

Directors' Remuneration Report

This report has been prepared by the Board Remuneration Committee and has been approved by the Board as a whole.

The Board Remuneration Committee (the Committee) is made up exclusively of non-executive directors. The members of the Committee are Mr H E Norton (Committee Chairman), Lord Stewartby, Mr Ho KwonPing and Sir Ralph Robins. Mr A W P Stenham and Mr B Clare served as members of the Committee until 8 May 2003 and 31 July 2003 respectively.

The Committee has specific terms of reference and meets at least five times a year. It considers and recommends to the Board the Group's remuneration policy and agrees the individual remuneration packages of the Group Chairman, Group Chief Executive and all other executive directors. The Committee also reviews and approves the remuneration of other highly paid senior management of the Group. No executive directors are involved in determining their own remuneration.

The tabular information on pages 55 to 60 has been audited.

Advisors to the Board Remuneration Committee

The principal advisors to the Committee are the Group Head of Human Resources (Mr T J Miller) and the Group Head of Reward (Ms K J Olley). Their advice draws on formal remuneration survey data provided by McLagan Partners and Towers Perrin. Towers Perrin also provide advice on executive compensation issues and, together with Clifford Chance LLP, on the design and operation of the Group's share plans. In addition to the above advice, Towers Perrin also provides retirement, benefit and welfare consulting services to the Group in North America.

The Committee relies upon these principal internal advisers but will draw upon independent advice as appropriate and depending upon the subject matter under discussion. The Committee did not seek any independent advice during 2003.

In addition, data required for the analysis of comparative Total Shareholder Return (for the Group's Performance Share Plan and for the comparator performance graph disclosed in this report) is provided by Thomson Financial.

Remuneration Policy

The success of the Group depends upon the performance and commitment of talented employees. The Group's remuneration policy is, and will continue to be, 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 take account of the interests of shareholders; and
- maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented executives of the highest quality internationally. During 2003, over 100 per cent of the Group's trading profit came from operations outside the United Kingdom. The executive directors of the Group all bring international experience and expertise to the Group and the Group recognises that it recruits from an international marketplace.

Performance-related Remuneration

Target remuneration levels for the Group's executive directors are set with reference to the median of the FTSE 30 and the median of its key international competitors, particularly those financial institutions headquartered in the UK, continental Europe, the United States and Asia which have significant operations in the Group's principal markets. In addition, relative performance against a specific comparator group is used in conjunction with one of the Group's share plans, the 2001 Performance Share Plan. Details of this comparator group are set out on page 52.

Excellent performance both by the Group and by the individual executive director may be rewarded with higher bonus levels and share awards, taking potential total compensation to the upper quartile or higher of the Group's key international competitors.

Executive directors' target total compensation is structured to give the heaviest weighting to performance-related elements, with approximately 34 per cent of total compensation delivered through base salary, 30 per cent through an annual cash bonus plan, and 36 per cent through the estimated present value of share options and share awards.

Retirement Benefits for executive directors, as for all employees, are set to be competitive in the local market and are not performance-based.

Remuneration Structure

The remuneration arrangements for the executive directors consist of:

Base Salaries

The Group policy for executive directors as well as all other employees is that base salary levels are set at the median of the Group's key international competitors. Salary levels are reviewed annually by the Committee taking account of the latest available market data as well as the performance of the individual executive.

Any increases in annual base salary are effective from 1 April of the relevant year. The average salary increase for executive directors in 2003 (effective 1 April 2003) was 4.3 per cent.

Annual Performance Bonus

Executive directors are eligible to receive a discretionary annual bonus. The maximum award is 200 per cent of base salary. Two-thirds of that amount is payable immediately on award as a cash sum. The balance is delivered in shares in the Company which are held in an employee benefit trust for up to one year before being released to the executive and which can be forfeited if the executive leaves voluntarily during that period (the deferred bonus plan). Annual bonus awards are made wholly on the basis of Group and individual performance. Group performance is assessed on the basis of a number of quantitative and qualitative measures which include earnings per share, revenue growth, costs and cost control, bad debts, pre-tax profits, cost-income ratio and customer service.

Individual performance is appraised taking account not only of the results achieved by the executive director in respect of their own areas of responsibility, but also their support of the Group's values and contribution to the collective leadership of the Group. This principle is also applied throughout the organisation. The importance of individual performance is reflected in the variation of actual bonus awards made to executive directors in 2003.

Min award made (as multiple of base salary) in 2003	Max award made (as multiple of base salary) in 2003	Max award permitted (as multiple of base salary)
83%	162%	200%

Long Term Incentives

In order to align the interests of executive directors and employees with those of shareholders, the executive directors are eligible to participate in two of the Group's share incentive schemes, the 2001 Performance Share Plan and the 2000 Executive Share Option Scheme. Both schemes are designed to provide competitive long-term incentives which are only exercisable upon the achievement of tough performance criteria. Details of these schemes are given on pages 51 to 53. The importance placed on such programmes as a percentage of executive directors' total potential remuneration is one of the strongest indicators of the Group's commitment to paying for demonstrable performance. Awards under these schemes are entirely discretionary and are based on individual directors' performance. As shown in the table below, there is considerable variation in the levels of share awards made to executive directors, illustrating the importance the Group places on individual performance. The table shows the face value of awards made.

