HIGHLIGHTS

STANDARD CHARTERED PLC RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

Reported Results

- Profit before tax up 20 per cent to $1,333 million, compared with $1,107 million* in H1 2004 (H2 2004: $1,144 million*)
- Income up 19 per cent to $3,236 million from $2,725 million* (H2 2004: $2,657 million*)
- Total assets up 54 per cent to $203.9 billion from $132.6 billion (H2 2004: $147.1 billion) including $46 billion on the acquisition of Korea First Bank (KFB)

Underlying Results**

- Profit before tax up 15 per cent to $1,249 million, compared with $1,082 million* in H1 2004 (H2 2004: $1,143 million*)
- Income up 14 per cent to $2,978 million from $2,615 million* (H2 2004: $2,628 million*)
- Expenses up 12 per cent to $1,562 million from $1,392 million*; (H2 2004: $1,415 million*)
- Loan impairment charge up 19 per cent to $166 million from $139 million (H2 2004: $71 million)

Key Metrics

- Normalised earnings per share up 32 per cent at 75.2 cents (H1 2004: 57.1 cents*; H2 2004: 67.5 cents*)
- Normalised return on ordinary shareholders' equity is 18.4 per cent* (H1 2004: 18.0 per cent;* H2 2004: 18.6 per cent*)
- Interim dividend per share increased 11 per cent to 18.94 cents
- Cost income ratio improves to 52.6 per cent (H1 and H2 2004: 54.0 per cent).

Significant achievements

- Underlying income in Consumer and Wholesale Banking both grew at 14 per cent
- Record profits in Consumer Banking, up 24 per cent, underlying up 14 per cent
- Record profits in Wholesale Banking, up 23 per cent, underlying up 17 per cent
- Completed acquisition of Korea First Bank; good progress on integration
- 2004 acquisitions and alliances delivering ahead of expectations

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

"This is a strong set of results. We are making good progress. We are on course to achieve our strategic goals, building on our track record of performance."

*Comparative restated in the transition to IFRS (see note 35 on page 76).
** Underlying income and costs excludes the post acquisition results of KFB and one-off items in 2004.

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On 1 January 2005 the Group adopted European Union (EU) endorsed International Financial Reporting Standards (IFRSs). The comparative amounts presented have accordingly been restated to comply with IFRSs that have been endorsed by the EU, and those that are expected to be endorsed in 2005, with the exception of IAS 32/39. The impact of the restatement was published by the Group on 12 May 2005. Copies of this announcement are available from the Group's website at http://investors.standardchartered.com The Group has taken advantage of the transition rules of IFRS 1, First time adoption of International Financial Reporting Standards to apply IAS 32/39 with effect from 1 January 2005. (see note 35 on page 76).

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

STANDARD CHARTERED PLC - SUMMARY OF RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2005

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
RESULTS			
Operating income	**3,236**	2,725	2,657
Impairment losses on loans and advances	**(194)**	(139)	(75)
Profit before taxation	**1,333**	1,107	1,144
Profit attributable to shareholders	**971**	756	822
Profit attributable to ordinary shareholders	**956**	727	793
BALANCE SHEET			
Total assets	**203,927**	132,648	147,078
Total equity	**12,494**	8,862	10,069
Capital base	**15,753**	12,595	13,786
INFORMATION PER ORDINARY SHARE	**Cents**	Cents	Cents
Earnings per share - normalised basis	**75.2**	57.1	67.5
- basic	**74.7**	62.1	67.5
Dividend per share	**18.94**	17.06	40.44
Net asset value per share	**830.0**	676.5	715.2
RATIOS	**%**	%	%
Post-tax return on equity – normalised basis	**18.4**	18.0	18.6
Cost income ratio – normalised basis	**52.6**	54.0	54.0
Capital ratios:			
Tier 1 capital	**7.3**	9.2	8.6
Total capital	**13.0**	15.6	15.0

Results on a normalised basis reflect the Group's (Standard Chartered PLC and its subsidiaries) results excluding items presented in note 11 on page 55.

STANDARD CHARTERED PLC – CHAIRMAN'S STATEMENT

I am pleased to report another strong half-year performance for Standard Chartered.

Our performance is showing the benefits of our investments in organic growth, and the strategic alliances and acquisitions we have made.

Our acquisition of Korea First Bank (KFB) was completed ahead of schedule in April 2005, and we are making good progress on the integration.

2005 First Half Results

We continue to build on our track record of performance, with broadly based income growth in almost all our geographies and across both businesses. Our loan impairment performance has, once again, been strong, as the benign credit environment continues in many of our markets, and as we benefit from our robust risk management processes.

We continue to pace expenses growth in line with income, and have shown improvement in our cost income ratio. Normalised earnings per share is up 32 per cent.

At the half year, the Board has approved an interim dividend of 18.94 cents per share, up 11 per cent.

Economic Environment

In our markets of Asia, Africa and the Middle East, the overall economic outlook is good.

While global rates of growth look set to slow during the second half of 2005, growth rates in our markets are forecast to remain above those of OECD countries.

There are challenges. Oil and commodity prices look set to remain high, although moderating in 2006 to match the potential slowdown in global growth.

This will benefit many of our markets, although some – particularly those with low foreign exchange reserves – may feel increased inflationary pressures.

In Asia, China's recent decision to change the renminbi regime is a major policy step and is good news for the Chinese economy. We believe it is also good news for the global economy. This is a further sign of China's emergence as a global economic player.

The immediate market implications are:

- Stronger Asian currencies versus dollar;
- Countries whose currencies strengthen may well opt for lower interest rates;
- There may be some impact on US long bond yields but this is hard to predict.

Longer-term, we also expect a deepening of Asian financial markets, as central banks across the region gradually start to increase their holdings in other Asian currencies.

We are in growing markets, and we are executing our strategy well. Our geographic diversity is helping us to deliver a consistently good performance.

Strategic Approach

Our strategic focus is on organic growth. Where we consider acquisitions, we will take a very disciplined approach. Any acquisition must deliver shareholder value and allow us to do something that we cannot do organically.

So far this year, we have made a number of investments, either extending our geographic or customer reach, or broadening our product range:

- the purchase of Thailand's Financial Institutions Development Fund's 24.97 per cent shareholding in Standard Chartered Nakornthon Bank;
- the agreement to acquire a minority stake in Travelex, the world's largest non-bank foreign exchange specialist;
- the purchase of an 8.56 per cent minority stake in Asia Commercial Bank in Vietnam, one of the two joint stock banks in the country; and
- the agreement to acquire the commercial banking business of American Express Bank Limited in Bangladesh.

And, of course, we have completed the acquisition of KFB – the largest in the Group's history, and the largest foreign investment in Korea's financial services sector.

Our results show clearly that our strategy is delivering results. Standard Chartered is growing – our businesses are growing, our presence in our markets is growing.

But size itself is not the objective. The objective is, and always will be, to create shareholder value.

The Board is very focused on ensuring the Group achieves its strategic objectives.

Corporate Governance

As Chairman, one of my most important responsibilities is to ensure proper governance.

Good governance is the assurance to our shareholders of a well-run organisation.

Good governance compels clear accountabilities, ensures strong controls, instils the right behaviours, and reinforces good performance.

The Group is committed to ensuring the integrity of governance throughout our network, with particular emphasis on controls, management systems, and strategy.

In Summary

We are making good progress towards our performance goals for 2005. While there are some challenges in our markets, the economic outlook remains positive, and we are well-placed to benefit from their strength.

We have a vigorous governance culture supported by strong processes and systems.

This is a strong set of results. We are making good progress. We are on course to achieve our strategic goals, building on our track record of performance.

Bryan Sanderson CBE
Chairman
8 August 2005

We have had another strong set of results for the first half of 2005.

We now have a track record for good performance and for keeping our promises to our shareholders. We will continue to do so.

In the first half of 2005, we delivered against a balanced scorecard of growth and performance. Profit before tax, including KFB, was $1,333 million, a 20 per cent increase from $1,107 million. On an underlying basis, profit before tax was up 15 per cent. On a normalised basis, cost-income ratio improved to 52.6 per cent. Earnings per share saw an increase from 57.1 cents to 75.2 cents.

Our Progress

At the beginning of the year, we set out our top priorities for 2005:

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

We are making real progress in achieving our priorities.

As a Group, we have come a long way in the past few years, doubling profits and earnings per share in three years, and achieving our target return on equity.

We have changed the shape of our business:

- While Hong Kong remains a key market, it is now part of a bigger, geographically balanced bank.
- Eleven of our geographies now deliver over USD100 million in income.
- Profits in the Middle East and South Asia region (MESA), including the United Arab Emirates (UAE), have grown sevenfold over the past 10 years.

The momentum in both businesses remains strong, with income and profit growth across almost all our markets.

We have confidence that this performance will continue, as we focus on our markets, our products, our service, our people, and on delivering good returns from our acquisitions and alliances.

Our Markets

There are opportunities in nearly all of our markets. To take three examples:

India

We are the largest international bank, we hold top five positions in many of our market segments, and we are the third most profitable multinational. Our service centre in Chennai is a leader in business processing.

Our acquisition of Grindlays in 2000 gave us scale, and we have added to this. We now have 78 branches in 30 cities. In the first half of 2005, our operating profit has exceeded the profits we made for the full year of 2001.

We are continuing to invest in growing our footprint to benefit from the scale and potential in India.

China

In China we have a three-strand growth strategy – organic growth, selective strategic investment, and taking advantage of the many opportunities in the Pearl River Delta, one of the world's fastest growing economic zones.

Our Consumer Banking business was launched in 2003 and is already on track to break even this year. In the past six months, we have launched 12 new products, trebled our assets over end 2004, and doubled the number of permanent staff – from less than 200 to almost 400 this June – to meet the demand we see in the market.

We now provide Consumer Banking services in Shanghai, Shenzhen, Beijing and Guangzhou - amongst some of the most important and wealthy cities in China.

Wholesale Banking has been profitable for the last two years in China. Income is up approximately 50 per cent, year on year. We are now expanding corporate advisory and other Global Markets services.

But it is not only the giant economies of India and China that are contributing to our growth.

Middle East and South Asia

The economies in the Middle East and South Asia region are doing very well, partly due to strong commodities and oil prices.

We are very pleased with our performance in MESA. We made a decision to invest in both infrastructure and talent, to strengthen our wealth management business, and to upgrade our project finance and debt capital markets capabilities. These investments are paying off.

Our income in the first half this year grew 25 per cent over the same period last year.

As countries like the UAE and Qatar look to increase their role in the world, we see further growth opportunities.

We also have opportunities in capturing the trade and investment flows between our markets. The pattern of trade flows is changing with rapid growth in intra-Asia and Afro-Asia trade.

The Asian regional financial hubs of Hong Kong and Singapore remain core to these opportunities.

We have seen a return to growth in Hong Kong, where tight discipline on expenses and risks has delivered record growth in operating profit.

Singapore is a very challenging market with a highly competitive environment leading to strong margin compression.

We are taking action to reposition our business in Singapore while taking the lead in product innovation to win market share.

Our Products

Product innovation has become a driver of our organic growth.

So far this year, we have launched 200 new product variations across 15 markets in Consumer Banking, ranging from Small and Medium Sized Enterprises (SME) loans in Pakistan to personal loans in South Africa.

Time to market is vital and we are shortening this. Our "M wallet", launched earlier this year in India, is the first mobile phone credit card in the country, and took just 90 days from concept to launch.

A fresh approach to traditional products can also help give us competitive advantage in mature markets. Singapore's e-saver is an on-line savings product, and a first of its kind in the market. The product has no minimum balance, no monthly fees, no fixed term, no passbook – but a very competitive interest rate. The overwhelming response from customers has enabled us to reach our 18 month target in just two weeks. This is just one of 15 new products launched in Singapore in the first half.

In Wholesale Banking, we have launched over 30 products in over 20 markets including Fund Services, Yield Enhancing FX Solutions and Renewal Energy Financing.

An example of a product we invested in a few years ago and is now paying off is B2BeX, our award-winning Internet platform for trade services. It was launched at the end of 2002, when many other institutions were viewing trade banking as in decline.

In the first six months of 2005, more than 80,000 purchase orders and 5,000 letters of credit issuances, with a value of about USD750 million, were sent over the platform. Transaction activity is up approximately 50 per cent over the same period a year earlier.

In an increasingly commoditised industry, where some products are under margin pressure, you have to keep innovating. These are just three examples. But having the right products in the right markets needs to be matched with the right service levels.

Our Service

Outserve is our initiative to improve service through the effective measurement and use of customer feedback to drive process improvements.

There are over 400 process improvement initiatives completed or in progress this year throughout the Group, in sales, risk, finance, middle office and operations functions.

Over 600 staff have already been trained in our process improvement methodology, and 90 per cent of all staff worldwide have completed their introductory Outserve training.

One example of how this is adding value is in Thailand, where Consumer Banking has completed an Outserve project with one of our SME loan products. As a result of this project, they have improved their processing time dramatically, increasing fivefold the percentage of loans they can process within the target time. In the first month, loan volumes for the product increased nearly 40 per cent.

Outserve is becoming a part of our culture and is already contributing to the bottom line today, but we still have more to do.

Our People

You can only create innovative products and give the right service, if you have the right people.

We spend a huge amount of time on developing people. Any growing company needs a relentless focus on talent management, whether it is recruitment, development, or succession planning.

The Group is a very diverse organisation. We are in 56 countries and territories, have 80 nationalities among our staff and 45 nationalities in our senior management team, giving us a multi-lingual, multi-national, multi-cultural mix that is a huge advantage.

Having strong general managers, able to move across businesses and across countries, is critical. Last year we made 200 cross border moves around the group at senior manager level, and so far this year we have already moved over 170 people.

We not only have a wealth of talent in the company. We are also able to attract strong people from the marketplace, and at all levels.

We spend at least a day each quarter on succession planning for the top 100 jobs in the company. The next generation of this Group's top management has been identified, and they are very strong. We have great talent across the organisation - that's what really gives us confidence in our continued performance.

Our Investments

In the last 12 months, we have supplemented organic growth with selective acquisitions and alliances that extend our customer or geographic reach, or broaden our product range. Let me update you on how three of these – PT Bank Permata Tbk (Bank Permata), Standard Chartered Nakornthon Bank, and Asia Commercial Bank - are performing.

Bank Permata

As part of a consortium with PT Astra International Tbk, we took a controlling interest in Bank Permata to extend our market penetration in Indonesia. Bank Permata is a key investment because it is a strong consumer bank with over one million customers, more than 300 branches, as well as other distribution channels including mobile, internet and call centres. Bank Permata's first half results for this year are very encouraging – it has contributed $35 million of income and $11 million of operating profit to our Group's results.

It is a well-managed bank, and we have now appointed a new Chief Executive who is one of our very senior international bankers with experience in Indonesia. We will be introducing further products and our own management infrastructure to allow us to grow assets and returns.

Standard Chartered Nakornthon Bank
It has been six years now since we bought a majority stake in Nakornthon Bank in Thailand. In May this year we purchased the 24.97 per cent owned by Thailand's Financial Institutions Development Fund, taking our total ownership to over 99 per cent.

We have recently announced our plan to integrate our branch into Standard Chartered Nakornthon Bank.

With the integration, we will have a strong competitive advantage as one of only two international banks with a meaningful domestic branch network.

It is encouraging to see income growth of over 40 per cent and profits growing over 20 per cent across a range of products already in Thailand.

We have ambitious plans for the future.

Asia Commercial Bank
In June, we purchased a minority stake in Asia Commercial Bank (ACB), one of the two joint stock banks in Vietnam. With a population of over 80 million people, Vietnam is one of the fastest growing economies in Asia, enjoying GDP growth of over seven per cent.

It is an attractive consumer market, fast-growing albeit from a small base. ACB gives us a foothold, and a great opportunity to learn and grow with the marketplace.

Korea First Bank

Our most important strategic step this year has been the acquisition of Korea First Bank (KFB). We have said KFB will be EPS accretive in 2006, and we will deliver on this.

Since completing the acquisition ahead of schedule in April 2005, we have made a good start on integration.

We are clear on the areas we must address:

- We are aligning both management and governance;
- We are integrating two cultures – and this includes building productive working relationships with our key stakeholders;
- We are expanding the product range at KFB, and moving quickly and effectively to bring new products to the market.

Management and governance
We have implemented our management model for Consumer and Wholesale Banking, and filled most key roles. We have put in place our assessment processes for performance management, and Korea is now part of our Group-wide monthly performance tracking reviews.

The Asset and Liability Committee is reshaping the balance sheet, focusing on integrating policies, and reviewing capital and liquidity structures. The Risk Committee has already finalised the risk governance framework for KFB.

This is a good beginning.

Culture
After extensive consultation with our staff and customers, we have announced our new brand name, and in September (subject to regulatory approvals), KFB will become SC First Bank and we will rebrand our 400 branches.

We integrated both communications networks on Day One, and all KFB staff now receive the same communications as all our Standard Chartered staff.

We have begun a staff engagement programme around the Group's brand and shared values, with a number of joint events for Standard Chartered and Korea First Bank staff such as celebrating Korea Day around our network, and holding a Family Day in Korea for staff and families.

We are clear about the challenges of integration and it will take time to embed our processes and standards and to get the culture right. So far, our engagement of key stakeholders is going well. Our regulatory relationships are in good shape. Our relationship with the union is important to us. I have had the opportunity to meet many staff and many of our key customers, and we are receiving very positive response from both.

Products

There are gaps in product offerings, and we have moved quickly to address the most immediate of these.

In Wholesale Banking, the new dealing room – the largest in Korea – has gone live with our international standard risk controls and processes in place. We have extended new FX limits, we are launching a full suite of Global Markets products by year-end, and we are linking KFB's domestic cash management channels with Standard Chartered's international transaction banking network.

In Consumer Banking, we launched KFB's first Personal Loan product on 18 July. It is the first of its kind in Korea to provide immediate approval by mobile phone and has been very well received. We have identified offshore mutual funds, foreign currency deposits, and Bancassurance as immediate opportunities to expand our presence in Wealth Management.

And, we are building on KFB's excellent reputation in mortgages with our newest product that combines a mortgage loan with insurance. All of these actions are already having a positive impact on KFB results.

We have made a good start, with staff and customers engaged. KFB is a strong bank with great potential.

Outlook

Standard Chartered is performing well and we are taking advantage of the momentum in our businesses.

We are confident in our ability to continue to drive forward performance despite challenges to global business from terrorism, high liquidity affecting margins, oil price uncertainty, and asset bubbles, mainly in real estate, in certain parts of the world.

There is cause to remain cautious on the outlook for risk. However, the economic environment in our markets is good.

Overall:

- We are well-placed in growing markets;
- The balance of our businesses and products has never been better; and
- Our acquisitions and alliances are doing well. In particular, we are already seeing progress with KFB.

We are showing we have the ability to consistently deliver performance across a range of market conditions. We look forward to continuing this in the second half.

Mervyn Davies CBE
Group Chief Executive
8 August 2005

STANDARD CHARTERED PLC – FINANCIAL REVIEW

GROUP SUMMARY

The Group has delivered another strong performance in the six months ended 30 June 2005. Operating profit before tax of $1,333 million was up 20 per cent on the equivalent period last year. Normalised earnings per share has grown by 32 per cent to 75.2 cents. (Refer to note 11 on page 55 for the details of basic and diluted earnings per share).

On 15 April 2005 the Group acquired 100 per cent of Korea First Bank (KFB).

The impact of including the post acquisition results of KFB in 2005 together with significant one-off items in the first half of 2004, make the comparability of the results for the six months to June 2005 with the equivalent period in 2004 complex. The underlying results are analysed in the table below to assist with an understanding of the underlying trends excluding these two components.

