Marathon raised KES2,225,000 (US\$29,000) for cataract operations in Kenya.

In 2004 we will add Mumbai to our list of marathons for the first time.



Thailand

Group Chief Executive Mervyn Davies (above) visits Khun Thongchai Sanpolamuang, a sugar cane farmer in Thailand, who can see again as a result of our 'Seeing is Believing' campaign.

Children's Ward at Islamia Hospital

We funded the construction of the Standard Chartered operating theatre and children's ward in the Islamia Hospital in Dhaka, Bangladesh. Group Executive Director Chris Keljik (above), removes the bandages from a young girl whose sight was restored through our 'Seeing is Believing' campaign.



CSR online

Full details of our CSR activities and our latest environmental report are available at www.standardchartered.com/ourbeliefs

Summary Financial Review

Group Summary

The Group had a strong year in 2003 with profit before taxation 22 per cent higher than in 2002, at \$1,542 million. This growth was broadly based, both geographically and across a wide range of products, reflecting an increasingly balanced portfolio, diversity of earnings and effective risk management. Normalised earnings per share has grown by 20 per cent to 89.6 cents.

Net revenue has grown five per cent from \$4,539 million in 2002 to \$4,753 million in 2003, driven by strong growth in non-funded income in both Consumer Banking and Wholesale Banking.

Net interest income fell by three per cent to \$2,968 million, principally as a result of bankruptcy containment actions in Hong Kong, margin pressure on mortgages in Singapore and lower yields on asset and liability management. The net interest margin fell from 3.1 per cent in 2002 to 2.8 per cent in 2003 and interest spread fell from 2.7 per cent to 2.5 per cent. The generally low interest rate environment and, in Hong Kong, a change in product mix was behind this reduction.

Net fees and commissions increased by 17 per cent from \$991 million to \$1,156 million. Fee based Wealth Management products and lower mortgage subsidies, particularly in Hong Kong and Singapore, contributed significantly to this growth. Fee income in Africa grew by 33 per cent, an excellent performance driven by higher transaction volumes and facility fees.

Revenue from dealing profits and exchange increased 25 per cent from \$420 million to \$525 million. Over 70 per cent of this revenue is customer driven. Retail foreign exchange performed well and customer driven option and derivative revenue grew by 80 per cent.

Other operating income increased by 60 per cent from \$65 million to \$104 million, largely from profit on sale of investment securities in the first half as part of a programme to reduce the risk in the book.

Total operating expenses have grown by four per cent to \$2,664 million. Maintaining tight control over costs while continuing to invest in the business remains a priority. In 2003, investment was focused on new market entry, product innovation, expanding distribution, improved service platforms and infrastructure. This investment positions the Group to take advantage of future growth opportunities, although in the short term has led to a small increase in the normalised cost-income ratio from 53.6 per cent in 2002 to 53.9 per cent in 2003.

Effective risk management led to a reduction in the debt charge of \$176 million, or 25 per cent from \$712 million to \$536 million. Provision for bankruptcies in Hong Kong fell from \$287 million in 2002 to \$173 million this year. The corporate portfolio performed exceptionally well and recoveries were strong.

Consumer Banking

Consumer Banking operating profit increased 19 per cent from \$623 million in 2002 to \$740 million in 2003. Revenue grew by three per cent. Ten per cent revenue growth outside of Hong Kong was offset by a six per cent decline in revenue in Hong Kong.

Costs were held flat in the first half, but were deliberately accelerated in the second half to support growth initiatives. The bad debt charge fell by 21 per cent, largely from an improvement in the Hong Kong bankruptcy situation.

In Hong Kong, revenue dropped from \$1,013 million to \$955 million. This was a direct result of bankruptcy containment actions. Whilst these actions have adversely affected revenue, they have been effective in returning the unsecured lending business to profit in 2003. Revenue attrition has been partially offset by growth in mortgages and Wealth Management. Costs have been reduced by one per cent. The debt charge at \$282 million is down by 35 per cent, reflecting the success of the action taken to contain bankruptcy losses, resulting in a 64 per cent increase in operating profit to \$257 million in 2003 from \$157 million in 2002.

In Singapore, revenue rose by five per cent to \$329 million despite acute margin pressure. Wealth Management grew strongly and mortgage revenue increased, largely as a result of increased lending to smaller corporates in Business Financial Services and as a consequence of the low interest rate environment.

In Malaysia, operating profit grew by 16 per cent to \$64 million. Revenue increased by four per cent. There was strong growth in mortgages partially offset by lower margins. Costs were held flat and the debt charge declined by 14 per cent as a result of improved risk management and collections in the credit card business.

The Other Asia Pacific region had excellent results, with a 72 per cent increase in operating profit from \$50 million to \$86 million. Total revenue grew by 17 per cent to \$333 million, with cost growth held at seven per cent. In Taiwan, wealth management revenue grew by more than 80 per cent. Indonesia, Philippines and Thailand all showed revenue growth in excess of 20 per cent driven by good asset growth with no increase in the debt charge.

In India, revenue increased by ten per cent from \$204 million to \$224 million. Mortgage volumes and revenue doubled but there has been a significant decline in margins. Costs have increased by \$15 million to \$129 million as the distribution network has been expanded with branches in nine new cities. The bad debt charge increased by \$21 million to \$59 million. This was largely driven by increased provisions on a specific vintage of the card portfolio.

In the UAE, revenue grew by 11 per cent to \$102 million and in the rest of MESA it grew by 14 per cent to \$138 million. Unsecured loans and wealth management continued to be key business drivers across the region. Internet banking was launched in the first half and there has been good growth in cards, especially in UAE, Pakistan, Bangladesh and Jordan.

Revenue in Africa increased by 24 per cent to \$170 million through asset growth of more than 30 per cent. This was achieved despite significant margin compression in Kenya and currency devaluation in Zimbabwe. Costs rose by 28 per cent as alternative distribution channels were established and through expansion into South Africa.

The Americas, UK and Group Head Office has seen a reduction in operating profit from \$34 million to \$17 million. This is due to the restructuring of the Offshore Banking Business based in Jersey. Revenue has decreased by \$16 million as the business was reconfigured and refocused. Five international booking centres are now in operation and the business is well positioned for future growth.

Cards and personal loans have grown steadily and performed well outside Hong Kong. Assets grew by 12 per cent in 2003, mainly in Thailand, Malaysia and the Philippines. Regulatory intervention and interest caps limited margin growth in some markets. The bankruptcy situation and SARS affected performance in Hong Kong. However, although revenue was down by 20 per cent, the business returned to profitability and growth in the second half of 2003.

Wealth management revenue has fallen marginally from \$815 million to \$806 million. Strong sales of investment service products have been offset by margin pressure on liability products.

Mortgages and auto finance revenue has grown by 23 per cent from \$492 million to \$604 million. This was driven by new product successes, increased fee income and lower cost of funds.

Costs in Consumer Banking have increased from \$1,190 million to \$1,274 million as a result of accelerated investment in the second half of 2003 to drive future growth. The Manhattan card was successfully launched in Singapore in the second half of 2003 and distribution channels have been expanded in a number of countries and regions, including Hong Kong, Singapore, India and Africa. Service and product platforms continue to be improved. The cost-income ratio for 2003 was 51 per cent compared with 49 per cent for 2002.

The net charge for bad debts in Consumer Banking has fallen by 21 per cent to \$478 million in 2003, mainly due to the \$115 million fall in Hong Kong bankruptcy charges.

Wholesale Banking

Wholesale Banking has performed well in 2003. The repositioning of the business in 2002 towards higher returns has delivered improved profitability. Revenue has increased by seven per cent to \$2,261 million in 2003 with growth across a range of products and countries. Costs have been tightly controlled with an increase of four per cent from \$1,211 million to \$1,256 million resulting in a positive cost-income 'jaws' of three per cent for the year. Risk management has been effective and the debt charge reduced from \$109 million in 2002 to \$58 million in 2003 with strong recoveries.

In Hong Kong, revenue was flat. A decline in asset and liability management was offset by over ten per cent growth in customer driven revenue. Market share increased in trade, cash management, custody and fixed deposits. Costs were five per cent higher, mainly relating to increased amortisation of product and infrastructure investment. The debt charge increased by \$29 million. This was due to the first half of 2002 benefiting from high recoveries.

Revenue in Singapore fell by \$13 million to \$159 million as a result of lower asset and liability management revenue and lower margins on cash management. However, operating profit increased three per cent through cost control and debt recoveries.

In Malaysia, revenue was down by five per cent, mainly in Global Markets. This has been offset by lower costs and, with improved debt recoveries, operating profit has increased from \$23 million to \$38 million.

In the Other Asia Pacific region, revenue grew by 22 per cent, or \$62 million, in 2003 to \$349 million. Thailand, Taiwan, Korea and Indonesia all showed strong revenue growth, reflecting the benefit of the restructuring that took place in 2002, together with an improved performance in Global Markets. Although costs increased by five per cent, and the debt charge reflected higher new provisions and lower recoveries, operating profit increased by 22 per cent.

India revenue increased by 28 per cent to \$244 million. More than half this growth was customer driven growth in trade and lending, custody and Global Markets. Revenue also benefited from reducing the risk in the investment portfolio. Costs increased by 17 per cent with a normalised cost-income ratio of 45 per cent in 2003 compared to 44 per cent in 2002. With tight risk management operating profits grew from \$114 million in 2002 to \$150 million in 2003, an increase of 32 per cent.

Revenue in the UAE fell marginally to \$132 million. Good growth in customer revenue was more than offset by a decline in revenue from asset and liability management and lower margins in cash management. Elsewhere in MESA revenue grew by 16 per cent in 2003 to \$177 million. This was spread across all markets with good performance in Bahrain, Pakistan and Bangladesh. Costs in the region grew by 20 per cent to \$61 million to support a wider product offering and development of new markets in Iraq and Afghanistan. The operating profit for the Other MESA region has increased by 24 per cent from \$101 million to \$125 million.

Africa performed extremely well in 2003 with revenue growth of 40 per cent, \$78 million, to \$273 million. There was growth across the region driven by cash management, lending and an excellent foreign exchange and asset and liability management performance. Costs grew by 19 per cent to \$124 million, partly through inflationary pressure but also reflecting increased investment in Nigeria and new product offerings. Operating profit grew from \$91 million to \$144 million, an increase of 58 per cent.

In the Americas, UK and Group Head Office operating profit nearly doubled. This reflects the restructuring of Latin America that took place in 2002. Although revenue fell by \$60 million, this was more than offset by a \$15 million reduction in costs and an \$84 million reduction in the debt charge.

Trade and Lending revenue grew six per cent to \$819 million in 2003. Trade finance grew well, underpinned by the integrated trade platform B2BeX. Loan demand in Asia has remained low in 2003, but revenue and asset growth has come from India, MESA and Africa.

Revenue in Global Markets increased by \$86 million, or nine per cent, to \$1,059 million. This performance reflects customer led growth in derivatives, fixed income and structured products. Revenue from asset and liability management fell due to low interest rates and the flat dollar yield curve. This, however, was partially offset by gains on investment securities.

Cash Management revenue has held steady despite significant reduction in cash margins due to a 24 per cent growth in liability balances. Revenue growth was reported in MESA, Africa, UK and Americas and was driven, in particular, by multi-national corporations.