Name of scheme	Min award made (as multiple of salary) in 2003	Max award made (as multiple of salary) in 2003	Max grant permitted under rules (as multiple of salary)
2000 Executive Share Option Scheme	200%	400%	600%
2001 Performance Share Plan	75%	100%	100%

A performance test is therefore effectively applied both at the time of grant *and* upon vesting.

Upon recruitment to the Group, newly appointed executive directors may also be granted an award of restricted shares under the Group's 1997 Restricted Share Scheme. Such awards are made on an exceptional basis and are principally used to partly compensate such directors for share awards forfeited on leaving their previous employer. Executive directors are also eligible to participate in the Group's all-employee UK or International Sharesave Schemes on the same terms as other eligible employees.

Retirement Benefits

All of the executive directors, excluding the Chairman, are eligible for post retirement benefits. During the year, the Group reviewed the retirement benefit arrangements for its executive directors. The policy remains that the Group aims to provide a retirement benefit equivalent to two-thirds of base salary based on at least 20 years service with the Group at retirement age. The structure for delivering this benefit was simplified so that the retirement benefits are now provided through a combination of approved and/or unapproved defined benefit and cash structures depending upon when the executive director joined the Group and his geographical location. Base salary is the only element of remuneration which is pensionable. Retirement benefits are not designed to be performance-related.

Contracts of Employment

The policy for the Group is for all executive directors to be entitled to receive and be required to give twelve months notice. In line with the announcement made prior to last year's annual general meeting, the executive directors' contracts have been amended to remove the extended 24 month period which applied following a change of control of the Company. Mr Sanderson's contract did not contain such a provision and therefore no such change was made to his contract. The Committee will continue to monitor the appropriateness of its policy on directors contracts in the light of market practice and guidelines on corporate governance to ensure that the Group continues to attract and retain executive directors of the highest quality with commensurate experience.

The dates of the executive directors' contracts of employment are as follows: Mr Sanderson – 28 November 2002; Mr DeNoma and Mr Nargolwala – 11 December 2003; Mr Meddings – 12 December 2003; Mr Keljik – 16 December 2003; Mr Davies and Mr Sands – 31 December 2003.

Executive Directors (excluding Mr B K Sanderson)

Each contract is subject to 12 months rolling notice but, in any event, terminates automatically at the first annual general meeting following the executive director's 60th birthday. The contracts contain payment in lieu of notice (PILON) provisions which can be exercised at the Group's discretion. The PILON would comprise an amount equal to 12 month's base salary, pension contributions/entitlement and certain benefits and allowances (such as life assurance and car allowance). The amount of any bonus payable as part of a PILON is determined by the Committee taking into consideration individual and Group performance. Any payment under the PILON would be paid in quarterly instalments and be subject to mitigation.

There are special provisions which apply in the event that the company terminates the executive's contract in the 12 months following a change of control without giving notice. These provide that, if the executive's contract is terminated by the Group (other than where summary dismissal is appropriate or the executive serves out notice), the Group will pay in four equal instalments an amount equal to 12 month's base salary, pension contributions/entitlement and certain benefits and allowances. The amount of bonus payable in respect of the 12 months following the date of termination is the executive's target bonus. The amount of bonus payable in respect of the performance period which the executive director worked prior to termination will be decided by the Committee taking into consideration individual and Group performance, unless such a period is less than 6 months in which case, a pro rata target bonus is payable.

Mr B K Sanderson

Mr Sanderson has a 12 month rolling contract which in any event expires on 14 October 2008. His contract contains clauses specifying payments in the event of early termination by the Group (other than where summary dismissal is appropriate). In such circumstances the contract provides for payment that would take account of his base salary and certain allowances, but excludes non cash benefits and performance related bonus for the relevant period of notice.

Non-Executive Directors

The fees of the non-executive directors are determined by the executive directors only and are non-pensionable. Non-executive directors' fees are reviewed at least every two years (last formal review in April 2002) and, as with executive directors' remuneration, reflect the international nature of the roles which they perform. Basic annual fees and Committee fees are set to be competitive against the Group's international competitors.

