

Directors' Remuneration Report

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

The report is structured into the following sections:

- background information on the Board Remuneration Committee's (the Committee) members and advisors;
- the remuneration policy of the Group, executive directors and other employees;
- outline of the remuneration arrangements for executive directors and non-executive directors;
- more detailed information on the Group's share plans;
- tabular information on directors' emoluments, pension arrangements and share awards; and
- tabular information on highest paid individuals.

Background information on the Committee

Committee Membership

The Committee is made up exclusively of independent non-executive directors. The members of the Committee are Mr H E Norton (Committee Chairman), Mr Ho KwonPing, Mr P D Skinner (appointed 11 May 2004), Mr O H J Stocken (appointed 1 November 2004) and Ms R Markland (appointed 1 January 2005). Lord Stewartby and Sir Ralph Robins served as members of the Committee until 11 May 2004.

Role of the Committee

The Committee meets at least five times a year. Details of attendance at meetings by Committee members is shown on page 48.

The Committee has specific terms of reference. 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 directors are involved in determining their own remuneration.

Advisors to the Board Remuneration Committee

During the year, the Committee appointed Kepler Associates as independent advisors to the Committee. Kepler advise the Committee, as and when required, on a range of executive compensation related issues. Kepler do not provide any other advice/services to the Group.

In addition, the Committee received advice from the Group Head of Human Resources (Mr T J Miller) and the Senior Reward Manager (Mr N A Cuthbertson). Their advice draws on formal remuneration survey data provided by McLagan Partners and Towers Perrin. Towers Perrin also provided advice to the Group on executive compensation issues and, together with Clifford Chance LLP, on the design and operation of the Group's share plans. Clifford

Chance LLP also advise on issues relating to executive directors' contracts. In addition to the above advice, Towers Perrin also provides retirement, benefit and welfare consulting services to the Group in North America and other jurisdictions.

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

Group

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 in which they work or for which they are responsible, the Group as a whole and 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. Many of the Group's employees bring international experience and expertise to the Group and the Group recognises that it recruits from an international marketplace.

The Committee continually reviews the remuneration policy against significant regulatory developments, market practice and shareholder expectations.

Executive Directors

Target remuneration levels for the executive directors are set with reference to the median of the FTSE 30 and the Group's international competitors. These two groupings have business characteristics similar to the Group such as international scope of operations, complexity and size (both in financial terms and with regard to numbers of employees).

Although target remuneration levels are aligned to the market median, excellent performance by both the Group and by the individual executive director is 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.

As the table below demonstrates, each executive director's target remuneration is structured to give the heaviest weighting to performance-related elements.

Base salary	35%
Cash bonus	30%
Share options/awards*	35%

* Includes the element of the annual bonus deferred in shares and an expected value of target share awards.

Summary of recent changes in the approach to executive compensation

Variable compensation structure

Since the end of 2003, the Committee has implemented a series of changes designed to provide a better mix of performance related compensation, while keeping the overall value of incentives awarded to executives for on-target performance broadly unchanged.

- Increased the target level for annual bonuses.
- Introduced an automatic deferral in shares of one-third of any bonus.
- Placed greater reliance on performance shares compared to executive share options.

Share plans

- Implementation of a new sliding scale performance condition under the option scheme from 2004.
- Removal of the retesting for all options grants since the beginning of 2004.

Directors' contracts

- Implementation of new contracts which removed notice periods in excess of 12 months and included a payment in lieu of notice (PILON) clause with mitigation and instalment provisions.

Shareholding guidelines

- Introduction of new Group shareholding guidelines, which shareholders approved in 2003.

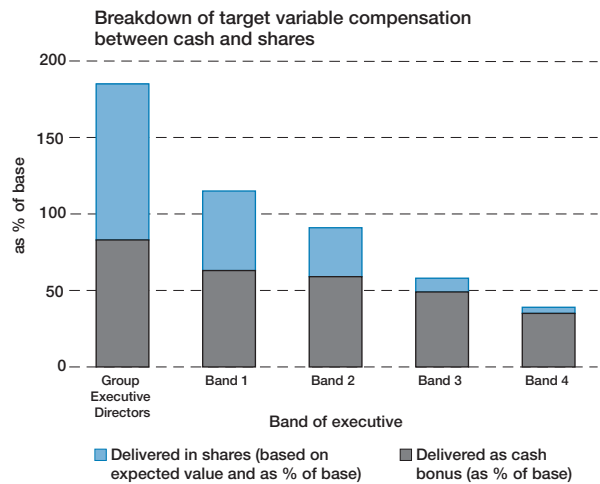
Other Employees

Although the focus of this report is principally on executive directors, the Committee considers the remuneration policy in the context of all employees across the Group.

