

Chairman's Statement

I am delighted to be reporting on another successful year for Standard Chartered. We have demonstrated our ability to achieve good revenue growth and continue our strong profit momentum. At the same time, we have achieved a number of significant acquisitions and alliances that will enable us to expand in key markets and products.

Profit before tax up 39 per cent to \$2,158 million

Net revenue increased to \$5,367 million, up 13 per cent

Normalised Earnings Per Share at 125.9 cents, up 40 per cent

Normalised Return on Equity increased to 20.1 per cent

Recommended final dividend per share up 10.6 per cent to 40.44 cents, making 57.5 cents for the year



In addition, the incorporation of our business in Hong Kong will enable us to take advantage of the Closer Economic Partnership Agreement with China. This will open up further opportunities for us in the Pearl River Delta region.

2004 results

Our primary focus is on performance. We have continued to build on our track record.

We have seen improvement in all our key financial metrics. There has been broad based revenue growth in almost all our geographies and our bad debt performance has been excellent. Profit before tax is up 39 per cent, supported by revenue growth of 13 per cent. Our profits have nearly doubled in three years. We have again achieved excellent earnings per share growth of 40 per cent and we have achieved our return on equity goal of 20 per cent, both on a normalised basis.

As a result of 2004's performance, the Board is recommending a dividend of 57.5 cents.

Positioned for growth

We are confident that this broad and balanced growth is sustainable. We are well positioned for growth in the future having achieved a number of strategic goals.

Last year, we acknowledged that there were a number of markets and product sectors where we needed to build a bigger presence.

In 2004, we added a number of acquisitions and alliances complementing our organic growth. Most recently, we entered into an agreement to acquire Korea First Bank for approximately Korean Won (KRW) 3.4 trillion (\$3.3 billion), which we have financed with a placing of Standard Chartered PLC ordinary shares for approximately GBP 1.1 billion (\$2 billion) together with other funding resources. This acquisition is still subject to regulatory approval. However, it is very clear that this will be a new engine of earnings growth for the Group.

We will be a partner in Bohai Bank, a unique opportunity to start a new national bank in China. Through a consortium with PT Astra International Tbk, we also acquired a controlling interest in PT Bank Permata Tbk, Indonesia's sixth largest bank.

Completing the transfer of the ANZ project finance team will deepen our Wholesale Banking expertise, while PrimeCredit in Hong Kong gives us access to the consumer banking sub-prime sector.

Each of these will give us competitive advantage in our chosen markets.

Corporate Governance

We believe good governance and good performance reinforce each other. In the past year there has been an intensified focus on regulation in the financial services industry and we are working even more closely with our regulators around the world.

I have also placed great importance on reinforcing our Board strength. During 2004, we announced the appointments of three new high-calibre non-executive directors: Jamie Dundas, Oliver Stocken and Val Gooding. Their appointments extend the skills base of the Board and add further to its existing diversity.

We have a Board which provides a good balance of support and challenge to the Group's senior management.

Jamie Dundas has an outstanding record in areas relevant to Standard Chartered, including experience in Hong Kong and a background in banking.

Former Barclays Group Finance Director, Oliver Stocken is Deputy Chairman of 3i PLC, and has wide experience as a company director.

Val Gooding, chief executive of BUPA and a non-executive director at Compass Group PLC, brings marketing and brand expertise to the Group. She was previously with British Airways, her final role being Director, Asia Pacific.

I would like to thank Lord Stewartby, Sir Ralph Robins and David Moir who retired from the Board in 2004. Lord Stewartby left after 14 years of service to the Group, most recently as non-executive Deputy Chairman, the Senior Independent Director and the Chairman of the Audit and Risk Committee.

Sir Ralph had over 15 years of service on our Board. David was with Standard Chartered for 46 years and made an invaluable contribution, including as Chairman and Director of Standard Chartered Nakornthon Bank in Thailand and Deputy Chairman and Director of Standard Chartered Bank Malaysia Berhad.

I would like to thank them all for the tremendous guidance and support they have given.

Corporate Responsibility

2004 ended on a tragic note for the world when the Asian Tsunami struck. We operate in five of the countries most affected by the Tsunami. Sadly, two of our employees were lost in the Tsunami and a number of our employees have lost family members.

I am proud of the way our employees responded to this crisis. Employees have donated over \$450,000. Because of the scale of this disaster, Standard Chartered has made an initial corporate donation of \$5 million to relief funds.

We are also making good progress with our Seeing is Believing campaign and so far have achieved 20 per cent of our target of raising funds for one million sight restorations. We are also actively promoting our Living with HIV programme, to raise awareness of HIV/AIDS.

However, corporate responsibility is about more than community support. We have established a Corporate Responsibility and Community Committee, which I chair. This Committee works to align business strategy with the corporate responsibility aspirations of the Group. Our approach to corporate responsibility has become an integral part of our values as a company.

In summary

2004 has been a year of significant progress. We have built on our track record of performance, establishing good growth momentum. We have achieved a number of strategic goals. As a result, we are now a stronger bank with a more diversified earnings base.



Bryan Sanderson, CBE

Chairman

16 February 2005