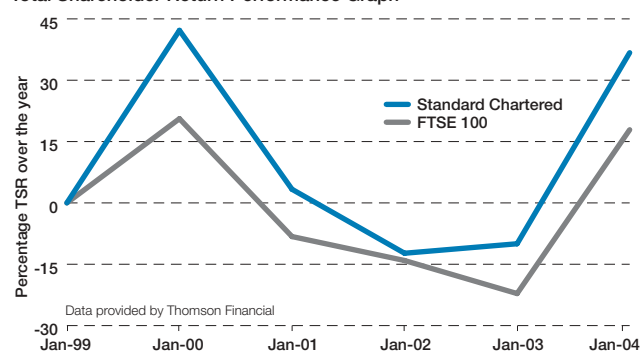
Current basic annual fees are \$73,580 (£45,000) with additional fees for ordinary membership of a Board Committee of \$14,716 (£9,000). As Chairman of the Board Remuneration Committee, Mr H E Norton receives an additional fee of \$24,527 (£15,000) instead of the committee membership fee of \$14,716 (£9,000). The Deputy Chairman, Lord Stewartby, who is also the Senior Independent Director, Chairman of the Audit and Risk Committee and a member of the Board Remuneration Committee, currently receives an overall annual fee of \$245,265 (£150,000) inclusive of Board and Committee fees.

Further detail on non-executive directors' remuneration is set out on page 55.

Performance Graph

The graph below shows the year-on-year change over the last five years in the Group's total shareholder return alongside the total shareholder return of the FTSE100. The FTSE100 provides a broad comparator group against which the Group's shareholders may measure their relative returns. The Company is a constituent member of the FTSE100 Index and the London Stock Exchange is the principal exchange for the Company's shares. A more tailored comparator group (as described below) is used for the purpose of measuring Group performance for the Group's performance share plan.

Total Shareholder Return Performance Graph



Long Term Incentives

2001 Performance Share Plan

Outline of the 2001 Performance Share Plan

The Plan is designed as an intrinsic part of total remuneration for the Group's executive directors and for a small number of the Group's most senior executives. It is an internationally competitive long-term incentive that focuses executives on meeting and exceeding the long-term performance targets of the Group. The performance criteria which need to be met are listed below. The Plan is administered by the Standard Chartered Employee Share Ownership Trust (the Trust) which is managed by an independent corporate trustee. 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 if the individual is still employed by the Group. There is provision for earlier exercise in certain limited circumstances. The value of shares awarded in any year to any individual may not exceed one times their base salary.

Performance Conditions

The Committee will set appropriate performance conditions each time that awards are made under the Plan.

The performance conditions which need to be met before any award can be exercised under the Plan are summarised below, together with the reason for their selection:

Measure	Relative Total Shareholder Return (TSR)	Earnings per Share (EPS)
Explanation for use	Measuring the year-on-year growth in share price plus dividends paid to shareholders during that period, relative TSR is recognised as one of the best indicators of whether a shareholder has achieved a good return on investing in the Group relative to a basket of companies or a single index	An EPS performance condition is used as this is recognised as providing an appropriate measure of the Group's underlying financial performance

The Plan operates as follows:

The first half of the award is dependent upon the Group's TSR compared to that of a comparator group at the end of a three-year period. The Comparator Group comprises:

ABN AMRO Holding Bank NV	HSBC Holdings
Bank of America	JP Morgan Chase
Bank of East Asia	Lloyds TSB
Barclays	Overseas Chinese
Citigroup	Banking Corporation
DBS Group	Royal Bank of Scotland
Deutsche Bank	United Overseas Bank
HBOS	Standard Chartered

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three-year performance period, depending on the ranking achieved in the Comparator Group:

Ranking in list of TSR Performance relative to Comparator Group companies	Percentage of award of exercisable
9th–15th	Nil
8th	20.0
7th	27.5
6th	35.0
5th	42.5
1st–4th	50.0

The other half of the award will be subject to an earnings per share (EPS) growth target applied over the same three-year period.

The following table shows the percentage of award which will normally be exercisable at the end of the relevant three-year performance period, depending on the EPS performance:

Increase in EPS (over performance period)	Percentage of award exercisable
Less than 15%	Nil
15%	20.0
30% or greater	50.0

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

The Committee is responsible for approving the grant and exercise of all awards made to executive directors under the Plan. The Committee may amend the performance conditions which apply to any award if the amended condition would provide a more appropriate measure of performance as long as the amended condition would be no less demanding to satisfy.

The Committee recently reviewed whether the performance conditions on awards granted in 2001 under the Plan were satisfied at the end of December 2003. The Committee determined that 69.54 per cent of the shares subject to awards granted in 2001 has now vested (EPS component 42.04 per cent and TSR component 27.5 per cent). For awards granted in 2003, normalised EPS of 74.9 cents was used as a base EPS figure. During 2003, awards over 381,820 shares were granted to executive directors under the Plan. No awards under the Plan have been exercised by executive directors in 2003.

2000 Executive Share Option Scheme Outline

The 2000 Executive Share Option Scheme is designed as an intrinsic part of the Group's executive directors' and senior managers' total remuneration. The 2000 scheme is designed to be internationally competitive and focus executive directors and their senior management teams on delivering long term performance. An EPS performance criterion needs to be met before options can be exercised.

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 per share is the share price at the date of grant and options can normally only be exercised if a performance condition is satisfied.

