

Report of the Directors

The directors have pleasure in submitting their report and the accounts of the Company and its subsidiaries for the year ended 31 December 2004.

Activities

The Company is a holding company co-ordinating the activities of its subsidiary undertakings which are principally engaged in the business of banking and the provision of other financial services.

The Chairman's Statement on pages 4 and 5 and the Group Chief Executive's Review on pages 6 to 16 contain a review of the business of the Group during 2004, of recent events and of likely future developments.

Results

The results for the year are set out in the consolidated profit and loss account on page 70.

Share Capital

During the year 1,272,055 ordinary shares were issued under the Company's share option schemes at prices from 334 pence to 808.5 pence.

On 14 May 2004, 2,066,122 ordinary shares were issued instead of the 2003 final dividend. On 8 October 2004, 912,977 ordinary shares were issued instead of the 2004 interim dividend.

On 14 January 2005, 117,902,943 new ordinary shares were issued as a result of an institutional placing, at a price of 920 pence per share. These shares were issued to partially fund the acquisition of Korea First Bank. Further details of this issue of ordinary shares and on other matters relating to the Company's share capital can be found in note 38 to the accounts.

There were no repurchases of the Company's ordinary shares and no issues or repurchases of the Company's preference shares during 2004.

Dividends

The directors recommend the payment of a final dividend for 2004 of 40.44 cents per ordinary share to be paid on 13 May 2005 to shareholders on the register on 25 February 2005. The 2004 interim dividend of 17.06 cents per ordinary share was paid on 8 October 2004, making a total of 57.50 cents for the year.

The ordinary shareholders will again be offered the choice to receive their cash dividends in sterling, Hong Kong dollars or US dollars. It is also intended that the share dividend alternative to the cash dividend will be offered during 2005.

Substantial Shareholdings

As far as the directors are aware there were no shareholders as at 31 December 2004, with an interest in more than ten per cent in the Company's issued ordinary share capital.

At 16 February 2005, the Company had been notified of the following interests of three per cent or more in its issued ordinary share capital.

Shareholder	Number of ordinary shares	Percentage of issued ordinary share capital
Fidelity Investments	81,898,449	6.31
The estate of Tan Sri Khoo Teck Puat	61,663,304	4.75
Goodwood Park Hotel Limited*	64,180,842	4.95
Glen Holdings (Private) Limited*	60,762,549	4.68
The Capital Group Companies Inc	55,370,193	4.27
Legal and General Investment Management Limited	46,626,612	3.60

* Glen Holdings (Private) Limited is 100 per cent owned by Goodwood Park Hotel Limited, therefore the interest shown for Goodwood Park Hotel Limited includes the number of shares shown for Glen Holdings (Private) Limited.

Loan Capital

Details of the loan capital of the Company and its subsidiaries are set out in note 36 to the accounts.

Fixed Assets

Details of the fixed assets of the Company are set out in note 22 to the accounts. Details of the fixed assets of the Group are set out in notes 24 and 25 to the accounts.

Directors

The directors of the Company at the date of this report are listed on pages 44 and 45.

All of the directors, with the exception of Mr J F T Dundas, Mr O H J Stocken and Miss V F Gooding, held office throughout the year. Mr Dundas was appointed as a non-executive director on 15 March 2004 and was elected by the shareholders at the 2004 Annual General Meeting (AGM). Mr Stocken and Miss Gooding were appointed as non-executive directors on 1 June 2004 and 1 January 2005 respectively and will stand for election at this year's AGM.

Mr D G Moir, Sir Ralph Robins and Lord Stewartby retired as directors on 11 May 2004.

Sir CK Chow, Mr Ho KwonPing, Mr R H Meddings and Mr K S Nargolwala retire from office by rotation and will offer themselves for re-election at this year's AGM, in accordance with the Company's articles of association. Mr C A Keljik will retire from office at this year's AGM but will not offer himself for re-election.

Mr H E Norton has completed nine years' service on the Board and will therefore offer himself for re-election at this year's AGM in accordance with the recommendations of the Combined Code.

