

STANDARD CHARTERED PLC – NOTES (continued)

11. Loans and Advances

	30.06.04		30.06.03		31.12.03	
	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	18,653	66,108	18,072	60,734	13,423	62,383
Specific provisions for bad and doubtful debts	(54)	(1,479)	(98)	(1,626)	(59)	(1,602)
General provision	-	(386)	-	(458)	-	(425)
Interest in suspense	(12)	(572)	(8)	(637)	(10)	(612)
	18,587	63,671	17,966	58,013	13,354	59,744

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

	6 months ended 30.06.04		6 months ended 30.06.03		6 months ended 31.12.03	
	Specific \$m	General \$m	Specific \$m	General \$m	Specific \$m	General \$m
Provisions held at beginning of period	1,661	425	1,824	468	1,724	458
Exchange translation differences	(5)	-	5	-	28	-
Amount utilised	-	(39)	-	-	-	(33)
Amounts written off	(288)	-	(531)	-	(379)	-
Recoveries of amounts previously written off	44	-	37	-	47	-
Other	(18)	-	71	-	13	-
New provisions	304	-	474	-	430	-
Recoveries/provisions no longer required	(165)	-	(156)	(10)	(202)	-
Net charge against/(credit to) profit	139	-	318	(10)	228	-
Provisions held at end of period	1,533	386	1,724	458	1,661	425

12. Non-Performing Loans and Advances

	30.06.04			30.06.03			31.12.03		
	SCNB (LMA) \$m	Other \$m	Total \$m	SCNB (LMA) \$m	Other \$m	Total \$m	SCNB (LMA) \$m	Other \$m	Total \$m
Loans and advances on which interest is suspended	711	2,789	3,500	757	3,269	4,026	772	3,031	3,803
Specific provisions for bad and doubtful debts	(108)	(1,425)	(1,533)	(94)	(1,630)	(1,724)	(112)	(1,549)	(1,661)
Interest in suspense	-	(584)	(584)	-	(645)	(645)	-	(622)	(622)
	603	780	1,383	663	994	1,657	660	860	1,520

Net non-performing loans and advances comprises loans and advances to banks \$83 million (30 June 2003: \$86 million; 31 December 2003: \$96 million) and loans and advances to customers \$1,300 million (30 June 2003: \$1,571 million; 31 December 2003: \$1,424 million).

STANDARD CHARTERED PLC – NOTES (continued)

12. Non-Performing Loans and Advances (continued)

The Group acquired Standard Chartered Nakornthon Bank (SCNB) (formerly Nakornthon Bank) in September 1999. Under the terms of the acquisition, non-performing loans (NPLs) of THB 38.84 billion (\$949.8 million) are subject to a Loan Management Agreement (LMA) with the Financial Institutions Development Fund (FIDF), a Thai Government agency. Under the LMA, the FIDF has guaranteed the recovery of a principal amount of the NPLs of THB 23 billion (\$562 million). The LMA also provides, inter alia, for loss sharing arrangements whereby the FIDF will bear

up to 85 per cent of losses in excess of the guaranteed amount. The guarantee from FIDF is expected to settle in early 2005. The carrying cost of the NPLs is reimbursable by the FIDF to SCNB, every half year, for a period of five years from the date of acquisition.

Excluding the SCNB non-performing loan portfolio, subject to the LMA, specific provisions and interest in suspense together cover 72 per cent (30 June 2003: 70 per cent; 31 December 2003: 72 per cent) of total non-performing lending to customers.

13. Debt Securities and Other Fixed Income Securities

	30.06.04			Valuation Investment securities \$m
	Book amount Investment securities \$m	Book amount Dealing securities \$m	Book amount Total debt 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	5,904	606	6,510	5,908
	11,550	765	12,315	11,547
Issued by other issuers:				
Bills discountable with recognised markets	-	-	-	-
Other debt securities	2,779	799	3,578	2,713
	2,779	799	3,578	2,713
Total debt securities	22,692	2,823	25,515	22,668
Of which:				
Listed on a recognised UK exchange	6,011	-	6,011	6,015
Listed elsewhere	4,837	734	5,571	4,791
Unlisted	11,844	2,089	13,933	11,862
	22,692	2,823	25,515	22,668
Book amount investment securities:				
One year or less	13,736			
One to five years	8,626			
More than five years	330			
	22,692			

Debt securities include \$419 million (30 June 2003: \$559 million; 31 December 2003: \$559 million) of securities sold subject to sale and repurchase transactions.

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

STANDARD CHARTERED PLC – NOTES (continued)

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

	30.06.03			Valuation Investment securities \$m
	Book amount Investment securities \$m	Book amount Dealing securities \$m	Book amount Total debt securities \$m	
Issued by public bodies:				
Government securities	5,852	1,470	7,322	5,932
Other public sector securities	440	-	440	445
	<u>6,292</u>	<u>1,470</u>	<u>7,762</u>	<u>6,377</u>
Issued by banks:				
Certificates of deposit	4,549	33	4,582	4,528
Other debt securities	4,753	340	5,093	4,753
	<u>9,302</u>	<u>373</u>	<u>9,675</u>	<u>9,281</u>
Issued by other issuers:				
Bills discountable with recognised markets	-	20	20	-
Other debt securities	4,254	909	5,163	4,272
	<u>4,254</u>	<u>929</u>	<u>5,183</u>	<u>4,272</u>
Total debt securities	19,848	2,772	22,620	19,930
Of which:				
Listed on a recognised UK exchange	5,192	-	5,192	5,189
Listed elsewhere	5,519	914	6,433	5,598
Unlisted	9,137	1,858	10,995	9,143
	<u>19,848</u>	<u>2,772</u>	<u>22,620</u>	<u>19,930</u>
Book amount investment securities:				
One year or less	10,496			
One to five years	8,152			
More than five years	1,200			
	<u>19,848</u>			

STANDARD CHARTERED PLC – NOTES (continued)

