HIGHLIGHTS

STANDARD CHARTERED PLC RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

Results

- Profit before tax rose 17 per cent to $741 million compared with $634 million in H1 2002 (H2 2002: $628 million).
- Net revenue up three per cent to $2,347 million from $2,285 million (H2 2002: $2,254 million).
- Costs firmly controlled at $1,292 million (H1 2002: $1,244 million; H2 2002: $1,313 million) with significant investment made in the business.
- Debt charge down to $308 million (H1 2002: $407 million) due to proactive management of personal bankruptcies in Hong Kong.
- Normalised earnings per share at 41.7 cents (H1 2002: 36.1 cents; H2 2002: 38.8 cents).
- Normalised return on equity at 14.2 per cent (H1 2002: 12.8 per cent; H2 2002: 13.9 per cent).
- Interim dividend per share increased by ten per cent to 15.51 cents.

Significant achievements

- Normalised earnings per share up 16 per cent.
- Strong performance in many markets, including India, United Arab Emirates, Thailand, Taiwan, the Philippines, Bangladesh, Pakistan and Kenya.
- Expanded network, including opening branches in eight new cities in India.
- Good progress in Consumer Banking.
- Strong performance in Wholesale Banking.
- Re-entered South Africa.

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

"I am pleased to be able to report strong performance despite the economic uncertainty that dominated the first half of 2003. These results demonstrate that we have developed the strength and flexibility to withstand the tough conditions that prevailed in some markets and to thrive where conditions were more favourable."

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

STANDARD CHARTERED PLC - SUMMARY OF RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
RESULTS			
Net revenue	**2,347**	2,285	2,254
Provisions for bad and doubtful debts and contingent liabilities	**(308)**	(407)	(305)
Profit before taxation	**741**	634	628
Profit attributable to shareholders	**489**	416	428
BALANCE SHEET			
Total assets	**119,915**	112,817	113,010
Shareholders' funds:			
Equity	**7,023**	6,470	6,695
Non-equity	**625**	1,273	632
Capital resources	**13,537**	13,507	13,031
INFORMATION PER ORDINARY SHARE	**Cents**	Cents	Cents
Earnings per share – normalised basis	**41.7**	36.1	38.8
basic	**39.4**	31.8	25.8
Dividends per share	**15.51**	14.10	32.90
Net asset value per share	**599.0**	570.7	572.1
RATIOS	**%**	%	%
Post-tax return on equity – normalised basis	**14.2**	12.8	13.9
Cost to income ratio – normalised basis	**53.4**	51.9	55.3
Capital ratios:			
Tier 1 capital	**8.8**	9.0	8.6
Total capital	**14.5**	15.9	14.5

Results on a normalised basis reflect the Group's results excluding amortisation of goodwill, profits/losses of a capital nature and profits/losses on repurchase of share capital.

I am pleased to be able to report strong performance despite the economic uncertainty that dominated the first half of 2003. These results demonstrate that we have developed the strength and flexibility to withstand the tough conditions that prevailed in some markets and to thrive where conditions were more favourable.

Our profit before tax was $741 million, 17 per cent higher than the same period in 2002. Normalised earnings per share was up 16 per cent at 41.7 cents.

We are declaring an interim dividend of 15.51 cents per share, an increase of ten per cent.

Economic Commentary

In recent years the world economy has had to contend with a succession of shocks and the first half of 2003 was no different.

SARS reduced discretionary spending across Asia, where tourism, business travel and retail spending all suffered. It also dented business and consumer confidence and led to a cooling of investor sentiment towards Asia.

Hong Kong's economic recovery has been temporarily stalled by SARS. Despite high unemployment, recovery is starting to take hold in Hong Kong once again, led by the growth of exports and other areas of the economy linked to China. However, the environment remains challenging in the short term.

China's sustained growth is stimulating intra-regional trade in Asia which grew by 21 per cent in the first half of 2003. The emergence of Asia as an increasingly influential trading bloc bodes well for the economies of our key markets in the region.

Singapore's economy is having to move further up the value chain in the face of tougher regional competition. However, we expect GDP to grow at 1.5 per cent this year, rising to 4.5 per cent in 2004.

India's economy continues to enjoy strong growth, with GDP growth forecast to exceed five per cent once again this year.

The war in Iraq created uncertainty, not least in the Middle East but the negative economic effects of the conflict were short-lived. Higher oil prices and diversification will sustain economic growth in the Gulf. There are challenges ahead, but there are also many exciting opportunities for us in the region.

Most African economies gained from the weakness of the US dollar, stable commodity prices, continuing inflows of aid and stable macro-economic policies that have helped keep inflation low. Africa remains a region of strong potential for those, like us, who know it well.

Business Progress

The Group is building a reputation for delivery. This has continued in the first six months.

We have balanced the pursuit of growth with firm control of risks.

We have continued to control costs. This will be the first year we see net savings from our global shared service centres in Kuala Lumpur and Chennai, as more services are centralised.

Consumer Banking has performed well, outside of Hong Kong. It is on track and we are building an advantaged business model. Wholesale Banking is showing strong growth.

As the world changes, there is a need for us to reconsider our branch footprint. Consequently, I am delighted that we are re-entering South Africa.

This month we announced that we had been granted a banking licence to open a branch in Johannesburg. At the same time we acquired 20twenty, an internet financial services firm, as a starting point for Consumer Banking in South Africa.

We have applied for a banking licence in Afghanistan and expect to be the first major international bank to open for commercial business there. We expect to open a representative office in Turkey in the fourth quarter.

Meanwhile, in India, we have embarked on a major branch expansion programme and opened in eight new cities during the first half of 2003.

Community Achievements

One of the things that has struck me about this organisation is the enormous amount of work and commitment for the community. I'm proud that our efforts to make a difference to the communities in which we operate have been recognised through two awards.

Our "Living with HIV" campaign received the Global Business Coalition Award 2003 for Business Excellence in the Workplace. We have also been awarded the Business in the Community International Award for our Community Partnership for Africa.

In February we launched a major fund-raising initiative called "Seeing is Believing". This is a joint venture with Sight Savers International. We aim to raise sufficient funds to restore the sight of 28,000 people around the world.

The Board

This is my first statement to you as Chairman, having taken over the role in May 2003 following the retirement of Sir Patrick Gillam. Under his guidance Standard Chartered grew total shareholder return seven fold over ten years and the Group is now well positioned for further growth.

Three directors have retired from the Board. Cob Stenham and Ronnie Chan stepped down in May while Barry Clare stepped down in July.

I would like to thank them for their valued contributions to the Board.

I am delighted to be working with such a strong and dynamic management team towards the continued growth of this impressive company.

Summary

As I have travelled around the Bank I have been impressed by our local talent and by the many opportunities we have. The Group's long term strategy to focus on the world's leading growth markets and the proven ability of the management team to consistently deliver against performance targets will ensure that we continue to lead the way in Asia, Africa and the Middle East.

Bryan Sanderson
Chairman
6 August 2003

We have had a strong first half. We achieved a 17 per cent increase in pre-tax profit and, despite the economic impact of the Iraq war and the SARS virus, we have stayed on track and continued to deliver good growth. We have consistently met our targets, we have a strong management team, motivated employees, and we see excellent opportunities for growth.

Progress on Management Agenda

At our Annual Results presentation in February we outlined the five key points of our Management Agenda for 2003. These were:

- Drive returns in Wholesale Banking
- Grow Consumer Banking revenue
- Accelerate India growth
- Leverage the China opportunity
- Drive technology improvements

We have made substantial progress on this agenda in the first half of the year.

Wholesale Banking

The performance of Wholesale Banking has been strong. We set out, a year ago, to reposition this business to generate greater returns from a tightly controlled capital base. This strategy is delivering. We have reduced the risk in this business. We have focused on which customers we should serve and we have developed a broader and more balanced range of products.

While we have seen six per cent revenue growth overall, customer revenues are up seven per cent with local corporates being the main source of growth.

An example of an innovative new product is B2BeX, an internet platform for trade sourcing, payments and financing. We already have 250 corporations using B2BeX for trade facilitation.

In a climate of low asset demand and low interest rates, growth in our cash and lending products remains slow. However, we are winning mandates and improving our position in areas such as structured finance and debt capital markets.

In an interest rate environment where it has been difficult to sustain earnings from asset and liability management, the diversification of our earnings mix has strengthened our Wholesale Banking business.

Consumer Banking

Consumer Banking is ahead of plan and on track to building an advantaged Consumer Banking business in our markets. We have de-risked the Hong Kong business and the revenue impact is as expected.

We have achieved double-digit revenue growth in many markets, including Thailand, Indonesia and the Philippines and across the Middle East and South Asia region.

We have grown Consumer Banking assets outside of Hong Kong by 15 per cent. We continued to win market share in mortgages in places like Hong Kong, Singapore and India.

We continue to invest in the consumer business. Initiatives in the first half included:

- the branch expansion programme in India,
- upgrading branches in the United Arab Emirates and Africa,
- increasing the size of our direct sales teams, in countries such as Thailand and Taiwan.

We believe that customer service can continue to be a differentiator for us and we have commenced a major drive to improve service levels to customers in all our markets.

Hong Kong and Greater China

The market environment in Hong Kong remains tough, having been set back in recent months by SARS. In the first half of the year, the rate of revenue decline has flattened while profit before tax rose seven per cent over the second half of last year. However, we achieved 22 per cent growth in trade finance, and reduced bad debts from personal bankruptcies by 30 per cent.

However, Hong Kong is a maturing market and, consequently, we will continue to reshape our business to improve our scale and efficiency. We are well placed for renewed growth in credit card revenues on the back of the positive credit bureau and are re-launching our Manhattan Card this month.

Hong Kong continues to be our most important market. It is an integral part of the Pearl River Delta, China's most dynamic economic region.

In China we continue to make progress and it is a market that will remain high on our agenda in the coming years. We are a leader in Renminbi business among foreign banks and were among the first foreign financial institutions to be awarded custody licences in Shanghai.

India

India is an important market for Standard Chartered. Two years ago it accounted for around ten per cent of the Group, now it contributes over 15 per cent of Group profit. With strong management, good execution of growth plans and the transformation of our branch offices, we are building on the platform created by the Grindlays acquisition.

The Bank has strong market positions across a number of businesses including global markets and cash management.

Mortgages are a relatively new industry in India. However, we have identified this area as a major opportunity and have expanded this business substantially in the first half.

There remains strong growth potential for our Bank in India. We have 26 per cent market share among the foreign banks but only two per cent of the total market. We will be opening more new branches, expanding into additional cities and accelerating the growth of our mortgages and personal loan business.

MESA

The MESA region is now a significant part of our Group and has huge potential. In the last six months revenues were up 12 per cent and profit before tax up 17 per cent over the equivalent period last year. We are now the most profitable foreign bank in the United Arab Emirates. We retain our position as the number one foreign bank in Pakistan and Bangladesh and we are the leading issuer of Visa cards in South Asia and the UAE. Revenues have also been driven by Wholesale Banking, through growth in trade products and structured and fixed income products.

Following the Iraq War, cross-border trade flows with markets like Turkey, Afghanistan, Iraq and Iran appear to be growing and offer potential to us.

Our MESA business will continue to grow - it is a priority area for us. We have a strong track record and we are well positioned in the region.

Africa

Our business in sub-Saharan Africa has consistently produced good returns and we have strong market shares.

Our Wholesale Banking business already has a dominant position and, as a result of investment in branch refurbishment, training and new products, we have grown our Consumer Banking revenues by over 20 per cent.

We see opportunities to grow our business in the two biggest economies in the region, South Africa and Nigeria.

There are major challenges in Africa, such as the economic situation in Zimbabwe and the impact of AIDS across the region. However, we have seen strong performances in markets like Kenya, Botswana and Ghana. In a number of economies the improving political situation and a new international recognition of the role of Africa is leading to reward and investment.

Market Growth

We focus on attractive growing markets where we can leverage our customer relationships and our expertise. These markets present a range of opportunities for us. We must prioritise and balance growth in order to ensure that we deliver for today as well as investing for the future.

Within more mature markets, like Singapore and Hong Kong we want to gain scale and improve efficiency.

Some of the faster growing economies including India, Thailand and the UAE present immediate growth opportunities. We intend to use our competitive edge to grow faster than GDP in these countries.

There are also markets where we currently have a small presence that we believe represent significant potential future growth opportunities; South Africa and South Korea are good examples. We have taken steps in both these markets.

In South Africa we have been granted a banking licence and acquired 20twenty, an internet financial services company, for less than $10 million. In South Korea we are planning to launch our Consumer Banking business in the third quarter and we have also taken a 3.7 per cent stake in KorAm Bank, one of the leading banks in South Korea, for a consideration of $56 million.

In other markets, like China, the growth of market opportunities is dependent on regulatory change. We will introduce our brand and services as the markets develop.

In realising these opportunities we will combine global capability with deep local knowledge.

Management Strength

Management strength is what sets the best companies apart. We have made considerable efforts to strengthen our team. We have moved 60 of our top 250 executives during the past year to broaden their international managerial capability and experience. Forty of these moves have been across geographies.

We are bringing in more retailers and marketeers, as we recognise the importance of our brand and service levels.

We also have a rich diversity of people. Forty-eight per cent of our employees are women and 35 per cent of our managers are Asian. We still have progress to make. However, I am proud of our employees and am pleased that we are increasingly seen as an employer of choice - a place where people want to work.

Brand and Values

We are an international bank with a strong brand and a strong set of internal values. Recent research into how we are perceived by our customers and our stakeholders has shown that our brand awareness has increased significantly in markets like Thailand, India and Singapore.

We have also modernised our image and reshaped our brand and values.

Our brand promise is to be the right partner for our customers, communities and employees.

The Outlook

In a challenging environment we have delivered in the first half and we are making progress against key performance metrics.

In Consumer Banking, we have good revenue growth opportunities and we are investing further in key growth markets, like India and MESA. However the challenges remain in Hong Kong where short term pressures are considerable. In Wholesale Banking, we are confident that our momentum will continue.

Although economic confidence is improving in the short term, it does remain fragile worldwide. We remain confident that we will continue to deliver on our management agenda and financial targets and we intend to deliver again in the second half.

Mervyn Davies
Group Chief Executive
6 August 2003

GROUP SUMMARY

The results for the six months ended 30 June 2003, reflect a strong performance with profit before taxation 17 per cent higher than the equivalent period last year, at $741 million. Normalised earnings per share has grown by 16 per cent to 41.7 cents. This is a particularly good performance given the economic uncertainty, with war in Iraq and the outbreak of the SARS virus. SARS led to lower consumer spending and higher unemployment in Hong Kong and Singapore.

Despite this difficult environment, net revenue has grown three per cent from $2,285 million in the first half of 2002 to $2,347 million in this period. This is due to strong asset growth in our growing markets, particularly India, MESA and Africa, and increasing sales of investment products.

Net interest income fell by five per cent to $1,458 million. This was driven by bankruptcy containment actions in Hong Kong, margin pressure on mortgages in Singapore and lower yields on asset and liability management, particularly in Hong Kong and the Americas, UK and Group Head Office. Growth was seen in all other areas. The net interest margin fell from 3.1 per cent in the first half of 2002 to 2.8 per cent this period. The generally low interest rate environment and, in Hong Kong, a change in product mix was behind this fall.