	6 months ended 30.06.05			6 months ended 30.06.04			6 months ended 31.12.04			
	KFB $m	**Under-lying $m**	**As reported $m**	*One off items $m	Under-lying $m	As reported $m	Acquisitions $m	*One off items $m	Under-lying $m	As reported $m
Net interest income	**214**	**1,758**	**1,972**	-	1,551	1,551	27	-	1,604	1,631
Fees and commissions income, net	**22**	**705**	**727**	-	663	663	1	-	668	669
Net trading income	**12**	**397**	**409**	-	333	333	2	-	316	318
Other operating income	**10**	**118**	**128**	110	68	178	1	(2)	40	39
	44	**1,220**	**1,264**	110	1,064	1,174	4	(2)	1,024	1,026
Operating income	**258**	**2,978**	**3,236**	110	2,615	2,725	31	(2)	2,628	2,657
Operating expenses	**(146)**	**(1,562)**	**(1,708)**	(18)	(1,392)	(1,410)	(19)	(5)	(1,415)	(1,439)
Operating profit before provisions	**112**	**1,416**	**1,528**	92	1,223	1,315	12	(7)	1,213	1,218
Impairment losses on loans and advances	**(28)**	**(166)**	**(194)**	-	(139)	(139)	(4)	-	(71)	(75)
Other impairment	**-**	**(1)**	**(1)**	(67)	(2)	(69)	-	-	1	1
Operating profit before taxation	**84**	**1,249**	**1,333**	25	1,082	1,107	8	(7)	1,143	1,144

* See note 11 on page 55

Operating Income and Profit

Underlying profit before tax was $1,249 million, up 15 per cent.

Operating income including the acquisition of KFB increased by 19 per cent to $3,236 million compared to the first half of last year. Of this increase, $258m arose from the inclusion of KFB. The underlying income growth, excluding KFB and 2004 one-off items was 14 per cent to $2,978 million. On an underlying basis Consumer Banking and Wholesale Banking continued to deliver double-digit income growth. Business momentum is strong.

Net interest income grew by 27 per cent to $1,972 million. Underlying growth was 13 per cent. Interest margins have remained broadly stable at 2.6 per cent with the growth driven by an increase in average earning assets.

Fees and commissions increased by 10 per cent from $663 million to $727 million. Underlying growth of six per cent was driven by wealth management, mortgages, trade and corporate advisory services.

GROUP SUMMARY (continued)

Net trading income grew by 23 per cent from $333 million to $409 million. Underlying growth was 19 per cent largely driven by customer led foreign exchange dealing.

Other operating income at $128 million compares to $178 million for the same period last year. This reduction is primarily due to inclusion of income from the sale of shares in KorAm and Bank of China (Hong Kong) in the first half of 2004. On an underlying basis there has been strong growth driven by asset and liability management.

Operating expenses increased from $1,410 million to $1,708 million. Of this increase, $146 million arose from the inclusion of KFB.

The underlying expense increase was 12 per cent, which was lower than the underlying income growth. As such the normalised cost income ratio has fallen from 54.0 per cent in the first half of 2004 to 52.6 per cent. The Group's investments in market expansion, new products, distribution outlets and sales capabilities have been paying off in good double-digit income growth. This investment continued in 2005 together with increased expenditure on the Group's technology and operations platforms and support infrastructure.

Impairment losses on loans and advances rose by 40 per cent from $139 million to $194 million an increase of $55 million, of which KFB accounted for $28 million. The underlying increase in impairment losses was 19 per cent reflecting mainly asset growth in Consumer Banking and changes in provisioning due to IAS 39. Wholesale Banking continued to benefit from a benign credit environment and strong recoveries.

The investments made in Travelex, Asia Commercial Bank Vietnam and the commercial banking business of American Express Limited in Bangladesh have had no impact on the first half results.

CONSUMER BANKING

Including the acquisition of KFB, Consumer Banking grew operating profit by 24 per cent to $642 million compared to the first half of 2004. Of the $123 million incremental profit, KFB accounted for $52 million. Underlying growth was 14 per cent.

Consumer Banking has maintained its strong revenue momentum with income up 29 per cent to $1,723 million. Underlying growth was up 14 per cent to $1,525 million. The accelerated investment in growth opportunities in the second half of 2004 is delivering sustained results. Excluding KFB, assets grew 31 per cent outside Hong Kong and Singapore. Businesses acquired in 2004, including Prime Credit and Bank Permata, contributed to income growth. Bank Permata accounted for $35 million of income and $11 million of profit before tax in the first half of 2005. Over 200 new products and variants were launched in the last six months.

Reflecting the rising interest rate environment, the revenue mix has changed with narrower margins in asset products offset by strong growth in fee and interest income in Wealth Management.

Excluding KFB, total expense growth to sustain income momentum was 14 per cent, broadly in line with income growth for the period. Efficiencies in support and operational functions have allowed Consumer Banking to invest in new businesses such as Bank Permata and Prime Credit, launch new products and extend distribution in fast growing markets like India, MESA and China. KFB accounted for $117 million, or just over half of the $209 million first half expense growth.

Overall, Consumer Banking impairment losses on loans and advances rose to $193 million from $137 million reflecting the impact of asset growth, KFB and IAS 39. On the back of this asset growth, impairment losses on loans and advances grew by 20 per cent to $164 million excluding KFB. The charge in Hong Kong fell

CONSUMER BANKING (continued)

by half due to the improving economic environment. Bankruptcy charges in Hong Kong reduced from $40 million in 2004 to $21 million in 2004.

Hong Kong delivered an increase in operating profit of nine per cent to $254 million. This was largely driven by a lower impairment charge and tight expense control. Income growth was broadly flat year on year but up four per cent on the second half of 2004 reflecting a good performance in Wealth Management and SME, offset by lower asset margins across the market. Customer assets grew by two per cent. Costs were kept flat as investment for growth was funded from the actions taken to reconfigure the cost base towards the end of 2004.

In Singapore, income was slightly down on the first half of 2004, but up on the second half. Singapore is an intensively competitive environment, primarily in Mortgage lending. Income from other products showed good growth driven by better margins and volumes in Wealth Management and SME.

Operating profit in Malaysia was up nine per cent to $38 million with strong performance across all products. Income grew by 15 per cent. Continued margin pressure in the Mortgage portfolio was offset by higher volume. Wealth Management income increased significantly, driven by investment product sales. Cards and Loans enjoyed good growth in both volume and income through the introduction of new products.

In Other Asia Pacific excluding KFB, operating profit grew 117 per cent to $78 million. Income grew at 69 per cent, expense growth was 49 per cent, underpinned by asset growth of 45 per cent.

There was good income and profit growth in Taiwan fuelled by Cards and Loans. Wealth Management, business and personal loans helped contribute to income growth of 49 per cent and 40 per cent respectively in Indonesia and Thailand. Income in China grew by 70 per cent.

The Consumer Banking division of KFB earned $52 million of operating profit on an operating income of $198 million. This is a broadly based business with income from Wealth Management showing steady growth, a high quality Mortgage portfolio growing strongly but facing margin pressure and a significant but stable Cards and Loans portfolio. The product range will be expanded by the Group in the remainder of 2005.

In India, 15 per cent income growth was achieved through excellent Wealth Management growth offset by significant compression in asset margins. Mortgage lending assets grew 54 per cent. Expenses increased by $16 million to $86 million as a result of continued investment to support rapid business growth coupled with an enhanced risk management and control infrastructure.

Operating profit in the UAE increased by $5 million to $35 million with income up by 25 per cent, driven by credit cards and personal loans, SME and Wealth Management. Expenses were higher by $6 million, reflecting continued investment in distribution and technology. Elsewhere MESA operating profit grew by 38 per cent to $44 million with strong performance in Pakistan.

In Africa, operating profit nearly doubled to $21 million with income up by 16 per cent to $124 million, largely fuelled by 42 per cent asset growth. This was particularly strong in Botswana, Kenya and Uganda in SME, credit cards and personal loans. Wealth Management revenue also grew strongly as margins improved.

The Americas, UK and Group Head Office saw a decrease in operating profit from $10 million to $6 million, largely driven by continued reconfiguration of the Jersey business.

CONSUMER BANKING (continued)

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

6 months ended 30.06.05

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	*Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Income	483	163	101	502	143	74	103	124	30	1,723
Expenses	(201)	(62)	(46)	(285)	(86)	(31)	(53)	(100)	(24)	(888)
Loan impairment	(28)	(17)	(17)	(87)	(27)	(8)	(6)	(3)	-	(193)
Operating profit	254	84	38	130	30	35	44	21	6	642

6 months ended 30.06.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Income	489	168	88	180	124	59	81	107	39	1,335
Expenses	(201)	(59)	(45)	(113)	(70)	(25)	(44)	(93)	(29)	(679)
Specific	(55)	(20)	(8)	(31)	(11)	(4)	(5)	(3)	-	(137)
General	-	-	-	-	-	-	-	-	-	-
Loan impairment	(55)	(20)	(8)	(31)	(11)	(4)	(5)	(3)	-	(137)
Operating Profit	233	89	35	36	43	30	32	11	10	519

6 months ended 31.12.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Income	465	162	87	220	134	65	91	111	30	1,365
Expenses	(215)	(58)	(41)	(124)	(83)	(26)	(49)	(103)	(22)	(721)
Specific	(33)	(20)	(10)	(38)	(18)	(6)	(6)	(3)	-	(134)
General	11	6	4	3	2	1	1	-	1	29
Loan impairment	(22)	(14)	(6)	(35)	(16)	(5)	(5)	(3)	1	(105)
Operating Profit	228	90	40	61	35	34	37	5	9	539

* Includes post acquisition results of KFB (income $198 million, expenses $117 million, loan impairment $29 million and operating profit of $52 million). See page 20.

CONSUMER BANKING (continued)

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

	6 months ended 30.06.05			6 months ended	6 months ended
Income by product	**Total $m**	**KFB $m**	**Underlying $m**	30.06.04 $m	31.12.04 $m
Cards and Loans	**677**	**77**	**600**	538	579
Wealth Management / Deposits	**634**	**53**	**581**	425	466
Mortgages and Auto Finance	**350**	**66**	**284**	351	287
Other	**62**	**2**	**60**	21	33
	1,723	**198**	**1,525**	1,335	1,365

Including KFB, Cards and Loans have delivered a solid performance with 26 per cent growth in income to $677 million in an increasingly competitive environment. Underlying assets have grown by 22 per cent outside of Hong Kong. Loans now contribute nearly half of total underlying Cards and Loans outstandings with a 27 per cent growth in assets. This is a result of continued investment in products and sales channels. Despite a seven per cent decline in Card outstandings Hong Kong has had strong growth in profitability.

Overall Wealth Management income has increased by 49 per cent to $634 million driven by strong fee income growth in investment products and improved deposit margins. Innovation in core and structured products has boosted sales in Singapore, India, MESA and China. Fee income in KFB is growing.

Total Mortgages and Auto Finance income including KFB is flat at $350 million. Underlying growth was affected by significant margin compression in Hong Kong, Singapore and India, in spite of record new sales. Proactive repricing by the Group has helped to offset margin compression. However, margins are down as much as half on the same period in 2004.

WHOLESALE BANKING

Wholesale Banking's performance continued to reflect the successful execution of its strategy, delivering strong client driven growth across multiple geographies, products and customer segments.

Including KFB, operating profit was up 23 per cent to $691 million. Underlying growth was 17 per cent to $659 million. This was achieved through targeted development of new businesses such as project finance, local corporates, and by deepening core banking relationships whilst keeping a tight hold on expenses. Total income increased by 18 per cent to $1,513 million. Underlying growth was up 14 per cent to $1,453 million. Client revenues grew at 16 per cent.

The strong performance in the first half of 2005 was driven by Global Markets and Cash Management.

Expenses in Wholesale Banking increased by 15 per cent to $820 million. Underlying expense growth was 11 per cent. Expense growth was focused on increased investment in corporate finance, local corporates and geographic expansion, with increased spend on credit risk infrastructure and controls together with an increase in performance driven compensation.

The loan impairment charge in the first half of 2005 was $1 million, compared to a charge of $2 million in 2004. New provisions were up by 28 per cent and recoveries up by 36 per cent. This reflected continued enhancement of risk management processes, success in recoveries, together with a favourable credit environment. It also includes the successful resolution of the Loan Management Agreement (LMA) in Thailand.

WHOLESALE BANKING (continued)

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

6 months ended 30.06.05

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	*Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Income	**264**	**98**	**56**	**330**	**159**	**87**	**124**	**131**	**264**	**1,513**
Expenses	**(116)**	**(61)**	**(27)**	**(178)**	**(57)**	**(32)**	**(42)**	**(95)**	**(212)**	**(820)**
Loan impairment	**(41)**	**(17)**	**3**	**64**	**4**	**1**	**(2)**	**(27)**	**14**	**(1)**
Other impairment	**(1)**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**(1)**	**(1)**
Operating profit	**106**	**20**	**32**	**216**	**107**	**56**	**80**	**9**	**65**	**691**

6 months ended 30.06.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Income	201	97	51	222	136	75	95	163	240	1,280
Expenses	(114)	(60)	(30)	(136)	(47)	(26)	(37)	(75)	(188)	(713)
Specific	(37)	3	7	17	-	4	7	4	(7)	(2)
General	-	-	-	-	-	-	-	-	-	-
Loan impairment	(37)	3	7	17	-	4	7	4	(7)	(2)
Other impairment	-	-	-	-	-	-	-	-	(2)	(2)
Operating profit	50	40	28	103	89	53	65	92	43	563

6 months ended 31.12.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Income	215	86	44	203	95	72	110	203	266	1,294
Expenses	(112)	(51)	(28)	(145)	(51)	(23)	(39)	(89)	(175)	(713)
Specific	(17)	(5)	4	5	3	2	-	(10)	22	4
General	6	3	1	4	2	2	2	-	6	26
Loan impairment	(11)	(2)	5	9	5	4	2	(10)	28	30
Other impairment	-	-	-	-	2	-	-	-	(1)	1
Operating profit	92	33	21	67	51	53	73	104	118	612

* Includes post acquisition profits of KFB (income $60 million, expenses $29 million, loan impairment recovery $1million and operating profit of $32 million). See page 20

WHOLESALE BANKING (continued)

In Hong Kong, income grew by 31 per cent from $201 million to $264 million. Growth was driven by Global Markets and Cash Management on the back of strong local corporates volumes and rising interest rates. Expenses were up two per cent at $116 million with investment focused on the local corporates segment.

Income in Singapore was flat at $98 million. Strong customer income was offset by a decline in income from asset and liability management. Expenses also remained flat with productivity improvements absorbing investments.

In Malaysia, income increased 10 per cent from $51 million to $56 million with good growth in Global Markets products. Expenses were lower by 10 per cent at $27 million.

The Other Asia Pacific region delivered strong results with excellent contributions from all countries. Income grew by 49 per cent to $330 million, including $60 million income from KFB. The underlying increase of 22 per cent was broadly spread across geographies, products and segments. Expenses increased by 31 per cent to $178 million, reflecting investment in product capability in the region together with $29 million of KFB expenses. Underlying expense growth was 10 per cent.

The Wholesale Banking division of KFB earned $32 million of operating profit on an operating income of $60 million. The current business is focused on trade, clearing services and lending and a limited range of Global Markets products. Integration activities to date have contributed to income through winning an asset backed securities mandate, moving US dollar clearings to the Group, expanding the product range and sales capacity in Global Markets and reshaping of the balance sheet.

In India, income grew by 17 percent with strong client income growth partially offset by lower trading income. The increase in expenses of 21 per cent to $57 million is the result of investment in a broader product mix and increased staffing to capture further growth opportunities.

In the UAE, income increased by 16 per cent to $87 million, driven largely by corporate finance, cash management and debt capital markets. Elsewhere in the MESA region income grew 31 per cent to $124 million, led by strong growth in the large local corporates and financial institutions segments. The increase in expenses of 14 per cent in the region was due to investment in new products, infrastructure and continued strengthening of risk and governance functions.

In Africa, income at $131 million was 20 per cent lower than in 2004. Lower income in key markets together with a marked deterioration in Zimbabwe have contributed to this result. A hyper-inflationary charge of $44 million has been taken in Zimbabwe reflecting the rapid exchange devaluation. This was largely borne by Wholesale Banking. The difficult trading environment was further affected by margin compression in some product areas. Expenses grew by $20 million, mainly due to inflationary pressure and broad based expansion, including South Africa.

The Americas, UK and Group Head Office has seen income increase by 10 per cent to $264 million.

WHOLESALE BANKING (continued)

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

Income by product	6 months ended 30.06.05 Total $m	KFB $m	Underlying $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Trade and Lending	**437**	**25**	**412**	433	435
Global Markets	**757**	**32**	**725**	618	599
Cash Management and Custody	**319**	**3**	**316**	229	260
	1,513	**60**	**1,453**	1,280	1,294

Trade and Lending income was broadly flat at $437 million. Trade finance grew on the back of a 21 per cent volume increase, underpinned by strong intra-Asian trade flow, but this was offset by a decline in lending.

Global Markets income has grown strongly at 22 per cent. Underlying growth was 17 per cent. Investment in new product capability and expansion in corporate finance, options and fixed income have delivered good returns. Income from asset and liability management was strong.

Cash Management and Custody revenue was up by 39 per cent to $319 million. Cash Management grew on the back of rising interest rates coupled with steady volumes and new client acquisitions.

ACQUISITION OF KOREA FIRST BANK

On 15 April 2005 the Group acquired 100 per cent of KFB. The post-acquisition profit has been included in the Group results within Other Asia Pacific geographic segment.

The following table provides an analysis of KFB's post acquisition results by business segment.

Consumer Banking	**6 months ended 30.06.05**			6 months ended 30.06.04
	Total	**KFB**	**Underlying**	
	$m	**$m**	**$m**	$m
Income	**1,723**	**198**	**1,525**	1,335
Expenses	**(888)**	**(117)**	**(771)**	(679)
Loan impairment	**(193)**	**(29)**	**(164)**	(137)
Operating profit	**642**	**52**	**590**	519

KFB Consumer Banking income was broadly based with fee income growth in Wealth Management and Mortgage volume growth. The portfolio quality continues to improve.

Wholesale Banking	**6 months ended 30.06.05**			6 months ended 30.06.04
	Total	**KFB**	**Underlying**	
	$m	**$m**	**$m**	$m
Income	**1,513**	**60**	**1,453**	1,280
Expenses	**(820)**	**(29)**	**(791)**	(713)
Loan impairment	**(1)**	**1**	**(2)**	(2)
Other impairment	**(1)**	**-**	**(1)**	(2)
Operating profit	**691**	**32**	**659**	563

KFB Wholesale Banking income is largely based on trade services and a quality lending portfolio, together with an increasing contribution from Global Markets products as the balance sheet is reshaped.

Other Asia Pacific – Total	**6 months ended 30.06.05**			6 months ended 30.06.04
	Total	**KFB**	**Underlying**	
	$m	**$m**	**$m**	$m
Income	**832**	**258**	**574**	402
Expenses	**(463)**	**(146)**	**(317)**	(249)
Loan impairment	**(23)**	**(28)**	**5**	(14)
Operating profit	**346**	**84**	**262**	139

Operating profit from KFB for the two and half months since taking control on 15 April 2005 was $84 million. Operating income for the period was $258 million, expenses were $146 million and loan impairment was $28 million.