The 2000 scheme was introduced in 2000 to replace the Group's existing executive share option schemes.

Performance Conditions

EPS is used as the key performance condition under the 2000 scheme, as it is recognised as providing an appropriate measure of the Group's underlying financial performance.

An amendment to the scheme's existing EPS performance condition was approved by shareholders in 2001. Between May 2001 until December 2003, options awarded under the 2000 scheme may be exercised if the Group's EPS has increased by at least eight per cent per year for three years (i.e. at least 24 per cent over three years). Re-testing may be carried out in the fourth and fifth year after grant, but if the performance conditions have not been met at the end of the fifth year all options lapse automatically.

The Committee recently reviewed the appropriateness of the existing performance condition on the 2000 scheme. It concluded that for all future option grants a sliding scale EPS target without any retest is more appropriate. A sliding scale rather than 'all or nothing' performance criterion encourages the right behaviour in terms of improving EPS rather than focusing on one single EPS target. The revised condition mirrors the EPS target used under the 2001 Performance Share Plan and is set out below.

Increase in EPS (over performance period)	Percentage of award exercisable
Less than 15%	Nil
15%	40.0
30% or greater	100.0

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

The Committee also recently reviewed whether the performance conditions on the awards granted in both 2000 and 2001 under the 2000 scheme were satisfied at the end of the December 2003. The Committee determined that none and 100 per cent of the shares subject to awards granted in 2000 and in 2001 respectively had now vested.

During 2003, options over 1,084,719 and 121,211 shares were granted to the executive directors under the 2000 scheme at option exercise prices of 690.5 pence and 742.5 pence per share respectively. For options granted in 2003, normalised EPS of 74.9 cents was used as the base EPS figure. No options under the 2000 scheme were exercised by the executive directors during 2003.

1997 Restricted Share Scheme

The Group operates a discretionary Restricted Share Scheme for high performing and high potential staff at any level of the organisation who the Group wishes to motivate and retain. Except upon appointment when an executive director may be granted an award of restricted shares, the Restricted Share Scheme is not applicable to executive directors, as it has no performance conditions attached to it. Fifty per cent of the award vests two years after the date of grant and the remainder after three years. Along with the all employee sharesave schemes detailed below, the Restricted Share Scheme plays an important part in the Group's ambition to increase employee share ownership at all levels across its operations internationally.

The scheme is administered by trustees of an employee benefit trust (the Trust) which holds ordinary shares to meet its obligations under this and the Group's other long-term incentive schemes. As each executive director is within the class of beneficiary of the Trust, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the Trust. As at 31 December 2003, the Trust's holding was 9,513,386 ordinary shares (7,160,366 as at 1 January 2003).

During 2003, an award over 40,404 shares were granted to Mr Sanderson on his appointment as Chairman of the board of directors. No awards under the Restricted Share Scheme were exercised by executive directors or lapsed during 2003.

All Employee Sharesave Schemes

The Group believes strongly in encouraging employee share ownership at all levels in the organisation. It seeks to engage employees in the performance of the Group, align their interests more closely with those of shareholders and offer them an opportunity for long-term savings and a share in the Group's financial success which they help to create. The Group has operated a UK sharesave scheme since 1984 in which all UK-based employees are eligible to participate. In 1996 the International Sharesave Scheme was launched and made available to all employees based outside the UK.

Under the UK and the International Sharesave Schemes, employees have the choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, employees may purchase ordinary shares in the Company. The price at which they may purchase shares is at a discount of up to 20 per cent on the share price at the date of invitation. In 2003, 40 per cent of employees globally participated in the Group's all employee sharesave schemes. There are no performance conditions attached to options granted under the all employee sharesave schemes.

In some countries in which the Group operates it is not possible to operate sharesave schemes, typically because of securities law, regulatory or other similar issues. In these countries the Group offers an equivalent cash-based scheme to its employees.

During 2003, options over 5,350 shares were granted to executive directors under the all employee sharesave schemes. In addition, executive directors exercised options over 5,164 shares. The directors' total gains on options exercised were £30,958. No options lapsed.

1997 Supplemental Share Option Scheme (closed)

No awards have been made under this 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, during the performance period:

- the share price over 20 consecutive days exceeds the share price at the date of grant by at least 50 per cent plus RPI; and
- EPS increases by at least 25 per cent plus RPI.

Both conditions must be satisfied within five years of the date of grant. In the event of a change of control, the Committee may deem the EPS target to have been met.

During 2003, no share options under this scheme were exercised by executive directors. Options over 287,870 shares lapsed during the year.

1994 Executive Share Option Scheme (closed)

No awards have been made under this scheme since August 1999 as the scheme was replaced by the 2000 Executive Share Option 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.

During 2003, executive directors exercised no options. No options lapsed.

1995 Restricted Share Scheme (closed)

Awards are no longer made under this scheme. Under the scheme, directors were awarded a proportion of their annual variable bonus in ordinary shares. These shares were not normally released before the third anniversary of the date of the award, and released in full between the fifth and seventh anniversary.