Mr Meddings and Mr Nargolwala have service contracts with a notice period of one year. Sir CK Chow, Miss Gooding, Mr Ho, Mr Norton and Mr Stocken are non-executive directors and do not have service contracts.

Directors' Interests

The directors' beneficial interests in the ordinary shares of the Company as at 31 December 2004 are shown in the Directors' Remuneration Report on pages 54 to 67.

Significant Contracts

There were no contracts of significance during the year in which any of the directors were materially interested.

Related Party Transactions

Details of transactions with directors and officers and other related parties are set out in note 8 to the accounts.

Employees

The Group employs some 33,000 staff in 56 countries and territories. The average number of people employed by the Group in the United Kingdom during the year was 1,177 and their total remuneration for the year was \$267 million. Employees in all the territories where the Group operates have the opportunity to participate in the Group's sharesave schemes. This encourages their contribution to the Group's performance. Further details of the schemes are given on page 60 and in note 38 to the accounts.

The employment policies of the Group are designed to meet the relevant social, statutory and market conditions and practices in each country where the Group operates. The Group communicates systematically with its employees on a wide range of issues.

This is done by briefings to managers who are encouraged to hold subsequent meetings with staff and by circulars, publications and videos.

The Group recognises its social and statutory duty to employ disabled people and has followed a policy in the United Kingdom by providing, wherever possible, the same employment opportunities for disabled people as for others. If employees become disabled every effort is made to ensure their employment continues, with appropriate training where necessary. Further details of the Group's employees can be found in Our People on pages 18 and 19.

Areas of Operation

The Group has over 550 offices, as shown on pages 125 and 126.

Major Customers

Taken together, the five largest customers of the Group account for two per cent of the total interest income and other operating income of the Group in the year ended 31 December 2004.

Creditor Payment Policy

Operating businesses are responsible for agreeing the terms and conditions with their suppliers in the economies where they conduct business. It is the Group's policy to pay creditors when the amounts fall due for payment.

Standard Chartered PLC is a holding company and does not trade. Therefore, it is not considered meaningful to give a number of days' purchases outstanding for the Company at 31 December 2004. For the Group's operations in the United Kingdom, there were 34 days' purchases outstanding at 31 December 2004.

Community Investment

The Group recognises its responsibility to invest in the communities where it operates and to act as a good corporate

citizen. In 2004, the Group gave \$6.3 million to fund the work of non-governmental organisations (of which \$1.2 million was given to United Kingdom registered charities, focusing on supporting their work outside the United Kingdom). Further details of community projects can be found on pages 20 to 25.

HIV/AIDS Policy

The Group is committed to addressing social, health and human rights issues confronting its employees, their families and the communities in which it operates. The Group recognises that the principal competitive advantage of any business is gained through its employees, and this advantage is only sustainable if they are healthy, skilled and motivated. HIV/AIDS directly and indirectly impacts the Group's staff and therefore its business.

A policy on HIV/AIDS has been developed by the Group to be adopted across all the countries in which the Group operates and will apply to all staff and their families in a manner consistent with existing medical cover. A copy of the Group's HIV/AIDS policy is available to shareholders on the Company's website at: www.standardchartered.com/global/csr/com/com_hiv.html.

Environmental Policy

The Group recognises that it should minimise any adverse impact of the conduct of business on the environment. It therefore aims to manage its businesses according to best practice with regard to the use of energy and other resources and by disposing waste responsibly; by encouraging its customers to ensure that their products, processes and businesses do not damage the environment unnecessarily; and by taking environmental considerations into account in business decisions.

A copy of the Group's environmental report is available to shareholders on the Company's website at: www.standardchartered.com/ourbeliefs.

Social, Ethical and Environmental (SEE) Responsibilities

A report on SEE responsibilities can be found on page 53 and details of the Group's policies on SEE risk can be found on the Company's website: www.standardchartered.com/ourbeliefs.

Corporate Governance

A report on corporate governance is included on pages 48 to 53.

Auditor

A resolution will be proposed at the AGM to reappoint KPMG Audit Plc as the auditor of the Company.

Annual General Meeting

The Company's AGM will be held at 12 noon on Thursday 5 May 2005 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB.

By order of the Board

D J Brimacombe

Group Secretary
16 February 2005