
DESCRIPTION OF BUSINESS

INTRODUCTION

The Company is the ultimate holding company of Standard Chartered Bank, a leading international banking and financial services company particularly focused on the markets of Asia Pacific, the Middle East and South Asia and Africa. The Company has no significant operations or assets other than its 100% interest in Standard Chartered Bank. The Group is headquartered in the United Kingdom, and has a network of over 500 branches and offices in more than 50 countries and about 28,100 employees. The Asia Pacific region is currently Standard Chartered's largest region, and accounted for approximately 60% of its U.S.\$702 million total operating profit before taxation (excluding amortisation of goodwill), for the six months ended 30th June, 2002. At 30th June, 2002, Standard Chartered had total consolidated assets of U.S.\$112,817 million, total consolidated customer loans and advances of U.S.\$54,883 million, total consolidated customer deposits of U.S.\$70,178 million and total shareholders' funds (including non-equity interests) of U.S.\$7,743 million. Standard Chartered's total capital adequacy ratio at 30th June, 2002 was 15.9% and its Tier 1 capital adequacy ratio was 9.0%.

Standard Chartered operates two business divisions: Consumer Banking and Wholesale Banking. Consumer Banking offers banking services, deposit taking services, credit cards, personal loans, mortgages, auto finance and wealth management services to individuals and small and medium-sized businesses in a number of Standard Chartered's markets. Wholesale Banking provides debt capital markets, treasury, advisory services and structured trade services, cash management and custody services, as well as more traditional lending and trade finance services, to a wide range of corporate and institutional customers. For the six months ended 30th June, 2002, Consumer Banking and Wholesale Banking contributed 46% and 54%, respectively, of Standard Chartered's operating profit before taxation (excluding amortisation of goodwill).

Standard Chartered was created from the merger in 1969 of The Chartered Bank and The Standard Bank Limited. Both banks were established in the mid-nineteenth century and their origins lie in financing trade in the emerging markets of Asia and Africa. Standard Chartered has a long history in these markets. The Chartered Bank opened its first branch in Hong Kong in 1859 and was given a licence to issue Hong Kong bank notes in 1862.

BUSINESS

Consumer Banking

Consumer Banking products and services include banking services, deposit taking services, credit cards, personal loans, mortgages, auto finance and wealth management services. Major markets include Hong Kong, Singapore, Malaysia, India, Thailand, Taiwan and the United Arab Emirates. Principal customers of the Consumer Banking business are individuals in the Asia Pacific region, the Middle East and South Asia and Africa. In addition to serving individuals, Consumer Banking also offers a range of deposit taking, trade, lending and other banking services to small and medium-sized businesses in its key Asian markets.

Standard Chartered has a network of over 500 branches in more than 50 countries. These are a key part of the distribution network for its Consumer Banking business in Asia.

DESCRIPTION OF BUSINESS

In addition to providing branch access to its Consumer Banking customers, Standard Chartered relies on direct selling to distribute certain products and it offers on-line banking in its key markets. Over recent years, the Consumer Banking business has diversified from one dominated by a single product/single market (Hong Kong mortgages) to one comprising multiple products over a number of markets.

Product Mix

The following table sets out a breakdown by revenue for principal activities in the Consumer Banking business for the six months ended 30th June, 2002 and 2001 and for the years ended 31st December, 2001, 2000 and 1999.

| | Six months ended 30th June, | | | | Year ended 31st December, | | | | | |
|--|--|---------------------|--------------|---------------------|---------------------------|---------------------|--------------|---------------------|--------------|---------------------|
| | 2002 | | 2001 | | 2001 | | 2000 | | 1999 | |
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| | (in U.S.\$ millions, except percentages) | | | | | | | | | |
| Cards/Personal | | | | | | | | | | |
| Loans..... | 557 | 46 | 462 | 43 | 985 | 44 | 621 | 30 | 552 | 30 |
| Wealth Management/ Deposits | 412 | 34 | 386 | 36 | 774 | 35 | 623 | 30 | 495 | 26 |
| Mortgages and Auto Finance ⁽¹⁾ | 232 | 19 | 201 | 19 | 395 | 18 | 744 | 36 | 730 | 39 |
| Other ⁽²⁾ | 14 | 1 | 29 | 2 | 68 | 3 | 72 | 4 | 87 | 5 |
| Total | <u>1,215</u> | <u>100</u> | <u>1,078</u> | <u>100</u> | <u>2,222</u> | <u>100</u> | <u>2,060</u> | <u>100</u> | <u>1,864</u> | <u>100</u> |

Notes:

(1) Includes revenues related to Chartered Trust, which was sold in 2000.

(2) In the year ended 31st December, 1999, "Other" included the benefit of the Group's capital. With effect from 1st January, 2000, this has been distributed between products in proportion to the risk weighted assets employed by each product type.

Cards and Personal Loans

Standard Chartered charges fees for the use of its cards, and earns interest on outstanding balances from its card customers and commissions from merchants for transactions processed. It has focused on growing both card volumes and balances. Standard Chartered had nearly six million cards in issue at 30th June, 2002, compared to approximately three million cards in issue at the end of 1999. Standard Chartered is a member of the VISA International and MasterCard International organisations. The increase in cards in issue resulted in part from the addition of the Chase Manhattan Hong Kong card portfolio (through the acquisition of MCCL) and the acquisition of Grindlays. In Hong Kong, Standard Chartered is one of the leading card issuers with over two million cards in issue with approximately 21% market share based on the total number of cards in issue. Standard Chartered is the leading card issuer in India, with approximately 1.3 million cards in issue, which is approximately 23% of the total number of cards in issue. Business has continued to develop rapidly, since card penetration in its markets remains relatively low and Standard Chartered has a competitive product offering.

The Company believes that the personal loan market is potentially even larger than the credit card market and offers similarly attractive returns. It is being managed using similar customer targeting and risk management practices as the cards business.

DESCRIPTION OF BUSINESS

Personal loans include loans to individuals for purposes such as education and purchasing of consumer goods. The provision of packaged personal loan products is a new area of focus for Standard Chartered. It has launched a range of innovative loan products and it expects that offering packaged loans will provide significant opportunities in its markets. Personal loans are typically unsecured, floating rate and either repayable by instalment or on a revolving basis. The average original loan maturity for an instalment personal loan varies among markets and is, for example, over two years in Hong Kong and over three years in Singapore.