ACQUISITION OF KOREA FIRST BANK (continued)

Other Asia Pacific – Total Loans and Advances	6 months ended 30.06.05			6 months ended 30.06.04
	Total $m	KFB $m	Underlying $m	$m
Mortgages	19,687	18,792	895	714
Other	6,634	3,394	3,240	2,241
Small and medium enterprises	4,932	4,616	316	124
Consumer Banking	31,253	26,802	4,451	3,079
Wholesale Banking	12,608	5,929	6,679	5,085
Portfolio impairment provision	(164)	(88)	(76)	-
Total loans and advances to customers	43,697	32,643	11,054	8,164

Non-Performing Loans and Advances – Consumer Banking	6 months ended 30.06.05			6 months ended 30.06.04
	Total $m	KFB $m	Underlying $m	$m
Loans and advances - Gross non-performing	1,252	707	545	583
Individual impairment provision	(438)	(242)	(196)	(138)
Non-performing loans and advances net of individual impairment provision	814	465	349	445
Portfolio impairment provision	(220)	(46)	(174)	-
Interest in suspense	-	-	-	(63)
Net non-performing loans	594	419	175	382
Cover Ratio	53%	41%	68%	34%

Non-Performing Loans and Advances – Wholesale Banking	6 months ended 30.06.05			6 months ended 30.06.04
	Total $m	KFB $m	Underlying $m	$m
Loans and advances - Gross non-performing	1,548	92	1,456	2,917
Individual impairment provision	(1,236)	(15)	(1,221)	(1,395)
Non-performing loans and advances net of individual impairment provision	312	77	235	1,522
Portfolio impairment provision	(127)	(42)	(85)	-
Interest in suspense	-	-	-	(521)
Net non-performing loans	185	35	150	1,001
Cover Ratio	88%	62%	90%	66%

RISK

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

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

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

Risk Management Framework

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

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

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

The GED Risk manages an independent risk function which:

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

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

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

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

Credit Risk

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

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

Clear responsibility for credit risk is delegated from the Board to the Group Risk Committee. Standards and policies are determined by the Group Risk Committee which also delegates credit authorities through the GED Risk to independent Risk Officers at Group and at the Wholesale Banking and Consumer Banking business levels.

Procedures for managing credit risk are determined at the business levels with specific policies and procedures being adapted to different risk environment and business goals. The Risk Officers are located in the businesses to maximise the efficiency of decision-making, but have an independent reporting line into the GED Risk.

Within the Wholesale Banking business, credit analysis includes a review of facility detail, credit grade determination and financial spreading/ratio analysis. The Group uses a numerical grading system for quantifying the risk associated with a counterparty. The grading is based on a probability of default measure with customers analysed against a range of quantitative and qualitative measures.

There is a clear segregation of duties with loan applications being prepared separately from the approval chain. Significant exposures are reviewed and approved centrally through a Group or Regional level Credit Committee. This Committee receives its authority and delegated responsibilities from the Group Risk Committee.

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

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

Loan Portfolio

Loans and advances to customers have increased by 69 per cent during the year to $108 billion. Of this increase, KFB accounts for $33 billion. In Consumer Banking growth has resulted from increases in the mortgage book, mainly in Singapore, Malaysia and India. In Wholesale Banking growth was across all regions.

Approximately 59 per cent (30 June 2004: 51 per cent; 31 December 2004: 49 per cent) of the portfolio relates to Consumer Banking, predominantly retail mortgages. Other Consumer Banking covers credit cards, personal loans and other secured lending.

Approximately 48 per cent of the Group's loans and advances are short term in nature and have a maturity of one year or less. The Wholesale Banking portfolio is predominantly short term, with 74 per cent of loans and advances having a maturity of one year or less. In Consumer Banking, 64 per cent of the portfolio is in the mortgage book, traditionally longer term in nature.

Loan Portfolio (continued)

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

	30.06.05			
	One year or less $m	**One to five years $m**	**Over five years $m**	**Total $m**
Consumer Banking				
Mortgages	**5,016**	**10,432**	**25,555**	**41,003**
Other	**6,262**	**5,079**	**1,838**	**13,179**
SME	**7,114**	**415**	**1,941**	**9,470**
Total	**18,392**	**15,926**	**29,334**	**63,652**
Wholesale Banking	**32,898**	**8,011**	**3,715**	**44,624**
Portfolio impairment provision				**(347)**
Loans and advances to customers	**51,290**	**23,937**	**33,049**	**107,929**

	30.06.04			
	One year or less $m	One to five years $m	Over five years $m	Total $m
Consumer Banking				
Mortgages	1,937	4,256	14,379	20,572
Other	4,440	3,347	360	8,147
SME	1,342	333	2,188	3,863
Total	7,719	7,936	16,927	32,582
Wholesale Banking	25,547	4,211	1,789	31,547
General provision				(386)
Loans and advances to customers	33,266	12,147	18,716	63,743

	31.12.04			
	One year or less $m	One to five years $m	Over five years $m	Total $m
Consumer Banking				
Mortgages	1,865	4,156	15,985	22,006
Other	4,779	3,880	403	9,062
SME	1,940	440	2,050	4,430
Total	8,584	8,476	18,438	35,498
Wholesale Banking	27,670	5,227	4,099	36,996
General provision				(335)
Loans and advances to customers	36,254	13,703	22,537	72,159

Loan Portfolio (continued)

The following tables set out an analysis of the Group's loans and advances net of impairment as at 30 June 2005, 30 June 2004 and 31 December 2004 by the principal category of borrowers, business or industry and/or geographical distribution:

30.06.05

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	*Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to individuals										
Mortgages	12,599	4,416	2,559	19,687	1,390	-	81	85	186	41,003
Other	1,967	1,087	538	6,634	1,269	872	183	413	216	13,179
Small and medium enterprises	761	1,618	705	4,932	281	24	1,057	92	-	9,470
Consumer Banking	15,327	7,121	3,802	31,253	2,940	896	1,321	590	402	63,652
Agriculture, forestry and fishing	-	19	54	78	15	1	19	146	283	615
Construction	64	240	10	92	99	98	104	47	31	785
Commerce	1,765	948	189	1,152	270	924	449	339	894	6,930
Electricity, gas and water	507	21	90	309	108	-	185	31	636	1,887
Financing, insurance and business services	1,450	909	628	3,447	605	1,185	370	170	1,956	10,720
Loans to governments	-	1,520	1,270	279	-	-	72	-	506	3,647
Mining and quarrying	-	31	30	231	9	30	103	106	729	1,269
Manufacturing	1,531	288	273	4,398	837	308	1,119	423	2,220	11,397
Commercial real estate	1,181	629	1	1,590	9	-	1	33	1	3,445
Transport, storage and communication	296	299	75	480	220	51	298	127	1,051	2,897
Other	18	68	52	552	59	51	150	12	70	1,032
Wholesale Banking	6,812	4,972	2,672	12,608	2,231	2,648	2,870	1,434	8,377	44,624
Portfolio impairment provision	(37)	(29)	(23)	(164)	(33)	(12)	(17)	(10)	(22)	(347)
Total loans and advances to customers	22,102	12,064	6,451	43,697	5,138	3,532	4,174	2,014	8,757	107,929
Total loans and advances to banks	3,667	2,956	474	4,400	195	432	734	199	7,898	20,955

* Other Asia Pacific includes the following amounts relating to KFB: Mortgages, $18,792 million, other, $3,394 million, small and medium enterprises, $4,616 million, total Consumer Banking, $26,802 million, total Wholesale Banking, $5,929 million, total loans and advances to customers, $32,731 million, and total loans and advances to banks, $1,147 million.

Under "Loans to individuals - Other", $1,165 million (30 June 2004: $1,250 million; 31 December 2004: $1,270 million) relates to the cards portfolio in Hong Kong. The total cards portfolio is $4,362 million (30 June 2004: $3,289 million; 31 December 2004: $3,586 million).

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

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

Loan Portfolio (continued)

	30.06.04									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to individuals										
Mortgages	12,342	4,086	2,126	714	903	-	78	40	283	20,572
Other	1,983	1,152	390	2,241	1,082	718	176	298	107	8,147
Small and medium enterprises	663	1,359	465	124	156	2	1,017	77	-	3,863
Consumer Banking	14,988	6,597	2,981	3,079	2,141	720	1,271	415	390	32,582
Agriculture, forestry and fishing	-	33	54	62	22	-	40	143	325	679
Construction	56	29	19	63	63	91	100	21	5	447
Commerce	1,327	790	154	791	160	710	384	343	737	5,396
Electricity, gas and water	421	53	23	227	111	1	117	166	98	1,217
Financing, insurance and business services	1,656	876	375	718	335	720	292	41	1,032	6,045
Loans to governments	-	1,045	1,155	53	-	-	13	11	232	2,509
Mining and quarrying	-	1	66	40	-	98	79	40	345	669
Manufacturing	1,504	587	258	2,537	902	204	1,119	391	1,646	9,148
Commercial real estate	457	680	176	344	-	-	1	11	18	1,687
Transport, storage and communication	385	223	230	126	99	33	248	139	1,539	3,022
Other	48	86	137	124	30	36	184	19	64	728
Wholesale Banking	5,854	4,403	2,647	5,085	1,722	1,893	2,577	1,325	6,041	31,547
General Provision									(386)	(386)
Total loans and advances to customers	20,842	11,000	5,628	8,164	3,863	2,613	3,848	1,740	6,045	63,743
Total loans and advances to banks	4,608	799	47	4,140	128	458	718	155	6,334	17,387

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

Loan Portfolio (continued)

	31.12.04									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to individuals										
Mortgages	12,189	5,064	2,422	737	1,194	-	75	63	262	22,006
Other	2,097	651	488	3,103	1,201	819	170	431	102	9,062
Small and medium enterprises	731	1,622	578	200	230	13	980	76	-	4,430
Consumer Banking	15,017	7,337	3,488	4,040	2,625	832	1,225	570	364	35,498
Agriculture, forestry and fishing	-	26	55	56	15	-	19	171	314	656
Construction	154	27	6	34	105	103	136	46	4	615
Commerce	1,560	804	136	895	262	824	378	353	1,113	6,325
Electricity, gas and water	387	40	71	271	104	-	119	102	300	1,394
Financing, insurance and business services	1,914	1,608	554	762	497	951	411	47	2,268	9,012
Loans to governments	-	306	1,551	-	-	-	16	7	225	2,105
Mining and quarrying	-	65	63	122	1	92	57	95	1,032	1,527
Manufacturing	1,343	423	269	2,512	814	236	1,031	404	2,294	9,326
Commercial real estate	984	721	2	388	-	-	-	29	2	2,126
Transport, storage and communication	366	280	128	321	226	56	243	165	1,177	2,962
Other	19	128	51	354	43	38	205	24	86	948
Wholesale Banking	6,727	4,428	2,886	5,715	2,067	2,300	2,615	1,443	8,815	36,996
General Provision									(335)	(335)
Total loans and advances to customers	21,744	11,765	6,374	9,755	4,692	3,132	3,840	2,013	8,844	72,159
Total loans and advances to banks	2,852	2,072	349	3,351	171	237	655	374	7,321	17,382

Problem Credits

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

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

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

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

Until 31 December 2004, a general provision was held to cover the inherent risk of losses, which, although not identified, were known by experience to be present in a loan portfolio and to other material uncertainties where specific provisioning is not appropriate. It was not held to cover losses arising from future events.

At 31 December 2004, the balance of general provision stood at $335 million, 0.5 per cent of Loans and Advances to Customers.

With the adoption of IAS 39 from 1 January 2005, the Group holds a portfolio impairment provision.

Consumer Banking

Provisions are raised on a formulaic basis depending on the product. For secured lending provisions are generally raised at 150 days past due for mortgages and 90 days past due for other secured products on the difference between the outstanding amount of the loan and the present value of the estimated cash flows. For unsecured products loans are charged off at 150 days past due.

A portfolio impairment provision is held to cover the inherent risk of losses, which, although not identified, are known by experience to be present in the loan portfolio. The provision is set with reference to past experience using flow rate methodology as well as taking account of judgemental factors such as the economic environment in our core markets, and a range of portfolio indicators. At 30 June 2005 the portfolio impairment provision was $220 million, 0.3 per cent of the Consumer Bank portfolio. This includes $46 million relating to KFB.

The relatively low Consumer Banking cover ratio reflects the fact that for a number of products the underlying loan is secured.

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

30.06.05

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific *Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances										
Gross non-performing	**69**	**124**	**162**	**771**	**42**	**13**	**24**	**16**	**31**	**1,252**
Individual impairment provision	**(28)**	**(29)**	**(61)**	**(267)**	**(12)**	**(11)**	**(18)**	**(7)**	**(5)**	**(438)**
Non-performing loans net of individual impairment provision	**41**	**95**	**101**	**504**	**30**	**2**	**6**	**9**	**26**	**814**
Portfolio impairment provision										**(220)**
Net non-performing loans and advances										**594**
Cover ratio										**53%**

* Other Asia Pacific includes net non performing loans and advances net of individual impairment provision relating to KFB of $465 million (see page 21).

30.06.04

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances										
Gross non-performing	101	125	170	61	42	13	24	20	27	583
Impairment provision	(38)	(19)	(26)	(15)	(10)	(11)	(8)	(6)	(5)	(138)
Interest in suspense	(1)	(3)	(22)	(8)	(9)	(2)	(8)	(8)	(2)	(63)
Net non-performing loans and advances	62	103	122	38	23	-	8	6	20	382
Cover ratio										34%

31.12.04

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances										
Gross non-performing	72	146	181	94	42	14	28	24	46	647
Impairment provision	(32)	(24)	(28)	(47)	(12)	(11)	(11)	(9)	(5)	(179)
Interest in suspense	(1)	(4)	(24)	(7)	(8)	(2)	(13)	(8)	(7)	(74)
Net non-performing loans and advances	39	118	129	40	22	1	4	7	34	394
Cover ratio										39%

Wholesale Banking

Loans are designated as impaired as soon as payment of interest or principal is 90 days or more overdue or where sufficient weakness is recognised and full payment of either interest or principal becomes questionable. Where customer accounts are recognised as impaired, management control is passed to a specialist unit which is independent of the main businesses of the Group. Where the principal, or a portion thereof, is considered uncollectible and of such little realisable value that it can no longer be included at its full nominal amount on the balance sheet, a specific provision is raised.

The provision is measured as the difference between the loan carrying amount and the present value of estimated future cash flows.

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.

A portfolio impairment provision is held to cover the inherent risk of losses, which, although not identified, are known by experience to be present in any loan portfolio. The provision is not held to cover losses arising from future events.

In the Wholesale Bank, the provision is set with reference to past experience using expected loss and judgement factors such as the economic environment and key portfolio indicators. At 30 June 2005 the portfolio impairment provision was $127 million, 0.3 per cent of the Wholesale Banking portfolio of which KFB is $42 million.

The following tables set out the total non-performing portfolio in Wholesale Banking.

30.06.05

	Asia Pacific									
	Hong Kong $m	**Singapore $m**	**Malaysia $m**	***Other Asia Pacific $m**	**India $m**	**UAE $m**	**Other Middle East & Other S Asia $m**	**Africa $m**	**Americas UK & Group Head Office $m**	**Total $m**
Loans and advances Gross non-performing	**356**	**135**	**50**	**258**	**79**	**39**	**57**	**85**	**489**	**1,548**
Individual Impairment provision	**(300)**	**(116)**	**(47)**	**(163)**	**(69)**	**(27)**	**(57)**	**(50)**	**(407)**	**(1,236)**
Non-performing loans and advances net of individual impairment provision	**56**	**19**	**3**	**95**	**10**	**12**	**-**	**35**	**82**	**312**
Portfolio impairment provision										**(127)**
Net non-performing loans and advances										**185**

* Other Asia Pacific includes net non-performing loans and advances net of individual impairment provision relating to KFB of $77 million (see page 21).

30.06.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances Gross non-performing	404	183	170	957	69	52	166	90	826	2,917
Impairment provision	(247)	(86)	(98)	(333)	(24)	(35)	(83)	(40)	(449)	(1,395)
Interest in suspense	(92)	(53)	(46)	(55)	(28)	(13)	(62)	(40)	(132)	(521)
Net non-performing loans and advances	65	44	26	569	17	4	21	10	245	1,001

31.12.04

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

Wholesale Banking Cover Ratio

The following tables show the Wholesale Banking cover ratio. At 88 per cent, the Wholesale Banking non-performing portfolio is well covered. The balance uncovered by impairment provision represents the value of collateral held and/or the Group's estimate of the net value of any work-out strategy.

In the comparative period, the non-performing loans recorded below under Standard Chartered Nakornthon Bank (SCNB) are excluded from the cover ratio calculation as they are the subject of a Loan Management Agreement (LMA) with a Thai Government Agency. Refer to note 14 on page 57.

Claims under the LMA were settled in the first half of 2005 and accordingly, the balances reported under SCNB have reduced to nil in the June 2005 table below.

		30.06.05	
	Total $m	**SCNB (LMA) $m**	**Total excl LMA $m**
Loans and advances – Gross non-performing	**1,548**	-	**1,548**
Impairment provision	**(1,363)**	-	**(1,363)**
Net non-performing loans and advances	**185**	-	**185**
Cover ratio			**88%**

The June 2005 cover ratio of 88 per cent above includes KFB. Excluding KFB, the June 2005 cover ratio is 90 per cent. The cover ratios as at June 2004 and December 2004 shown below were calculated on a UK GAAP basis which includes interest in suspense as part of the cover.

		30.06.04	
	Total $m	SCNB (LMA) $m	Total excl LMA $m
Loans and advances – Gross non-performing	2,917	711	2,206
Impairment provision	(1,395)	(108)	(1,287)
Interest in suspense	(521)	-	(521)
Net non-performing loans and advances	1,001	603	398
Cover ratio			82%

		31.12.04	
	Total $m	SCNB (LMA) $m	Total excl LMA $m
Loans and advances – Gross non-performing	2,290	351	1,939
Impairment provision	(1,280)	(115)	(1,165)
Interest in suspense	(500)	-	(500)
Net non-performing loans and advances	510	236	274
Cover ratio			86%

STANDARD CHARTERED PLC – FINANCIAL REVIEW (continued)

Group

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

6 months ended 30.06.05

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	*Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 January 2005	**289**	**113**	**96**	**303**	**41**	**42**	**80**	**55**	**440**	**1,459**
Adjusted for adoption of IAS 39	**5**	**6**	**31**	**17**	**2**	**1**	**2**	**9**	**17**	**90**
Restated provision held at 1 January 2005	**294**	**119**	**127**	**320**	**43**	**43**	**82**	**64**	**457**	**1,549**
Exchange translation differences	**2**	**(4)**	**-**	**(10)**	**-**	**-**	**(2)**	**(4)**	**(6)**	**(24)**
Amounts written off	**(48)**	**(9)**	**(36)**	**(151)**	**(30)**	**(15)**	**(12)**	**(21)**	**(30)**	**(352)**
Recoveries of amounts previously written off	**17**	**3**	**5**	**16**	**11**	**4**	**2**	**2**	**5**	**65**
Acquisitions	**-**	**-**	**-**	**258**	**37**	**-**	**-**	**-**	**-**	**295**
Discount unwind	**(3)**	**(2)**	**(2)**	**(11)**	**-**	**-**	**1**	**(3)**	**(3)**	**(23)**
Other	**-**	**-**	**4**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**
New provisions	**92**	**56**	**26**	**103**	**57**	**10**	**15**	**28**	**2**	**389**
Recoveries/provisions no longer required	**(26)**	**(18)**	**(16)**	**(91)**	**(37)**	**(4)**	**(11)**	**(9)**	**(13)**	**(225)**
Net charge against/(credit to) profit	**66**	**38**	**10**	**12**	**20**	**6**	**4**	**19**	**(11)**	**164**
Provisions held at 30 June 2005	**328**	**145**	**108**	**430**	**81**	**38**	**75**	**57**	**412**	**1,674**

*Other Asia Pacific provisions at 30 June 2005 includes $257 million relating to KFB.