Custody revenue increased by \$5 million to \$65 million with an improved performance in the second half of 2003 as Asian stock markets strengthened and business volumes increased.

Costs in Wholesale Banking have risen by four per cent to \$1,256 million in 2003 due mainly to increased investment in new product capabilities in trade, cash, fixed income and corporate finance.

The Wholesale Banking debt charge has fallen \$51 million, or 47 per cent to \$58 million. This reflects the continued effectiveness of risk management strategies undertaken since 2001 to reduce the risk in the Wholesale Banking portfolio, together with strong recoveries.

Risk

Risk is inherent in the Group's business and the effective management of that risk is seen as a core competence within Standard Chartered. Through its risk management structure the Group seeks to manage efficiently the eight core risks: credit, market, country and liquidity risk arise directly through the Group's commercial activities, whilst business, regulatory, operational and reputational risk are a normal consequence 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.

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, connected groups of counterparties and portfolios, on the banking and trading books.

Problem Credits

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

In Wholesale Banking, accounts are placed on Early Alert when they display signs of weakness. Such accounts are subject to a dedicated process involving senior risk officers and representatives from a 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.

The relatively low Consumer Banking cover ratio reflects the fact that Standard Chartered classifies all exposure which is more than 90 days past due as non-performing, whilst provisions on unsecured lending are only raised at the time of charge-off. For secured products, provisions reflect the difference between 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 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 uncollectable 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.

Wholesale Banking Cover Ratio

The non-performing loans 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.

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

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.

In the first half of 2003 the Group released \$10 million from its General Provision. During the second half of 2003 a charge of \$33 million was made to the General Provision relating to litigation in India dating back to 1992.

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.

Market Risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. Market risk arises on financial instruments, which are either valued at current market prices (mark-to-market) or at cost plus any accrued interest (non-trading basis). The Group is exposed to market risk arising principally from customer driven transactions.

Market risk is supervised by the Group Risk Committee, which agrees policies and levels of risk appetite in terms of Value at Risk (VaR). A Group Market Risk Committee sits as a specialist body to provide business level management, guidance and 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 business within the terms of agreed policy. Group Market Risk Committee agrees the limits and monitors exposures against these limits.

Group Market Risk Committee augments the VaR measurement by regularly stress testing aggregate 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. Factor sensitivity measures are used in addition to VaR as additional 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.

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 business during 2003 was \$1.3 million.

Interest Rate Exposure

The Group's interest rate exposures comprise trading exposures and structural interest rate exposures. Interest rate risk arises on both trading positions and non-trading books.

Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities, including non-interest bearing liabilities such as shareholders' funds and some current accounts.

The average daily revenue from interest rate trading businesses, during 2003, was \$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 plain vanilla 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.

Liquidity Risk

The Group defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due. At the local level, in line with policy, the day to day monitoring of future cash flows takes place and suitable levels of easily marketable assets are maintained by the businesses.

A range of tools are used for the management of liquidity. These comprise commitment and wholesale borrowing guidelines, key balance sheet ratios and medium-term funding requirements.

Operational and Other Risks

Operational Risk is the risk of direct or indirect loss due to an event or action causing failure of technology, processes, infrastructure, personnel and other risks having an operational impact. Standard Chartered seeks to minimise actual or potential losses from Operational Risk failures through a framework of policies and procedures to identify, assess, control, manage and report risks.

Capital

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

The Group identified improving the efficiency of capital management as a strategic priority in 2002. A capital plan to achieve this has been developed. This includes several key elements; in particular, to reduce the amount of Tier 2 capital and to improve the overall capital mix within the broad target ratios. Consistent with this strategy the Company has made repurchases from various classes of preference shares during 2003 amounting to a capital reduction of \$20 million (2002: \$741 million).

	2003 \$million	2002* \$million
Tier 1 capital:		
Shareholders' funds	7,715	7,270
Minority interests – equity	83	75
Innovative Tier 1 securities	1,155	997
Less: restriction on innovative Tier 1 securities	(127)	(70)
Unconsolidated associated companies	13	31
Less: premises revaluation reserves	–	(3)
goodwill capitalised	(1,986)	(2,118)
Total Tier 1 capital	6,853	6,182
Tier 2 capital:		
Premises revaluation reserves	–	3
Qualifying general provisions	387	468
Undated subordinated loan capital	1,568	1,542
Dated subordinated loan capital	3,244	2,916
Restricted innovative Tier 1 securities	127	70
Total Tier 2 capital	5,326	4,999
Investments in other banks	(742)	(558)
Other deductions	(4)	(4)
Total capital	11,433	10,619
Risk weighted assets	58,371	55,931
Risk weighted contingents	19,791	18,623
Total risk weighted assets and contingents	78,162	74,554
Capital ratios:		
Tier 1 capital	8.8%	8.3%
Total capital	14.6%	14.2%
	2003 \$million	2002* \$million
Shareholders' funds		
Equity	7,066	6,638
Non Equity	649	632
	7,715	7,270
Post tax return on equity (normalised)	15.3%	13.4%

* Comparative restated (see page 34).

International Financial Reporting Standards

All companies listed in the European Union will be required to report their consolidated financial statements under International Financial Reporting Standards (IFRS) from 1 January 2005. The first public reporting date of the Company will be as at and for the six months ended 30 June 2005, with 2004 comparatives.

An IFRS Transition Programme involving all businesses and locations Group-wide has been underway since 2002, and is supervised by a Project Steering Committee chaired by a Group Executive Director.

The transition to IFRS represents a significant change in the accounting framework underlying the Group's Annual Report, particularly in respect of IAS 39 'Financial Instruments: recognition and measurement'. The International Accounting Standards Board (IASB) has substantially completed its review of International Accounting Standards that will be effective for the 2005 reporting period. Significantly, IAS 39 has not as yet been adopted by the European Commission.

In view of the ongoing changes, the Group continues to evaluate and prepare for the implementation of IFRS.

Board of Directors



1. Bryan Kaye Sanderson CBE*

Chairman

Appointed to the Board on 9 December 2002 and as Chairman on 8 May 2003. He spent most of his career with British Petroleum, rising to become a main board director and Chief Executive of BP Chemicals before he retired in 2000. He is Chairman of BUPA and of Sunderland PLC. He is also Chairman of the Learning and Skills Council. Age 63.

2. The Rt Hon Lord Stewartby†

Deputy Chairman

Appointed to the Board on 1 January 1990 and became Deputy Chairman in 1993. He is Chairman of the Throgmorton Trust PLC, Deputy Chairman of Amlin plc and a non-executive director of Diploma plc and Framlington Income and Capital Trust plc. He spent 20 years in merchant banking and was formerly a member of the Financial Services Authority. Age 68.

3. Evan Mervyn Davies CBE*

Group Chief Executive

Appointed to the Board on 16 December 1997 and as Group Chief Executive on 28 November 2001. He joined Standard Chartered in 1993 with responsibility for global account management and prior to joining the Board he was based in Singapore in charge of the Group's Corporate and Investment banking business. Before his appointment as Group Chief Executive he was executive director with responsibility for Hong Kong, China and North East Asia and for Group-wide Technology and Operations. He is a non-executive director of Tesco PLC. Age 51.

4. Michael Bernard DeNoma*

Appointed to the Board on 12 May 2000. He is responsible for the Group's Consumer Banking business world-wide. He joined Standard Chartered in July 1999 with responsibility for Consumer Banking in Asia. He is based in Singapore. Age 47.

5. Christopher Avedis Keljik*

Appointed to the Board on 7 May 1999. He is responsible for governance and performance in Africa, the Middle East and South Asia and has governance responsibility for the United Kingdom and the Americas. He joined Standard Chartered in 1976 and has held a number of senior positions working in London, Hong Kong, New York and Singapore in corporate finance, treasury and general management. Age 55.

6. Richard Henry Meddings*

Appointed to the Board on 16 November 2002. He is responsible for Risk, Group Special Asset Management, Legal and Compliance. Prior to his appointment, he was Chief Operating Officer, Barclays Private Clients at Barclays PLC. He was Group Finance Director of The Woolwich plc, before it was acquired by Barclays, where his responsibilities also included risk, compliance and treasury. Age 45.



7. Kaikhushru Shiavax Nargolwala*

Appointed to the Board on 7 May 1999. He is Chairman of the Group's Wholesale Banking business with responsibility for business strategy, performance and development of relationships with the Group's key corporate and institutional clients globally. He is also responsible for corporate governance across the Asia Pacific region and India and is on the Visa International Asia Pacific Regional Board. He joined Standard Chartered in 1998 as Group Head of Sales, with responsibility for relationships with corporate and institutional customers in the Asia Pacific region, the USA and Europe. He is based in Singapore. Age 53.

8. Peter Alexander Sands*

Appointed to the Board on 14 May 2002. He is responsible for Finance, Strategy, Technology and Operations. Prior to his appointment he was a director with world-wide consultancy McKinsey & Co. He had been with McKinsey since 1988, where he worked extensively in the banking and technology sectors in a wide range of international markets. Age 42.

9. Sir CK Chow†

Appointed to the Board on 24 February 1997. He is Chief Executive Officer of MTR Corporation Limited of Hong Kong. Previously he was Chief Executive Officer of GKN plc and Brambles Industries plc. He is a fellow of the Royal Academy of Engineering, the City and Guilds of London Institute and the Institute of Chemical Engineering. He was formerly a president of the Society of British Aerospace Companies. Age 53.

10. Ho KwonPing†

Appointed to the Board on 22 October 1996. He is Chairman of Banyan Tree Holdings Pte Ltd. He is also Chairman of the Wah-Chang Group. In addition, he is Chairman of Singapore Management University and a board director of Singapore Airlines Limited. He is based in Singapore. Age 51.

11. Rudolph Harold Peter Markham†

Appointed to the Board on 19 February 2001. He is Finance Director of Unilever PLC and Unilever N.V. Age 57.

12. Ruth Markland†

Appointed to the Board on 3 November 2003. She was formerly Managing Partner Asia for the international law firm Freshfields Bruckhaus Deringer. She was a partner of Freshfields for 20 years. Age 51.

13. David George Moir CBE†

Appointed to the Board on 1 January 1993 as an executive director. He retired as an executive director on 18 March 2000 after 42 years with the Group but remained as a non-executive director. He also sits on the Board of Pengurusan Danaharta Nasional Berhad (Danaharta). Age 63.

14. Hugh Edward Norton†

Appointed to the Board on 7 August 1995. He is a non-executive director of Inchcape plc. Age 67.

15. Sir Ralph Harry Robins†

Appointed to the Board on 1 October 1988. He was formerly Chairman of Rolls-Royce plc and the Defence Industries Council, and is a former President of the Society of British Aerospace Companies. Age 71.

16. Paul David Skinner†

Appointed to the Board on 3 November 2003. He is chairman of Rio Tinto Plc, the global mining company, and was formerly a Group Managing Director of the Royal Dutch/Shell Group of companies and CEO of its global Oil Products business. He is also a member of the board of INSEAD, the Euro-Asian business school. Age 59.

