

HIGHLIGHTS

STANDARD CHARTERED PLC RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

Reported Results

- Operating income up 27 per cent to \$4,112 million from \$3,236 million in H1 2005 (H2 2005: \$3,625 million)
- Operating profit before tax up 15 per cent to \$1,527 million, compared with \$1,333 million in H1 2005 (H2 2005: \$1,348 million)
- Profit attributable to ordinary shareholders up 14 per cent to \$1,088 million, compared to \$956 million in H1 2005 (H2 2005: \$961 million)
- Total assets up 16 per cent to \$238 billion from \$205 billion at H1 2005 (H2 2005: \$215 billion)

Results excluding Korea*

- Operating income up 15 per cent to \$3,378 million from \$2,927 million (H2 2005: \$2,977 million)
- Operating profit before tax up 6 per cent to \$1,293 million, compared with \$1,225 million in H1 2005 (H2 2005: \$1,192 million)
- Expenses up 15 per cent to \$1,765 million from \$1,541 million (H2 2005: \$1,638 million)
- Normalised cost income ratio of 52.2 per cent (H1 2005: 52.6 per cent, H2 2005: 54.8 per cent)

Performance Metrics**

- Normalised earnings per share up 12 per cent at 84.1 cents (H1 2005: 75.2 cents, H2 2005: 78.7 cents)
- Normalised return on ordinary shareholders' equity of 17.9 per cent (H1 2005: 18.3 per cent, H2 2005: 18.1 per cent)
- Interim dividend per share increased 10 per cent to 20.83 cents
- Normalised cost income ratio of 53.6 per cent (H1 2005: 52.6 per cent, H2 2005: 57.3 per cent)
- Total capital ratio at 14.2 per cent (H1 2005: 12.9 per cent, H2 2005: 13.6 per cent)

Significant achievements

- Record operating profit before tax up 15% despite losses in Taiwan
- Double-digit operating income growth in both Wholesale Banking and Consumer Banking
- Operating profit before tax in Korea up 50% on H2 2005
- Standard and Poors long term credit rating for Standard Chartered raised to A+

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

“This is another strong performance and reflects the successful implementation of our strategy. Our broader geographic spread and product portfolio have increased our resilience to individual market events. We are confident in our ability to continue to deliver good returns to our shareholders.”

* Results excluding Korea are shown because H1 2006 includes a full six months of Standard Chartered First Bank Korea Limited (SCFB) compared to only two and a half months in H1 2005.

** Results on a normalised basis reflect the results of Standard Chartered PLC and its subsidiaries (the Group) excluding items presented in note 7 on page 44.

STANDARD CHARTERED PLC - TABLE OF CONTENTS

	Page
Summary of Results	3
Chairman's Statement	4, 5
Group Chief Executive's Review	6 – 9
Financial Review	
Group Summary	10
Consumer Banking	11 -13
Wholesale Banking	13 -15
Risk	16 – 30
Capital	31
Financial Statements	
Condensed Consolidated Interim Income Statement	32
Condensed Consolidated Interim Balance Sheet	33
Condensed Consolidated Interim Statement of Recognised Income and Expenses	34
Condensed Consolidated Interim Cash Flow Statement	35
Notes	36 – 61
Additional Information	62 – 68, 70
Index	71

Unless another currency is specified, the word "dollar" or symbol "\$" in this document means United States dollar and the word "cent" or symbol "c" means one-hundredth of one United States dollar.

Within this document, the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'; 'Middle East and Other South Asia' (MESA) includes: United Arab Emirates (UAE), Bahrain, Jordan, Pakistan and Bangladesh; and 'Other Asia Pacific' includes: China, Indonesia, Thailand, Taiwan and the Philippines.

STANDARD CHARTERED PLC - SUMMARY OF RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2006

	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
RESULTS			
Operating income	4,112	3,236	3,625
Impairment losses on loans and advances	(349)	(194)	(125)
Operating profit before taxation	1,527	1,333	1,348
Profit attributable to parent company's shareholders	1,103	971	975
Profit attributable to ordinary shareholders*	1,088	956	961
BALANCE SHEET			
Total assets	238,148	204,643	215,096
Total equity	13,850	12,534	12,333
Capital base	19,164	15,720	17,118
INFORMATION PER ORDINARY SHARE			
	Cents	Cents	Cents
Earnings per share - normalised basis**	84.1	75.2	78.7
- basic	82.8	74.7	74.0
Dividend per share	20.83	18.94	45.06
Net asset value per share	983.5	841.0	889.4
RATIOS			
	%	%	%
Return on ordinary shareholders' equity – normalised basis**	17.9	18.3	18.1
Cost income ratio – normalised basis**	53.6	52.6	57.3
Capital ratios:			
Tier 1 capital	8.4	7.3	7.7
Total capital	14.2	12.9	13.6

* Profit attributable to ordinary shareholders is after the deduction of dividends payable to the holders of the non-cumulative redeemable preference shares (see note 6 on page 43).

** Results on a normalised basis reflect the results of the Group excluding items presented in note 7 on page 44.

2006 first-half results

I am pleased to report another strong first half performance for Standard Chartered:

- Income is up 27 per cent to over \$4.1 billion
- Operating profit before tax is up 15 per cent to \$1.5 billion
- Good earnings per share (EPS) growth with normalised EPS up 12 per cent at 84.1 cents per share

The Board has declared an interim dividend per share of 20.83 cents, up 10 percent.

This is another strong performance from Standard Chartered and reflects the successful implementation of our strategy. Our broader geographic spread and product portfolio have increased our resilience to individual market events. This approach is helping us deliver shareholder value and consistent performance.

Economic growth

We have been operating in a strong global economy and in recent years the economies across our regions have experienced strong growth, rising trade, robust domestic demand and low inflation.

However, at this stage of the economic cycle it is natural to expect increased volatility and uncertainty in financial markets, as growth rates appear to peak, interest rates rise and inflation increases. Uncertainty has been compounded by the pace of oil price rises, the imbalances in the world economy and by the fact that, in recent years, some financial markets have not priced sufficiently for risk.

Recent months have seen heightened risk aversion, with emerging markets most affected, and a more testing time lies ahead as liquidity conditions around the world tighten.

However these factors need to be put in context.

Economic growth rates across Asia, Africa and the Middle East are expected to continue to exceed growth rates within OECD economies. Overall, across the markets in

which Standard Chartered operates, the economic and policy climate has improved tremendously. Compared with a decade ago, inflation across emerging markets has fallen from around 66 per cent on average to 8 per cent. Then, less than 15 per cent of emerging market economies would have been regarded as investment grade; now that figure is just over 40 per cent. Across Asia, current account positions have improved and, in addition, Asian countries now hold two-thirds of global currency reserves. In the Middle East, liquidity is ample. In 2005 this region had a trade surplus of \$211 billion, even higher than Asia's huge surplus of \$174 billion. Africa has benefited from high commodity prices and has seen improved macro-economic policy-making, helped by debt relief.

Economic trends

Emerging markets in general are in a far better position to cope than previously. Both the resilience of these markets and their ability to benefit from some of the underlying trends in the global economy give us confidence.

Many of the changes we have made as a bank position us well to maximise the opportunities and minimise the risks presented by these economic developments. The breadth of our markets and the diversity of our earnings give us confidence that we remain well placed to deliver consistent results against this backdrop.

An infrastructure boom is underway across Asia, Africa and the Middle East, as economies there diversify and also seek to grow domestic demand. Asia looks set to add three-quarters of a billion jobs over the next decade as the region witnesses an emerging debt-free middle class and China and India emerge as powerful economies.

Financial markets are set to deepen, broaden and grow, hand in hand with economic growth across Asia, economic diversification across the Middle East and economic emergence within Africa. We also expect further currency shifts as the Gulf introduces a single currency at the end of this decade and as more economies across Asia seek to manage their currencies against their trade baskets.

STANDARD CHARTERED PLC - CHAIRMAN'S STATEMENT

New trade corridors continue to emerge. We are already witnessing increased flows of commodities, goods, services, finance and capital, people and remittances.

Intra-Asian trade is rising sharply, reflecting the growth of China, the emergence of regional companies and multinational firms shifting their investment towards Asia. Supply chains across Asia have become interlinked, resulting in better specialisation and more efficient resource allocation, promoting regional integration and growth. Inter-regional trade has risen sharply. Sino-African trade has risen from \$6.5 billion in 1999 to \$40 billion in 2005. New trade corridors are a clear indication of shifting economic, social and political ties. Many economies in Asia and other emerging regions should now be viewed as drivers of future global growth.

Governance

In environments as dynamic as those in which we operate, governance is more important than ever.

Our Board has been further strengthened by the appointment of a new, independent Non-

Executive Director. Lord Turner has rich experience in business and public life, including banking, consulting and his leadership of the Confederation of British Industry in the 1990s. Most recently he is known for his work as the Chairman of the UK's Independent Pensions Commission. We are delighted to welcome him to our Board. In addition, at the end of this year, Rudy Markham takes on additional Board responsibilities, bringing his great experience and insight to his role as our new Senior Independent Director.

Summary

Standard Chartered continues to make excellent progress and is in good financial shape, a message endorsed by the recent upgrade to our credit ratings. It is well positioned to maximise the opportunities and minimise the risks presented by recent economic developments. The Group has appropriate governance in place.

The breadth of our markets and the diversity of our earnings give us confidence in our ability to continue to deliver good returns to our shareholders.

Bryan Sanderson CBE

Chairman

8 August 2006

Performance

Through the disciplined execution of our strategy and the hard work of our teams around the world, we have delivered another set of strong results:

- We are driving strong organic growth, supported by balance between and within our businesses, and by our geographic diversity.
- SC First Bank in Korea is performing well.
- We are maintaining our discipline in managing expenses and risk.
- We are continuing to invest for the future.

Since the first half of 2001 normalised earnings per share have grown by 16 per cent (compound annual growth rate) and income has grown by 14 per cent. Our track record is clear and we are proud of the performance culture we have built across the Group.

Delivering on management agenda

At the beginning of the year we stated the priorities for 2006:

- Accelerate growth in both businesses, focusing on priority markets
 - Deepen client relationships in Wholesale Banking
 - Enter new customer segments in Consumer Banking
- Drive growth and performance in Korea
- Excel in service and innovation
- Lead by Example in corporate responsibility

In each of these areas we are making good progress.

Wholesale Banking

In Wholesale Banking, growth is coming from deepening of client relationships, as a broader product array and more effective cross-selling lead to increased client income. The transformation of Wholesale Banking continues.

These results demonstrate that our network gives us a clear competitive advantage. Our ability to originate and deliver complex cross border transactions is also driving income growth.

As a result, we are becoming a leader in many geographies with a range of innovative products, services and transactions. We are currently in the top two for All Asian currencies fixed income transactions and the top three for Asia-Pacific syndicated loans. Our project finance business, started in 2003, is now in the top two across Asia (ex-Japan, Australia). We launched our India mergers and acquisitions (M&A) advisory group just under three years ago, and it is now the leader in cross border M&A in that market. In July, in Malaysia, we concluded the first ever Islamic Banking cross-currency swap transaction in the country. We now offer a 'round the clock', 24 hour trade processing service in several markets – an example of our innovation in more traditional banking services.

Consumer Banking

In Consumer Banking, we have achieved widespread, double-digit growth across an increasingly broad footprint. Our increased focus on segments such as Small and Medium Enterprises (SME) and Wealth Management is delivering good results, with SME customer assets up 15 per cent and Wealth Management income up 46 per cent.

Consumer Banking's priorities continue to be product innovation, service excellence and investment for the future.

In product innovation, we have led the market with HIBOR-based mortgages in Hong Kong this year. Other product launches across our network include Express Trade for SME clients in six markets and the launch of the Manhattan credit card in its fifth major market.

We are continuing to focus on customer service. For example, in the United Arab Emirates, the Bank now offers a guaranteed one-day turnaround time for delivery of a new Manhattan or Gold Credit card, and we are now the leading issuer in UAE.

We continue to invest for the future – in new products, more branches and ATMs, in our infrastructure and in the skills of our people.

Korea

In Korea we said we would drive growth and performance. Korea had a good first half and we continue to achieve growth with a stream of successful product launches. In Consumer Banking we provided products and account services for over 500,000 new customers. In Wholesale Banking overall, income has grown by 28 per cent over consecutive half years and we continue to see strong growth in client income.

Service and innovation

We remain determined to excel in service and innovation. Our Outserve programme has achieved a great deal, and we are now building on our established approach and studying leading businesses in other industries to find new ways to improve our performance. The operations team plays a significant part in our Outserve journey – for example, we now offer service guarantees on a range of banking services in a number of markets, which is creating competitive advantage.

Across the Group we continue to focus on business efficiency and expense management. We are creating the room to invest and we are making significant progress in improving the infrastructure of the Bank. The upgrading of our core banking platforms and consolidation of our data centres continues. All of these elements ultimately add to the efficiency of our business and the quality of our service.

Leading by Example

Finally on the 2006 agenda, we continue to take steps to Lead by Example in corporate responsibility, not just by funding long-term programmes such as Seeing Is Believing and Living with HIV, but also by ensuring that we build a sustainable business and take a long term view of the consequences of our actions. Delivering a sustainable business means attracting high quality staff, offering the right

products and services, contributing to a sustainable environment and ensuring that we have the trust of customers, shareholders, employees and other interested groups. We seek to support sustainable economic development through social inclusion, environmental protection and good governance. In a world in which companies' actions are increasingly under scrutiny, these elements are becoming more interlinked.

We are making good progress with our priorities and the management agenda will continue to drive our growth in the second half of 2006.

Investing for growth

The last few years have seen focused and accelerated investment, in key markets and on targeted products, which is now paying off and generating excellent returns. We are continuing to invest in distribution, infrastructure, product innovation and people. Organic income growth in the first half of 2006 was strong and produced approximately two thirds of the Group's increase in income. We now have 16 markets producing first-half income in excess of \$50 million.

The Bank is increasingly well balanced. Our spread of geographies and business activities helps us to weather storms and ensure our continued performance; for example, the unsecured loan impairment charge in Taiwan has been offset by strong growth in many of our other markets.

Our growth story can be highlighted by three major geographies.

India

In India, in the first half of 2006 our income grew by 26 per cent and operating profit by over 50 per cent over the same period a year before. We have opened 16 of our new consumer finance centres in major Indian cities so far this year. This gives us a network of 81 branches, 185 ATMs, and 21 consumer finance centres. We now have over 14,000 employees in India, in the businesses and the Group's shared service centre in Chennai. In Wholesale Banking in India, our client income

in the first half of 2006 was more than the total client income for all of 2004. We have increased the number of locations where we offer services to local corporates from 16 to 33 and almost doubled the number of relationship managers.

The opportunities presented by India's young population and its dynamic business environment are huge. India is an emerging economic giant, we have a major presence in the market and it plays a key part in our future growth plans.

Africa

Africa is benefiting from high commodity and energy prices. It is a diverse continent, including several economies forecast to grow at six per cent or more – including Nigeria, Tanzania, Ghana, Zambia and Botswana. In parts of our Africa franchise we have significant market shares, and in others we are building our presence – for example in Nigeria, where we are seeing very strong momentum. We are uniquely positioned as the only international bank with a strong presence in both Asia and Africa and we are benefiting from emerging Africa-Asia trade corridors, particularly involving China.

MESA

The MESA region continues to grow well, with income up 25 per cent, and we have seen particularly strong income growth in the first half from Pakistan and the UAE. We are the largest international bank in growing markets such as Bahrain, Jordan, Pakistan and Bangladesh, and the region is an area of key management, investment and strategic focus for us.

Standard Chartered is a leading bank in Abu Dhabi and Dubai, where the potential is huge. The new Dubai International Financial Centre (DIFC) will be a world-class regional capital markets centre and provide a gateway for flows into and from the region. Standard Chartered

was the first commercial bank to be licensed when DIFC opened in September 2004.

We have a new building in the DIFC Gate Precinct and will locate 500 staff there later this year.

Alliances and acquisitions

Alliances and acquisitions actively support our growth story, often through niche and infill acquisitions. A recent example is the announcement in June of our agreement to purchase a 25 per cent stake in First Africa, a leading pan-African corporate finance advisory business, which will bring new opportunities for Wholesale Banking. Where we see that shareholder value can be created, either through better market penetration, major synergies or extended product reach, we will make major acquisitions such as Korea First Bank. Our first-half results for Korea demonstrate our ability to make investments generate good returns.

Investing in the Brand

Our brand recognition continues to grow, not only in established markets such as Hong Kong but also in our newer markets like Korea. This year we have strengthened the brand further by investing in a new campaign that reflects the Bank's values and our customers' aspirations.

Diversity

An important feature of the Bank is its diversity, not just of products and geographies but of people. We now have 27 nationalities in our top management population of 400, up from 22 nationalities in 2005 and we have 22 nationalities represented in our current graduate intake. As the world becomes one market, leading businesses will increasingly distinguish themselves through their international understanding and their talented workforces. We are, and will continue to be, one of those businesses, strengthening our management teams to ensure we have the right people in place to create, and then capitalise on, opportunities.

Outlook

The Group has made strong progress in the first half of 2006. The outlook is positive, and we expect continued good income momentum. We will maintain our focus on expense management and expense growth should be broadly in line with income growth for the full year. We will continue to take a balanced approach to risk, whilst recognising the changes in the external environment.

In summary

We are confident that we can continue to build on our track record of strong performance. Standard Chartered is well positioned in dynamic markets, making good strategic progress and investing for future growth. We are optimistic about the future.