Wealth Management including Deposits

Standard Chartered's wealth management offers an integrated approach for customers to protect, manage and grow their wealth. It offers a wide range of innovative products including deposits, investments, foreign exchange and Bancassurance.

Standard Chartered is a leading independent distributor of third party mutual funds in Asia. Unit trust sales recorded an impressive growth in the first half of 2002 with the assets under management growing to U.S.\$3.6 billion, up 38% year-on-year.

Standard Chartered is also one of the leaders in the development of Bancassurance in Asia. In certain of its key consumer markets, Hong Kong, Singapore and Malaysia, Standard Chartered has strategic alliances with Prudential, for life insurance products, and with CGU, for other insurance products. In 2001, Standard Chartered sold 360,000 policies with revenues more than doubling compared to 2000. Standard Chartered believes that Bancassurance offers attractive growth potential for the future.

Standard Chartered offers Priority Banking services especially tailored to meet the wealth management needs of more affluent customers. Priority Banking customers have access to Standard Chartered's services through over 60 Priority Banking centres in 16 countries.

Mortgages and Auto Finance

At 30th June, 2002, residential mortgages represented 37% of Standard Chartered's total loans and advances to customers or 70% of Standard Chartered's retail loans and advances to customers. The majority of mortgages are extended to buyers who intend to occupy the premises. Residential mortgages are typically floating rate, repayable by instalment, and are secured by a first legal charge on the property. In each of Hong Kong, Singapore and Malaysia, the average original loan maturity is approximately 19, 23 and 18 years, respectively, for residential mortgages, and the average size at origination is U.S.\$175,000, U.S.\$295,000 and U.S.\$47,000 respectively.

Standard Chartered has a strong mortgage business in Hong Kong. As at 30th June, 2002, Hong Kong represented approximately 64% of Standard Chartered's total mortgage business by outstanding balance. Most of the remaining mortgage business is in Singapore and Malaysia. Standard Chartered continues to increase its market share in Hong Kong despite having higher mortgage pricing than the market average. In May 2001, Standard

DESCRIPTION OF BUSINESS

Chartered launched Mortgage One in Hong Kong, a flexible repayment product. Since the launch, 21% of Standard Chartered's new mortgages in Hong Kong have been of this type of product. In addition, Standard Chartered is continuing to build its revenue base across a broad range of high value added products, specifically in cards, personal loans and wealth management.

Standard Chartered also provides auto financing in Hong Kong, Thailand, India and the United Arab Emirates.

Profitability by Geographic Market

The following tables set out an analysis of operating profit before taxation (excluding amortisation of goodwill) by geographic market for Consumer Banking for the six months ended 30th June, 2002 and 2001 and the years ended 31st December, 2001, 2000 and 1999.

| Six months ended 30th June, 2002 | | | | | | | | | |
|--|-----------|-----------|-----------------------|-----------|--------------------------------------|-----------|--|-----------|------------|
| Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total | |
| (in U.S.\$ millions, except percentages) | | | | | | | | | |
| Revenue | 533 | 149 | 75 | 135 | 101 | 102 | 70 | 50 | 1,215 |
| Percentage of total ... | 44% | 12% | 6% | 11% | 8% | 8% | 6% | 5% | 100% |
| Costs | (200) | (49) | (38) | (80) | (62) | (49) | (60) | (30) | (568) |
| Percentage of total ... | 35% | 9% | 7% | 14% | 11% | 9% | 10% | 5% | 100% |
| Charge for debts..... | (238) | (16) | (10) | (30) | (18) | (7) | (1) | (1) | (321) |
| Percentage of total ... | 74% | 5% | 3% | 10% | 6% | 2% | — | — | 100% |
| Operating profit..... | <u>95</u> | <u>84</u> | <u>27</u> | <u>25</u> | <u>21</u> | <u>46</u> | <u>9</u> | <u>19</u> | <u>326</u> |
| Percentage of total ... | 29% | 26% | 8% | 8% | 6% | 14% | 3% | 6% | 100% |

| Six months ended 30th June, 2001 | | | | | | | | | |
|--|------------|-----------|-----------------------|----------|--------------------------------------|-----------|--|----------|------------|
| Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total | |
| (in U.S.\$ millions, except percentages) | | | | | | | | | |
| Revenue | 506 | 122 | 69 | 97 | 96 | 86 | 62 | 40 | 1,078 |
| Percentage of total ... | 47% | 11% | 6% | 9% | 9% | 8% | 6% | 4% | 100% |
| Costs | (227) | (43) | (35) | (84) | (70) | (52) | (67) | (36) | (614) |
| Percentage of total ... | 37% | 7% | 6% | 14% | 11% | 8% | 11% | 6% | 100% |
| Charge for debts..... | (88) | (6) | (3) | (8) | (9) | (7) | (1) | (1) | (123) |
| Percentage of total ... | 72% | 5% | 2% | 6% | 7% | 6% | 1% | 1% | 100% |
| Operating profit..... | <u>191</u> | <u>73</u> | <u>31</u> | <u>5</u> | <u>17</u> | <u>27</u> | <u>(6)</u> | <u>3</u> | <u>341</u> |
| Percentage of total ... | 56% | 21% | 9% | 1% | 5% | 8% | -1% | 1% | 100% |

DESCRIPTION OF BUSINESS

Year ended 31st December, 2001

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|------------|-----------|-----------------------|-----------|--------------------------------------|----------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 1,040 | 250 | 139 | 210 | 190 | 179 | 131 | 83 | 2,222 |
| Percentage of total.. | 47% | 11% | 6% | 10% | 8% | 8% | 6% | 4% | 100% |
| Costs | (474) | (95) | (77) | (171) | (132) | (108) | (122) | (75) | (1,254) |
| Percentage of total.. | 38% | 7% | 6% | 14% | 10% | 9% | 10% | 6% | 100% |
| Charge for debts | (226) | (17) | (11) | (35) | (19) | (15) | (3) | (4) | (330) |
| Percentage of total.. | 68% | 5% | 3% | 11% | 6% | 5% | 1% | 1% | 100% |
| Operating profit..... | <u>340</u> | <u>138</u> | <u>51</u> | <u>4</u> | <u>39</u> | <u>56</u> | <u>6</u> | <u>4</u> | <u>638</u> |
| Percentage of total.. | 53% | 21% | 8% | 1% | 6% | 9% | 1% | 1% | 100% |