Audit and Risk Committee

Lord Stewartby (Chairman)
Rudolph Markham
Ruth Markland
Hugh Norton
Sir Ralph Robins

Board Remuneration Committee

Hugh Norton (Chairman)
Ho KwonPing
Sir Ralph Robins
Lord Stewartby

* Director of Standard Chartered Bank.

† Independent non-executive director.

‡ Non-executive director.



Summary Report of the Directors

Activities

The Company is a holding company and co-ordinates the activities of its subsidiaries which mainly carry out the business of banking and the provision of other financial services.

The Chairman's Statement on pages 4 and 5 and the Group Chief Executive's Review on pages 6 to 16 contain a review of the business of the Group during 2003, of recent events and of likely future developments.

Share Capital

During the year 2,010,942 ordinary shares were issued under the Company's share option schemes.

On 13 May 2003, 1,897,212 ordinary shares were issued instead of the 2002 final dividend. On 10 October 2003, 858,819 ordinary shares were issued instead of the 2003 interim dividend. During the year the Company repurchased and cancelled 9,486 of its US dollar preference shares and 4,715,000 of its sterling preference shares. Full details of these repurchases can be found in the Annual Report. The Company did not repurchase any of its ordinary shares during 2003.

Dividends

The directors recommend the payment of a final dividend of 36.49 cents per ordinary share to be paid on 14 May 2004 to shareholders on the register on 27 February 2004. The interim dividend of 15.51 cents per ordinary share was paid on 10 October 2003, making a total of 52.0 cents for the year. Ordinary shareholders will be offered the choice to receive their cash dividends in sterling, Hong Kong dollars or US dollars. It is also intended that the share dividend alternative to the cash dividend will be offered during 2004.

Directors

The directors of the Company as at 18 February 2004, the date of this report, are listed on pages 30 and 31.

All of the directors, with the exception of Ms R Markland and Mr P D Skinner, held office throughout the year. Ms Markland and Mr Skinner were appointed as non-executive directors on 3 November 2003. Sir Patrick Gillam, Mr R C Chan and Mr A W P Stenham resigned as directors on 8 May 2003 and Mr B Clare resigned as a director on 31 July 2003.

Mr E M Davies, Mr M B DeNoma, Mr R H P Markham, Mr H E Norton and Lord Stewartby retire from office by rotation and will offer themselves for re-election at this year's annual general meeting (AGM). Mr D G Moir and Sir Ralph Robins will retire from office at this year's AGM and will not stand for re-election.

Mr Davies and Mr DeNoma have service contracts, with a notice period of one year. Mr Markham, Ms Markland, Mr Norton, Mr Skinner and Lord Stewartby are non-executive directors and do not have service contracts.

Social, Ethical and Environmental Policies

Copies of the Group's SEE and environmental policies are available to shareholders on the Company's website at: www.standardchartered.com/ourbeliefs.

HIV/AIDS Policy

A copy of the Group's HIV/AIDS policy is available on the Company website at: www.standardchartered.com/global/csr/com/com_hiv.html.

Corporate Governance

A report on corporate governance is included on pages 46 to 48 of the Annual Report.

Auditors

The Companies Act requires the auditors to report if the accounting records are not properly kept or if the required information and explanations are not received. Their report on the full accounts contains no such statement.

Annual General Meeting

The Company's AGM will be held at 12 noon on Tuesday 11 May 2004 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB.

Statement of the Independent Auditor

to the members of Standard Chartered PLC

pursuant to section 251 of the Companies Act 1985

We have examined the summary financial statements on pages 34 to 36.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Review in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statements within the annual review with the full annual accounts, the directors' report and the directors' remuneration report and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the annual review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

Basis of audit opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our Report on the Group's full annual accounts describes the basis of our audit opinion on those accounts.

Opinion

In our opinion the summary financial statement is consistent with the full annual accounts, the directors' report and the directors' remuneration report of Standard Chartered PLC for the year ended 31 December 2003 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc

Chartered Accountants
Registered Auditor
London, 18 February 2004

Consolidated Profit and Loss Account

for the year ended 31 December 2003

	2003 \$million	2002 \$million
Interest receivable	4,790	5,288
Interest payable	(1,822)	(2,225)
Net interest income	2,968	3,063
Fees and commissions receivable	1,318	1,160
Fees and commissions payable	(162)	(169)
Dealing profits	525	420
Other operating income	104	65
	1,785	1,476
Net revenue	4,753	4,539
Administrative expenses:		
Staff	(1,353)	(1,270)
Premises	(290)	(269)
Other	(640)	(673)
Depreciation and amortisation	(381)	(345)
Total operating expenses	(2,664)	(2,557)
Operating profit before provisions	2,089	1,982
Provisions for bad and doubtful debts	(536)	(705)
Provisions for contingent liabilities and commitments	–	(7)
Amounts written off fixed asset investment	(11)	(8)
Operating profit before taxation	1,542	1,262
Taxation	(495)	(387)
Profit after taxation	1,047	875
Minority interests (equity)	(29)	(31)
Profit for the year attributable to shareholders	1,018	844
Dividends on non-equity preference shares	(55)	(108)
Dividends on ordinary equity shares	(611)	(545)
Retained profit	352	191
Basic earnings per ordinary share	81.5c	57.6c
Diluted earnings per ordinary share	80.5c	57.2c

The 2003 and 2002 results are all from continuing operations.

The Urgent Issues Task Force issued Abstract 38 (UITF 38) – Accounting for ESOP Trusts in December 2003. This Abstract required that when a company reacquires its own equity instruments it should present this as a deduction in arriving at shareholders' funds rather than as assets. The amount reported in Equity Shares and other variable yield securities in 2002 has been reduced by \$57 million and shareholders' funds have been reduced by \$57 million to reflect this change in disclosure. The Group's \$200 million Step-Up Notes 2022 (\$311 million) have been reclassified from undated to dated subordinated loan capital to incorporate callable options in place.

Consolidated Balance Sheet

at 31 December 2003

	2003 \$million	2002* \$million
Assets		
Cash and balances at central banks	1,835	1,100
Cheques in course of collection	147	137
Treasury bills and other eligible bills	5,689	5,050
Loans and advances to banks	13,354	16,001
Loans and advances to customers	59,744	57,009
Debt securities and other fixed income securities	23,141	20,187
Equity shares and other variable yield securities	359	193
Intangible fixed assets	1,986	2,118
Tangible fixed assets	884	928
Other assets	12,076	9,106
Prepayments and accrued income	1,067	1,124
Total assets	120,282	112,953
Liabilities		
Deposits by banks	10,924	10,850
Customer accounts	73,767	71,626
Debt securities in issue	6,062	4,877
Other liabilities	14,006	11,618
Accruals and deferred income	1,181	945
Provisions for liabilities and charges	46	63
Subordinated liabilities: Undated loan capital	1,568	1,542
Dated loan capital (including convertible bonds)	4,399	3,913
Minority interests: Equity	83	75
Non equity	531	174
Called up share capital	939	909
Share premium account	2,813	2,764
Capital reserve	5	5
Capital redemption reserve	11	3
Premises revaluation reserve	(2)	3
Own shares in ESOP Trust	(60)	(57)
Profit and loss account	4,009	3,643
Shareholders' funds (including non-equity interests)	7,715	7,270
Total liabilities and shareholders' funds	120,282	112,953
Memorandum items		
Contingent liabilities:		
Acceptances and endorsements	716	897
Guarantees and irrevocable letters of credit	12,350	12,199
Other contingent liabilities	4,802	4,817
	17,868	17,913
Commitments	41,157	43,803

* Comparative restated (see page 34).

These accounts were approved by the Board of Directors on 18 February 2004 and signed on its behalf by:

B K Sanderson
Chairman

E M Davies
Group Chief Executive

P A Sands
Group Executive Director

Summary Segmental Information

By geographic segment

										2003
	Asia Pacific					MESA			Americas, UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Other Asia Pacific \$million	India \$million	UAE \$million	Other Middle East & Other South Asia \$million	Africa \$million	\$million	\$million
Net revenue	1,358	488	236	682	468	234	315	443	529	4,753
Total operating expenses [†]	(626)	(212)	(136)	(430)	(218)	(91)	(144)	(283)	(524)	(2,664)
Operating profit before provisions	732	276	100	252	250	143	171	160	5	2,089
Charge for debts and contingent liabilities	(305)	(33)	2	(99)	(60)	(2)	4	(9)	(34)	(536)
Amounts written off fixed assets investments	–	–	–	–	(4)	–	–	–	(7)	(11)
Profit before taxation	427	243	102	153	186	141	175	151	(36)	1,542
Total assets employed	39,396	15,750	6,677	16,759	7,591	4,963	5,466	4,558	38,355	139,515
										2002
	Asia Pacific					MESA			Americas, UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Other Asia Pacific \$million	India \$million	UAE \$million	Other Middle East & Other South Asia \$million	Africa \$million	\$million	\$million
Net revenue	1,416	485	234	572	394	226	275	332	605	4,539
Total operating expenses [†]	(622)	(209)	(143)	(406)	(190)	(77)	(119)	(228)	(563)	2,557
Operating profit before provisions	794	276	91	166	204	149	156	104	42	1,982
Charge for debts and contingent liabilities	(428)	(41)	(13)	(61)	(38)	(8)	(5)	(3)	(115)	(712)
Amounts written off fixed assets investments	–	–	–	–	–	–	–	–	(8)	(8)
Profit before taxation	366	235	78	105	166	141	151	101	(81)	1,262
Total assets employed	41,143	17,387	6,732	16,295	6,411	5,096	5,304	3,880	42,327	144,575

By class of business

	2003			2002*		
	Consumer Banking \$million	Wholesale Banking \$million	Total \$million	Consumer Banking \$million	Wholesale Banking \$million	Total \$million
Net Revenue	2,492	2,261	4,753	2,416	2,123	4,539
Total operating expenses [†]	(1,274)	(1,256)	(2,664)	(1,190)	(1,211)	(2,557)
Profit before provisions	1,218	1,005	2,089	1,226	912	1,982
Charge for debts and contingent liabilities	(478)	(58)	(536)	(603)	(109)	(712)
Amounts written off fixed asset investments	–	(11)	(11)	–	(8)	(8)
Operating profit before taxation	740	936	1,542	623	795	1,262
Total assets employed	33,925	86,357	120,282	32,175	80,778	112,953

[†] Total operating expenses include \$134 million (2002: \$156 million) amortisation of goodwill. These costs are a result of global projects managed from the centre and corporate decisions made at the centre and have not been attributed to business segments.

For the segmental information given above, Group central expenses and other overhead costs have been distributed between geographic segments and classes of business in proportion to their direct costs and the benefit of the Group's capital has been distributed between geographic segments and classes of business in proportion to their risk weighted assets. Assets held at the centre have been distributed between geographic segments and classes of businesses in proportion to their total assets employed.

* Prior period has been restated to net down intra group items. Please also refer to page 34.

Directors' Remuneration Report

This report has been prepared by the Board Remuneration Committee and has been approved by the Board as a whole.

The Board Remuneration Committee (the Committee) is made up exclusively of non-executive directors. The members of the Committee are Mr H E Norton (Committee Chairman), Lord Stewartby, Mr Ho KwonPing and Sir Ralph Robins. Mr A W P Stenham and Mr B Clare served as members of the Committee until 8 May 2003 and 31 July 2003 respectively.