E Mervyn Davies CBE
Group Chief Executive
8 August 2006

STANDARD CHARTERED PLC - FINANCIAL REVIEW

GROUP SUMMARY

The Group has delivered another set of strong results in the six months ended 30 June 2006. Operating income increased 27 per cent, or \$876 million, to \$4,112 million and operating profit before tax of \$1,527 million was up 15 per cent over the same period in 2005. Normalised earnings per share increased by 12 per cent to 84.1 cents. (Refer to note 7 on page 44).

The Group has owned SCFB since 15 April 2005. On 28 November 2005 the assets and businesses of the Standard

Chartered Bank branch in Korea were transferred to SCFB. The impact of the post acquisition results of SCFB in the 2005 results, together with the transfer of the branch, affect the comparability of the results for the six months to 30 June 2006 with the equivalent period in 2005. The 2005 results for "Korea" reflect a full six months of the Standard Chartered Bank branch together with the post acquisition results of SCFB. To facilitate effective comparison, the table below and most of the subsequent discussion, segments the results of the Korea business from the results of the rest of the Group.

	6 months ended 30.06.06			6 months ended 30.06.05*			6 months ended 31.12.05*		
	Korea \$million	Ex Korea \$million	As reported \$million	Korea \$million	Ex Korea \$million	As reported \$million	Korea \$million	Ex Korea \$million	As reported \$million
Net interest income	548	1,962	2,510	235	1,737	1,972	590	1,773	2,363
Fees and commissions income, net	68	826	894	29	698	727	16	752	768
Net trading income	51	480	531	34	375	409	29	331	360
Other operating income	67	110	177	11	117	128	13	121	134
	186	1,416	1,602	74	1,190	1,264	58	1,204	1,262
Operating income	734	3,378	4,112	309	2,927	3,236	648	2,977	3,625
Operating expenses	(460)	(1,765)	(2,225)	(167)	(1,541)	(1,708)	(465)	(1,638)	(2,103)
Operating profit before impairment losses	274	1,613	1,887	142	1,386	1,528	183	1,339	1,522
Impairment losses on loans and advances	(40)	(309)	(349)	(34)	(160)	(194)	(27)	(98)	(125)
Other impairment	-	(8)	(8)	-	(1)	(1)	-	(49)	(49)
Loss from associate	-	(3)	(3)	-	-	-	-	-	-
Operating profit before taxation	234	1,293	1,527	108	1,225	1,333	156	1,192	1,348

* Restated. See note 29 on page 60.

Operating Income and Profit Excluding Korea

Operating income grew 15 per cent, or \$451 million, to \$3,378 million over the equivalent prior year period, Consumer Banking and Wholesale Banking each delivering double-digit income growth. The growth in the first half reflected the effects of prior year investment with good growth being achieved across an increasingly broad range of geographies, products and customer segments.

Net interest income grew \$225 million, or 13 per cent, to \$1,962 million. Net interest margin was 2.5 per cent, down from 2.6 per cent in the first half of last year reflecting continued pressure on asset margins, particularly mortgages.

Fees and commissions increased by \$128 million, or 18 per cent, to \$826 million. This increase was driven mainly by higher volumes in wealth management, cash management and global markets products across most markets.

Net trading income grew by \$105 million, or 28 per cent, to \$480 million driven in part due to higher volumes of foreign exchange dealing in Wholesale Banking. Other operating income decreased \$7 million, or six per cent, to \$110 million.

Operating expenses grew \$224 million, or 15 per cent, to \$1,765 million, with the normalised cost income ratio falling to 52.2 per cent compared to 52.6 per cent in the first half last year. Expense growth was broadly in line with income growth with technology production and operations expenses held flat. This allowed both Consumer Banking and Wholesale Banking businesses to continue to invest in new

products, infrastructure and sales capability to support double-digit operating income growth.

Operating profit before impairment increased \$227 million, or 16 per cent, to \$1,613 million.

Impairment losses on loans and advances increased by \$149 million, or 93 per cent, to \$309 million. This was primarily due to the increase in the impairment charge for the Consumer Banking unsecured portfolio in Taiwan. Wholesale Banking continued to benefit from a benign credit environment in most markets.

Operating profit before taxation grew \$68 million, or six per cent, to \$1,293 million.

Korea Operating Income and Profit

The results for Korea for the first half of 2005 only include SCFB for less than half of that period. It is therefore more useful to compare the current period's results for Korea against the second half of 2005. Operating income grew by \$86 million, or 13 per cent, to \$734 million driven by strong income growth in both the Consumer and Wholesale businesses. Operating expenses decreased slightly by one per cent to \$460 million. Operating profit before impairment consequently increased by 50 per cent, or \$91 million. Loan impairment increased by 48 per cent, or \$13 million, with most of the increment in Consumer Banking. Operating profit increased by 50 per cent, or \$78 million.

CONSUMER BANKING

To provide meaningful comparison Consumer Banking excluding Korea is compared against the first half of 2005 whilst Consumer Banking in Korea is shown against the second half of 2005.

Consumer Banking Excluding Korea

Operating income was up \$151 million, or 10 per cent, to \$1,665 million, with growth spread across a broad range of markets. Hong Kong and Singapore achieved growth of around four per cent and these two markets now account for 41 per cent of total income compared to 43 per cent in the equivalent period last year. Outside these two markets income grew 14 per cent, with particularly strong growth in Middle East and Other South Asia (MESA) which rose by 34 per cent.

Income growth was driven primarily by wealth management products and the Small and Medium Enterprise (SME) customer segment. Income from deposits grew significantly reflecting both increased volumes of customer deposits and improved margins. Assets remained broadly flat, with a decline in mortgages offsetting increases in SME and unsecured lending.

Expenses grew \$67 million or nine per cent to \$832 million. This increase included expenditure to support the growth of China and Japan, and in our private banking and consumer finance activities. Investment was also made to enhance product distribution capabilities. The impact on expenses of increased product volumes has been largely offset by gains from operational efficiencies.

Operating profit before impairment grew \$84 million or 11 per cent.

Impairment losses more than doubled, by \$213 million to \$372 million. The majority of this rise came from the unsecured portfolio in Taiwan, where the banking industry as a whole has been adversely affected by a sharp increase in customer default rates. The loan impairment charge in Taiwan increased to \$203 million in the first half of 2006 from \$75 million in the second half of 2005 (and \$23 million in the first half of 2005). These provisions include a discount on the original interest rate on the restructured portfolio of \$28 million. Recent indications are that conditions are continuing to improve and it is expected that there will be a sharp reduction in the loan impairment charge in Taiwan in the second half of the year. However, given recent and prospective regulatory changes, there remains considerable uncertainty about the evolution of the consumer credit market. Impairment losses outside Taiwan increased by \$33 million or 24 per cent, reflecting changes in the mix and maturity of the portfolio, plus some deterioration in credit quality in Thailand and Indonesia due to the economic environment.

Consumer Banking operating profit fell \$129 million, or 22 per cent, to \$461 million compared to the first half of 2005. This fall was primarily due to the loan impairment charges taken in Taiwan which more than offset the increase in operating profit before impairment.

Hong Kong delivered an increase in operating profit of nine per cent to \$280 million. Income growth was four per cent whilst expenses rose by one per cent. Operating profit before impairment profit grew six per cent. New products such as the Marathon Savings Account, and increased

marketing activity, together with better margins, drove double-digit operating income growth in wealth management and deposit balances. The SME segment also recorded double-digit income growth with good prospects for the future. The loan impairment charge decreased 21 per cent or \$6 million compared to the prior period.

In Singapore, income was up four per cent on the first half of 2005, driven by strong growth in wealth management products and the SME segment. There was continued product innovation through the period including, for example, the launch of foreign currency and SME saver accounts. In an intensely competitive market, mortgage margins remained under pressure. Expenses grew six per cent to \$66 million driven by investment in new products. Loan impairment decreased six per cent reflecting a broadly benign consumer credit environment. Operating profit increased five per cent to \$88 million. Assets were down seven per cent with increases in SME lending offset by a decline in mortgage assets.

In Malaysia income increased 11 per cent to \$112 million. Strong income growth in wealth management and the SME segment, underpinned by the success of new product launches, including Islamic SME products, more than offset a lower performance in mortgages, where income fell due to margin compression. Operating expenses increased \$3 million or seven per cent to \$49 million. Loan impairment reduced six per cent reflecting the benefit of provision releases. Operating profit increased 24 per cent to \$47 million.

In Other Asia Pacific, income growth of nine per cent was driven by strong balance sheet growth in all products. In China income more than doubled with good growth in the SME segment. Indonesia and Thailand also delivered double-digit income growth. These performances were offset by subdued income performance in Taiwan. Operating expenses increased by 15 per cent reflecting investment for future growth. Loan impairment increased due primarily to Taiwan, but also reflecting slightly more difficult credit conditions in Thailand and Indonesia.

India's income increased 10 per cent over the equivalent period driven by growth in wealth management products and the SME segment. This was partially offset by a decline in mortgage income. Investment in new product and sales capabilities was achieved within expense growth of five per cent due to redeployment of resources and other efficiency initiatives.

Operating income in MESA increased by 34 per cent to \$238 million. This strong performance was led by wealth management, credit cards and the SME segment. Investments targeted at infrastructure and distribution channels to sustain good income growth increased expenses by 38 per cent to \$116 million. Loan impairment increased 14 per cent to \$16 million. Assets grew nine per cent.

In Africa, operating profit grew 19 per cent to \$25 million as a result of income growth of three per cent and a reduction in expenses of six per cent; wealth management income grew rapidly driven by new product launches and a new sales model, whilst expenses were reduced as a result of productivity gains and disciplined cost control. Loan impairment increased to \$9 million. Assets grew by 30 per cent driven by unsecured lending.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

CONSUMER BANKING continued

The Americas, UK and Group Head Office saw an increase in operating profit from \$5 million to \$11 million, driven primarily by higher income from the Jersey business.

Korea Consumer Banking

Consumer Banking's results in Korea are compared to the second half of 2005. On this basis operating income increased nine per cent to \$530 million driven by wealth management products and the SME segment. Product innovation in wealth management attracted new accounts

and fresh funds, with the new e-Click product attracting over 250,000 new accounts.

There was a decline in mortgage margins due to a combination of the interest rate environment and competitive activity. Expenses were held broadly flat compared to the previous period. Operating profit before impairment increased by \$46 million or 43 per cent. Loan impairment increased \$11 million to \$33 million. Assets have grown five per cent driven by mortgages and unsecured lending.

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

6 months ended 30.06.06											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Consumer Banking Total Ex Korea \$million	Consumer Banking Total \$million
Operating Income	505	170	112	530	317	158	238	128	37	1,665	2,195
Expenses	(203)	(66)	(49)	(378)	(186)	(90)	(116)	(94)	(28)	(832)	(1,210)
Loan impairment	(22)	(16)	(16)	(33)	(275)	(20)	(16)	(9)	2	(372)	(405)
Operating profit	280	88	47	119	(144)	48	106	25	11	461	580

6 months ended 30.06.05											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Consumer Banking Total Ex Korea \$million	Consumer Banking Total \$million
Operating Income	485	163	101	209	292	143	177	124	29	1,514	1,723
Expenses	(201)	(62)	(46)	(123)	(162)	(86)	(84)	(100)	(24)	(765)	(888)
Loan impairment	(28)	(17)	(17)	(34)	(53)	(27)	(14)	(3)	–	(159)	(193)
Operating profit	256	84	38	52	77	30	79	21	5	590	642

6 months ended 31.12.05											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Consumer Banking Total Ex Korea \$million	Consumer Banking Total \$million
Operating Income*	491	161	109	488	319	143	202	134	32	1,591	2,079
Expenses	(214)	(64)	(49)	(382)	(180)	(93)	(98)	(105)	(28)	(831)	(1,213)
Loan impairment	(6)	(13)	(20)	(22)	(113)	(29)	(19)	(10)	–	(210)	(232)
Other impairment	–	–	–	–	–	–	–	(3)	–	(3)	(3)
Operating profit	271	84	40	84	26	21	85	16	4	547	631

* As more fully explained in note 2 on page 36 and note 29 on page 60, internal income has been restated. The impact is to reduce Consumer Banking total operating income by \$5 million in the second half of 2005 with a corresponding increase in Wholesale Banking.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

CONSUMER BANKING continued

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

	6 months ended 30.06.06			6 months ended 30.06.05*			6 months ended 31.12.05*		
	Total	Korea	Ex Korea	Total	Korea	Ex Korea	Total	Korea	Ex Korea
Operating Income by Product	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Cards and Loans	824	180	644	706	88	618	822	186	636
Wealth Management and Deposits	926	179	747	634	53	581	808	159	649
Mortgages and Auto Finance	388	157	231	350	66	284	408	141	267
Other	57	14	43	33	2	31	41	2	39
	2,195	530	1,665	1,723	209	1,514	2,079	488	1,591

* Restated. See note 2 on page 36.

Product Performance Excluding Korea

Credit cards and personal loans delivered a \$26 million, or four per cent, increase in operating income to \$644 million. In Hong Kong new credit card launches, including co-branded, helped increase customer balances over the equivalent period last year. Good asset growth was also seen in Pakistan, India and Thailand, all of whom recorded double-digit growth in unsecured outstandings.

In wealth management, deposit growth and improved margins have been the primary drivers of a \$166 million, or 29 per cent, growth in income to \$747 million. This improvement was seen in most countries, with strong contributors being Hong Kong, Singapore, India and the MESA region. Deposit product innovation, such as an Islamic savings account in MESA, has helped attract new customers and funds in a number of markets.

Mortgage margins continued to be under pressure in a number of markets, driven by the rising interest rate environment and competitor pricing. Mortgage outstandings fell \$1,412 million or six per cent to \$20,799 million. These effects served to reduce mortgage and auto finance income by \$53 million or 19 per cent to \$231 million. In several markets, such as Hong Kong and Singapore, product innovation and repricing actions have helped mitigate the effects of margin compression, although the near term outlook continues to be challenging.

Korea Product Performance

Comparisons are against the second half of 2005.

Wealth management and deposits income grew 13 per cent or \$20 million to \$179 million on the back of new product launches. Overall credit card operating income fell three per cent from the previous period. Mortgage income grew 11 per cent or \$16 million, with growth in outstandings more than offsetting the impact of margin pressure.

WHOLESALE BANKING

As with Consumer Banking, the performance of Wholesale Banking excluding Korea is compared to the first half of 2005, whilst Wholesale Banking in Korea is compared to the second half of 2005.

Wholesale Banking Excluding Korea

Wholesale Banking had a very strong first half with the client focused strategy again delivering significant income growth across multiple geographies, products and segments.

Income grew \$300 million, or 21 per cent, to \$1,713 million underpinned by client income growth of 21 per cent. Client income continues to comprise around four fifths of total income and is the key driver of sustained growth. The pace of income growth in products such as foreign exchange, debt capital markets syndications, derivatives and options, reflects the significant investments in previous years.

Operating expense growth was 20 per cent or \$157 million. Investment spend was targeted at expanding product reach and capability, upgrading systems infrastructure, expanding client coverage and reinforcing compliance and control.

Operating profit before impairment losses grew 22 per cent or \$143 million.

The net loan impairment release was \$63 million compared to a net charge of \$1 million in the equivalent period last year. This net release reflected the continued benign credit environment, with new provisions of only \$31 million, and continued success in achieving recoveries.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

WHOLESALE BANKING continued

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

6 months ended 30.06.06											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Wholesale Banking Total Ex Korea \$million	Wholesale Banking Total \$million
Operating Income	289	120	76	204	265	222	244	187	310	1,713	1,917
Expenses	(141)	(71)	(30)	(82)	(150)	(70)	(109)	(107)	(255)	(933)	(1,015)
Loan impairment	30	(3)	4	(7)	(2)	13	2	(8)	27	63	56
Other impairment	–	–	–	–	–	–	–	(6)	(2)	(8)	(8)
Operating profit	178	46	50	115	113	165	137	66	80	835	950

6 months ended 30.06.05											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Wholesale Banking Total Ex Korea \$million	Wholesale Banking Total \$million
Operating Income*	265	98	55	100	232	159	210	131	263	1,413	1,513
Expenses	(116)	(61)	(27)	(44)	(134)	(57)	(74)	(95)	(212)	(776)	(820)
Loan impairment	(41)	(17)	3	–	64	4	(1)	(27)	14	(1)	(1)
Other impairment	(1)	–	–	–	–	1	–	–	(1)	(1)	(1)
Operating profit	107	20	31	56	162	107	135	9	64	635	691

6 months ended 31.12.05											
Asia Pacific											
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Wholesale Banking Total Ex Korea \$million	Wholesale Banking Total \$million
Operating Income*	243	92	70	160	214	148	223	164	232	1,386	1,546
Expenses	(118)	(59)	(28)	(83)	(134)	(70)	(83)	(99)	(216)	(807)	(890)
Loan impairment	(42)	4	4	(5)	53	2	43	(3)	51	112	107
Other impairment	–	–	–	–	–	–	–	(8)	(2)	(10)	(10)
Operating profit	83	37	46	72	133	80	183	54	65	681	753

* As more fully explained in note 2 on page 36 and note 29 on page 60, internal income has been restated. The impact is to increase Wholesale Banking total operating income by \$5 million in the second half of 2005 with a corresponding decrease in Consumer Banking.