Year ended 31st December, 2000

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|------------|-----------|-----------------------|-----------|--------------------------------------|-----------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 832 | 234 | 141 | 179 | 131 | 128 | 159 | 256 | 2,060 |
| Percentage of total.. | 40% | 12% | 7% | 9% | 6% | 6% | 8% | 12% | 100% |
| Costs | (375) | (83) | (66) | (180) | (78) | (67) | (116) | (159) | (1,124) |
| Percentage of total.. | 34% | 7% | 6% | 16% | 7% | 6% | 10% | 14% | 100% |
| Charge for debts | (77) | (6) | (4) | (23) | (20) | (12) | (2) | (38) | (182) |
| Percentage of total.. | 42% | 3% | 2% | 13% | 11% | 7% | 1% | 21% | 100% |
| Operating profit..... | <u>380</u> | <u>145</u> | <u>71</u> | <u>(24)</u> | <u>33</u> | <u>49</u> | <u>41</u> | <u>59</u> | <u>754</u> |
| Percentage of total.. | 50% | 19% | 9% | -3% | 5% | 7% | 5% | 8% | 100% |

Year ended 31st December, 1999

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|------------|-----------|-----------------------|-------------|--------------------------------------|-----------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 749 | 218 | 134 | 148 | 71 | 67 | 129 | 348 | 1,864 |
| Percentage of total.. | 40% | 12% | 7% | 8% | 4% | 3% | 7% | 19% | 100% |
| Costs | (324) | (70) | (60) | (148) | (77) | (31) | (68) | (212) | (990) |
| Percentage of total.. | 33% | 7% | 6% | 15% | 8% | 3% | 7% | 21% | 100% |
| Charge for debts | (81) | (23) | (8) | (39) | (14) | (9) | (2) | (52) | (228) |
| Percentage of total.. | 36% | 10% | 4% | 17% | 6% | 4% | — | 23% | 100% |
| Operating profit..... | <u>344</u> | <u>125</u> | <u>66</u> | <u>(39)</u> | <u>(20)</u> | <u>27</u> | <u>59</u> | <u>84</u> | <u>646</u> |
| Percentage of total.. | 53% | 20% | 10% | -6% | -3% | 4% | 9% | 13% | 100% |

Wholesale Banking

Standard Chartered reorganised its commercial banking activities into a single Wholesale Banking division in 2000. Wholesale Banking is being developed from a traditional lending orientated and capital intensive business to one focused on debt capital markets, treasury, advisory services, cash management and structured trade services that is expected to deliver better returns. The Group is moving away from business areas that do not deliver an adequate return. The Wholesale Banking structure, bringing Corporate & Institutional Banking and Global Markets under one management team, provides customers with a more efficient level of service and promotes the cross-selling of products and services to customers through its emerging market network in the Asia Pacific region, the Middle East and South Asia, Africa and Latin America. This is complemented by a sales origination platform in the United Kingdom, United States, Australia and Japan.

DESCRIPTION OF BUSINESS

Wholesale Banking customers include multinational and large local corporations, banks, other financial institutions and, particularly in Hong Kong, Singapore and Malaysia, medium-sized local companies.

Product Mix

The following table sets out a breakdown by revenue for principal activities in the Wholesale Banking business for the six months ended 30th June, 2002 and 2001 and for the years ended 31st December, 2001, 2000 and 1999.

| | Six months ended 30th June, | | | | Year ended 31st December, | | | | | |
|----------------------|--|---------------------|--------------|---------------------|---------------------------|---------------------|--------------|---------------------|--------------|---------------------|
| | 2002 | | 2001 | | 2001 | | 2000 | | 1999 | |
| | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total | Amount | Percentage of Total |
| | (in U.S.\$ millions, except percentages) | | | | | | | | | |
| Global Markets..... | 488 | 46 | 429 | 40 | 914 | 42 | 583 | 29 | 665 | 34 |
| Cash Management .. | 158 | 15 | 166 | 15 | 355 | 16 | 351 | 18 | 284 | 14 |
| Custody..... | 31 | 2 | 52 | 5 | 65 | 3 | 89 | 4 | 69 | 3 |
| Trade and Lending... | 393 | 37 | 439 | 40 | 849 | 39 | 978 | 49 | 966 | 49 |
| Total..... | <u>1,070</u> | <u>100</u> | <u>1,086</u> | <u>100</u> | <u>2,183</u> | <u>100</u> | <u>2,001</u> | <u>100</u> | <u>1,984</u> | <u>100</u> |

Global Markets

Global Markets consists largely of Standard Chartered's debt capital market and treasury activities. Standard Chartered is a leading foreign exchange dealer in trading emerging market currencies. It also provides interest rate management services and has extensive expertise and capabilities in debt capital market and advisory services. Standard Chartered acts both as arranger and participant in syndicated loans and in the fixed income market. Standard Chartered has been voted Best Debt House in India, is a leading syndication house in Asia and is increasingly in the top three in fixed income offerings in most of its markets. Standard Chartered offers on-line treasury services in Hong Kong and Singapore.

Standard Chartered continues to launch new products, which it cross-sells to its Wholesale Banking customers. Standard Chartered believes that it is well-positioned to take advantage of the expected development in bond markets in Asia.

In July 2002, Standard Chartered Bank was appointed by the HKMA as the sole settlement institution for Euro clearing in Hong Kong.

Consistent with its strategic focus, Standard Chartered does not undertake major proprietary derivative trading activities. The Group focuses its activities on facilitating and supporting customer transactions. The VAR figures resulting from such activities form part of the total VAR figures shown in the Group's financial statements. The total average VAR for the Group for the six months ended 30th June, 2002 was U.S.\$6.0 million, compared to total shareholders' funds of U.S.\$7,743 million. A description of the VAR methodology and the quantification of risk is set out in the paragraph headed "Risk Management—VAR Methodology and Quantification of Risk" in the section headed "Financial Information" of the prospectus.