The Committee has specific terms of reference and meets at least five times a year. It considers and recommends to the Board the Group's remuneration policy and agrees the individual remuneration packages of the Group Chairman, Group Chief Executive and all other executive directors. The Committee also reviews and approves the remuneration of other highly paid senior management of the Group. No executive directors are involved in determining their own remuneration.

The tabular information on pages 43 to 48 has been audited.

Advisors to the Board Remuneration Committee

The principal advisors to the Committee are the Group Head of Human Resources (Mr T J Miller) and the Group Head of Reward (Ms K J Olley). Their advice draws on formal remuneration survey data provided by McLagan Partners and Towers Perrin. Towers Perrin also provide advice on executive compensation issues and, together with Clifford Chance LLP, on the design and operation of the Group's share plans. In addition to the above advice, Towers Perrin also provides retirement, benefit and welfare consulting services to the Group in North America.

The Committee relies upon these principal internal advisers but will draw upon independent advice as appropriate and depending upon the subject matter under discussion. The Committee did not seek any independent advice during 2003.

In addition, data required for the analysis of comparative Total Shareholder Return (for the Group's Performance Share Plan and for the comparator performance graph disclosed in this report) is provided by Thomson Financial.

Remuneration Policy

The success of the Group depends upon the performance and commitment of talented employees. The Group's remuneration policy is, and will continue to be, 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 take account of the interests of shareholders; and
- maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented executives of the highest quality internationally. During 2003, over 100 per cent of the Group's trading profit came from operations outside the United Kingdom. The executive directors of the Group all bring international experience and expertise to the Group and the Group recognises that it recruits from an international marketplace.

Performance-related Remuneration

Target remuneration levels for the Group's executive directors are set with reference to the median of the FTSE 30 and the median of its key international competitors, particularly those financial institutions headquartered in the UK, continental Europe, the United States and Asia which have significant operations in the Group's principal markets. In addition, relative performance against a specific comparator group is used in conjunction with one of the Group's share plans, the 2001 Performance Share Plan. Details of this comparator group are set out on page 40.

Excellent performance both by the Group and by the individual executive director may be rewarded with higher bonus levels and share awards, taking potential total compensation to the upper quartile or higher of the Group's key international competitors.

Executive directors' target total compensation is structured to give the heaviest weighting to performance-related elements, with approximately 34 per cent of total compensation delivered through base salary, 30 per cent through an annual cash bonus plan, and 36 per cent through the estimated present value of share options and share awards.

Retirement Benefits for executive directors, as for all employees, are set to be competitive in the local market and are not performance-based.

Remuneration Structure

The remuneration arrangements for the executive directors consist of:

Base Salaries

The Group policy for executive directors as well as all other employees is that base salary levels are set at the median of the Group's key international competitors. Salary levels are reviewed annually by the Committee taking account of the latest available market data as well as the performance of the individual executive.

Any increases in annual base salary are effective from 1 April of the relevant year. The average salary increase for executive directors in 2003 (effective 1 April 2003) was 4.3 per cent.

Annual Performance Bonus

Executive directors are eligible to receive a discretionary annual bonus. The maximum award is 200 per cent of base salary. Two-thirds of that amount is payable immediately on award as a cash sum. The balance is delivered in shares in the Company which are held in an employee benefit trust for up to one year before being released to the executive and which can be forfeited if the executive leaves voluntarily during that period (the deferred bonus plan). Annual bonus awards are made wholly on the basis of Group and individual performance. Group performance is assessed on the basis of a number of quantitative and qualitative measures which include earnings per share, revenue growth, costs and cost control, bad debts, pre-tax profits, cost-income ratio and customer service.

Individual performance is appraised taking account not only of the results achieved by the executive director in respect of their own areas of responsibility, but also their support of the Group's values and contribution to the collective leadership of the Group. This principle is also applied throughout the organisation. The importance of individual performance is reflected in the variation of actual bonus awards made to executive directors in 2003.

Min award made (as multiple of base salary) in 2003 83%	Max award made (as multiple of base salary) in 2003 162%	Max award permitted (as multiple of base salary) 200%
--	---	--

Long Term Incentives

In order to align the interests of executive directors and employees with those of shareholders, the executive directors are eligible to participate in two of the Group's share incentive schemes, the 2001 Performance Share Plan and the 2000 Executive Share Option Scheme. Both schemes are designed to provide competitive long-term incentives which are only exercisable upon the achievement of tough performance criteria. Details of these schemes are given on pages 39 to 41. The importance placed on such programmes as a percentage of executive directors' total potential remuneration is one of the strongest indicators of the Group's commitment to paying for demonstrable performance. Awards under these schemes are entirely discretionary and are based on individual directors' performance. As shown in the table below, there is considerable variation in the levels of share awards made to executive directors, illustrating the importance the Group places on individual performance. The table shows the face value of awards made.

Name of scheme	Min award made (as multiple of salary) in 2003	Max award made (as multiple of salary) in 2003	Max grant permitted under rules (as multiple of salary)
2000 Executive Share Option Scheme	200%	400%	600%
2001 Performance Share Plan	75%	100%	100%

A performance test is therefore effectively applied both at the time of grant *and* upon vesting.

Upon recruitment to the Group, newly appointed executive directors may also be granted an award of restricted shares under the Group's 1997 Restricted Share Scheme. Such awards are made on an exceptional basis and are principally used to partly compensate such directors for share awards forfeited on leaving their previous employer. Executive directors are also eligible to participate in the Group's all-employee UK or International Sharesave Schemes on the same terms as other eligible employees.

Retirement Benefits

All of the executive directors, excluding the Chairman, are eligible for post retirement benefits. During the year, the Group reviewed the retirement benefit arrangements for its executive directors. The policy remains that the Group aims to provide a retirement benefit equivalent to two-thirds of base salary based on at least 20 years service with the Group at retirement age. The structure for delivering this benefit was simplified so that the retirement benefits are now provided through a combination of approved and/or unapproved defined benefit and cash structures depending upon when the executive director joined the Group and his geographical location. Base salary is the only element of remuneration which is pensionable. Retirement benefits are not designed to be performance-related.

Contracts of Employment

The policy for the Group is for all executive directors to be entitled to receive and be required to give twelve months notice. In line with the announcement made prior to last year's annual general meeting, the executive directors' contracts have been amended to remove the extended 24 month period which applied following a change of control of the Company. Mr Sanderson's contract did not contain such a provision and therefore no such change was made to his contract. The Committee will continue to monitor the appropriateness of its policy on directors contracts in the light of market practice and guidelines on corporate governance to ensure that the Group continues to attract and retain executive directors of the highest quality with commensurate experience.

The dates of the executive directors' contracts of employment are as follows: Mr Sanderson – 28 November 2002; Mr DeNoma and Mr Nargolwala – 11 December 2003; Mr Meddings – 12 December 2003; Mr Keljik – 16 December 2003; Mr Davies and Mr Sands – 31 December 2003.

Executive Directors (excluding Mr B K Sanderson)

Each contract is subject to 12 months rolling notice but, in any event, terminates automatically at the first annual general meeting following the executive director's 60th birthday. The contracts contain payment in lieu of notice (PILON) provisions which can be exercised at the Group's discretion. The PILON would comprise an amount equal to 12 month's base salary, pension contributions/entitlement and certain benefits and allowances (such as life assurance and car allowance). The amount of any bonus payable as part of a PILON is determined by the Committee taking into consideration individual and Group performance. Any payment under the PILON would be paid in quarterly instalments and be subject to mitigation.

There are special provisions which apply in the event that the company terminates the executive's contract in the 12 months following a change of control without giving notice. These provide that, if the executive's contract is terminated by the Group (other than where summary dismissal is appropriate or the executive serves out notice), the Group will pay in four equal instalments an amount equal to 12 month's base salary, pension contributions/entitlement and certain benefits and allowances. The amount of bonus payable in respect of the 12 months following the date of termination is the executive's target bonus. The amount of bonus payable in respect of the performance period which the executive director worked prior to termination will be decided by the Committee taking into consideration individual and Group performance, unless such a period is less than 6 months in which case, a pro rata target bonus is payable.

Mr B K Sanderson

Mr Sanderson has a 12 month rolling contract which in any event expires on 14 October 2008. His contract contains clauses specifying payments in the event of early termination by the Group (other than where summary dismissal is appropriate). In such circumstances the contract provides for payment that would take account of his base salary and certain allowances, but excludes non cash benefits and performance related bonus for the relevant period of notice.

Non-Executive Directors

The fees of the non-executive directors are determined by the executive directors only and are non-pensionable. Non-executive directors' fees are reviewed at least every two years (last formal review in April 2002) and, as with executive directors' remuneration, reflect the international nature of the roles which they perform. Basic annual fees and Committee fees are set to be competitive against the Group's international competitors.

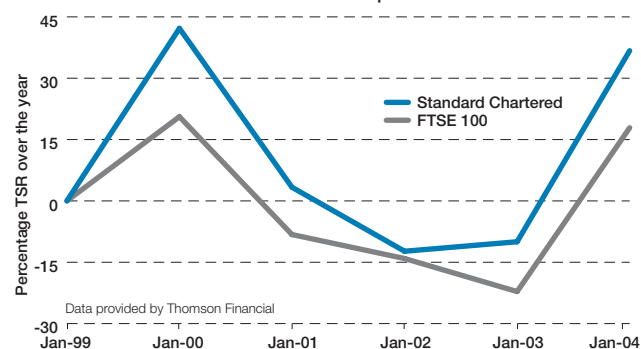
Current basic annual fees are \$73,580 (£45,000) with additional fees for ordinary membership of a Board Committee of \$14,716 (£9,000). As Chairman of the Board Remuneration Committee, Mr H E Norton receives an additional fee of \$24,527 (£15,000) instead of the committee membership fee of \$14,716 (£9,000). The Deputy Chairman, Lord Stewartby, who is also the Senior Independent Director, Chairman of the Audit and Risk Committee and a member of the Board Remuneration Committee, currently receives an overall annual fee of \$245,265 (£150,000) inclusive of Board and Committee fees.

Further detail on non-executive directors' remuneration is set out on page 43.

Performance Graph

The graph below shows the year-on-year change over the last five years in the Group's total shareholder return alongside the total shareholder return of the FTSE100. The FTSE100 provides a broad comparator group against which the Group's shareholders may measure their relative returns. The Company is a constituent member of the FTSE100 Index and the London Stock Exchange is the principal exchange for the Company's shares. A more tailored comparator group (as described below) is used for the purpose of measuring Group performance for the Group's performance share plan.

Total Shareholder Return Performance Graph



Long Term Incentives

2001 Performance Share Plan

Outline of the 2001 Performance Share Plan

The Plan is designed as an intrinsic part of total remuneration for the Group's executive directors and for a small number of the Group's most senior executives. It is an internationally competitive long-term incentive that focuses executives on meeting and exceeding the long-term performance targets of the Group. The performance criteria which need to be met are listed below. The Plan is administered by the Standard Chartered Employee Share Ownership Trust (the Trust) which is managed by an independent corporate trustee. Awards of nil price options to acquire shares are granted to the director and will normally be exercised between three and ten years after the date of grant if the individual is still employed by the Group. There is provision for earlier exercise in certain limited circumstances. The value of shares awarded in any year to any individual may not exceed one times their base salary.