When looking at the performance of Wholesale Banking on a geographic basis it is important to note that it is a network business. This means the geographic segmentation can give a somewhat imperfect view of the relative performance of different parts of the business.

In Hong Kong, income grew \$24 million, or nine per cent, to \$289 million, with a sharp 47 per cent increase in global markets' sales, particularly in derivatives and foreign

exchange. Cash management benefited from the favourable interest rate environment and custody from active equity markets. Expenses grew 22 per cent to \$141 million with most of this increase directed towards building the sales force, product capabilities, and deepening income generation from existing client relationships. Recoveries drove a sharp improvement in the loan impairment charge with a net release of \$30 million.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

WHOLESALE BANKING continued

Income in Singapore was up 22 per cent to \$120 million. Cash management benefited from the interest rate environment and helped to deliver 25 per cent client income growth. Global markets' sales were up 37 per cent driven by derivatives and foreign exchange products together with strong contributions from corporate finance and syndications. Much of this growth came from global corporates. Expenses grew 16 per cent to \$71 million reflecting increased investments in product and sales capabilities to sustain the strong client income momentum.

In Malaysia, income increased 38 per cent to \$76 million with strong growth in cash management and foreign exchange, particularly in the local corporate segment. Expenses increased 11 per cent to \$30 million.

Other Asia Pacific delivered strong income growth of 14 per cent to \$265 million, with expenses rising 12 per cent, to \$150 million. Operating profit before impairment increased 17 per cent or \$17 million. Loan impairment was only \$2 million but in the absence of the significant loan impairment releases and recoveries seen last year, operating profit was lower by 30 per cent at \$113 million.

India delivered operating income growth of \$63 million or 40 per cent to \$222 million. Operating income was driven by cash management, trade finance, derivatives and foreign exchange, and corporate finance, and also benefited from legal recoveries. Expenses increased 23 per cent with investment in new products, infrastructure and sales. Loan impairment benefited from the benign credit environment, with recoveries and releases contributing to a net credit of \$13 million. Operating profit increased 54 per cent.

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

	6 months ended 30.06.06			6 months ended 30.06.05*			6 months ended 31.12.05*		
	Total	Korea	Ex Korea	Total	Korea	Ex Korea	Total	Korea	Ex Korea
Operating Income by Product	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Trade and Lending	511	77	434	438	33	405	442	45	397
Global Markets**	925	86	839	756	58	698	681	65	616
Cash Management and Custody	481	41	440	319	9	310	423	50	373
	1,917	204	1,713	1,513	100	1,413	1,546	160	1,386

* Restated. See note 2 on page 36.

** Global markets comprises the following businesses: derivatives and foreign exchange, debt capital markets, corporate finance and ALM.

Product Performance Excluding Korea

Trade and lending income increased seven per cent to \$434 million. Trade balances grew, with a double-digit increase in volumes, more than offsetting the impact of tightening margins whilst lending income was broadly flat due to margin compression and tight discipline on asset growth.

Global markets' income grew strongly by \$141 million or 20 per cent to \$839 million. Rates and foreign exchange sales benefited from a more sophisticated suite of products aided by market volatility resulting in increased penetration amongst

Operating income in MESA rose 16 per cent to \$244 million. Client income grew 23 per cent driven by a strong performance in cash management. Corporate finance and strong interest rate derivatives performance also contributed to income growth. Investments in staff and in infrastructure to support the double-digit income growth increased expenses 47 per cent to \$109 million. Operating profit in MESA grew by one per cent to \$137 million.

In Africa, income at \$187 million was up 43 per cent on the prior period. Operating income improvements were driven by product sales and strong trading results from asset and liability management (ALM). Client income growth was particularly strong in Kenya, Ghana and Nigeria. Expenses increased 13 per cent. Operating profit increased \$57 million to \$66 million. Africa also benefited from the absence of the hyperinflationary charge of \$44 million taken in the first half of 2005.

Operating income in the Americas, UK and Group Head Office increased by 18 per cent to \$310 million. Expenses grew by 20 per cent reflecting investment in products and sales. Strong loan recoveries helped drive operating profit up 25 per cent.

Korea Wholesale Banking

Wholesale Banking's results in Korea are compared to the second half of 2005. Operating income increased by 28 per cent and operating profit increased by 60 per cent to \$115 million. The increase in operating income was primarily driven by trade and lending and by global markets' products, particularly derivatives and foreign exchange.

local corporates. The debt capital markets business grew significantly as both product and distribution capability was expanded. In addition corporate finance achieved good growth. ALM income was down over the equivalent period.

Cash management and custody income was up 42 per cent at \$440 million. The drivers of this increase were both increased balances, up almost 25 per cent year on year, as well as improved margins in a higher rate environment.

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 compliance and regulatory risk, operational risk and reputational risks are normal consequences of any business undertaking.

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

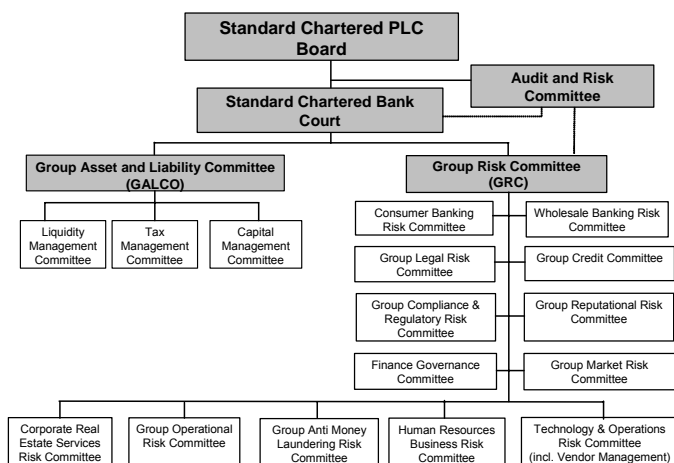
- ensuring that business activities are controlled on the basis of risk adjusted return;
- managing risk within agreed parameters with risk quantified wherever possible;
- assessing risk at the outset and throughout the time that the Group continues to be exposed to it;
- abiding by all applicable laws and regulations and good governance standards in every country in which the Group does business;
- applying high and consistent ethical standards to the Group's 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. Acting with authority delegated by the Board, the Audit and Risk Committee (ARC), whose members are all independent Non-Executive Directors of the Company, reviews specific risk areas and monitors the activities of the Group Risk Committee (GRC) and the Group Asset and Liability Committee (GALCO).

GRC is responsible for credit risk, market risk, operational risk, compliance and regulatory risk, legal risk and reputational risk. GALCO is responsible for liquidity risk, structural interest rate and foreign exchange exposures, and for capital ratios.

The following chart shows the relationship between GRC and the Group's key risk committees.



All the Group Executive Directors (GEDs) of Standard Chartered PLC, directors of Standard Chartered Bank and the Group Head of Risk and Group Special Asset Management (Group Head of Risk) are members of the GRC. This Committee is chaired by the Group Head of Risk. The GRC is responsible for agreeing Group standards for risk measurement and management, and also delegating authorities and responsibilities to risk committees and the Group and Regional Credit Committees and Risk Officers.

The committee process is designed to ensure that standards and policies are cascaded down through the organisation from the Board through the GRC and the GALCO to the functional, regional and country level committees. Key information is communicated through the country, regional and functional committees to Group so as to provide assurance that standards and policies are being followed.

The Group Finance Director and the Group Head of Risk manage a risk function that is separate from the business line 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;
- validates risk models; and
- recommends risk appetite and strategy.

Individual GEDs 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 GRC across all business activity;
- managing risk in line with appetite levels agreed by the GRC; and
- developing and maintaining appropriate risk management infrastructure and systems to facilitate compliance with risk policy.

The Group's Risk Management Framework identifies 18 risk types, which are managed by designated Risk Type Owners (RTOs), who are all approved persons under the FSA regulatory framework and who have responsibility for setting minimum standards and governance and assurance processes. The RTOs report up through specialist risk committees to the GRC, or in the case of Liquidity Risk, to the GALCO.

The Group Finance Director and the Group Head of Risk, together with Group Internal Audit, provide assurance that risk is being measured and managed in accordance with the Group's standards and policies.

RISK continued

Credit Risk Management

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 in the banking and trading books.

The GRC has clear responsibility for credit risk. Standards are approved by the GRC, which oversees the delegation of credit authorities through the Group Finance Director to the Group Head of Risk, the Group and Regional Credit Committees and 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 a reporting line which is separate from the business lines into the Group Head of Risk.

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

Wholesale Banking

Within the Wholesale Banking business, a numerical grading system is used 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. These Committees are responsible to the GRC.

Consumer Banking

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

Total loans and advances to customers have increased by 12 per cent to \$120 billion over the equivalent period last year.

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

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

30.06.06

	Asia Pacific							Africa \$million	Americas UK & Group Head Office \$million	Total \$million
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million			
Loans to individuals										
Mortgages	11,281	3,903	2,562	23,240	1,096	1,440	159	214	144	44,039
Other	2,132	1,044	725	4,727	3,114	924	2,160	442	148	15,416
Small and medium enterprises	861	1,651	840	4,754	908	389	90	116	–	9,609
Consumer Banking	14,274	6,598	4,127	32,721	5,118	2,753	2,409	772	292	69,064
Agriculture, forestry and fishing	22	24	43	9	96	83	71	150	378	876
Construction	72	33	23	141	85	248	290	48	18	958
Commerce	1,291	1,132	328	278	826	469	1,530	359	1,343	7,556
Electricity, gas and water	347	16	61	50	257	26	228	54	684	1,723
Financing, insurance and business services	2,535	1,460	687	1,748	1,178	466	1,048	119	1,589	10,830
Governments	–	2,625	3,199	15	155	–	84	–	282	6,360
Mining and quarrying	–	–	8	64	244	28	207	104	863	1,518
Manufacturing	1,773	360	402	2,865	3,053	1,310	1,392	491	2,191	13,837
Commercial real estate	1,249	589	7	737	549	238	3	7	7	3,386
Transport, storage and communication	567	243	106	170	231	101	647	138	1,661	3,864
Other	112	115	39	–	13	3	266	24	55	627
Wholesale Banking	7,968	6,597	4,903	6,077	6,687	2,972	5,766	1,494	9,071	51,535
Portfolio impairment provision	(54)	(26)	(23)	(74)	(198)	(30)	(32)	(10)	(7)	(454)
Total loans and advances to customers	22,188	13,169	9,007	38,724	11,607	5,695	8,143	2,256	9,356	120,145
Total loans and advances to banks	3,131	1,155	153	1,835	3,433	285	1,501	563	5,586	17,642

Total loans and advances to customers include \$595 million held at fair value through profit or loss. Total loans and advances to banks include \$892 million held at fair value through profit or loss account.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

30.06.05

	Asia Pacific							#Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	#Total \$million
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million					
Loans to individuals											
Mortgages	12,599	4,416	2,559	18,792	895	1,390	81	85	186	41,003	
Other	1,967	1,087	538	3,691	2,943	1,269	2,052	413	216	14,176	
Small and medium enterprises	761	1,618	705	4,475	315	281	84	92	–	8,331	
Consumer Banking	15,327	7,121	3,802	26,958	4,153	2,940	2,217	590	402	63,510	
Agriculture, forestry and fishing	-	19	54	–	78	15	20	146	283	615	
Construction	64	240	10	14	78	99	202	47	31	785	
Commerce	1,765	948	189	347	805	270	1,373	339	894	6,930	
Electricity, gas and water	507	21	90	76	233	108	185	31	636	1,887	
Financing, insurance and business services	1,450	909	628	2,467	980	605	1,555	170	1,956	10,720	
Governments	–	1,520	1,270	51	228	-	72	-	506	3,647	
Mining and quarrying	–	31	30	5	226	9	133	106	729	1,269	
Manufacturing	1,531	288	273	1,382	2,577	837	1,427	423	2,220	10,958	
Commercial real estate	1,181	629	1	1,116	474	9	1	33	1	3,445	
Transport, storage and communication	296	299	75	211	269	220	349	127	1,051	2,897	
Other	18	68	52	441	111	59	201	12	70	1,032	
Wholesale Banking	6,812	4,972	2,672	6,110	6,059	2,231	5,518	1,434	8,377	44,185	
Portfolio impairment											
Provision	(37)	(29)	(23)	(61)	(70)	(33)	(29)	(10)	(22)	(314)	
Total loans and advances to customers	22,102	12,064	6,451	33,007	10,142	5,138	7,706	2,014	8,757	107,381	
Total loans and advances to banks	3,667	2,956	474	2,804	1,596	195	1,166	199	7,898	20,955	

A reclassification of \$997 million from Other to Small and medium enterprises that was made at 30 June 2005 has been reversed.

Total loans and advances to customers include \$871 million held at fair value through profit or loss. Total loans and advances to banks include \$1,081 million held at fair value through profit or loss account.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

	31.12.05									
	Asia Pacific								Americas UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	\$million	\$million
Loans to individuals										
Mortgages	12,051	4,129	2,532	22,522	996	1,469	132	88	152	44,071
Other	2,154	1,043	663	3,954	3,145	947	2,001	525	158	14,590
Small and medium enterprises	791	1,673	794	4,727	989	332	78	107	–	9,491
Consumer Banking	14,996	6,845	3,989	31,203	5,130	2,748	2,211	720	310	68,152
Agriculture, forestry and fishing	24	–	44	9	110	17	25	183	234	646
Construction	91	48	11	90	64	139	223	41	6	713
Commerce	2,004	958	325	237	598	392	1,324	420	819	7,077
Electricity, gas and water	290	1	65	17	284	49	180	12	664	1,562
Financing, insurance and business services	1,425	925	589	1,135	1,065	502	1,235	168	1,842	8,886
Governments	–	2,323	1,976	66	101	–	70	7	331	4,874
Mining and quarrying	24	11	8	19	140	10	185	75	656	1,128
Manufacturing	1,223	302	344	1,702	2,955	1,019	1,210	402	2,186	11,343
Commercial real estate	1,194	834	3	797	555	61	5	13	18	3,480
Transport, storage and communication	320	235	240	80	304	108	452	174	1,477	3,390
Other	50	85	49	750	11	5	257	46	40	1,293
Wholesale Banking	6,645	5,722	3,654	4,902	6,187	2,302	5,166	1,541	8,273	44,392
Portfolio impairment provision	(57)	(26)	(30)	(68)	(107)	(33)	(29)	(10)	(7)	(367)
Total loans and advances to customers	21,584	12,541	7,613	36,037	11,210	5,017	7,348	2,251	8,576	112,177
Total loans and advances to banks	5,688	2,431	173	3,222	2,213	238	1,255	313	7,426	22,959

Total loans and advances to customers include \$386 million held at fair value through profit or loss. Total loans and advances to banks include \$1,258 million held at fair value through profit or loss account.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

Maturity analysis

Approximately 49 per cent of the Group's loans and advances are short term having a contractual maturity of one year or less. The Wholesale Banking portfolio is predominately short term, with 79 per cent of loans and advances having a contractual 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. Whilst the Other and SME loans in Consumer Banking have short contractual maturities, in the normal course of business they may be renewed and repaid over longer terms.

	30.06.06			
	One year or less \$million	One to five years \$million	Over five years \$million	Total \$million
Consumer Banking				
Mortgages	3,513	9,201	31,325	44,039
Other	8,527	5,882	1,007	15,416
SME	5,827	2,038	1,744	9,609
Total	17,867	17,121	34,076	69,064
Wholesale Banking	40,942	7,443	3,150	51,535
Portfolio impairment provision				(454)
Loans and advances to customers	58,809	24,564	37,226	120,145

	30.06.05			
	One year or less \$million	One to five years \$million	Over five years \$million	Total \$million
Consumer Banking				
Mortgages	5,016	10,432	25,555	41,003
Other	7,259	5,079	1,838	14,176
SME	6,117	415	1,799	8,331
Total	18,392	15,926	29,192	63,510
Wholesale Banking	32,898	7,572	3,715	44,185
Portfolio impairment provision				(314)
Loans and advances to customers	51,290	23,498	32,907	107,381

	31.12.05			
	One year or less \$million	One to five years \$million	Over five years \$million	Total \$million
Consumer Banking				
Mortgages	4,756	9,598	29,717	44,071
Other	8,352	4,666	1,572	14,590
SME	5,883	1,687	1,921	9,491
Total	18,991	15,951	33,210	68,152
Wholesale Banking	33,450	7,246	3,696	44,392
Portfolio impairment provision				(367)
Loans and advances to customers	52,441	23,197	36,906	112,177

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

Problem Credit Management and Provisioning

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 accounts are closely monitored and subject to a special collections process. Accounts that are overdue by more than 90 days are considered non-performing. For mortgages those accounts more than 150 days past due are considered non-performing.

The process used for raising provisions is dependant on the product. For mortgages, individual provisions are generally raised at 150 days past due, and for other secured products at 90 days past due, based on the difference between the outstanding amount of the loan and the present value of the estimated future cash flows. For unsecured products

individual provisions are raised, and 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 individually, are known by experience to be present in the loan portfolio including performing loans and loans overdue. 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 and business environment in our core markets, and the trends in a range of portfolio indicators.

The cover ratio reflects the extent that the gross non-performing loans are covered by the individual and portfolio impairment provisions. The balance of non-performing loans not covered by impairment provisions reflects the level of collateral held and/or the estimated net value of any recoveries.