DESCRIPTION OF BUSINESS

Cash Management and Custody

Standard Chartered provides cash management and custody services to corporate and institutional clients. In cash management, Standard Chartered offers competitive domestic cash management products that assist companies with their payments and receivables processing and liquidity management. Standard Chartered is also investing in advanced cash management products which will provide greater regional capabilities in Asia.

Standard Chartered is one of the leading regional sub-custodians in Asia. During the past few years, Standard Chartered has invested in a sophisticated custody system in the Asian markets in which it provides custodial services. This provides clients with customised solutions using a uniform processing system across Standard Chartered's Asian network. Standard Chartered believes that this investment has positioned it at the forefront of technology in Asian custody services.

Trade and Lending

Trade-related services offered by Standard Chartered include letters of credit, short-term trade loans, factoring and invoice discounting, insurance and document preparation services. Standard Chartered continues to seek to broaden the range of products offered to its trade customers. Following the acquisitions of UBS AG's trade finance business outside of Switzerland in April 1999, and a portfolio of assets from Canadian Imperial Bank of Commerce in February 2000, Standard Chartered has significantly improved its capability in structured trade finance.

Standard Chartered provides a range of lending facilities for both trade related and non-trade related activities. When providing lending facilities to a customer, Standard Chartered seeks to cross-sell other services to enhance returns from the customer relationship.

Standard Chartered has been piloting and testing a service to provide trade finance services on-line which it expects to launch on a full commercial basis shortly.

Profitability by Geographic Market

The following tables set out an analysis of operating profit before taxation (excluding amortisation of goodwill) by geographic segment for Wholesale Banking for the six months ended 30th June, 2002 and 2001 and for the years ended 31st December, 2001, 2000 and 1999.

| Six months ended 30th June, 2002 | | | | | | | | | |
|----------------------------------|--|-----------|----------|-----------------------|-----------|--------------------------------------|-----------|--|------------|
| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 201 | 86 | 40 | 148 | 97 | 140 | 106 | 252 | 1,070 |
| Percentage of total ... | 19% | 8% | 4% | 14% | 9% | 13% | 10% | 23% | 100% |
| Costs | (96) | (48) | (35) | (115) | (41) | (43) | (51) | (179) | (608) |
| Percentage of total ... | 16% | 8% | 6% | 19% | 7% | 7% | 8% | 29% | 100% |
| Charge for debts..... | 7 | (1) | — | (4) | (1) | 7 | 4 | (98) | (86) |
| Percentage of total ... | -8% | 1% | — | 5% | 1% | -8% | -5% | 114% | 100% |
| Operating profit..... | <u>112</u> | <u>37</u> | <u>5</u> | <u>29</u> | <u>55</u> | <u>104</u> | <u>59</u> | <u>(25)</u> | <u>376</u> |
| Percentage of total ... | 30% | 10% | 1% | 8% | 14% | 28% | 16% | -7% | 100% |

DESCRIPTION OF BUSINESS

Six months ended 30th June, 2001

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|-----------|-------------|-----------------------|-----------|--------------------------------------|-----------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 191 | 96 | 55 | 168 | 74 | 122 | 115 | 265 | 1,086 |
| Percentage of total.. | 18% | 9% | 5% | 15% | 7% | 11% | 11% | 24% | 100% |
| Costs | (103) | (56) | (26) | (116) | (36) | (47) | (43) | (158) | (585) |
| Percentage of total.. | 18% | 10% | 4% | 20% | 6% | 8% | 7% | 27% | 100% |
| Charge for debts | (14) | (17) | (52) | (19) | (2) | (4) | (2) | (36) | (146) |
| Percentage of total.. | 9% | 12% | 36% | 13% | 1% | 3% | 1% | 25% | 100% |
| Operating profit..... | <u>74</u> | <u>23</u> | <u>(23)</u> | <u>33</u> | <u>36</u> | <u>71</u> | <u>70</u> | <u>71</u> | <u>355</u> |
| Percentage of total.. | 21% | 6% | -6% | 9% | 10% | 20% | 20% | 20% | 100% |

Year ended 31st December, 2001

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|-----------|-------------|-----------------------|-----------|--------------------------------------|------------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 402 | 190 | 98 | 319 | 165 | 257 | 224 | 528 | 2,183 |
| Percentage of total.. | 18% | 9% | 4% | 15% | 8% | 12% | 10% | 24% | 100% |
| Costs | (205) | (110) | (54) | (233) | (77) | (99) | (104) | (309) | (1,191) |
| Percentage of total.. | 17% | 9% | 5% | 20% | 6% | 8% | 9% | 26% | 100% |
| Charge for debts | (31) | (34) | (119) | (51) | (8) | (24) | (10) | (124) | (401) |
| Percentage of total.. | 8% | 8% | 30% | 13% | 2% | 6% | 2% | 31% | 100% |
| Operating profit..... | <u>166</u> | <u>46</u> | <u>(75)</u> | <u>35</u> | <u>80</u> | <u>134</u> | <u>110</u> | <u>95</u> | <u>591</u> |
| Percentage of total.. | 28% | 8% | -13% | 6% | 13% | 23% | 19% | 16% | 100% |

Year ended 31st December, 2000

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|-----------|-----------|-----------------------|-----------|--------------------------------------|-----------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 356 | 198 | 120 | 335 | 141 | 173 | 208 | 470 | 2,001 |
| Percentage of total.. | 18% | 10% | 6% | 17% | 7% | 9% | 10% | 23% | 100% |
| Costs | (178) | (93) | (50) | (268) | (54) | (88) | (96) | (346) | (1,173) |
| Percentage of total.. | 15% | 8% | 4% | 23% | 5% | 8% | 8% | 29% | 100% |
| Charge for debts | (49) | (14) | (21) | (37) | (11) | (16) | (48) | (92) | (288) |
| Percentage of total.. | 17% | 5% | 7% | 13% | 4% | 5% | 17% | 32% | 100% |
| Operating profit..... | <u>129</u> | <u>91</u> | <u>49</u> | <u>30</u> | <u>76</u> | <u>69</u> | <u>64</u> | <u>32</u> | <u>540</u> |
| Percentage of total.. | 24% | 17% | 9% | 6% | 14% | 12% | 12% | 6% | 100% |