6 months ended 30.06.04

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 January 2004	268	123	144	390	55	51	107	58	465	1,661
Exchange translation differences	(1)	(1)	-	(4)	-	-	(1)	-	2	(5)
Amounts written off	(87)	(37)	(25)	(58)	(39)	(5)	(12)	(12)	(13)	(288)
Recoveries of amounts previously written off	13	3	4	6	12	3	2	1	-	44
Other	-	-	-	-	(5)	(3)	(3)	-	(7)	(18)
New provisions	128	26	14	46	54	6	10	9	11	304
Recoveries/provisions no longer required	(36)	(9)	(13)	(32)	(43)	(6)	(12)	(10)	(4)	(165)
Net charge against/(credit to) profit	92	17	1	14	11	-	(2)	(1)	7	139
Provisions held at 30 June 2004	285	105	124	348	34	46	91	46	454	1,533

Group (continued)

	6 months ended 31.12.04									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 July 2004	285	105	124	348	34	46	91	46	454	1,533
Exchange translation differences	1	4	-	6	2	(3)	-	2	6	18
Acquisitions	-	-	-	36	-	-	-	-	-	36
Amounts written off	(67)	(25)	(38)	(84)	(26)	(8)	(17)	(9)	(45)	(319)
Recoveries of amounts previously written off	16	4	6	6	12	-	2	3	2	51
Other	4	-	(2)	(6)	4	3	(2)	-	9	10
New provision	79	34	22	49	52	9	18	18	24	305
Recoveries/provisions no longer required	(29)	(9)	(16)	(16)	(37)	(5)	(12)	(5)	(46)	(175)
Net charge against/(credit to) profit	50	25	6	33	15	4	6	13	(22)	130
Provisions held at 31 December 2004	289	113	96	339	41	42	80	55	404	1,459

Country Risk

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

This covers the risk that:

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

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

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

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

Country Risk (continued)

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

	30.06.05				30.06.04			
	Public sector $m	**Banks $m**	**Other $m**	**Total $m**	Public sector $m	Banks $m	Other $m	Total $m
USA	**1,676**	**830**	**2,637**	**5,143**	1,558	891	2,170	4,619
Korea	**15**	**1,644**	**2,228**	**3,887**	19	1,534	632	2,185
Hong Kong	**2**	**218**	**2,731**	**2,951**	38	150	2,537	2,725
France	**164**	**2,032**	**194**	**2,390**	4	1,331	182	1,517
Singapore	**1**	**173**	**2,075**	**2,249**	1	853	937	1,791
India	**49**	**885**	**1,252**	**2,186**	37	1,146	917	2,100
China	**41**	**903**	**1,233**	**2,177**	62	652	692	1,406
Netherlands*	**-**	**-**	**-**	**-**	-	2,091	308	2,399
Germany*	**-**	**-**	**-**	**-**	-	1,372	300	1,672

	31.12.04			
	Public sector $m	Banks $m	Other $m	Total $m
USA	824	745	2,660	4,229
Hong Kong	4	199	2,719	2,922
Netherlands	-	2,639	406	3,045
Korea	47	1,258	698	2,003
India	74	1,132	867	2,073
Singapore	-	325	1,939	2,264
France	149	1,243	183	1,575
China	101	686	902	1,689

* Less than one per cent of total assets at 30 June 2005

Market Risk

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

Market Risk is governed by the Group Risk Committee, which agrees policies and levels of risk appetite in terms of Value at Risk (VaR). The Group Market Risk Committee provides market risk oversight and guidance on policy setting. Policies cover the trading book of the Group and also market risks within the banking book. Trading and Banking books are defined as per the Financial Services Authority (FSA) Handbook IPRU (Bank). Limits by location and portfolio are proposed by the businesses within the terms of agreed policy. Group Market Risk approves the limits within delegated authorities and monitors exposures against these limits.

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

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

Value at Risk

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

The total VaR for trading and banking books combined at 30 June 2005 was $12.9 million (30 June 2004: $13.6 million; 31 December 2004: $15.4 million).

Interest rate related VaR was $14.0 million (30 June 2004: $13.5 million; 31 December 2004: $15.6 million) and foreign exchange related VaR was $1.4 million (30 June 2004: $2.5 million; 31 December 2004: $3.0 million). The total VaR recognises offsets between interest rate and foreign exchange risks. Additional information is given in note 32 on page 74

The average total VaR for trading and banking books during the six months to 30 June 2005 was $14.3 million (30 June 2004: $15.1 million; 31 December 2004: $15.8 million) with a maximum exposure of $20.6 million.

VaR for interest rate risk in the banking books of the Group totalled $10.8 million at 30 June 2005 (30 June 2004: $13.2 million; 31 December 2004: $16.7 million).

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

The average daily revenue earned from market risk related activities was $4.5 million, compared with $3.8 million during 2004.

Foreign Exchange Exposure

The Group's foreign exchange exposures comprise trading and banking foreign currency translation exposures.

Foreign exchange trading exposures are principally derived from customer driven transactions. The average daily revenue from foreign exchange trading businesses during the six months ended 30 June 2005 was $2.1 million.

Interest Rate Exposure

The Group's interest rate exposures comprise trading exposures and banking interest rate exposures.

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

The average daily revenue from interest rate trading businesses during the six months ended 30 June 2005 was $2.4 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, credit and interest rate markets. Derivatives are an important risk management tool for banks and their customers because they can be used to manage the risk of price, interest rate and exchange rate movements.

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

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

Derivatives are carried at fair value and shown in the balance sheet as separate totals of assets and liabilities. Recognition of fair value gains and losses depends on whether the derivatives are classified as trading or for hedging purposes.

The Group applies a future exposure methodology to manage counterparty credit exposure associated with derivative transactions. Please refer to note 32 on page 74 for further information on Market Risk.

Hedging

In accounting terms, hedges are classified into three typical types: *Fair value hedges*, where fixed rates of interest or foreign exchange are exchanged for floating rates; *cash flow hedges*, where variable rates of interest or foreign exchange are exchanged for fixed rates, and; *hedges of net investments* in overseas operations translated to the parent company's functional currency, US dollars.

The Group uses futures, forwards, swaps and options transactions in the foreign exchange and interest rate markets to hedge risk.

The Group occasionally hedges the value of its foreign currency denominated investments in subsidiaries and branches. Hedges may be taken where there is a risk of a significant exchange rate movement but, in general, management believes that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation. The Group seeks to match assets denominated in foreign currencies with corresponding liabilities in the same currencies.

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

Liquidity Risk

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

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

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

Due to the diversified nature of the Group's business, the Group's policy is that liquidity is more effectively managed locally, in-country. Each Country ALCO is responsible for ensuring that the country is self-sufficient and is able to meet all its obligations to make payments as they fall due. The Country ALCO has primary responsibility for compliance with regulations and Group policy and maintaining a Country Liquidity Crisis Contingency Plan.

A substantial portion of the Group's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

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

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

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

Operational Risk

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

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

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

Compliance with operational risk policies and procedures is the responsibility of all managers. Every country operates a Country Operational Risk Group (CORG). The CORG has in-country governance responsibility for ensuring that an appropriate and robust risk management framework is in place to monitor and manage operational risk.

Business Risk

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

Compliance and Regulatory Risk

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

Legal Risk

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

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

Reputational Risk

Reputational risk is defined as the risk that any action taken by the Group or its employees creates a negative perception in the external market place.

This includes the Group's and/or its customers' impact on the environment.

The Group Risk Committee examines issues that are considered to have reputational repercussions for the Group and issues guidelines or policies as appropriate. It also delegates responsibilities for the management of legal/regulatory and reputational risk to the business through business risk committees. In Wholesale Banking, potential reputational risks resulting from transactions or policies and procedures are reviewed and actioned through the Wholesale Banking Reputational Risk Committee. Consumer Banking's Product and Reputational Risk Committee provides similar assurance.

Independent Monitoring

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

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.

	30.06.05 $m	*30.06.04 $m	*31.12.04 $m
Tier 1 capital:			
Called up ordinary share capital and preference shares	**5,964**	3,778	3,818
Eligible reserves	**5,466**	4,244	4,617
Minority interests	**84**	93	111
Innovative Tier 1 securities	**1,458**	1,142	1,246
Less: Restriction on innovative Tier 1 securities	**(125)**	(42)	(68)
Goodwill and other intangible assets	**(4,233)**	(1,895)	(1,900)
Unconsolidated associated companies	**180**	9	30
Other regulatory adjustments	**95**	81	110
Total Tier 1 capital	**8,889**	7,410	7,964
Tier 2 capital:			
Eligible revaluation reserves	**94**	-	-
Portfolio impairment provision (2004: general provision)	**347**	386	335
Qualifying subordinated liabilities:			
Perpetual subordinated debt	**2,618**	1,572	1,961
Other eligible subordinated debt	**4,027**	3,209	3,525
Less: Amortisation of qualifying subordinated liabilities	**(237)**	-	-
Restricted innovative Tier 1 securities	**125**	42	68
Total Tier 2 capital	**6,974**	5,209	5,889
Investments in other banks	**(24)**	(20)	(33)
Other deductions	**(86)**	(4)	(34)
Total capital base	**15,753**	12,595	13,786
Banking book:			
Risk weighted assets	**95,856**	59,999	69,438
Risk weighted contingents	**16,576**	13,525	14,847
	112,432	73,524	84,285
Trading book:			
Market risks	**6,091**	4,576	4,608
Counterparty/settlement risk	**3,008**	2,877	3,231
Total risk weighted assets and contingents	**121,531**	80,977	92,124
Capital ratios			
Tier 1 capital	**7.3%**	9.2%	8.6%
Total capital	**13.0%**	15.6%	15.0%

* As previously reported under UK GAAP

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2005

	Notes	Excluding KFB $m	KFB acquisition $m	**6 months ended 30.06.05 $m**	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Interest income		3,183	495	**3,678**	2,568	2,744
Interest expense		(1,425)	(281)	**(1,706)**	(1,017)	(1,113)
Net interest income		1,758	214	**1,972**	1,551	1,631
Fees and commissions income		818	50	**868**	793	821
Fees and commissions expense		(113)	(28)	**(141)**	(130)	(152)
Net trading income	**4**	397	12	**409**	333	318
Other operating income	**5**	118	10	**128**	178	39
		1,220	44	**1,264**	1,174	1,026
Operating income		2,978	258	**3,236**	2,725	2,657
Staff costs		(910)	(80)	**(990)**	(793)	(766)
Premises costs		(169)	(12)	**(181)**	(158)	(163)
Other administrative expenses		(380)	(37)	**(417)**	(336)	(395)
Depreciation and amortisation	**8**	(103)	(17)	**(120)**	(123)	(115)
Operating expenses		(1,562)	(146)	**(1,708)**	(1,410)	(1,439)
Operating profit before provisions and taxation		1,416	112	**1,528**	1,315	1,218
Impairment losses on loans and advances and other credit risk provisions	**2, 3, 13**	(166)	(28)	**(194)**	(139)	(75)
Other impairment	**9**	(1)	-	**(1)**	(69)	1
Profit before taxation	**2, 3**	1,249	84	**1,333**	1,107	1,144
Taxation	**7**	(342)	(25)	**(367)**	(331)	(299)
Profit for the period		907	59	**966**	776	845
Loss/(profit) attributable to minority interest	**24**	1	4	**5**	(20)	(23)
Profit attributable to parent company's shareholders		908	63	**971**	756	822
Dividends on equity preference shares				**(15)**	(29)	(29)
Profits attributable to ordinary shareholders				**956**	727	793
Dividends on ordinary equity shares				**(519)**	(429)	(201)
Retained profit attributed to ordinary shareholders				**437**	298	592
Basic earnings per ordinary share	**11**			**74.7c**	62.1c	67.5c
Diluted earnings per ordinary share	**11**			**73.2c**	61.1c	66.3c

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
As at 30 June 2005

	Notes	30.06.05 $m	30.06.04 $m	31.12.04 $m
Assets				
Cash and balances at central banks		**5,667**	3,447	3,960
Treasury bills and other eligible bills		**13,011**	5,978	4,425
Loans and advances to banks	**2, 13**	**20,955**	17,387	17,382
Derivative financial instruments	**30**	**10,704**	-	-
Loans and advances to customers	**2, 13**	**107,929**	63,743	72,159
Debt securities	**15**	**30,877**	28,900	32,842
Equity shares	**16**	**945**	179	253
Intangible assets		**4,233**	2,154	2,353
Property, plant and equipment		**1,614**	525	555
Deferred tax assets		**320**	251	272
Other assets		**5,763**	8,817	11,597
Prepayments and accrued income		**1,909**	1,267	1,280
Total assets		**203,927**	132,648	147,078
Liabilities				
Deposits by banks	**2, 18**	**21,653**	16,999	15,814
Derivative financial instruments	**30**	**10,388**	-	-
Customer accounts	**2, 19**	**108,770**	78,219	85,458
Debt securities in issue	**2, 20**	**27,955**	9,985	11,627
Current tax liabilities		**275**	258	295
Other liabilities		**11,222**	11,259	15,542
Accruals and deferred income		**1,854**	1,006	1,321
Provisions for liabilities and charges		**81**	50	61
Retirement benefit liabilities		**397**	87	123
Other borrowed funds	**21**	**8,838**	5,923	6,768
Total liabilities		**191,433**	123,786	137,009
Equity				
Share capital	**22**	**5,614**	3,762	3,802
Reserves and retained earnings	**23**	**5,569**	4,470	5,303
Total shareholders' equity		**11,183**	8,232	9,105
Minority interests	**24**	**1,311**	630	964
Total equity		**12,494**	8,862	10,069
Total equity and liabilities		**203,927**	132,648	147,078

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
For the six months ended 30 June 2005

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Profit for the period	**966**	776	845
Exchange differences on translation of foreign operations	**(71)**	(66)	162
Actuarial (losses)/gains on retirement benefits	**(36)**	15	(20)
Available for sale investments:			
Valuation gains taken to equity	**12**	-	-
Transferred to income on disposal	**(74)**	-	-
Cash flow hedges:			
Losses taken to equity	**(28)**	-	-
Transferred to income for the period	**(19)**	-	-
Deferred tax on items taken directly to reserves	**37**	(5)	6
Other	**(37)**	24	(5)
Total recognised income and expenses for the period	**750**	744	988
Attributable to:			
Shareholders	**755**	724	965
Minority interests	**(5)**	20	23
	750	744	988

STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2005

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Cash flow from operating activities			
Profit before taxation	**1,333**	1,107	1,144
Adjustment for items not involving cash flow or shown separately			
Depreciation and amortisation of premises, plant and equipment	**60**	123	115
Gain on disposal of property plant and equipment	**(1)**	(5)	1
Gain on disposal of investment securities	**(74)**	(159)	(5)
Amortisation of investments	**63**	18	(59)
Loss on disposal of subsidiary undertakings	**-**	(4)	4
Loan impairment losses	**194**	139	75
Other impairment	**62**	69	(1)
Debts written off, net of recoveries	**(287)**	(74)	(430)
Increase/(decrease) in accruals and deferred income	**577**	(178)	258
(Decrease)/increase in prepayments and accrued income	**(918)**	(197)	33
Net increase/(decrease) in mark to market adjustment	**341**	473	(732)
Interest paid on subordinated loan capital	**177**	253	85
UK and overseas taxes paid	**(278)**	(271)	(302)
Net (decrease)/increase in cheques in the course of collection	**(505)**	(83)	38
Net (decrease)/increase in treasury bills and other eligible bills	**(170)**	52	(130)
Net decrease in loans and advances to banks and customers	**(3,944)**	(6,927)	(5,072)
Net increase in deposits from banks, customer accounts/debt securities in issue	**8,633**	12,103	2,901
Net decrease in dealing securities	**(361)**	(286)	(1,832)
Net (decrease)/increase in other accounts	**(1,824)**	105	3,010
Net cash from/(used in) operating activities	**3,078**	6,258	(899)
Net cash flows from investing activities			
Purchase of property plant and equipment	**(37)**	(95)	(145)
Acquisition of subsidiaries, net of cash acquired	**(989)**	-	(333)
Acquisition of treasury bills	**(7,542)**	(6,346)	(2,842)
Acquisition of debt securities	**(16,315)**	(33,931)	(41,422)
Acquisition of equity shares	**(77)**	(42)	(79)
Disposal of subsidiaries, associated undertakings and branches	**-**	6	-
Disposal of property plant and equipment	**-**	53	(2)
Disposal and maturity of treasury bills	**5,625**	5,363	5,415
Disposal and maturity of debt securities	**19,444**	31,788	39,694
Disposal of equity shares	**71**	352	4
Net cash from/(used in) investing activities	**180**	(2,852)	290
Net cash (outflow)/inflow from financing activities			
Issue of ordinary share capital	**1,975**	4	13
Purchase of own shares, net of exercise, for share option awards	**(41)**	(127)	32
Interest paid on subordinated loan capital	**(177)**	(253)	(85)
Gross proceeds from issue of subordinated loan capital	**3,362**	4	495
Repayment of subordinated liabilities	**(731)**	(21)	(4)
Dividends and payments to minority interests and preference shareholders	**(195)**	(32)	(43)
Dividends paid to ordinary shareholders	**(474)**	(396)	(191)
Net cash from/(used in) financing activities	**3,719**	(821)	217
Net increase/(decrease) in cash and cash equivalents	**6,977**	2,585	(392)
Cash and cash equivalents at beginning of period	**24,023**	21,773	24,319
Effect of exchange rate changed on cash and cash equivalents	**(371)**	(39)	96
Cash and cash equivalents at end of period (note 25)	**30,629**	24,319	24,023

1. Basis of Preparation

On 1 January 2005, the Group adopted European Union (EU) endorsed International Financial Reporting Standards (IFRSs) and the next annual financial statements of the Group will be prepared in accordance with IFRSs adopted for use in the EU. The results for 2005 have been presented in accordance with IFRSs that have been endorsed and those that are expected to be endorsed by the end of the year. The comparative amounts have similarly been restated except that the Group has taken advantage of the transition rules of IFRS1, First-Time Adoption of International Financial Reporting Standards, to adopt IAS 32 and IAS 39 with effect from 1 January 2005.

The Group has adopted the Amendment to IAS 39 Financial Instruments: Recognition and Measurement: The Fair Value Option and Amendment to IAS19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures with effect from 1 January 2005, ahead of their effective dates, on the assumption that they will be endorsed by the EU.

These interim financial statements comply with all current IFRSs as published by the IASB and have been prepared in accordance with IAS 34 Interim Financial Reporting on this basis.

Additional information is set out in note 35 on page 76.

2. Segmental Information by Geographic Segment

The following tables set out profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the six month periods ended 30 June 2005, 30 June 2004 and 31 December 2004.

6 months ended 30.06.05

	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	*Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest income	752	425	223	1,151	330	169	220	284	726	4,280
Interest expense	(283)	(286)	(115)	(594)	(174)	(79)	(84)	(104)	(589)	(2,308)
Net interest income	**469**	**139**	**108**	**557**	**156**	**90**	**136**	**180**	**137**	**1,972**
Fees and commissions income, net	171	63	30	137	73	49	63	76	65	727
Net trading income	81	54	17	117	41	21	25	(2)	55	409
Other operating income	26	5	2	21	32	1	3	1	37	128
Operating income	**747**	**261**	**157**	**832**	**302**	**161**	**227**	**255**	**294**	**3,236**
Operating expenses	**(317)**	**(123)**	**(73)**	**(463)**	**(143)**	**(63)**	**(95)**	**(195)**	**(236)**	**(1,708)**
Operating profit before provisions	**430**	**138**	**84**	**369**	**159**	**98**	**132**	**60**	**58**	**1,528**
Impairment losses on loans and advances	(69)	(34)	(14)	(23)	(23)	(7)	(8)	(30)	14	(194)
Other impairment	(1)	-	-	-	1	-	-	-	(1)	(1)
Operating profit before taxation	**360**	**104**	**70**	**346**	**137**	**91**	**124**	**30**	**71**	**1,333**
Loans and advances to Customers - average	**22,363**	**12,012**	**6,245**	**23,856**	**5,060**	**3,486**	**4,114**	**2,038**	**9,109**	**88,283**
Net interest margins (%)	**2.2**	**1.2**	**2.3**	**2.5**	**3.3**	**2.8**	**3.8**	**7.3**	**0.6**	**2.6**
Loans and advances to Customers – period end	**22,102**	**12,064**	**6,451**	**43,697**	**5,138**	**3,532**	**4,174**	**2,014**	**8,757**	**107,929**
Loans and advances to banks – period end	**3,667**	**2,956**	**474**	**4,400**	**195**	**432**	**734**	**199**	**7,898**	**20,955**
Total assets employed	**55,626**	**23,764**	**9,329**	**75,988**	**10,856**	**6,957**	**7,848**	**5,827**	**57,839**	**254,034**
Total risk weighted assets and contingents	**20,820**	**13,289**	**4,773**	**43,393**	**6,276**	**4,099**	**4,860**	**2,410**	**24,025**	**123,945**

*Other Asia Pacific includes the post-acquisition results of KFB (see page 20 and 21).
See note a) to d) on page 48.