Net fees and commissions increased by 13 per cent from $476 million to $536 million. Most regions contributed to this increase, but an excellent performance was seen in MESA, where fee income increased $16 million, or 30 per cent, over the first half of 2002. Singapore's results improved by 23 per cent, or $10 million, and in Africa there was a $9 million increase.

The revenue from dealing profits increased 20 per cent from $229 million to $274 million. India, Singapore and Africa all made significant contributions with strong growth in customer driven revenue.

Other operating income more than doubled from $38 million to $79 million, largely from profit on sale of investment securities as part of a programme to de-risk the book.

Costs have grown by four per cent to $1,292 million but fell two per cent over the second half of 2002. Tight control over costs while continuing to invest in the business remains a priority. Centralising to global hubs, standardisation and re-engineering underpin the drive for cost efficiency. In the first half of 2003 investment has been focused on infrastructure, product innovation and improvement of service platforms and distribution. The cost income ratio (on a normalised basis) at 53.4 per cent is higher than the equivalent period last year but is lower than the full year 2002 ratio of 53.6 per cent.

Effective risk management led to a reduction in the debt charge of $99 million or 24 per cent from $407 million to $308 million. Provision for bankruptcies in Hong Kong fell from $149 million to $104 million. The corporate portfolio performed well.

CONSUMER BANKING

Consumer Banking continues to be a key business for Standard Chartered. Operating profit has increased ten per cent from $326 million in the first half of 2002 to $357 million in the six months to June 2003, despite the impact of SARS. Consumer Banking revenues have been flat, with nine per cent revenue growth outside Hong Kong offset by a 13 per cent decline in Hong Kong.

The following table provides an analysis of operating profit by geographic segment for Consumer Banking:

6 months ended 30.06.03

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Net revenue	**465**	**162**	**78**	**157**	**107**	**116**	**86**	**40**	**1,211**
Costs	**(192)**	**(53)**	**(40)**	**(86)**	**(58)**	**(57)**	**(73)**	**(37)**	**(596)**
Charge for debts	**(164)**	**(19)**	**(9)**	**(32)**	**(23)**	**(8)**	**(2)**	**(1)**	**(258)**
Operating profit	**109**	**90**	**29**	**39**	**26**	**51**	**11**	**2**	**357**

6 months ended 30.06.02

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Net revenue	533	149	75	135	101	102	70	50	1,215
Costs	(200)	(49)	(38)	(80)	(62)	(49)	(60)	(30)	(568)
Charge for debts	(238)	(16)	(10)	(30)	(18)	(7)	(1)	(1)	(321)
Operating profit	95	84	27	25	21	46	9	19	326

6 months ended 31.12.02

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Consumer Banking Total $m
Net revenue	480	164	81	150	103	111	67	45	1,201
Costs	(222)	(57)	(41)	(97)	(52)	(55)	(64)	(34)	(622)
Charge for debts	(196)	(19)	(12)	(28)	(20)	(9)	(2)	4	(282)
Operating profit	62	88	28	25	31	47	1	15	297

In Hong Kong, revenue dropped from $533 million to $465 million as a direct result of bankruptcy containment actions. Revenue attrition has been partially offset by growth in mortgages and Wealth Management. This coupled with an $8 million reduction in costs and a $74 million reduction in debts generated a $109 million operating profit, reflecting the success of the action taken to contain bankruptcy losses.

In Singapore, revenue rose by $13 million to $162 million despite acute margin pressure. Mortgage revenue grew as a result of increased lending to smaller corporates in Business Financial Services and as a result of the low interest rate environment.

In Malaysia, operating profit grew by seven per cent to $29 million. Revenue increased by four per cent. There was strong growth in mortgages and good performance in Business Financial Services.

The Other Asia Pacific region had good results, with a 56 per cent increase in operating profit from $25 million to $39 million. This was largely due to Indonesia, Taiwan and Thailand, where there has been excellent growth in mortgages and Wealth Management. This growth was despite interest rate caps on credit card lending.

In India revenue increased by $6 million from $101 million to $107 million. This understates the underlying momentum of the business. The distribution network has been expanded with branches in eight new cities.

Although private sector competition is driving down margins, MortgageOne has been successfully launched and has great potential as mortgages are a relatively new business in India. Costs have been reduced by six per cent to $58 million.

In MESA revenue grew by 14 per cent to $116 million. Unsecured loans and Wealth Management are key business drivers in the region. Internet banking has been launched and there has been good growth in the card market, especially in UAE, Pakistan, Bangladesh and Jordan.

Revenue in Africa increased by $16 million, or 23 per cent, to $86 million with strong growth in lending volumes.

The Americas, UK and Group Head Office has seen a reduction in operating profit from $19 million to $2 million. This is due to the restructuring of the Offshore Banking Business based in Jersey. Revenue has decreased by $10 million as the business is reconfigured and refocused. Costs have increased by $7 million to prepare for a new integrated sales and technology platform.

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

Revenue by product	**6 months ended 30.06.03 $m**	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Cards and Personal Loans	**508**	557	525
Wealth Management / Deposits	**403**	412	403
Mortgages and Auto Finance	**283**	232	260
Other	**17**	14	13
	1,211	1,215	1,201

Credit Cards and Personal Loans has grown steadily and performed well outside Hong Kong. However in Hong Kong the bankruptcy situation and SARS has affected performance. Elsewhere regulatory intervention and interest caps limited margin growth in some markets.

Wealth Management revenue has fallen by $9 million to $403 million, due to margin pressure. The impact of this however has been partially offset by strong sales of investment service products.

The volume of Mortgages and Auto Finance has grown, and with it revenue has increased 22 per cent from $232 million to $283 million. This business benefited from stable margins and product innovation.

Costs have increased from $568 million to $596 million, reflecting continued investment in infrastructure, product innovation, service platform and distribution. The cost income ratio at 30 June 2003 is 49.2 per cent compared with 46.7 per cent in June 2002 and 51.8 per cent in December 2002.

The charge for bad debts is $258 million compared to $321 million for the period ended June 2002 and $282 million for the period ended 31 December 2002. The Hong Kong bankruptcy situation is gradually improving.

WHOLESALE BANKING

Wholesale Banking has performed well in the first six months of 2003. The repositioning of the business towards higher returns that was undertaken through 2002 has led to improved profitability. Revenue has increased by six per cent to $1,136 million and costs have increased three per cent from $608 million to $629 million resulting in a positive cost-income “jaws” of three per cent. Risk management has been effective with the debt charge reduced from $86 million in the six months to 30 June 2002 to $50 million in this period.

The following table provides an analysis of operating profit by geographic segment for Wholesale Banking:

6 months ended 30.06.03

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Net revenue	**186**	**89**	**42**	**163**	**143**	**155**	**126**	**232**	**1,136**
Costs	**(108)**	**(51)**	**(31)**	**(129)**	**(40)**	**(49)**	**(60)**	**(161)**	**(629)**
Charge for debts	**(17)**	**-**	**5**	**(31)**	**1**	**18**	**(8)**	**(18)**	**(50)**
Amounts written off fixed asset investments	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(5)**	**(6)**
Operating profit	**61**	**38**	**16**	**3**	**103**	**124**	**58**	**48**	**451**

6 months ended 30.06.02

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Net revenue	201	86	40	148	97	140	106	252	1,070
Costs	(96)	(48)	(35)	(115)	(41)	(43)	(51)	(179)	(608)
Charge for debts	7	(1)	-	(4)	(1)	7	4	(98)	(86)
Operating profit/(loss)	112	37	5	29	55	104	59	(25)	376

6 months ended 31.12.02

	Asia Pacific Hong Kong $m	Asia Pacific Singapore $m	Asia Pacific Malaysia $m	Asia Pacific Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Wholesale Banking Total $m
Net revenue	202	86	38	139	93	148	89	258	1,053
Costs	(104)	(55)	(29)	(114)	(35)	(49)	(53)	(164)	(603)
Charge for debts	(1)	(5)	9	1	1	(4)	(4)	(20)	(23)
Amounts written off fixed asset investments	-	-	-	-	-	-	-	(8)	(8)
Operating profit	97	26	18	26	59	95	32	66	419

In Hong Kong net revenue fell by $15 million. A decline in asset and liability management was partially offset by growth in trade, customer driven foreign exchange on the back of steady growth in exports, and cash management. The debt charge increased by $24 million. This was due to the first half of 2002 benefiting from strong recoveries.

Singapore increased revenue by $3 million to $89 million, due to asset growth. However this was offset by a $3 million increase in costs.

In Malaysia, revenues grew by five per cent. This, together with tight cost and credit control has led to an increase in operating profit from $5 million to $16 million.

In the Other Asia Pacific region, revenue grew by ten per cent or $15 million to $163 million reflecting the benefit of the restructuring that took place in 2002, together with an improved performance in Global Markets.

India operating profit increased by 87 per cent to $103 million. This is largely due to repositioning and de-risking the investment portfolio, together with strong growth in commercial banking.

The operating profit for MESA has increased from $104 million to $124 million due to improved margins in commercial banking and asset and liability management, increased customer sales activity in Global Markets, the repositioning of the risk profile, and enhanced Global Market product offering.

In Africa revenue increased by $20 million to $126 million. This was offset by a $9 million increase in costs and a $12 million increase in the debt charge (30 June 2002 was a net $4 million recovery).

In the Americas, UK and Group Head Office the restructuring of Latin America that took place in 2002 is reflected in the $73 million increase in operating profit. Although revenue fell by $20 million, this was more than offset by an $18 million reduction in costs and an $80 million reduction in the debt charge.

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

Revenue by product	**6 months ended 30.06.03 $m**	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Trade and Lending	**395**	393	382
Global Markets	**556**	488	485
Cash Management	**158**	158	157
Custody	**27**	31	29
	1,136	1,070	1,053

Trade and Lending revenue grew one per cent to $395 million. Trade finance grew well underpinned by the integrated trade platform B2BeX, which was launched in October 2002, while lending fell. Growth in India, MESA and Africa was offset by Other Asia Pacific where there was subdued demand, strong liquidity and falling loan prices.

Revenue in Global Markets increased by $68 million, or 14 per cent to $556 million. This performance reflects growth in derivatives, fixed income, and structured products. Customer revenues have increased faster than trading revenues. Revenues from asset and liability management fell due to low interest rates and the flat dollar yield curve. This however was partially offset by gains on investment securities.

Cash Management revenue was flat in a low interest rate environment but volumes increased by ten per cent. Revenue growth was reported in MESA, Africa, UK and Americas, and was particularly driven by multi-national corporations.

Custody revenue fell $4 million to $27 million despite higher business volumes. This was mainly due to the subdued Asian stockmarkets.

Costs have risen by three per cent for the half year due mainly to increased investment in technology and infrastructure. There was continued investment in B2BeX and a $6 million write down of investments.

The debt charge has fallen $36 million or 42 per cent. This reflects the continued effectiveness of risk management strategies undertaken since 2001 to de-risk the Wholesale Bank portfolio, together with strong recoveries.

RISK

Risk is inherent in the Group's business and the effective management of that risk is seen as a core competence within Standard Chartered. Through its risk management structure the Group seeks to manage efficiently the eight core risks: Credit, Market, Country and Liquidity risk, which arise directly through the Group's commercial activities, whilst Business, Regulatory, Operational and Reputational risk are a normal consequence of any business undertaking. The key element of risk management philosophy is for the risk functions to operate as an independent control function working in partnership with the business units to provide a competitive advantage to the Group.

Credit Risk

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

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

Loan Portfolio

The following table sets out by maturity the amount of customer loans net of provisions:

	30.06.03				30.06.02			
	One year or less $m	**One to five years $m**	**Over five years $m**	**Total $m**	One year or less $m	One to five years $m	Over five years $m	Total $m
Consumer Banking								
Mortgages	**2,144**	**4,372**	**14,055**	**20,571**	2,914	3,989	13,156	20,059
Other	**4,832**	**3,175**	**1,512**	**9,519**	4,727	2,780	1,140	8,647
Total	**6,976**	**7,547**	**15,567**	**30,090**	7,641	6,769	14,296	28,706
Wholesale Banking	**21,565**	**4,234**	**2,582**	**28,381**	20,821	3,497	2,327	26,645
General Provisions				**(458)**				(468)
Net loans and advances to customers	**28,541**	**11,781**	**18,149**	**58,013**	28,462	10,266	16,623	54,883

	31.12.02			
	One year or less $m	One to five years $m	Over five years $m	Total $m
Consumer Banking				
Mortgages	1,977	4,399	14,012	20,388
Other	4,798	3,197	1,218	9,213
Total	6,775	7,596	15,230	29,601
Wholesale Banking	22,035	4,077	1,764	27,876
General Provisions				(468)
Net loans and advances to customers	28,810	11,673	16,994	57,009

The Group's loans and advances to customers are predominantly short term with approximately half the portfolio having a maturity of one year or less. The longer term portfolio, with a maturity of over five years, mainly relates to Consumer Banking personal residential mortgages.

The following table sets out an analysis of the Group's net loans and advances as at 30 June 2003, 30 June 2002 and 31 December 2002 by the principal category of borrowers, business or industry and/or geographical distribution:

	30.06.03								
	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to Individuals									
Mortgages	12,833	3,925	2,153	818	418	62	24	338	20,571
Other	2,285	1,726	598	1,781	980	1,707	282	160	9,519
Consumer Banking	15,118	5,651	2,751	2,599	1,398	1,769	306	498	30,090
Agriculture, Forestry and Fishing	4	6	74	36	20	25	81	267	513
Construction	60	33	28	32	6	103	30	4	296
Commerce	1,513	879	167	599	58	960	312	949	5,437
Electricity, Gas and Water	118	66	10	157	102	126	29	114	722
Financing, Insurance and Business services	1,578	773	365	643	112	645	167	1,268	5,551
Loans to Governments	-	162	414	8	-	13	-	352	949
Mining and Quarrying	-	8	37	26	5	91	43	569	779
Manufacturing	1,231	595	251	2,111	1,102	1,098	227	1,731	8,346
Commercial real estate	896	712	15	151	-	-	3	5	1,782
Transport, Storage and Communication	406	149	146	159	188	245	115	1,647	3,055
Other	17	35	59	181	-	204	37	418	951
Wholesale Banking	5,823	3,418	1,566	4,103	1,593	3,510	1,044	7,324	28,381
General provisions								(458)	(458)
Total loans and advances to customers	20,941	9,069	4,317	6,702	2,991	5,279	1,350	7,364	58,013
Total loans and advances to banks	4,145	2,015	414	2,796	224	1,692	228	6,452	17,966

Under "Loans to individuals - other", $1,360 million (30 June 2002: $1,804 million; 31 December 2002: $1,487 million) relates to the cards portfolio in Hong Kong. The total cards portfolio is $3,249 million (30 June 2002: $3,578 million; 31 December 2002: $3,378 million).

Approximately 52 per cent (30 June 2002: 52 per cent; 31 December 2002: 52 per cent) of total Loans and Advances to Customers relates to the Consumer Banking portfolio, predominantly personal residential mortgages.

The Wholesale Banking portfolio is well diversified across both geography and industry. The Group does not have any significant concentrations in special interest industries such as Aviation, Telecoms and Tourism. Exposure to each industry is less than five per cent of Wholesale Banking Loans and Advances to Customers.