Year ended 31st December, 1999

| | Hong Kong | Singapore | Malaysia | Other Asia Pacific | India | Middle East & Other South Asia | Africa | Americas, U.K. & Group Head Office | Total |
|------------------------|--|-----------|-----------|-----------------------|----------|--------------------------------------|------------|--|------------|
| | (in U.S.\$ millions, except percentages) | | | | | | | | |
| Revenue | 367 | 212 | 116 | 327 | 63 | 160 | 248 | 491 | 1,984 |
| Percentage of total.. | 18% | 10% | 6% | 17% | 3% | 8% | 13% | 25% | 100% |
| Costs | (187) | (95) | (52) | (192) | (49) | (74) | (129) | (325) | (1,103) |
| Percentage of total.. | 17% | 9% | 5% | 17% | 4% | 7% | 12% | 29% | 100% |
| Charge for debts | (207) | (63) | (34) | (137) | (12) | (78) | (8) | (34) | (573) |
| Percentage of total.. | 36% | 11% | 6% | 24% | 2% | 14% | 1% | 6% | 100% |
| Operating profit..... | <u>(27)</u> | <u>54</u> | <u>30</u> | <u>(2)</u> | <u>2</u> | <u>8</u> | <u>111</u> | <u>132</u> | <u>308</u> |
| Percentage of total.. | -9% | 18% | 10% | -1% | 1% | 2% | 36% | 43% | 100% |

DESCRIPTION OF BUSINESS

Efficiency Programme

The Efficiency Programme, which Standard Chartered announced in August 2000, is an integral part of Standard Chartered's growth strategy. The focus of the Efficiency Programme is to give Standard Chartered a competitive advantage in terms of product delivery, customer service and cost efficiency by maximising the benefits of scale, reducing Standard Chartered's cost-income ratio and providing it with an operational platform to support its future growth. The Efficiency Programme has three elements:

- Standard Chartered is centralising its operational and support functions into two shared service centres, in Chennai (formerly Madras), India and Kuala Lumpur, Malaysia. Standard Chartered believes that these locations offer a competitive cost structure and good technological infrastructure. It is considering opening a third centre in China.
- Standard Chartered conducted a major review of all its businesses and identified a number of opportunities and implemented voluntary redundancy schemes in many markets. As part of this review, Standard Chartered combined Corporate & Institutional Banking and Global Markets to create Wholesale Banking, and Standard Chartered has identified technology as an area where it can achieve efficiencies through outsourcing and other initiatives.
- Following the acquisition of Grindlays and the Hong Kong-based retail banking business of The Chase Manhattan Bank and MCCL, there is a substantial overlap in terms of human resources, premises and IT support. Major savings have been achieved from integrating these businesses into its existing operations.

Significant cost synergies have already arisen from the Efficiency Programme.

The following table sets out the original target headcount changes, the actual headcount changes achieved at 30th June, 2002 and the one-off restructuring charge in connection with the Efficiency Programme.

| | Original target over three years | | Achieved at 30th June, 2002 | | 2000 restructuring charge (in U.S.\$ millions) |
|---|----------------------------------|--------------------|-----------------------------|--------------------|--|
| | Headcount Reduction | Headcount Addition | Headcount Reduction | Headcount Addition | |
| Centralising of processing and support operations | 2,000 | 1,000 | 1,200 | 1,020 | 103 |
| Operational efficiencies | 2,100 | — | 2,890 | — | 112 |
| Integration of acquisitions..... | 2,100 | — | 2,570 | — | 108 |
| Total..... | <u>6,200</u> | <u>1,000</u> | <u>6,660</u> | <u>1,020</u> | <u>323</u> |

At 30th June, 2002, a headcount reduction of 6,660 had already been achieved. In connection with the Efficiency Programme, Standard Chartered took a one-off restructuring charge of U.S.\$323 million in 2000.

DESCRIPTION OF BUSINESS

Standard Chartered was ahead of its own expectations as at 31st December, 2001 in terms of cost savings from the Efficiency Programme, and as a result increased its targets for the Programme. Good progress was made against these revised targets during the first half of 2002, as highlighted in the following table:

| <u>Cost Synergies</u> | <u>Achieved</u> | | <u>Target</u> | | |
|---|---|---|--------------------------|----------------|-------------|
| | <u>Year ended 31st December, 2001</u> | <u>Six months ended 30th June, 2002</u> | <u>Original 2001</u> | <u>Revised</u> | |
| | | | <u>2001</u> | <u>2002</u> | <u>2003</u> |
| Centralising of processing and support operations | 19 | 19 | 29 | 64 | 100 |
| Operational efficiencies | 60 | 41 | 29 | 80 | 90 |
| Integration of acquisitions | 70 | 57 | 50 | 100 | 115 |
| | <u>149</u> | <u>117</u> | <u>108</u> | <u>244</u> | <u>305</u> |
| Investment Spend | (93) | (39) | (167) | (114) | (136) |
| Net Cost Benefit ⁽¹⁾ | <u>56</u> | <u>78</u> | <u>(59)</u> | <u>130</u> | <u>169</u> |
| Original Net Cost Benefit ⁽¹⁾ | | | <u>(59)</u> | <u>82</u> | <u>159</u> |

Note:

(1) The original net cost benefit target was established in 2000 at the beginning of the Efficiency Programme. This was subsequently revised upwards at the end of 2001.

GEOGRAPHIC MARKETS

Standard Chartered's network covers the Asia Pacific region, the Middle East and South Asia, Africa and Americas, the United Kingdom and Group Head office.