Potential total compensation is set at upper quartile or higher for excellent individual and business performance. Base salaries of employees are determined in a similar way as for executive directors. The Group's approach is to ensure that total target compensation is benchmarked to the median of the relevant market in which the individual is employed. In addition,

- All employees are eligible to receive a discretionary bonus dependent upon performance and their contractual position.
- All employees are eligible to participate in the Group's all employee sharesave schemes.

- Core benefits are provided to all employees worldwide based on local regulations and competitive practice. These will normally include retirement benefits, medical insurance, life assurance and annual leave.
- All employees are eligible to receive an award under one or more of the Group's discretionary share schemes depending on performance and potential. The Group is actively looking to increase the level of equity participation enabling more employees to share in the Group's success, rewarding and retaining talent throughout the Group at all levels. In 2003, over 700 employees received a discretionary share award for the first time. In 2004, a further 1,250 were added to this total.
- The Group is keen that an element of each employee's total compensation is performance related. The proportion of this variable compensation (which might be delivered through bonus and share awards) increases the more senior the executive is. In addition, as the chart below shows, the balance of shares as opposed to cash also increases with seniority. The chart also shows the typical level of target variable compensation for senior executives/management (the Group's bands 1-4) expressed as a percentage of base salary.



Although the above principles apply Group wide, there is some variation in how compensation is delivered. The Group employs more than 33,000 employees worldwide in 56 countries and territories. There are differing local market conditions which means compensation is often structured in different ways (for example, base salaries are not always the only element of core compensation).

Remuneration arrangements for executive and non-executive directors

Executive Directors

Base Salaries

The Group policy is that base salary levels are set with reference to the median of the FTSE 30 and 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 2004 (effective 1 April 2004) was nine per cent.

The annual base salary levels of executive directors as at 31 December 2004 were as follows:

B K Sanderson	\$587,000	(£320,000)
E M Davies	\$1,375,000	(£750,000)
M B DeNoma	\$761,000	(£415,000)
C A Keljik	\$761,000	(£415,000)
R H Meddings	\$761,000	(£415,000)
K S Nargolwala	\$761,000	(£415,000)
P A Sands	\$871,000	(£475,000)

Annual Performance Bonus

Key Features

Executive directors are eligible to receive a discretionary annual bonus. The target and maximum award levels for executive directors remain at 125 per cent and 200 per cent of base salary. Two-thirds of any bonus payment is payable immediately in cash. The balance is contributed to an employee benefit trust so that the trustee can acquire shares in the Company, which are then held for up to one year before being released to the executive. The deferred element is forfeited if the executive leaves voluntarily during that period. From 2005 onwards, dividends will be accrued on any shares held in the trust during the vesting period and delivered in the form of a share dividend.

Determining Award Levels

Annual bonus awards are made wholly on the basis of Group and individual performance.

The Committee assesses Group performance by considering a number of quantitative and qualitative measures, including earnings per share; revenue growth; costs and cost control; bad debts; pre-tax profits; risk management; cost to income ratio and customer service. When determining award levels, the Committee ensures that bonuses are consistent with the overall performance. It also compares the financial performance of the Group with the anticipated financial performance (as provided by broker forecasts) of its key international competitors.

Individual performance is appraised taking account not only of the results achieved by the individual 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.

Each executive director has written objectives which are presented to the Committee at the start of the financial year and then assessed at the year end.

The importance of individual performance as a determinant of the level of awards is reflected in the variation of actual bonus award levels made to executive directors in recent years.