STANDARD CHARTERED PLC – NOTES (continued)

2. Segmental Information by Geographic Segment (continued)

	6 months ended 30.06.04									
	Asia Pacific						Other Middle East & Other S Asia		Americas UK & Group Head Office	
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	$m	Africa $m	$m	Total $m
Interest income	678	324	165	394	260	92	141	265	709	3,028
Interest expense	(220)	(165)	(74)	(169)	(114)	(20)	(41)	(90)	(584)	(1,477)
Net interest income	458	159	91	225	146	72	100	175	125	1,551
Fees and commissions income, net	166	57	29	99	57	43	53	65	94	663
Net trading income	55	46	17	75	38	18	21	28	35	333
Other operating income	47	3	2	3	(2)	1	2	2	120	178
Operating income	726	265	139	402	239	134	176	270	374	2,725
Operating expenses	(333)	(119)	(75)	(249)	(117)	(51)	(81)	(168)	(217)	(1,410)
Operating profit before provisions	393	146	64	153	122	83	95	102	157	1,315
Impairment losses on loans and advances	(92)	(17)	(1)	(14)	(11)	-	2	1	(7)	(139)
Other impairment	-	-	-	-	-	-	-	-	(69)	(69)
Operating profit before taxation	301	129	63	139	111	83	97	103	81	1,107
Loans and advances to customers-average	21,530	10,330	4,912	7,829	3,444	2,356	3,629	1,596	8,332	63,958
Net interest margin (%)	2.3	1.7	2.5	2.4	3.8	3.3	3.5	8.3	0.6	2.7
Loans and advances to customers-period end	20,842	11,000	5,628	8,164	3,863	2,613	3,848	1,740	6,045	63,743
Loans and advances to banks-period end	4,608	799	47	4,140	128	458	718	155	6,334	17,387
Total assets employed	49,637	18,488	7,853	21,016	8,639	5,409	6,574	5,051	41,136	163,803
Total risk weighted assets and contingents	19,823	12,405	4,098	9,916	5,604	3,648	4,464	2,302	20,519	82,779

See note a) to d) on page 48.

2. Segmental Information by Geographic Segment (continued)

	6 months ended 31.12.04									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest income	710	396	178	423	281	112	183	271	816	3,370
Interest expense	(241)	(243)	(85)	(159)	(140)	(33)	(68)	(95)	(675)	(1,739)
Net interest income	469	153	93	264	141	79	115	176	141	1,631
Fees and commissions Income, net	157	57	22	97	54	44	63	88	87	669
Net trading profit	44	35	13	46	29	15	21	46	69	318
Other operating income	10	3	3	16	3	(1)	2	4	(1)	39
Operating income	680	248	131	423	227	137	201	314	296	2,657
Operating expenses	(327)	(109)	(70)	(269)	(135)	(49)	(89)	(192)	(199)	(1,439)
Operating profit before provisions	353	139	61	154	92	88	112	122	97	1,218
Impairment losses on loans and advances	(33)	(16)	(1)	(26)	(11)	(1)	(3)	(13)	29	(75)
Other impairment	-	-	-	-	2	-	-	-	(1)	1
Operating profit before taxation	320	123	60	128	83	87	109	109	125	1,144
Loans and advances to customers - average	21,608	10,398	5,272	8,360	3,841	2,582	3,743	1,833	7,430	65,067
Net interest margin (%)	2.1	1.4	2.3	2.6	3.1	1.9	3.5	6.9	0.6	2.7
Loans and advances to customers – period end	21,744	11,765	6,374	9,755	4,692	3,132	3,840	2,013	8,844	72,159
Loans and advances to banks – period end	2,852	2,072	349	3,351	171	237	655	374	7,321	17,382
Total assets employed	48,466	20,420	7,130	22,496	8,609	6,371	6,493	6,403	57,054	183,442
Total risk weighted assets and contingents	20,337	13,892	4,411	13,344	6,413	4,150	4,611	2,749	24,895	94,802

2. Segmental Information by Geographic Segment (continued)

a) Total interest receivable and total interest payable include intra-group interest of $602 million (30 June 2004: $460 million; 31 December 2004: $626 million).

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

c) Total assets employed include intra-group items of $50,107 million (30 June 2004: $26,780 million; 31 December 2004: $28,801 million) and balances of $nil million (30 June 2004: $4,375 million; 31 December 2004: $7,563 million) which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

d) Total risk weighted assets and contingents include $2,414 million (30 June 2004: $1,802 million; 31 December 2004: $2,678 million) of balances which are netted in calculating capital ratios.

e) In 2004 other operating income includes profits and losses arising from corporate decisions to dispose of investments in KorAm Bank ($95 million in Americas, UK & Group Head Office) and BOC Hong Kong (Holdings) Limited ($36 million in Hong Kong) and the premium on repurchase of surplus subordinated debt ($23 million in India). Costs include $18 million related to the incorporation of the Hong Kong business (Hong Kong) and the $5 million donation to the Tsunami relief effort (Malaysia, India, Other APR and Other MESA). These decisions resulted in non-recurring gains and charges of $85 million. They are included in the Geographic segmental information, but are not allocated to businesses in the Business segmental information shown in note 3.

f) The Group considers its primary segment to be by Business, and Geography as a secondary segment.

STANDARD CHARTERED PLC – NOTES (continued)

2. Segmental Information by Geographic Segment (continued)

The following tables set out the structure of Standard Chartered's deposits by principal geographic region where it operates at 30 June 2005, 30 June 2004 and 31 December 2004.

30.06.05

	Asia Pacific						Other Middle		Americas UK &	
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	East & Other S Asia $m	Africa $m	Group Head Office $m	Total $m
Non interest bearing current and demand accounts	**1,471**	**2,064**	**983**	**1,707**	**1,796**	**1,155**	**1,186**	**1,168**	**1,004**	**12,534**
Interest bearing current and demand accounts	**14,024**	**2,336**	**120**	**11,121**	**3**	**689**	**387**	**1,472**	**3,542**	**33,694**
Savings deposits	**6**	**849**	**435**	**2,900**	**1,263**	**250**	**1,161**	**379**	**-**	**7,243**
Time deposits	**17,152**	**10,970**	**3,839**	**18,413**	**3,411**	**3,448**	**1,822**	**771**	**11,938**	**71,764**
Other deposits	**28**	**42**	**787**	**2,719**	**8**	**179**	**318**	**75**	**1,032**	**5,188**
Total	**32,681**	**16,261**	**6,164**	**36,860**	**6,481**	**5,721**	**4,874**	**3,865**	**17,516**	**130,423**
Deposits by banks	**1,544**	**3,654**	**1,374**	**5,983**	**1,045**	**1,549**	**467**	**122**	**5,915**	**21,653**
Customer accounts	**31,137**	**12,607**	**4,790**	**30,877**	**5,436**	**4,172**	**4,407**	**3,743**	**11,601**	**108,770**
	32,681	**16,261**	**6,164**	**36,860**	**6,481**	**5,721**	**4,874**	**3,865**	**17,516**	**130,423**
Debt securities in issue	**963**	**790**	**727**	**20,566**	**758**	**-**	**-**	**79**	**4,072**	**27,955**
Total*	**33,644**	**17,051**	**6,891**	**57,426**	**7,239**	**5,721**	**4,874**	**3,944**	**21,588**	**158,378**

* Other Asia Pacific includes $41,341 million relating to KFB.

30.06.04

	Asia Pacific						Other Middle		Americas UK &	
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	East & Other S Asia $m	Africa $m	Group Head Office $m	Total $m
Non interest bearing current and demand accounts	3,015	1,703	930	1,437	1,298	1,268	1,018	991	471	12,131
Interest bearing current and demand accounts	14,456	1,776	103	2,213	5	298	482	1,174	3,642	24,149
Savings deposits	7	494	433	1,015	873	227	1,183	488	22	4,742
Time deposits	13,599	10,290	2,803	5,291	2,781	2,390	1,565	881	10,863	50,463
Other deposits	27	59	561	1,954	4	160	200	68	700	3,733
Total	31,104	14,322	4,830	11,910	4,961	4,343	4,448	3,602	15,698	95,218
Deposits by banks	1,977	3,230	429	3,550	683	1,012	403	165	5,550	16,999
Customer accounts	29,127	11,092	4,401	8,360	4,278	3,331	4,045	3,437	10,148	78,219
	31,104	14,322	4,830	11,910	4,961	4,343	4,448	3,602	15,698	95,218
Debt securities in issue	2,007	444	364	856	391	-	-	1	5,922	9,985
Total	33,111	14,766	5,194	12,766	5,352	4,343	4,448	3,603	21,620	105,203

STANDARD CHARTERED PLC – NOTES (continued)

2. Segmental Information by Geographic Segment (continued)

	31.12.04									
	Asia Pacific									
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	UAE $m	Other Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Non interest bearing current and demand accounts	3,602	2,040	989	1,228	1,224	1,114	1,146	1,159	16	12,518
Interest bearing current and demand accounts	15,300	2,329	130	2,999	2	661	429	1,603	3,920	27,373
Savings deposits	24	528	437	1,861	970	249	1,350	512	9	5,940
Time deposits	13,155	9,847	3,423	6,751	3,441	2,529	1,657	679	10,410	51,892
Other deposits	2	50	569	904	2	187	215	69	1,551	3,549
Total	32,083	14,794	5,548	13,743	5,639	4,740	4,797	4,022	15,906	101,272
Deposits by banks	1,204	3,150	813	3,362	1,109	1,007	355	110	4,704	15,814
Customer accounts	30,879	11,644	4,735	10,381	4,530	3,733	4,442	3,912	11,202	85,458
	32,083	14,794	5,548	13,743	5,639	4,740	4,797	4,022	15,906	101,272
Debt securities in issue	1,508	758	401	1,063	469	-	-	1	7,427	11,627
Total	33,591	15,552	5,949	14,806	6,108	4,740	4,797	4,023	23,333	112,899

3. Segmental Information by Class of Business

	6 months ended 30.06.05			6 months ended 30.06.04			
	***Consumer Banking $m**	***Wholesale Banking $m**	**Total $m**	Consumer Banking $m	Wholesale Banking $m	Corporate items not allocated $m	Total $m
Net interest income	**1,249**	**723**	**1,972**	958	593	-	1,551
Other income	**474**	**790**	**1,264**	377	687	110	1,174
Operating income	**1,723**	**1,513**	**3,236**	1,335	1,280	110	2,725
Operating expenses	**(888)**	**(820)**	**(1,708)**	(679)	(713)	(18)	(1,410)
Operating profit before provisions	**835**	**693**	**1,528**	656	567	92	1,315
Impairment losses on loans and advances	**(193)**	**(1)**	**(194)**	(137)	(2)	-	(139)
Other impairment	**-**	**(1)**	**(1)**	-	(2)	(67)	(69)
Operating profit before taxation	**642**	**691**	**1,333**	519	563	25	1,107
Total assets employed	**68,257**	**135,670**	**203,927**	34,169	98,479	-	132,648
Total risk weighted assets and contingents	**51,726**	**69,805**	**121,531**	25,154	55,823	-	80,977

*includes post acquisition results of KFB (see page 20)

	6 months ended 31.12.04			
	Consumer Banking $m	Wholesale Banking $m	Corporate items not allocated $m	Total $m
Net interest income	1,001	629	1	1,631
Other income	364	665	(3)	1,026
Operating income	1,365	1,294	(2)	2,657
Operating expenses	(721)	(713)	(5)	(1,439)
Operating profit before provisions	644	581	(7)	1,218
Impairment losses on loans and advances	(105)	30	-	(75)
Other impairment	-	1	-	1
Operating profit before taxation	539	612	(7)	1,144
Total assets employed	38,154	108,924	-	147,078
Total risk weighted assets and contingents	28,069	64,055	-	92,124

See note 2b), 2c) and 2e) on page 48.

4. Net Trading Income

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Gains less losses arising from dealing in foreign currencies	**302**	255	239
Gains less losses arising from dealing securities	**(18)**	4	16
Other dealing profits	**125**	74	63
	409	333	318

5. Other Operating Income

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Other operating income includes:			
Gains less losses on disposal of investment securities	**-**	159	5
Gains less losses on disposal of available for sale financial assets	**74**	-	-
Dividend income	**9**	6	5
Premium paid on repurchase of subordinated debt	**-**	(21)	(2)

6. Retirement Benefit Obligations

The effective date of the latest full valuation of each material defined benefit scheme ranges between 31 December 2002 and 31 December 2004. To provide the disclosures at 31 December 2004 the results of these valuations were updated by qualified independent actuaries.

In addition, the expected costs for the year to 31 December 2005 were calculated. These costs have been used for the charges to profit for the six months ended at 30 June 2005.

The assumptions adopted for the 31 December 2004 disclosures have been reviewed in the light of the changed market conditions applying at 30 June 2005.

Where material revised assumptions have been adopted, the resulting actuarial gains during the period are recognised in the Statement of Recognised Income and Expenses.

The total charge for benefits for the Group's retirement benefit schemes was $51 million (30 June 2004: $45 million; 31 December 2004: $37 million), of which $26 million (30 June 2004: $23 million; 31 December 2004: $12 million) was defined benefit pension schemes, $23 million (30 June 2004: $21 million; 31 December 2004: $24 million) was for defined contribution pension schemes and $2 million (30 June 2004: $1 million; 31 December 2004: $1 million) was for post-retirement benefits other than pensions.

6. Retirement Benefits Obligations (continued)

The assets and liabilities of the defined benefit and other retirement schemes were:

	30.06.05 $m	30.06.04 $m	31.12.04 $m
Total market value of assets	**1,836**	1,700	1,913
Present value of the schemes' liabilities	**(2,216)**	(1,820)	(2,069)
Deficit	**(380)**	(120)	(156)
Related deferred tax asset	**68**	39	46

Pension expenses for defined benefit schemes were:

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Current service cost	**30**	26	21
Past service cost	**-**	-	3
Loss on settlement and curtailments	**-**	-	(5)
Expected return on assets less interest on obligation	**(4)**	(3)	(7)
Total charge to profit before deduction of tax	**26**	23	12
Actual less expected return on assets	**(28)**	28	(50)
Experience gain on liabilities	**-**	-	(2)
Increase/(decrease) in liabilities on update of assumptions	**64**	(43)	72
Total (gain)/loss recognised in Statement of Recognised Income and expenses before tax	**36**	(15)	20
Deferred tax	**(11)**	5	(6)
	25	(10)	14

7. Taxation

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Analysis of taxation charge in the period			
The charge for taxation based upon the profits for the period comprises:			
United Kingdom corporation tax at 30% (30 June 2004: 30%; 31 December 2004: 30%):			
Current tax on income for the period	**158**	190	217
Adjustments in respect of prior periods	**-**	-	18
Double taxation relief	**(150)**	(187)	(170)
Foreign tax:			
Current tax on income for the period	**314**	292	267
Adjustments in respect of prior periods	**(8)**	8	(21)
Total current tax	**314**	303	311
Deferred tax:			
Origination/reversal of temporary differences	**53**	28	(12)
Tax on profits on ordinary activities	**367**	331	299
Effective tax rate	**27.5%**	29.9%	26.2%

Overseas taxation includes taxation on Hong Kong profits of $78 million (30 June 2004: $45 million; 31 December 2004: $47 million) provided at a rate of 17.5 per cent (30 June 2004: 17.5 per cent; 31 December 2004: 17.5 per cent) on the profits assessable in Hong Kong.

8. Depreciation and Amortisation

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Premises	**27**	21	19
Equipment	**33**	40	35
Intangibles:			
Software	**55**	62	61
Arising on business combinations	**5**	-	-
	120	123	115

9. Other Impairment

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Goodwill	**-**	67	-
Other	**1**	2	(1)
	1	69	(1)

10. Dividends on Ordinary Equity Shares

The 2005 interim dividend of 18.94 cents per share will be paid in either sterling, Hong Kong dollars or US dollars on 14 October 2005 to shareholders on the UK register of members at the close of business on 19 August 2005 and to shareholders on the Hong Kong branch register of members at the opening of business in Hong Kong (9:00am Hong Kong time) on 19 August 2005.

It is intended that shareholders will be able to elect to receive shares credited as fully paid instead of all or part of the interim cash dividend. Details of the dividend will be sent to shareholders on or around 2 September 2005.

11. Earnings per Ordinary Share

	6 months ended 30.06.05			6 months ended 30.06.04			6 months ended 31.12.04		
	Profit $m	**Weighted average number of shares ('000)**	**Per share amount cents**	Profit $m	Weighted average number of shares ('000)	Per share amount cents	Profit $m	Weighted average number of shares ('000)	Per share amount cents
Basic earnings per ordinary share	**956**	**1,279,432**	**74.7**	727	1,170,699	62.1	793	1,175,143	67.5
Effect of dilutive potential ordinary shares:									
Convertible bonds	**7**	**20,578**		11	34,488		12	34,488	
Options	**-**	**15,366**		-	2,252		-	3,444	
Diluted earnings per share	**963**	**1,315,376**	**73.2**	738	1,207,439	61.1	805	1,213,075	66.3

The Group measures earnings per share on a normalised basis. This differs from earnings defined in International Accounting Standard 3, Earnings per share. The table below provides a reconciliation.

	6 months ended 30.06.05 $m	6 months ended 30.06.04 $m	6 months ended 31.12.04 $m
Profit attributable to ordinary shareholders	**956**	727	793
Profit on sale of shares in — KorAm	**-**	(95)	-
— Bank of China	**-**	(36)	-
Premium and costs paid on repurchase of subordinated debt	**-**	21	2
Costs of Hong Kong incorporation	**-**	18	-
Tsunami donation	**-**	-	5
Other impairment	**-**	67	-
"One-off" items	**-**	(25)	7
Amortisation of intangible assets arising on business combinations	**5**	-	-
Profit less losses on disposal of investment securities held at cost	**-**	(28)	(5)
Profit on sale of property, plant and equipment	**-**	(4)	-
Profit on disposal of subsidiary undertakings	**-**	(4)	-
Other impairment	**1**	2	(1)
Normalised earnings	**962**	668	794
Normalised earnings per ordinary share	**75.2c**	57.1c	67.5c

11. Earnings per Ordinary Share (continued)

EPS has grown by 32 per cent. With the adoption of IAS 39, the Group no longer normalises gains and losses on disposal of investment securities as these are now held in an available for sale portfolio at fair value.

Had this policy been adopted in the first half of 2004 normalised earnings per share would have been 59.5 cents and EPS growth would have been 26 per cent.