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

	31.12.03			
	Book amount Investment securities \$m	Book amount Dealing securities \$m	Book amount Total debt securities \$m	Valuation Investment securities \$m
Issued by public bodies:				
Government securities	7,496	819	8,315	7,570
Other public sector securities	476	-	476	478
	7,972	819	8,791	8,048
Issued by banks:				
Certificates of deposit	4,086	65	4,151	4,072
Other debt securities	5,215	353	5,568	5,212
	9,301	418	9,719	9,284
Issued by other issuers:				
Bills discountable with recognised markets	-	17	17	-
Other debt securities	3,528	1,086	4,614	3,489
	3,528	1,103	4,631	3,489
Total debt securities	20,801	2,340	23,141	20,821
Of which:				
Listed on a recognised UK exchange	5,855	-	5,855	5,846
Listed elsewhere	5,298	957	6,255	5,301
Unlisted	9,648	1,383	11,031	9,674
	20,801	2,340	23,141	20,821
Book amount investment securities:				
One year or less	10,993			
One to five years	8,445			
More than five years	1,363			
	20,801			

STANDARD CHARTERED PLC – NOTES (continued)

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

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

	6 months ended 30.06.04			6 months ended 30.06.03		
	Historical cost \$m	Amortisation of discounts/ premiums \$m	Book amount \$m	Historical cost \$m	Amortisation of discounts/ premiums \$m	Book amount \$m
At 1 January	20,791	10	20,801	18,383	15	18,398
Exchange translation differences	(271)	5	(266)	570	3	573
Acquisitions	33,931	-	33,931	22,232	-	22,232
Maturities and disposals	(31,765)	6	(31,759)	(21,314)	(32)	(21,346)
Amortisation of discounts and premiums	-	(15)	(15)	-	(9)	(9)
At 30 June	22,686	6	22,692	19,871	(23)	19,848

	6 months ended 31.12.03		
	Historical cost \$m	Amortisation of discounts/ premiums \$m	Book amount \$m
At 1 July	19,871	(23)	19,848
Exchange translation differences	905	7	912
Acquisitions	28,034	-	28,034
Maturities and disposals	(28,019)	(61)	(28,080)
Amortisation of discounts and premiums	-	87	87
At 31 December	20,791	10	20,801

At 30 June 2004, unamortised premiums on debt securities held for investment purposes amounted to \$123 million (30 June 2003: \$135 million; 31 December 2003: \$163 million) and unamortised discounts amounted to \$15 million (30 June 2003: \$205 million; 31 December 2003: \$366 million).

STANDARD CHARTERED PLC – NOTES (continued)

14. Equity Shares and Other Variable Yield Securities

	30.06.04		30.06.03*		31.12.03*	
	Book amount Investment securities \$m	Valuation Investment securities \$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	2	2	1	1
Listed elsewhere	69	70	74	75	261	353
Unlisted	109	112	116	116	97	97
	179	183	192	193	359	451
One year or less	7	7	24	24	14	14
One to five years	38	38	31	39	40	44
More than five years	-	-	-	-	-	-
Undated	134	138	137	130	305	393
	179	183	192	193	359	451

*Comparative restated (see note 32 on page 71).

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

Income from listed equity shares amounted to \$2 million (30 June 2003: \$2 million; 31 December 2003: \$5 million) and income from unlisted equity shares amounted to \$3 million (30 June 2003: \$5 million; 31 December 2003: \$9 million).

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

	6 months ended 30.06.04			6 months ended 30.06.03*		
	Historical cost \$m	Provisions \$m	Book amount \$m	Historical cost \$m	Provisions \$m	Book amount \$m
At 1 January	398	(39)	359	225	(32)	193
Exchange translation differences	(2)	-	(2)	1	-	1
Acquisitions	42	-	42	63	-	63
Disposals	(218)	(2)	(220)	(59)	-	(59)
Other	-	-	-	-	(6)	(6)
At 30 June	220	(41)	179	230	(38)	192

	6 months ended 31.12.03*		
	Historical cost \$m	Provisions \$m	Book amount \$m
At 1 July	230	(38)	192
Exchange translation differences	3	(1)	2
Acquisitions	183	-	183
Disposals	(12)	1	(11)
Amortisation	-	(5)	(5)
Other	(6)	4	(2)
At 31 December	398	(39)	359

*Comparative restated (see note 32 on page 71).

STANDARD CHARTERED PLC – NOTES (continued)

15. Deposits by Banks

	30.06.04 \$m	30.06.03 \$m	31.12.03 \$m
Repayable on demand	3,124	3,728	3,894
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	9,014	8,587	5,057
Between three months and one year	2,207	1,596	1,502
Between one and five years	2,654	318	446
Over five years	-	556	25
	16,999	14,785	10,924

16. Customer Accounts

	30.06.04 \$m	30.06.03 \$m	31.12.03 \$m
Repayable on demand	33,478	26,617	31,619
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	38,574	38,561	35,789
Between three months and one year	5,246	5,525	5,615
Between one and five years	877	1,032	742
Over five years	44	47	2
	78,219	71,782	73,767

17. Debt Securities in Issue

	30.06.04			30.06.03		
	Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m	Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m
By residual maturity:						
Three months or less	1,087	1,387	2,474	1,602	1,040	2,642
Between three and six months	622	177	799	219	148	367
Between six months and one year	732	321	1,053	569	388	957
Between one and five years	1,620	515	2,135	1,883	395	2,278
Over five years	17	101	118	24	165	189
	4,078	2,501	6,579	4,297	2,136	6,433
				31.12.03		
				Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m
By residual maturity:						
Three months or less				1,711	612	2,323
Between three and six months				487	52	539
Between six months and one year				1,030	59	1,089
Between one and five years				1,552	459	2,011
Over five years				13	87	100
				4,793	1,269	6,062

STANDARD CHARTERED PLC – NOTES (continued)

18. Dated Subordinated Loan Capital

	30.06.04 \$m	30.06.03* \$m	31.12.03 \$m
By residual maturity:			
Within one year	715	-	25
Between one and five years	1,508	337	1,026
Over five years	2,128	3,770	3,348
	4,351	4,107	4,399

*Comparative restated (see note 32 on page 71).

Of the total dated subordinated loan capital, \$3,945 million is at fixed interest rates (30 June 2003: \$3,385 million; 31 December 2003: \$3,992 million).