	Min award made (as multiple of base salary)	Max award level (as multiple of base salary)	Target award (as multiple of base salary)	Max award permitted (as multiple of base salary)
2004	156%	200%	125%	200%
2003	83%	162%	125%	200%

Long Term Incentives

In order to align the interests of executive directors 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 (PSP) and the 2000 Executive Share Option Scheme (2000 scheme). In 2003/2004 the Committee undertook a review of its long term incentive arrangements for executive directors and concluded that increased flexibility was required in the way in which the Group can reward executive directors and its most senior executives. One aspect of the proposals was to place greater emphasis on performance shares rather than share options while maintaining the overall value of awards. Shareholders approved a proposal to increase the maximum level of awards under the PSP from 100 per cent to 200 per cent of base salary. Target levels under the 2000 scheme fell from 300 per cent to 100 per cent but increased under the PSP from 75 per cent to 100 per cent.

Both the above schemes are designed to provide competitive long-term incentives, which are only exercisable upon the achievement of stretching performance criteria. The significance of 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. A performance test is therefore effectively applied both at the time of award **and** upon vesting. The table shows the face value of the awards made in 2004 (2003 awards are in brackets).

Name of plan	Min award in 2004 (as multiple of salary)	Max award in 2004 (as multiple of salary)	Target award (as multiple of salary)	Max grant permitted under rules (as multiple of salary)
Executive Share Option Scheme	65% (2003: 200%)	200% (2003: 400%)	100%	600%
Performance Share Plan	100% (2003: 75%)	200% (2003: 100%)	100%	200%

Executive directors are not generally eligible to participate in the 1997 Restricted Share Scheme. However, upon recruitment to the Group, awards may be made on an exceptional basis, for example, to newly appointed executive directors to compensate such directors for share awards forfeited on leaving their previous employer.

Retirement Benefits

All of the executive directors, except the Chairman, are eligible for retirement benefits. The Group policy is to provide a retirement benefit equivalent to two-thirds of base salary for those who have completed at least 20 years' service with the Group at retirement. The retirement benefits are 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. Executive directors are given the opportunity to waive a proportion of any potential bonus to enhance their unfunded unapproved retirement benefits. Any amounts waived in respect of 2004 are shown on page 63 and the additional pension benefits have been calculated by the Group's actuary using the assumptions adopted for FRS17 reporting.

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 delivered through the approved plan. In other respects the terms of the unapproved 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 on death after retirement. On the death in service of an executive director, pension benefits are available to a spouse and dependent children and a lump sum is payable.

Base salary is the only element of remuneration which is pensionable. Retirement benefits are not designed to be performance-related.

The Group's current pension arrangements are being reviewed in the light of the government's proposals on pension simplification. However, as yet no decisions have been made regarding what, if any, changes will be made to the Group's pension arrangements.

Executive Directors' Contracts of Employment

The Group policy is for all executive directors to receive and be required to give 12 months' notice. In 2003 the executive directors' contracts were amended to remove the extended 24-month notice period which applied following a change of control of the Company. Mr B K Sanderson's contract did not contain such a provision and, therefore, no such change was made to his contract. The Committee continues 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 B K Sanderson – 28 November 2002; Mr M B DeNoma and Mr K S Nargolwala – 11 December 2003; Mr R H Meddings – 12 December 2003; Mr C A Keljik – 16 December 2003; Mr E M Davies and Mr P A Sands – 31 December 2003.

All executive directors have contracts subject to 12 months' rolling notice. With the exception of Mr B K Sanderson, whose contract expires on 14 October 2008, these terminate automatically at the first annual general meeting following the executive director's 60th birthday. The provisions of the contracts are summarised below:

Executive Directors (except Mr B K Sanderson)

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 months' 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 months' 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 six months, in which case a pro rata target bonus is payable.

Mr B K Sanderson

The 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.

During the year, the Committee reviewed the existing compensation arrangements for the Chairman. In 2004, he received a base salary and participated in the Group's annual bonus plan and discretionary share plans. Following the review, the arrangements have been restructured, with effect from 1 January 2005, in the light of current considerations of best practice. The new arrangement comprises a base salary of £375,000 and an award

of shares equal in value, based on the share price at the end of 2004. This arrangement will remain unchanged for two years, after which it will again be reviewed against prevailing market practice for roles of this type.