The scheme is administered by the trustee of the Trust. The shares held in the Trust are released at the discretion of the trustee. At the time of his retirement from the Board of Directors, Sir Patrick Gillam held 23,725 shares under the scheme, which are available for release until 2004.

Shareholding Guidelines

The Group operates a shareholding guideline policy which aims to align the interests of executives with shareholders by ensuring that they build up a significant equity stake in the Company. The key aspects of the guidelines, as outlined to shareholders at the Annual General Meeting in May 2003, are as follows:

- There is a single shareholding target for employees at specific levels.
- The current guideline levels are as follows:

Group CEO	at least 100,000 shares
Chairman/Other Group Executive Directors	at least 60,000 shares
Other senior management	at least 10,000-15,000 shares
- Executives will be expected to retain any shares acquired on the exercise of awards granted under the 2000 Executive Share Option Scheme, the 2001 Performance Share Plan and the deferred bonus plan until such time as the shareholding guideline is satisfied. However, executives may sell sufficient shares to pay for any tax and exercise price (if any).
- The Committee annually reviews the progress made by executives in terms of meeting their guideline targets. It will also continue to review the guideline levels to ensure they remain challenging and appropriate.

General

The middle market price of an ordinary share at the close of business on 31 December 2003 was 922.5 pence. The share price range during 2003 was 613.5 pence to 969.0 pence per share (based on closing middle market prices).

Full details of the directors' shares and options can be found in the Company's register of directors' interests.

Audited information

Remuneration of Directors

Directors	Notes	Salary/fees \$000	Cash bonus \$000	Deferred bonus \$000	Benefits \$000	2003 Total \$000	Salary/fees \$000	Bonus \$000	Benefits \$000	2002 Total \$000
B K Sanderson	(a)	344	–	409	–	753	4	–	–	4
E M Davies	(b) (c)	1,078	1,009	572	82	2,741	906	1,127	118	2,151
M B DeNoma	(d)	633	621	311	511	2,076	559	751	612	1,922
C A Keljik		646	545	273	25	1,489	567	601	23	1,191
R H Meddings	(b)	572	445	245	28	1,290	66	351	3	420
K S Nargolwala	(b) (d)	633	234	311	584	1,762	559	631	302	1,492
P A Sands		736	681	341	43	1,801	427	676	24	1,127
Sir Patrick Gillam	(c) (e)	341	360	–	76	777	746	902	66	1,714
Sub total (executive directors)		4,983	3,895	2,462	1,349	12,689	3,834	5,039	1,148	10,021
Lord Stewartby	(f) (g)	231	–	–	–	231	250	–	–	250
Sir CK Chow		74	–	–	–	74	62	–	–	62
Ho KwonPing	(f)	88	–	–	–	88	74	–	–	74
R H P Markham	(g)	88	–	–	–	88	74	–	–	74
R Markland	(g) (h)	12	–	–	–	12	–	–	–	–
D G Moir	(i)	237	–	–	–	237	212	–	–	212
H E Norton	(f) (g)	113	–	–	–	113	92	–	–	92
Sir Ralph Robins	(f) (g)	103	–	–	–	103	87	–	–	87
P D Skinner	(h)	12	–	–	–	12	–	–	–	–
R C Chan	(j)	26	–	–	–	26	62	–	–	62
B Clare	(k)	50	–	–	–	50	74	–	–	74
A W P Stenham	(j)	31	–	–	–	31	130	–	–	130
Sub total (non-executive directors)		1,065	–	–	–	1,065	1,117	–	–	1,117
Total		6,048	3,895	2,462	1,349	13,754	4,951	5,039	1,148	11,138

Notes

- (a) Mr Sanderson was appointed as an executive director and Chairman on 8 May 2003. Prior to this date, Mr Sanderson had been a non-executive director.
- (b) The cash bonus amounts shown here are net of any amounts sacrificed to provide additional pension benefits. See page 57 for further details.
- (c) The benefits column includes expenses chargeable to income tax for Mr Davies and Sir Patrick Gillam of \$1,217 (2002: none) and \$39,567 (2002: \$30,139) respectively.
- (d) Expatriate directors carrying out their duties overseas have their remuneration adjusted to take local living costs into account. This adjustment is to put them in a position, after taxation differentials, where they are no worse off as a result of carrying out their duties overseas. The benefits column includes additional benefits such as allowances for working overseas, provision of accommodation or education of children, granted to directors working overseas. For Messrs DeNoma and Nargolwala, these allowances and benefits amounted to \$510,940 (2002: \$611,922) and \$583,608 (2002: \$301,344) respectively.
- (e) Sir Patrick Gillam retired as a director on 8 May 2003.
- (f) Member of the Board Remuneration Committee.
- (g) Member of the Audit and Risk Committee. Ms Markland was appointed as a member of the Audit and Risk Committee in February 2004.
- (h) Ms Markland and Mr Skinner were appointed as non-executive directors on 3 November 2003.
- (i) Mr Moir received an additional fee of \$163,510 (2002: \$150,300) for advisory services. This amount is shown in the table above.
- (j) Mr Chan and Mr Stenham resigned as non-executive directors on 8 May 2003.
- (k) Mr Clare resigned as a non-executive director on 31 July 2003.
- (l) Further details on the fees for non-executive directors are shown on page 51.
- (m) The amounts shown in the Deferred bonus column represents the amount of bonus that will be paid to an employee benefit trust to acquire shares in the Company of an equivalent value (2002: none).