19. Called Up Share Capital

	30.06.04 \$m	30.06.03 \$m	31.12.03 \$m
Equity capital			
Ordinary shares of \$0.50 each	589	586	587
Non-equity capital			
Non-cumulative irredeemable preference shares:			
7½% preference shares of £1 each	174	158	172
8¼% preference shares of £1 each	179	164	178
Non-cumulative redeemable preference shares:			
8.9% preference shares of \$5 each	2	2	2
	944	910	939

During 2003, the Company repurchased 9,486 8.9 per cent non-cumulative preference shares of \$5 each. The preference shares were repurchased at prices between \$1,112.50 and \$1,140.52. The total premium paid on the repurchase was \$10.7 million. The shares were cancelled leaving 331,388 of the 8.9 per cent dollar preference shares in issue.

During 2003, the Company repurchased 3,965,000 7½ per cent non-cumulative preference shares of £1 each. The preference shares were repurchased at prices between £1.12875 and £1.13. The total premium paid

on the repurchase was \$0.9 million. The shares were cancelled leaving 96,035,000 of the 7½ per cent sterling preference shares in issue.

During 2003, the Company repurchased 750,000 8¼ per cent non-cumulative preference shares of £1 each. The preference shares were repurchased at £1.22875. The total premium paid on the repurchase was \$0.3 million. The shares were cancelled leaving 99,250,000 of the 8¼ per cent sterling preference shares in issue.

STANDARD CHARTERED PLC – NOTES (continued)

20. Shareholders' Funds

	Share capital \$m	Share premium account \$m	Capital reserve \$m	Capital redemption reserve \$m	Premises revaluation reserve \$m	Profit and loss account \$m	Total* shareholders' funds \$m
At 1 January 2004 previously published	939	2,813	5	11	(2)	4,009	7,775
Prior year adjustment (note 32)	-	-	-	-	-	(169)	(169)
At 1 January 2004 restated	939	2,813	5	11	(2)	3,840	7,606
Exchange translation differences	4	-	-	-	2	(78)	(72)
Shares issued, net of expenses	1	3	-	-	-	32	36
Total gains/losses recognised under FRS17	-	-	-	-	-	10	10
Retained profit	-	-	-	-	-	516	516
Capitalised on exercise of share options	-	2	-	-	-	(2)	-
At 30 June 2004	944	2,818	5	11	-	4,318	8,096
Own shares held in ESOP Trust							(74)
Total shareholders' funds							8,022
Equity interests							7,367
Non-equity interests							655
At 30 June 2004							8,022

STANDARD CHARTERED PLC – NOTES (continued)

20. Shareholders' Funds (continued)

	Share capital \$m	Share premium account \$m	Capital reserve \$m	Capital redemption reserve \$m	Premises revaluation reserve \$m	Profit and loss account \$m	Total* shareholders' funds \$m
At 1 January 2003 previously published	909	2,764	5	3	3	3,643	7,327
Prior year adjustment (note 32)	-	-	-	-	-	(128)	(128)
At 1 January 2003 restated	909	2,764	5	3	3	3,515	7,199
Exchange translation differences	8	-	-	-	-	28	36
Shares issued, net of expenses	1	1	-	-	-	21	23
Realised on disposal of property	-	-	-	-	(2)	2	-
Repurchase of preference shares	(8)	-	-	8	-	(17)	(17)
Retained profit	-	-	-	-	-	271	271
At 30 June 2003	910	2,765	5	11	1	3,820	7,512
Own shares held in ESOP Trust							(58)
Total shareholders' funds							7,454
Equity interests							6,829
Non-equity interests							625
At 30 June 2003							7,454

*Comparative restated (see note 32 on page 71).

STANDARD CHARTERED PLC – NOTES (continued)

20. Shareholders' Funds (continued)

	Share capital \$m	Share premium account \$m	Capital reserve \$m	Capital redemption reserve \$m	Premises revaluation reserve \$m	Profit and loss account \$m	Total* shareholders' funds \$m
At 1 July 2003 previously published	910	2,765	5	11	1	3,956	7,648
Prior year adjustment (note 32)	-	-	-	-	-	(136)	(136)
At 1 July 2003 restated	910	2,765	5	11	1	3,820	7,512
Exchange translation differences	27	-	-	-	(2)	6	31
Shares issued, net of expenses	2	45	-	-	-	(21)	26
Realised on disposal of property	-	-	-	-	(1)	1	-
Repurchase of preference shares	-	-	-	-	-	(3)	(3)
FRS17 restatement	-	-	-	-	-	(53)	(53)
Retained profit	-	-	-	-	-	93	93
Capitalised on exercise of share options	-	3	-	-	-	(3)	-
At 31 December 2003	939	2,813	5	11	(2)	3,840	7,606
Own shares held in ESOP Trust							(60)
Total shareholders' funds							7,546
Equity interests							6,897
Non-equity interests							649
At 31 December 2003							7,546

* Comparative restated (see note 32 on page 71).

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

The 1995 trust has acquired, at market value, 15,383,963 (30 June 2003: 11,070,546; 31 December 2003: 9,513,386) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's Restricted Share Scheme, Performance Share Plan and Executive Share Option Schemes. The purchase of these shares has been fully funded by the Group.

At 30 June 2004, the 1995 trust held 15,383,963 (30 June 2003: 11,070,546; 31 December 2003: 9,513,386) shares, of which 10,573,696 (30 June 2003: 6,019,469; 31 December 2003: 4,733,884) have vested unconditionally. The balance of

4,810,267 (30 June 2003: 5,051,077; 31 December 2003: 4,779,502) shares have been included in the Group balance sheet, as a deduction in shareholders' funds at a cost of \$71 million (30 June 2003: \$58 million; 31 December 2003: \$60 million). The market value of the unvested shares at 30 June 2004 was \$78 million (30 June 2003: \$61 million; 31 December 2003: \$79 million). 4,513,992 (30 June 2003: 4,947,801; 31 December 2003: 4,585,901) shares have been conditionally gifted to employees and 296,275 shares are under option to employees.