Non-executive Directors

Non-executive Directors of Standard Chartered PLC

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 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 comparator group. The non-executive directors' fees were reviewed in April 2004. Increases in fee levels, particularly for involvement in committees, reflect, in part, the growing regulatory and governance responsibilities resulting in an increase in the time commitment required by non-executive directors.

Current basic annual fees are \$100,804 (£55,000) with additional fees for ordinary membership or chairmanship of a Board committee as follows:

Committee	Ordinary membership		Chairmanship	
Audit and Risk	\$18,328	(£10,000)	\$64,148	(£35,000)
Nomination	\$5,499	(£3,000)	N/A	N/A*
Remuneration	\$18,328	(£10,000)	\$45,820	(£25,000)

* B K Sanderson is chairman of the Nomination Committee. As Group Chairman, he does not receive any fees in his capacity as a member of the Nomination Committee.

Further detail on non-executive directors' remuneration is set out on page 62.

Details of Non-executive Directorships held by the Chairman and Executive Directors

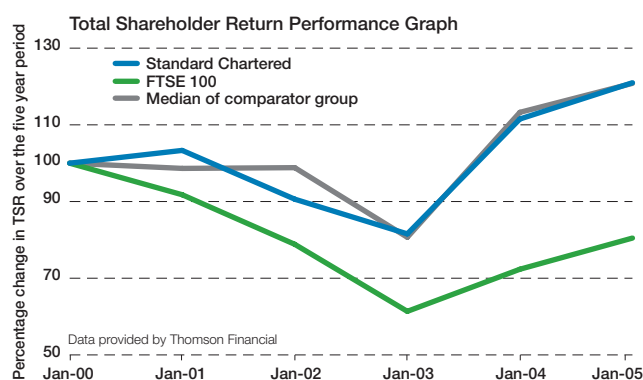
Certain directors have been released from their duties to serve as non-executive directors of other companies. Full details of directorships are contained on page 44. Details of non-executive fees are shown below:

Name	Organisation	Current annual fees
B K Sanderson	BUPA (non-executive chairman)	\$329,904 (£180,000)*
	Enterprise LSE Limited	No fees received
	Sunderland Arc Limited	No fees received
	Sunderland PLC	No fees received
E M Davies	Tesco PLC	\$109,971 (£60,000)* inclusive of any committee fees
	Tottenham Hotspur plc	No fees payable
K S Nargolwala	Tate & Lyle PLC	\$69,646 (£38,000)*
	VISA International (member of the Asia Pacific Board)	No fees payable

* Indicates fees are retained by the director.

Performance Graph

The graph below shows the Group's total shareholder return performance on a cumulative basis over the last five years alongside the total shareholder return of the FTSE 100 and of the comparator group used for the Group's Performance Share Plan. The FTSE 100 provides a broad comparator group against which the Group's shareholders may measure their relative returns. The Company is a constituent member of the FTSE 100 Index and the London Stock Exchange is the principal exchange for the Company's shares.



More Detailed Information on the Group's Share Plans

2001 Performance Share Plan (the Plan)

Outline of the Plan

The Plan is designed to be 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 plan 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. 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.

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 the awards granted in 2002 were satisfied at the end of the December 2004. The Committee determined that 92.5 per cent of the shares subject to each award has now vested (EPS component 50 per cent and TSR component 42.5 per cent). For awards granted in 2004, normalised EPS of 89.6 cents was used as a base EPS figure.

2000 Executive Share Option Scheme

Outline

The 2000 Executive Share Option Scheme (2000 scheme) is designed to be 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

The EPS performance condition is used as it is recognised as providing an appropriate measure of the Group's underlying financial performance.

In 2004, the Committee introduced a new sliding scale EPS target **without any retest** for all grants made from January 2004 onwards. A sliding scale rather than an 'all or nothing' performance condition 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.

Options awarded under the 2000 scheme between May 2001 and December 2003 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 whether the performance conditions on the awards granted in 2000 and 2002 under the 2000 scheme were satisfied at the end of December 2004. The Committee determined that 100 per cent of the shares subject to award granted in both 2000 and 2002 had now vested. For options granted in 2004, normalised EPS of 89.6 cents was used as the base EPS figure.