Compensation for past directors

Mr Talwar ceased to be a director on 28 November 2001. Under the terms of the compensation agreed (which were reported in the 2002 report and accounts), Mr Talwar received the remaining final three instalments of \$571,400 (£394,459) during 2003.

Audited Information continued

Retirement Benefits of Executive Directors

	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	2003 Defined benefit plan:	Defined contribution plans:	Defined benefit plan:	Defined benefit plan:	2002 Defined benefit plan:
	contribution during the year \$000	increase in accrued pension during the year \$000	total accrued pension at year end \$000	transfer value of total accrued pension at year end \$000	contribution during the year \$000	increase in accrued pension during the year \$000	total accrued pension at year end \$000	transfer value of total accrued pension at year end \$000
E M Davies	27	51	107	1,956	113	30	50	668
M B DeNoma	173	–	–	–	151	–	–	–
C A Keljik	–	30	456	8,162	–	19	381	6,400
R H Meddings	53	22	55	762	27	–	–	–
K S Nargolwala	–	41	41	818	151	–	–	–
P A Sands	70	26	26	551	173	–	–	–
Total	323	170	685	12,249	615	49	431	7,068

Notes

(a) Background:

The executive directors' retirement compensation scheme now comprises approved and unapproved defined benefit plans and salary supplements.

(b) Defined benefit plans:

The defined benefit plans comprise a combination of the Standard Chartered Pension Fund, an approved non-contributory scheme, and an unapproved unfunded retirement benefit scheme. The unapproved unfunded retirement benefit scheme provides that part of the benefit which cannot be provided through the approved plan. In other respects the terms of this scheme are designed to mirror the provisions of the Standard Chartered Pension Fund. For example, both have a normal retirement age of 60 and a spouse's pension of 60 per cent of the member's pension (including any amount exchanged for a cash lump sum at retirement) on death after retirement. On the death in service of a director, pension benefits are available to a spouse and dependant children and a lump sum is payable. Members of the Standard Chartered Pension Fund may retire early but on a reduced pension equivalent in value to the alternative deferred pension. Guaranteed pension increases subject to the 'Guaranteed Pension Increase Allowance' rule are given in respect of pension for service up to 5 April 1997 and five per cent per annum (or the increase in the RPI if lower) for service from 6 April 1997.

The increase in accrued pension during the year is the difference between the accrued pension at the end of 2002 increased by an allowance for inflation of 2.5 per cent (2002: 2.6 per cent) and the accrued pension at the end of 2003. The total accrued pension at year end includes benefits arising from transfer payments received in respect of service with previous employers. The table below shows the increase in accrued pensions during 2003 without any allowance for inflation, and the increase in the transfer value of the total accrued pensions between the end of 2002 and the end of 2003 for members of the defined benefit plans. The final column shows the increase in transfer value excluding benefits arising from bonus sacrifices and all transfer payments received from either the Group's defined contribution arrangements or a pension scheme of a previous employer.

Directors	Increase in accrued pension during 2003 (excluding inflation allowance) \$000	Increase in the transfer value of total accrued pension during 2003 \$000	Increase in the transfer value of total accrued pension during 2003 (excluding transfers in and bonus sacrifices) \$000
E M Davies	53	1,228	913
C A Keljik	41	1,199	1,199
R H Meddings	22	762	399
K S Nargolwala	41	818	428
P A Sands	26	551	533

(c) The ages of the directors are shown on pages 40 and 41.

Audited Information continued

(d) Unapproved unfunded retirement benefit scheme:

The transfer values in respect of the unapproved unfunded retirement benefit scheme in which Mr Davies, Mr Meddings, Mr Nargolwala and Mr Sands participate have been calculated using the Group's FRS17 methodology and assumptions. Executive directors are given the opportunity to sacrifice a proportion of any potential bonus to enhance their unfunded unapproved retirement benefits. Any amounts sacrificed in respect of 2003 are shown below and the additional pension benefits have been calculated by the Bank's actuary to be at no additional cost to the Company.

Director	2003 bonus sacrifice	Current pension arising from sacrifice
E M Davies	\$135,509	\$7,721
R H Meddings	\$45,783	\$2,725
K S Nargolwala	\$387,519	\$19,572

The cash bonus amounts shown on page 55 are net of the bonus sacrifices shown in the above table.