The 2004 trust has acquired, at market value, 178,926 (31 December 2003: nil; 30 June 2003: nil) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's deferred bonus plan. The purchase of these shares has been fully funded by the Group.

At 30 June 2004, the 2004 trust held 178,926 (31 December 2003: nil; 30 June 2003: nil) shares, all of which were unvested. These shares have been included in the Group balance sheet, as a deduction in shareholders' funds, at cost of \$3 million (31 December 2003: nil; 30 June 2003: nil). The market value of the unvested shares at 30 June was \$3 million. The shares are used to satisfy awards under the Group's deferred bonus plan, further details of which are set out on page 76.

STANDARD CHARTERED PLC – NOTES (continued)

21. Consolidated Cash Flow Statement

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

	6 months ended 30.06.04 \$m	6 months ended 30.06.03* \$m	6 months ended 31.12.03* \$m
Operating profit	1,106	730	829
Adjustments for items not involving cash flow or shown separately:			
Amortisation of goodwill	88	67	67
Depreciation and amortisation of premises and equipment	123	108	139
Gain on disposal of tangible fixed assets	(4)	-	(14)
Gain on disposal of investment securities	(159)	(48)	(14)
Amortisation of investments	18	12	(119)
Gain on disposal of subsidiary undertakings	(4)	-	-
Charge for bad and doubtful debts and contingent liabilities	139	308	228
Amounts written off fixed asset investments	2	6	5
Debts written off, net of recoveries	(74)	(494)	(313)
(Decrease)/increase in accruals and deferred income	(199)	49	167
(Increase)/decrease in prepayments and accrued income	(197)	(452)	540
Net decrease/(increase) in mark-to-market adjustment***	473	(104)	(299)
Interest paid on subordinated loan capital	253	239	59
Net cash inflow from trading activities	1,565	421	1,275
Net (increase)/decrease in cheques in the course of collection	(83)	(73)	46
Net decrease/(increase) in treasury bills and other eligible bills	52	(14)	(62)
Net (increase)/decrease in loans and advances to banks and customers	(10,357)	(2,856)	5,254
Net increase/(decrease) in deposits from banks, customer accounts and debt securities in issue	12,098	5,320	(3,192)
Net increase in dealing securities	(488)	(972)	(578)
Net increase/(decrease) in other accounts**	(18)	(154)	(667)
Net cash inflow from operating activities	2,769	1,672	2,076
Analysis of changes in cash			
Balance at beginning of period	5,661	3,496	3,663
Exchange translation differences	(40)	7	(14)
Net cash (outflow)/inflow	(519)	160	2,012
Balance at end of period	5,102	3,663	5,661

* Comparative restated (see note 32 on page 71).

** This includes the effect of foreign exchange translation in the local books of subsidiaries and branches.

*** Mark to market adjustments are being reclassified from the reconciliation to 'Net cash inflow from operating activities', to the reconciliation to 'Net cash inflow from trading activities', as this better reflects their impact on cash flows.

STANDARD CHARTERED PLC – NOTES (continued)

22. Net Interest Margin and Interest Spread

	6 months ended 30.06.04 %	6 months ended 30.06.03 %	6 months ended 31.12.03 %
Net interest margin	2.7	2.8	2.7
Interest spread	2.4	2.6	2.4
	\$m	\$m	\$m
Average interest earning assets	115,419	103,871	110,007
Average interest bearing liabilities	100,632	91,028	92,652

23. Remuneration

The Group employed 31,300 staff at 30 June 2004 (30 June 2003: 30,100; 31 December 2003: 30,200).

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.

STANDARD CHARTERED PLC – NOTES (continued)

24. Charge on Group Assets

Group assets include \$2,564 million (30 June 2003: \$2,741 million; 31 December 2003: \$2,951 million) which are subordinated to the claims of other parties.

25. Contingent Liabilities and Commitments

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

	30.06.04			30.06.03		
	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	870	870	817
Guarantees and irrevocable letters of credit	14,505	10,384	6,689	12,235	8,324	5,888
Other contingent liabilities	4,071	2,869	1,998	5,549	4,064	2,923
	19,490	14,167	9,432	18,654	13,258	9,628
Commitments						
Documentary credits and short term trade-related transactions	2,213	443	414	1,640	328	291
Forward asset purchases and forward deposits placed	77	77	15	95	95	19
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	7,861	3,931	3,664	8,071	4,036	3,231
Less than one year	8,020	-	-	6,456	-	-
Unconditionally cancellable	26,652	-	-	26,924	-	-
	44,823	4,451	4,093	43,186	4,459	3,541

STANDARD CHARTERED PLC – NOTES (continued)

25. Contingent Liabilities and Commitments (continued)

	31.12.03		
	Contract or underlying principal amount \$m	Credit equivalent amount \$m	Risk weighted amount \$m
Contingent liabilities			
Acceptances and endorsements	716	716	535
Guarantees and irrevocable letters of credit	12,350	8,480	5,773
Other contingent liabilities	4,802	3,364	2,132
	17,868	12,560	8,440
Commitments			
Documentary credits and short term trade-related transactions	2,157	431	394
Forward asset purchases and forward deposits placed	26	26	5
Undrawn formal standby facilities, credit lines and other commitments to lend:			
One year and over	7,182	3,591	3,259
Less than one year	5,203	-	-
Unconditionally cancellable	26,589	-	-
	41,157	4,048	3,658

26. Fair Values

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

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

Trading activities are defined as positions held in financial instruments with the intention of benefiting from short term rates or price movements. The risk section of the Financial Review on pages 15 to 30 explains the Group's risk management of derivative contracts.