30.06.02

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to Individuals									
Mortgages	12,764	3,447	1,970	1,104	192	26	36	520	20,059
Other	2,952	1,324	541	1,159	812	1,467	188	204	8,647
Consumer Banking	15,716	4,771	2,511	2,263	1,004	1,493	224	724	28,706
Agriculture, Forestry and Fishing	2	2	68	42	13	16	91	182	416
Construction	53	47	28	108	6	138	17	7	404
Commerce	1,048	536	236	664	61	799	253	864	4,461
Electricity, Gas and Water	330	44	24	285	31	99	22	124	959
Financing, Insurance and Business services	1,643	641	208	621	101	318	49	1,822	5,403
Loans to Governments	-	40	338	67	2	13	-	446	906
Mining and Quarrying	-	1	27	20	9	126	33	744	960
Manufacturing	1,129	500	203	1,999	792	940	302	2,510	8,375
Commercial real estate	877	979	20	121	-	81	6	7	2,091
Transport, Storage and Communication	304	196	68	202	45	157	89	1,162	2,223
Other	53	18	29	164	-	54	16	113	447
Wholesale Banking	5,439	3,004	1,249	4,293	1,060	2,741	878	7,981	26,645
General provisions								(468)	(468)
Total loans and advances to customers	21,155	7,775	3,760	6,556	2,064	4,234	1,102	8,237	54,883
Total loans and advances to banks	4,053	2,644	725	2,771	335	1,731	279	7,565	20,103

31.12.02

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans to Individuals									
Mortgages	13,045	3,813	2,031	779	283	20	35	382	20,388
Other	2,573	1,524	575	1,684	882	1,537	231	207	9,213
Consumer Banking	15,618	5,337	2,606	2,463	1,165	1,557	266	589	29,601
Agriculture, Forestry and Fishing	5	7	59	35	15	14	62	365	562
Construction	58	38	37	18	4	157	25	7	344
Commerce	1,251	777	147	572	19	784	283	1,151	4,984
Electricity, Gas and Water	269	40	12	178	23	50	35	109	716
Financing, Insurance and Business services	1,645	586	404	489	209	638	47	1,921	5,939
Loans to Governments	-	41	552	66	-	13	-	273	945
Mining and Quarrying	-	19	51	26	23	134	20	536	809
Manufacturing	1,019	399	201	2,020	887	1,242	299	2,256	8,323
Commercial real estate	1,012	665	18	112	-	-	6	6	1,819
Transport, Storage and Communication	405	112	77	217	113	178	107	1,577	2,786
Other	31	39	37	194	-	116	18	214	649
Wholesale Banking	5,695	2,723	1,595	3,927	1,293	3,326	902	8,415	27,876
General provisions								(468)	(468)
Total loans and advances to customers	21,313	8,060	4,201	6,390	2,458	4,883	1,168	8,536	57,009
Total loans and advances to banks	2,507	2,027	394	2,703	212	1,792	218	6,148	16,001

Problem Credits

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

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

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

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

Consumer Banking

Provisions are derived on a formulaic basis depending on the product:

Mortgages: a provision is raised where accounts are 150 days past due based on the difference between the outstanding value of the loan and the forced sale value of the underlying asset.

Credit cards: a charge off is made for all balances which are 150 days past due or earlier as circumstances dictate. In Hong Kong charge off is currently at 120 days.

Other unsecured Consumer Banking products: a charge off is made at 150 days past due.

Other secured Consumer Banking products: a provision is raised at 90 days past due for the difference between the outstanding value and the forced sale value of the underlying asset. The underlying asset is then re-valued periodically until disposal.

It is current practice to provision and write-off exposure in respect of Hong Kong bankruptcies at the time the customer petitions for bankruptcy.

The Small and Medium Enterprises (SME) portfolio is provisioned on a case by case basis.

The following table sets out the non-performing portfolio in Consumer Banking:

30.06.03

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	**144**	**109**	**192**	**72**	**46**	**40**	**15**	**26**	**644**
Specific provisions for bad and doubtful debts	**(55)**	**(16)**	**(25)**	**(17)**	**(6)**	**(18)**	**(5)**	**(5)**	**(147)**
Interest in suspense	**(1)**	**(3)**	**(23)**	**(10)**	**(8)**	**(10)**	**(7)**	**(2)**	**(64)**
Net non-performing loans and advances	**88**	**90**	**144**	**45**	**32**	**12**	**3**	**19**	**433**
Cover ratio									**33%**

30.06.02*

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	200	115	172	78	40	85	17	11	718
Specific provisions for bad and doubtful debts	(121)	(18)	(21)	(27)	(9)	(54)	(6)	(3)	(259)
Interest in suspense	-	(3)	(21)	(9)	(5)	(20)	(8)	(1)	(67)
Net non-performing loans and advances	79	94	130	42	26	11	3	7	392
Cover ratio									45%

31.12.02*

	Asia Pacific: Hong Kong $m	Asia Pacific: Singapore $m	Asia Pacific: Malaysia $m	Asia Pacific: Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	118	111	176	68	41	27	15	18	574
Specific provisions for bad and doubtful debts	(45)	(18)	(24)	(16)	(8)	(7)	(8)	(1)	(127)
Interest in suspense	(1)	(3)	(22)	(10)	(7)	(7)	(7)	(1)	(58)
Net non-performing loans and advances	72	90	130	42	26	13	-	16	389
Cover ratio									32%

* In 2002, gross non-performing loans for Other Asia Pacific have been restated. $58 million of gross non-performing loans in Standard Chartered Nakornthon Bank (SCNB) subject to a Loan Management Agreement (LMA) are now reported in Wholesale Banking.

The relatively low Consumer Banking cover ratio reflects the fact that Standard Chartered classifies all exposure which is more than 90 days past due as non-performing, whilst provisions on unsecured lending are only raised at the time of charge-off. For secured products, provisions reflect the difference between the underlying assets, and the outstanding loan (see details relating to the raising of provisions above).

Wholesale Banking

Loans are designated as non-performing as soon as payment of interest or principal is 90 days or more overdue or where sufficient weakness is recognised that full payment of either interest or principal becomes questionable. Where customer accounts are recognised as non-performing or display weakness that may result in non-performing status being assigned, they are passed to the management of a specialist unit which is independent of the main businesses of the Group.

For loans and advances designated non-performing, interest continues to accrue on the customer's account but is not included in income.

Where the principal, or a portion thereof, is considered uncollectable and of such little realisable value that it can no longer be included at its full nominal amount on the balance sheet, a specific provision is raised. In any decision relating to the raising of provisions, the Group attempts to balance economic conditions, local knowledge and experience and the results of independent asset reviews.

Where it is considered that there is no realistic prospect of recovering the principal of an account against which a specific provision has been raised, then that amount will be written off.

The following table sets out the non-performing portfolio in Wholesale Banking:

30.06.03

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	**379**	**274**	**261**	**1,195**	**79**	**251**	**125**	**818**	**3,382**
Specific provisions for bad and doubtful debts	**(202)**	**(127)**	**(152)**	**(426)**	**(50)**	**(145)**	**(55)**	**(420)**	**(1,577)**
Interest in suspense	**(95)**	**(69)**	**(73)**	**(89)**	**(29)**	**(78)**	**(43)**	**(105)**	**(581)**
Net non-performing loans and advances	**82**	**78**	**36**	**680**	**-**	**28**	**27**	**293**	**1,224**

30.06.02*

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	456	274	408	1,284	89	396	108	991	4,006
Specific provisions for bad and doubtful debts	(235)	(137)	(221)	(384)	(58)	(270)	(49)	(498)	(1,852)
Interest in suspense	(117)	(67)	(78)	(103)	(28)	(94)	(43)	(112)	(642)
Net non-performing loans and advances	104	70	109	797	3	32	16	381	1,512

31.12.02*

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Loans and advances – Gross non-performing	400	273	353	1,166	84	384	103	920	3,683
Specific provisions for bad and doubtful debts	(210)	(141)	(211)	(342)	(52)	(245)	(45)	(451)	(1,697)
Interest in suspense	(111)	(73)	(84)	(102)	(31)	(97)	(44)	(121)	(663)
Net non-performing loans and advances	79	59	58	722	1	42	14	348	1,323

* Prior periods have been restated. Corporate loans and advances to customers against which provisions have been outstanding for two years or more are no longer written down. $58 million of gross non-performing loans in Standard Chartered Nakornthon Bank (SCNB) subject to a Loan Management Agreement (LMA) previously reported in Consumer Banking have been moved to Wholesale Banking.

Wholesale Banking Cover Ratio

The following table shows the cover ratio. The non-performing loans recorded below under Standard Chartered Nakornthon Bank (SCNB) are excluded from the cover ratio calculation as they are the subject of a Loan Management Agreement (LMA) with a Thai Government Agency. Refer to note 10 on page 44.

	30.06.03		
	Total $m	**SCNB (LMA) $m**	**Total excl LMA $m**
Loans and advances – Gross non-performing	**3,382**	**757**	**2,625**
Specific provisions for bad and doubtful debts	**(1,577)**	**(94)**	**(1,483)**
Interest in suspense	**(581)**	**-**	**(581)**
Net non-performing loans and advances	**1,224**	**663**	**561**
Cover ratio			**79%**

	30.06.02		
	Total $m	SCNB (LMA) $m	Total excl LMA $m
Loans and advances – Gross non-performing	4,006	849	3,157
Specific provisions for bad and doubtful debts	(1,852)	(92)	(1,760)
Interest in suspense	(642)	-	(642)
Net non-performing loans and advances	1,512	757	755
Cover ratio			76%

	31.12.02		
	Total $m	SCNB (LMA) $m	Total excl LMA $m
Loans and advances – Gross non-performing	3,683	781	2,902
Specific provisions for bad and doubtful debts	(1,697)	(91)	(1,606)
Interest in suspense	(663)	-	(663)
Net non-performing loans and advances	1,323	690	633
Cover ratio			78%

The Wholesale Banking non-performing portfolio is well covered. The balance uncovered by specific provision represents the value of collateral held and/or the Group's estimate of the net value of any work-out strategy.

Group

The following table sets out the movements in the Group's total specific provisions against loans and advances.

6 months ended 30.06.03

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 January 2003	255	159	235	358	60	252	53	452	1,824
Exchange translation differences	-	(1)	-	2	2	2	(1)	1	5
Amounts written off	(188)	(37)	(66)	(47)	(37)	(84)	(3)	(69)	(531)
Recoveries of amounts previously written off	9	3	5	8	8	1	1	2	37
Other	-	-	(1)	59	1	2	-	10	71
New provisions	207	30	17	85	62	18	17	38	474
Recoveries/provisions no longer required	(26)	(11)	(13)	(22)	(40)	(28)	(7)	(9)	(156)
Net charge against/(credit to) profit	181	19	4	63	22	(10)	10	29	318
Provisions held at 30 June 2003	257	143	177	443	56	163	60	425	1,724

6 months ended 30.06.02*

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 January 2002	335	151	240	428	85	333	63	424	2,059
Exchange translation differences	2	5	-	9	(1)	(1)	(3)	-	11
Amounts written off	(217)	(20)	(14)	(66)	(41)	(9)	(2)	(22)	(391)
Recoveries of amounts previously written off	5	2	6	6	6	1	-	-	26
New provisions	269	25	21	62	45	17	3	108	550
Recoveries/provisions no longer required	(38)	(8)	(11)	(28)	(27)	(17)	(6)	(9)	(144)
Net charge against/(credit to) profit	231	17	10	34	18	-	(3)	99	406
Provisions held at 30 June 2002	356	155	242	411	67	324	55	501	2,111

6 months ended 31.12.02*

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Provisions held at 1 July 2002	356	155	242	411	67	324	55	501	2,111
Exchange translation differences	-	1	-	(3)	1	-	(1)	6	4
Amounts written off	(307)	(24)	(14)	(78)	(34)	(82)	(7)	(69)	(615)
Recoveries of amounts previously written off	9	3	4	7	7	-	-	9	39
Other	-	-	-	(6)	-	3	-	(11)	(14)
New provisions	233	34	24	53	59	23	6	30	462
Recoveries/provisions no longer required	(36)	(10)	(21)	(26)	(40)	(16)	-	(14)	(163)
Net charge against profit	197	24	3	27	19	7	6	16	299
Provisions held at 31 December 2002	255	159	235	358	60	252	53	452	1,824

* Corporate loans and advances to customers against which provisions have been outstanding for two years or more are no longer written down. Prior periods have been restated.

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 following table based on the Bank of England Cross Border Reporting (C1) guidelines, shows the Group's cross border assets including acceptances, where they exceed one per cent of the Group's total assets.

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

	30.06.03				30.06.02			
	Public sector $m	**Banks $m**	**Other $m**	**Total $m**	Public sector $m	Banks $m	Other $m	Total $m
USA	**1,071**	**1,503**	**2,680**	**5,254**	1,078	1,154	2,078	4,310
Germany	**-**	**2,965**	**295**	**3,260**	-	3,554	118	3,672
Hong Kong	**22**	**111**	**2,146**	**2,279**	8	100	1,671	1,779
Korea	**20**	**1,596**	**606**	**2,222**	164	1,355	128	1,647
France	**4**	**1,537**	**313**	**1,854**	4	1,316	336	1,656
Italy	**502**	**788**	**386**	**1,676**	438	1,322	323	2,083
Singapore	**-**	**169**	**1,334**	**1,503**	10	395	1,420	1,825
India**	**103**	**869**	**592**	**1,564**				
Austria*					-	1,216	-	1,216
Australia*					387	656	94	1,137

* Less than one per cent of total assets at 30 June 2003.
** Less than one per cent of total assets at 30 June 2002.

	31.12.02			
	Public sector $m	Banks $m	Other $m	Total $m
USA	1,084	1,729	2,462	5,275
Germany	-	2,363	234	2,597
Hong Kong	16	181	1,842	2,039
Korea	12	1,334	407	1,753
France	4	1,202	323	1,529
Italy	488	613	374	1,475
Singapore	1	190	1,361	1,552
Australia	359	988	59	1,406

Argentina

Standard Chartered has net non-performing exposure (net of cash collateral and export credit agency guarantees) of $164 million (30 June 2002: $262 million; 31 December 2002: $211 million) against which provisions of $127 million (30 June 2002: $132 million; 31 December 2002: $136 million) are held. This provides a cover ratio of 77 per cent (30 June 2002: 50 per cent; 31 December 2002: 64 per cent). The following table shows the breakdown of this exposure:

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Banks			
Foreign owned banks	**66**	102	79
Government owned banks	**16**	24	21
Local banks	**37**	62	41
Corporates	**38**	74	63
Government bonds	**7**	-	7
Total exposure after cash collateral and export credit agency cover	**164**	262	211
Provisions held	**(127)**	(132)	(136)
Net at risk	**37**	130	75
Cover ratio	**77%**	50%	64%

Other Latin American exposure

In addition to Argentina, the Group has exposure to a number of other Latin American countries. The following table shows cross border assets based on the Bank of England Cross Border Reporting (C1) guidelines (net of specific provisions where appropriate).

	30.06.03			30.06.02			31.12.02		
	Banks $m	**Non banks $m**	**Total $m**	Banks $m	Non banks $m	Total $m	Banks $m	Non banks $m	Total $m
Brazil	**220**	**92**	**312**	479	156	635	195	78	273
Chile	**129**	**41**	**170**	154	75	229	120	43	163
Colombia	**47**	**41**	**88**	202	92	294	155	45	200
Peru	**18**	**200**	**218**	32	254	286	18	218	236
Venezuela	**-**	**34**	**34**	8	96	104	6	46	52
Others	**20**	**-**	**20**	12	6	18	8	8	16

Local currency exposure to local residents in these countries totals $103 million (30 June 2002: $179 million; 31 December 2002: $165 million).