Performance Conditions

The Committee will set appropriate performance conditions each time that awards are made under the Plan.

The performance conditions which need to be met before any award can be exercised under the Plan are summarised below, together with the reason for their selection:

Measure	Relative Total Shareholder Return (TSR)	Earnings per Share (EPS)
Explanation for use	Measuring the year-on-year growth in share price plus dividends paid to shareholders during that period, relative TSR is recognised as one of the best indicators of whether a shareholder has achieved a good return on investing in the Group relative to a basket of companies or a single index	An EPS performance condition is used as this is recognised as providing an appropriate measure of the Group's underlying financial performance

The Plan operates as follows:

The first half of the award is dependent upon the Group's TSR compared to that of a comparator group at the end of a three-year period. The Comparator Group comprises:

ABN AMRO Holding Bank NV	HSBC Holdings
Bank of America	JP Morgan Chase
Bank of East Asia	Lloyds TSB
Barclays	Overseas Chinese
Citigroup	Banking Corporation
DBS Group	Royal Bank of Scotland
Deutsche Bank	United Overseas Bank
HBOS	Standard Chartered

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three-year performance period, depending on the ranking achieved in the Comparator Group:

Ranking in list of TSR Performance relative to Comparator Group companies	Percentage of award of exercisable
9th–15th	Nil
8th	20.0
7th	27.5
6th	35.0
5th	42.5
1st–4th	50.0

The other half of the award will be subject to an earnings per share (EPS) growth target applied over the same three-year period.

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three-year performance period, depending on the EPS performance:

Increase in EPS (over performance period)	Percentage of award exercisable
Less than 15%	Nil
15%	20.0
30% or greater	50.0

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

The Committee is responsible for approving the grant and exercise of all awards made to executive directors under the Plan. The Committee may amend the performance conditions which apply to any award if the amended condition would provide a more appropriate measure of performance as long as the amended condition would be no less demanding to satisfy.

The Committee recently reviewed whether the performance conditions on awards granted in 2001 under the Plan were satisfied at the end of December 2003. The Committee determined that 69.54 per cent of the shares subject to awards granted in 2001 has now vested (EPS component 42.04 per cent and TSR component 27.5 per cent). For awards granted in 2003, normalised EPS of 74.9 cents was used as a base EPS figure. During 2003, awards over 381,820 shares were granted to executive directors under the Plan. No awards under the Plan have been exercised by executive directors in 2003.

2000 Executive Share Option Scheme Outline

The 2000 Executive Share Option Scheme is designed as an intrinsic part of the Group's executive directors' and senior managers' total remuneration. The 2000 scheme is designed to be internationally competitive and focus executive directors and their senior management teams on delivering long term performance. An EPS performance criterion needs to be met before options can be exercised.

Executive share options to purchase ordinary shares in the Company are exercisable after the third, but before the tenth, anniversary of the date of grant. The exercise price per share is the share price at the date of grant and options can normally only be exercised if a performance condition is satisfied.

The 2000 scheme was introduced in 2000 to replace the Group's existing executive share option schemes.

Performance Conditions

EPS is used as the key performance condition under the 2000 scheme, as it is recognised as providing an appropriate measure of the Group's underlying financial performance.

An amendment to the scheme's existing EPS performance condition was approved by shareholders in 2001. Between May 2001 until December 2003, options awarded under the 2000 scheme may be exercised if the Group's EPS has increased by at least eight per cent per year for three years (i.e. at least 24 per cent over three years). Re-testing may be carried out in the fourth and fifth year after grant, but if the performance conditions have not been met at the end of the fifth year all options lapse automatically.

The Committee recently reviewed the appropriateness of the existing performance condition on the 2000 scheme. It concluded that for all future option grants a sliding scale EPS target without any retest is more appropriate. A sliding scale rather than 'all or nothing' performance criterion encourages the right behaviour in terms of improving EPS rather than focusing on one single EPS target. The revised condition mirrors the EPS target used under the 2001 Performance Share Plan and is set out below.

Increase in EPS (over performance period)	Percentage of award exercisable
Less than 15%	Nil
15%	40.0
30% or greater	100.0

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

The Committee also recently reviewed whether the performance conditions on the awards granted in both 2000 and 2001 under the 2000 scheme were satisfied at the end of the December 2003. The Committee determined that none and 100 per cent of the shares subject to awards granted in 2000 and in 2001 respectively had now vested.

During 2003, options over 1,084,719 and 121,211 shares were granted to the executive directors under the 2000 scheme at option exercise prices of 690.5 pence and 742.5 pence per share respectively. For options granted in 2003, normalised EPS of 74.9 cents was used as the base EPS figure. No options under the 2000 scheme were exercised by the executive directors during 2003.

1997 Restricted Share Scheme

The Group operates a discretionary Restricted Share Scheme for high performing and high potential staff at any level of the organisation who the Group wishes to motivate and retain. Except upon appointment when an executive director may be granted an award of restricted shares, the Restricted Share Scheme is not applicable to executive directors, as it has no performance conditions attached to it. Fifty per cent of the award vests two years after the date of grant and the remainder after three years. Along with the all employee sharesave schemes detailed below, the Restricted Share Scheme plays an important part in the Group's ambition to increase employee share ownership at all levels across its operations internationally.

The scheme is administered by trustees of an employee benefit trust (the Trust) which holds ordinary shares to meet its obligations under this and the Group's other long-term incentive schemes. As each executive director is within the class of beneficiary of the Trust, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the Trust. As at 31 December 2003, the Trust's holding was 9,513,386 ordinary shares (7,160,366 as at 1 January 2003).

During 2003, an award over 40,404 shares were granted to Mr Sanderson on his appointment as Chairman of the board of directors. No awards under the Restricted Share Scheme were exercised by executive directors or lapsed during 2003.

All Employee Sharesave Schemes

The Group believes strongly in encouraging employee share ownership at all levels in the organisation. It seeks to engage employees in the performance of the Group, align their interests more closely with those of shareholders and offer them an opportunity for long-term savings and a share in the Group's financial success which they help to create. The Group has operated a UK sharesave scheme since 1984 in which all UK-based employees are eligible to participate. In 1996 the International Sharesave Scheme was launched and made available to all employees based outside the UK.

Under the UK and the International Sharesave Schemes, employees have the choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, employees may purchase ordinary shares in the Company. The price at which they may purchase shares is at a discount of up to 20 per cent on the share price at the date of invitation. In 2003, 40 per cent of employees globally participated in the Group's all employee sharesave schemes. There are no performance conditions attached to options granted under the all employee sharesave schemes.

In some countries in which the Group operates it is not possible to operate sharesave schemes, typically because of securities law, regulatory or other similar issues. In these countries the Group offers an equivalent cash-based scheme to its employees.

During 2003, options over 5,350 shares were granted to executive directors under the all employee sharesave schemes. In addition, executive directors exercised options over 5,164 shares. The directors' total gains on options exercised were £30,958. No options lapsed.

1997 Supplemental Share Option Scheme (closed)

No awards have been made under this scheme since February 2000 and it is anticipated that no future grants will be made under it except in exceptional circumstances. To be eligible for a grant under this scheme, participants had to retain a personal holding of at least 10,000 shares, purchased at their own expense. Options can only be exercised up to the fifth anniversary of the grant date if, during the performance period:

- the share price over 20 consecutive days exceeds the share price at the date of grant by at least 50 per cent plus RPI; and
- EPS increases by at least 25 per cent plus RPI.

Both conditions must be satisfied within five years of the date of grant. In the event of a change of control, the Committee may deem the EPS target to have been met.

During 2003, no share options under this scheme were exercised by executive directors. Options over 287,870 shares lapsed during the year.

1994 Executive Share Option Scheme (closed)

No awards have been made under this scheme since August 1999 as the scheme was replaced by the 2000 Executive Share Option Scheme. Executive share options to purchase ordinary shares in the Company are exercisable after the third, but before the tenth anniversary of the date of grant. The exercise price is the share price at the date of grant and options can only be exercised if EPS increases by at least 15 per cent over three consecutive years.

During 2003, executive directors exercised no options. No options lapsed.

1995 Restricted Share Scheme (closed)

Awards are no longer made under this scheme. Under the scheme, directors were awarded a proportion of their annual variable bonus in ordinary shares. These shares were not normally released before the third anniversary of the date of the award, and released in full between the fifth and seventh anniversary.

The scheme is administered by the trustee of the Trust. The shares held in the Trust are released at the discretion of the trustee. At the time of his retirement from the Board of Directors, Sir Patrick Gillam held 23,725 shares under the scheme, which are available for release until 2004.

Shareholding Guidelines

The Group operates a shareholding guideline policy which aims to align the interests of executives with shareholders by ensuring that they build up a significant equity stake in the Company. The key aspects of the guidelines, as outlined to shareholders at the Annual General Meeting in May 2003, are as follows:

- There is a single shareholding target for employees at specific levels.
- The current guideline levels are as follows:

Group CEO	at least 100,000 shares
Chairman/Other Group Executive Directors	at least 60,000 shares
Other senior management	at least 10,000-15,000 shares
- Executives will be expected to retain any shares acquired on the exercise of awards granted under the 2000 Executive Share Option Scheme, the 2001 Performance Share Plan and the deferred bonus plan until such time as the shareholding guideline is satisfied. However, executives may sell sufficient shares to pay for any tax and exercise price (if any).
- The Committee annually reviews the progress made by executives in terms of meeting their guideline targets. It will also continue to review the guideline levels to ensure they remain challenging and appropriate.

General

The middle market price of an ordinary share at the close of business on 31 December 2003 was 922.5 pence. The share price range during 2003 was 613.5 pence to 969.0 pence per share (based on closing middle market prices).

Full details of the directors' shares and options can be found in the Company's register of directors' interests.