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

	30.06.06										
	Asia Pacific										
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million	
Loans and advances											
Gross non-performing	102	113	186	683	157	48	26	17	20	1,352	
Individual impairment provision	(27)	(33)	(67)	(287)	(94)	(14)	(18)	(11)	–	(551)	
Non-performing loans net of individual impairment provision	75	80	119	396	63	34	8	6	20	801	
Portfolio impairment provision										(362)	
Net non-performing loans and advances										439	
Cover ratio										68%	

	30.06.05*										
	Asia Pacific										
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million	
Loans and advances											
Gross non-performing	69	124	162	868	63	42	37	16	31	1,412	
Individual impairment provision	(28)	(29)	(61)	(302)	(24)	(12)	(29)	(7)	(5)	(497)	
Non-performing loans net of individual impairment provision	41	95	101	566	39	30	8	9	26	915	
Portfolio impairment provision										(222)	
Net non-performing loans and advances										693	
Cover ratio										51%	

* The balance sheet as at 30 June 2005 has been restated to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

	31.12.05*									
	Asia Pacific								Americas UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million		\$million
Loans and advances										
Gross non-performing	81	117	171	856	101	53	22	17	29	1,447
Individual impairment provision	(22)	(31)	(63)	(310)	(61)	(13)	(16)	(9)	(3)	(528)
Non-performing loans net of individual impairment provision	59	86	108	546	40	40	6	8	26	919
Portfolio impairment provision										(278)
Net non-performing loans and advances										641
Cover ratio										56%

* The balance sheet as at 30 June 2005 has been restated to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB

Wholesale Banking

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 with oversight involving senior Risk Officers and Group Special Assets Management (GSAM). 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 GSAM, the specialist recovery unit.

Loans are designated as impaired and considered non-performing as soon as payment of interest or principal is 90 days or more overdue or where recognised weakness implies that full payment of either interest or principal is questionable. Impaired accounts are managed by GSAM, which is independent of the main businesses of the Group. Where the principal, or a portion thereof, is considered uncollectible, an individual impairment provision is raised being the difference between the loan carrying amount and the present value of estimated future cash flows arising from the loan, including the value of any realisable collateral. 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 an element of an account against which an impairment 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 Wholesale Banking, the portfolio impairment provision is set with reference to past experience using expected loss and judgemental factors such as the economic environment and the trends in key portfolio indicators.

The cover ratio reflects the extent to which the gross non-performing loans are covered by the individual and portfolio impairment provisions. At 79 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.

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

	30.06.06									
	Asia Pacific								Americas UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million		\$million
Loans and advances										
Gross non-performing	295	113	32	125	117	28	45	97	219	1,071
Individual Impairment provision	(176)	(85)	(31)	(45)	(104)	(23)	(30)	(57)	(204)	(755)
Non-performing loans and advances net of individual impairment provision	119	28	1	80	13	5	15	40	15	316
Portfolio impairment provision										(93)
Net non-performing loans and advances										223
Cover ratio										79%

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

	30.06.05									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Loans and advances										
Gross non-performing	356	135	50	150	165	79	96	85	489	1,605
Individual Impairment provision	(300)	(116)	(47)	(50)	(148)	(32)	(84)	(50)	(407)	(1,234)
Non-performing loans and advances net of individual impairment provision	56	19	3	100	17	47	12	35	82	371
Portfolio impairment provision										(92)
Net non-performing loans and advances										279
Cover ratio										83%

	31.12.05									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Loans and advances										
Gross non-performing	355	125	36	156	133	83	60	89	210	1,247
Individual Impairment provision	(257)	(109)	(33)	(51)	(118)	(27)	(48)	(51)	(164)	(858)
Non-performing loans and advances net of individual impairment provision	98	16	3	105	15	56	12	38	46	389
Portfolio impairment provision										(90)
Net non-performing loans and advances										299
Cover ratio										76%

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

Movement in Group Individual Impairment Provision

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

	30.06.06										
	Asia Pacific							Middle East & Other S Asia	Africa	Americas UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	\$million				
Provisions held at 1 January 2006	279	140	96	361	179	40	64	60	167	1,386	
Exchange translation differences	–	5	3	23	6	(1)	(1)	(1)	6	40	
Amounts written off	(37)	(51)	(24)	(63)	(185)	(33)	(33)	(6)	(4)	(436)	
Recoveries of amounts previously written off	30	4	6	–	9	9	6	–	1	65	
Discount unwind	(2)	(1)	(2)	(18)	–	–	–	(1)	(1)	(25)	
Other	(63)	–	–	–	–	1	–	–	65	3	
New provisions	59	36	49	48	203	37	27	25	2	486	
Recoveries/provisions no longer required	(63)	(15)	(30)	(19)	(14)	(16)	(15)	(9)	(32)	(213)	
Net charge against/(credit) to profit	(4)	21	19	29	189	21	12	16	(30)	273	
Provisions held at 30 June 2006	203	118	98	332	198	37	48	68	204	1,306	

	30.06.05										
	Asia Pacific							Middle East & Other S Asia	Africa	Americas UK & Group Head Office	Total
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	\$million				
Provisions held at 1 January 2005	294	119	127	1	319	43	125	64	457	1,549	
Exchange translation differences	2	(4)	–	(3)	(7)	–	(2)	(4)	(6)	(24)	
Amounts written off	(48)	(9)	(36)	(17)	(134)	(30)	(27)	(21)	(30)	(352)	
Recoveries of amounts previously written off	17	3	5	–	16	11	6	2	5	65	
Acquisitions	–	–	–	352	–	–	–	–	–	352	
Discount unwind	(3)	(2)	(2)	(9)	(2)	–	1	(3)	(3)	(23)	
Other	–	–	4	–	(4)	–	–	–	–	–	
New provisions	92	56	26	31	72	57	25	28	2	389	
Recoveries/provisions no longer required	(26)	(18)	(16)	(3)	(88)	(37)	(15)	(9)	(13)	(225)	
Net charge against/(credit) to profit	66	38	10	28	(16)	20	10	19	(11)	164	
Provisions held at 30 June 2005	328	145	108	352	172	44	113	57	412	1,731	

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

	31.12.05									Total \$million
	Asia Pacific						Americas UK & Group Head Office			
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	
Provisions held at 1 July 2005	328	145	108	352	172	44	113	57	412	1,731
Exchange translation differences	(9)	2	1	7	(1)	(1)	7	–	(7)	(1)
Amounts written off	(108)	(21)	(22)	(4)	(70)	(36)	(43)	(22)	(193)	(519)
Recoveries of amounts previously written off	32	3	6	5	20	10	8	2	2	88
Discount unwind	–	(1)	(2)	(19)	–	(1)	(1)	1	(2)	(25)
Other	1	–	(4)	–	23	(1)	1	(2)	3	21
New provisions	73	36	36	26	81	48	23	32	10	365
Recoveries/provisions no longer required	(38)	(24)	(27)	(6)	(46)	(23)	(44)	(8)	(58)	(274)
Net charge against/(credit) to profit	35	12	9	20	35	25	(21)	24	(48)	91
Provisions held at 31 December 2005	279	140	96	361	179	40	64	60	167	1,386

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.

The GRC approves country risk. The setting and management of country limits is delegated to the Group Head, Credit and Country Risk.

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

Cross border assets 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 are recorded. Cross border assets also include exposures to local residents denominated in currencies other than the local currency.

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

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.

	30.06.06				30.06.05			
	Public sector \$million	Banks \$million	Other \$million	Total \$million	Public sector \$million	Banks \$million	Other \$million	Total \$million
Korea	14	1,500	2,854	4,368	15	1,644	2,228	3,887
Hong Kong	1	480	3,846	4,327	2	218	2,731	2,951
USA	881	540	2,673	4,094	1,676	830	2,637	5,143
Australia	–	2,667	259	2,926	1	1,806	129	1,936
France	137	2,530	214	2,881	164	2,032	194	2,390
Singapore	–	716	2,132	2,848	1	173	2,075	2,249
India	2	1,028	1,652	2,682	49	885	1,252	2,186
China	57	1,073	1,322	2,452	41	903	1,233	2,177

	31.12.05			
	Public sector \$million	Banks \$million	Other \$million	Total \$million
Korea	13	1,476	2,006	3,495
Hong Kong	1	311	2,776	3,088
USA	1,227	555	2,505	4,287
Australia	–	1,587	242	1,829
France	159	2,550	155	2,864
Singapore	–	326	1,945	2,271
India	1	949	1,456	2,406
China	63	982	1,405	2,450

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

RISK continued

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 GRC, which agrees policies and levels of risk appetite in terms of Value at Risk (VaR). The Group Market Risk Committee (GMRC) 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 (GMR) approves the limits within delegated authorities and monitors exposures against these limits.

GMR 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.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Ad hoc scenarios are also prepared in response to particular market conditions. A consistent stress testing approach is applied to trading and banking books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. GMRC has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. GRC considers stress testing as part of its oversight of risk appetite.

The stress test methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs.

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 historical simulation to measure VaR on all market risk related activities.

The total VaR for trading and banking books combined at 30 June 2006 was \$9.7 million (30 June 2005: \$12.9 million, 31 December 2005: \$10.8 million).

Interest rate related VaR for trading and banking books was \$9.2 million (30 June 2005: \$14.0 million, 31 December 2005: \$10.3 million) and foreign exchange related VaR was \$2.9 million (30 June 2005: \$1.4 million, 31 December 2005: \$1.1 million).

The average total VaR for trading and banking books during the period to 30 June 2006 was \$10.7 million (30 June 2005:

\$14.3 million, 31 December 2005: \$12.4 million) with a maximum exposure of \$12.7 million.

VaR for interest rate risk in the banking books of the Group totalled \$8.4 million at 30 June 2006 (30 June 2005: \$10.8 million, 31 December 2005: \$9.2 million).

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

The average daily income earned from market risk related activities was \$5.5 million, compared with \$4.1 million during the period to 30 June 2005 and \$4.5 million in the period to 31 December 2005.

Foreign Exchange Exposure

The Group's foreign exchange exposures comprise trading and banking foreign currency translation exposures and structural currency exposures in net investments in non-US dollar units.

Foreign exchange trading exposures are principally derived from customer driven transactions. The average daily income from foreign exchange trading businesses during the period was \$2.6 million (30 June 2005: \$2.1 million, 31 December 2005: \$2.0 million).

Interest Rate Exposure

The Group's interest rate exposures comprise trading exposures and non-trading interest rate exposures. Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities. The average daily income from interest rate trading businesses during the period was \$2.9 million (30 June 2005: \$2.4 million, 31 December 2005: \$2.1 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 28 on page 59 for further information on Market Risk.

RISK continued

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 may hedge the value of its foreign currency denominated investments in subsidiaries and branches where it considers there is a risk of a significant exchange rate movement. In general, however, management believes that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation.

The effect of exchange rate movements on the capital risk asset ratio is mitigated by the fact that both the net asset 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 aims to be in a position to meet all obligations, to repay depositors, to fulfil commitments to lend and to meet any other commitments made as they fall due.

Liquidity risk management is governed by GALCO, which is chaired by the Group Finance Director. GALCO 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 with regional and country Asset and Liability Committees (ALCOs).

Due to the diversified nature of the Group's business, the Group's policy is that liquidity is more effectively managed 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 for 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 also oversees the structural foreign exchange and interest rate exposures that arise within the Group.

These responsibilities are managed through the provision of authorities, policies and procedures that are co-ordinated by the Capital Management Committee. Policies and guidelines for the maintenance of capital ratio levels are approved by GALCO. Compliance with Group ratios is monitored centrally by Group Corporate Treasury, while local requirements are monitored by the local ALCO.

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.

A separate 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. These units are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures, and for 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.

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.

RISK continued

Reputational Risk

Reputational Risk is the risk of failing to meet the standards of performance or behaviour required or expected by stakeholders in commercial activities or the way in which business is conducted. Reputational Risks arise as a result of poor management of issues occurring in one or more of the primary banking risk areas (Credit, Market, Operational risk areas) and/or from Social, Ethical or Environmental Risk issues. All members of staff have a responsibility for maintaining the Group's reputation.

From an organisational perspective, the Group manages reputational risk through a combination of Country Management Committees and the Group Reputational Risk Committee. Wholesale Banking has a specialised Reputational Risk Committee which reviews individual transactions. In Consumer Banking, potential reputational risks resulting from transactions or products are reviewed by the Product and Reputational Risk Committee.

A critical element of the role of the Group Reputational Risk Committee is to act as a radar for the Group in relation to the identification of emerging or thematic risks.

At a country level, the Country Chief Executive Officer (CEO) is responsible for the Group's reputation in their market. The Country CEO and their Management Committee must actively:

- Promote awareness and application of the Group's policy and procedures regarding Reputational Risk;
- Encourage business and functions to take account of the Group's reputation in all decision-making, including dealings with customers and suppliers;
- Implement effective functioning of the in-country reporting system to ensure their management committee is alerted of all potential issues; and
- Promote effective, proactive stakeholder management.

Independent Monitoring

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

STANDARD CHARTERED PLC - FINANCIAL REVIEW continued

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.

	30.06.06 \$million	*30.06.05 \$million	31.12.05 \$million
Tier 1 capital:			
Called up ordinary share capital and preference shares	6,067	5,964	5,982
Eligible reserves	7,510	5,466	6,151
Minority interests	165	84	115
Innovative Tier 1 securities	2,186	1,458	1,542
Less: Restriction on innovative Tier 1 securities	(492)	(125)	(83)
Goodwill and other intangible assets	(4,459)	(4,233)	(4,321)
Unconsolidated associated companies	226	180	186
Other regulatory adjustments	90	95	153
Total Tier 1 capital	11,293	8,889	9,725
Tier 2 capital:			
Eligible revaluation reserves	191	94	195
Portfolio impairment provision	455	314	368
Qualifying subordinated liabilities:			
Perpetual subordinated debt	3,260	2,618	3,128
Other eligible subordinated debt	4,325	4,027	4,169
Less: Amortisation of qualifying subordinated liabilities	(496)	(237)	(229)
Restricted innovative Tier 1 securities	492	125	83
Total Tier 2 capital	8,227	6,941	7,714
Investments in other banks	(149)	(24)	(148)
Other deductions	(207)	(86)	(173)
Total capital base	19,164	15,720	17,118
Banking book:			
Risk weighted assets	104,466	95,856	99,378
Risk weighted contingents	21,477	16,576	16,274
	125,943	112,432	115,652
Trading book:			
Market risk	4,249	6,091	6,701
Counterparty/settlement risk	4,906	3,008	3,571
Total risk weighted assets and contingents	135,098	121,531	125,924
Capital ratios:			
Tier 1 capital	8.4%	7.3%	7.7%
Total capital	14.2%	12.9%	13.6%

* The balance sheet as at 30 June 2005 has been restated to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB.

STANDARD CHARTERED PLC

Condensed Consolidated Interim Income Statement For the six months ended 30 June 2006

	Notes	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
Interest income		5,970	3,678	5,072
Interest expense		(3,460)	(1,706)	(2,709)
Net interest income		2,510	1,972	2,363
Fees and commission income		1,103	868	972
Fees and commission expense		(209)	(141)	(204)
Net trading income	3	531	409	360
Other operating income	4	177	128	134
		1,602	1,264	1,262
Operating income		4,112	3,236	3,625
Staff costs		(1,381)	(990)	(1,155)
Premises costs		(206)	(181)	(182)
General administrative expenses		(519)	(417)	(603)
Depreciation and amortisation		(119)	(120)	(163)
Operating expenses		(2,225)	(1,708)	(2,103)
Operating profit before impairment losses and taxation		1,887	1,528	1,522
Impairment losses on loans and advances and other credit risk provisions	11	(349)	(194)	(125)
Other impairment		(8)	(1)	(49)
Loss from associates		(3)	–	–
Profit before taxation		1,527	1,333	1,348
Taxation	5	(395)	(367)	(343)
Profit for the period		1,132	966	1,005
Profit attributable to:				
Minority interests	22	29	(5)	30
Parent company's shareholders		1,103	971	975
Profit for the period		1,132	966	1,005
Earnings per share:				
Basic earnings per ordinary share	7	82.8c	74.7c	74.0c
Diluted earnings per ordinary share	7	82.2c	73.2c	73.5c
Dividends per ordinary share:				
Interim dividend declared	6	20.83c	–	–
Interim dividend paid		–	18.94c	–
Final dividend paid		–	–	45.06c
Total interim dividend payable		\$274m	–	–
Total interim dividend paid		–	\$248m	–
Total final dividend paid		–	–	\$595m

STANDARD CHARTERED PLC

Condensed Consolidated Interim Balance Sheet As at 30 June 2006

	Notes	30.06.06 \$million	*30.06.05 \$million	31.12.05 \$million
Assets				
Cash and balances at central banks		11,813	5,667	8,012
Financial assets held at fair value through profit or loss	9	13,082	8,459	10,333
Derivative financial instruments	10	12,721	10,704	9,370
Loans and advances to banks	11	16,750	19,874	21,701
Loans and advances to customers	11	119,550	106,510	111,791
Investment securities	13	46,037	38,334	37,863
Interests in associates		206	–	128
Goodwill and intangible assets		4,459	4,359	4,321
Property, plant and equipment		1,767	1,615	1,644
Deferred tax assets		492	392	498
Other assets		7,653	6,820	7,163
Prepayments and accrued income		3,618	1,909	2,272
Total assets		238,148	204,643	215,096
Liabilities				
Deposits by banks	14	21,994	20,958	18,834
Customer accounts	15	130,176	107,056	119,931
Financial liabilities at fair value through profit or loss	8	8,420	5,820	6,293
Derivative financial instruments	10	13,390	10,388	9,864
Debt securities in issue	16	24,953	26,761	25,913
Current tax liabilities		410	275	283
Other liabilities	17	11,198	9,844	8,446
Accruals and deferred income		2,430	1,854	2,319
Provisions for liabilities and charges		56	81	55
Retirement benefit obligations	18	466	535	476
Subordinated liabilities and other borrowed funds	19	10,805	8,537	10,349
Total liabilities		224,298	192,109	202,763
Equity				
Share capital and share premium	20	5,720	5,614	5,638
Reserves and retained earnings	21	7,630	5,609	6,244
Total parent company shareholders' equity		13,350	11,223	11,882
Minority interests	22	500	1,311	451
Total equity		13,850	12,534	12,333
Total equity and liabilities		238,148	204,643	215,096

* The balance sheet as at 30 June 2005 has been restated to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB and the re-presentation of balances to conform with that used as at 31 December 2005; specifically, financial assets and liabilities held at fair value, other than derivatives, have been presented in single lines under assets and liabilities (see note 29).