Market Risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. Market risk arises on financial instruments, which are either valued at current market prices (mark to market) or at cost plus any accrued interest (non-trading basis). The Group is exposed to market risk arising principally from customer driven transactions.

Market risk is supervised by the Group Risk Committee, which agrees policies and levels of risk appetite in terms of Value at Risk (VaR). A Group Market Risk Committee sits as a specialist body to provide business level management, guidance and policy setting. Policies cover the trading book of the Group and also market risks within the non-trading books. Limits by location and portfolio are proposed by the business within the terms of agreed policy. Group Market Risk agrees the limits and monitors exposures against these limits.

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

Additional limits are placed on specific instrument and currency concentrations where appropriate. Factor sensitivity measures are used in addition to VaR as additional 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 option's value.

Value at Risk

The Group measures the potential impact of changes in market prices and rates using VaR models.

In 2002 the Group used a combination of variance-covariance methodology and historical simulation to measure VaR on all market risk related activities. From January 2003, the Group has started to phase out variance-covariance methodology in preference of historical simulation. The change in methodology has been reflected in the comparative numbers.

The total VaR for trading and non-trading books combined as at 30 June 2003 was $14.9 million (30 June 2002: $14.6 million; 31 December 2002: $12.4 million). Of this total, $14.6 million (30 June 2002: $12.6 million; 31 December 2002: $11.3 million) related to interest rate risk and $1.3 million (30 June 2002: $2.0 million; 31 December 2002: $1.1 million) to exchange rate risk.

The average total VaR for trading and non-trading books during the six months to 30 June 2003 was $14.0 million (30 June 2002: $16.3 million; 31 December 2002: $15.2 million) with a maximum exposure of $14.9 million. The total VaR for market risks in the Group's trading book was $4.6 million at 30 June 2003, (30 June 2002: $5.0 million; 31 December 2002: $2.7 million). Of this total, $4.0 million related to interest rate risk (30 June 2002: $2.7 million; 31 December 2002: $1.6 million) and $1.3 million to exchange rate risk (30 June 2002: $2.0 million; 31 December 2002: $1.1 million).

VaR for interest rate risk in the non-trading books of the Group totalled $11.5 million at 30 June 2003 (30 June 2002: $11.1 million; 31 December 2002: $10.6 million).

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

Foreign Exchange Exposure

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

Foreign exchange trading exposures are principally derived from customer driven transactions. The average daily foreign exchange trading revenue during the six months ended 30 June 2003 was $1.2 million.

Interest Rate Exposure

The Group's interest rate exposures comprise trading exposures and structural interest rate exposures. Interest rate risk arises on both trading positions and non-trading books.

Structural interest rate risk arises from the differing repricing characteristics of commercial banking assets and liabilities, including non-interest bearing liabilities such as shareholders' funds and some current accounts.

The average daily interest rate revenue from market-risk related activities during the six months ended 30 June 2003 was $2.7 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 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 plain vanilla 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 and exchange rates. Only offices with sufficient product expertise and appropriate control systems are authorised to undertake transactions in derivative products.

The credit risk arising from a derivative contract is calculated by taking the cost of replacing the contract, where its mark-to-market value is positive together with an estimate for the potential change in the future value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value. The credit risk on derivatives is therefore usually small relative to their notional principal values. For an analysis of derivative contracts see notes 24 and 25 on pages 57 to 60.

The Group applies a potential future exposure methodology to manage counterparty credit exposure associated with derivative transactions. Please refer to note 27 on page 62 for further information on Market Risk.

Liquidity Risk

The Group defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due. At the local level, in line with policy, the day to day monitoring of future cash flows takes place and suitable levels of easily marketable assets are maintained by the businesses.

A substantial portion of the Group's assets are funded by customer deposits made up of current and savings accounts and other short-term 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 and if other currencies are used the foreign exchange risk is usually hedged.

Operational and Other Risks

Operational Risk is the risk of direct or indirect loss due to an event or action causing failure of technology, processes, infrastructure, personnel, and other risks having an operational impact. Standard Chartered seeks to minimise actual or potential losses from Operational Risk failures through a framework of policies and procedures to identify, assess, control, manage and report risks.

An independent Group Operational Risk function is responsible for establishing and maintaining the overall Operational Risk framework. They are supported by Wholesale Banking and Consumer Banking Operational Risk units. The Group Operational Risk function provides reports to the Group Risk Committee.

Compliance with Operational Risk policy 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, including social, ethical and environmental risk. Significant issues and exceptions must be reported to the CORG. Where appropriate, issues must also be reported to Business Risk Committees. Other risks recognised by the Group include Business, Regulatory and Reputational risks.

Hedging Policies

Standard Chartered does not generally hedge the value of its foreign currency denominated investments in subsidiaries and branches. Hedges may be taken where there is a risk of a significant exchange rate movement but, in general, the management believes that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation.

Standard Chartered also seeks to match closely its foreign currency-denominated assets with corresponding liabilities in the same currencies. The effect of exchange rate movements on the capital risk asset ratio is mitigated by the fact that both the value of these investments and the risk weighted value of assets and contingent liabilities follow substantially the same exchange rate movements.

CAPITAL

The Group Asset and Liability Committee targets Tier 1 and Total capital ratios of seven - nine per cent and 12 - 14 per cent respectively. The Group believes that being well capitalised is important.

The Group identified improving the efficiency of capital management as a strategic priority in 2002. A capital plan to achieve this has been developed. This includes several key elements; in particular, to reduce the amount of Tier 2 capital and to improve the overall capital mix within the broad target ratios. Consistent with this strategy the Company has made repurchases from various classes of preference shares during the first half of 2003 amounting to a capital reduction of $17 million.

CAPITAL (continued)

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Tier 1 capital:			
Shareholders' funds	**7,648**	7,743	7,327
Minority interests	**235**	168	249
Innovative tier 1 securities	**1,058**	939	997
Unconsolidated associated companies	**12**	27	31
Less: premises revaluation reserves	**(1)**	(60)	(3)
goodwill capitalised	**(2,049)**	(2,201)	(2,118)
own shares held (see note 1 below) and other adjustments	**(58)**	(35)	(57)
Total tier 1 capital	**6,845**	6,581	6,426
Tier 2 capital:			
Premises revaluation reserves	**1**	60	3
General provisions	**458**	468	468
Undated subordinated loan capital	**1,867**	1,829	1,853
Dated subordinated loan capital	**2,729**	2,828	2,605
Total tier 2 capital	**5,055**	5,185	4,929
Investments in other banks	**(635)**	(199)	(558)
Other deductions	**(4)**	(15)	(4)
Total capital	**11,261**	11,552	10,793
Risk weighted assets	**57,682**	55,756	55,931
Risk weighted contingents	**20,160**	17,096	18,623
Total risk weighted assets and contingents	**77,842**	72,852	74,554
Capital ratios:			
Tier 1 capital	**8.8%**	9.0%	8.6%
Total capital	**14.5%**	15.9%	14.5%

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Shareholders' funds			
Equity	**7,023**	6,470	6,695
Non Equity	**625**	1,273	632
	7,648	7,743	7,327
Post tax return on equity (normalised)	**14.2%**	12.8%	13.9%

Note 1: Own shares are held in trust to fulfil the Group's obligations under employee share plans.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2003

	Notes	**6 months ended 30.06.03 $m**	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Interest receivable		**2,330**	2,553	2,735
Interest payable		**(872)**	(1,011)	(1,214)
Net interest income		**1,458**	1,542	1,521
Fees and commissions receivable, net		**536**	476	515
Dealing profits and exchange	**3**	**274**	229	191
Other operating income	**4**	**79**	38	27
		889	743	733
Net revenue		**2,347**	2,285	2,254
Administrative expenses:				
Staff		**(664)**	(634)	(636)
Premises		**(145)**	(138)	(131)
Other		**(308)**	(315)	(358)
Depreciation and amortisation, of which:		**(175)**	(157)	(188)
Amortisation of goodwill		**(67)**	(68)	(88)
Other		**(108)**	(89)	(100)
Total operating expenses		**(1,292)**	(1,244)	(1,313)
Operating profit before provisions		**1,055**	1,041	941
Provisions for bad and doubtful debts	**1,2,9**	**(308)**	(406)	(299)
Provisions for contingent liabilities and commitments		**-**	(1)	(6)
Amounts written off fixed asset investments		**(6)**	-	(8)
Operating profit before taxation	**1,2**	**741**	634	628
Taxation	**5**	**(238)**	(201)	(186)
Operating profit after taxation		**503**	433	442
Minority interests (equity)		**(14)**	(17)	(14)
Profit for the period attributable to shareholders		**489**	416	428
Dividends on non-equity preference shares	**6**	**(28)**	(56)	(52)
Dividends on ordinary equity shares	**7**	**(182)**	(160)	(385)
Retained profit		**279**	200	(9)
Normalised earnings per ordinary share		**41.7c**	36.1c	38.8c
Basic earnings per ordinary share		**39.4c**	31.8c	25.8c
Dividend per ordinary share		**15.51c**	14.10c	32.90c

SUMMARISED CONSOLIDATED BALANCE SHEET
As at 30 June 2003

	Notes	30.06.03 $m	30.06.02 $m	31.12.02 $m
Assets				
Cash, balances at central banks and cheques in course of collection		**1,736**	1,004	1,237
Treasury bills and other eligible bills		**4,873**	4,501	5,050
Loans and advances to banks	**1,9**	**17,966**	20,103	16,001
Loans and advances to customers	**1,9**	**58,013**	54,883	57,009
Debt securities and other fixed income securities	**11**	**22,620**	18,659	20,187
Equity shares and other variable yield securities	**12**	**250**	131	250
Intangible fixed assets		**2,049**	2,201	2,118
Tangible fixed assets		**888**	993	928
Prepayments, accrued income and other assets		**11,520**	10,342	10,230
Total assets		**119,915**	112,817	113,010
Liabilities				
Deposits by banks	**1,13**	**14,785**	13,281	10,850
Customer accounts	**1,14**	**71,782**	70,178	71,626
Debt securities in issue	**1,15**	**6,433**	3,485	4,877
Accruals, deferred income and other liabilities		**13,378**	12,366	12,626
Subordinated liabilities:				
Undated loan capital		**1,867**	1,829	1,853
Dated loan capital	**16**	**3,787**	3,767	3,602
Minority interests (equity)		**235**	168	249
Shareholders' funds	**18**	**7,648**	7,743	7,327
Total liabilities and shareholders' funds		**119,915**	112,817	113,010

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the six months ended 30 June 2003

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Profit attributable to shareholders	**489**	416	428
Premises revaluation	**-**	-	(48)
Exchange translation differences	**36**	(39)	39
Total recognised gains and losses for the period	**525**	377	419

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
For the six months ended 30 June 2003

There is no material difference between the results as reported and the results that would have been reported on a historical cost basis. Accordingly, no note of the historical cost profits and losses has been included.

ACCOUNTING CONVENTION

The accounts of the Group have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets and dealing positions. The accounting policies, as listed in the Annual Report 2002, continue to be consistently applied.

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2003

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Net cash inflow from operating activities (see note 19)	**1,672**	960	3,818
Returns on investment and servicing of finance			
Interest paid on subordinated loan capital	**(239)**	(208)	(122)
Premium and costs on repayment of subordinated liabilities	**-**	-	(10)
Dividends paid to minority shareholders of subsidiary undertakings	**(6)**	(1)	(17)
Dividends paid on preference shares	**(27)**	(57)	(66)
Net cash outflow from returns on investment and servicing of finance	**(272)**	(266)	(215)
Taxation			
UK taxes paid	**(52)**	(29)	4
Overseas taxes paid	**(225)**	(154)	(149)
Total taxes paid	**(277)**	(183)	(145)
Capital expenditure and financial investment			
Purchases of tangible fixed assets	**(68)**	(99)	(110)
Acquisitions of treasury bills held for investment purposes	**(6,073)**	(5,449)	(5,004)
Acquisitions of debt securities held for investment purposes	**(22,232)**	(15,044)	(23,270)
Acquisitions of equity shares held for investment purposes	**(63)**	(37)	(138)
Disposals of tangible fixed assets	**7**	13	19
Disposals and maturities of treasury bills held for investment purposes	**6,398**	6,177	4,490
Disposals and maturities of debt securities held for investment purposes	**21,394**	13,622	21,908
Disposals of equity shares held for investment purposes	**53**	9	9
Net cash outflow from capital expenditure and financial investment	**(584)**	(808)	(2,096)
Net cash inflow/(outflow) before equity dividends paid and financing	**539**	(297)	1,362
Equity dividends paid to members of the Company	**(364)**	(308)	(154)
Financing			
Gross proceeds from issue of ordinary share capital	**2**	25	374
Ordinary share issue expenses	**-**	-	(31)
Redemption of preference share capital	**(17)**	-	(732)
Preference share capital – redemption expenses	**-**	-	(9)
Issue of subordinated loan capital	**-**	-	11
Repayment of subordinated liabilities	**-**	-	(355)
Net cash (outflow)/inflow from financing	**(15)**	25	(742)
Increase/(decrease) in cash in the period	**160**	(580)	466

1. Segmental Information by Geographic Segment

The following tables set out profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the six month periods ended 30 June 2003, 30 June 2002 and 31 December 2002.

6 months ended 30.06.03

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest receivable	713	348	168	374	268	280	183	616	2,950
Interest payable	(249)	(178)	(86)	(189)	(147)	(109)	(66)	(468)	(1,492)
Net interest income	464	170	82	185	121	171	117	148	1,458
Fees and commissions receivable, net	136	54	25	73	43	70	54	81	536
Dealing profits and exchange	44	28	11	50	32	28	37	44	274
Other operating income	7	(1)	2	12	54	2	4	(1)	79
Net revenue	651	251	120	320	250	271	212	272	2,347
Costs	(300)	(104)	(71)	(215)	(98)	(106)	(133)	(198)	(1,225)
Amortisation of goodwill								(67)	(67)
Total operating expenses	(300)	(104)	(71)	(215)	(98)	(106)	(133)	(265)	(1,292)
Operating profit before provisions	351	147	49	105	152	165	79	7	1,055
Charge for debts, contingent liabilities and commitments	(181)	(19)	(4)	(63)	(22)	10	(10)	(19)	(308)
Amounts written off fixed assets investments	-	-	-	-	(1)	-	-	(5)	(6)
Operating profit/(loss) before taxation	170	128	45	42	129	175	69	(17)	741
Loans and advances to customers - average	21,064	8,303	4,115	6,055	2,637	5,091	1,245	9,178	57,688
Net interest margin (%)	2.7	2.1	2.5	2.3	4.3	3.9	7.3	0.7	2.8
Loans and advances to customers – period end	20,941	9,069	4,317	6,702	2,991	5,279	1,350	7,364	58,013
Loans and advances to banks – period end	4,145	2,015	414	2,796	224	1,692	228	6,452	17,966
Total assets employed	41,685	19,531	6,925	18,269	7,806	10,596	4,597	39,454	148,863
Total risk weighted assets and contingents	20,022	12,539	3,704	8,381	4,930	6,746	1,740	21,631	79,693

(a) Total interest receivable and total interest payable include intra-group interest of $620 million.