12. Financial Instrument Classification Summary

On 1 January 2005, the Group adopted IAS 39 which requires the classification of financial instruments between five recognition principles: trading, designated at fair value through profit and loss, available for sale, held to maturity and loans and receivables. The Group's classification is summarised below:

		30.06.05				
	Trading $m	Designated at fair value $m	Available for sale $m	Loans and receivables $m	Held to maturity $m	Total $m
Treasury bills and other eligible bills	**1,905**	**-**	**11,106**	**-**	**-**	**13,011**
Loans and advances to banks	**1,081**	**-**	**-**	**19,874**	**-**	**20,955**
Loans and advances to customers	**706**	**165**	**21**	**107,037**	**-**	**107,929**
Debt securities	**4,560**	**30**	**25,217**	**455**	**615**	**30,877**
Equity shares	**12**	**-**	**933**	**-**	**-**	**945**
Total at 30.06.05	**8,264**	**195**	**37,277**	**127,366**	**615**	**173,717**
Total at 01.01.05	**6,064**	**1,902**	**30,451**	**88,952**	**1,040**	**128,409**

13. Loans and Advances

	30.06.05		30.06.04		31.12.04	
	Loans to banks $m	**Loans to customers $m**	Loans to banks $m	Loans to customers $m	Loans to banks $m	Loans to customers $m
Gross loans and advances	**21,003**	**109,902**	17,453	66,180	17,446	74,463
Interest in suspense	**-**	**-**	(12)	(572)	(12)	(562)
	21,003	**109,902**	17,441	65,608	17,434	73,901
Individual impairment provision	**(48)**	**(1,626)**	(54)	(1,479)	(52)	(1,407)
Portfolio impairment provision	**-**	**(347)**	-	-	-	-
General provision	**-**	**-**	-	(386)	-	(335)
	20,955	**107,929**	17,387	63,743	17,382	72,159

The movement in provisions for impairment losses on loans and advances and other credit risks is set out below:

13. Loans and Advances – (continued)

	6 months ended 30.06.05	6 months ended 30.06.04		6 months ended 31.12.04	
	Total $m	Specific $m	General $m	Specific $m	General $m
Provisions held at beginning of period	***1,782**	1,661	425	1,533	386
Exchange translation differences	**(28)**	(5)	-	18	-
Acquisitions	**383**	-	-	36	-
Amount utilised	**-**	-	(39)	-	-
Amounts written off	**(352)**	(288)	-	(319)	-
Recoveries of amounts previously written off	**65**	44	-	51	-
Discount unwinding	**(23)**				
Other	**-**	(18)	-	10	4
New provisions	**438**	304	-	305	-
Recoveries/provisions no longer required	**(244)**	(165)	-	(175)	(55)
Net charge against/(credit to) profit	**** 194**	139	-	130	(55)
Provisions held at end of period	*****2,021**	1,533	386	1,459	335

* The opening balance at 1 January 2005 was adjusted with the adoption of IAS 39. The individual impairment provision increased by $90 million. The general provision recorded under UK GAAP was reversed. Under IAS 39, a portfolio provision of $233 million was created.
** The net charge of $194 million comprises $164 million individual impairment charge and $30 million portfolio impairment charge.
*** The provision of $2,021 million held at 30 June 2005 comprises $1,674 million individual impairment provision and $347 million portfolio impairment provision.

14. Non-Performing Loans and Advances

	30.06.05			30.06.04			31.12.04		
	SCNB (LMA) $m	**Other $m**	**Total $m**	SCNB (LMA) $m	Other $m	Total $m	SCNB (LMA) $m	Other $m	Total $m
Non performing loans and advances	**-**	**2,800**	**2,800**	711	2,789	3,500	351	2,586	2,937
Impairment provision	**-**	**(2,021)**	**(2,021)**	(108)	(1,425)	(1,533)	(115)	(1,344)	(1,459)
Interest in suspense				-	(584)	(584)	-	(574)	(574)
	-	**779**	**779**	603	780	1,383	236	668	904

Net non-performing loans and advances comprises loans and advances to banks $34 million (30 June 2004: $83 million; 31 December 2004: $55 million) and loans and advances to customers $745 million (30 June 2004: $1,300 million; 31 December 2004: $849 million).

The Group acquired Standard Chartered Nakornthon Bank (SCNB) in September 1999. Under the terms of the acquisition, non-performing loans were subject to a Loan Management Agreement (LMA) with a Thai Government Agency (The Financial Institutions Development Fund) which guaranteed certain losses. The LMA expired in 2004 and the losses guaranteed by FIDF have been settled through the first six months of 2005. Accordingly, the balances have been derecognised and are shown as nil under SCNB in the table above.

Impairment provisions cover 72 per cent of non-performing lending to customers. (Excluding the SCNB non-performing loan portfolio, subject to the LMA, specific provisions and interest in suspense together cover 30 June 2004: 72 per cent; 31 December 2004: 74 per cent of total non-performing lending to customers.)

15. Debt Securities

	30.06.05						
	Trading $m	Designated at fair value $m	Available for sale $m	Held to maturity $m	Loans and receivables $m	Total book amount $m	Total Valuation $m
Issued by public bodies:							
Government securities	1,769	-	8,094	615	-	10,478	10,478
Other public sector securities	7	-	1,815	-	-	1,822	1,822
	1,776	-	9,909	615	-	12,300	12,300
Issued by banks:							
Certificates of deposit	624	2	6,596	-	-	7,222	7,222
Other debt securities	764	-	6,025	-	-	6,789	6,789
	1,388	2	12,621	-	-	14,011	14,011
Issued by corporate entities and other issuers:							
Other debt securities	1,396	28	2,687	-	455	4,566	4,561
	1,396	28	2,687	-	455	4,566	4,561
Total debt securities	4,560	30	25,217	615	455	30,877	30,872
Of which:							
Listed on a recognised UK exchange	237	12	4,681	388	-	5,318	5,318
Listed elsewhere	938	12	7,003	5	-	7,958	7,959
Unlisted	3,385	6	13,533	222	455	17,601	17,595
	4,560	30	25,217	615	455	30,877	30,872
Of which:							
One year or less	1,245	25	14,711	450	341	16,772	16,768
One to five years	2,205	5	9,007	136	112	11,465	11,463
More than five years	1,110	-	1,499	29	2	2,640	2,641
	4,560	30	25,217	615	455	30,877	30,872

Debt securities include $1,555 million (30 June 2004: $419 million; 31 December 2004: $1,068 million) of securities sold subject to sale and repurchase transactions.

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

15. Debt Securities (continued)

	30.06.04			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	7,879	1,250	9,129	7,925
Other public sector securities	484	9	493	483
	8,363	1,259	9,622	8,408
Issued by banks:				
Certificates of deposit	5,646	159	5,805	5,639
Other debt securities	6,177	606	6,783	6,181
	11,823	765	12,588	11,820
Issued by corporate entities and other issuers:				
Other debt securities	5,891	799	6,690	5,825
	5,891	799	6,690	5,825
Total debt securities	26,077	2,823	28,900	26,053
Of which:				
Listed on a recognised UK exchange	6,011	-	6,011	6,015
Listed elsewhere	8,222	734	8,956	8,176
Unlisted	11,844	2,089	13,933	11,862
	26,077	2,823	28,900	26,053
Book amount investment securities:				
One year or less	13,821			
One to five years	10,698			
More than five years	1,558			
	26,077			

15. Debt Securities (continued)

	31.12.04			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	8,477	1,792	10,269	8,575
Other public sector securities	1,263	1	1,264	1,257
	9,740	1,793	11,533	9,832
Issued by banks:				
Certificates of deposit	6,076	82	6,158	6,068
Other debt securities	6,678	777	7,455	6,694
	12,754	859	13,613	12,762
Issued by corporate entities and other issuers:				
Other debt securities	6,675	1,021	7,696	6,693
	6,675	1,021	7,696	6,693
Total debt securities	29,169	3,673	32,842	29,287
Of which:				
Listed on a recognised UK exchange	5,651	-	5,651	5,671
Listed elsewhere	6,700	1,505	8,205	6,723
Unlisted	16,818	2,168	18,986	16,893
	29,169	3,673	32,842	29,287
Book amount investment securities:				
One year or less	14,908			
One to five years	10,942			
More than five years	3,319			
	29,169			

15. Debt Securities (continued)

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

				6 months ended 30.06.05	6 months ended 30.06.04	6 months ended 31.12.04
	Available for sale $m	**Held to Maturity $m**	**Loans and advances $m**	**Book amount $m**	Book amount $m	Book amount $m
Opening				**29,169**		
Adoption of IAS 39				**(1,571)**		
Opening	**26,272**	**983**	**343**	**27,598**	20,801	26,077
Exchange translation differences	**(779)**	**(40)**	**-**	**(819)**	(266)	250
Acquisitions	**2,382**	**-**	**-**	**2,382**	37,316	42,497
Additions	**16,402**	**-**	**171**	**16,573**	-	-
Maturities and disposals	**(19,033)**	**(316)**	**(63)**	**(19,412)**	(31,759)	(39,693)
Provisions	**-**	**-**	**1**	**1**	-	-
Changes in fair value	**19**	**-**	**-**	**19**	-	-
Amortisation of discounts and premiums	**(46)**	**(12)**	**3**	**(55)**	(15)	38
Closing	**25,217**	**615**	**455**	**26,287**	26,077	29,169

From 1 January 2005, debt securities are classified in accordance with IAS 39 (see note 12 on page 56).

At 30 June 2005, unamortised premiums on debt securities held for investment purposes amounted to $177 million (30 June 2004: $123 million; 31 December 2004: $135 million) and unamortised discounts amounted to $35 million (30 June 2004: $15 million; 31 December 2004: $356 million).

16. Equity Shares

	30.06.05			30.06.04		31.12.04	
	Trading $m	**Available for sale $m**	**Total book amount $m**	Book amount Investment securities $m	Valuation Investment securities $m	Book amount Investment securities $m	Valuation Investment securities $m
Listed on a recognised UK exchange	**-**	**-**	**-**	1	1	-	-
Listed elsewhere	**12**	**504**	**516**	69	70	88	107
Unlisted	**-**	**429**	**429**	109	112	165	188
	12	**933**	**945**	179	183	253	295

From 1 January 2005, all equity investments are at fair value.

The valuation of listed securities is at market value and of unlisted securities at directors' estimate. Income from listed equity shares amounted to $4 million (30 June 2004: $2 million; 31 December 2004: $4 million) and income from unlisted equity shares amounted to $5 million (30 June 2004: $3 million; 31 December 2004: $7 million).

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

	***6 months ended 30.06.05 $m**
Opening	**253**
Adoption of IAS 39	**39**
Opening	**292**
Exchange translation differences	**(2)**
Acquisitions	**295**
Additions	**450**
Disposals (sale and redemption)	**(95)**
Changes in fair value	**(7)**
Closing	**933**

	6 months ended 30.06.04			6 months ended 31.12.04		
	Historical Cost $m	Provisions $m	Book amount $m	Historical cost $m	Provisions $m	Book amount $m
Opening	398	(39)	359	220	(41)	179
Exchange translation differences	(2)	-	(2)	4	(1)	3
Acquisitions	42	-	42	79	-	79
Disposals	(218)	(2)	(220)	(2)	(6)	(8)
Closing	220	(41)	179	301	(48)	253

*From 1 January 2005 all equity investments are held at fair value in accordance with IFRS, with corresponding opening adjustments.

17. Business Combinations

On 15 April 2005, the Group acquired 100 per cent of the share capital of Korea First Bank, a major banking group in the Republic of South Korea. The acquired business contributed revenues of $258 million and profit before tax of $84 million to the Group for the period from 15 April 2005 to 30 June 2005. If the acquisition had occurred on 1 January 2005, KFB would have added approximately $550 million to Group income and $150 million to profit before tax for the period.

Details of net assets acquired and goodwill are as follows:	**$m**
Purchase consideration:	
- cash paid	**3,338**
- direct costs relating to the acquisition	**29**
Total purchase consideration	**3,367**
Fair value of net assets acquired	**1,742**
Goodwill	**1,625**

The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Korea First Bank.

The assets and liabilities arising from the acquisition are as follows:

	Fair value $m	**Acquiree's carrying amount $m**
Cash and balances at central banks*	2,321	2,321
Treasury bills and other eligible bills	5,468	5,468
Loans and advances to banks	890	890
Derivative financial instruments	27	27
Loans and advances to customers	32,003	31,983
Debt securities	2,382	2,376
Equity shares	295	295
Intangibles other than goodwill	216	58
Deferred tax assets	25	15
Property, plant and equipment	1,087	1,109
Other assets	890	884
Total assets	45,604	45,426
Deposits by banks	2,782	2,782
Derivative financial instruments	240	240
Customer accounts	19,333	19,328
Debt securities in issue	16,992	17,243
Other liabilities	2,608	2,239
Subordinated liabilities and other borrowings	1,581	1,514
Total liabilities	43,536	43,346
Minority interest	326	298
Net assets acquired	1,742	1,782
Purchase considerations settled in cash	3,367	
Cash and cash equivalents in subsidiary acquired	(2,378)	
Cash outflow on acquisition	989	

*Cash balances with central banks include certain amounts subject to regulatory restrictions.

18. Deposits by Banks

	30.06.05 $m	30.06.04 $m	31.12.04 $m
Repayable on demand	**4,656**	3,124	2,588
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	**12,706**	9,014	8,964
Between three months and one year	**3,058**	2,207	2,268
Between one and five years	**784**	2,654	1,994
Over five years	**449**	-	-
	21,653	16,999	15,814

19. Customer Accounts

	30.06.05 $m	30.06.04 $m	31.12.04 $m
Repayable on demand	**43,294**	33,478	37,033
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	**49,004**	38,574	41,529
Between three months and one year	**12,639**	5,246	5,652
Between one and five years	**3,104**	877	1,205
Over five years	**729**	44	39
	108,770	78,219	85,458

20. Debt Securities in Issue

	30.06.05			30.06.04		
	Certificates of deposit of $100,000 or more $m	**Other debt securities in issue $m**	**Total $m**	Certificates of deposit of $100,000 or more $m	Other debt securities in issue $m	Total $m
By residual maturity:						
Three months or less	**6,220**	**2,960**	**9,180**	1,087	2,581	3,668
Between three and six months	**4,293**	**2,609**	**6,902**	622	876	1,498
Between six months and one year	**3,858**	**3,485**	**7,343**	732	1,449	2,181
Between one and five years	**1,174**	**2,901**	**4,075**	1,620	679	2,299
Over five years	**60**	**395**	**455**	17	322	339
	15,605	**12,350**	**27,955**	4,078	5,907	9,985

	31.12.04		
	Certificates of deposit of $100,000 or more $m	Other debt securities in issue $m	Total $m
By residual maturity:			
Three months or less	1,707	3,268	4,975
Between three and six months	701	1,093	1,794
Between six months and one year	637	1,757	2,394
Between one and five years	1,013	1,051	2,064
Over five years	21	379	400
	4,079	7,548	11,627

21. Other Borrowed Funds

	30.06.05 $m	30.06.04 $m	31.12.04 $m
Dated loan capital	**6,210**	4,351	5,180
Undated loan capital	**2,278**	1,572	1,588
Other undated borrowings	**350**	-	-
Total	**8,838**	5,923	6,768
Dated loan capital residual maturity:			
Within one year	**313**	715	1,084
Between one and five years	**2,549**	1,508	1,805
Over five years	**3,348**	2,128	2,291
	6,210	4,351	5,180

Upon adoption of IAS 32 on 1 January 2005, the Group's £100 million 7⅜ and £100 million 8¼ per cent irredeemable £1 preference shares were reclassified from equity to other borrowed funds.

£200 million Step-Up Notes 2022 and £300 million 8.103 per cent Step-Up Callable Perpetual Trust Preferred Securities were reclassified as other equity instruments.

Of total dated loan capital and other borrowings $5,414 million is at fixed interest rates (30 June 2004: $3,945 million; 31 December 2004: $3,234 million).

On 3 February 2005, the Group issued €750 million subordinated Lower Tier II notes ("Euro Notes") at an issue price of 99.43 per cent and $500 million of subordinated Lower Tier II notes ("Dollar notes") at an issue price of 99.86 per cent.

The Euro notes will mature on 3 February 2017. The Euro notes are callable on 3 February 2012 and at each subsquent interest date.

Interest is payable annually on the Euro notes at a fixed rate of 3.625 per cent until 3 February 2012 when a variable rate of interest of 3 month Euribor plus 87 basis points will be paid.

The Dollar notes will mature on 3 February 2015. The Dollar notes are callable on 4 February 2010 and at each subsequent interest date.

Interest is payable quarterly on the Dollar notes at a variable rate of US$ Libor plus 30 basis points until 4 February 2010 when the rates will increase to Libor plus 80 basis points.

$1,255 million of dated loan capital was added with the acquisition of KFB.

On 18 April 2005, the Group called back the €575 million convertible debt at par.

On 17 June 2005, the bank issued £400 million Undated Callable Step Up Subordinated Upper Tier 2 notes ("GBP Notes") at an issue price of 98.642 per cent. Interest is payable annually on the GBP notes at a fixed rate of 5.375 per cent until 14 July 2020 when variable rate interest of 3 month £ Libor plus 189 basis points will be paid.

22. Share Capital

	Number of ordinary shares (millions)	Ordinary share capital $m	Preference share capital $m	Share premium account $m	Total $m
At 1 January 2004	1,175	588	351	2,813	3,752
Exchange translation differences	-	-	4	-	4
Shares issued, net of expenses	2	1	-	3	4
Capitalised on exercise of share options	-	-	-	2	2
At 30 June 2004	1,177	589	355	2,818	3,762
Exchange translation differences	-	-	22	-	22
Shares issued, net of expenses	2	1	-	12	13
Capitalised on exercise of share options	-	-	-	5	5
At 31 December 2004	1,179	590	377	2,835	3,802
Adoption of IAS 32 and 39	-	-	(375)	-	(375)
At 1 January 2005	**1,179**	**590**	**2**	**2,835**	**3,427**
Capitalised on scrip dividend	**3**	**1**	**-**	**(1)**	**-**
Shares issued, net of expenses	**129**	**65**	**-**	**2,122**	**2,187**
At 30 June 2005	**1,311**	**656**	**2**	**4,956**	**5,614**

The 7⅜ per cent and 8¼ per cent preference shares of £1 each were reclassified to other borrowed funds from 1 January 2005 upon adoption of IAS 32.

On 14 January 2005, the Company issued 117,902,943 new ordinary shares at a price of 920 pence per share representing approximately 9.99 per cent of the Company's existing issued ordinary share capital. The net proceeds of the placing were approximately GBP 1,071 million ($2.0 billion). The purpose of the share issue was to aid the funding of the purchase of the entire share capital of KFB for approximately KRW 3.4 trillion ($3.3 billion) in cash.

On 16 February 2005, the Company repurchased $3 million of 8.9 per cent non-cumulative preference shares. The preference shares were repurchased at a price of 107.90 per cent. The 3,000 repurchased preference shares were cancelled leaving 328,388 dollar preference shares in issue.

On 23 May 2005, the Company issued 11,700,000 new ordinary shares at a price of 985.6 pence per share (GBP 115 million, $211 million) to the Employee Benefit Trust towards satisfaction of the vested shares under the Company's discretionary share schemes.

The 1995 Employees' Share Ownership Trust ("the 1995 trust") has acquired, at market value, 19,503,732 (30 June 2004: 15,383,963; 31 December 2004: 12,127,841) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's Restricted Share Scheme, Performance Share Plan and Executive Share Option Schemes. The purchase of these shares has been fully funded by the Group. At 30 June 2005, the 1995 trust held 19,503,732 (30 June 2004: 15,383,963; 31 December 2004: 12,127,841) shares, of which 16,793,958 (30 June 2004: 10,573,696; 31 December 2004: 11,854,754) have vested unconditionally.

The Standard Chartered 2004 Employee trust has acquired, at market value, 429,012 (30 June 2004: 178,926; 31 December 2004: 178,926) Standard Chartered PLC shares, which are held in a pool for the benefit of participants under the Group's deferred bonus plan. The purchase of these shares has been fully funded by the Group. At 30 June 2005, the 2004 trust held 429,012 (30 June: 178,926; 31 December 2004: 178,926) Standard Chartered Bank PLC shares, of which 7,333 (30 June 2004: nil; 31 December 2004: nil) have vested unconditionally.