(e) Amounts paid by the Group (in addition to pension payments under a funded pension scheme) to former directors or their dependants in respect of post-retirement benefits amounted to \$264,921 (2002: \$237,054). There were no other post-retirement benefits payments to former directors. None of these amounts first became payable after 31 March 1997.

Directors' Interests in Ordinary Shares

Name of Directors	At 1 January 2003 [†]				At
	Total interests	Personal interests	Family interests	Other interests (d)	31 December 2003 ^{††}
B K Sanderson	50,000	52,062	1,159	–	53,221
Lord Stewartby	14,760	14,947	–	–	14,947
E M Davies	58,092	60,490	–	–	60,490
Sir CK Chow	8,664	8,664	–	–	8,664
M B DeNoma	10,000	10,455	–	–	10,455
Ho KwonPing	2,208	2,299	–	–	2,299
C A Keljik	118,766	1,078	122,852	–	123,930
R H P Markham	2,075	2,160	–	–	2,160
R Markland	–	2,000	–	–	2,000
R H Meddings	2,000	2,000	–	–	2,000
D G Moir	112,955	113,392	–	–	113,392
K S Nargolwala	70,897	70,897	–	–	70,897
H E Norton	4,000	4,000	–	–	4,000
Sir Ralph Robins	3,974	4,138	–	–	4,138
P A Sands	2,027	2,111	–	–	2,111
P D Skinner	–	3,000	–	–	3,000
Sir Patrick Gillam	62,719	38,994	–	23,725	62,719
R C Chan	2,325	2,325	–	–	2,325
B Clare	2,015	2,015	–	–	2,015
A W P Stenham	23,095	23,095	–	–	23,095

[†]or at date of appointment, if later.

^{††}or at date of resignation, if earlier.

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.

(d) Other interests refer to shares held under the 1995 Restricted Share Scheme, details of which are set out on page 54.

Subsequent pages contain information on shareholding, share options and share awards.

Audited Information continued

Long Term Incentives

Director	Scheme	At 1 January 2003	Granted	Exercised	Lapsed	At 31 December 2003†	Weighted average exercise price (pence)	Period of exercise
B K Sanderson	2000 Scheme	–	121,211 (b)	–	–	121,211	742.5	2006-2013
	Sharesave	–	2,472	–	–	2,472	641	2008-2009
E M Davies	2000 Scheme	651,889	347,574 (c)	–	–	999,463	750.4	2004-2013
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008
	Supplemental Scheme	121,541	–	–	42,492	79,049	886.57	2004-2005
	1994 Scheme	132,848	–	–	–	132,848	754.02	2004-2009
M B DeNoma	2000 Scheme	316,828	220,130 (c)	–	–	536,958	776	2004-2013
	Sharesave	2,397	–	–	–	2,397	704	2004-2005
	Supplemental Scheme	36,585	–	–	–	36,585	820	2004-2005
	1994 Scheme	33,783	–	–	–	33,783	888	2004-2009
C A Keljik	2000 Scheme	351,034	110,065 (c)	–	–	461,099	794.84	2004-2013
	Sharesave	5,164	1,439	5,164 (d)	–	1,439	641	2006-2007
	Supplemental Scheme	100,578	–	–	28,555	72,023	844.18	2004-2005
	1994 Scheme	117,098	–	–	–	117,098	767.01	2004-2009
R H Meddings	2000 Scheme	135,957	101,375 (c)	–	–	237,332	737.36	2005-2013
	Sharesave	–	1,439	–	–	1,439	641	2006-2007
D G Moir	Supplemental Scheme	118,750	–	–	57,450	61,300	879.28	2004-2005
K S Nargolwala	2000 Scheme	385,239	110,065 (c)	–	–	495,304	792.44	2004-2013
	Supplemental Scheme	125,087	–	–	33,994	91,093	848.03	2004-2005
	1994 Scheme	99,063	–	–	–	99,063	757.1	2004-2009
P A Sands	2000 Scheme	208,865	195,510 (c)	–	–	404,375	778.98	2005-2013
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008
Sir Patrick Gillam	2000 Scheme	507,443	–	–	–	507,443	821.77	2004-2012
	Supplemental Scheme	137,003	–	–	64,929	72,074	876.19	2004-2005
	1994 Scheme	199,273	–	–	–	199,273	806.93	2004-2009

†or date of resignation

Executive Share Option Scheme Notes:

(a) Executive directors' base salaries for the purposes of determining number of shares subject to an option at the date of grant were as follows:

Director	Date of grant	Base Salary
B K Sanderson	13 May 2003	£300,000
E M Davies	5 March 2003	£600,000
M B DeNoma	5 March 2003	£380,000
C A Keljik	5 March 2003	£380,000
R H Meddings	5 March 2003	£350,000
K S Nargolwala	5 March 2003	£380,000
P A Sands	5 March 2003	£450,000

(b) Market value on date of grant (13 May 2003) was 742.5p.