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

(c) Business acquisitions are a result of corporate decisions made at the centre and the amortisation of purchased goodwill is included in the Americas, UK and Group Head Office segment. The $10 million release from the general debt provision is also reported in this segment.

(d) Total assets employed include intra-group items of $22,184 million and balances of $6,764 million which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

(e) Total risk weighted assets and contingents include $1,851 million of balances which are netted in calculating capital ratios.

1. Segmental Information by Geographic Segment (continued)

	6 months ended 30.06.02								
	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest receivable	848	359	164	369	298	303	163	759	3,263
Interest payable	(276)	(186)	(84)	(197)	(189)	(148)	(58)	(583)	(1,721)
Net interest income	572	173	80	172	109	155	105	176	1,542
Fees and commissions receivable, net	127	44	25	67	41	54	45	73	476
Dealing profits and exchange	35	17	9	41	18	29	24	56	229
Other operating income	-	1	1	3	30	4	2	(3)	38
Net revenue	734	235	115	283	198	242	176	302	2,285
Costs	(296)	(97)	(73)	(195)	(103)	(92)	(111)	(209)	(1,176)
Amortisation of goodwill								(68)	(68)
Total operating expenses	(296)	(97)	(73)	(195)	(103)	(92)	(111)	(277)	(1,244)
Operating profit before provisions	438	138	42	88	95	150	65	25	1,041
Charge for debts, contingent liabilities and commitments	(231)	(17)	(10)	(34)	(19)	-	3	(99)	(407)
Operating profit/(loss) before taxation	207	121	32	54	76	150	68	(74)	634
Loans and advances to customers – average	21,180	7,130	3,734	5,930	2,055	4,170	994	8,859	54,052
Net interest margin (%)	3.2	2.4	2.5	2.4	4.1	4.0	7.6	1.2	3.1
Loans and advances to customers – period end	21,155	7,775	3,760	6,556	2,064	4,234	1,102	8,237	54,883
Loans and advances to banks – period end	4,053	2,644	725	2,771	335	1,731	279	7,565	20,103
Total assets employed	40,408	17,845	6,491	16,277	7,164	9,612	3,737	43,112	144,646
Total risk weighted assets and contingents	20,372	10,641	3,584	8,116	4,094	5,912	1,453	19,477	73,649

(f) Total interest receivable and total interest payable include intra-group interest of $710 million.

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

(h) Business acquisitions are a result of corporate decisions made at the centre and the amortisation of purchased goodwill is included in the Americas, UK and Group Head Office segment.

(i) Total assets employed include intra-group items of $26,234 million and balances of $5,595 million which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

(j) Total risk weighted assets and contingents include balances of $797 million which are netted in calculating Capital ratios.

1. Segmental Information by Geographic Segment (continued)

	6 months ended 31.12.02								
	Asia Pacific							Americas	
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total $m
Interest receivable	870	421	185	420	299	335	153	782	3,465
Interest payable	(365)	(235)	(97)	(230)	(180)	(171)	(55)	(611)	(1,944)
Net interest income	505	186	88	190	119	164	98	171	1,521
Fees and commissions receivable, net	140	36	27	68	44	65	44	91	515
Dealing profits and exchange	33	14	6	32	25	29	13	39	191
Other operating income	4	14	(2)	(1)	8	1	1	2	27
Net revenue	682	250	119	289	196	259	156	303	2,254
Costs	(326)	(112)	(70)	(211)	(87)	(104)	(117)	(198)	(1,225)
Amortisation of goodwill								(88)	(88)
Total operating expenses	(326)	(112)	(70)	(211)	(87)	(104)	(117)	(286)	(1,313)
Operating profit before provisions	356	138	49	78	109	155	39	17	941
Charge for debts, contingent liabilities and commitments	(197)	(24)	(3)	(27)	(19)	(13)	(6)	(16)	(305)
Amounts written off fixed asset investments	-	-	-	-	-	-	-	(8)	(8)
Operating profit/(loss) before taxation	159	114	46	51	90	142	33	(7)	628
Loans and advances to customers – average	21,062	7,938	3,882	5,974	2,317	4,568	1,090	8,043	54,874
Net interest margin (%)	2.9	2.2	2.7	2.2	4.3	3.5	6.2	0.8	3.0
Loans and advances to customers – period end	21,313	8,060	4,201	6,390	2,458	4,883	1,168	8,536	57,009
Loans and advances to banks – period end	2,507	2,027	394	2,703	212	1,792	218	6,148	16,001
Total assets employed	41,143	17,387	6,732	16,295	6,411	10,400	3,880	42,327	144,575
Total risk weighted assets and contingents	19,958	11,570	3,724	7,512	4,367	6,709	1,556	20,430	75,826

(k) Total interest receivable and total interest payable include intra-group interest of $730 million.

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

(m) Business acquisitions are a result of corporate decisions made at the centre and the amortisation of purchased goodwill is included in the Americas, UK and Group Head Office segment.

(n) Total assets employed include intra-group items of $25,874 million and balances of $5,691 million which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

(o) Total risk weighted assets and contingents include balances of $1,272 million which are netted in calculating Capital ratios.

1. Segmental Information by Geographic Segment (continued)

The following table sets out the structure of Standard Chartered's deposits by principal geographic region where it operates at 30 June 2003, 30 June 2002 and 31 December 2002.

30.06.03

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total Deposits $m
Non interest bearing current and demand accounts	1,574	1,067	661	793	996	1,527	865	288	7,771
Interest bearing current and demand accounts	11,583	2,078	76	1,601	28	832	881	3,820	20,899
Savings deposits	574	470	492	923	682	1,443	437	10	5,031
Time deposits	14,758	9,974	2,646	5,003	3,208	3,096	552	11,391	50,628
Other deposits	11	123	564	1,016	2	432	67	23	2,238
Total	28,500	13,712	4,439	9,336	4,916	7,330	2,802	15,532	86,567
Deposits by banks	1,219	3,516	409	2,122	1,253	1,089	112	5,065	14,785
Customer accounts	27,281	10,196	4,030	7,214	3,663	6,241	2,690	10,467	71,782
	28,500	13,712	4,439	9,336	4,916	7,330	2,802	15,532	86,567
Debt securities in issue	2,196	357	480	429	85	-	1	2,885	6,433
Total	30,696	14,069	4,919	9,765	5,001	7,330	2,803	18,417	93,000

30.06.02

	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total Deposits $m
Non interest bearing current and demand accounts	1,383	1,045	699	523	674	1,175	862	572	6,933
Interest bearing current and demand accounts	10,278	1,633	102	1,540	46	675	648	2,332	17,254
Savings deposits	577	451	531	1,901	544	1,089	417	198	5,708
Time deposits	16,679	8,782	2,812	4,226	3,064	3,201	519	10,988	50,271
Other deposits	5	248	309	693	3	328	147	1,560	3,293
Total	28,922	12,159	4,453	8,883	4,331	6,468	2,593	15,650	83,459
Deposits by banks	2,052	2,529	486	1,879	1,171	813	120	4,231	13,281
Customer accounts	26,870	9,630	3,967	7,004	3,160	5,655	2,473	11,419	70,178
	28,922	12,159	4,453	8,883	4,331	6,468	2,593	15,650	83,459
Debt securities in issue	1,098	113	360	524	81	-	3	1,306	3,485
Total	30,020	12,272	4,813	9,407	4,412	6,468	2,596	16,956	86,944

1. Segmental Information by Geographic Segment (continued)

	31.12.02								
	Asia Pacific								
	Hong Kong $m	Singapore $m	Malaysia $m	Other Asia Pacific $m	India $m	Middle East & Other S Asia $m	Africa $m	Americas UK & Group Head Office $m	Total Deposits $m
Non interest bearing current and demand accounts	1,341	992	828	597	807	1,465	696	428	7,154
Interest bearing current and demand accounts	10,841	1,860	76	1,590	3	500	908	2,939	18,717
Savings deposits	553	455	514	1,117	584	1,151	416	11	4,801
Time deposits	14,615	7,779	2,739	4,812	2,722	3,531	525	11,726	48,449
Other deposits	5	382	444	1,097	113	410	26	878	3,355
Total	27,355	11,468	4,601	9,213	4,229	7,057	2,571	15,982	82,476
Deposits by banks	649	1,356	422	2,183	1,078	1,156	113	3,893	10,850
Customer accounts	26,706	10,112	4,179	7,030	3,151	5,901	2,458	12,089	71,626
	27,355	11,468	4,601	9,213	4,229	7,057	2,571	15,982	82,476
Debt securities in issue	1,813	177	295	358	82	-	-	2,152	4,877
Total	29,168	11,645	4,896	9,571	4,311	7,057	2,571	18,134	87,353

2. Segmental Information by Class of Business

	6 months ended 30.06.03			6 months ended 30.06.02		
	Consumer Banking $m	**Wholesale Banking $m**	**Total $m**	Consumer Banking $m	Wholesale Banking $m	Total $m
Net interest income	**904**	**554**	**1,458**	938	604	1,542
Other income	**307**	**582**	**889**	277	466	743
Net revenue	**1,211**	**1,136**	**2,347**	1,215	1,070	2,285
Costs	**(596)**	**(629)**	**(1,225)**	(568)	(608)	(1,176)
Amortisation of goodwill			**(67)**			(68)
Total operating expenses	**(596)**	**(629)**	**(1,292)**	(568)	(608)	(1,244)
Operating profit before provisions	**615**	**507**	**1,055**	647	462	1,041
Charge for debts, contingent liabilities and commitments	**(258)**	**(50)**	**(308)**	(321)	(86)	(407)
Amounts written off fixed asset investments	**-**	**(6)**	**(6)**	-	-	-
Operating profit before taxation	**357**	**451**	**741**	326	376	634
Total assets employed*	**32,925**	**86,990**	**119,915**	30,970	81,847	112,817
Total risk weighted assets and contingents	**23,421**	**54,421**	**77,842**	22,386	50,466	72,852

2. Segmental Information by Class of Business (continued)

	6 months ended 31.12.02		
	Consumer Banking $m	Wholesale Banking $m	Total $m
Net interest income	929	592	1,521
Other income	272	461	733
Net revenue	1,201	1,053	2,254
Costs	(622)	(603)	(1,225)
Amortisation of goodwill			(88)
Total operating expenses	(622)	(603)	(1,313)
Operating profit before provisions	579	450	941
Charge for debts, contingent liabilities and commitments	(282)	(23)	(305)
Amounts written off fixed asset investments	-	(8)	(8)
Operating profit before taxation	297	419	628
Total assets employed*	32,181	80,829	113,010
Total risk weighted assets and contingents	23,779	50,775	74,554

Please refer to note 1 (b), (c), (g), (h), (l), and (m). The $10 million release from the general debt provision is reported in Wholesale Banking. Assets held at the centre have been distributed between business segments in proportion to their total assets employed.

* Prior periods have been restated to net down intra group items.

3. Dealing Profits and Exchange

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Income from foreign exchange dealing	**187**	162	157
Profits less losses on dealing securities	**35**	22	43
Other dealing profits and exchange	**52**	45	(9)
	274	229	191

4. Other Operating Income

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Other operating income includes:			
Profits less losses on disposal of investment securities	**48**	19	(1)
Dividend income	**7**	4	1

5. Taxation

Analysis of taxation charge in the period	**6 months ended 30.06.03 $m**	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
The charge for taxation based upon the profits for the period comprises:			
United Kingdom corporation tax at 30% (30 June 2002: 30%; 31 December 2002: 30%)			
Current tax on income for the period	**158**	130	136
Adjustments in respect of prior periods	**2**	(1)	18
Double taxation relief	**(139)**	(90)	(90)
Foreign tax:			
Current tax on income for the period	**223**	183	199
Adjustments in respect of prior periods	**(1)**	(1)	(55)
Total current tax	**243**	221	208
Deferred tax:			
Origination/reversal of timing differences	**(5)**	(20)	(22)
Tax on profits on ordinary activities	**238**	201	186
Effective tax rate	**32.1%**	31.7%	29.6%

Overseas taxation includes taxation on Hong Kong profits of $25 million (30 June 2002: $21 million; 31 December 2002: $10 million) provided at a rate of 17.5 per cent (30 June 2002: 16 per cent; 31 December 2002: 16 per cent) on the profits assessable in Hong Kong. The Group's net deferred tax asset is $258 million, and is included in other assets (30 June 2002: $208 million; 31 December 2002: $236 million)

6. Dividends on Preference Shares

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Non-cumulative irredeemable preference shares:			
7⅜% preference shares of £1 each	**6**	6	5
8¼% preference shares of £1 each	**7**	6	6
Non-cumulative redeemable preference shares:			
8.9% preference shares of $5 each	**15**	44	41
	28	56	52

7. Dividends on Ordinary Shares

	6 months ended 30.06.03		6 months ended 30.06.02		6 months ended 31.12.02	
	Cents per share	**$m**	Cents per share	$m	Cents per share	$m
Interim	**15.51**	**182**	14.10	160	-	-
Final	**-**	**-**	-	-	32.90	385
	15.51	**182**	14.10	160	32.90	385

The 2003 interim dividend of 15.51 cents per share will be paid in sterling, Hong Kong dollars or US dollars on 10 October 2003, to shareholders on the UK register of members at the close of business on 15 August 2003 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 15 August 2003. It is intended that shareholders will be able to elect to receive shares credited as fully paid instead of all or part of the interim cash dividend. Details of the dividend will be sent to shareholders on or around 22 August 2003.

8. Earnings Per Ordinary Share

	6 months ended 30.06.03			6 months ended 30.06.02			6 months ended 31.12.02		
	Profit $m	**Average number of shares ('000)**	**Per share amount Cents**	Profit $m	Average number of shares ('000)	Per share amount Cents	Profit $m	Average Number of shares ('000)	Per share amount Cents
Basic EPS									
Profit attributable to ordinary shareholders	**461**	**1,165,676**		360	1,131,734		376	1,139,594	
Premium and costs paid on redemption of preference shares	**(2)**	**-**		-	-		(82)		
Basic earnings per share	**459**	**1,165,676**	**39.4**	360	1,131,734	31.8	294	1,139,594	25.8
Effect of dilutive potential ordinary shares:									
Convertible bonds	**10**	**34,488**		8	34,488		9	34,488	
Options	**-**	**231**		-	2,978		-	1,358	
Diluted EPS	**469**	**1,200,395**	**39.1**	368	1,169,200	31.5	303	1,175,440	25.7

The Group measures earnings per share on a normalised basis. This differs from earnings defined in Financial Reporting Standard 14. The table below provides a reconciliation.