STANDARD CHARTERED PLC – NOTES (continued)

26. Fair Values (continued)

	30.06.04			30.06.03		
	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	486,541	5,808	5,437
Foreign exchange derivative contracts						
Currency swaps and options	138,782	1,555	1,473	134,909	1,532	1,674
Exchange traded futures and options	353	1	7	-	-	-
Total	139,135	1,556	1,480	134,909	1,532	1,674
Interest rate derivative contracts						
Swaps	344,993	2,577	2,794	200,459	3,413	3,191
Forward rate agreements and options	64,667	110	110	33,591	89	72
Exchange traded futures and options	129,562	54	53	149,357	48	47
Total	539,222	2,741	2,957	383,407	3,550	3,310
Total trading book derivative financial instruments	1,089,388	7,925	8,069	1,004,857	10,890	10,421
Effect of netting		(4,375)	(4,375)		(6,764)	(6,764)
		3,550	3,694		4,126	3,657
31.12.03						
				Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m
Trading book						
Forward foreign exchange contracts				405,983	8,936	8,535
Foreign exchange derivative contracts						
Currency swaps and options				124,138	1,875	1,931
Exchange traded futures and options				327	-	-
Total				124,465	1,875	1,931
Interest rate derivative contracts						
Swaps				253,359	2,834	2,941
Forward rate agreements and options				61,506	89	81
Exchange traded futures and options				108,995	24	27
Total				423,860	2,947	3,049
Total trading book derivative financial instruments				954,308	13,758	13,515
Effect of netting					(7,507)	(7,507)
					6,251	6,008

STANDARD CHARTERED PLC – NOTES (continued)

26. Fair Values (continued)

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

	30.06.04			30.06.03		
	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						
Forward foreign exchange contracts						
Currency swaps and options	-	-	-	524	-	-
Interest rate derivative contracts						
Swaps	1,142	1	5	1,124	-	2
Forward rate agreements and options	53	-	-	79	-	-
Exchange traded futures and options	1,694	-	-	4,009	2	2
Total	2,889	1	5	5,212	2	4
Equity and Stock index derivatives	1	-	-	-	-	-
Commodity derivative contracts	617	-	-	1,207	6	6
Total non-trading book derivative financial instruments	3,507	1	5	6,943	8	10

	31.12.03		
	Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m
Non-trading book			
Forward foreign exchange contracts			
Currency swaps and options	-	-	-
Interest rate derivative contracts			
Swaps	28	-	2
Forward rate agreements and options	92	-	-
Exchange traded futures and options	2,634	2	1
Total	2,754	2	3
Commodity derivative contracts	866	1	1
Total non-trading book derivative financial instruments	3,620	3	4

STANDARD CHARTERED PLC – NOTES (continued)

26. Fair Values (continued)

	30.06.04		30.06.03	
	Book value \$m	Market value \$m	Book value \$m	Market value \$m
Listed and publicly traded securities:				
Financial assets	18,566	18,562	15,456	15,544
Preference shares	655	774	625	749
Other financial liabilities	10,901	11,053	11,110	11,169
Financial liabilities	11,556	11,827	11,735	11,918

	31.12.03	
	Book value \$m	Market value \$m
Listed and publicly traded securities:		
Financial assets	17,542	17,548
Preference shares	649	768
Other financial liabilities	10,760	10,965
Financial liabilities	11,409	11,733

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

STANDARD CHARTERED PLC – NOTES (continued)

27. Credit Exposures in respect of Derivative Contracts

The residual maturity analysis of the notional principal amounts of derivative contracts, excluding exchange traded futures and options, held at 30 June 2004, 30 June 2003 and 31 December 2003 for trading and non-trading purposes is set out below:

	30.06.04				30.06.03			
	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	498,725	47,880	3,208	549,813	587,971	29,973	4,030	621,974
Net replacement cost	4,171	922	90	5,183	6,575	685	80	7,340
Interest rate derivative contracts								
Notional principal amount	212,724	165,612	32,519	410,855	120,767	89,649	24,837	235,253
Net replacement cost	512	1,453	723	2,688	494	1,693	1,315	3,502
Equity and Stock index derivatives								
Notional principal amount	1	-	-	1	-	-	-	-
Net replacement cost	-	-	-	-	-	-	-	-
Commodity derivative contracts								
Notional principal amount	308	309	-	617	701	506	-	1,207
Net replacement cost	-	-	-	-	1	5	-	6
Counterparty risk								
Financial institutions				6,242				8,894
Non financial institutions				1,629				1,954
Total net replacement cost				7,871				10,848

STANDARD CHARTERED PLC – NOTES (continued)

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

	31.12.03			Total \$m
	Under one year \$m	One to five years \$m	Over five years \$m	
Forward foreign exchange and foreign exchange derivative contracts				
Notional principal amount	488,667	37,075	4,379	530,121
Net replacement cost	9,581	1,091	139	10,811
Interest rate derivative contracts				
Notional principal amount	166,138	119,008	29,839	314,985
Net replacement cost	474	1,520	929	2,923
Commodity derivative contracts				
Notional principal amount	445	421	-	866
Net replacement cost	-	1	-	1
Counterparty risk				
Financial institutions				12,901
Non financial institutions				834
Total net replacement cost				13,735

The risk section of the Financial Review on pages 15 to 30 explains the Group's risk management of derivative contracts.

STANDARD CHARTERED PLC – NOTES (continued)

28. Structural Currency Exposures

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

	30.06.04			30.06.03		
	Net investments in overseas units \$m	Borrowing in the functional currency of the units concerned hedging the net investment in the units \$m	Structural currency exposures \$m	Net investments in overseas units \$m	Borrowing in the functional currency of the units concerned hedging the net investment in the units \$m	Structural currency exposures \$m
Functional currency of the business unit:						
Singapore Dollar	1,024	-	1,024	2	-	2
Indian Rupee	572	-	572	476	-	476
Hong Kong Dollar	2,645	-	2,645	(65)	-	(65)
Malaysian Ringgit	447	-	447	428	-	428
Thai Baht	128	-	128	(1)	-	(1)
UAE Dirham	251	-	251	161	-	161
Sterling	909	(909)	-	1,305	(1,295)	10
Other non US dollar	962	-	962	768	-	768
Total	6,938	(909)	6,029	3,074	(1,295)	1,779

	31.12.03		
	Net investments in overseas units \$m	Borrowing in the functional currency of the units concerned hedging the net investment in the units \$m	Structural currency exposures \$m
Functional currency of the business unit:			
Singapore Dollar	9	-	9
Indian Rupee	482	-	482
Hong Kong Dollar	(1)	-	(1)
Malaysian Ringgit	428	-	428
Thai Baht	(1)	-	(1)
UAE Dirham	241	-	241
Sterling	842	(832)	10
Other non US dollar	1,038	-	1,038
Total	3,038	(832)	2,206

STANDARD CHARTERED PLC – NOTES (continued)

28. Structural Currency Exposures (continued)

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

The Group's main operations in non US dollar units were Asia, Africa, India and the United Kingdom. The main operating (or 'functional') currencies of its overseas business units therefore include Hong Kong Dollar, Malaysian Ringgit, Singapore Dollar, Indian Rupee and Sterling. The Group prepares its consolidated financial statements in US dollars, and the Group's consolidated balance sheet is affected by

movements in the exchange rates between functional currencies and US dollars. These currency exposures are referred to as structural. Translation gains and losses arising from these exposures are recognised in the Consolidated Statement of Total Recognised Gains and Losses.