STANDARD CHARTERED PLC

Condensed Consolidated Interim Statement of Recognised Income and Expense For the six months ended 30 June 2006

	Notes	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
Exchange differences on translation of foreign operations		364	(71)	(19)
Actuarial gains/(losses) on retirement benefits		68	(36)	(114)
Available-for-sale investments:				
Valuation gains/(losses) taken to equity		134	12	(5)
Transferred to income on disposal/redemption		(52)	(74)	(33)
Cash flow hedges:				
Gains/(losses) taken to equity		45	(28)	(37)
Losses/(gains) transferred to income for the period		6	(19)	(1)
Deferred tax on items recognised directly in equity		(56)	37	104
Other		3	(37)	38
		512	(216)	(67)
Profit for the period		1,132	966	1,005
Total recognised income and expenses for the period		1,644	750	938

Effect of change in accounting policy

Effect of adopting IAS 32 and 39 on 1 January 2005:

Available-for-sale reserve		73
Cash flow hedge reserve		42
Retained earnings		36
	21	151
		901

Attributable to:

Parent company shareholders	21	1,615	906	908
Minority interests	22	29	(5)	30
		1,644	901	938

STANDARD CHARTERED PLC

Condensed Consolidated Interim Cash Flow Statement For the six months ended 30 June 2006

	6 months ended 30.06.06 \$million	6 months ended *30.06.05 \$million	6 months ended 31.12.05 \$million
Cash flow from operating activities			
Profit before taxation	1,527	1,333	1,348
Adjustment for items not involving cash flow or shown separately			
Depreciation and amortisation of property, plant and equipment, and intangibles	119	120	163
Gain on disposal of property plant and equipment	(2)	(1)	2
Gain on disposal of investment securities	(52)	(74)	(33)
Amortisation of investments	(21)	55	(38)
Impairment losses	349	194	125
Other impairment	8	1	49
Assets written off, net of recoveries	(371)	(287)	(431)
Increase in accruals and deferred income	47	577	375
Increase in prepayments and accrued income	(1,282)	(918)	(330)
Net increase in mark-to-market adjustment	152	341	598
Interest paid on subordinated loan capital	285	165	223
UK and overseas taxes paid	(369)	(278)	(333)
Net increase in treasury bills and other eligible bills	(460)	(170)	(516)
Net increase in loans and advances to banks and customers	(4,328)	(3,944)	(1,786)
Net increase in deposits from banks, customer accounts and debt securities in issue	10,019	8,633	10,363
Net increase in trading securities	(2,127)	(361)	(1,133)
Net decrease in other accounts	(254)	(2,486)	(1,496)
Net cash from operating activities	3,240	2,900	7,150
Net cash flows from investing activities			
Purchase of property plant and equipment	(112)	(37)	(98)
Acquisition of investment in subsidiaries, net of cash acquired	–	(1,093)	–
Acquisition of treasury bills and other eligible bills	(12,201)	(7,552)	(5,891)
Acquisition of debt securities	(24,471)	(16,573)	(17,082)
Acquisition of equity shares	(109)	(450)	(208)
Disposal of property plant and equipment	1	–	8
Disposal and maturity of treasury bills	10,853	5,625	6,974
Disposal and maturity of debt securities	18,872	19,497	16,251
Disposal of equity shares	46	95	256
Net cash (used in)/from investing activities	(7,121)	(488)	210
Net cash (outflow)/inflow from financing activities			
Issue of ordinary share capital	3	1,975	25
Purchase of own shares, net of exercise, for share option awards	96	(167)	94
Interest paid on subordinated loan capital	(374)	(206)	(91)
Gross proceeds from issue of subordinated loan capital	550	3,362	512
Repayment of subordinated liabilities	(340)	(731)	(295)
Dividends and payments to minority interests and preference shareholders	(43)	(104)	(69)
Dividends paid to ordinary shareholders	(343)	(474)	(211)
Net cash (used in)/from financing activities	(451)	3,655	(35)
Net (decrease)/increase in cash and cash equivalents	(4,332)	6,067	7,325
Cash and cash equivalents at beginning of period	35,226	22,112	27,810
Effect of exchange rate changes on cash and cash equivalents	493	(369)	91
Cash and cash equivalents at end of period (note 23)	31,387	27,810	35,226

* Restated to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB and the re-presentation of balances to conform with that used as at 31 December 2005 (see note 29).

STANDARD CHARTERED PLC - NOTES

1. Basis of preparation

The Group condensed interim financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"), equity account the Group's interest in associates and proportionately consolidate interests in jointly controlled entities.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2005.

These condensed consolidated interim financial statements were approved by the Board of Directors on 8 August 2006.

Except as noted below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2005.

On 1 January 2006 the Group retrospectively adopted:

- Amendments to IAS 39 and IFRS 4 – Financial Guarantee Contracts; and
- IFRIC Interpretation 4, 'Determining whether an arrangement contains a lease'

neither of which had a material impact on the Group's consolidated financial statements.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2005.

The balance sheet as at 30 June 2005 has been restated as explained in note 29, to reflect the revised fair values of assets and liabilities acquired on the acquisition of SCFB and the representation of balances to conform with that used as at 31 December 2005.

2. Segmental Information

The Group is organised on a worldwide basis into two main business segments: Wholesale Banking and Consumer Banking. The types of products and services within these segments are set out in the Financial Review. The Group's secondary reporting format comprises geographical segments.

By Class of Business

	30.06.06				30.06.05			
	Consumer Banking \$million	Wholesale Banking \$million	Corporate items not allocated \$million	Total \$million	Consumer Banking \$million	Wholesale Banking \$million	Corporate items not allocated \$million	Total \$million
Internal income	(12)	12	–	–	(7)	7	–	–
Net interest income	1,665	845	–	2,510	1,256	716	–	1,972
Other income	542	1,060	–	1,602	474	790	–	1,264
Operating income	2,195	1,917	–	4,112	1,723	1,513	–	3,236
Operating expenses	(1,210)	(1,015)	–	(2,225)	(888)	(820)	–	(1,708)
Operating profit before impairment losses	985	902	–	1,887	835	693	–	1,528
Impairment (losses)/releases on loans and advances	(405)	56	–	(349)	(193)	(1)	–	(194)
Other impairment	–	(8)	–	(8)	–	(1)	–	(1)
Loss from associates	–	–	(3)	(3)	–	–	–	–
Operating profit before taxation	580	950	(3)	1,527	642	691	–	1,333
Total assets employed	73,008	164,648	*492	238,148	68,361	135,890	*392	204,643
Total liabilities employed	88,214	135,674	*410	224,298	66,660	125,174	*275	192,109
Total risk weighted assets and contingents	55,037	80,061	–	135,098	51,726	69,805	–	121,531
Other segment items:								
Capital Expenditure	120	47	–	167	43	41	–	84
Depreciation	45	15	–	60	32	27	–	59
Amortisation of intangible assets	25	34	–	59	29	32	–	61

* As required by IAS 14, tax balances are not allocated.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

	31.12.05			
	Consumer Banking \$million	Wholesale Banking \$million	Corporate items not allocated \$million	Total \$million
Internal income [#]	(27)	27	–	–
Net interest income	1,660	703	–	2,363
Other income	446	816	–	1,262
Operating income	2,079	1,546	–	3,625
Operating expenses	(1,213)	(890)	–	(2,103)
Operating profit before impairment losses	866	656	–	1,522
Impairment (losses)/releases on loans and advances	(232)	107	–	(125)
Other impairment	(3)	(10)	(36)	(49)
Operating profit before taxation	631	753	(36)	1,348
Total assets employed	74,134	140,464	*498	215,096
Total liabilities employed	79,008	123,472	*283	202,763
Total risk weighted assets and contingents	52,054	73,870	–	125,924
Other segment items:				
Capital Expenditure	71	68	–	139
Depreciation	36	30	–	66
Amortisation of intangible assets	45	52	–	97

* As required by IAS 14, tax balances are not allocated.

Internal income by geographies has been restated as the Group has refined its method for charging and allocating expense for capital in 2006. The restatement has no effect on total income. See note 29.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

By geographic segment

The Group manages its business segments on a global basis. The operations are based in nine main geographical areas. The UK is the home country of the parent. Following the acquisition of SCFB on 15 April 2005, Korea has been identified as a separately reportable geographic segment. In the first half of 2005, the existing Korean business was included in Other Asia Pacific. Accordingly, this segment has been restated to present Korea separately. The UAE segment has been included with Middle East and Other South Asia.

	30.06.06									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Internal income	(13)	1	1	26	5	(4)	(2)	(7)	(7)	–
Net interest income	542	164	122	522	354	210	287	196	113	2,510
Fees and commissions income, net	198	78	23	68	130	101	141	77	78	894
Net trading income	57	32	33	51	83	59	53	47	116	531
Other operating income	10	15	9	67	10	14	3	2	47	177
Operating income	794	290	188	734	582	380	482	315	347	4,112
Operating expenses	(344)	(137)	(79)	(460)	(336)	(160)	(225)	(201)	(283)	(2,225)
Operating profit before impairment losses	450	153	109	274	246	220	257	114	64	1,887
Impairment (losses)/releases on loans and advances	8	(19)	(12)	(40)	(277)	(7)	(14)	(17)	29	(349)
Other impairment	–	–	–	–	–	–	–	(6)	(2)	(8)
Loss from associates	–	–	–	–	(3)	–	–	–	–	(3)
Operating profit before taxation	458	134	97	234	(34)	213	243	91	91	1,527
Loans and advances to customers – average	22,925	12,434	8,389	38,616	11,898	5,647	8,237	2,319	9,881	120,346
Net interest margins (%)	2.3	1.2	2.2	1.8	2.8	3.6	3.5	6.6	0.4	2.5
Loans and advances to customers – period end	22,188	13,169	9,007	38,724	11,704	5,695	8,143	2,256	9,259	120,145
Loans and advances to banks – period end	3,131	1,155	153	1,835	3,433	285	1,501	563	5,586	17,642
Total assets employed*	45,103	27,546	11,690	65,927	28,425	13,227	14,406	6,957	63,432	276,713
Total risk weighted assets and contingents	21,938	13,912	5,503	34,610	16,386	7,549	11,782	2,955	23,328	137,963
Capital expenditure	72	23	1	8	11	7	13	4	28	167

* Total assets employed includes intra-group items of \$39,057 million and excludes deferred tax assets of \$492 million.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

30.06.05

	Asia Pacific									Americas UK & Group Head Office \$million	Total \$million
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million			
Internal income*	25	2	1	(3)	6	(5)	–	(8)	(18)	–	
Net interest income	447	137	106	238	317	161	225	188	153	1,972	
Fees and commissions income, net	171	63	30	29	108	73	112	76	65	727	
Net trading income	81	54	17	34	83	41	46	(2)	55	409	
Other operating income	26	5	2	11	10	32	4	1	37	128	
Operating income*	750	261	156	309	524	302	387	255	292	3,236	
Operating expenses	(317)	(123)	(73)	(167)	(296)	(143)	(158)	(195)	(236)	(1,708)	
Operating profit before impairment losses	433	138	83	142	228	159	229	60	56	1,528	
Impairment/(losses) releases on loans and advances	(69)	(34)	(14)	(34)	11	(23)	(15)	(30)	14	(194)	
Other impairment	(1)	–	–	–	–	1	–	–	(1)	(1)	
Operating profit before taxation	363	104	69	108	239	137	214	30	69	1,333	
Loans and advances to customers – average	22,363	12,012	6,245	14,684	9,172	5,060	7,600	2,038	9,109	88,283	
Net interest margins (%)	2.2	1.2	2.3	1.9	3.2	3.3	3.3	7.3	0.6	2.6	
Loans and advances to customers – period end	22,102	12,064	6,451	33,007	10,142	5,138	7,706	2,014	8,757	107,381	
Loans and advances to banks – period end	3,667	2,956	474	2,804	1,596	195	1,166	199	7,898	20,955	
Total assets employed**	54,971	23,885	9,345	52,240	23,619	10,806	15,410	6,225	57,857	254,358	
Total risk weighted assets and contingents	20,820	13,289	4,773	28,510	14,883	6,276	8,959	2,410	24,025	123,945	
Capital expenditure	14	15	2	16	13	7	4	5	8	84	

* Internal income by geographies has been restated as the Group has refined its method for charging and allocating expense for capital in 2006. The restatement has no effect on total income. See note 29.

** Total assets employed includes intra-group items of \$50,107 million and excludes deferred tax assets of \$392 million.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

	31.12.05									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Internal income*	(4)	5	5	2	7	(2)	5	(6)	(12)	–
Net interest income	488	133	108	588	309	176	253	192	116	2,363
Fees and commissions income, net	181	76	30	16	117	78	122	75	73	768
Net trading income	20	30	27	29	82	31	43	33	65	360
Other operating income	49	9	9	13	18	8	2	4	22	134
Operating income*	734	253	179	648	533	291	425	298	264	3,625
Operating expenses	(332)	(123)	(77)	(465)	(314)	(163)	(181)	(204)	(244)	(2,103)
Operating profit before impairment losses	402	130	102	183	219	128	244	94	20	1,522
Impairment (losses)/releases on loans and advances	(48)	(9)	(16)	(27)	(60)	(27)	24	(13)	51	(125)
Other impairment	–	–	–	–	–	–	–	(47)	(2)	(49)
Operating profit before taxation	354	121	86	156	159	101	268	34	69	1,348
Loans and advances to customers – average	22,148	11,966	6,521	23,315	9,971	5,107	7,917	2,088	9,819	98,852
Net interest margins (%)	2.1	1.1	2.2	2.1	2.8	3.4	3.3	7.5	0.4	2.5
Loans and advances to customers – period end	21,584	12,541	7,613	36,037	11,210	5,017	7,348	2,251	8,576	112,177
Loans and advances to banks – period end	5,688	2,431	173	3,222	2,213	238	1,255	313	7,426	22,959
Total assets employed**	49,943	23,602	10,409	59,929	24,141	10,943	12,902	5,606	37,083	234,558
Total risk weighted assets and contingents	21,281	11,770	5,224	31,850	15,140	6,369	9,304	2,732	24,256	127,926
Capital expenditure	22	28	4	26	21	11	7	8	12	139

* Internal income by geographies has been restated as the Group has refined its method for charging and allocating expense for capital in 2006. The restatement has no effect on total income. See note 29.

** Total assets employed includes intra-group items of \$19,960 million and excludes deferred tax assets of \$498 million.

Apart from SCFB, 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 average risk weighted assets. In SCFB, expense allocations have been based on an estimate of the cost incurred supporting the integration as a transitional measure.

Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

Total risk weighted assets and contingents include \$2,865 million (30 June 2005: \$2,414 million 31 December 2005: \$2,002 million) of balances which are netted in calculating capital ratios.

In 2005 other impairment includes a provision made in respect of exposures in Zimbabwe.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

The following tables set out the structure of the Group's deposits by principal geographic region and business where it operates at 30 June 2006, 30 June 2005 and 31 December 2005.

By geographic segment

	30.06.06									
	Asia Pacific					India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million					
Non interest bearing current and demand accounts	2,804	796	1,277	191	2,718	1,689	3,394	1,602	445	14,916
Interest bearing current and demand accounts	14,056	3,531	195	15,762	4,109	19	1,224	1,275	5,322	45,493
Savings deposits	8	1,617	493	13	2,991	1,334	1,433	389	–	8,278
Time deposits	19,633	9,881	5,026	16,632	9,267	3,780	5,588	1,517	11,361	82,685
Other deposits	31	78	829	691	788	464	366	51	937	4,235
Total	36,532	15,903	7,820	33,289	19,873	7,286	12,005	4,834	18,065	155,607
Deposits by banks	669	1,796	861	6,257	4,807	1,281	1,676	362	6,015	23,724
Customer accounts	35,863	14,107	6,959	27,032	15,066	6,005	10,329	4,472	12,050	131,883
	36,532	15,903	7,820	33,289	19,873	7,286	12,005	4,834	18,065	155,607
Debt securities in issue	585	1,395	918	20,151	721	802	–	127	2,487	27,186
Total	37,117	17,298	8,738	53,440	20,594	8,088	12,005	4,961	20,552	182,793

	30.06.05									
	Asia Pacific					India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million					
Non interest bearing current and demand accounts*	1,471	713	983	175	1,532	1,796	2,341	1,168	1,004	11,183
Interest bearing current and demand accounts*	14,024	3,687	120	8,584	2,537	3	1,076	1,472	3,542	35,045
Savings deposits	6	849	435	19	2,881	1,263	1,411	379	–	7,243
Time deposits	17,152	10,970	3,839	11,176	7,237	3,411	5,270	771	11,938	71,764
Other deposits	28	42	787	1,480	1,239	8	497	75	1,032	5,188
Total	32,681	16,261	6,164	21,434	15,426	6,481	10,595	3,865	17,516	130,423
Deposits by banks	1,544	3,654	1,374	1,960	4,023	1,045	2,016	122	5,915	21,653
Customer accounts	31,137	12,607	4,790	19,474	11,403	5,436	8,579	3,743	11,601	108,770
	32,681	16,261	6,164	21,434	15,426	6,481	10,595	3,865	17,516	130,423
Debt securities in issue	963	790	727	19,906	660	758	–	79	4,072	27,955
Total	33,644	17,051	6,891	41,340	16,086	7,239	10,595	3,944	21,588	158,378

* Restated to present on a consistent basis.