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Basic earnings per ordinary share, as above	**459**	360	294
Premium and costs paid on redemption of preference shares	**2**	-	82
Amortisation of goodwill	**67**	68	88
Profits less losses on disposal of investment securities	**(48)**	(19)	1
Amounts written off fixed asset investments	**6**	-	8
Impairment of tangible fixed assets	**-**	-	9
Gain on close out of interest rate swap to hedge preference share dividends	**-**	-	(57)
Tax charge relating to profit on interest rate swap	**-**	-	17
Normalised earnings	**486**	409	442
Normalised earnings per ordinary share	**41.7c**	36.1c	38.8c

9. Loans and Advances

	30.06.03		30.06.02*		31.12.02*	
	Loans to banks $m	**Loans to customers $m**	Loans to banks $m	Loans to customers $m	Loans to banks $m	Loans to customers $m
Gross loans and advances	**18,072**	**60,734**	20,216	58,058	16,111	59,912
Specific provisions for bad and doubtful debts	**(98)**	**(1,626)**	(110)	(2,001)	(103)	(1,721)
General provisions for bad and doubtful debts	**-**	**(458)**	-	(468)	-	(468)
Interest in suspense	**(8)**	**(637)**	(3)	(706)	(7)	(714)
	17,966	**58,013**	20,103	54,883	16,001	57,009

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

	6 months ended 30.06.03		6 months ended 30.06.02*		6 months ended 31.12.02*	
	Specific $m	**General $m**	Specific $m	General $m	Specific $m	General $m
Provisions held at beginning of period	**1,824**	**468**	2,059	468	2,111	468
Exchange translation differences	**5**	**-**	11	-	4	-
Amounts written off	**(531)**	**-**	(391)	-	(615)	-
Recoveries of amounts previously written off	**37**	**-**	26	-	39	-
Other	**71**	**-**	-	-	(14)	-
New provisions	**474**	**-**	550	-	462	-
Recoveries/provisions no longer required	**(156)**	**(10)**	(144)	-	(163)	-
Net charge against/(credit to) profit	**318**	**(10)**	406	-	299	-
Provisions held at end of period	**1,724**	**458**	2,111	468	1,824	468

* Corporate loans and advances to customers against which provisions have been outstanding for two years or more are no longer written down. Prior periods have been restated.

10. Non-Performing Loans and Advances

	30.06.03			30.06.02*			31.12.02*		
	SCNB (LMA) $m	**Other $m**	**Total $m**	SCNB (LMA) $m	Other $m	Total $m	SCNB (LMA) $m	Other $m	Total $m
Loans and advances on which interest is suspended	**757**	**3,269**	**4,026**	849	3,875	4,724	781	3,476	4,257
Specific provisions for bad and doubtful debts	**(94)**	**(1,630)**	**(1,724)**	(92)	(2,019)	(2,111)	(91)	(1,733)	(1,824)
Interest in suspense	**-**	**(645)**	**(645)**	-	(709)	(709)	-	(721)	(721)
	663	**994**	**1,657**	757	1,147	1,904	690	1,022	1,712

* Corporate loans and advances to customers against which provisions have been outstanding for two years or more are no longer written down. Prior periods have been restated.

Net non-performing loans and advances comprises loans and advances to banks $86 million (30 June 2002: $66 million; 31 December 2002: $102 million) and loans and advances to customers $1,571 million (30 June 2002: $1,838 million; 31 December 2002: $1,610 million).

10. Non-Performing Loans and Advances (continued)

The Group acquired Standard Chartered Nakornthon Bank (SCNB) (formerly Nakornthon Bank) in September 1999. Under the terms of the acquisition, non-performing loans (NPLs) of THB 35.24 billion ($849 million) are subject to a Loan Management Agreement (LMA) with the Financial Institutions Development Fund (FIDF), a Thai Government agency. Under the LMA, the FIDF has guaranteed the recovery of a principal amount of the NPLs of THB 23 billion ($554 million). The LMA also provides, inter alia, for loss sharing arrangements whereby the FIDF will bear up to 85 per cent of losses in excess of the guaranteed amount. The carrying cost of the NPLs is reimbursable by the FIDF to SCNB, every half year, for a period of five years from the date of acquisition.

Excluding the SCNB non-performing loan portfolio, subject to the LMA, specific provisions and interest in suspense together cover 70 per cent (30 June 2002: 74 per cent; 31 December 2002: 71 per cent) of total non-performing lending to customers.

11. Debt Securities and Other Fixed Income Securities

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

Debt securities include $559 million (30 June 2002: $409 million; 31 December 2002: $552 million) of securities sold subject to sale and repurchase transactions.

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

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

	30.06.02			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	4,520	1,532	6,052	4,596
Other public sector securities	577	20	597	585
	5,097	1,552	6,649	5,181
Issued by banks:				
Certificates of deposit	3,602	30	3,632	3,609
Other debt securities	4,287	26	4,313	4,288
	7,889	56	7,945	7,897
Issued by other issuers:				
Bills discountable with recognised markets	-	155	155	-
Other debt securities	3,470	440	3,910	3,467
	3,470	595	4,065	3,467
Total debt securities	16,456	2,203	18,659	16,545
Of which:				
Listed on a recognised UK exchange	6,802	-	6,802	6,806
Listed elsewhere	3,674	640	4,314	3,705
Unlisted	5,980	1,563	7,543	6,034
	16,456	2,203	18,659	16,545
Book amount investment securities:				
One year or less	7,893			
One to five years	6,256			
More than five years	2,303			
Undated	4			
	16,456			

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

	31.12.02			
	Book amount Investment securities $m	Book amount Dealing securities $m	Book amount Total debt securities $m	Valuation Investment securities $m
Issued by public bodies:				
Government securities	5,498	733	6,231	5,606
Other public sector securities	599	-	599	607
	6,097	733	6,830	6,213
Issued by banks:				
Certificates of deposit	4,260	32	4,292	4,258
Other debt securities	4,494	247	4,741	4,492
	8,754	279	9,033	8,750
Issued by other issuers:				
Bills discountable with recognised markets	-	113	113	-
Other debt securities	3,547	664	4,211	3,556
	3,547	777	4,324	3,556
Total debt securities	18,398	1,789	20,187	18,519
Of which:				
Listed on a recognised UK exchange	4,167	24	4,191	4,169
Listed elsewhere	7,244	692	7,936	7,350
Unlisted	6,987	1,073	8,060	7,000
	18,398	1,789	20,187	18,519
Book amount investment securities:				
One year or less	9,033			
One to five years	7,976			
More than five years	1,389			
	18,398			

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

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

	6 months ended 30.06.03			6 months ended 30.06.02		
	Historical cost $m	**Amortisation of discounts/ premiums $m**	**Book amount $m**	Historical cost $m	Amortisation of discounts/ premiums $m	Book amount $m
At 1 January	**18,383**	**15**	**18,398**	14,422	23	14,445
Exchange translation differences	**570**	**3**	**573**	569	6	575
Acquisitions	**22,232**	**-**	**22,232**	15,044	-	15,044
Maturities and disposals	**(21,314)**	**(32)**	**(21,346)**	(13,616)	13	(13,603)
Amortisation of discounts and premiums	**-**	**(9)**	**(9)**	-	(5)	(5)
At 30 June	**19,871**	**(23)**	**19,848**	16,419	37	16,456

	6 months ended 31.12.02		
	Historical cost $m	Amortisation of discounts/ premiums $m	Book amount $m
At 1 July 2002	16,419	37	16,456
Exchange translation differences	566	1	567
Acquisitions	23,270	5	23,275
Maturities and disposals	(21,872)	(37)	(21,909)
Amortisation of discounts and premiums	-	9	9
At 31 December 2002	18,383	15	18,398

At 30 June 2003, unamortised premiums on debt securities held for investment purposes amounted to $135 million (30 June 2002: $126 million; 31 December 2002: $307 million) and unamortised discounts amounted to $205 million (30 June 2002: $5 million; 31 December 2002: $21 million).

12. Equity Shares and Other Variable Yield Securities

	30.06.03		30.06.02		31.12.02	
	Book amount Investment securities $m	**Valuation Investment securities $m**	Book amount Investment securities $m	Valuation Investment securities $m	Book amount Investment securities $m	Valuation Investment securities $m
Listed on a recognised UK exchange:						
Own shares	**58**	**61**	-	-	57	58
Other	**2**	**2**	-	-	1	1
Listed elsewhere	**74**	**75**	35	36	69	66
Unlisted	**116**	**116**	96	96	123	123
	250	**254**	131	132	250	248
One year or less	**24**	**24**	1	1	6	5
One to five years	**31**	**39**	33	33	45	46
More than five years	**-**	**-**	-	-	–	–
Undated	**195**	**191**	97	98	199	197
	250	**254**	131	132	250	248

12. Equity Shares and Other Variable Yield Securities (continued)

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

Income from listed equity shares amounted to $2 million (30 June 2002: $nil; 31 December 2002: $1 million) and income from unlisted equity shares amounted to $5 million (30 June 2002: $4 million; 31 December 2002: $nil).

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

	6 months ended 30.06.03			6 months ended 30.06.02		
	Historical cost $m	**Provisions $m**	**Book amount $m**	Historical cost $m	Provisions $m	Book amount $m
At 1 January	**282**	**(32)**	**250**	123	(14)	109
Exchange translation differences	**2**	**-**	**2**	(2)	5	3
Acquisitions	**63**	**-**	**63**	37	(9)	28
Disposals	**(59)**	**-**	**(59)**	(9)	-	(9)
Other	**-**	**(6)**	**(6)**	-	-	-
At 30 June	**288**	**(38)**	**250**	149	(18)	131

	6 months ended 31.12.02		
	Historical cost $m	Provisions $m	Book amount $m
At 1 July	149	(18)	131
Exchange translation differences	6	(6)	-
Acquisitions	138	9	147
Disposals	(11)	2	(9)
Other	-	(19)	(19)
At 31 December	282	(32)	250

The Royal Bank of Scotland Trust Company (Jersey) Limited is trustee of the 1995 Employees' Share Ownership Plan Trust (the 'trust'), which is an employee benefit trust used in conjunction with some of the Group's employee share schemes. The trustee has agreed to satisfy a number of awards made under the schemes. As part of these arrangements Group companies fund, from time to time, the trust to enable the trustee to acquire shares to satisfy these awards.

The trust has acquired, at market value, 11,070,546 (30 June 2002: nil; 31 December 2002: 7,160,366) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's Restricted Share Scheme and Executive Share Option Schemes. The purchase of these shares has been fully funded by the Group.

At 30 June 2003, the trust held 11,070,546 (30 June 2002: nil; 31 December 2002: 7,160,366) shares, of which 6,019,469 (30 June 2002: nil; 31 December 2002: 2,038,122) have vested unconditionally. The balance of 5,051,077 (30 June 2002: nil; 31 December: 5,122,244) shares have been included in the Group balance sheet, as investment in own shares at cost of $58 million (30 June 2002: $nil; 31 December 2002: $57 million) 4,947,801 (30 June 2002: nil; 31 December 2002: 3,022,244) shares have been conditionally gifted to employees and 103,276 shares are under option to employees. The market value of the unvested shares at 30 June 2003 was $61million (30 June 2002: $nil; 31 December 2002: $58 million).

13. Deposits by Banks

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Repayable on demand	**3,728**	2,703	2,742
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	**8,587**	9,081	6,718
Between three months and one year	**1,596**	1,005	1,112
Between one and five years	**318**	492	277
Over five years	**556**	-	1
	14,785	13,281	10,850

The deposits by banks over five years at 30 June 2003 are on a fixed rate charge of five per cent.

14. Customer Accounts

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Repayable on demand	**26,617**	23,751	24,730
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	**38,561**	39,116	39,691
Between three months and one year	**5,525**	5,795	5,539
Between one and five years	**1,032**	1,488	1,666
Over five years	**47**	28	–
	71,782	70,178	71,626

15. Debt Securities in Issue

	30.06.03			30.06.02		
	Certificates of deposit of $100,000 or more $m	**Other debt securities in issue $m**	**Total $m**	Certificates of deposit of $100,000 or more $m	Other debt securities in issue $m	Total $m
By residual maturity:						
Three months or less	**1,602**	**1,040**	**2,642**	1,257	278	1,535
Between three and six months	**219**	**148**	**367**	371	27	398
Between six months and one year	**569**	**388**	**957**	211	57	268
Between one and five years	**1,883**	**395**	**2,278**	1,061	101	1,162
Over five years	**24**	**165**	**189**	-	122	122
	4,297	**2,136**	**6,433**	2,900	585	3,485

15. Debt Securities in Issue (continued)

	31.12.02		
	Certificates of deposit of $100,000 or more $m	Other debt securities in issue $m	Total $m
By residual maturity:			
Three months or less	1,642	142	1,784
Between three and six months	411	138	549
Between six months and one year	648	28	676
Between one and five years	1,527	152	1,679
Over five years	27	162	189
	4,255	622	4,877

16. Dated Subordinated Loan Capital

	30.06.03 $m	30.06.02 $m	31.12.02 $m
By residual maturity:			
Within one year	**-**	149	-
Between one and five years	**337**	348	336
Over five years	**3,450**	3,270	3,266
	3,787	3,767	3,602

Of the dated subordinated loan capital, $3,385 million is at fixed interest rates (30 June 2002: $3,373 million; 31 December 2002: $3,204 million).

17. Called Up Share Capital

	30.06.03 $m	30.06.02 $m	31.12.02 $m
Equity capital			
Ordinary shares of $0.50 each	**586**	567	585
Non-equity capital			
Non-cumulative irredeemable preference shares:			
7⅜% preference shares of £1 each	**158**	152	161
8¼% preference shares of £1 each	**164**	152	161
Non-cumulative redeemable preference shares:			
8.9% preference shares of $5 each	**2**	5	2
	910	876	909

17. Called Up Share Capital (continued)

In November 2002, the Group repurchased 659,126 8.9 per cent non-cumulative preference shares of $5 each. The shares were repurchased at a price of $1,110 per share. The total premium paid on the repurchase equated to $82 million. This, however, was partially offset by a gain on unwinding the interest rate swaps hedging the position of $57 million.

During the first half of 2003, the Group repurchased 7,000 8.9 per cent non-cumulative preference shares of $5 each. The preference shares were repurchased at prices between $1,132.36 and $1,140.52. The total premium paid on the repurchase was $0.8 million. The shares were cancelled leaving 333,874 of the 8.9 per cent dollar preference shares in issue.

During the first half of 2003, the Group repurchased 3,965,000 7⅜ per cent non-cumulative preference shares of £1 each. The preference shares were repurchased at prices between £1.12875 and £1.13. The total premium paid on the repurchase was $0.8 million. The shares were cancelled leaving 96,035,000 of the 7⅜ per cent sterling preference shares in issue.