The risk section of the Financial Review on pages 15 to 30 explains the risk management with respect to the Group's hedging policies.

29. Market Risk

	6 months ended 30.06.04				30.06.04	6 months ended 30.06.03			
	Average \$m	High \$m	Low \$m	Actual \$m		Average \$m	High \$m	Low \$m	Actual \$m
Trading book									
Daily value at risk:									
Interest rate risk	3.1	4.1	2.2	3.1		2.5	4.0	1.8	4.0
Foreign exchange risk	2.7	4.5	1.3	2.5		1.8	3.8	0.9	1.3
Total	4.4	6.0	3.1	4.5		3.8	6.7	2.0	4.6

	6 months ended 31.12.03				31.12.03
	Average \$m	High \$m	Low \$m	Actual \$m	
Trading book					
Daily value at risk:					
Interest rate risk	2.9	3.9	2.3	2.9	
Foreign exchange risk	1.4	1.7	1.0	1.3	
Total	3.1	4.2	2.5	3.2	

This note should be read in conjunction with the market risk section of the Financial Review on pages 28 to 30 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. This methodology measures the estimated potential change in the market value of the portfolio for a given confidence interval during a specified period.

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 250 days and involves the complete 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

STANDARD CHARTERED PLC – NOTES (continued)

observation period does not include representative price movements or, in some cases, because of incomplete market data.

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

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

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

30. 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 4 August 2004. The comparative figures for the financial year end 31 December 2003 are not the Company's

statutory accounts for that financial year. Those 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.

31. 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.

32. Restatement of Comparative Figures

- a) The Urgent Issues Task Forces issued abstract 38 (UITF 38) - Accounting for ESOP Trusts in December 2003. This abstract required that when a company reacquires its own equity instruments it should present this as a deduction in arriving at shareholders' funds rather than as assets. For the Group's consolidated accounts the amount reported in Equity shares and other variable yield securities at June 2003 has been reduced by \$58 million and shareholders' funds has been reduced by \$58 million to reflect this change in disclosure.
- b) Minority Interests at 30 June 2003 have been restated to reflect non-equity minority interests. These include third party investments in the Group's Global Liquidity fund.
- c) The Group has fully adopted the accounting requirements of FRS17 - Retirement Benefits. FRS17 replaces Statement of Standard Accounting Practice (SSAP) 24 and Urgent Issue Task Force (UITF) Abstract 6 as the accounting standard dealing with post-retirement benefits. The standard is being introduced in the UK in stages, starting with disclosures in the notes to the accounts. The full requirements of the standard are not mandatory until reporting periods starting on or after 1 January 2005, however early adoption is encouraged. The Group has adopted the standard one year early as there is now more certainty that similar requirements will be incorporated within IFRS, under which the Group will report from 2005.

STANDARD CHARTERED PLC – NOTES (continued)

32. Restatement of Comparative Figures (continued)

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

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

A prior year adjustment has been made reducing shareholders' funds at 30 June 2003 by \$136 million and at 31 December 2003 by \$169 million to reflect the revised policy.

The effect of this change on the profit and loss account for the six months ended 30 June 2004 has been to introduce other finance income of \$3 million (30 June 2003: \$7 million charge; 31 December 2003: \$6 million charge), and to decrease administrative expenses by \$5 million (30 June 2003: \$4 million increase; 31 December 2003: \$34 million decrease). Profit before tax has been increased by \$8 million (30 June 2003: \$11 million decrease; 31 December 2003: \$28 million increase).

The effect on the Group's balance sheet at 30 June 2004 has been to reflect a net post retirement benefit liability of \$81 million (30 June 2003: \$146 million; 31 December 2003: \$111 million), to reduce prepayments and accrued income by \$78 million (30 June 2003: \$7 million; 31 December 2003: \$81 million), and reduce shareholders' funds by \$154 million (30 June 2003: \$136 million; 31 December 2003: \$169 million).

- d) The Group's £200 million Step-Up Notes 2022 (30 June 2003: \$320million) have been reclassified from undated to dated subordinated loan capital to incorporate callable options in place.

STANDARD CHARTERED PLC – NOTES (continued)

33. UK and Hong Kong Accounting Requirements

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

Investments in Securities

UK GAAP

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

Hong Kong GAAP

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

If the Group had prepared its financial statements under Hong Kong SSAP24 there would have been a net charge to the profit and loss account of \$24 million, (30 June 2003: \$5 million; 31 December 2003: \$5 million), an increase in the book amount of investment in securities of \$25 million (30 June 2003: \$47 million; 31 December 2003: \$30 million) and a credit to reserves of \$18 million (30 June 2003: \$33 million; 31 December 2003: \$21 million).

Tangible Fixed Assets

UK GAAP

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

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

Hong Kong GAAP

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

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

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

If the Group had prepared its financial statements under Hong Kong SSAP17 there would have been a net credit to the profit and loss account of \$23 million (30 June 2003: \$nil million; 31 December 2003: \$15 million charge) in respect of valuations below depreciated historical cost.

Dividends

UK GAAP

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

STANDARD CHARTERED PLC – NOTES (continued)

33. UK and Hong Kong Accounting Requirements (continued)

Hong Kong GAAP

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

The retained profit for the six months ended 30 June 2004 would fall by \$228 million (30 June 2003: \$203 million; 31 December 2003: \$44 million rise) had the Company adopted Hong Kong SSAP9 (revised), and there would have been an increase in reserves of \$201 million (30 June 2003: \$182 million; 31 December 2003: \$429 million).