Audited information

Remuneration of Directors

Directors	Notes	Salary/fees \$000	Cash bonus \$000	Deferred bonus \$000	Benefits \$000	2003 Total \$000	Salary/fees \$000	Bonus \$000	Benefits \$000	2002 Total \$000
B K Sanderson	(a)	344	–	409	–	753	4	–	–	4
E M Davies	(b) (c)	1,078	1,009	572	82	2,741	906	1,127	118	2,151
M B DeNoma	(d)	633	621	311	511	2,076	559	751	612	1,922
C A Keljik		646	545	273	25	1,489	567	601	23	1,191
R H Meddings	(b)	572	445	245	28	1,290	66	351	3	420
K S Nargolwala	(b) (d)	633	234	311	584	1,762	559	631	302	1,492
P A Sands		736	681	341	43	1,801	427	676	24	1,127
Sir Patrick Gillam	(c) (e)	341	360	–	76	777	746	902	66	1,714
Sub total (executive directors)		4,983	3,895	2,462	1,349	12,689	3,834	5,039	1,148	10,021
Lord Stewartby	(f) (g)	231	–	–	–	231	250	–	–	250
Sir CK Chow		74	–	–	–	74	62	–	–	62
Ho KwonPing	(f)	88	–	–	–	88	74	–	–	74
R H P Markham	(g)	88	–	–	–	88	74	–	–	74
R Markland	(g) (h)	12	–	–	–	12	–	–	–	–
D G Moir	(i)	237	–	–	–	237	212	–	–	212
H E Norton	(f) (g)	113	–	–	–	113	92	–	–	92
Sir Ralph Robins	(f) (g)	103	–	–	–	103	87	–	–	87
P D Skinner	(h)	12	–	–	–	12	–	–	–	–
R C Chan	(j)	26	–	–	–	26	62	–	–	62
B Clare	(k)	50	–	–	–	50	74	–	–	74
A W P Stenham	(l)	31	–	–	–	31	130	–	–	130
Sub total (non-executive directors)		1,065	–	–	–	1,065	1,117	–	–	1,117
Total		6,048	3,895	2,462	1,349	13,754	4,951	5,039	1,148	11,138

Notes

- (a) Mr Sanderson was appointed as an executive director and Chairman on 8 May 2003. Prior to this date, Mr Sanderson had been a non-executive director.
- (b) The cash bonus amounts shown here are net of any amounts sacrificed to provide additional pension benefits. See page 45 for further details.
- (c) The benefits column includes expenses chargeable to income tax for Mr Davies and Sir Patrick Gillam of \$1,217 (2002: none) and \$39,567 (2002: \$30,139) respectively.
- (d) Expatriate directors carrying out their duties overseas have their remuneration adjusted to take local living costs into account. This adjustment is to put them in a position, after taxation differentials, where they are no worse off as a result of carrying out their duties overseas. The benefits column includes additional benefits such as allowances for working overseas, provision of accommodation or education of children, granted to directors working overseas. For Messrs DeNoma and Nargolwala, these allowances and benefits amounted to \$510,940 (2002: \$611,922) and \$583,608 (2002: \$301,344) respectively.
- (e) Sir Patrick Gillam retired as a director on 8 May 2003.
- (f) Member of the Board Remuneration Committee.
- (g) Member of the Audit and Risk Committee. Ms Markland was appointed as a member of the Audit and Risk Committee in February 2004.
- (h) Ms Markland and Mr Skinner were appointed as non-executive directors on 3 November 2003.
- (i) Mr Moir received an additional fee of \$163,510 (2002: \$150,300) for advisory services. This amount is shown in the table above.
- (j) Mr Chan and Mr Stenham resigned as non-executive directors on 8 May 2003.
- (k) Mr Clare resigned as a non-executive director on 31 July 2003.
- (l) Further details on the fees for non-executive directors are shown on page 39.
- (m) The amounts shown in the Deferred bonus column represents the amount of bonus that will be paid to an employee benefit trust to acquire shares in the Company of an equivalent value (2002: none).

Compensation for past directors

Mr Talwar ceased to be a director on 28 November 2001. Under the terms of the compensation agreed (which were reported in the 2002 report and accounts), Mr Talwar received the remaining final three instalments of \$571,400 (£394,459) during 2003.

Audited Information continued

Retirement Benefits of Executive Directors

	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	2003 Defined benefit plan:	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	2002 Defined benefit plan:
	contribution during the year \$000	increase in accrued pension during the year \$000	total accrued pension at year end \$000	transfer value of total accrued pension at year end \$000	contribution during the year \$000	increase in accrued pension during the year \$000	total accrued pension at year end \$000	transfer value of total accrued pension at year end \$000
E M Davies	27	51	107	1,956	113	30	50	668
M B DeNoma	173	–	–	–	151	–	–	–
C A Keljik	–	30	456	8,162	–	19	381	6,400
R H Meddings	53	22	55	762	27	–	–	–
K S Nargolwala	–	41	41	818	151	–	–	–
P A Sands	70	26	26	551	173	–	–	–
Total	323	170	685	12,249	615	49	431	7,068

Notes

(a) Background:

The executive directors' retirement compensation scheme now comprises approved and unapproved defined benefit plans and salary supplements.

(b) Defined benefit plans:

The defined benefit plans comprise a combination of the Standard Chartered Pension Fund, an approved non-contributory scheme, and an unapproved unfunded retirement benefit scheme. The unapproved unfunded retirement benefit scheme provides that part of the benefit which cannot be provided through the approved plan. In other respects the terms of this scheme are designed to mirror the provisions of the Standard Chartered Pension Fund. For example, both have a normal retirement age of 60 and a spouse's pension of 60 per cent of the member's pension (including any amount exchanged for a cash lump sum at retirement) on death after retirement. On the death in service of a director, pension benefits are available to a spouse and dependant children and a lump sum is payable. Members of the Standard Chartered Pension Fund may retire early but on a reduced pension equivalent in value to the alternative deferred pension. Guaranteed pension increases subject to the 'Guaranteed Pension Increase Allowance' rule are given in respect of pension for service up to 5 April 1997 and five per cent per annum (or the increase in the RPI if lower) for service from 6 April 1997.

The increase in accrued pension during the year is the difference between the accrued pension at the end of 2002 increased by an allowance for inflation of 2.5 per cent (2002: 2.6 per cent) and the accrued pension at the end of 2003. The total accrued pension at year end includes benefits arising from transfer payments received in respect of service with previous employers. The table below shows the increase in accrued pensions during 2003 without any allowance for inflation, and the increase in the transfer value of the total accrued pensions between the end of 2002 and the end of 2003 for members of the defined benefit plans. The final column shows the increase in transfer value excluding benefits arising from bonus sacrifices and all transfer payments received from either the Group's defined contribution arrangements or a pension scheme of a previous employer.

Directors	Increase in accrued pension during 2003 (excluding inflation allowance) \$000	Increase in the transfer value of total accrued pension during 2003 \$000	Increase in the transfer value of total accrued pension during 2003 (excluding transfers in and bonus sacrifices) \$000
E M Davies	53	1,228	913
C A Keljik	41	1,199	1,199
R H Meddings	22	762	399
K S Nargolwala	41	818	428
P A Sands	26	551	533

(c) The ages of the directors are shown on pages 30 and 31.

Audited Information continued

(d) Unapproved unfunded retirement benefit scheme:

The transfer values in respect of the unapproved unfunded retirement benefit scheme in which Mr Davies, Mr Meddings, Mr Nargolwala and Mr Sands participate have been calculated using the Group's FRS17 methodology and assumptions. Executive directors are given the opportunity to sacrifice a proportion of any potential bonus to enhance their unfunded unapproved retirement benefits. Any amounts sacrificed in respect of 2003 are shown below and the additional pension benefits have been calculated by the Bank's actuary to be at no additional cost to the Company.

Director	2003 bonus sacrifice	Current pension arising from sacrifice
E M Davies	\$135,509	\$7,721
R H Meddings	\$45,783	\$2,725
K S Nargolwala	\$387,519	\$19,572

The cash bonus amounts shown on page 43 are net of the bonus sacrifices shown in the above table.

(e) Amounts paid by the Group (in addition to pension payments under a funded pension scheme) to former directors or their dependants in respect of post-retirement benefits amounted to \$264,921 (2002: \$237,054). There were no other post-retirement benefits payments to former directors. None of these amounts first became payable after 31 March 1997.

Directors' Interests in Ordinary Shares

Name of Directors	At 1 January 2003†		Family interests	Other interests (d)	At 31 December 2003††	
	Total interests	Personal interests			Total interests	
B K Sanderson	50,000	52,062	1,159	–	53,221	
Lord Stewartby	14,760	14,947	–	–	14,947	
E M Davies	58,092	60,490	–	–	60,490	
Sir CK Chow	8,664	8,664	–	–	8,664	
M B DeNoma	10,000	10,455	–	–	10,455	
Ho KwonPing	2,208	2,299	–	–	2,299	
C A Keljik	118,766	1,078	122,852	–	123,930	
R H P Markham	2,075	2,160	–	–	2,160	
R Markland	–	2,000	–	–	2,000	
R H Meddings	2,000	2,000	–	–	2,000	
D G Moir	112,955	113,392	–	–	113,392	
K S Nargolwala	70,897	70,897	–	–	70,897	
H E Norton	4,000	4,000	–	–	4,000	
Sir Ralph Robins	3,974	4,138	–	–	4,138	
P A Sands	2,027	2,111	–	–	2,111	
P D Skinner	–	3,000	–	–	3,000	
Sir Patrick Gillam	62,719	38,994	–	23,725	62,719	
R C Chan	2,325	2,325	–	–	2,325	
B Clare	2,015	2,015	–	–	2,015	
A W P Stenham	23,095	23,095	–	–	23,095	

† or at date of appointment, if later.

†† or at date of resignation, if earlier.

Notes

(a) The beneficial interests of directors and their families in the ordinary shares of the Company are set out above. The directors do not have any non-beneficial interests in the Company's shares.

(b) No director had an interest in the Company's preference shares or loan stock, nor the shares or loan stocks of any subsidiary or associated undertaking of the Group.

(c) No director had any corporate interests in the Company's ordinary shares.

(d) Other interests refer to shares held under the 1995 Restricted Share Scheme, details of which are set out on page 42.

Subsequent pages contain information on shareholding, share options and share awards.

Audited Information continued

Long Term Incentives

Director	Scheme	At 1 January 2003	Granted	Exercised	Lapsed	At 31 December 2003†	Weighted average exercise price (pence)	Period of exercise
B K Sanderson	2000 Scheme	–	121,211 (b)	–	–	121,211	742.5	2006-2013
	Sharesave	–	2,472	–	–	2,472	641	2008-2009
E M Davies	2000 Scheme	651,889	347,574 (c)	–	–	999,463	750.4	2004-2013
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008
	Supplemental Scheme	121,541	–	–	42,492	79,049	886.57	2004-2005
	1994 Scheme	132,848	–	–	–	132,848	754.02	2004-2009
M B DeNoma	2000 Scheme	316,828	220,130 (c)	–	–	536,958	776	2004-2013
	Sharesave	2,397	–	–	–	2,397	704	2004-2005
	Supplemental Scheme	36,585	–	–	–	36,585	820	2004-2005
	1994 Scheme	33,783	–	–	–	33,783	888	2004-2009
C A Keljik	2000 Scheme	351,034	110,065 (c)	–	–	461,099	794.84	2004-2013
	Sharesave	5,164	1,439	5,164 (d)	–	1,439	641	2006-2007
	Supplemental Scheme	100,578	–	–	28,555	72,023	844.18	2004-2005
	1994 Scheme	117,098	–	–	–	117,098	767.01	2004-2009
R H Meddings	2000 Scheme	135,957	101,375 (c)	–	–	237,332	737.36	2005-2013
	Sharesave	–	1,439	–	–	1,439	641	2006-2007
D G Moir	Supplemental Scheme	118,750	–	–	57,450	61,300	879.28	2004-2005
K S Nargolwala	2000 Scheme	385,239	110,065 (c)	–	–	495,304	792.44	2004-2013
	Supplemental Scheme	125,087	–	–	33,994	91,093	848.03	2004-2005
	1994 Scheme	99,063	–	–	–	99,063	757.1	2004-2009
P A Sands	2000 Scheme	208,865	195,510 (c)	–	–	404,375	778.98	2005-2013
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008
Sir Patrick Gillam	2000 Scheme	507,443	–	–	–	507,443	821.77	2004-2012
	Supplemental Scheme	137,003	–	–	64,929	72,074	876.19	2004-2005
	1994 Scheme	199,273	–	–	–	199,273	806.93	2004-2009

†or date of resignation

Executive Share Option Scheme Notes:

(a) Executive directors' base salaries for the purposes of determining number of shares subject to an option at the date of grant were as follows:

Director	Date of grant	Base Salary
B K Sanderson	13 May 2003	£300,000
E M Davies	5 March 2003	£600,000
M B DeNoma	5 March 2003	£380,000
C A Keljik	5 March 2003	£380,000
R H Meddings	5 March 2003	£350,000
K S Nargolwala	5 March 2003	£380,000
P A Sands	5 March 2003	£450,000

(b) Market value on date of grant (13 May 2003) was 742.5p.