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 whom the Group wish 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 balance 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 value of shares awarded in any year to any individual may not exceed two times their base salary.

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. Currently 36 per cent of employees globally participate 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.

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.

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.

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
Directors of Standard Chartered Bank	at least 40,000 shares
Other senior management	at least 10–15,000 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.

Miscellaneous Long Term Incentive-related Matters

Employee Benefit Trusts

The Group has two employee benefit trusts which are administered by an independent trustee and which hold ordinary shares to meet various obligations under the Group's incentive plans. One trust (the 2004 trust) is used in conjunction with the 2004 deferred bonus plan. The other trust (the 1995 trust) holds shares to satisfy the exercise of awards under the Group's various share plans. The respective holdings of the trusts are as follows:

	31 December 2004	31 December 2003
1995 trust	12,128,841	9,513,386
2004 trust	178,926	Nil

As each executive director is within the class of beneficiary of these trusts, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the trusts.

Dilution Limits

The Group's existing share plans contain various limits which govern the amount of awards that may be granted and also the amount of shares which may be issued to satisfy any subsequent exercise of awards. These limits, which are monitored, are in line with those stated in the Association of British Insurers' corporate guidelines. Under the terms of the Group's listing on the Hong Kong Stock Exchange, there is an additional limit which provides that awards under any plan cannot be granted (whether to be satisfied through the issue of new shares or market purchased shares) which would cause the total number of shares under option (all schemes) to exceed ten per cent of share capital at that time.

The Group's current policy is that discretionary share awards be satisfied with shares that have been purchased in the market.

Vesting Provisions on a Change of Control

The rules of the 2000 scheme do not provide for automatic vesting. If there is a change of control, the Committee may 'at its discretion, and acting fairly and reasonably', determine the extent to which awards vest in full, in part or not at all.

Similarly, the rules of the 2001 Performance Share Plan do not provide for automatic vesting. The rules also provide that the number of shares subject to the award be pro-rated, based on the length of the shortened performance period. However, in common with the 2000 scheme, the Committee may 'at its discretion, and acting fairly and reasonably', determine the extent to which awards vest having regard for the performance of the Group in the period since the date of grant.

International Accounting Standards

During the year the Group has assessed the potential impact of the new International Accounting Standards Board's reporting standard on accounting for share-based plans (IFRS2) and has considered the implications of this for its share plan. IFRS2 will for the first time result in an accounting charge for granting market value options.

The Group has already reduced the reliance on options at director and senior executive level in favour of performance shares (see above). Among the reasons for this switch were: the existing option schemes were often not viewed by recipients as motivational or offering the clearest links between performance and reward; and performance and restricted shares make a more efficient use of shareholder capital.

These factors are valid in relation to the grant of share awards below senior executive level. As a result of these factors, in addition to the potential accounting costs, it is the Group's intention to extend the shift from executive share options to restricted and performance shares throughout the Group this year.

General

The middle market price of an ordinary share at the close of business on 31 December 2004 was 968.50 pence. The share price range during 2004 was 833.50 pence to 1035.50 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.

The foreign exchange rates used in this directors' remuneration report are based on the average rates throughout the relevant financial year. The rates are £1:\$1.8328 (2004) and £1:\$1.6351 (2003).