STANDARD CHARTERED PLC – NOTES continued

2. Segmental Information continued

	31.12.05									
	Asia Pacific					India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million						
Non interest bearing current and demand accounts*	2,998	709	1,120	216	1,343	1,928	2,855	1,359	473	13,001
Interest bearing current and demand accounts*	12,753	3,355	148	13,554	3,612	3	1,110	1,264	4,534	40,333
Savings deposits	6	1,383	459	12	2,478	1,286	1,369	368	–	7,361
Time deposits	17,893	11,324	4,046	14,542	8,397	3,164	5,179	872	10,675	76,092
Other deposits	20	49	1,120	1,322	748	11	432	97	626	4,425
Total	33,670	16,820	6,893	29,646	16,578	6,392	10,945	3,960	16,308	141,212
Deposits by banks	627	3,641	652	4,742	3,517	676	1,893	98	4,427	20,273
Customer accounts	33,043	13,179	6,241	24,904	13,061	5,716	9,052	3,862	11,881	120,939
	33,670	16,820	6,893	29,646	16,578	6,392	10,945	3,960	16,308	141,212
Debt securities in issue	840	1,111	619	19,815	741	655	–	85	3,548	27,414
Total	34,510	17,931	7,512	49,461	17,319	7,047	10,945	4,045	19,856	168,626

* Restated to present on a consistent basis.

3. Net Trading Income

	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
Gains less losses on foreign currency	311	302	311
Gains less losses on trading securities	19	(18)	(1)
Other trading profits	201	125	50
	531	409	360

4. Other Operating Income

	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
Other operating income includes:			
Gains less losses on disposal of available-for-sale financial assets	52	74	33
Dividend income	33	9	53

STANDARD CHARTERED PLC – NOTES continued

5. Taxation

Analysis of taxation charge in the period:

	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
The charge for taxation based upon the profits for the period comprises:			
United Kingdom corporation tax at 30% (30 June 2005, 31 December 2005: 30%):			
Current tax on income for the period	93	158	168
Adjustments in respect of prior periods	(114)	–	4
Double taxation relief	(88)	(150)	(158)
Foreign tax:			
Current tax on income for the period	505	314	357
Adjustments in respect of prior periods	41	(8)	(10)
Total current tax	437	314	361
Deferred tax:			
Origination/reversal of temporary differences	(42)	53	(18)
Tax on profits on ordinary activities	395	367	343
Effective tax rate	25.9%	27.5%	25.5%

Overseas taxation includes taxation on Hong Kong profits of \$115 million (30 June 2005: \$78 million, 31 December 2005: \$131 million) provided at a rate of 17.5 per cent (30 June 2005: 17.5 per cent, 31 December 2005: 17.5 per cent) on the profits assessable in Hong Kong.

6. Dividends

Ordinary equity shares

Dividends are recorded in the period in which they are declared. The 2005 interim dividend of 18.94 cents per ordinary was paid to eligible shareholders on 14 October 2005 and the final dividend of 45.06 cents per ordinary share was paid to eligible shareholders on 12 May 2006.

The 2006 interim dividend of 20.83 cents per share will be paid in either sterling, Hong Kong dollars or US dollars on 11 October 2006 to shareholders on the UK register of members at the close of business on 18 August 2006 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 18 August 2006.

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 arrangements will be sent to shareholders on or around 1 September 2006.

	6 months ended 30.06.06 \$million	6 months ended 30.06.05 \$million	6 months ended 31.12.05 \$million
Preference Shares			
Non-cumulative irredeemable preference shares:			
7 ³ / ₈ per cent preference shares of £1 each*	7	7	7
8 ¹ / ₄ per cent preference shares of £1 each*	7	7	8
Non-cumulative redeemable preference shares:			
8.9 per cent preference shares of \$5 each	15	15	14

* Instruments classified as liabilities with dividends recorded as interest expense

STANDARD CHARTERED PLC – NOTES continued

7. Earnings Per Ordinary Share

	30.06.06			30.06.05			31.12.05		
	Profit \$million	Weighted average number of shares ('000)	Per share amount cents	Profit \$million	Weighted average number of shares ('000)	Per share amount cents	Profit \$million	Weighted average number of shares ('000)	Per share amount cents
Basic earnings per ordinary share	1,088	1,314,467	82.8	956	1,279,432	74.7	961	1,297,821	74.0
Effect of dilutive potential ordinary shares:									
Convertible bonds	–	–		7	20,578		–	–	
Options	–	9,666		–	15,366		–	9,418	
Diluted earnings per share	1,088	1,324,133	82.2	963	1,315,376	73.2	961	1,307,239	73.5

Normalised earnings per ordinary share

The Group measures earnings per share on a normalised basis. This differs from earnings defined in IAS 33, Earnings per share. The table below provides a reconciliation.

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Profit attributable to ordinary shareholders	1,088	956	961
Amortisation of intangible assets arising on business combinations	20	5	27
Other impairment	–	1	41
Premium and costs paid on repurchase of subordinated debt	4	–	–
Tax on normalised items	(7)	–	(7)
Normalised earnings	1,105	962	1,022
Normalised earnings per ordinary share (cents)	84.1	75.2	78.7

No ordinary shares were issued after the balance sheet date that would have significantly affected the number of ordinary shares used in the above calculations had they been issued prior to the end of the balance sheet period.

8. Financial Instruments Classification Summary

Financial instruments are classified between four recognition principles: at fair value through profit or loss (comprising trading and designated), available-for-sale, held-to-maturity and loans and receivables. The face of the balance sheet combines financial instruments that are held at their fair value

through profit or loss and subdivided between those assets and liabilities held for trading purposes and those that the Group has elected to hold at fair value.

The Group's classification of its principal financial assets and liabilities (excluding derivatives) is summarised below:

	Trading \$million	Designated at fair value through profit or loss \$million	Available- for-sale \$million	Loans and receivables \$million	Held-to- maturity \$million	Total \$million
Loans and advances to banks	892	–	99	16,651	–	17,642
Loans and advances to customers	435	160	129	119,421	–	120,145
Treasury bills and other eligible bills	2,861	637	11,966	–	–	15,464
Debt securities	7,626	315	31,010	1,788	164	40,903
Equity shares	74	82	1,109	–	–	1,265
Total assets at 30 June 2006	11,888	1,194	44,313	137,860	164	195,419
Total assets at 30 June 2005	8,264	195	37,285	126,818	615	173,177
Total assets at 31 December 2005	9,441	892	36,519	134,621	215	181,688

	Trading \$million	Designated at fair value \$million	Total held at fair value \$million	Amortised cost \$million	Total \$million
Deposits by banks	1,473	257	1,730	21,994	23,724
Customer accounts	593	1,114	1,707	130,176	131,883
Debt securities in issue	1,623	610	2,233	24,953	27,186
Short positions	2,750	–	2,750	–	2,750
Total liabilities at 30 June 2006	6,439	1,981	8,420	177,123	185,543
Total liabilities at 30 June 2005	4,905	915	5,820	154,775	160,595
Total liabilities at 31 December 2005	4,909	1,384	6,293	164,678	170,971

STANDARD CHARTERED PLC – NOTES continued

9. Financial Assets Held at Fair Value through Profit or Loss

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Loans and advances to banks	892	1,081	1,258
Loans and advances to customers	595	871	386
Treasury bills and other eligible bills	3,498	1,905	2,715
Debt securities	7,941	4,590	5,856
Equity shares	156	12	118
	13,082	8,459	10,333
Debt securities			
	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Issued by public bodies:			
Government securities	2,326	1,769	1,632
Other public sector securities	–	7	–
	2,326	1,776	1,632
Issued by banks:			
Certificates of deposit	605	626	811
Other debt securities	1,992	764	1,028
	2,597	1,390	1,839
Issued by corporate entities and other issuers:			
Other debt securities	3,018	1,424	2,385
Total debt securities	7,941	4,590	5,856
Of which:			
Listed on a recognised UK exchange	1,241	249	537
Listed elsewhere	2,284	950	1,526
Unlisted	4,416	3,391	3,793
	7,941	4,590	5,856
Equity securities			
Unlisted	136	–	118
Listed	20	12	–
	156	12	118

STANDARD CHARTERED PLC – NOTES continued

10. Derivative Financial Instruments

Derivatives are financial instruments that derive their value from changes in response to changes in factors such as interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk, and indices. The types of derivatives used by the Group are set out below.

These tables analyse the notional principal amounts and the positive and negative fair values of the Group's derivative financial instruments. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

	30.06.06			30.06.05		
	Notional principal amounts \$million	Assets \$million	Liabilities \$million	Notional principal amounts \$million	Assets \$million	Liabilities \$million
<i>Total derivatives</i>						
Foreign exchange derivative contracts:						
Forward foreign exchange contracts	456,951	6,027	7,348	440,305	4,700	4,522
Currency swaps and options	259,787	2,290	1,408	152,627	2,286	2,367
Exchange traded futures and options	–	–	–	127	1	1
	716,738	8,317	8,756	593,059	6,987	6,890
Interest rate derivative contracts:						
Swaps	592,685	4,084	4,279	440,302	3,578	3,275
Forward rate agreements and options	69,436	138	216	94,913	92	167
Exchange traded futures and options	204,409	78	49	270,262	–	–
	866,530	4,300	4,544	805,477	3,670	3,442
Equity and stock index options	356	4	3	333	3	3
Credit derivatives	18,039	43	45	8,696	39	48
Commodity derivative contracts	5,020	57	42	5,699	5	5
Total derivatives	1,606,683	12,721	13,390	1,413,264	10,704	10,388
Effect of netting		(10,762)			(7,164)	
Net credit risk on derivatives		1,959			3,540	

	31.12.05		
	Notional principal amounts \$million	Assets \$million	Liabilities \$million
<i>Total derivatives</i>			
Foreign exchange derivative contracts:			
Forward foreign exchange contracts	326,053	5,392	5,884
Currency swaps and options	175,121	351	487
Exchange traded futures and options	–	–	–
	501,174	5,743	6,371
Interest rate derivative contracts:			
Swaps	471,652	3,452	3,239
Forward rate agreements and options	68,015	72	160
Exchange traded futures and options	117,026	43	27
	656,693	3,567	3,426
Equity and stock index options	379	3	3
Credit derivatives	9,374	45	52
Commodity derivative contracts	4,642	12	12
Total derivatives	1,172,262	9,370	9,864
Effect of netting		(6,271)	
Net credit risk on derivatives		3,099	

STANDARD CHARTERED PLC – NOTES continued

11. Loans and Advances

	30.06.06		30.06.05		31.12.05	
	Loans to banks \$million	Loans to customers \$million	Loans to banks \$million	Loans to customers \$million	Loans to banks \$million	Loans to customers \$million
Loans and advances	17,654	121,894	21,003	109,378	22,982	113,908
Individual impairment provision	(11)	(1,295)	(48)	(1,683)	(22)	(1,364)
Portfolio impairment provision	(1)	(454)	–	(314)	(1)	(367)
	17,642	120,145	20,955	107,381	22,959	112,177
Of which: loans and advances held at fair value through profit or loss	(892)	(595)	(1,081)	(871)	(1,258)	(386)
	16,750	119,550	19,874	106,510	21,701	111,791

The Group's exposure to credit risk is concentrated in Hong Kong, Korea and the Asia Pacific region. The Group is affected by the general economic conditions in the territories in which it operates. The Group sets limits on the exposure to any counterparty, and credit risk is spread over a variety of different personal and commercial customers. The Group has outstanding mortgage loans to Hong Kong residents of approximately \$11.3 billion (30 June 2005: \$12.6 billion, 31 December 2005: \$12.1 billion), and Korea residents of approximately \$23.2 billion (30 June 2005: \$18.8 billion, 31 December 2005: \$22.5 billion).

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Provisions held at beginning of period	1,754	1,782	2,045
Exchange translation differences	49	(28)	3
Acquisitions	–	407	–
Amounts written off	(436)	(352)	(519)
Recoveries of amounts previously written off	65	65	88
Discount unwinding	(25)	(23)	(25)
Other	(5)	–	24
New provisions	597	438	477
Recoveries/provisions no longer required	(238)	(244)	(339)
Net charge against profit*	359	194	138
Provisions held at end of period	1,761	2,045	1,754

* The net charge of \$359 million (30 June 2005: \$194 million, 31 December 2005: \$138 million) comprises \$273 million (30 June 2005: \$164 million, 31 December 2005: \$91 million) individual impairment charge and \$86 million (30 June 2005: \$30 million, 31 December 2005: \$47 million) portfolio impairment charge. The charge excludes provision releases for credit commitments of \$10 million for six months ended 30 June 2006 (30 June 2005: \$nil, 31 December 2005: \$13 million). The total impairment charge on loans and advances and other credit risks is \$349 million (30 June 2005: \$194 million, 31 December 2005: \$125 million).

The provision of \$1,761 million (30 June 2005: \$2,045 million, 31 December 2005: \$1,754 million) held at 30 June 2006 comprises \$1,306 million (30 June 2005: \$1,731 million, 31 December 2005: \$1,386 million) individual impairment provision and \$455 million (30 June 2005: \$314 million, 31 December 2005: \$368 million) portfolio impairment provision.

STANDARD CHARTERED PLC – NOTES continued

12. Non-Performing Loans and Advances

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Non-performing loans and advances	2,423	3,017	2,694
Impairment provisions	(1,761)	(2,045)	(1,754)
	662	972	940

Net non-performing loans and advances comprises loans and advances to banks \$8 million (30 June 2005: \$34 million, 31 December 2005: \$24 million) and loans and advances to customers \$654 million (30 June 2005: \$938 million, 31 December 2005: \$916 million).

Impairment provisions cover 73 per cent of non-performing lending (30 June 2005: 68 per cent, 31 December 2005: 65 per cent). The impairment provisions above include portfolio provisions.

13. Investment Securities

	30.06.06					
	Debt Securities			Equity securities	Treasury bills	Total
	Held-to-maturity \$million	Available-for-sale \$million	Loans and receivables \$million	\$million	\$million	\$million
Issued by public bodies:						
Government securities	164	10,237	–			
Other public sector securities	–	1,366	–			
	164	11,603	–			
Issued by banks:						
Certificates of deposit	–	7,682	1,423			
Other debt securities	–	8,467	8			
	–	16,149	1,431			
Issued by corporate entities and other issuers:						
Other debt securities	–	3,258	357			
	–	3,258	357			
Total debt securities	164	31,010	1,788			
Listed on a recognised UK exchange	–	5,702	7	21	–	5,730
Listed elsewhere	134	10,170	–	424	7,452	18,180
Unlisted	30	15,138	1,781	664	4,514	22,127
	164	31,010	1,788	1,109	11,966	46,037

STANDARD CHARTERED PLC - NOTES continued

13. Investment Securities continued

	30.06.05					
	Debt Securities			Equity securities \$million	Treasury bills \$million	Total \$million
	Held-to- maturity \$million	Available- for-sale \$million	Loans and receivables \$million			
Issued by public bodies:						
Government securities	615	8,094	–			
Other public sector securities	–	1,815	–			
	615	9,909	–			
Issued by banks:						
Certificates of deposit	–	6,596	–			
Other debt securities	–	6,025	–			
	–	12,621	–			
Issued by corporate entities and other issuers:						
Other debt securities	–	2,687	455			
	–	2,687	455			
Total debt securities	615	25,217	455			
Listed on a recognised UK exchange	388	4,681	–	–	–	5,069
Listed elsewhere	5	7,003	–	504	7,112	14,624
Unlisted	222	13,533	455	429	4,002	18,641
	615	25,217	455	933	11,114	38,334

	31.12.05					
	Debt Securities			Equity securities \$million	Treasury bills \$million	Total \$million
	Held-to- maturity \$million	Available- for-sale \$million	Loans and receivables \$million			
Issued by public bodies:						
Government securities	215	8,618	–			
Other public sector securities	–	1,418	–			
	215	10,036	–			
Issued by banks:						
Certificates of deposit	–	6,330	–			
Other debt securities	–	5,973	–			
	–	12,303	–			
Issued by corporate entities and other issuers:						
Other debt securities	–	2,892	1,264			
	–	2,892	1,264			
Total debt securities	215	25,231	1,264			
Listed on a recognised UK exchange	–	5,944	–	23	–	5,967
Listed elsewhere	3	6,776	–	235	7,005	14,019
Unlisted	212	12,511	1,264	696	3,194	17,877
	215	25,231	1,264	954	10,199	37,863

STANDARD CHARTERED PLC – NOTES continued

13. Investment Securities continued

The change in the carrying amount of investment securities comprised:

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Opening	37,863	31,828	38,334
Exchange translation differences	1,009	(1,048)	(131)
Acquisitions	–	8,238	–
Additions	36,781	24,575	23,181
Maturities and disposals	(29,771)	(25,217)	(23,481)
Impairments	–	1	(34)
Changes in fair value	134	12	(44)
Amortisation of discounts and premiums	21	(55)	38
Closing	46,037	38,334	37,863

At 30 June 2006, unamortised premiums on debt securities held for investment purposes amounted to \$134 million (30 June 2005: \$177 million, 31 December 2005: \$59 million) and unamortised discounts amounted to \$110 million (30 June 2005: \$64 million, 31 December 2005: \$80 million).