(c) Market value on date of grant (5 March 2003) was 690.5p.

(d) Market value on date of exercise (1 December 2003) was 933.5p. The exercise price was 334p.

Audited Information continued

Director	Type of Scheme†	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At 31 December 2003††	Weighted exercise price (pence)	Period of exercise	At 31 December 2003††	Weighted exercise price (pence)	Period of exercise
B K Sanderson	Executive Schemes	121,211	742.5	2013	–	–	–
	Sharesave Scheme	2,472	641	2009	–	–	–
E M Davies	Executive Schemes	1,211,360	758	2004-2013	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–
M B DeNoma	Executive Schemes	607,326	785	2004-2013	–	–	–
	Sharesave Scheme	2,397	704	2005	–	–	–
C A Keljik	Executive Schemes	650,220	795.29	2004-2013	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
R H Meddings	Executive Schemes	237,332	737.60	2005-2013	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
D G Moir	Executive Schemes	61,300	879.28	2004-2005	–	–	–
K S Nargolwala	Executive Schemes	685,460	794.72	2004-2013	–	–	–
P A Sands	Executive Schemes	404,376	778.98	2004-2013	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–
Sir Patrick Gillam	Executive Schemes	778,790	823.01	2004-2012	–	–	–

† 'Executive Schemes' includes 1994 Executive Share Option Scheme, the Supplemental Share Option Scheme and the 2000 Executive Share Option Scheme.

†† or date of resignation

Director	Scheme	As at 1 January 2003	Granted	Vested	As at 31 December 2003†	Period of vesting
B K Sanderson	Restricted Share Scheme	–	40,404 (b)	–	40,404	2005-2006
E M Davies	Performance Share Plan	34,500	–	–	34,500	2004
	Performance Share Plan	83,010	–	–	83,010	2005
	Performance Share Plan	–	86,893 (c)	–	86,893	2006
M B DeNoma	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	30,713	–	–	30,713	2005
	Performance Share Plan	–	55,032 (c)	–	55,032	2006
C A Keljik	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	38,392	–	–	38,392	2005
	Performance Share Plan	–	41,274 (c)	–	41,274	2006
R H Meddings	Performance Share Plan	–	38,015 (c)	–	38,015	2006
	Restricted Share Scheme	45,319	–	–	45,319	2004-2005
K S Nargolwala	Performance Share Plan	37,250	–	–	37,250	2004
	Performance Share Plan	51,189	–	–	51,189	2005
	Performance Share Plan	–	55,032 (c)	–	55,032	2006
P A Sands	Performance Share Plan	52,216	–	–	52,216	2005
	Performance Share Plan	–	65,170 (c)	–	65,170	2006
	Restricted Share Scheme	52,216	–	–	52,216	2004-2005
Sir Patrick Gillam	Performance Share Plan	48,750	–	–	48,750	2004
	Performance Share Plan	67,100	–	–	67,100	2005

† or date of resignation

Notes relating to the above awards can be found on page 48.

Audited Information continued**Awards notes**

- (a) Executive directors' base salaries for the purposes of determining number of shares subject to awards at the date of grant are set out in the notes on page 46.
- (b) Market value on date of award (13 May 2003) was 742.5p.
- (c) Market value on date of award (5 March 2003) was 690.5p.

Remuneration of Five Highest Paid Individuals

In addition to its responsibilities for the remuneration of executive directors, the Committee ensures that the remuneration policy of the Group is consistently applied for other senior executives. Specifically the Committee ratifies appointments of key senior executives and approves any significant remuneration packages.

Following the Company's listing on the Hong Kong Stock Exchange it is necessary to disclose certain information relating to the five highest paid employees in the Group. Set out below are details for five individuals (one of whom is not an executive director) whose emoluments (excluding bonuses or commissions linked to profits generated by the individual or collectively by the individuals) were the highest in the year ended 31 December 2003:

Components of remuneration	\$'000
Basic salaries, allowances and benefits in kind	4,897
Pension contributions	399
Bonuses paid or receivable	5,919
Payments made on appointment	500
Compensation for loss of office	
– contractual	–
– other	–
Total	11,715
Total (HK\$'000)	91,781

Their emoluments are within the following bands:

HK\$ (approx. \$ equivalent)	Number of employees
HK\$14,500,001 – HK\$15,000,000 (\$1,862,078 – \$1,926,287)	1
HK\$17,000,001 – HK\$17,500,000 (\$2,183,126 – \$2,247,335)	1
HK\$17,500,001 – HK\$18,000,000 (\$2,247,335 – \$2,311,545)	1
HK\$18,500,001 – HK\$19,000,000 (\$2,375,755 – \$2,439,964)	1
HK\$20,500,001 – HK\$21,000,000 (\$2,953,641 – \$3,017,850)	1

By order of the Board

D J Brimacombe

Group Secretary

18 February 2004

Principal Group Addresses

Head Office

Standard Chartered PLC
1 Aldermanbury Square,
London EC2V 7SB
Telephone: +44 (020) 7280 7500

Afghanistan

Standard Chartered Bank
House No. 10, Street 10B
Wazir Akbar Khan
Kabul, Afghanistan
Tel: +93 79 339 487
Country Chief Executive Officer: John Janes

Australia

Standard Chartered Bank
Level 1, 345 George Street,
Sydney, New South Wales 2000
(Postal address: GPO Box 7042,
Sydney, NSW2001), Australia
Telephone: +61 (02) 9232 9333
Country Chief Executive Officer: Eugene Ellis

Bahrain

Standard Chartered Bank
Government Road,
PO Box 29, Manama, Bahrain
Telephone: +973 1722 3636
Country Chief Executive Officer: Osman Morad

Bangladesh

Standard Chartered Bank
PO Box 502/169, Hadi Mansion,
2 Dilkusha C/A, Dhaka – 1000,
Bangladesh
Telephone: +880 (02) 956
2337/956 1713
Country Chief Executive Officer: David Fletcher

Botswana

Standard Chartered Bank
Botswana Limited
PO Box 496, 5th Floor,
Standard House, The Mall,
Gaborone, Botswana
Telephone: +267 360 1500
Country Chief Executive Officer: Nigel Jones

Brunei

Standard Chartered Bank
51–55 Jalan Sultan, Bandar Seri
Begawan BS8811,
(Postal address:
PO Box 186, BS8670),
Brunei Darussalam
Telephone: +673 (02) 220345
Country Chief Executive Officer: Hans Theilkuhl

Cameroon

Standard Chartered Bank
Cameroon S.A.
Boulevard de la Liberté,
BP 1784, Douala,
Cameroon
Telephone: +237 343 5200
Country Chief Executive Officer: George Mortimer

China

Standard Chartered Bank
35/F China Merchants Tower,
161 East LuJiaZui Road, Pudong
District, Shanghai 200120, China
Telephone: +86 (021) 5887 1230
Extn 7338
Country Chief Executive Officer: Martin Fish

Hong Kong SAR

Standard Chartered Bank
Standard Chartered Bank Building,
4–4A Des Voeux Road Central,
(Postal address: GPO Box 21),
Hong Kong
Telephone: +852 2820 3333
Director Standard Chartered Bank
Country Chief Executive Officer: Peter Wong

Falkland Islands

Standard Chartered Bank
PO Box 597, Ross Road,
Stanley, Falkland Islands
Telephone: +500 22220/21352
Country Chief Executive Officer: Nick Hutton

The Gambia

Standard Chartered Bank
Gambia PLC
Box 259, 8 Ecowas Avenue,
Banjul, The Gambia
Telephone: +220 227744
Country Chief Executive Officer:
Onesimo Jacob Mukumba

Ghana

Standard Chartered Bank
Ghana Limited
Head Office, High Street Building,
Accra, PO Box 768, Accra, Ghana
Telephone: +233 (021) 664 591–8
Country Chief Executive Officer: Ebenezer Essoka

India

Standard Chartered Bank
90 Mahatma Gandhi Road,
PO Box 725,
Mumbai, 400 001, India
Telephone: +91 (022) 267 0162
Regional General Manager, India and Nepal:
A Christopher M Low

Indonesia

Standard Chartered Bank
Wisma Standard Chartered Bank,
Jl. Jend. Sudirman Kav. 33–A,
Jakarta 10220,
(Postal address: PO Box 57
JKWK Jakarta 10350), Indonesia
Telephone: +62 (021) 251 3333
Country Chief Executive Officer: Stewart Hall

Ivory Coast

Standard Chartered Bank
Côte d'Ivoire SA
23 Boulevard de la République,
17 BP 1141, Abidjan 17,
Côte d'Ivoire
Telephone: +225 20 30 32 00
Country Chief Executive Officer:
Christopher R Knight

Japan

Standard Chartered Bank
21st Floor, Sanno Park Tower,
2–11–1, Nagata–Cho,
Chiyoda Ku Tokyo, 100–6155
Japan
Telephone: +81 (03) 5511 1200
Country Chief Executive Officer: Mark Devadason

Jersey

Standard Chartered Grindlays
(Offshore) Limited
13–15 Castle Street, St. Helier,
Jersey JE4 8PT
Telephone: +44 (01534) 704 000
Country Chief Executive Officer: Paul Walkden

Jordan

Standard Chartered Bank
PO Box 9997, Shemesani,
Amman 11191, Jordan
Telephone: +962 (06) 5607 201
Extn 358
Country Chief Executive Officer: Zahid Rahim

Kenya

Standard Chartered Bank
Kenya Limited
Moi Avenue, Box 30003–00100
GPO, Nairobi, Kenya
Telephone: +254 (020) 3209 3000
Country Chief Executive Officer: Michael C Hart

Lebanon

Standard Chartered Bank s.a.l.
Dbaye 509 Building, Dbaye
Highway, PO Box 70216,
Antelias, Lebanon
Telephone: +961 (04) 542474
Country Chief Executive Officer: Aamir Hussain

Malaysia

Standard Chartered Bank
9th Floor, 2 Jalan Ampang,
50450 Kuala Lumpur,
(Postal address: PO Box 11001,
50732 Kuala Lumpur), Malaysia
Telephone: +60 (03) 2072
6555/7766
Country Chief Executive Officer: Shayne K. Nelson

Mauritius

Standard Chartered Bank
(Mauritius) Limited
8/F Happy World House
Sir William Newton Street
Port Louis, Mauritius
Telephone: +230 208 8268
Country Chief Executive Officer: Anish Paul