Cash Flow Statement

UK GAAP

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

Hong Kong GAAP

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

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

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

Retirement Benefits

UK GAAP

Background

Financial Reporting Standard 17 - Retirement benefits (FRS17) has been adopted by the Group for the first time and comparatives have been re-stated accordingly.

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

Hong Kong GAAP

Hong Kong SSAP34 - Employment benefits has been published by the Hong Kong Society of Accountants in December 2001 and is effective for periods beginning on or after 1 January 2002. Hong Kong SSAP34 contains transitional provisions which are applicable only to defined benefit plans.

Hong Kong SSAP34 requires the defined benefit pension scheme assets to be measured at fair value at the balance sheet date. Hong Kong SSAP34 requires actuarial gains and losses to be recognised in the profit and loss account if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of ten per cent of the present value of the defined benefit obligation at that date (before deducting plan assets) and ten per cent of the fair value of any plan assets at that date. These limits should be calculated and applied separately for each defined benefit plan. Actuarial gains and losses falling outside this ten per cent 'corridor' may be recognised in the profit and loss account over the average remaining working lives of participating employees. However, recognition on a faster systematic basis is permitted if consistently applied. In addition, Hong Kong GAAP does not allow the balance sheet asset or liability to be offset by the related deferred tax.

Due to the similarities in the UK and Hong Kong accounting standards, and because there has not been an actuarial gain or loss which falls outside of the Hong Kong standard's ten per cent 'corridor', there is no material difference between UK GAAP and HK GAAP in the accounting for retirement benefits.

STANDARD CHARTERED PLC – NOTES (continued)

33. UK and Hong Kong Accounting Requirements (continued)

Deferred taxation

UK GAAP

Under Financial Reporting Standard 19 - Deferred tax, deferred taxation is provided in full, subject to the recoverability of deferred tax assets, on timing differences at the rates of taxation anticipated to apply when the differences crystallise, arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Hong Kong GAAP

Under Statement of Standard Accounting Practice 12 (revised) - Accounting for deferred tax, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, on temporary differences between the carrying amounts of assets

and liabilities for financial reporting purposes and the tax basis are recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The deferred tax asset balance would be decreased by \$24 million at 30 June 2004 (30 June 2003: \$28 million; 31 December 2003: \$24 million) and the deferred tax liability balance would be increased by \$nil at 30 June 2004 (30 June 2003: \$nil; 31 December 2003: \$nil million). The profit and loss reserves balance would be decreased by \$8 million (30 June 2003: \$12 million; 31 December 2003: \$8 million) and the premises revaluation reserve would be decreased by \$16 million at 30 June 2004 (30 June 2003: \$16 million; 31 December 2003: \$16 million).

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

Directors' interests in Ordinary Shares

Director	At 1 January 2004*				At 30 June 2004
	Total interests	Personal interests	Family interests	Other interests (e)	Total interests
B K Sanderson	53,221	73,262	1,159	26,469	100,890
E M Davies	60,490	87,482	-	37,056	124,538
Sir CK Chow	8,664	15,664	-	-	15,664
M B DeNoma	10,455	33,056	-	20,116	53,172
J F T Dundas	-	2,100	-	-	2,100
Ho KwonPing	2,299	2,352	-	-	2,352
C A Keljik	123,930	1,078	145,453	17,646	164,177
R H P Markham	2,160	2,210	-	-	2,210
R Markland	2,000	2,000	-	-	2,000
R H Meddings	2,000	2,046	-	15,881	17,927
K S Nargolwala	70,897	96,801	-	20,116	116,917
H E Norton	4,000	4,000	-	-	4,000
P A Sands	2,111	2,159	-	22,057	24,216
P D Skinner	3,000	3,000	-	-	3,000
O H J Stocken	5,000	5,000	-	-	5,000

* or at date of appointment, if later.

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) Mr Dundas and Mr Stocken were appointed as independent non-executive directors on 15 March 2004 and 1 June 2004 respectively.
- (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. The director is not entitled to receive dividends on the shares until after the shares vest.

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

Directors' interests in Ordinary Shares (continued)

Director	Scheme	At 1 January 2004	Granted	Exercised	Lapsed	At 30 June 2004	Weighted average exercise price (pence)	Period of Exercise
B K Sanderson	2000 Scheme	121,211	20,844 ^(a)	-	-	142,055	771	2006-2014
	Sharesave	2,472	-	-	-	2,472	641	2008-2009
E M Davies	2000 Scheme	999,463	138,963 ^(a)	-	-	1,138,426	773	2004-2014
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008
	Supplemental Scheme	79,049	-	-	52,217	26,832	820	2004-2005
	1994 Scheme	132,848	-	-	-	132,848	754.02	2004-2009
M B DeNoma	2000 Scheme	536,958	85,515 ^(a)	-	-	622,473	797.62	2004-2014
	Sharesave	2,397	-	-	-	2,397	704	2004-2005
	Supplemental Scheme	36,585	-	-	-	36,585	820	2004-2005
	1994 Scheme	33,783	-	-	-	33,783	888	2004-2009
C A Keljik	2000 Scheme	461,099	74,826 ^(a)	-	-	535,925	814.48	2004-2014
	Sharesave	1,439	-	-	-	1,439	641	2006-2007
	Supplemental Scheme	72,023	-	-	24,706	47,317	820	2004-2005
	1994 Scheme	117,098	-	-	-	117,098	767.01	2004-2009
R H Meddings	2000 Scheme	237,332	65,473 ^(a)	-	-	302,805	780.2	2005-2014
	Sharesave	1,439	-	-	-	1,439	641	2006-2007
K S Nargolwala	2000 Scheme	495,304	85,515 ^(a)	-	-	580,819	813.5	2004-2014
	Supplemental Scheme	91,093	-	-	36,215	54,878	820	2004-2005
	1994 Scheme	99,063	-	-	-	99,063	757.1	2004-2009
P A Sands	2000 Scheme	404,375	96,205 ^(a)	-	-	500,580	809.06	2005-2014
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008

Notes

(a) Exercise Price: 935p

(b) 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 2004, 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.