Audited information

Remuneration of Directors

Directors	Notes	2004					2003					2004 ^(e)	2003 ^(e)
		Salary/ fees \$000	Cash bonus \$000	Deferred ^(c) bonus \$000	Benefits ^(d) \$000	Total \$000	Salary/ fees \$000	Cash bonus \$000	Deferred ^(c) bonus \$000	Benefits ^(d) \$000	Total \$000	Expected value of shares \$000	Expected value of shares \$000
B K Sanderson	(a)	577	458	458	2	1,495	344	–	409	–	753	290	623
E M Davies	(b)	1,369	1,669	907	68	4,013	1,078	1,009	572	82	2,741	1,382	1,010
M B DeNoma		731	890	439	504	2,564	633	621	311	511	2,076	693	640
C A Keljik		754	829	408	28	2,019	646	545	273	25	1,489	586	387
R H Meddings	(b)	731	801	423	35	1,990	572	445	245	28	1,290	513	356
K S Nargolwala	(b)	731	438	439	483	2,091	633	234	311	584	1,762	693	454
P A Sands		859	1,105	544	51	2,559	736	681	341	43	1,801	868	648
Sub total		5,752	6,190	3,618	1,171	16,731	4,642	3,535	2,462	1,273	11,912	5,025	4,118
Sir CK Chow	(i)	176	–	–	–	176	74	–	–	–	74	–	–
J F T Dundas	(f) (h)	91	–	–	–	91	–	–	–	–	–	–	–
Ho KwonPing	(g)	114	–	–	–	114	88	–	–	–	88	–	–
R H P Markham	(a) (h)	148	–	–	–	148	88	–	–	–	88	–	–
R Markland	(a) (g) (h)	117	–	–	–	117	12	–	–	–	12	–	–
H E Norton	(a) (g) (h)	160	–	–	–	160	113	–	–	–	113	–	–
P D Skinner	(g)	108	–	–	–	108	12	–	–	–	12	–	–
O H J Stocken	(f) (g)	62	–	–	–	62	–	–	–	–	–	–	–
D G Moir	(i) (j)	99	–	–	–	99	237	–	–	–	237	–	–
Sir Ralph Robins	(j)	44	–	–	–	44	103	–	–	–	103	–	–
Lord Stewartby	(j)	82	–	–	–	82	231	–	–	–	231	–	–
Sub total		1,201	–	–	–	1,201	958	–	–	–	958	–	–
Total		6,953	6,190	3,618	1,171	17,932	5,600	3,535	2,462	1,273	12,870	5,025	4,118

Notes

(a) Member of the Board Nomination Committee with effect from 1 March 2004.

(b) The cash bonus amounts shown here for 2004 are net of any amounts waived to provide additional pension benefits. See page 63 for further details.

(c) The amounts shown in the deferred bonus column represent the amount of bonus that will be paid to an employee benefit trust to acquire shares in the Company of an equivalent value.

(d) The benefits column includes amounts relating to car allowances and medical and life insurance benefits. The expatriate directors, Mr DeNoma and Mr Nargolwala, carry out their duties overseas and 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 for the expatriate directors includes additional benefits, such as allowances for working overseas, the provision of accommodation or education of children, granted to directors working overseas. For Mr DeNoma and Mr Nargolwala, these allowances and benefits amounted to \$503,508 (2003: \$510,940) and \$483,192 (2003: \$583,608), respectively.

(e) The value of share awards is an expected value of any discretionary share awards granted during the course of the financial year. The values are based on, in the case of options, an adjusted black scholes value, and in the case of performance shares, an initial value adjusted for factors such as performance conditions, risk of forfeiture and lack of dividends.

(f) Mr Dundas and Mr Stocken were appointed as non-executive directors on 15 March 2004 and 1 June 2004 respectively.

(g) Member of the Board Remuneration Committee. Mr Skinner, Mr Stocken and Ms Markland were appointed as members of this committee with effect from 11 May 2004, 1 November 2004 and 1 January 2005 respectively.

(h) Member of the Board Audit and Risk Committee. Mr Dundas was appointed a member of this committee with effect from 1 June 2004.

(i) Further details on the fees for non-executive directors are shown on page 58. Sir CK Chow was appointed Chairman of Standard Chartered Bank (Hong Kong) Limited on 28 June 2004. He receives an all inclusive fee for his Hong Kong and Standard Chartered PLC Board duties of HK\$2,000,000 (\$257,000) per annum. Mr Moir received a fee of \$66,510 in 2004 (2003: \$163,510) for advisory services. This amount is shown in the table above.

(j) Mr Moir, Sir Ralph Robins and Lord Stewartby retired as non-executive directors on 11 May 2004.

(k) Relevant exchange rates are shown on page 61.