23. Reserves and Retained Earnings

	Capital Reserve $m	Capital Redemption Reserve $m	Available for sale reserve $m	Cash flow hedge reserve $m	Premises revaluation reserve $m	Translation adjustment $m	Retained earnings $m	Total $m
At 1 January 2004	5	11	-	-	57	-	4,122	4,195
Recognised income and expenses	-	-	-	-	24	(66)	762	720
Dividend declared and/or paid	-	-	-	-	-	-	(429)	(429)
Net own shares adjustment	-	-	-	-	-	-	(14)	(14)
Capitalised on exercise of share options	-	-	-	-	-	-	(2)	(2)
At 30 June 2004	5	11	-	-	81	(66)	4,439	4,470
Recognised income and expenses	-	-	-	-	(5)	162	816	973
Dividend declared/paid	-	-	-	-	-	-	(201)	(201)
Net own shares adjustment	-	-	-	-	-	-	66	66
Capitalised on exercise of share options	-	-	-	-	-	-	(5)	(5)
At 31 December 2004	5	11	-	-	76	96	5,115	5,303
Adoption of IAS 32 and 39	**-**	**-**	**73**	**42**	**-**	**-**	**(4)**	**111**
At 1 January 2005	**5**	**11**	**73**	**42**	**76**	**96**	**5,111**	**5,414**
Recognised income and expenses	**-**	**-**	**(54)**	**(29)**	**-**	**(71)**	**909**	**755**
Net own shares adjustment	**-**	**-**	**-**	**-**	**-**	**-**	**(167)**	**(167)**
Share option expense and related taxation	**-**	**-**	**-**	**-**	**-**	**-**	**56**	**56**
Dividends and other appropriations, net scrip	**-**	**-**	**-**	**-**	**-**	**-**	**(489)**	**(489)**
At 30 June 2005	**5**	**11**	**19**	**13**	**76**	**25**	**5,420**	**5,569**

24. Minority Interests

	£200m 2022 Step-Up Notes $m	**£300m 8.103% Step-Up Callable Perpetual Trust $m**	**$300m 7.267% Hybrid Tier-1 Securities $m**	**Other minority interests $m**	**Total $m**
At 31 December 2004 previously published	**-**	**-**	**-**	**964**	**964**
Adoption of IAS 32 and 39:	**396**	**598**	**-**	**(4)**	**990**
At 1 January 2005	**396**	**598**	**-**	**960**	**1,954**
Appropriation in respect of exchange translation	**(25)**	**(38)**	**-**	**-**	**(63)**
Other profits attributable to minority	**14**	**23**	**4**	**17**	**58**
Recognised income and expenses	**(11)**	**(15)**	**4**	**17**	**(5)**
Reductions	**-**	**-**	**-**	**(875)**	**(875)**
Arising on acquisition	**-**	**-**	**326**	**-**	**326**
Distributions	**(27)**	**(44)**	**-**	**(18)**	**(89)**
At 30 June 2005	**358**	**539**	**330**	**84**	**1,311**

Following additional investments in the Global Liquidity Fund by third parties, the Group's interest is no longer treated as a subsidiary and the minority interest has been reduced. In May 2005, the Group purchased a further 24.97 per cent of Nakornthon Bank in Thailand, further reducing the minority interest.

25. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises of the following balances with less than three months maturity from the date of acquisition.

	30.06.05 $m	30.06.04 $m	31.12.04 $m
Cash and balances with central banks*	**5,667**	3,447	3,960
Treasury bills and other eligible bills	**4,686**	2,924	3,665
Loans and advances to banks	**13,769**	10,750	10,345
Trading securities	**6,507**	7,198	6,053
Total	**30,629**	24,319	24,023

* Cash balances with central banks include certain amounts subjected to regulatory restrictions.

26. Net Interest Margin and Interest Spread

	6 months ended 30.06.05 %	6 months ended 30.06.04 %	6 months ended 31.12.04 %
Net interest margin	**2.6**	2.7	2.7
Interest spread	**2.4**	2.4	2.6

	$m	**$m**	**$m**
Average interest earning assets	**151,540**	115,419	119,181
Average interest bearing liabilities	**138,973**	100,632	113,246

27. Remuneration

The Group employed 42,100 staff at 30 June 2005 (30 June 2004: 31,300; 31 December 2004: 33,300).

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

- Support a strong performance-oriented culture and ensure that individual rewards and incentives relate directly to the performance of the individual, the operations and functions for which they are responsible, the Group as a whole and the interests of the shareholders;
- Maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented employees of the highest quality internationally.

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

- Base salaries are set at the median of the Group's key international competitors.
- Annual bonus awards are made wholly on the basis of Group and individual performance and also an individual's adherence to the Group's values.

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

28. Charge on Group Assets

Group assets include $2,498 million (30 June 2004: $2,564 million; 31 December 2004: $2,532 million) relating to Hong Kong SAR Government certificates of indebtedness which are subordinated to the claims of other parties.

29. Contingent Liabilities and Commitments

The table below shows the contract or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

The credit equivalent and risk weighted amounts have been calculated in accordance with the Financial Services Authority guidelines implementing the Basel Accord on capital adequacy, after taking account of collateral and guarantees received.

	30.06.05			30.06.04		
	Contract or underlying principal amount $m	**Credit equivalent amount $m**	**Risk weighted amount $m**	Contract or underlying principal amount $m	Credit equivalent amount $m	Risk weighted amount $m
Contingent liabilities						
Acceptances and endorsements*	**-**	**-**	**-**	914	914	745
Guarantees and irrevocable letters of credit	**17,002**	**12,434**	**9,327**	14,505	10,384	6,689
Other contingent liabilities	**4,809**	**3,871**	**2,883**	4,071	2,869	1,998
	21,811	**16,305**	**12,210**	19,490	14,167	9,432
Commitments						
Documentary credits and short term trade-related transactions	**3,700**	**740**	**603**	2,213	443	414
Forward asset purchases and forward deposits placed	**87**	**87**	**17**	77	77	15
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	**9,837**	**4,918**	**3,708**	7,861	3,931	3,664
Less than one year	**17,955**	**-**	**-**	8,020	-	-
Unconditionally cancellable	**27,375**	**-**	**-**	26,652	-	-
	58,954	**5,745**	**4,328**	44,823	4,451	4,093

* Acceptances and endorsements are recorded on balance sheet with the adoption of IAS 39.

29. Contingent Liabilities and Commitments (continued)

	31.12.04		
	Contract or underlying principal amount $m	Credit equivalent amount $m	Risk weighted amount $m
Contingent liabilities			
Acceptances and endorsements	976	976	842
Guarantees and irrevocable letters of credit	15,942	9,976	8,146
Other contingent liabilities	3,139	2,414	1,221
	20,057	13,366	10,209
Commitments			
Documentary credits and short term trade-related transactions	2,924	585	494
Forward asset purchases and forward deposits placed	54	54	11
Undrawn formal standby facilities, credit lines and other commitments to lend:			
One year and over	9,140	4,570	4,133
Less than one year	8,903	-	-
Unconditionally cancellable	25,933	-	-
	46,954	5,209	4,638

30. Fair Values

On 1 January 2005, the Group adopted IAS 39. It requires all derivatives to be recognised as trading and recorded at fair value, with all revaluation gains recognised in profit and loss (except where cash flow hedging has been achieved). For the comparatives UK GAAP has been applied. Derivatives held for hedging purposes are classified as non-trading and are not recorded on the balance sheet at fair value.

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

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

Trading activities are defined as positions held in financial instruments with the intention of benefiting from short-term rates or price movements. The risk section of the Financial Review on pages 36 and 37 explains the Group's risk management of derivative contracts.

	30.06.05		
	Notional principal amounts $m	**Positive fair value $m**	**Negative fair value $m**
Trading book			
Forward foreign exchange contracts	**440,305**	**4,700**	**4,522**
Foreign exchange derivative contracts			
Currency swaps and options	**152,627**	**2,286**	**2,367**
Exchange traded futures and options	**127**	**1**	**1**
Total	**152,754**	**2,287**	**2,368**
Interest rate derivative contracts			
Swaps	**448,998**	**3,617**	**3,323**
Forward rate agreements and options	**94,913**	**92**	**167**
Exchange traded futures and options	**270,262**	**-**	**-**
Total	**814,173**	**3,709**	**3,490**
Equity and stock index options	**333**	**3**	**3**
Commodity derivative contracts	**5,699**	**5**	**5**
Total derivative financial instruments	**1,413,264**	**10,704**	**10,388**
Effect of netting		**-**	**-**
		10,704	**10,388**

30. Fair Values (continued)

	30.06.04			31.12.04		
	Notional principal amounts $m	Positive fair value $m	Negative fair value $m	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Trading book						
Forward foreign exchange contracts	411,031	3,628	3,632	409,003	6,789	6,500
Foreign exchange derivative contracts						
Currency swaps and options	138,782	1,555	1,473	116,734	2,592	2,532
Exchange traded futures and options	353	1	7	238	-	-
Total	139,135	1,556	1,480	116,972	2,592	2,532
Interest rate derivative contracts						
Swaps	344,993	2,577	2,794	409,418	3,359	3,125
Forward rate agreements and options	64,667	110	110	57,475	101	127
Exchange traded futures and options	129,562	54	53	96,282	54	54
Total	539,222	2,741	2,957	563,175	3,514	3,306
Total trading book derivative financial instruments	1,089,388	7,925	8,069	1,089,150	12,895	12,338
Effect of netting		(4,375)	(4,375)		(7,563)	(7,563)
		3,550	3,694		5,332	4,775

Non-trading activities are defined as positions held with respect to management of the Group's assets and liabilities and related hedges under UK GAAP for 2004.

	30.06.04			31.12.04		
	Notional principal amounts $m	Positive fair value $m	Negative fair value $m	Notional principal amounts $m	Positive Fair value $m	Negative Fair value $m
Non-trading book						
Interest rate derivative contracts						
Swaps	1,142	1	5	2,304	17	4
Forward rate agreements and options	53	-	-	495	-	-
Exchange traded futures and options	1,694	-	-	-	-	-
Total	2,889	1	5	2,799	17	4
Equity and stock derivatives	1	-	-	-	-	-
Commodity derivative contracts	617	-	-	6,030	33	33
Total non-trading book derivative financial instruments	3,507	1	5	8,829	50	37

30. Fair Values (continued)

	30.06.05		30.06.04		31.12.04	
	Book value $m	**Market value $m**	Book value $m	Market value $m	Book value $m	Market value $m
Listed and publicly traded securities:						
Financial assets	**26,804**	**26,804**	18,566	18,562	16,627	16,689
Preference shares	**1,190**	**1,448**	655	774	676	856
Other financial liabilities	**36,794**	**35,913**	10,901	11,053	12,013	11,833
Financial liabilities	**37,984**	**37,361**	11,556	11,827	12,689	12,689

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

31. Credit Exposures in respect of Derivative Contracts

The residual maturity analysis of the notional principal amounts of derivative contracts, excluding exchange traded futures and options, held at 30 June 2005, 30 June 2004 and 31 December 2004 for trading (and for 2004, non-trading) purposes is set out below:

	30.06.05				30.06.04			
	Under One Year $m	**One to five years $m**	**Over five years $m**	**Total $m**	Under one year $m	One to five years $m	Over five years $m	Total $m
Forward foreign exchange and foreign exchange derivative contracts								
Notional principal amount	**525,738**	**57,407**	**9,787**	**592,932**	498,725	47,880	3,208	549,813
Net replacement cost	**5,473**	**1,786**	**(273)**	**6,986**	4,171	922	90	5,183
Interest rate derivative contracts								
Notional principal amount	**273,035**	**226,938**	**43,938**	**543,911**	212,724	165,612	32,519	410,855
Net replacement cost	**549**	**1,864**	**1,296**	**3,709**	512	1,453	723	2,688
Equity and stock index								
Notional principal amount	**314**	**7**	**12**	**333**	1	-	-	1
Net replacement cost	**3**	**-**	**-**	**3**	-	-	-	-
Commodity derivative contracts								
Notional principal amount	**1,364**	**4,335**	**-**	**5,699**	308	309	-	617
Net replacement cost	**-**	**1**	**4**	**5**	-	-	-	-
Counterparty risk								
Financial institutions				**10,182**				6,242
Non financial institutions				**521**				1,629
Total net replacement cost				**10,703**				7,871

31. Credit Exposures in respect of Derivative Contracts (continued)

	31.12.04			
	Under one year $m	One to five years $m	Over five years $m	Total $m
Forward foreign exchange and foreign exchange derivative contracts				
Notional principal amount	479,468	41,409	4,860	525,737
Net replacement cost	7,640	1,504	237	9,381
Interest rate derivative contracts				
Notional principal amount	243,369	189,548	36,775	469,692
Net replacement cost	519	1,782	1,176	3,477
Commodity derivative contracts				
Notional principal amount	1,094	4,348	588	6,030
Net replacement cost	3	23	7	33
Counterparty risk				
Financial institutions				11,532
Non financial institutions				1,359
Total net replacement cost				12,891

The risk section of the Financial Review on pages 36 and 37 explains the Group's risk management of derivative contracts.

32. Market Risk

	6 months ended 30.06.05			**30.06.05**
Trading book	**Average $m**	**High $m**	**Low $m**	**Actual $m**
Daily value at risk:				
Interest rate risk	**4.1**	**5.5**	**3.1**	**3.6**
Foreign exchange risk	**1.6**	**2.8**	**1.0**	**1.4**
Total	**4.4**	**5.9**	**3.5**	**3.9**

	6 months ended 30.06.04			30.06.04	6 months ended 31.12.04			31.12.04
Trading book	Average $m	High $m	Low $m	Actual $m	Average $m	High $m	Low $m	Actual $m
Daily value at risk:								
Interest rate risk	3.1	4.1	2.2	3.1	3.5	4.4	2.7	3.4
Foreign exchange risk	2.7	4.5	1.3	2.5	2.2	3.6	1.2	3.0
Total	4.4	6.0	3.1	4.5	4.1	5.5	3.2	5.1

32. Market Risk (continued)

This note should be read in conjunction with the market risk section of the Financial Review on pages 36 and 37 which explains the Group's market risk management.

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

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

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

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

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

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

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

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

33. Statutory Accounts

The information in this interim statement is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. This document was approved by the Board on 8 August 2005. The comparative figures for the financial year end 31 December 2004 are not the Company's statutory accounts for that financial year.

These statutory accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

34. Forward Looking Statements

This document contains forward-looking statements, including such statements within the meaning of section 27A of the US Securities Act of 1993 and section 21E of the Securities Exchange Act of 1934. These statements concern, or may affect, future matters. These may include the Group's future strategies, business plans, and results and are based on the current expectations of the directors of Standard Chartered.

They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments, competitive and general operating conditions.

35. Transition to EU Endorsed IFRS

EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the company, for the year ending 31 December 2005, be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the EU ("adopted IFRSs").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2005 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2005, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied, which are as set out below, when the first annual IFRS financial statements are prepared for the year ending 31 December 2005.

In particular, the directors have assumed that the following IFRSs issued by the International Accounting Standards Board will be adopted by the EU in sufficient time that they will be available for use in the annual IFRS financial statements for the year ending 31 December 2005:

- Amendment to IAS 19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement The Fair Value Option

The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2005 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2005.

Application of IFRS 1: First-time adoption of International Financial Reporting standards

The Group's transition date is 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The reporting date of these interim consolidated financial statements is 30 June 2005. The Group's IFRS adoption date is 1 January 2005.

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Exemptions from full retrospective application elected by the Group

The Group has elected to apply the following optional exemptions from full retrospective application.

(a) Business combinations exemption

The Group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

(b) Fair value as deemed cost exemption

The Group has elected to deem as cost certain items of property, plant and equipment held at valuation as at 1 January 2004.

(c) Cumulative translation differences exemption

The Group has elected to set the previously accumulated cumulative translation to zero at 1 January 2004.

(d) Exemption from restatement of comparatives for IAS 32 and IAS 39

The Group elected to apply this exemption. It has applied previous UK GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information. The adjustments required for differences between UK GAAP and IAS 32 and IAS 39 have been determined and recognised at 1 January 2005.

(e) Share-based payment transaction exemption

As the Group has not previously published information regarding the fair value of employee rewards, it has been required to apply the share-based payment exemption. It applied IFRS 2 from 1 January 2004 to those equity settled share awards that were issued after 7 November 2002 but that have not vested by 1 January 2005.

35. Transition to EU Endorsed IFRS (continued)

Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

(a) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Group recognised from 1 January 2005 any financial assets and financial liabilities derecognised since 1 January 2004 that do not meet the IAS 39 derecognition criteria. Management did not chose to apply the IAS 39 derecognition criteria to an earlier date.

(b) Estimates exception

Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous UK GAAP, unless there is evidence that those estimates were in error.

(c) Assets held for sale and discontinued operations exception

Management has applied IFRS 5 prospectively from 1 January 2005. Any assets held for sale or discontinued operations are recognised in accordance with IFRS 5 only from 1 January 2005.

Reconciliations between IFRS and UK GAAP

The following reconciliations provide details of the impact of the transition on:
- equity at 1 January 2004 (excluding IAS 32/39)
- equity at 30 June 2004 (excluding IAS 32/39)
- equity at 31 Dec 2004 (excluding IAS 32/39)
- equity at 1 January 2005 (including IAS 32/39)
- profit and loss 30 June 2004 (including IAS 32/39)
- profit and loss 31 December 2004 (excl IAS 32/39)

An explanation of the adjustments and the Group's accounting policies under IFRS is set out in the presentation and press release entitiled "Standard Chartered PLC Results for 2004 Restated Under International Financial Reporting Standards" dated 12 May 2005. Copies of this document are available from the Group's website at: *http://investors.standardchartered.com*

35. Transition to EU Endorsed IFRS (continued)

Reconciliation of equity

01.01.04

	Share capital/ premium and redemption reserve $m	Premises revaluation $m	Own shares held in ESOP Trusts $m	Retained earnings $m	Minority interest $m	**Total equity $m**
UK GAAP	3,768	(2)	(60)	3,823	614	**8,143**
Dividends	-	-	-	439	-	**439**
Fixed Assets	-	81	-	(84)	-	**(3)**
Share options	-	-	-	(3)	-	**(3)**
Consolidation	-	-	-	25	6	**31**
Tax	-	(22)	-	(9)	-	**(31)**
Other	-	-	-	(9)	-	**(9)**
IFRS	3,768	57	(60)	4,182	620	**8,567**

30.06.04

	Share capital/ premium and redemption reserve $m	Premises revaluation $m	Own shares held in ESOP Trusts $m	Retained earnings $m	Minority interest $m	**Total equity $m**
UK GAAP	3,778	-	(74)	4,301	626	**8,631**
Dividends	-	-	-	208	-	**208**
Goodwill	-	-	-	21	-	**21**
Fixed Assets	-	81	-	(84)	-	**(3)**
Share options	-	-	-	10	-	**10**
Consolidations	-	-	-	17	4	**21**
Tax	-	-	-	(4)	-	**(4)**
Other	-	-	-	(22)	-	**(22)**
IFRS	3,778	81	(74)	4,447	630	**8,862**

31.12.04

	Share capital/ premium and redemption reserve $m	Premises revaluation $m	Own shares held in ESOP Trusts $m	Retained earnings $m	Minority interest $m	**Total equity $m**
UK GAAP	3,818	(5)	(8)	4,630	956	**9,391**
Dividends	-	-	-	532	-	**532**
Goodwill	-	-	-	114	-	**114**
Fixed Assets	-	81	-	(84)	-	**(3)**
Share options	-	-	-	16	-	**16**
Consolidations	-	-	-	27	8	**35**
Tax	-	-	-	(4)	-	**(4)**
Other	-	-	-	(12)	-	**(12)**
IFRS	3,818	76	(8)	5,219	964	**10,069**

35. Transition to EU Endorsed IFRS (continued)

								01.01.05
	Share capital/premium and redemption reserve $m	Other equity instruments $m	AFS reserves $m	Cash flow hedge reserve $m	Premises revaluation $m	Retained earnings $m	Minority interest $m	Total equity $m
IFRS (ex IAS 32/39)	3,818	-	-	-	76	5,211	964	10,069
Debt/Equity	(375)	994	-	-	-	20	-	639
Effective Yield	-	-	-	-	-	109	-	109
Derivatives/hedging	-	-	-	61	-	58	(4)	115
Asset classification/ fair values	-	-	87	-	-	(27)	-	60
Other	-	-	-	-	-	(142)	-	(142)
Impairment	-	-	-	-	-	33	-	33
Tax	-	-	(14)	(19)	-	(55)	-	(88)
IFRS	3,443	994	73	42	76	5,207	960	10,795

Reconciliation of profit and loss

Profit attributable to shareholders	6 months ended 30.06.04 $m	12 months ended 31.12.04 $m
UK GAAP	746	1,479
Goodwill	21	114
Share options	(12)	(23)
Consolidations	2	3
Tax	7	7
Other	(8)	(2)
IFRS	756	1,578

36. UK and Hong Kong Accounting Requirements

On 1 January 2005 the Group converted from UK GAAP to International Accounting Standards endorsed by the EU, or those that are expected to be endorsed by 31 December 2005. The consolidated financial statements of the Group for the six months ended 30 June 2005, including 2004 comparatives, have been prepared accordingly, except that the 2004 comparatives exclude the effects of IAS 32 and 39. Where applicable for 2004, the principles of UK GAAP have been applied. On 1 January 2005 Hong Kong GAAP adopted an accounting standard on financial instruments similar to IAS 39. There would be no material differences between the accounting conventions except as set out below:

Investments in Securities

2004 IFRS excluding IAS 32/39

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

2004 Hong Kong GAAP

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

If the Group had prepared its 2004 comparative financial statements under Hong Kong SSAP24 there would have been a net charge to the profit and loss account for the six months ended 30 June 2004 of $24 million and $9 million for the 12 months ended 31 December 2004, an increase in the book amount of investment in securities of $25 million as at 30 June 2004 and $46 million as at 31 December 2004 and a credit to reserves of $18 million at 30 June 2003 and $32 million at 31 December 2003.

