

Chairman's Statement

We have delivered another strong performance. Not only did our business succeed in making up for the uncertain economic start to 2003, we went on to achieve strong growth over the previous year, underlining the progress we are making towards our goal of leading the way in Asia, Africa and the Middle East.

Operating profit rose 22 per cent to \$1,542 million compared with \$1,262 million in 2002

Net revenue increased to \$4,753 million, up 5 per cent

Normalised Earnings Per Share at 89.6 cents, up 20 per cent

Normalised Return on Equity increased to 15.3 per cent

Recommended final dividend per share up 10.6 per cent to 36.49 cents, making 52 cents for the year

Performance is my top priority. This year's results are evidence of the strength and focus of our management team and the performance culture that is developing throughout the Group.

It is notable that Standard Chartered delivered a 37 per cent increase in Total Shareholder Return last year, the highest of the major UK banks.

A changing world

The economic climate has improved significantly. We have entered 2004 with a strengthening world economy and increasing business confidence. There are signs of vibrant economic growth in our major markets for the year ahead.

The Asian economies are out-performing and China is particularly strong. China is having a major impact across Asia, boosting intra-regional trade. Hong Kong, in particular, has benefited from measures China introduced to promote closer economic integration.

World trade has continued to outstrip world growth, benefiting our core regions.

The economic cycle is proving beneficial for Africa and the Middle East. The combination of a weak dollar and global recovery is keeping oil and commodity prices high.

Of course, there are always shocks. But in recent years, the world economy, and our markets, have shown remarkable resilience to these shocks, and policy makers have demonstrated their ability to respond quickly.

Positioned for growth

Our plans are led by organic growth. We are operating in dynamic markets with attractive growth rates. There is plenty of potential for us to grow in these markets.

However, we recognise that there are a number of places where we have opportunities to build a bigger presence; examples are China, South Africa and South Korea. We will continue to consider acquisitions but we are very disciplined in our approach.

During the year, the Group created a range of opportunities in new markets and we will move these forward in 2004.

Last summer we returned to South Africa with the award of a banking licence and the acquisition of the digital financial services company 20twenty. We took a 9.8 per cent stake in Koram, South Korea's sixth largest bank, for \$154 million. We were the first international bank to be awarded a licence in Afghanistan. In Iraq, we play a leading role in the consortium running the Trade Bank of Iraq. We recently opened a new representative office in Turkey.

In Hong Kong, we are in the process of incorporating our local business. This is a further sign of our commitment to Hong Kong and will help us take advantage of closer economic integration with China.

In January 2004 we sold our 0.4 per cent shareholding in Bank of China's subsidiary BOC Hong Kong, making a gain of \$35 million. We will use these funds to further organic growth in China. These gains are not included in our results for 2003.

Corporate governance

I would like to thank Ronnie Chan, Barry Clare and Cob Stenham who retired from the Board during 2003. They made a valuable contribution to the Board. I also want to thank Sir Patrick Gillam, my predecessor, who played a key role in making Standard Chartered the bank it is today.

David Moir and Sir Ralph Robins will be retiring from the Board after the Annual General Meeting on 11 May 2004.

We also saw the appointment of two new non-executive directors: Paul Skinner and Ruth Markland. They both have a wealth of talent to offer. Ruth has great expertise in Asia, where she was Managing Partner Asia for Freshfields Bruckhaus Deringer, and a deep understanding of the regulatory environment there. Paul is the Chairman of Rio Tinto, one of the most successful global mining companies. In his former position at Royal Dutch Shell he was CEO of the Group's global Oil Products business.

These changes to the Board bring us closer in line with corporate governance guidelines under the new Combined Code, which came into effect in January 2004. Further changes can be anticipated as we continue to shape our Board in line with best practice.

It is my view that good performance and good governance reinforce each other. We attach great importance to the high standards of governance we have achieved in all our markets and will ensure that these are sustained.

Corporate Social Responsibility

Another aspect of good governance is good corporate citizenship. This is essential for sustaining the growth of our business and for long-term profitability. We have a responsibility in the type of business we do and to the communities we serve.

During 2003, the Group's 150th anniversary, we made substantial efforts to reinvest in the communities where we do business. In a year in which we grew our operating profit by 22 per cent, our employees also raised \$1.4 million,

enough to restore the sight of 56,000 people through our 'Seeing is Believing' campaign. In addition, all our staff were educated on HIV/AIDS, as part of our 'Living with HIV' programme which was awarded the Global Business Coalition Award for Business Excellence.

Our Corporate Social Responsibility initiatives made a major contribution to the engagement of employees in our business strategy and have enhanced our reputation with our customers.

The way ahead

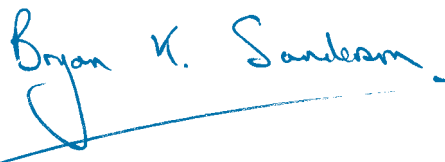
Standard Chartered continues to achieve strong profit growth in most of its markets. With the growth of our businesses in India and the Middle East we have a more balanced platform.

Our brand has a long and positive association with our markets in Asia, Africa and the Middle East.

Our business is in good shape and the economic outlook across our markets is far more positive than 12 months ago.

Standard Chartered has many options for future growth, which, with disciplined management, we look forward to developing. Our primary goal is to improve shareholder return.

In 2003 we achieved record results. We are determined to deliver again in 2004.



Bryan Sanderson, CBE

Chairman

18 February 2004