Audited Information continued
Retirement Benefits of Executive Directors

Directors	Defined contribution plans:	Defined benefit plans:	Defined benefit plans:	2004 Defined benefit plans:	Defined contribution plans:	Defined benefit plans:	Defined benefit plans:	2003 Defined benefit plans:
	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	–	64	188	3,657	27	51	107	1,956
M B DeNoma	201	–	–	–	173	–	–	–
C A Keljik	–	29	557	10,058	–	30	456	8,162
R H Meddings	–	30	94	1,602	53	22	55	762
K S Nargolwala	–	48	96	1,918	–	41	41	818
P A Sands	–	29	59	1,313	70	26	26	551
Total	201	200	994	18,548	323	170	685	12,249

Additional information on defined benefit plan arrangements.

Directors	Increase in accrued pension during 2004 (excluding inflation allowance) \$000	Increase in total transfer value of total accrued pension during 2004 \$000	Increase in total transfer value of total accrued pension during 2004 (excluding transfers in and 2004 bonus waived) \$000	2004 bonus waiver \$000	Current pension arising from 2004 bonus waiver \$000
E M Davies	68	1,465	1,259	173	10
C A Keljik	46	908	908	–	–
R H Meddings	32	748	670	58	3
K S Nargolwala	50	1,001	545	452	23
P A Sands	30	695	695	–	–

Notes

- The ages of the executive directors are shown on pages 44 and 45.
- Mr DeNoma only receives salary supplements. All other executive directors participate in the defined benefit plans.
- 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 of four per cent per annum (or the increase in the RPI if lower) (subject to the 'Guaranteed Pension Increase Allowance' rule) are given in respect of pension for service up to 5 April 1997 and increases of five per cent per annum (or the increase in the RPI if lower) are granted 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 2003 increased by an allowance for inflation of 3.4 per cent (2003: 2.5 per cent) and the accrued pension at the end of 2004. The total accrued pension at year end includes benefits arising from transfer payments received in respect of service with previous employers.
- 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.
- The second table shows both the increase in accrued pensions during 2004 without any allowance for inflation, and the increase in the transfer value in respect of the total accrued pensions between the end of 2003 and the end of 2004 for members of the defined benefit plans. The third column shows the increase in transfer value for benefits other than those arising from any bonus sacrifices on transfer payments received from either the Group's defined contribution arrangements or a pension scheme of a previous employer.
- Executive directors are given the opportunity to waive a proportion of any potential bonus to enhance their unfunded unapproved retirement benefits. Any amounts waived in respect of 2004 are shown above.
- Amounts paid by the Group, in addition to pension fund payments under the pension plans, to former directors or their dependants in respect of retirement benefits amounted to \$307,199 (2003: \$264,921). There were no other retirement benefits paid to former directors. None of these amounts first became payable after 31 March 1997.

Audited Information continued

Directors' Interests in Ordinary Shares

Directors	At 1 January 2004†				At
	Total interests	Personal interests	Family interests	Other interests (d)	31 December 2004 Total interests
B K Sanderson	53,221	63,989	11,159	26,469	101,617
E M Davies	60,490	87,482	–	37,056	124,538
Sir CK Chow	8,664	15,664	–	–	15,664
M B DeNoma	10,455	33,056	–	20,116	53,172
J F T Dundas*	–	2,100	–	–	2,100
Ho KwonPing	2,299	2,375	–	–	2,375
C A Keljik	123,930	81,078	65,453	17,646	164,177
R H P Markham	2,160	2,232	–	–	2,232
R Markland	2,000	2,019	–	–	2,019
R H Meddings	2,000	2,066	–	15,881	17,947
K S Nargolwala	70,897	96,801	–	20,116	116,917
H E Norton	4,000	4,000	–	–	4,000
P A Sands	2,111	2,181	–	22,057	24,238
P D Skinner	3,000	3,029	–	–	3,029
O H J Stocken*	5,000	5,000	–	–	5,000

*Mr Dundas and Mr Stocken were appointed to the Board on 15 March 2004 and 1 June 2004 respectively.

†or at date of appointment, if later.

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) The shares shown in this column are shares awarded under the 2004 Deferred Bonus Plan. Under this plan shares are awarded instead of all or part of a director's annual cash bonus. The shares are held in trust and automatically vest one year after the date of purchase; no exercise is necessary.