Share Awards – Additional Information

1994 Executive Share Option Schemes
As at 1 January 2005, there were options outstanding over 2,252,949 ordinary shares under the schemes. During the first half of the year, options over 54,000 ordinary shares lapsed and options over 567,538 ordinary shares were exercised at various prices from 387 pence to 888 pence. There were no options granted under these schemes during the year.

As at 30 June 2005, there were options outstanding over 1,631,411 ordinary shares which may be exercised on various dates up to 2009 under the rules of the schemes.

Supplemental Executive Share Options Scheme
As at 1 January 2005, there were options outstanding over 379,819 ordinary shares under the scheme. During the year 379,819 options over ordinary shares lapsed and there were no exercises.

The exercise of these options were linked to performance criteria. As at 30 June 2005, there were no options outstanding under the scheme.

1997 Restricted Share Scheme
As at 1 January 2005, there were awards outstanding over 5,396,020 ordinary shares. During the first half of the year, awards over 1,016,807 ordinary shares were exercised and awards over 97,907 ordinary shares lapsed.

The following awards were made:

Date award made	Number of shares awarded	Exercise period
9 March 2005	2,527,452	2007 - 2012
14 June 2005	37,393	2007 - 2012

As at 30 June 2005, there were awards outstanding over 6,846,151 ordinary shares.

2000 Executive Share Option Scheme
As at 1 January 2005, there were options outstanding over 30,707,971 ordinary shares under the scheme. During the first half of the year, options over 362,764 ordinary shares lapsed and 2,604,914 ordinary shares options were exercised at various prices from 722.8 pence to 935.5 pence.

The following options were granted under the scheme:

Date option granted:	Option price per share	Number of shares under option	Exercise period
9 March 2005	971.0	752,938	2008 – 2015
14 June 2005	1039.5	153,839	2008 – 2015

The exercise of options granted during the year will be linked to performance criteria.

As at 30 June 2005, there were options outstanding over 28,647,070 ordinary shares which may be exercised at various dates up to 2015 under the rules of the scheme.

2001 Performance Share Plan
At 1 January 2005, there were awards outstanding over 3,066,957 ordinary shares.

The following awards were granted under the Plan:

Date award made	Number of shares awarded	Exercise period
9 March 2005	1,497,179	2008 – 2015

Share Awards – Additional Information (continued)

The awards granted under the 2001 performance share plan are nil cost options. The exercise of awards granted during the year will be linked to performance criteria. During the first half of the year awards over 401,401 ordinary shares were exercised and awards over 82,583 ordinary shares lapsed.

At 30 June 2005, there were awards outstanding over 4,080,152 ordinary shares.

Savings Related Share Option Schemes

UK Schemes

At 1 January 2005, there were options outstanding over 1,380,980 ordinary shares under these schemes. During the first half of the year, options were exercised over 28,699 ordinary shares at prices from 559.5 to 743 pence and 48,095 options lapsed. No options were granted under the schemes.

At 30 June 2005, there were options outstanding over 1,304,186 ordinary shares, which may be exercised at various dates up to 2010 under the rules of the schemes.

International Schemes

At 1 January 2005, there were 8,273,070 options outstanding under the schemes. During the first half of the year, options were exercised over 167,653 ordinary shares at prices from 334 pence to 743 pence and 487,640 options lapsed. No options were granted under the schemes.

At 30 June 2005, there were options outstanding over 7,617,777 ordinary shares which may be exercised on various dates up to 2010 under the rules of the schemes.

Directors' interests in Ordinary Shares – Additional Information

Director	At 1 January 2005 Total interests	Personal interests	Family interests	Other interests (e)	At 30 June 2005 Total interests
B K Sanderson	101,617	132,423	11,159	26,062	169,644
E M Davies	124,538	109,291	-	51,602	160,893
Sir CK Chow	15,664	15,664	-	-	15,664
M B DeNoma	53,172	103,107	-	24,941	128,048
J F T Dundas	2,100	2,100	-	-	2,100
V F Gooding	-	2,049	-	-	2,049
Ho KwonPing	2,375	2,429	-	-	2,429
R H P Markham	2,232	2,282	-	-	2,282
R Markland	2,019	2,065	-	-	2,065
R H Meddings	17,947	11,669	-	24,081	35,750
K S Nargolwala	116,917	147,340	-	24,941	172,281
H E Norton	4,000	4,000	-	-	4,000
P A Sands	24,238	15,503	-	30,961	46,464
P D Skinner	3,029	3,097	-	-	3,097
O H J Stocken	5,000	10,000	-	-	10,000

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) Miss Gooding was appointed as an independent non-executive director on 1 January 2005.

(e) The shares shown in this column are Deferred Bonus Plan shares. Under the 2004 Deferred Bonus Plan, shares are awarded instead of all or part of the director's annual cash bonus. The shares are held in trust and automatically vest one year after the date of purchase; no exercise is necessary.

Directors’ interests in Ordinary Shares (continued)

Director	Scheme	At 1 January 2005	Granted	Exercised	Lapsed	At 30 June 2005	Weighted average exercise price (pence)	Period of Exercise
B K Sanderson	2000 Scheme	142,055	49,433[a]	-	-	191,488	822.5	2006-2015
	Sharesave	2,472		-	-	2,472	641	2008-2009
E M Davies	2000 Scheme	1,138,426	154,479(a)	-	-	1,292,905	796.65	2005-2015
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008
	Supplemental Scheme	26,832	-	-	26,832	-	-	-
	1994 Scheme	132,848	-	-	-	132,848	754.02	2005-2009
M B DeNoma	2000 Scheme	622,473	64,109(a)	316,828[b]	-	369,754	795.8	2006-2015
	Sharesave	2,397	-	2,397[b]	-	-	-	-
	Supplemental Scheme	36,585	-	-	36,585	-	-	-
	1994 Scheme	33,783	-	33,783[b]	-	-	-	-
R H Meddings	2000 Scheme	302,805	74,794(a)	-	-	377,599	817.99	2005-2015
	Sharesave	1,439	-	-	-	1,439	641	2006-2007
K S Nargolwala	2000 Scheme	580,819	64,109(a)	-	-	644,928	829.16	2005-2015
	Supplemental Scheme	54,878	-	-	54,878	-	-	-
	1994 Scheme	99,063	-	-	-	99,063	757.1	2005-2009
P A Sands	2000 Scheme	500,580	97,837(a)	-	-	598,417	835.54	2005-2015
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008

Notes

(a) Exercise Price: 971p

(b) Market value on date of exercise (21 June 2005) 1039p.

(c) 2000 Executive Share Option Scheme (the 2000 Scheme). Executive share options are exercisable after the third, but before the tenth, anniversary of the date of grant. The exercise price per share is at least the share price at the date of grant and options can normally only be exercised if an earnings per share (EPS) linked performance condition is satisfied. For awards granted in 2005, there is a sliding scale EPS performance condition. EPS must increase by a minimum of 15 per cent over the performance period for partial vesting, and by 30 per cent for full vesting.

(d) Sharesave. Sharesave is an all employee share scheme in which staff across the Group, including the executive directors, are eligible to participate. There are two schemes - the UK Sharesave Scheme and the International Sharesave Scheme.

Under Sharesave participants have a choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, participants may purchase ordinary shares in the Company. The price at which they may purchase shares is typically at a 20 per cent discount to the share price at the date of invitation. There are no performance conditions attached to awards under the Sharesave schemes.

(e) 1997 Supplemental Executive Share Option Scheme (the Supplemental Scheme). No awards have been made under the Supplemental 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, firstly, the share price over 20 consecutive days exceeds the share price at grant by at least 50 per cent plus RPI and, secondly, EPS increases by at least 25 per cent plus RPI. All subsisting awards under this scheme have now lapsed.

(f) 1994 Executive Share Option Scheme (the 1994 Scheme) (closed). No awards have been made under the 1994 Scheme since August 1999 as it was replaced by the 2000 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.

Further details of the share schemes mentioned above, can be found in the Company's 2004 Report and Accounts, which is available on the Company's website: http://investors.standardchartered.com

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION (continued)

Directors' interests in Ordinary Shares (continued)

		Options where market price greater than exercise price			Options where market price lower than exercise price		
Director	**Type of Scheme***	**At 30 June 2005**	**Weighted exercise price (pence)**	**Expiry date**	**At 30 June 2005**	**Weighted exercise price (pence)**	**Expiry date**
B K Sanderson	Executive Schemes	191,488	822.5	2015	-	-	-
	Sharesave	2,472	641	2009	-	-	-
E M Davies	Executive Schemes	1,425,753	792.68	2007-2015	-	-	-
	Sharesave	2,957	559.5	2008	-	-	-
M B DeNoma	Executive Schemes	369,754	795.80	2013-2015	-	-	-
R H Meddings	Executive Schemes	377,599	817.99	2012-2015	-	-	-
	Sharesave	1,439	641	2007	-	-	-
K S Nargolwala	Executive Schemes	743,991	819.56	2008-2015	-	-	-
P A Sands	Executive Schemes	598,417	835.54	2012-2015	-	-	-
	Sharesave	2,957	559.50	2008	-	-	-

*Executive Schemes includes the 1994 Executive Share Option Scheme and the 2000 Executive Share Option Scheme

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION (continued)

Directors' interests in Ordinary Shares (continued)

Director	Scheme	At 1 January 2005	Granted	Exercised	Lapsed	At 30 June 2005	Period of vesting
B K Sanderson	Performance Share Plan	32,068	-	-	-	32,068	2007
	Performance Share Plan	-	57,672(a)	-	-	57,672	2008
	Restricted Share Scheme	40,404	-	20,202(b)	-	20,202	2005
E M Davies	Performance Share Plan	83,010	-	-	-	83,010	2005
	Performance Share Plan	86,893	-	-	-	86,893	2006
	Performance Share Plan	69,481	-	-	-	69,481	2007
	Performance Share Plan	70,575	-	-	-	70,575	2007
	Performance Share Plan	-	154,479(a)	-	-	154,479	2008
M B DeNoma	Performance Share Plan	30,713	-	28,409(c)	2,304	-	-
	Performance Share Plan	55,032	-	-	-	55,032	2006
	Performance Share Plan	42,757	-	-	-	42,757	2007
	Performance Share Plan	21,715	-	-	-	21,715	2007
	Performance Share Plan	-	74,794(a)	-	-	74,794	2008
R H Meddings	Performance Share Plan	38,015	-	-	-	38,015	2006
	Performance Share Plan	37,413	-	-	-	37,413	2007
	Performance Share Plan	9,500	-	-	-	9,500	2007
	Performance Share Plan	-	74,794(a)	-	-	74,794	2008
	Restricted Share Scheme	45,319	-	-	-	45,319	2004-2005
K S Nargolwala	Performance Share Plan	51,189	-	47,349(d)	3,840	-	-
	Performance Share Plan	55,032	-	-	-	55,032	2006
	Performance Share Plan	42,757	-	-	-	42,757	2007
	Performance Share Plan	21,715	-	-	-	21,715	2007
	Performance Share Plan	-	74,794(a)	-	-	74,794	2008
P A Sands	Performance Share Plan	52,216	-	48,299(e)	3,917	-	-
	Performance Share Plan	65,170	-	-	-	65,170	2006
	Performance Share Plan	48,102	-	-	-	48,102	2007
	Performance Share Plan	36,644	-	-	-	36,644	2007
	Performance Share Plan	-	97,837(a)	-	-	97,837	2008
	Restricted Share Scheme	52,216	-	-	-	52,216	2004-2005

Notes

(a) Market value on date of award (9 March 2005) was 971p.

(b) Market value on date of exercise (10 June 2005) was 1042.5p.

(c) Market value on date of exercise (21 June 2005) was 1039p.

(d) Market value on date of exercise (11 May 2005) was 973p.

(e) Market value on date of exercise (23 May 2005) was 989p.

(f) 2001 Performance Share Plan (the Plan). Under the Plan 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.

Before any award can be exercised under the Plan, certain performance conditions need to be met. The performance conditions are set at the time of the award. 50 per cent of each award is subject to the satisfaction of a relative total shareholder return performance target. The remaining 50 per cent of the award is subject to the satisfaction of an EPS performance target. Further details of the performance conditions can be found in the Company's 2004 Report and Accounts, which is available on the Company's website: http://investors.standardchartered.com

(g) 1997 Restricted Share Scheme (the Restricted Share Scheme). The awards under the Restricted Share Scheme are nil cost options and are not normally granted to executive directors except upon their appointment. Fifty per cent of the award vests two years after the date of grant and the remainder after three years. There are no performance conditions attached to awards under the Restricted Share Scheme.

Further details of the share schemes mentioned above, can be found in the Company's 2004 Report and Accounts, which is available on the Company's website: http://investors.standardchartered.com

Corporate Governance

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

Securities transactions

The Company confirms that it has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than required by Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange, and that the directors of the Company have complied with this code of conduct throughout the period.

Share price information

The middle market price of an ordinary share at the close of business on 30 June 2005 was 1020 pence. The share price range during the first half of 2005 was 924.5 pence to 1043 pence (based on the closing middle market prices).

Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance ("SFO").

As a result of this exemption, shareholders no longer have an obligation under the SFO to notify the Company of substantial shareholding interests, and the Company is no longer required to maintain a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with the Hong Kong Stock Exchange any disclosure of interests made in the UK.

Dividend and interest payment dates

2005 Interim dividend

Ex dividend date	17 August 2005
Record date for dividend	19 August 2005
Dividend payment date	14 October 2005

2005 Final dividend	**(provisional only)**
Results and dividend announced	2 March 2006

Preference shares	**Next half- yearly dividend**
7⅜ per cent Non-Cumulative Irredeemable preference shares of £1each	1 October 2005
8¼ per cent Non-Cumulative Irredeemable preference shares of £1each	1 October 2005
8.9 per cent Non-Cumulative preference shares of $5 each:	Dividends paid on the 1st of each calendar quarter

Previous dividend payments

Dividend and financial year	Payment date	Cash dividend per ordinary share	Cost of one new ordinary share under the share dividend scheme
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	12.82c/8.6856p	No offer
Final 2001	17 May 2002	29.10c/19.91p	£8.43/$12.32
Interim 2002	15 October 2002	14.10c/9.023p	£6.537/$10.215
Final 2002	13 May 2003	32.9c/20.692p/ HK$2.566	£6.884/$10.946
Interim 2003	10 October 2003	15.51c/9.3625p/HK$1.205	£8.597/$14.242
Final 2003	14 May 2004	36.49c/20.5277p/HK$2.8448	£8.905/$15.830
Interim 2004	8 October 2004	17.06c/9.4851p/HK$1.3303	£9.546/$17.16958
Final 2004	13 May 2005	44.44c/21.145p/HK$3.15156	£9.384/$17.947

ShareCare

ShareCare is available to shareholders on the United Kingdom share register who have a resident address in the United Kingdom. Sharecare 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.

Bankers' Automated Clearing System (BACS)

Dividends and loan stock interest 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 share 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.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong. You can check your shareholding at: www.computershare.com

Chinese translation

If you would like a Chinese version of this Interim Report please contact: Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong.

中期報告之中文譯本可向香港中央證券登記有限公司索取，地址：香港皇后大道東 183 號合和中心 46 樓。

Shareholders on the Hong Kong branch register who have asked to receive corporate communications in either Chinese or English can change this election by contacting Computershare.

If there is a dispute between any translation and the English version of this Interim Report, the English text shall prevail.

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 share register and in future you would like to receive the Report and Accounts and Interim Reports 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.

Independent review report by KPMG Audit Plc to Standard Chartered PLC

Introduction

We have been engaged by the company to review the financial information set out on pages 41 to 80 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

As disclosed in note 1 to the financial information, the next annual financial statements of the group will be prepared in accordance with IFRSs adopted for use in the European Union. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting as described in Note 1 and the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards relevant to interim reports.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the directors currently intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union. This is because, as disclosed in note 1, the directors have anticipated that certain standards, which have yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 *Review of interim financial information* issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

KPMG Audit Plc
Chartered Accountants
London
8 August 2005

Financial Calendar

Ex-dividend date	17 August 2005
Record date	19 August 2005
Posting to shareholders of 2005 Interim Report	2 September 2005
Payment date – interim dividend on ordinary shares	14 October 2005

Copies of this statement are available from:

Investor Relations, Standard Chartered PLC, 1 Aldermanbury Square, London, EC2V 7SB or from our website on http://investors.standardchartered.com

For further information please contact:

Tracy Clarke, Group Head of Corporate Affairs
+44 20 7280 7708

Romy Murray, Head of Investor Relations
+44 20 7280 7245

Ruth Naderer, Head of Investor Relations, Asia Pacific
+852 2820 3075

Cindy Tang, Head of Media Relations
+44 207 280 6170

The following information will be available on our website

- *A live webcast of the interim results analyst presentation (available from 10:45am BST)*
- *A pre-recorded webcast and Q/A session of analyst presentation in London (available 1:00pm BST)*
- *Interviews with Mervyn Davies, Group Chief Executive and Peter Sands, Group Finance Director available from 9:00am BST.*
- *Slides for the Group's presentations (available after 1:00pm BST)*

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

Information regarding the Group's commitment to Corporate Responsibility is available at http://www.standardchartered.com/corporateresponsibility

The 2005 Interim Report will be made available on the website of the Stock Exchange of Hong Kong and on our website www.standardchartered.com as soon as is practicable.