Nepal

Standard Chartered Bank
Nepal Limited
GPO Box 3990, Naya Baneshwar,
Kathmandu, Nepal
Telephone: +977 1783 753/
782 333
Country Chief Executive Officer: Sujit Mundal

Nigeria

Standard Chartered Bank
Nigeria Limited
Plot 105b, Ajose Adeogun Street,
Victoria Island, Lagos, Nigeria
Telephone: +234 (01) 320
2000/262 6801–5/262 6815–19
Country Chief Executive Officer: Simon Millet

Oman

Standard Chartered Bank
PO Box 2353,
Postal Code 112,
Ruwi, Sultanate of Oman, Oman
Telephone: +968 704 484
Country Chief Executive Officer:
Murtadha Mohamed Ali Kukoor

Pakistan

Standard Chartered Bank
PO Box 5556, I. I. Chundrigar
Road, Karachi 74000, Pakistan
Telephone: +92 (21) 241
6945/241 6541
Country Chief Executive Officer: Badar Kazmi

Philippines

Standard Chartered Bank
6788 Ayala Avenue,
Makati City, Philippines
Telephone: +63 (02) 886 7888
Country Chief Executive Officer: Simon Morris

Principal Group Addresses

Qatar

Standard Chartered Bank
Abdullah Bin Jasim Street,
PO Box 29, Doha, State of Qatar
Telephone: +974 441 4248
Country Chief Executive Officer: Arif Mansoor

Republic of Korea (South Korea)

Standard Chartered Bank
22nd Floor, Seoul Finance Center
Building, 84, Taepyeongno 1-ga,
Jung-gu, Seoul 100-101,
Republic of Korea
Telephone: +82 (02) 750 6114
Country Chief Executive Officer: Bill Gemmel

Sierra Leone

Standard Chartered Bank
Sierra Leone Limited
Head Office 9 & 11, Lightfoot
Boston Street, PO Box 1155,
Freetown, Sierra Leone
Telephone: +232 (0) 22
226220/225021
Country Chief Executive Officer: Lamin K Manjang

Singapore

Standard Chartered Bank
6 Battery Road, Singapore 049909
(Postal address: PO Box 1901,
Singapore 903801)
Telephone: +65 6 225 8888
Country Chief Executive Officer: Euleen Goh

South Africa

Standard Chartered Bank
3rd Floor, 2 Merchant Place
Fredman Drive, Sandown 2196
PO Box 782080 Sandton 2146
Gauteng
South Africa
Telephone: +27 (0) 11 217 6606
Country Chief Executive Officer: John Kivits

Sri Lanka

Standard Chartered Bank
37 York Street, PO Box 112,
Colombo 1, Sri Lanka
Telephone: +94 (01) 480 000
Country Chief Executive Officer: Vishnu Mohan

Taiwan

Standard Chartered Bank
168 Tun Hwa North Road,
Taipei 10549, Taiwan
Telephone: +886 (02) 2716
6261/2717 2866
Country Chief Executive Officer: Roland Teo

Tanzania

Standard Chartered Bank
Tanzania Limited
1st Floor, International House,
Shaaban Robert Street and
Garden Avenue, PO Box 9011,
Dar es Salaam, Tanzania
Telephone: +255 (22) 2122 160
Country Chief Executive Officer: Hemen Shah

Thailand

Standard Chartered Bank
Standard Chartered Nakornthon
Bank Public Company Limited
90 North Sathorn Road, Silom,
Bangrak, Bangkok 10500, Thailand
Telephone: +66 (02) 724 8001
Country Chief Executive Officer: Annemarie Durbin

Uganda

Standard Chartered Bank
Uganda Limited
5 Speke Road, Kampala,
(Postal address: PO Box 7111,
Kampala), Uganda
Telephone: +256 (041) 341 623
Country Chief Executive Officer: David D Cutting

United Arab Emirates

Standard Chartered Bank
PO Box 999, Al Mankhool Road,
Dubai, United Arab Emirates
Telephone: +971 4 5070 382
Country Chief Executive Officer: Ray Ferguson

United Kingdom

Standard Chartered Bank
1 Aldermanbury Square,
London EC2V 7SB
Telephone: +44 (020) 7280 7500
Country Chief Executive Officer: David Procter

United States of America

Standard Chartered Bank
One Madison Avenue,
New York, USA
Telephone: +1 (212) 667 0700
Country Chief Executive Officer: James F McCabe

Vietnam

Standard Chartered Bank
Hanoi Towers, Unit 8-01, 49 Hai Ba
Trung Street, Hanoi, Vietnam
Telephone: +84 (04) 825 8970
Country Chief Executive Officer: Philip Skevington

Zambia

Standard Chartered Bank
Zambia PLC
Standard House, PO Box 32238,
Cairo Road, Lusaka 10101, Zambia
Telephone: +260 (01) 229 242-50
Country Chief Executive Officer: Peter McLean

Zimbabwe

Standard Chartered Bank
Zimbabwe Limited
Old Mutual Centre,
Cnr. 3rd Street/Jason Moyo
Avenue, PO Box 373, Harare
Zimbabwe
Telephone: +263 (4) 752852/9,
753212/5, 253801/9
Country Chief Executive Officer:
Washington Matsaira

Representatives offices

Argentina
Telephone: +54 114875 0500

Bahamas

(Contact the New York office)
Telephone: +1 (212) 667 0700

Brazil

Telephone: +55 11 3371 0150

Cambodia

Telephone: +855 23 216
685/212 729

Colombia

Telephone: +57 (01) 326 4030

Iran

Telephone: +98 21888 1918/9

Laos

Telephone: +856 2141 4422

Mexico

Telephone: +52 555 5387 1307

Peru

Telephone: +51 (01) 711 7000

Turkey

Telephone: +90 212 283 0758

Venezuela

Telephone: +58 212 993 0522

Standard Chartered branches/offices:

Afghanistan	1
Argentina	1
Australia	1
Bahamas	1
Bahrain	5
Bangladesh	18
Botswana	12
Brunei	7
Cambodia	1
Cameroon	2
China	15
Hong Kong SAR	75
Colombia	1
Falkland Islands	1
The Gambia	5
Ghana	19
India	69
Indonesia	6
Iran	1
Ivory Coast	3
Japan	1
Jersey	1
Jordan	7
Kenya	29
Laos	1
Lebanon	5
Malaysia	30
Mauritius	1
Mexico	2
Nepal	9
Nigeria	4
Oman	1
Pakistan	20
Peru	1
Philippines	6
Qatar	1
Republic of Korea (South Korea)	1
Sierra Leone	3
Singapore	20
South Africa	2
Sri Lanka	9
Taiwan	3
Tanzania	6
Thailand	42
Turkey	1
Uganda	6
United Arab Emirates	8
United Kingdom	5
United States of America	2
Venezuela	1
Vietnam	2
Zambia	15
Zimbabwe	30

Shareholder Information

Dividend and Interest Payment Dates

Ordinary shares	Final dividend	Interim dividend (provisional only)
Results and dividend announced	18 February 2004	4 August 2004
Ex dividend date	25 February 2004	11 August 2004
Record date for dividend	27 February 2004	13 August 2004
Last date to elect for share dividend or to change standing instructions	16 April 2004	17 September 2004
Dividend payment date	14 May 2004	8 October 2004

Preference shares	1st half yearly dividend	2nd half yearly dividend
7 ³ / ₈ per cent Non-Cumulative Irredeemable preference shares of £1 each	1 April 2004	1 October 2004
8 ¹ / ₄ per cent Non-Cumulative Irredeemable preference shares of £1 each	1 April 2004	1 October 2004
8.9 per cent Non-Cumulative preference shares of \$5 each: dividends paid on the 1st of each calendar quarter.		

Annual General Meeting

The Annual General Meeting will be held at 12 noon on 11 May 2004 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB.

Interim Results

The interim results will be announced to the London Stock Exchange, the Stock Exchange of Hong Kong and put on our website: www.standardchartered.com.

ShareCare

ShareCare is available to shareholders on the United Kingdom register and allows you to hold your Standard Chartered shares in a nominee account. Your shares can be held in electronic form so you will no longer have to worry about keeping your share certificates safely. If you join ShareCare you will still be invited to attend the Company's AGM and you will still receive your dividend at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay. If you would like to receive more information please contact the shareholder helpline on 0870 702 0138.

Previous Dividend Payments

Dividend and financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Interim 1998	16 October 1998	6.25p	587.2p
Final 1998	28 May 1999	14.50p	889.5p
Interim 1999	15 October 1999	6.75p	860.8p
Final 1999	26 May 2000	16.10p	797.9p
Interim 2000	13 October 2000	7.425p	974.3p
Final 2000	25 May 2001	17.71p	No offer
Interim 2001	12 October 2001	12.82¢/8.6856p	No offer
Final 2001	17 May 2002	29.10¢/19.91p	£8.43/\$12.32
Interim 2002	15 October 2002	14.10¢/9.023p	£6.537/\$10.215
Final 2002	13 May 2003	32.9¢/20.692p/HK\$2.566	£6.884/\$10.946
Interim 2003	10 October 2003	15.51¢/9.3625p/HK\$1.205	£8.597/\$14.242

Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account. Please contact our registrar for a mandate form.

Registrars and Shareholder Enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the United Kingdom register, please contact our registrar Computershare Investor Services PLC, at PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH. There is a shareholder helpline on 0870 702 0138. You can check your shareholding at: www.computershare.com.

Taxation

Information on taxation applying to dividends paid to you if you are a shareholder in the United Kingdom, Hong Kong and the United States will be sent to you with your dividend documents.

Electronic Communications

If you hold your shares on the United Kingdom register and in future you would like to receive the Report and Accounts or the Annual Review electronically rather than by post, please register online at: www.standardchartered.com/investors. Then click on **Update Shareholder Details** and follow the instructions. You will need to have your Shareholder or ShareCare Reference number when you log on. You can find this on your share certificate or ShareCare statement.

Designed and produced by Rare Corporate Design, London. Principal location photography by Michael Heffernan. Print and logistics by Astron in the UK.

Printed in the UK on bio-degradable paper made from 50% chlorine free bleached pulp, and 50% recycled from de-inked fibres. This document is fully recyclable.



We Believe

seeing is believing



Standard Chartered aims to raise funds to restore sight to one million people.

© Standard Chartered PLC
March 2004

Registered Office:
1 Aldermanbury Square
London EC2V 7SB
Telephone +44 (0)20 7280 7500
www.standardchartered.com

Principal Place of Business
in Hong Kong:
32nd Floor, 4-4A Des Voeux Road,
Central, Hong Kong

Registered in England
number: 966425

Our Seeing is Believing global fundraising campaign has already raised US\$1,400,000, enough to restore the sight of 56,000 people, twice our original target.

The money raised will be administered by Sight Savers International and other members of Vision 2020 'The Right to Sight'.

We would like to thank all our employees, customers, suppliers and shareholders for their generous support.

Now we want to raise enough to restore a million eyesights.

If you would like to support Seeing is Believing please contact:
Genevieve Kotta, Community Relations Manager
Genevieve.Kotta@uk.standardchartered.com
Telephone: +44 (0) 20 7280 7657

www.standardchartered.com