The following table sets out an analysis of revenue by geographic markets for the six months ended 30th June, 2002 and 2001 and for the years ended 31st December, 2001, 2000 and 1999.

| | <u>Six months ended 30th June,</u> | | | | <u>Year ended 31st December,</u> | | | | | |
|--|--|--------------------------------|---------------|--------------------------------|----------------------------------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|
| | <u>2002</u> | | <u>2001</u> | | <u>2001</u> | | <u>2000</u> | | <u>1999</u> | |
| | <u>Amount</u> | <u>Percentage of Total</u> | <u>Amount</u> | <u>Percentage of Total</u> | <u>Amount</u> | <u>Percentage of Total</u> | <u>Amount</u> | <u>Percentage of Total</u> | <u>Amount</u> | <u>Percentage of Total</u> |
| | (in U.S.\$ millions, except percentages) | | | | | | | | | |
| Hong Kong | 734 | 32 | 697 | 32 | 1,442 | 33 | 1,188 | 29 | 1,116 | 29 |
| Singapore | 235 | 10 | 218 | 10 | 440 | 10 | 432 | 11 | 430 | 11 |
| Malaysia | 115 | 5 | 124 | 6 | 237 | 5 | 261 | 6 | 250 | 6 |
| Other Asia Pacific | 283 | 12 | 265 | 12 | 529 | 12 | 514 | 13 | 475 | 12 |
| India | 198 | 9 | 170 | 8 | 355 | 8 | 272 | 7 | 134 | 4 |
| Middle East and Other South Asia.. | 242 | 11 | 208 | 10 | 436 | 10 | 301 | 7 | 227 | 6 |
| Africa | 176 | 8 | 177 | 8 | 355 | 8 | 367 | 9 | 377 | 10 |
| Americas, U.K. & Group Head Office | <u>302</u> | <u>13</u> | <u>305</u> | <u>14</u> | <u>611</u> | <u>14</u> | <u>726</u> | <u>18</u> | <u>839</u> | <u>22</u> |
| Total | <u>2,285</u> | <u>100</u> | <u>2,164</u> | <u>100</u> | <u>4,405</u> | <u>100</u> | <u>4,061</u> | <u>100</u> | <u>3,848</u> | <u>100</u> |

DESCRIPTION OF BUSINESS

Hong Kong

Hong Kong is Standard Chartered's largest market by revenue. Standard Chartered Bank is one of the three note-issuing banks in Hong Kong. For the six months ended 30th June, 2002, Hong Kong-based activities contributed U.S.\$734 million to net revenue, and at 30th June, 2002, a total of U.S.\$40,408 million in assets were employed in Hong Kong. Standard Chartered had 74 branches and offices and approximately 4,400 employees based in Hong Kong at 30th June, 2002.

Following the acquisition in 2000 of MCCL and the Hong Kong-based retail banking business of The Chase Manhattan Bank, Standard Chartered is one of the largest credit card issuers in Hong Kong, with approximately 21% of the market based on the number of cards in issue and approximately 27% of card-related outstanding balances as at 30th June, 2002. The integration of MCCL has been completed.

Standard Chartered is a leading independent retail distributor of third party mutual funds in Hong Kong.

Residential mortgages are an important part of Standard Chartered's business in Hong Kong. Standard Chartered is a leader in new home mortgage lending and its mortgage portfolio in Hong Kong continued to grow in 2002.

In addition to Consumer Banking, Standard Chartered is also a major provider of banking services to financial institutions, multinational corporations and local companies in Hong Kong. These services include debt capital market products, loan syndications, treasury services, cash management and trade and lending activities.

The number of customers using Standard Chartered's Internet banking service, "Me Standard Chartered On-line", grew by 23% in the first half of 2002 from the second half of 2001.

During the first half of 2002, Standard Chartered introduced "Cash +", a more advanced version of the ATM which includes capabilities for merchant advertising. These are located in Wellcome, 7-Eleven and Mannings retail chains under an exclusive partnership with The Dairy Farm Company Limited.

Singapore

For the six months ended 30th June, 2002, Singapore-based activities contributed U.S.\$235 million in net revenue, an increase of 8% over the six months ended 30th June, 2001, and a total of U.S.\$17,845 million in assets were employed in Singapore.

Standard Chartered has broadly based its businesses in Singapore as a result of long established franchises. Standard Chartered has 20 branches and offices in Singapore and is currently one of only six foreign banks to hold the Qualifying Full Bank ("QFB") status in Singapore, which it received in October 1999. The enhanced privileges for QFBs, the majority of which took effect on 1st July, 2002, will allow Standard Chartered to broaden its product offering further and, for the first time, to have access to pension fund investment accounts in Singapore.

DESCRIPTION OF BUSINESS

Standard Chartered has strong positions in Consumer Banking in Singapore, offering cards, mortgages, personal loans and wealth management services, focusing on middle to high income customers. It is a leading independent distributor of unit trusts. Standard Chartered also offers a range of Wholesale Banking services to its extensive customer base in Singapore, with an emphasis on developing total solutions for its customers.

Malaysia

For the six months ended 30th June, 2002, Malaysia-based activities contributed U.S.\$115 million in net revenue, and a total of U.S.\$6,491 million in assets were employed there.

Standard Chartered is the oldest bank in Malaysia, where it has 29 branches and offices. Malaysia is another of Standard Chartered's important markets, with broadly based business as a result of long established franchises.

Standard Chartered is a strong provider of mortgages. Its Mortgage One product, which it has successfully launched in Malaysia, was subsequently offered in Hong Kong, Singapore and India. Standard Chartered's cards and wealth management businesses have also grown significantly over the last two years.

Standard Chartered also provides a range of Wholesale Banking services in Malaysia to its extensive customer base, with an emphasis on financial institutions and multinational and large local corporations.

Other Asia Pacific

For the six months ended 30th June, 2002, Other Asia Pacific business contributed U.S.\$283 million in net revenue, and at 30th June, 2002, a total of U.S.\$16,277 million in assets were employed there. Standard Chartered has 85 branches and offices and approximately 4,700 employees based in 14 countries in the Asia Pacific region (excluding Hong Kong, Singapore and Malaysia) at 30th June, 2002.

In 2000, Standard Chartered undertook a major rebranding and restructuring of SCNB in Thailand. Standard Chartered has successfully completed the integration of SCNB, with all operations merged and the overall branch network rationalised. SCNB was profitable for the first time in the first half of 2002. Standard Chartered now has 46 branches in Thailand, and has built a strong brand awareness in the market.

Taiwan, where Standard Chartered has three branches and offices, is another market which Standard Chartered believes offers significant growth opportunities and significant investment in cards and wealth management is taking place. Standard Chartered recorded a loss of U.S.\$25 million in Taiwan in 1999, but reported a profit of U.S.\$11 million in the first half of 2002.