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

18. Shareholders' Funds

	Share capital $m	Share premium account $m	Capital reserve $m	Capital redemption reserve $m	Premises revaluation reserve $m	Profit and loss account $m	Total shareholders' funds $m
At 1 January 2003	909	2,764	5	3	3	3,643	7,327
Exchange translation differences	8	-	-	-	-	28	36
Shares issued, net of expenses	1	1	-	-	-	21	23
Realised on disposal of property	-	-	-	-	(2)	2	-
Repurchase of preference shares	(8)	-	-	8	-	(17)	(17)
Retained profit	-	-	-	-	-	279	279
At 30 June 2003	910	2,765	5	11	1	3,956	7,648
Equity interests							7,023
Non-equity interests							625
At 30 June 2003							7,648

18. Shareholders' Funds (continued)

	Share capital $m	Share premium account $m	Capital reserve $m	Capital redemption reserve $m	Premises revaluation reserve $m	Profit and loss account $m	Total shareholders' funds $m
At 1 January 2002	861	2,761	5	-	61	3,850	7,538
Exchange translation differences	14	-	-	-	(1)	(52)	(39)
Shares issued, net of expenses	1	11	-	-	-	32	44
Retained profit	-	-	-	-	-	200	200
Capitalised on exercise of share options	-	2	-	-	-	(2)	-
At 30 June 2002	876	2,774	5	-	60	4,028	7,743
Equity interests							6,470
Non-equity interests							1,273
At 30 June 2002							7,743

	Share capital $m	Share premium account $m	Capital reserve $m	Capital redemption reserve $m	Premises revaluation reserve $m	Profit and loss account $m	Total shareholders' funds $m
At 1 July 2002	876	2,774	5	-	60	4,028	7,743
Exchange translation differences	18	-	-	-	(5)	26	39
Shares issued, net of expenses	18	318	-	-	-	7	343
Realised on disposal of property	-	-	-	-	(4)	4	-
Repurchase of preference shares	(3)	(328)	-	3	-	(413)	(741)
Retained profit	-	-	-	-	-	(9)	(9)
Premises revaluation	-	-	-	-	(48)	-	(48)
At 31 December 2002	909	2,764	5	3	3	3,643	7,327
Equity interests							6,695
Non-equity interests							632
At 31 December 2002							7,327

19. Consolidated Cash Flow Statement

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

	6 months ended 30.06.03 $m	6 months ended 30.06.02 $m	6 months ended 31.12.02 $m
Operating profit	**741**	634	628
Items not involving cash flow:			
Amortisation of goodwill	**67**	68	88
Depreciation and amortisation of premises and equipment	**108**	89	100
Loss on disposal of tangible fixed assets	**-**	1	2
Gain on disposal of investment securities	**(48)**	(19)	1
Amortisation of investments	**12**	(16)	(32)
Charge for bad and doubtful debts and contingent liabilities	**308**	407	305
Amounts written off fixed asset investments	**6**	-	8
Debts written off, net of recoveries	**(494)**	(365)	(576)
Increase/(decrease) in accruals and deferred income	**42**	(149)	(107)
(Increase)/decrease in prepayments and accrued income	**(452)**	109	(125)
Adjustments for items shown separately:			
Interest paid on subordinated loan capital	**239**	208	122
Premium and costs on repayment of subordinated liabilities	**-**	-	10
Net cash inflow from trading activities	**529**	967	424
Net increase in cheques in the course of collection	**(73)**	(2)	(17)
Net increase in treasury bills and other eligible bills	**(14)**	(47)	(46)
Net (increase)/decrease in loans and advances to banks and customers	**(2,856)**	(2,099)	2,559
Net increase/(decrease) in deposits from banks, customer accounts and debt securities in issue	**5,320**	3,043	(152)
Net (increase)/decrease in dealing securities	**(972)**	(615)	313
Net (increase)/decrease in mark-to-market adjustment	**(104)**	128	286
Net (decrease)/increase in other accounts	**(158)**	(415)	451
Net cash inflow from operating activities	**1,672**	960	3,818

Analysis of changes in cash

Balance at beginning of period	**3,496**	3,549	3,050
Exchange translation differences	**7**	81	(20)
Net cash inflow/(outflow)	**160**	(580)	466
Balance at end of period	**3,663**	3,050	3,496

20. Net Interest Margin and Interest Spread

	6 months ended 30.06.03 %	6 months ended 30.06.02 %	6 months ended 31.12.02 %
Net interest margin	**2.8**	3.1	3.0
Interest spread	**2.6**	2.9	2.6
	$m	$m	$m
Average interest earning assets	**103,871**	98,077	101,257
Average interest bearing liabilities	**91,028**	86,491	86,479

21. Remuneration

The Group employed 30,100 staff at 30 June 2003 (30 June 2002: 28,100; 31 December 2002: 29,400).

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 success of the Group depends upon the performance and commitment of talented employees. The Group's remuneration policy is to:-

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

In terms of applying this policy:

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

Standard Chartered Group believes strongly in encouraging employee share ownership at all levels in the organisation. The Group is proud to announce that more than 50 per cent of employees globally own shares in the Company. In addition the Group operates certain discretionary share plans which are designed to provide competitive long-term incentives. Of these plans, the Performance Share Plan and the Executive Share Option Scheme are only exercisable upon the achievement of tough performance criteria.

22. Charge on Group Assets

Group assets include $2,741 million (30 June 2002: $2,184 million; 31 December 2002: $2,699 million) which are subordinated to the claims of other parties.

23. 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 Bank of England's guidelines implementing the Basel Accord on capital adequacy, after taking account of collateral and guarantees received.

	30.06.03			30.06.02		
	Contract or underlying principal amount $m	**Credit equivalent amount $m**	**Risk weighted amount $m**	Contract or underlying principal amount $m	Credit equivalent amount $m	Risk weighted amount $m
Contingent liabilities						
Acceptances and endorsements	**870**	**870**	**817**	672	672	595
Guarantees and irrevocable letters of credit	**12,235**	**8,324**	**5,888**	12,742	9,262	6,503
Other contingent liabilities	**5,549**	**4,064**	**2,923**	3,789	2,425	1,836
	18,654	**13,258**	**9,628**	17,203	12,359	8,934
Commitments						
Documentary credits and short term trade-related transactions	**1,640**	**328**	**291**	1,987	397	343
Forward asset purchases and forward deposits placed	**95**	**95**	**19**	100	100	20
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	**8,071**	**4,036**	**3,231**	7,621	3,811	2,763
Less than one year	**6,456**	**-**	**-**	3,505	-	-
Unconditionally cancellable	**26,924**	**-**	**-**	25,931	-	-
	43,186	**4,459**	**3,541**	39,144	4,308	3,126

	31.12.02		
	Contract or underlying principal amount $m	Credit equivalent amount $m	Risk weighted amount $m
Contingent liabilities			
Acceptances and endorsements	897	897	854
Guarantees and irrevocable letters of credit	12,199	8,374	6,102
Other contingent liabilities	4,817	3,371	2,281
	17,913	12,642	9,237
Commitments			
Documentary credits and short term trade-related transactions	1,690	338	295
Forward asset purchases and forward deposits placed	21	21	4
Undrawn formal standby facilities, credit lines and other commitments to lend:			
One year and over	8,125	4,063	3,399
Less than one year	5,152	-	-
Unconditionally cancellable	28,815	-	-
	43,803	4,422	3,698

24. Fair Values

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

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

Trading activities are defined as positions held in financial instruments with the intention of benefiting from short term rates or price movements. The risk section of the Financial Review on pages 16 to 30 explains the Group's risk management of derivative contracts.

	30.06.03			30.06.02		
	Notional principal amounts $m	**Positive fair value $m**	**Negative fair value $m**	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Trading book						
Forward foreign exchange contracts	**486,541**	**5,808**	**5,437**	360,862	7,767	7,953
Foreign exchange derivative contracts						
Currency swaps and options	**134,909**	**1,532**	**1,674**	89,272	1,389	1,622
Interest rate derivative contracts						
Swaps	**200,459**	**3,413**	**3,191**	174,891	1,685	1,583
Forward rate agreements and options	**33,591**	**89**	**72**	49,688	126	113
Exchange traded futures and options	**149,357**	**48**	**47**	65,468	51	54
Total	**383,407**	**3,550**	**3,310**	290,047	1,862	1,750
Equity and stock index derivatives	**-**	**-**	**-**	8	-	-
Total trading book derivative financial instruments	**1,004,857**	**10,890**	**10,421**	740,189	11,018	11,325
Effect of netting		**(6,764)**	**(6,764)**		(5,595)	(5,595)
		4,126	**3,657**		5,423	5,730

24. Fair Values (continued)

	31.12.02		
	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Trading book			
Forward foreign exchange contracts	340,334	5,623	5,548
Foreign exchange derivative contracts			
Currency swaps and options	96,940	1,108	1,252
Interest rate derivative contracts			
Swaps	188,313	2,926	2,653
Forward rate agreements and options	28,335	108	91
Exchange traded futures and options	39,834	25	36
Total	256,482	3,059	2,780
Total trading book derivative financial instruments	693,756	9,790	9,580
Effect of netting		(5,691)	(5,691)
		4,099	3,889

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

	30.06.03			30.06.02		
	Notional principal amounts $m	**Positive fair value $m**	**Negative fair value $m**	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Non-trading book						
Forward foreign exchange contracts						
Currency swaps and options	**524**	**-**	**-**	-	-	-
Interest rate derivative contracts						
Swaps	**1,124**	**-**	**2**	786	-	1
Forward rate agreements and options	**79**	**-**	**-**	6	-	-
Exchange traded futures and options	**4,009**	**2**	**2**	3,480	1	4
Total	**5,212**	**2**	**4**	4,272	1	5
Commodity derivative contracts	**1,207**	**6**	**6**	1,862	20	20
Total non-trading book derivative financial instruments	**6,943**	**8**	**10**	6,134	21	25

24. Fair Values (continued)

	31.12.02		
	Notional principal amounts $m	Positive fair value $m	Negative fair value $m
Non-trading book			
Forward foreign exchange contracts			
Currency swaps and options	524	2	-
Interest rate derivative contracts			
Swaps	1,313	-	2
Forward rate agreements and options	181	2	1
Exchange traded futures and options	2,231	2	1
Total	3,725	4	4
Commodity derivative contracts	1,812	14	14
Total non-trading book derivative financial instruments	6,061	20	18

	30.06.03		30.06.02	
	Book value $m	**Market value $m**	Book value $m	Market value $m
Listed and publicly traded securities:				
Financial assets	**15,456**	**15,544**	14,771	14,814
Preference shares	**625**	**749**	1,273	1,380
Other financial liabilities	**11,110**	**11,169**	8,512	8,134
Financial liabilities	**11,735**	**11,918**	9,785	9,514

	31.12.02	
	Book value $m	Market value $m
Listed and publicly traded securities:		
Financial assets	16,337	16,451
Preference shares	632	753
Other financial liabilities	9,710	9,478
Financial liabilities	10,342	10,231

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

25. Credit Exposures in Respect of Derivative Contracts

The residual maturity analysis of the notional principal amounts of derivative contracts, excluding exchange traded futures and options, held at 30 June 2003, 30 June 2002 and 31 December 2002 for trading and non-trading purposes is set out below:

	30.06.03				30.06.02			
	Under one year $m	**One to five years $m**	**Over five years $m**	**Total $m**	Under one year $m	One to five years $m	Over five years $m	Total $m
Forward foreign exchange and foreign exchange derivative contracts								
Notional principal amount	**587,971**	**29,973**	**4,030**	**621,974**	429,473	16,601	4,060	450,134
Net replacement cost	**6,575**	**685**	**80**	**7,340**	8,589	490	77	9,156
Interest rate derivative contracts								
Notional principal amount	**120,767**	**89,649**	**24,837**	**235,253**	136,020	72,870	16,481	225,371
Net replacement cost	**494**	**1,693**	**1,315**	**3,502**	519	978	314	1,811
Equity and stock index derivatives								
Notional principal amount	**-**	**-**	**-**	**-**	8	-	-	8
Net replacement cost	**-**	**-**	**-**	**-**	-	-	-	-
Commodity derivative contracts								
Notional principal amount	**701**	**506**	**-**	**1,207**	970	892	-	1,862
Net replacement cost	**1**	**5**	**-**	**6**	9	11	-	20
Counterparty risk								
Financial institutions				**8,894**				9,244
Non financial institutions				**1,954**				1,743
Total net replacement cost				**10,848**				10,987

	31.12.02			
	Under one year $m	One to five years $m	Over five years $m	Total $m
Forward foreign exchange and foreign exchange derivative contracts				
Notional principal amount	415,839	18,589	3,370	437,798
Net replacement cost	6,294	360	79	6,733
Interest rate derivative contracts				
Notional principal amount	120,843	77,219	20,080	218,142
Net replacement cost	578	1,490	968	3,036
Equity and stock index derivatives				
Notional principal amount	-	-	-	-
Net replacement cost	-	-	-	-
Commodity derivative contracts				
Notional principal amount	943	869	-	1,812
Net replacement cost	3	11	-	14
Counterparty risk				
Financial institutions				9,034
Non financial institutions				749
Total net replacement cost				9,783

The risk section of the Financial Review on pages 16 to 30 explains the Group's risk management of derivative contracts.

26. Structural Currency Exposures

The Group's structural currency exposures were as follows:

	30.06.03			30.06.02		
	Net investments in overseas units $m	**Borrowing in the functional currency of the units concerned hedging the net investment in the units $m**	**Structural currency exposures $m**	Net investments in overseas units $m	Borrowing in the functional currency of the units concerned hedging the net investment in the units $m	Structural currency exposures $m
Functional currency of the business unit:						
Singapore Dollar	**2**	**-**	**2**	17	-	17
Indian Rupee	**476**	**-**	**476**	324	-	324
Hong Kong Dollar	**(65)**	**-**	**(65)**	17	-	17
Malaysian Ringgit	**428**	**-**	**428**	454	-	454
Thai Baht	**(1)**	**-**	**(1)**	5	-	5
UAE Dirham	**161**	**-**	**161**	260	-	260
Sterling	**1,305**	**(1,295)**	**10**	4	-	4
Other non US dollar	**768**	**-**	**768**	700	-	700
Total	**3,074**	**(1,295)**	**1,779**	1,781	-	1,781

	31.12.02		
	Net investments in overseas units $m	Borrowing in the functional currency of the units concerned hedging the net investment in the units $m	Structural currency exposures $m
Functional currency of the business unit:			
Singapore Dollar	49	-	49
Indian Rupee	459	-	459
Hong Kong Dollar	(32)	-	(32)
Malaysian Ringgit	428	-	428
Thai Baht	27	-	27
UAE Dirham	170	-	170
Sterling	1,593	(1,542)	51
Other non US dollar	799	-	799
Total	3,493	(1,542)	1,951

Structural currency exposures for 2002 and 2003 relate to net investments in non US dollar units.

The Group's main operations in non US dollar units were Asia, Africa and the United Kingdom. The main operating (or 'functional') currencies of its overseas business units therefore include Hong Kong Dollar, Malaysian Ringgit, Singapore Dollar and Sterling. As the Group prepares its consolidated financial statements in US dollars, it follows that the Group's consolidated balance sheet is affected by movements in the exchange rates between functional currencies and US dollars. These currency exposures are referred to as structural. Translation gains and losses arising from these exposures are recognised in the Consolidated Statement of Total Recognised Gains and Losses.

The risk section of the Financial Review on pages 16 to 30 explains the risk management with respect to the Group's hedging policies.

27. Market Risk

Trading book	6 months ended 30.06.03 Average $m	High $m	Low $m	30.06.03 Actual $m	6 months ended* 30.06.02 Average $m	High $m	Low $m	30.06.02 Actual $m
Daily value at risk:								
Interest rate risk	**2.5**	**4.0**	**1.8**	**4.0**	2.9	6.0	1.9	2.7
Foreign exchange risk	**1.8**	**3.8**	**0.9**	**1.3**	2.0	2.6	1.4	2.0
Total	**3.8**	**6.7**	**2.0**	**4.6**	4.9	8.6	3.3	5.0

Trading book	6 months ended* 31.12.02 Average $m	High $m	Low $m	31.12.02 Actual $m
Daily value at risk:				
Interest rate risk	2.4	2.8	1.6	1.6
Foreign exchange risk	1.7	2.6	1.0	1.1
Total	4.1	5.4	2.6	2.7

* Restated for change in methodology (see page 28).

This note should be read in conjunction with the market risk section of the Financial Review on pages 16 to 30 which explains the Group's market risk management.

