



Karen Ngui

Global Head, Group Brand Management and Strategic Marketing

'The new Standard Chartered is an exciting and dynamic organisation, built on our heritage, anchored in our values and positioned for the future. I believe we have a world-class brand and the challenge is to stay focused on our goal to be the right partner for our customers, staff and the communities in which we operate.'

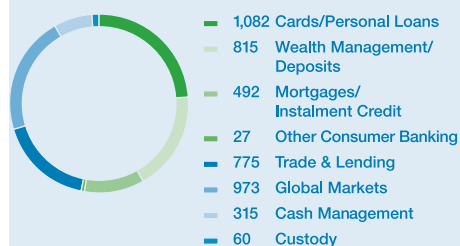
Facts

World-wide research during brand development showed that:

- Over 2,000 consumers significantly prefer our new brand identity.
- Over 10,000 consumers and staff endorse our brand values.
- Over 2,000 consumers affirmed that the 'I Believe' campaign created a positive impression and increased their preference for Standard Chartered.

We must

- Leverage our brand to create further differentiation and enhance our business results.
- Realise our full potential by living our brand values.



Revenue by Product

\$ million

Consumer Banking

Consumer Banking has seen strong growth in all its markets outside of Hong Kong. Business volumes, revenue, pre-provision profit and trading profit increased in virtually every market. Our focus on costs has also delivered a significant improvement in the cost income ratio.

The bankruptcy issue in Hong Kong has had a significant impact on our profitability. However, we acted decisively by putting in place a number of initiatives to mitigate the impact. These initiatives focused on strengthening the risk management framework, reducing exposure in high risk segments, improving our collections process, and driving through cost efficiencies. Bankruptcies remain a big issue for the banking industry although the impact on our portfolio has declined in recent months.

Our Qualifying Full Bank status has enhanced our distribution capability in Singapore. We launched a shared ATM network in conjunction with two banks giving customers access to a total of 54 locations island-wide. In addition, we are the only foreign bank admitted into the local NETS direct debit services network, allowing us to offer services to 17,000 retailers. Standard Chartered was named Best Retail Bank in Singapore and Asia Pacific by Asian Banker magazine.

Cards and Personal Loans

We have had very strong growth in both Credit Cards and Personal Loans. Growth across India, Middle East, South Asia and Singapore has been in excess of 20 per cent.

Cards is one of our most important businesses, generating high returns. It also presents us with a great opportunity for potential growth. We are the largest cards provider in a number of countries, which gives us scale and competitive advantage in the marketplace. In India we launched a number of co-branded cards during 2002.

Mortgages and Auto Finance

We are well positioned in this sector, and have seen earnings grow and margins stabilise. Key markets such as Singapore and Hong Kong delivered strong growth and outpaced the market. Singapore grew at 13 per cent and India has almost doubled its loans outstanding. Taiwan has also shown rapid growth in this sector.

The credit quality of our mortgage portfolio remains resilient. For example, our mortgage delinquency rates in Hong Kong have fallen from 0.77 per cent in 2001 to 0.63 per cent at the end of 2002, which is lower than the market average of 1.06 per cent according to Hong Kong Monetary Authority figures.

We launched MortgageOne, an innovative product which allows customers to offset the interest earned on current accounts against the interest on their mortgage.

The account was initially launched in Malaysia and subsequently rolled out in Hong Kong, Singapore and India, with great success. It now accounts for more than 35 per cent of new sales. As a result we gained strong market shares in our core markets.

Wealth Management

Significant revenue growth in guaranteed funds, retail, treasury and bancassurance products, has been offset by declining interest margins on deposits.



Commitment to our markets.
We have been in many of our markets for several generations and have become a trusted partner to businesses and individuals.

We are a trusted and well-respected provider of financial products and services. We have built up an enviable knowledge of local markets in Asia, Africa, the Americas and the Middle East.

In many cases, we have had a presence for more than a century. Our first two branches were in Calcutta and Shanghai and we have been operating continuously in China for the last 144 years. We issue banknotes in Hong Kong. When the Asian crisis hit in 1997 we continued to support businesses in the region.



Peter Sullivan
Chief Executive Officer Africa

'In 2002, Africa contributed eight per cent of the Group's pre-tax profit. This is in spite of major challenges in one of our key markets, Zimbabwe. The African business, which has demonstrated strong growth across the region, is poised to grow further, with expansion plans in Nigeria and South Africa. The vision for Africa is to be clearly the leading international bank on the African continent. Our focus is to grow our revenue through innovative products and a robust sales culture, while continuing to manage risk.'

Facts

- 149 offices in 13 countries.
- Biggest bank (by trading profit and market share) in many African countries.
- Consistently profitable, particularly in local currency terms.
- Leading bank in Trade and Treasury Services.

We must

- Further improve the levels of customer service.
- Expand our business in Nigeria.
- Continue to build employee engagement through our 'Africa First' initiative.



Net Revenue

% (Africa excluding Zimbabwe, as a percentage of the Group)

While it has been a difficult market for equity funds and pensions, our assets under management grew significantly with India, Taiwan and Indonesia accounting for much of the new growth. In Malaysia our range of unit trusts includes eight Islamic banking funds.

Wholesale Banking

Wholesale Banking is moving from a lending oriented and capital intensive business to one focused on a more balanced product range and on improving returns.

We have reshaped the business, trading revenue for lower risk, and strengthened our capital market franchise, cross-selling products that provide higher return. We are also focusing on a smaller number of high value customers, and exiting customers and segments that do not generate the right return.

We have seen the benefits of the measures we have taken to control risks. These changes, together with historic high levels of provisions, have resulted in a lower debt charge for Wholesale Banking and good improvement in trading profit.