The valuation of listed securities and of unlisted securities is at fair value. Income from listed equity shares amounted to \$2 million (30 June 2005: \$4 million, 31 December 2005: \$28 million) and income from unlisted equity shares amounted to \$31 million (30 June 2005: \$5 million, 31 December 2004: \$25 million).

14. Deposits by Banks

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Deposits by banks	21,994	20,958	18,834
Deposits by banks included within:			
Financial liabilities at fair value through profit or loss (note 8)	1,730	695	1,439
	23,724	21,653	20,273

15. Customer Accounts

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Customer accounts	130,176	107,056	119,931
Customer accounts included within:			
Financial liabilities at fair value through profit or loss (note 8)	1,707	1,304	1,008
	131,883	108,360	120,939

16. Debt Securities in Issue

	30.06.06			30.06.05		
	Certificates of deposit of \$100,000 or more \$million	Other debt securities in issue \$million	Total \$million	Certificates of deposit of \$100,000 or more \$million	Other debt securities in issue \$million	Total \$million
Debt securities in issue	12,522	12,431	24,953	15,356	11,405	26,761
Debt securities in issue within:						
Financial liabilities at fair value through profit or loss (note 8)	326	1,907	2,233	249	824	1,073
	12,848	14,338	27,186	15,605	12,229	27,834

STANDARD CHARTERED PLC - NOTES continued

16. Debt Securities in Issue continued

	31.12.05		
	Certificates of deposit of \$100,000 or more \$million	Other debt securities in issue \$million	Total \$million
Debt securities in issue	14,179	11,734	25,913
Debt securities in issue within:			
Financial liabilities at fair value through profit or loss (note 8)	201	1,300	1,501
	14,380	13,034	27,414

17. Other Liabilities

Other liabilities include Hong Kong currency notes in circulation of \$2,558 million (30 June 2005: \$2,499 million, 31 December 2005: \$2,492 million) which are secured by Hong Kong SAR Government certificates of indebtedness of the same amount included in other assets.

18. Retirement Benefit Obligations

Retirement benefit obligations comprise:

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Total market value of assets	2,036	1,836	1,930
Present value of the schemes' liabilities	(2,493)	(2,354)	(2,395)
Defined benefit schemes obligation	(457)	(518)	(465)
Defined contribution schemes	(9)	(17)	(11)
Net book amount	(466)	(535)	(476)

Retirement benefit charge comprises:

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Defined benefit schemes	43	26	40
Defined contribution schemes	32	23	42
	75	49	82

STANDARD CHARTERED PLC – NOTES continued

18. Retirement Benefit Obligations continued

The pension cost for defined benefit schemes was:

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Current service cost	41	30	42
Past service cost	9	–	–
Gain on settlement and curtailments	(8)	–	(1)
Expected return on pension scheme assets, less interest obligation	1	(4)	(1)
Total charge to profit before deduction of tax	43	26	40
Actual less expected return on assets	25	(28)	(83)
(Gain)/loss on change of assumptions	(93)	64	197
(Gain)/loss recognised in Statement of Recognised Income and Expenses before tax	(68)	36	114
Deferred taxation	20	(11)	(34)
(Gain)/loss after tax	(48)	25	80

19. Subordinated Liabilities and Other Borrowed Funds

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Dated subordinated loan capital	7,698	5,909	7,292
Undated subordinated loan capital	2,760	2,278	2,714
Other undated borrowings	347	350	343
Total	10,805	8,537	10,349

All dated and undated loan capital described above is unsecured, unguaranteed and subordinated to the claims of other creditors, including without limitation, customer deposits and deposits by banks. The Group has the right to settle dated and undated debt instruments in certain circumstances set out in the contractual agreements.

Of total dated subordinated loan capital and other borrowings \$5,949 million is at fixed interest rates (30 June 2005: \$5,414 million, 31 December 2005: \$6,151 million).

In March 2006, the Group bought back \$221 million 5.75 per cent Upper Tier 2 and \$108 million 6.25 per cent Lower Tier 2

capital. In June 2006, the Group bought back an additional \$7 million 5.75 per cent Upper Tier 2 capital.

On 11 May 2006 the Group issued £300 million Undated Callable Step Up Preferred Securities Innovative Tier 1 Capital at an issue price of 116.801 per cent. Interest is payable annually at a fixed rate of 8.103 per cent.

STANDARD CHARTERED PLC - NOTES continued

20. Share Capital and Share Premium

	Number of ordinary shares (millions)	Ordinary share capital \$million	Preference share capital \$million	Share premium account \$million	Total \$million
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
Capitalised on scrip dividend	1	1	–	(1)	–
Shares issued, net of expenses	4	1	–	23	24
At 31 December 2005	1,316	658	2	4,978	5,638
Capitalised on scrip dividend	10	5	–	(5)	–
Shares issued, net of expenses	4	2	–	80	82
At 30 June 2006	1,330	665	2	5,053	5,720

On 12 January 2006, the Company issued 3,401,290 new ordinary shares at a price of 1301 pence per share representing approximately 0.26 per cent of the Company's

existing issued ordinary share capital. The issue of ordinary shares was used to acquire 20 per cent of Fleming Family & Partners Limited. A further 428,962 shares were issued for the purposes of the employee share schemes.

21. Reserves and Retained Earnings

	Capital Reserve \$million	Capital Redemption Reserve \$million	Available-for-sale reserve \$million	Cash flow hedge reserve \$million	Premises revaluation reserve \$million	Translation reserve \$million	Retained earnings \$million	Total \$million
At 1 January 2005	5	11	–	–	76	96	5,115	5,303
Effect of adopting IAS 32 and 39	–	–	73	42	–	–	36	151
At 1 January 2005 as restated	5	11	73	42	76	96	5,151	5,454
Recognised income and expenses	–	–	(54)	(29)	–	(71)	909	755
Net own shares adjustment	–	–	–	–	–	–	(167)	(167)
Share option expense and related taxation	–	–	–	–	–	–	56	56
Dividends net scrip	–	–	–	–	–	–	(489)	(489)
At 30 June 2005	5	11	19	13	76	25	5,460	5,609
Recognised income and expenses	–	–	4	(33)	–	(19)	956	908
Net own shares adjustment	–	–	–	–	–	–	94	94
Share option expense and related taxation	–	–	–	–	–	–	67	67
Dividends net scrip	–	–	–	–	–	–	(223)	(223)
Debt recognition premium	–	–	–	–	–	–	(211)	(211)
At 31 December 2005	5	11	23	(20)	76	6	6,143	6,244
Recognised income and expenses	–	–	68	38	–	364	1,145	1,615
Net own shares adjustment	–	–	–	–	–	–	96	96
Share option expense and related taxation	–	–	–	–	–	–	32	32
Dividends net scrip	–	–	–	–	–	–	(357)	(357)
At 30 June 2006	5	11	91	18	76	370	7,059	7,630

STANDARD CHARTERED PLC - NOTES continued

21. Reserves and Retained Earnings continued

Bedell Cristin Trustees Limited is trustee of both the 1995 Employees' Share Ownership Plan Trust (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 (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 trusts to enable the trustee to acquire shares to satisfy these awards.

For the period ended 30 June 2006, the 1995 trust has acquired, at market value, nil (30 June 2005: 11,700,000, 31 December 2005: nil) Standard Chartered PLC shares for an aggregate price of \$nil million (30 June 2005: \$211 million, 31 December 2005: \$nil million). These shares are held in a pool for the benefit of participants under the Group's Restricted Share Scheme, Performance Share Plan and Executive Shares Option Schemes. The purchase of these shares has been fully funded by the Group. At 30 June 2006, the 1995

trust held 5,104,262 (30 June 2005: 19,503,732, 31 December 2005: 13,631,745) Standard Chartered PLC shares, of which 5,104,262 (30 June 2005: 16,793,958, 31 December 2005: 11,521,682) have vested unconditionally.

For the period ended 30 June 2006, the 2004 trust has acquired, at market value, 321,242 (30 June 2005: 422,659, 31 December 2005: nil) Standard Chartered PLC shares for an aggregate price of \$9 million (30 June 2005: \$8 million, 31 December 2005: \$nil million). These shares 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 2006, the 2004 trust held 311,575 (30 June 2005: 429,012, 31 December 2005: 409,160) Standard Chartered PLC shares, of which nil (30 June 2005: 7,333, 31 December 2005: 7,333) have vested unconditionally.

None of the shares held by the 1995 trust or the 2004 trust were purchased on The Stock Exchange of Hong Kong Limited.

22. Minority Interests

	\$300m 7.267% Hybrid Tier 1 Securities \$million	Other minority interests \$million	Total \$million
At 1 January 2006	336	115	451
Additions	–	50	50
Exchange translation differences	–	(2)	(2)
Other profits attributable to minority	10	19	29
Recognised income and expense	10	17	27
Distributions	(11)	(17)	(28)
At 30 June 2006	335	165	500

23. 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:

	30.06.06 \$million	30.06.05 \$million	31.12.05 \$million
Cash and balances with central banks	11,813	5,667	8,012
Less restricted balances	(7,194)	(2,769)	(4,269)
Treasury bills and other eligible bills	6,222	4,686	4,049
Loans and advances to banks	12,627	13,719	17,590
Trading securities	7,919	6,507	9,844
Total	31,387	27,810	35,226

24. Net Interest Margin and Interest Spread

	30.06.06 %	30.06.05 %	31.12.05 %
Net interest margin*	2.5	2.6	2.5
Interest spread**	2.0	2.4	2.0

	\$million	\$million	\$million
Average interest earning assets	203,539	151,540	189,704
Average interest bearing liabilities	179,200	138,973	163,758

* Net interest margin is net interest income expressed as an annualised percentage of average interest earning assets.

** Interest spread is the difference between the average annualised interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities.

25. Remuneration

The Group employed 49,255 staff at 30 June 2006 (30 June 2005: 42,100, 31 December 2005: 43,899).

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

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

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

Standard Chartered believes strongly in encouraging employee share ownership at all levels in the organisation. The Group operates certain discretionary share plans, which are designed to provide competitive long-term incentives. Of these plans, the Performance Share Plan and the Executive Share Option Scheme are only exercisable upon the achievement of specific performance criteria. In addition, the Group operates two all-employee sharesave schemes in which 33 per cent of employees participate.

STANDARD CHARTERED PLC - NOTES continued

26. 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.

	30.06.06			30.06.05		
	Contract or underlying principal amount \$million	Credit equivalent amount \$million	Risk weighted amount \$million	Contract or underlying principal amount \$million	Credit equivalent amount \$million	Risk weighted amount \$million
Contingent liabilities:						
Guarantees and irrevocable letters of credit	13,561	10,320	7,641	17,002	12,434	9,327
Other contingent liabilities	12,621	8,732	6,515	3,749	2,811	1,935
	26,182	19,052	14,156	20,751	15,245	11,262
Commitments:						
Documentary credits and short term trade-related transactions	5,613	1,123	929	3,700	740	603
Forward asset purchases and forward deposits placed	42	42	8	87	87	17
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	13,091	6,545	4,081	9,837	4,918	3,708
Less than one year	17,073	–	–	17,955	–	–
Unconditionally cancellable	31,429	–	–	27,375	–	–
	67,248	7,710	5,018	58,954	5,745	4,328

	31.12.05		
	Contract or underlying principal amount \$million	Credit equivalent amount \$million	Risk weighted amount \$million
Contingent liabilities			
Guarantees and irrevocable letters of credit	15,952	11,106	7,704
Other contingent liabilities	6,295	5,134	2,995
	22,247	16,240	10,699
Commitments			
Documentary credits and short term trade-related transactions	3,730	746	572
Forward asset purchases and forward deposits placed	141	141	28
Undrawn formal standby facilities, credit lines and other commitments to lend:			
One year and over	11,128	5,564	3,956
Less than one year	18,690	–	–
Unconditionally cancellable	28,705	–	–
	62,394	6,451	4,556

STANDARD CHARTERED PLC - NOTES continued

27. Liquidity Risk

This table analyses assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. Contractual maturities do not necessarily reflect actual repayments or cash flow.

The risk section of the Financial Review on pages 16 and 29 explains the Group's risk management with respect to asset and liability management.

	30.06.06				Total \$million
	Three months or less \$million	Between three months and one year \$million	Between one year and five years \$million	More than five years \$million	
Assets					
Cash and balances at central banks	10,249	–	–	1,564	11,813
Derivative financial instruments	12,721	–	–	–	12,721
Loans and advances to banks	12,695	2,370	2,471	106	17,642
Loans and advances to customers	37,303	22,391	26,627	33,824	120,145
Investment securities	23,861	15,914	15,533	2,324	57,632
Other assets	1,846	556	649	15,144	18,195
Total assets	98,675	41,231	45,280	52,962	238,148

Liabilities					
Deposits by banks	20,362	2,670	517	175	23,724
Customer accounts	105,380	16,014	7,814	2,675	131,883
Derivative financial instruments	13,390	–	–	–	13,390
Debt securities in issue	10,741	7,958	8,090	397	27,186
Other liabilities	6,887	504	1,252	8,667	17,310
Subordinated liabilities and other borrowed funds	–	185	2,397	8,223	10,805
Total liabilities	156,760	27,331	20,070	20,137	224,298
Net liquidity gap	(58,085)	13,900	25,210	32,825	13,850

	30.06.05				Total \$million
	Three months or less \$million	Between three months and six months \$million	Between one year and five years \$million	More than five years \$million	
Total assets	66,780	44,303	39,746	53,814	204,643
Total liabilities	131,753	31,354	11,980	17,022	192,109
Net liquidity gap	(64,973)	12,949	27,766	36,792	12,534

	31.12.05				Total \$million
	Three months or less \$million	Between three months and six months \$million	Between one year and five years \$million	More than five years \$million	
Total assets	74,959	39,159	41,210	59,768	215,096
Total liabilities	133,341	34,311	14,597	20,514	202,763
Net liquidity gap	(58,382)	4,848	26,613	39,254	12,333

28. Market Risk

Trading book

	6 months ended 30.06.06				6 months ended 30.06.05			
	Average \$million	High \$million	Low \$million	Actual \$million	Average \$million	High \$million	Low \$million	Actual \$million
Daily value at risk:								
Interest rate risk	3.4	4.5	2.5	4.0	4.1	5.5	3.1	3.6
Foreign exchange risk	2.7	4.1	1.4	2.9	1.6	2.8	1.0	1.4
Total	4.4	5.5	3.1	4.2	4.4	5.9	3.5	3.9

	6 months ended 31.12.05			
	Average \$million	High \$million	Low \$million	Actual \$million
Daily value at risk:				
Interest rate risk	4.0	5.1	3.1	3.9
Foreign exchange risk	1.3	1.8	1.0	1.1
Total	4.1	4.9	3.3	3.9

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

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 historical 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 GRC.

STANDARD CHARTERED PLC - NOTES continued

29. Restatement of Prior Periods

Acquisition of SCFB

The fair values of assets and liabilities acquired on the acquisition of SCFB and presented in the 30 June 2005 interim report were provisional. The fair values were revised in the 2005 annual report and accounts as at 31 December 2005, as required under IFRS 3 Business Combinations. The effect of the reassessed fair values was to increase goodwill by \$126 million. This, together with reclassifications, has been included in the 30 June 2005 balance sheet. The effect of the restatement is set out in the table below.

Re-presentation of financial assets and liabilities held at fair value

As at 30 June 2005 financial assets and liabilities held at fair value were presented in separate balance sheet lines. In the 2005 annual report and accounts as at 31 December 2005, these financial assets and liabilities were re-presented in separate financial asset and liability lines. Treasury bill, debt securities and equity securities were aggregated into a single line called investment securities (after reclassifying those held at fair value). The effect of this re-presentation is set out in the table below.