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

The Group recognises that there are limitations to the generic VaR methodology. These limitations include the fact that the risk factors may not fall within the assumption of a normal distribution, i.e. that a greater than expected number of observations may fall outside the stated confidence level. Also, the historical data may not be the best proxy for future price movements, either because the observation period does not include extreme price movements or, in some cases, because data is not available. 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. This is particularly relevant in the case of extreme market movements, which may arise in periods of low liquidity and invalidate the assumption that positions can be closed in a liquid market. 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.

28. 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 6 August 2003. The comparative figures for the financial year ended 31 December 2002 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

29. Forward Looking Statements

This document contains forward-looking statements, including such statements within the meaning of section 27A of the US Securities Act of 1993 and section 21E of the Securities Exchange Act of 1934. These statements concern or may affect future matters. These may include Standard Chartered's future strategies, business plans, and results and are based on the current expectations of the directors of Standard Chartered. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments, competitive and general operating conditions.

30. UK and Hong Kong Accounting Requirements

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

Investments in securities

UK GAAP

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

Hong Kong GAAP

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

If the Group had prepared its financial statements under Hong Kong SAAP24 there would have been a net charge to the profit and loss account of $5 million, (30 June 2002: $10 million; 31 December 2002: $10 million), an increase in the book amount of investment in securities of $47 million (30 June 2002: $11 million decrease; 31 December 2002: $60million increase) and a credit to reserves of $33 million (30 June 2002: $9 million; 31 December 2002: $42 million).

Tangible Fixed Assets

UK GAAP

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

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

Hong Kong GAAP

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

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

At 30 June 2003, the Group's total properties comprised less than one per cent of the Group's total assets. A formal revaluation of certain of the Group's principal properties was performed at 31 August 2002, and at 30 September 2002 for all other properties, by independent valuers.

30. UK and Hong Kong Accounting Requirements (continued)

If the Group had prepared its financial statements under Hong Kong SSAP17 there would have been a net charge to the profit and loss account of $nil (30 June 2002: $nil; 31 December 2002: $80 million) in respect of valuations below depreciated historical cost.

Dividends

UK GAAP

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

Hong Kong GAAP

Under Hong Kong SSAP9 (revised) – Events after the balance sheet date which is effective for accounting periods beginning on or after 1 January 2001, dividends are only recognised as a liability in the accounting period in which they are declared by the directors (in the case of interim dividends) or approved by the shareholders (in the case of final dividends).

The retained profit for the six months ended 30 June 2003 would fall by $203 million (30 June 2002: $169 million fall; 31 December 2002: $225 million rise) had the Company adopted Hong Kong SSAP9 (revised), and there would have been an increase in reserves of $182 million (30 June 2002: $160 million; 31 December 2002: $385 million).

Cash Flow Statement

UK GAAP

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

Hong Kong GAAP

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

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

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

Retirement Benefits

UK GAAP

Background

Financial Reporting Standard 17 – Retirement benefits (FRS17) has been published by the Accounting Standards Board in December 2000 to replace United Kingdom SSAP24 – Accounting for pension costs. Currently UK SSAP24 is still applicable although additional disclosure is required under the transitional provisions in FRS17.

Hong Kong GAAP

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

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

30. UK and Hong Kong Accounting Requirements (continued)

Transitional provisions for defined benefit scheme are summarised as follows:

A liability or asset at the date of first adoption of Hong Kong SSAP34 needs to be determined and compared to the amount that would have been recognised at the same date under the previous accounting policy.

A resulting transitional loss can be recognised either immediately under Hong Kong SSAP2 – Net profit or loss for the period, fundamental errors and changes in accounting policies or on a straight-line basis over up to five years from the date of adoption.

A resulting transitional gain should be recognised immediately under Hong Kong SSAP2.

The Group has not quantified, on practical grounds, the differences arising from the different treatments between Hong Kong GAAP and UK GAAP for retirement benefits. In order to quantify the differences, the Group would need to examine approximately 50 different retirement benefit schemes operating throughout the world during the period.

Additionally, in the 2002 Annual Report, the Group provided disclosures under two accounting standards (UK SSAP24 and FRS17). Full compliance with a third standard (Hong Kong SSAP34) would be costly in terms of commissioning a third actuarial review, the results of which the Group do not believe would be materially different from those obtained under the FRS17 disclosures.

Deferred taxation

UK GAAP

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

Hong Kong GAAP

Under Statement of Standard Accounting Practice 12 (revised) – Accounting for deferred tax, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis are recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates inacted or substantively inacted at the balance sheet date.

The deferred tax asset balance would be decreased by $28 million at 30 June 2003 (30 June 2002: $27 million; 31 December 2002: $25 million) and the deferred tax liability balance would be increased by $nil at 30 June 2003 (30 June 2002: $nil million; 31 December 2002: $nil). The profit and loss reserves balance would be decreased by $12 million (30 June 2002: $11 million; 31 December 2002: $9 million) and the premises revaluation reserve would be decreased by $16 million at 30 June 2003 (30 June 2002: $16 million; 31 December 2002: $16 million).

Directors' interests in Ordinary Shares

	At 1 January 2003				At 30 June 2003
Director	**Total interests**	**Personal interests**	**Family interests**	**Other interests**	**Total interests**
B K Sanderson	50,000	51,502	-	-	51,502
Lord Stewartby	14,760	14,882	-	-	14,882
E M Davies	58,092	59,838	-	-	59,838
Sir CK Chow	8,664	8,664	-	-	8,664
B Clare	2,015	2,015	-	-	2,015
M B DeNoma	10,000	10,455	-	-	10,455
Ho KwonPing	2,208	2,274	-	-	2,274
C A Keljik	118,766	1,078	117,688	-	118,766
R H P Markham	2,075	2,137	-	-	2,137
R H Meddings	2,000	2,000	-	-	2,000
D G Moir	112,955	113,273	-	-	113,273
K S Nargolwala	70,897	70,897	-	-	70,897
H E Norton	4,000	4,000	-	-	4,000
Sir Ralph Robins	3,974	4,093	-	-	4,093
P A Sands	2,027	2,088	-	-	2,088

Notes

(a) The beneficial interests of directors and their families in the ordinary shares of the Company are set out above. The directors do not have any non-beneficial interests in the Company's shares.

(b) No director had an interest in the Company's preference shares or loan stock, nor the shares or loan stocks of any subsidiary or associated undertaking of the Group.

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

Directors' interests in Ordinary Shares (continued)

Director	Scheme	At 1 January 2003	Granted	Exercised	Lapsed	At 30 June 2003	Weighted average exercise price (pence)	Period of Exercise
B K Sanderson	2000 Scheme	-	121,211*	-	-	121,211	742.5	2006-2013
E M Davies	2000 Scheme	651,889	347,574**	-	-	999,463	750.4	2003-2013
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008
	Supplemental Scheme	121,541	-	-	42,492	79,049	866.57	2003-2005
	1994 Scheme	132,848	-	-	-	132,848	754.02	2003-2009
M B DeNoma	2000 Scheme	316,828	220,130**	-	-	536,958	775.66	2003-2013
	Sharesave	2,397	-	-	-	2,397	704	2004-2005
	Supplemental Scheme	36,585	-	-	-	36,585	820	2003-2005
	1994 Scheme	33,783	-	-	-	33,783	888	2003-2009
C A Keljik	2000 Scheme	351,034	110,065**	-	-	461,099	794.84	2003-2013
	Sharesave	5,164	-	-	-	5,164	334	2003-2004
	Supplemental Scheme	100,578	-	-	28,555	72,023	844.18	2003-2005
	1994 Scheme	117,098	-	-	-	117,098	767.01	2003-2009
R H Meddings	2000 Scheme	135,957	101,375**	-	-	237,332	737.36	2005-2013
D G Moir	Supplemental Scheme	118,750	-	-	57,450	61,300	879.28	2003-2005
K S Nargolwala	2000 Scheme	385,239	110,065**	-	-	495,304	792.44	2003-2013
	Supplemental Scheme	125,087	-	-	33,994	91,093	848.03	2003-2005
	1994 Scheme	99,063	-	-	-	99,063	757.1	2003-2009
P A Sands	2000 Scheme	208,865	195,510**	-	-	404,375	778.98	2005-2013
	Sharesave	2,957	-	-	-	2,957	559.5	2007-2008

* Exercise price 742.5p
** Exercise price 690.5p

Notes

(a) 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 2003, EPS must increase by eight per cent per annum over the performance period.

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

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

(c) 1997 Supplemental Executive Share Option Scheme (the Supplemental Scheme) (closed). No awards have been made under the Supplemental Scheme since February 2000 and it is anticipated that no future grants will be made under it except in exceptional circumstances.

To be eligible for a grant under this scheme, participants had to retain a personal holding of at least 10,000 shares, purchased at their own expense. Options can only be exercised up to the fifth anniversary of the grant date if firstly the share price over 20 consecutive days exceeds the share price at grant by at least 50 per cent plus RPI and, secondly, EPS increases by at least 25 per cent plus RPI.

(d) 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 2002 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

Directors' interests in Ordinary Shares (continued)

		Options where market price greater than exercise price			Options where market price lower than exercise price		
Director	**Type of Scheme***	**At 30 June 2003**	**Weighted exercise price (pence)**	**Expiry date**	**At 30 June 2003**	**Weighted exercise price (pence)**	**Expiry date**
B K Sanderson	Executive Schemes	-	-	-	121,211	742.5	2013
E M Davies	Executive Schemes	823,109	701.61	2008-2013	388,251	878.74	2004-2011
	Sharesave	2,957	559.5	2008	-	-	-
M B DeNoma	Executive Schemes	322,509	700.75	2012-2013	284,817	879.50	2005-2011
	Sharesave	2,397	704	2004	-	-	-
C A Keljik	Executive Schemes	288,684	695.90	2006-2013	361,536	874.66	2004-2011
	Sharesave	5,164	334	2004	-	-	-
R H Meddings	Executive Schemes	101,375	690.50	2013	135,957	772.3	2012
D G Moir	Executive Schemes	-	-	-	61,300	879.28	2004-2005
K S Nargolwala	Executive Schemes	312,021	695.46	2008-2013	373,439	877.65	2004-2011
P A Sands	Executive Schemes	195,510	690.50	2013	208,865	861.8	2012
	Sharesave	2,957	559.50	2008	-	-	-

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

Director	**Scheme**	**At 1 January 2003**	**Granted**	**Vested**	**At 30 June 2003**	**Period of vesting**
B K Sanderson	Restricted Share Scheme	-	40,404(a)	-	40,404	2005-2006
E M Davies	2001 Performance Share Plan	117,510	86,893(b)	-	204,403	2004-2006
M B DeNoma	2001 Performance Share Plan	63,213	55,032(b)	-	118,245	2004-2006
C A Keljik	2001 Performance Share Plan	70,892	41,274(b)	-	112,166	2004-2006
R H Meddings	2002 Performance Share Plan	-	38,015(b)	-	38,015	2006
	Restricted Share Scheme	45,319	-	-	45,319	2004-2005
K S Nargolwala	2001 Performance Share Plan	88,439	55,032(b)	-	143,471	2004-2006
P A Sands	2001 Performance Share Plan	52,216	65,170(b)	-	117,386	2005-2005
	Restricted Share Scheme	52,216	-	-	52,216	2004-2005

Notes

(a) Market value on date of award (13 May 2003) was 742.5p.

(b) Market value on date of award (5 March 2003) was 690.5p.

(c) 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. Fifty per cent of each award is subject to the satisfaction of a relative total shareholder return performance target. The other 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 2002 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

(d) 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 2002 Report and Accounts, which is available on the Company's website: www.standardchartered.com.

Corporate Governance

The directors confirm that, throughout the period, the Company has complied with the provisions of Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange except that the non-executive directors of the Company have not been appointed for specific terms. Following a review, the appointment of non-executive directors will now be for specific terms.

Substantial shareholders

The Company and its shareholders have been granted partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance ("SFO"). As a result of this exemption, shareholders no longer have an obligation under the SFO to notify the Company of substantial shareholding interests, and the Company is no longer required to maintain a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with the Hong Kong Stock Exchange any disclosure of interests made in the UK.

Share price information

The middle market price of an ordinary share at the close of business on 30 June 2003 was 736 pence. The share price range during the first half of 2003, was 702.9 pence to 778 pence (based on the closing middle market prices).

Dividend and interest payment dates

2003 Interim dividend	
Ex dividend date	13 August 2003
Record date for dividend	15 August 2003
Dividend payment date	10 October 2003
2003 Final dividend	**(provisional only)**
Results and dividend announced	18 February 2004
Preference shares	**Next half- yearly dividend**
7⅜ per cent Non-Cumulative Irredeemable preference shares of £1each	1 October 2003
8¼ per cent Non-Cumulative Irredeemable preference shares of £1each	1 October 2003
8.9 per cent Non-Cumulative preference shares of $5 each:	Dividends paid on the 1st of each calendar quarter.

Previous dividend payments

Dividend and financial year	Payment date	Cash dividend per ordinary share	Cost of one new ordinary share under the share dividend scheme
Final 1998	28 May 1999	14.50p	889.5p
Interim 1999	15 October 1999	6.75p	860.8p
Final 1999	26 May 2000	16.10p	797.9p
Interim 2000	13 October 2000	7.425p	974.3p
Final 2000	25 May 2001	17.71p	No offer
Interim 2001	12 October 2001	12.82c/8.6856p	No offer
Final 2001	17 May 2002	29.10c/19.91p	£8.43/$12.32
Interim 2002	15 October 2002	14.10c/9.023p	£6.537/$10.215
Final 2002	13 May 2003	32.9c/20.692p/ HK$2.566	£6.884/$10.946

ShareCare

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

Low cost share dealing service

We are pleased to be able to offer shareholders on the United Kingdom share register the use of the Instant Share Dealing Service which is available in NatWest branches. If you would like details of this service please contact NatWest Stockbrokers Limited on 0845 609 0000.

Bankers' Automated Clearing System (BACS)

Dividends and loan stock interest can be paid straight into your bank or building society account. Please contact our registrar for a mandate form.

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the United Kingdom share register, please contact our registrar Computershare Investor Services PLC, at PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH. There is a shareholder helpline on 0870 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited at Rooms 1901–5, 19th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong. You can check your shareholding at: www.computershare.com.

Chinese translation

If you would like a Chinese version of this Interim Report please contact: Computershare Hong Kong Investor Services Limited at Rooms 1901–5, 19th Floor, Hopewell Centre, 183 Queens Road East, Hong Kong.

中期報告之中文版本可向香港中央證券登記有限公司索取，地址：香港皇后大道東183 號合和中心19 樓1901-5 室。

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

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

Taxation

Information on taxation applying to dividends paid to you if you are a shareholder in the United Kingdom, Hong Kong and the United States will be sent to you with your dividend documents.

Electronic communications

If you hold your shares on the United Kingdom share register and in future you would like to receive the Report and Accounts and Interim Reports electronically rather than by post, please register online at: www.standardchartered.com/investors. Then click on Update **Shareholder Details** and follow the instructions. You will need to have your Shareholder or ShareCare Reference number when you log on. You can find this on your share certificate or ShareCare statement.

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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 65 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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

Directors' responsibilities

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

Review work performed

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

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

KPMG Audit Plc
Chartered Accountants
London
6 August 2003