Global Markets

It was an important year for Global Markets. We have seen new revenue growth from a broader and more sophisticated product set, including credit derivatives and asset backed securitisation. We have also launched innovative retail bonds for corporations such as Wharf Holdings, Mass Transit Railway Corporation and Hong Kong Airport Authority. These bonds utilise both our Consumer Banking and Wholesale Banking capabilities to deliver effective debt financing solutions that meet the needs of local retail investors.

We were able to exploit falling US dollar interest rates, which generated strong revenues, and continue to top the Asia league tables in fixed income and syndications. The Asian Fixed Income business showed further growth and we grew our syndications market share.

A wider product range complements our strength in emerging markets Foreign Exchange. This includes Currency Options and Interest Rate Derivatives, Fixed Income, Structured Asset Solutions, Loan Syndications, Corporate Advisory and Funds Management.

Trade Finance and Lending

The repositioning of our trade and lending portfolio has had a short-term impact on revenues. However, the overall quality of our portfolio has improved as a result. We have grown market share for trade products in key countries, despite exiting some of the lower return segments and were appointed Asian trade finance partner to a number of other financial institutions.

In November 2002 we launched B2BeX, our leading-edge platform designed to facilitate cross-border trade and supply chain management. In December B2BeX won the ifs/BT Financial Innovation Awards 2002 in the 'Most Innovative Business to Business Initiative' category.

Cash Management and Custody

Cash transaction volumes continue to grow and we maintained our position as a leading Asian Cash Management provider. However revenues fell reflecting the low interest rate environment.



One of the world's most international companies. We are a major global player with a presence in over 50 countries. Our people are drawn from local markets and bring with them a wealth of local knowledge and expertise.

We believe that our international breadth is a competitive advantage. More than 85 per cent of our revenue is generated from outside OECD countries.

We are truly a multi-cultural company. International diversity is part of our DNA. We understand the cultures and the aspirations of our customers around the world. So as part of our 150th anniversary we will be celebrating our internationalism, encouraging employees to embrace each other's cultures and traditions.

Business Review

Continued



Gareth Bullock

Director of Standard Chartered Bank
Group Head, Technology and Operations

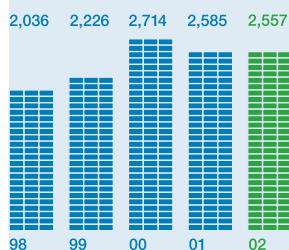
'Group Technology and Operations is Standard Chartered's central nervous system and is vital to the Group's success. We cover a broad range of services from communications to processing transactions and data. We are at the heart of the Bank's goals to improve cost, service quality and flexibility. We will continue to reshape our infrastructure to standardise, centralise and re-engineer our technology and operations. This has already led to the creation of two service centres.'

Facts

- 2,200 staff in two centralised service centres in Chennai and Kuala Lumpur.
- Wide range of processes migrated to the service centres – banking operations, credit cards, systems support, IT, finance and HR.
- \$60 million cost reduction as a result of centralising processes and products in first full year of implementation.

We must

- Continue to focus on providing a cost-efficient platform.
- Continue to migrate processes and products into the centralised service centres.



Total Operating Expenses

\$ million

We have strengthened our franchise in the Middle East and South Asia, invested in Cash Management capabilities, delivered new products to market, and launched a new internet based platform. This has all contributed to the acquisition of a number of new customers.

Investing in our Cash Management product capabilities has resulted in deposit growth of 16 per cent. In addition we have won a number of significant regional mandates from some of the world's leading multinationals. In July 2002, we were appointed by the Hong Kong Monetary Authority as the sole settlement institution for Euro clearing.

Technology and Operations

In 2002 we brought together the technology and operations functions under one operating model. Technology and Operations is an integrated part of the Bank, supporting the development and growth of Consumer Banking, Wholesale Banking and regional businesses. It also supports our drive to improve cost, service quality and flexibility through standardisation, centralisation and re-engineering.

Global Hubs

By the end of the year there were over 2,200 staff in our centralised hubs in Kuala Lumpur and Chennai, servicing a wide range of banking products such as trade, credit cards and payments. We expect the number of staff to increase significantly in 2003 as the size and range of operations processes migrated increases.

In addition to processing, the hubs also provide information technology (IT), systems development, human resources and finance services to the Bank.

Telecommunications

Reliable and economic telecommunications are vital to a bank with our international scale of operations and are a key enabler of our centralisation strategy. We have installed an Internet Protocol-based global-wide area data network. A separate but complementary satellite network was installed for our African business. Additionally, we also signed a contract for international voice telecommunications, which will lead to significant cost reductions.

Technology – Supporting Business Development

The major focus of our investment in technology is to provide a cost-efficient platform that enables improvement in products and customer service.

Two major initiatives were launched last year focusing on our Consumer Banking networks in Hong Kong and Singapore. We have implemented the first stages of the Customer Sales and Service project based on a world-class customer relationship management solution and the installation of an advanced teller platform.

In August we successfully launched a new branch banking system in United Arab Emirates, called eBBS, which we aim to roll out in the rest of Middle East and South Asia ■



Strong, well regarded brand.
Customers prefer our refreshed brand, which has been introduced globally. Our brand signifies a shared set of values that help us do the right thing for customers.

Our refreshed brand is aligned to the lifestyle and aspirations of our customers. Customers trust our brand as we strive to become the partner of choice – the right partner for providing world-class financial products and services. It is built on our values, which are also firmly embedded in the Group's culture.

Branches around the world, from India to United Arab Emirates, Singapore to Kenya have a consistently modern and dynamic look. We sponsor a number of marathons around the world including Singapore and Hong Kong, which boosts brand awareness.