	As reported at 30.06.05 \$million	Re-presentation \$million	Adjustment to SCFB \$million	Restated at 30.06.05 \$million
Cash and balances at central banks	5,667	–	–	5,667
Financial assets held at fair value through profit or loss	–	8,459	–	8,459
Treasury bills and other eligible bills	13,011	(13,011)	–	–
Derivative financial instruments	10,704	–	–	10,704
Loans and advances to banks	20,955	(1,081)	–	19,874
Loans and advances to customers	107,929	(871)	(548)	106,510
Debt securities	30,877	(30,877)	–	–
Equity shares	945	(945)	–	–
Investment securities	–	38,326	8	38,334
Goodwill and intangible assets	4,233	–	126	4,359
Property, plant and equipment	1,614	–	1	1,615
Deferred tax assets	320	–	72	392
Other assets	5,763	1,060	(3)	6,820
Prepayments and accrued income	1,909	–	–	1,909
Total assets	203,927	1,060	(344)	204,643
Deposits by banks	21,653	(695)	–	20,958
Customer accounts	108,770	(1,304)	(410)	107,056
Financial liabilities held at fair value through profit or loss	–	5,699	121	5,820
Derivative financial instruments	10,388	–	–	10,388
Debt securities in issue	27,955	(1,073)	(121)	26,761
Current tax liabilities	275	–	–	275
Other liabilities	11,222	(1,607)	229	9,844
Accruals and deferred income	1,854	–	–	1,854
Provisions for liabilities and charges	81	–	–	81
Retirement benefit obligations	397	–	138	535
Subordinated liabilities and other borrowed funds	8,838	–	(301)	8,537
Total liabilities	191,433	1,020	(344)	192,109
Total equity	12,494	40	–	12,534
Total equity and liabilities	203,927	1,060	(344)	204,643

STANDARD CHARTERED PLC - NOTES continued

29. Restatement of Prior Periods continued

Segmental analysis

The Group has refined its method of charging for and allocating capital and as a consequence the segmental results for the periods ended 30 June 2005 and 31 December 2005 have been restated. There has been no effect on the Group's total reported numbers but the effect on the business and geographic segments is set out below.

	31.12.05			Total \$million
	Consumer Banking \$million	Wholesale Banking \$million	Corporate items not allocated \$million	
Operating income as previously reported	2,084	1,541	–	3,625
Restatement	(5)	5	–	–
Operating income as restated	2,079	1,546	–	3,625

	30.06.05									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Operating income as previously reported	747	261	157	308	524	302	388	255	294	3,236
Restatement	3	–	(1)	1	–	–	(1)	–	(2)	–
Operating income as restated	750	261	156	309	524	302	387	255	292	3,236

	31.12.05									
	Asia Pacific									
	Hong Kong \$million	Singapore \$million	Malaysia \$million	Korea \$million	Other Asia Pacific \$million	India \$million	Middle East & Other S Asia \$million	Africa \$million	Americas UK & Group Head Office \$million	Total \$million
Operating income as previously reported	765	249	176	646	530	288	420	296	255	3,625
Restatement	(31)	4	3	2	3	3	5	2	9	–
Operating income as restated	734	253	179	648	533	291	425	298	264	3,625

30. Related Party Transactions

Joint ventures

The Group has loans and advances to PT Bank Permata Tbk totalling \$6 million at 30 June 2006 (30 June 2005: \$5 million, 31 December 2005: \$28 million).

Associates

On 15 August 2005, the Group contributed \$128 million to China Bohai Bank Limited for its 19.99 per cent investment.

On 12 January 2006 the Company issued 3,401,290 ordinary shares to acquire 20 per cent of Fleming Family & Partners Limited.

31. Proposed Redemption of Preference Shares

The outstanding 328,388 8.9 per cent non-cumulative

preference shares will be redeemed during the second half of 2006.

32. 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 2006. The comparative figures for the financial year end 31 December 2005 are not the Company's statutory accounts for that financial period.

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.

33. Corporate Governance

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

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

STANDARD CHARTERED PLC - ADDITIONAL INFORMATION

Share Awards

1994 Executive Share Option Scheme

As at 1 January 2006, there were options outstanding over 1,114,542 ordinary shares under the scheme. During the first half of the year, options over 500 ordinary shares lapsed and options over 525,733 ordinary shares were exercised at various prices from 620 pence to 888 pence. There were no options granted under this scheme.

As at 30 June 2006, there were options outstanding over 588,309 ordinary shares which may be exercised on various dates up to 2009 under the rules of the scheme.

1997 Restricted Share Scheme

As at 1 January 2006, there were awards outstanding over 6,410,044 ordinary shares. During the first half of the year, awards over 1,124,084 ordinary shares were exercised and awards over 139,605 ordinary shares lapsed.

The following awards were made:

Date award made	Number of shares awarded	Exercise period
14 March 2006	1,480,730	2008 - 2013

As at 30 June 2006, there were awards outstanding over 6,627,085 ordinary shares.

2006 Restricted Share Scheme

In May 2006 a new share plan was introduced to replace the 1997 Restricted Share Scheme.

The following awards were granted under the Scheme:

Date award made	Number of shares awarded	Exercise period
11 May 2006	18,630	2008 - 2013

No options lapsed and none were exercised.

As at 30 June 2006, there were awards outstanding over 18,630 ordinary shares.

2000 Executive Share Option Scheme

As at 1 January 2006, there were options outstanding over 23,634,660 ordinary shares under the scheme. During the first half of the year, options over 86,232 ordinary shares lapsed and 6,146,334 ordinary shares options were exercised at various prices from 690.5 pence to 1039.5 pence. There were no options granted under the scheme.

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

As at 30 June 2006, there were options outstanding over 17,402,094 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 2006, there were awards outstanding over 3,919,726 ordinary shares.

The following awards were granted under the Plan:

Date award made	Number of shares awarded	Exercise period
14 March 2006	1,693,687	2009 – 2016
11 May 2006	274,689	2009 – 2016

STANDARD CHARTERED PLC - ADDITIONAL INFORMATION continued

Share Awards 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 894,332 ordinary shares were exercised and awards over 2,089 ordinary shares lapsed.

At 30 June 2006, there were awards outstanding over 4,991,681 ordinary shares.

Savings Related Share Option Schemes

UK Scheme

At 1 January 2006, there were options outstanding over 1,118,823 ordinary shares under this scheme. During the first half of the year, options were exercised over 49,641 ordinary shares at prices from 334 to 987 pence and 31,310 options lapsed. No options were granted under the scheme.

At 30 June 2006, there were options outstanding over 1,037,872 ordinary shares, which may be exercised at various dates up to 2011 under the rules of the scheme.

International Schemes

At 1 January 2006, there were 9,941,469 options outstanding under the schemes. During the first half of the year, options were exercised over 370,706 ordinary shares at prices from 559.5 pence to 987 pence and 251,209 options lapsed. No options were granted under the schemes.

At 30 June 2006, there were options outstanding over 9,319,554 ordinary shares which may be exercised on various dates up to 2011 under the rules of the schemes.

Directors' interests in Ordinary Shares

Director	At 1 January 2006			At 30 June 2006
	Total interests	Personal interests	Family interests	Total interests
B K Sanderson	189,669	196,194	16,159	212,353
E M Davies	160,893	200,419	–	200,419
Sir CK Chow	15,664	15,664	–	15,664
M B DeNoma	110,548	159,343	–	159,343
J F T Dundas	2,100	2,100	–	2,100
V F Gooding	2,049	2,049	–	2,049
R H P Markham	2,302	2,344	–	2,344
R Markland	2,083	2,121	–	2,121
R H Meddings	77,389	108,946	–	108,946
K S Nargolwala	172,281	147,340	–	147,340
H E Norton	7,500	7,500	–	7,500
P A Sands	46,602	30,641	–	30,641
P D Skinner	3,124	3,180	–	3,180
O H J Stocken	10,000	10,000	–	10,000

Notes

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.

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.

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

STANDARD CHARTERED PLC - ADDITIONAL INFORMATION continued

Directors' interests in Ordinary Shares continued

Director	Scheme	At 1 January 2006	Granted	Exercised	Lapsed	At 30 June 2006	Weighted average exercise price (pence)	Period of Exercise
B K Sanderson	2000 Scheme	191,488	–	–	–	191,488	822.50	2006-2015
	Sharesave	2,472	–	–	–	2,472	641.00	2008-2009
E M Davies	2000 Scheme	877,853	–	–	–	877,853	813.57	2006-2015
	Sharesave	2,957	–	–	–	2,957	559.50	2007-2008
	1994 Scheme	132,848	–	60,483 (a)	–	72,365	866.03	2006-2009
M B DeNoma	2000 Scheme	369,754	–	220,130 (a)	–	149,624	950.71	2007-2015
R H Meddings	2000 Scheme	241,642	–	101,375 (a)	–	140,267	954.43	2007-2015
	Sharesave	1,439	–	–	–	1,439	641.0	2006-2007
K S Nargolwala	2000 Scheme	644,928	–	495,304 (b)	–	149,624	950.71	2007-2015
	1994 Scheme	99,063	–	99,063 (b)	–	–	–	–
P A Sands	2000 Scheme	598,417	–	–	–	598,417	835.54	2006-2015
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008

Notes

(a) Market value on date of exercise (6 March 2006) 1512p.

(b) Market value on date of exercise (7 April 2006) 1497p.

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.

Sharesave

Sharesave comprises all employee share schemes 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.

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 2005 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

2004 Deferred Bonus Plan

Director	Shares held in Trust at 1 January 2006	Shares awarded during the Period (a)	Shares vested during the Period	Shares held in Trust at 30 June 2006
B K Sanderson	26,062	–	26,297	–
E M Davies	51,602	34,884	52,068	34,884
M B DeNoma	24,941	17,442	25,166	17,442
R H Meddings	24,081	16,897	24,298	16,897
K S Nargolwala	24,941	17,442	25,166	17,442
P A Sands	30,961	22,893	31,241	22,893

Notes

(a) Market value on date of awards (7 March 2006) was 1449p.

2004 Deferred Bonus Plan (the DBP). Under the DBP, shares are conditionally awarded instead of all or part of the director's annual cash bonus. The shares are held in an employee benefit trust and automatically vest one year after the date of acquisition. No exercise is necessary. A notional dividend accrues on the shares held in the trust. The dividend is delivered in the form of shares and is released on vesting.

Director	Type of Scheme*	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At 30 June 2006	Weighted exercise price (pence)	Expiry date	At 30 June 2006	Weighted exercise price (pence)	Expiry date
B K Sanderson	Executive Schemes	191,488	822.50	2013-2015	–	–	–
	Sharesave	2,472	641.00	2009	–	–	–
E M Davies	Executive Schemes	950,218	834.20	2007-2015	–	–	–
	Sharesave	2,957	559.50	2008	–	–	–
M B DeNoma	Executive Schemes	149,624	950.71	2014-2015	–	–	–
R H Meddings	Executive Schemes	140,267	954.43	2014-2015	–	–	–
	Sharesave	1,439	641.00	2007	–	–	–
K S Nargolwala	Executive Schemes	149,624	950.71	2014-2015	–	–	–
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 2006	Granted	Exercised	Lapsed	At 30 June 2006	Period of vesting
B K Sanderson	Performance Share Plan	32,068	–	–	–	32,068	2007-2014
	Performance Share Plan	57,672	–	–	–	57,672	2008-2015
	Restricted Share Scheme	20,202	–	–	–	20,202	2006-2010
E M Davies	Performance Share Plan	76,784	–	76,784 (c)	–	–	–
	Performance Share Plan	86,893	–	86,893 (c)	–	–	–
	Performance Share Plan	69,481	–	–	–	69,481	2007-2014
	Performance Share Plan	70,575	–	–	–	70,575	2007-2014
	Performance Share Plan	154,479	–	–	–	154,479	2008-2015
	Performance Share Plan	–	111,498 (a)	–	–	111,498	2009-2016
	Performance Share Plan	–	82,191 (b)	–	–	82,191	2009-2016
M B DeNoma	Performance Share Plan	55,032	–	55,032 (c)	–	–	–
	Performance Share Plan	42,757	–	–	–	42,757	2007-2014
	Performance Share Plan	21,715	–	–	–	21,715	2007-2014
	Performance Share Plan	74,794	–	–	–	74,794	2008-2015
	Performance Share Plan	–	59,930 (a)	–	–	59,930	2009-2016
	Performance Share Plan	–	22,089 (b)	–	–	22,089	2009-2016
R H Meddings	Performance Share Plan	38,015	–	38,015 (c)	–	–	–
	Performance Share Plan	37,413	–	–	–	37,413	2007-2014
	Performance Share Plan	9,500	–	–	–	9,500	2007-2014
	Performance Share Plan	74,794	–	–	–	74,794	2008-2015
	Performance Share Plan	–	59,930 (a)	–	–	59,930	2009-2016
	Performance Share Plan	–	22,089 (b)	–	–	22,089	2009-2016
K S Nargolwala	Performance Share Plan	55,032	–	–	–	55,032	2006-2013
	Performance Share Plan	42,757	–	–	–	42,757	2007-2014
	Performance Share Plan	21,715	–	–	–	21,715	2007-2014
	Performance Share Plan	74,794	–	–	–	74,794	2008-2015
	Performance Share Plan	–	59,930 (a)	–	–	59,930	2009-2016
	Performance Share Plan	–	29,452 (b)	–	–	29,452	2009-2016
P A Sands	Performance Share Plan	65,170	–	65,170 (c)	–	–	–
	Performance Share Plan	48,102	–	–	–	48,102	2007-2014
	Performance Share Plan	36,644	–	–	–	36,644	2007-2014
	Performance Share Plan	97,837	–	–	–	97,837	2008-2015
	Performance Share Plan	–	73,170 (a)	–	–	73,170	2009-2016
	Performance Share Plan	–	35,958 (b)	–	–	35,958	2009-2016
	Restricted Share Scheme	52,216	–	–	–	52,216	2006-2009

The notes for this table are shown on the following page.

Directors' interests in Ordinary Shares continued

Notes (see table on page 66)

- (a) Market value on date of award 14 March 2006 was 1435p
 (b) Market value on date of award 11 May 2006 was 1460p.
 (c) Market value on date of exercise 6 March 2006 was 1512p.

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 2005 Report and

Accounts, which is available on the Company's website:
<http://investors.standardchartered.com>

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 2005 Report and Accounts, which is available on the Company's website:
<http://investors.standardchartered.com>

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 2006 was 1320 pence. The share price range during the first half of 2006 was 1215 pence to 1540 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**2006 Interim dividend**

Ex dividend date	16 August 2006
Record date for dividend	18 August 2006
Dividend payment date	11 October 2006

2006 Final dividend**(provisional only)**

Results and dividend announced	27 February 2007
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Preference shares**Next half- yearly dividend**

7% per cent Non-Cumulative Irredeemable preference shares of £1 each	1 October 2006
8¼ per cent Non-Cumulative Irredeemable preference shares of £1 each	1 October 2006

8.9 per cent Non-Cumulative preference shares of \$5 each	Dividends paid on the 1st of each calendar quarter
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STANDARD CHARTERED PLC - ADDITIONAL INFORMATION continued

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	40.44c/21.145p/HK\$3.15156	£9.384/\$17.947
Interim 2005	14 October 2005	18.94c/10.7437p/HK\$1.46911	£11.878/\$21.3578
Final 2005	12 May 2006	45.06c/24.9055p/HK\$3.49343	£14.276/\$24.77885

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, 46th 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:

<http://investors.standardchartered.com>

Then click on Shareholder Resources 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 32 to 61 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.

This interim financial information has been prepared in accordance with International Financial Reporting Standards

as adopted by the EU for interim financial statements (adopted IAS 34 Interim Financial Reporting).

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.

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 2006.

KPMG Audit Plc
Chartered Accountants
London
8 August 2006

STANDARD CHARTERED PLC - ADDITIONAL INFORMATION continued

Financial Calendar

Ex-dividend date	16 August 2006
Record date	18 August 2006
Expected posting to shareholders of 2006 Interim Report	1 September 2006
Payment date – interim dividend on ordinary shares	11 October 2006

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>

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The following information will be available on our website

- A live webcast of the interim results analyst presentation (available from 10.45 am UK time)
- The archived webcast and Q/A session of analyst presentation in London (available 1.00 pm UK time)
- Interviews with Mervyn Davies, Group Chief Executive and Peter Sands, Group Finance Director (available from 9.15 am UK time)
- Slides for the Group's presentations (available after 10.45 am UK time)

Images of Standard Chartered are available for the media at http://www.standardchartered.com/global/mc/plib/directors_p01.html

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

The 2006 Interim Report will be made available on the website of the Stock Exchange of Hong Kong Limited and on our website <http://investors.standardchartered.com> as soon as is practicable.

Forward looking statements

It is possible that this document could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

The Group undertakes no obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

STANDARD CHARTERED PLC - INDEX

	Page		Page
Balance sheet	33	Liquidity risk	58
Capital base and ratios	31	Loans and advances and impairment	48
Cash flow statement	35	Market risk	59
Credit risk management	17	Minority interests	55
Compliance and Regulatory risk	29	Net interest margins and spread	56
Consumer Banking:		Normalised earnings	44
• Financial review	11	Operational risk	29
• Loan impairment coverage ratio	22	Other operating income	42
Contingent liabilities and commitments	57	Recognised income and expenses	34
Derivatives	47	Remuneration	56
Dividends	43	Reputational risk	30
Earnings per share	44	Reserves and retained earnings	54
Financial calendar	70	Restatement of prior periods	60
Financial instruments classification	45	Retirement benefit obligations	53
Financial review of Group	10	Risk management framework	16
Foreign exchange risk	28	Segmental information by business	36
Hedging	29	Segmental information by geography	38
Highlights	1	Segmental information of deposits	41
Impairment losses on loans and advances:		Share capital	54
• Total individual impairment	25	Shares held by share scheme trust	55
• Consumer Banking	22	Subordinated debt	53
• Wholesale Banking	23	Summarised income statement by halves	10
Impairment, other	40	Summary of results	3
Income statement	32	Taxation	43
Industry concentration in loans and advances	18	Trading income	42
Interest rate risk	28	Wholesale Banking:	
Investment securities	49	• Financial review	13
Legal risk	29	• Loan impairment coverage ratio	23