In China, Standard Chartered has one of the largest networks of any foreign bank with seven branches, six representative offices and one sub-branch. Until recently, this was purely a Wholesale Banking business primarily supporting multinational corporations and banks. Standard Chartered has been continuously present in China since 1858 and believes that it

DESCRIPTION OF BUSINESS

is well positioned to take advantage of opportunities arising from China's accession to the World Trade Organization, including the opening up of Consumer Banking opportunities to foreign competition. Standard Chartered is now able to transact foreign currency business with Chinese nationals and RMB business with expatriates in selected cities. Standard Chartered recently opened its first Consumer Banking branch in Shanghai. It is preparing to open its second Consumer Banking Branch in Shenzhen, and has plans to open two more in Beijing and Guangzhou.

India

For the six months ended 30th June, 2002, India-based activities contributed U.S.\$198 million in net revenue, and a total of U.S.\$7,164 million in assets were employed in India. The Grindlays acquisition has made Standard Chartered the number one international bank by assets. The integration of Grindlays is now complete. In Consumer Banking, Standard Chartered has a significant presence in India, with approximately 1.3 million cards in issue. Standard Chartered also has a broadly based Wholesale Banking business in India. Standard Chartered had 61 branches and offices and approximately 5,000 employees based in India at 30th June, 2002. India is now a significant contributor to Standard Chartered's profits.

Middle East and Other South Asia

For the six months ended 30th June, 2002, Middle East and Other South Asia contributed U.S.\$242 million to net revenue, and at 30th June, 2002, a total of U.S.\$9,612 million in assets were employed in these regions. Standard Chartered had 85 branches and offices and approximately 2,900 employees based in the Middle East and Other South Asia at 30th June, 2002. The Middle East and Other South Asia are now significant contributors to Standard Chartered's profits, with the United Arab Emirates being the most significant contributor in the region.

Following the acquisition of Grindlays, Standard Chartered believes that it became the largest international bank by assets in Pakistan, Bangladesh and Sri Lanka and the number two international bank by assets in the United Arab Emirates. In Consumer Banking, Standard Chartered continues to expand its card business in the region. Standard Chartered also offers a wide range of Wholesale Banking services to multinational and large- and medium-sized local companies and financial institutions.

Africa

For the six months ended 30th June, 2002, operations in Africa contributed U.S.\$176 million to net revenue, and at 30th June, 2002, a total of U.S.\$3,737 million in assets were employed there. Standard Chartered had 143 branches and offices and approximately 5,000 employees based in Africa at 30th June, 2002.

Standard Chartered offers Consumer Banking and Wholesale Banking services in Africa across 13 countries. Standard Chartered has recently started operations in the Ivory Coast and has re-entered Nigeria.

DESCRIPTION OF BUSINESS

Americas, the United Kingdom and Group Head Office

For the first half ended 30th June, 2002, businesses in the Americas and the United Kingdom contributed U.S.\$302 million to net revenue, and at 30th June, 2002, a total of U.S.\$43,112 million in assets were employed there. These figures include revenue and assets relating to the head office in the United Kingdom. Standard Chartered had 15 branches and offices and approximately 1,900 employees based in the Americas and the United Kingdom at 30th June, 2002.

In 2000, as part of implementing its strategic focus on emerging markets, Standard Chartered sold Chartered Trust. Standard Chartered's business in the United Kingdom now, like that in the Americas, comprises largely Wholesale Banking. Accordingly, Standard Chartered reports the results of these two regions as a single geographic segment. These operations offer important support for Standard Chartered's core markets businesses. In Wholesale Banking, Standard Chartered provides services to many Fortune 500 and FTSE 100 companies. Standard Chartered also has a significant U.S. dollar clearing business.

Standard Chartered's Latin American operations provide cash management and trade finance services to a range of multinational corporations, banks, other financial institutions and domestic corporations. At 30th June, 2002, Standard Chartered had 6 offices in Latin America. Standard Chartered is currently undertaking a review of its Latin American operations.

COMPETITION

In almost all activities in which Standard Chartered is engaged and in all geographic areas in which it operates, Standard Chartered experiences competition from major financial institutions (including commercial banks, consumer finance companies and investment banks), as well as local banks and niche players. Such a competitive landscape is fast changing, which in turn provides significant opportunities and challenges for Standard Chartered.

Global financial conglomerates

The trend towards consolidation in the financial services industry is creating a smaller number of global enterprises capable of competing in many markets. These global entities have the financial strength to withstand systemic crises and to invest heavily in markets or businesses which they believe have significant potential. Such financial conglomerates also have the necessary scale for both operational efficiencies and product development.

International Banks

After the Asian financial crises from 1997 to 1999, international banks have been more focused on their approach to the emerging markets. Many have moved away from offering a full banking service to focusing on selective products or geographical markets where they have a considerable amount of product expertise, competitive advantage or scale of operations.

DESCRIPTION OF BUSINESS

Local Banks

A number of markets in which Standard Chartered operates remain highly fragmented. Competition is intense which also provides many opportunities for consolidation. Taiwan, for example, has more than 50 domestic banks and 36 foreign banks, where the foreign banks in total account for less than 5% of the market share by asset size. Similarly, Hong Kong has over 130 fully licensed banks. In Singapore, the industry is fast consolidating with some banks also seeking regional expansion opportunities.

Niche players

In addition to banks, there are also other financial institutions entering the market. These entities tend to focus on a niche segment of the market, where barriers to entry are low and where these entities possess a competitive edge. Examples of these niche market segments include credit cards services, trade services and mortgages.

Technological innovations

Technological innovations, including new and expanding information and communication technologies, increase the channels via which financial institutions can sell their products and service their customers.

Technological alliances

Partnerships or alliances between financial institutions and technology and telecommunications providers are also seen as competitors, although they tend to be more restricted to a specific area or product attribute.

In summary, Standard Chartered, however, believes that it is in a strong competitive position in the markets in which it operates. In many of these markets, Standard Chartered believes that regulatory or other barriers to entry are still high, and Standard Chartered's network is one which has been built over an extended period of time. Standard Chartered believes that this network is not easily replicated.

At the same time, Standard Chartered's wider product offering and large scale of operations in many of the emerging markets in which it operates can offer a competitive advantage.

In addition, unlike in many of the developed countries, the demand for banking services is expanding in the emerging markets. Growth may be achieved from the increasing size of the market rather than solely from increasing market share at the expense of other competitors.

CUSTOMERS

Taken together, the five largest customers of Standard Chartered Bank did not account for more than 2% of the total interest income and other operating income of the Group in the six months ended 30th June, 2002.