(c) 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.

(d) 1997 Supplemental Executive Share Option Scheme (the Supplemental Scheme) (closed). 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.

(e) 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 2003 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

Directors' interests in Ordinary Shares (continued)

Director	Type of Scheme*	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At 30 June 2004	Weighted exercise price (pence)	Expiry date	At 30 June 2004	Weighted exercise price (pence)	Expiry date
B K Sanderson	Executive Schemes	121,211	742.5	2013	20,844	935.5	2014
	Sharesave	2,472	641	2009	-	-	-
E M Davies	Executive Schemes	1,039,410	735.2	2005-2013	258,696	920	2011-2014
	Sharesave	2,957	559.5	2008	-	-	-
M B DeNoma	Executive Schemes	487,593	755.75	2005-2013	205,248	915.96	2011-2014
	Sharesave	2,397	704	2005	-	-	-
C A Keljik	Executive Schemes	505,781	765.38	2005-2013	194,559	914.88	2011-2014
	Sharesave	1,439	641	2007	-	-	-
R H Meddings	Executive Schemes	237,332	737.36	2012-2013	65,473	935.5	2014
	Sharesave	1,439	641	2007	-	-	-
K S Nargolwala	Executive Schemes	529,512	763.91	2005-2013	205,248	915.96	2011-2014
P A Sands	Executive Schemes	404,375	778.98	2013	96,205	935.5	2014
	Sharesave	2,957	559.50	2008	-	-	-

*Executive Schemes includes 1994 Executive Share Option Scheme, Supplemental Share Option Scheme and 2000 Executive Share Option Scheme

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

Directors' interests in Ordinary Shares (continued)

Director	Scheme	At 1 January 2004	Granted	Exercised	Lapsed	At 30 June 2004	Period of vesting
B K Sanderson	Performance Share Plan	-	32,068(a)	-	-	32,068	2007
	Restricted Share Scheme	40,404	-	-	-	40,404	2005-2006
E M Davies	Performance Share Plan	34,500	-	23,992(c)	10,508	-	-
	Performance Share Plan	83,010	-	-	-	83,010	2005
	Performance Share Plan	86,893	-	-	-	86,893	2006
	Performance Share Plan	-	69,481(a)	-	-	69,481	2007
	Performance Share Plan	-	70,575(b)	-	-	70,575	2007
M B DeNoma	Performance Share Plan	32,500	-	22,601(c)	9,899	-	-
	Performance Share Plan	30,713	-	-	-	30,713	2005
	Performance Share Plan	55,032	-	-	-	55,032	2006
	Performance Share Plan	-	42,757(a)	-	-	42,757	2007
	Performance Share Plan	-	21,716(b)	-	-	21,716	2007
C A Keljik	Performance Share Plan	32,500	-	22,601(c)	9,899	-	-
	Performance Share Plan	38,392	-	-	-	38,392	2005
	Performance Share Plan	41,274	-	-	-	41,274	2006
	Performance Share Plan	-	42,757(a)	-	-	42,757	2007
	Performance Share Plan	-	10,858(b)	-	-	10,858	2007
R H Meddings	Performance Share Plan	38,015	-	-	-	38,015	2006
	Performance Share Plan	-	37,413(a)	-	-	37,413	2007
	Performance Share Plan	-	9,501(b)	-	-	9,501	2007
	Restricted Share Scheme	45,319	-	-	-	45,319	2004-2005
K S Nargolwala	Performance Share Plan	37,250	-	25,904(c)	11,346	-	-
	Performance Share Plan	51,189	-	-	-	51,189	2005
	Performance Share Plan	55,032	-	-	-	55,032	2006
	Performance Share Plan	-	42,757(a)	-	-	42,757	2007
	Performance Share Plan	-	21,716(b)	-	-	21,716	2007
P A Sands	Performance Share Plan	52,216	-	-	-	52,216	2005
	Performance Share Plan	65,170	-	-	-	65,170	2006
	Performance Share Plan	-	48,102(a)	-	-	48,102	2007
	Performance Share Plan	-	36,645(b)	-	-	36,645	2007
	Restricted Share Scheme	52,216	-	-	-	52,216	2004-2005

Notes

(a) Market value on date of award (4 March 2004) was 935.5p.

(b) Market value on date of award (9 June 2004) was 921p.

(c) Market value on date of exercise (14 June 2004) 898p.

(d) 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 2003 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

(e) 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 2003 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

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.

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.

Share price information

The middle market price of an ordinary share at the close of business on 30 June 2004 was 898 pence. The share price range during the first half of 2004, was 833.5 pence to 963.5 pence (based on the closing middle market prices).

Dividend and interest payment dates

2004 Interim dividend

Ex dividend date	11 August 2004
Record date for dividend	13 August 2004
Dividend payment date	8 October 2004

2004 Final dividend

(provisional only)

Results and dividend announced	16 February 2005
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Preference shares

Next half- yearly dividend

7½ per cent Non-Cumulative Irredeemable preference shares of £1 each	1 October 2004
8¼ per cent Non-Cumulative Irredeemable preference shares of £1 each	1 October 2004

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/\$15.829

STANDARD CHARTERED PLC – ADDITIONAL INFORMATION

ShareCare

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

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 Rooms 1901–5, 19th 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 Rooms 1901–5, 19th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong.

中期報告之中文版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19樓1901-5室。

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 33 to 75 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 accounts except where they are to be changed in the next annual accounts, in which case any changes and the reasons for them are to be disclosed.

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 2004.

KPMG Audit Plc
Chartered Accountants
London
4 August 2004

Financial Calendar

Ex-dividend date	11 August 2004
Record date	13 August 2004
Posting to shareholders of 2004 Interim Report	20 August 2004
Payment date – interim dividend on ordinary shares	8 October 2004

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:

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(020) 7280 7708*

*Paul Marriage, Head of Corporate Communications
(020) 7280 7163*

*Benjamin Hung, Head of Investor Relations
(020) 7280 7245*

The following information is available on our website

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

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

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

The 2004 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.