(c) Market value on date of grant (5 March 2003) was 690.5p.

(d) Market value on date of exercise (1 December 2003) was 933.5p. The exercise price was 334p.

Audited Information continued

Director	Type of Scheme†	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At 31 December 2003††	Weighted exercise price (pence)	Period of exercise	At 31 December 2003††	Weighted exercise price (pence)	Period of exercise
B K Sanderson	Executive Schemes	121,211	742.5	2013	–	–	–
	Sharesave Scheme	2,472	641	2009	–	–	–
E M Davies	Executive Schemes	1,211,360	758	2004-2013	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–
M B DeNoma	Executive Schemes	607,326	785	2004-2013	–	–	–
	Sharesave Scheme	2,397	704	2005	–	–	–
C A Keljik	Executive Schemes	650,220	795.29	2004-2013	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
R H Meddings	Executive Schemes	237,332	737.60	2005-2013	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
D G Moir	Executive Schemes	61,300	879.28	2004-2005	–	–	–
K S Nargolwala	Executive Schemes	685,460	794.72	2004-2013	–	–	–
P A Sands	Executive Schemes	404,376	778.98	2004-2013	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–
Sir Patrick Gillam	Executive Schemes	778,790	823.01	2004-2012	–	–	–

†'Executive Schemes' includes 1994 Executive Share Option Scheme, the Supplemental Share Option Scheme and the 2000 Executive Share Option Scheme.

†† or date of resignation

Director	Scheme	As at 1 January 2003	Granted	Vested	As at 31 December 2003†	Period of vesting
B K Sanderson	Restricted Share Scheme	–	40,404 (b)	–	40,404	2005-2006
E M Davies	Performance Share Plan	34,500	–	–	34,500	2004
	Performance Share Plan	83,010	–	–	83,010	2005
	Performance Share Plan	–	86,893 (c)	–	86,893	2006
M B DeNoma	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	30,713	–	–	30,713	2005
	Performance Share Plan	–	55,032 (c)	–	55,032	2006
C A Keljik	Performance Share Plan	32,500	–	–	32,500	2004
	Performance Share Plan	38,392	–	–	38,392	2005
	Performance Share Plan	–	41,274 (c)	–	41,274	2006
R H Meddings	Performance Share Plan	–	38,015 (c)	–	38,015	2006
	Restricted Share Scheme	45,319	–	–	45,319	2004-2005
K S Nargolwala	Performance Share Plan	37,250	–	–	37,250	2004
	Performance Share Plan	51,189	–	–	51,189	2005
	Performance Share Plan	–	55,032 (c)	–	55,032	2006
P A Sands	Performance Share Plan	52,216	–	–	52,216	2005
	Performance Share Plan	–	65,170 (c)	–	65,170	2006
	Restricted Share Scheme	52,216	–	–	52,216	2004-2005
Sir Patrick Gillam	Performance Share Plan	48,750	–	–	48,750	2004
	Performance Share Plan	67,100	–	–	67,100	2005

† or date of resignation

Notes relating to the above awards can be found on page 60.

Audited Information continued

Awards notes

- (a) Executive directors' base salaries for the purposes of determining number of shares subject to awards at the date of grant are set out in the notes on page 58.
- (b) Market value on date of award (13 May 2003) was 742.5p.
- (c) Market value on date of award (5 March 2003) was 690.5p.

Remuneration of Five Highest Paid Individuals

In addition to its responsibilities for the remuneration of executive directors, the Committee ensures that the remuneration policy of the Group is consistently applied for other senior executives. Specifically the Committee ratifies appointments of key senior executives and approves any significant remuneration packages.

Following the Company's listing on the Hong Kong Stock Exchange it is necessary to disclose certain information relating to the five highest paid employees in the Group. Set out below are details for five individuals (one of whom is not an executive director) whose emoluments (excluding bonuses or commissions linked to profits generated by the individual or collectively by the individuals) were the highest in the year ended 31 December 2003:

Components of remuneration	\$'000
Basic salaries, allowances and benefits in kind	4,897
Pension contributions	399
Bonuses paid or receivable	5,919
Payments made on appointment	500
Compensation for loss of office	
– contractual	–
– other	–
Total	11,715
Total (HK\$'000)	91,781

Their emoluments are within the following bands:

HK\$ (approx. \$ equivalent)	Number of employees
HK\$14,500,001 – HK\$15,000,000 (\$1,862,078 – \$1,926,287)	1
HK\$17,000,001 – HK\$17,500,000 (\$2,183,126 – \$2,247,335)	1
HK\$17,500,001 – HK\$18,000,000 (\$2,247,335 – \$2,311,545)	1
HK\$18,500,001 – HK\$19,000,000 (\$2,375,755 – \$2,439,964)	1
HK\$20,500,001 – HK\$21,000,000 (\$2,953,641 – \$3,017,850)	1

By order of the Board

D J Brimacombe

Group Secretary
18 February 2004