DESCRIPTION OF BUSINESS

EXISTING U.K. LISTING

The Shares and the Company's 8¼% non-cumulative irredeemable preference shares of £1 each, 7⅜% non-cumulative irredeemable preference shares of £1 each and 8.9% non-cumulative redeemable preference shares of U.S.\$5 each, as well as the Company's, sterling undated primary floating rate notes, U.S.\$ primary capital floating rate notes, U.S.\$ primary capital floating rate notes (Series 2), U.S.\$ primary capital floating rate notes (Series 3) and U.S.\$ primary capital floating rate notes (Series 4), are admitted to the Official List and trading on the London Stock Exchange. The Company is subject to the provisions of the U.K. Listing Rules and to the provisions of the City Code.

LISTING AGREEMENT WITH THE HONG KONG STOCK EXCHANGE

The Company has entered into a listing agreement with the Hong Kong Stock Exchange. The Hong Kong Stock Exchange has agreed to a number of modifications to the listing agreement, including to allow the Group's financial statements to be drawn up in accordance with U.K. GAAP subject to the condition that a description of the differences between Hong Kong GAAP and U.K. GAAP and the financial impact on the Group be included in the Group's financial statements.

LEGAL PROCEEDINGS

Standard Chartered is subject to certain claims and is a party to a number of legal proceedings relating to the normal course of its business. Standard Chartered believes that the outcome of all legal proceedings to which it is a party, either individually or in the aggregate, is not likely to have a significant effect on its financial position or profitability, or be material in the context of the Group's net assets.

Standard Chartered Bank, together with more than eighty other major international corporations and institutions, has been named as a defendant in a number of complaints issued in the United States. The complaints are brought by current or former inhabitants of South Africa who allege, in general terms, that the business activities of Standard Chartered Bank and the other defendants during the years of the apartheid regime in South Africa are responsible for wrongs suffered by the plaintiffs under that regime. Standard Chartered believes that there is no merit in the allegations. It will defend the claims vigorously and does not consider them to be of material importance to the Group.

PROPERTIES

As of 30th June, 2002, Standard Chartered's global network consisted of 834 commercial properties, of which 139 were directly owned by Standard Chartered and 695 were leased by Standard Chartered.

The net book value of all Standard Chartered's properties at 30th June, 2002 was U.S.\$586 million, of which U.S.\$339 million represented short leasehold interests. All of

DESCRIPTION OF BUSINESS

Standard Chartered's properties are occupied by Standard Chartered for its own activities. There has been no significant acquisition or disposal in the portfolio of properties since 30th June, 2002.

Principal Properties

The aggregate net book value of the Group's Principal Properties (being the Group's properties each having a net book value at 30th June, 2002 of U.S.\$5 million or more) was U.S.\$308 million at 30th June, 2002, representing 53% of the net book value of all the Group's property interests as at 30th June, 2002.

The Principal Properties have been valued by independent property valuers as at 31st August, 2002. The aggregate value of the Principal Properties as at 31st August, 2002 attributable to Standard Chartered as disclosed by these valuations was U.S.\$190 million. However, in the case of the properties leased by the Group, these valuations do not include fixtures and fittings (which as at 30th June, 2002 had a net book value of U.S.\$14 million) The valuations include a negative figure of U.S.\$12 million in respect of a Principal Property leased by Standard Chartered in the United Kingdom. Standard Chartered does not have any plans to vacate the Principal Property in the foreseeable future and therefore does not believe it is appropriate to provide for this cost at the present time. Appendix III to this prospectus sets out a summary of values and valuation certificates for the Principal Properties. The full text of the valuation reports prepared by independent property valuers (which comply with the requirements of Hong Kong Listing Rule 5.06 and paragraph 34 of the Third Schedule to the Companies Ordinance) will be available for public inspection (see Appendix IX to this prospectus).

Other properties

The aggregate net book value of the remaining properties (comprising over 800 properties, none of which had a net book value as at 30th June, 2002 in excess of U.S.\$5 million) was U.S.\$278 million as at 30th June, 2002.

Freehold and long leasehold premises (premises with unexpired lease terms of 50 years or more) are included in the accounts at their historical cost or at the amount of any subsequent valuation. Leasehold premises with no longer term premium are not revalued. Valuations have been determined on an open market existing use basis by the Directors based on the advice of independent professional valuers. Other than the valuation carried out by independent property valuers as at 31st August, 2002 in respect of the Principal Properties, the last formal valuation was the 1999 Valuations made during the last quarter of 1999 for the purpose of the audited accounts of Standard Chartered for the year ended 31st December, 1999. U.K. GAAP currently requires that certain premises be valued next at 31st December, 2002.

Waivers in respect of other properties

Owing to the substantial number of the Group's property interests, their value and their locations, Standard Chartered has applied to the SFC, and the SFC has granted, waivers

DESCRIPTION OF BUSINESS

from strict compliance with the requirements of paragraph 34 of Part II of the Third Schedule to the Companies Ordinance in respect of the Group's property interests (other than the Principal Properties). Standard Chartered has also applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted, similar waivers from strict compliance with Chapter 5 of the Hong Kong Listing Rules. In this regard, Standard Chartered does not hold any properties for investment and the net book value of the premises occupied by Standard Chartered as at 30th June, 2002 represents 0.5% of Standard Chartered's total assets and 8% of shareholders' funds as at 30th June, 2002. Standard Chartered believes that no single property is material to its operations or financial position. A list of all Standard Chartered's properties at 30th June, 2002 is available for inspection (see Appendix IX to this prospectus).

INTELLECTUAL PROPERTY

The Company has no intellectual property rights which are material to the Group other than trademark registrations and applications. The Company has approximately 206 trademark registrations for, and approximately 47 applications for registration relating to, the Standard Chartered name and/or Standard Chartered logo (or variations thereof) in all countries where the Group has significant operations. In addition, in specific countries, the Company has 361 trademark registrations for, and 291 applications for registration relating to, other trademarks relevant to its products and/or business, including the Manhattan name and/or logo. Standard Chartered has recently conducted a rebranding exercise in many of its markets. Other than in respect of the Standard Chartered name and/or Standard Chartered logo, the Group is not materially dependent on any intellectual property right. A list of the Group's trademark registrations and applications is available for inspection. For details, please refer to Appendix IX to this prospectus.