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

Audited Information continued
Long Term Incentives

Director	Scheme	At 1 January 2004	Granted	Exercised	Lapsed	At 31 December 2004†	Weighted average exercise price (pence)	Period of exercise
B K Sanderson	2000 Scheme	121,211	20,844 (b)	–	–	142,055	770.82	2006-2014
	Sharesave	2,472	–	–	–	2,472	641	2008-2009
E M Davies	2000 Scheme	999,463	138,963 (b)	–	–	1,138,426	773	2005-2014
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008
	Supplemental Scheme	79,049	–	–	52,217	26,832	820	2005
	1994 Scheme	132,848	–	–	–	132,848	754.02	2005-2009
M B DeNoma	2000 Scheme	536,958	85,515 (b)	–	–	622,473	797.62	2005-2014
	Sharesave	2,397	–	–	–	2,397	704	2005
	Supplemental Scheme	36,585	–	–	–	36,585	820	2005
	1994 Scheme	33,783	–	–	–	33,783	888	2005-2009
C A Keljik	2000 Scheme	461,099	74,826 (b)	–	–	535,925	814.48	2005-2014
	Sharesave	1,439	–	–	–	1,439	641	2006-2007
	Supplemental Scheme	72,023	–	–	24,706	47,317	820	2005
	1994 Scheme	117,098	–	–	–	117,098	767.01	2005-2009
R H Meddings	2000 Scheme	237,332	65,473 (b)	–	–	302,805	780.20	2005-2014
	Sharesave	1,439	–	–	–	1,439	641	2006-2007
D G Moir	Supplemental Scheme	61,300	–	–	51,544	9,756	820	2005
K S Nargolwala	2000 Scheme	495,304	85,515 (b)	–	–	580,819	813.50	2005-2014
	Supplemental Scheme	91,093	–	–	36,215	54,878	820	2005
	1994 Scheme	99,063	–	–	–	99,063	757.1	2005-2009
P A Sands	2000 Scheme	404,375	96,205 (b)	–	–	500,580	809.06	2005-2014
	Sharesave	2,957	–	–	–	2,957	559.5	2007-2008

†or date of resignation

Executive Share Option Scheme Notes:

(a) Executive directors' base salaries for the purposes of determining number of shares subject to discretionary awards granted during 2004 are as follows:

B K Sanderson	\$549,840	(£300,000)
E M Davies	\$1,191,320	(£650,000)
M B DeNoma	\$733,120	(£400,000)
C A Keljik	\$733,120	(£400,000)
R H Meddings	\$641,480	(£350,000)
K S Nargolwala	\$733,120	(£400,000)
P A Sands	\$824,760	(£450,000)

(b) Market value on date of award (4 March 2004) was 935.5p.

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 2004‡	Weighted exercise price (pence)	Expiry date	At 31 December 2004‡	Weighted exercise price (pence)	Expiry date
B K Sanderson	Executive Schemes	142,055	770.82	2014	–	–	–
	Sharesave Scheme	2,472	641	2009	–	–	–
E M Davies	Executive Schemes	1,298,106	772.02	2014	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–
M B DeNoma	Executive Schemes	692,841	803.21	2014	–	–	–
	Sharesave Scheme	2,397	704	2005	–	–	–
C A Keljik	Executive Schemes	700,340	806.91	2014	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
R H Meddings	Executive Schemes	302,805	780.20	2014	–	–	–
	Sharesave Scheme	1,439	641	2007	–	–	–
D G Moir	Executive Schemes	9,756	820	2005	–	–	–
K S Nargolwala	Executive Schemes	734,760	806.38	2014	–	–	–
P A Sands	Executive Schemes	500,580	809.06	2014	–	–	–
	Sharesave Scheme	2,957	559.5	2008	–	–	–

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

‡or date of resignation if earlier.

Director	Scheme	As at 1 January 2004	Granted ^(a)	Exercised	Lapsed	As at 31 December 2004	Period of vesting
B K Sanderson	Restricted Share Scheme	40,404	–	–	–	40,404	2005-2006
	Performance Share Plan	–	32,068 (b)	–	–	32,068	2005-2006
E M Davies	Performance Share Plan	34,500	–	23,992 (d)	10,508	–	–
	Performance Share Plan	83,010	–	–	–	83,010	2005
	Performance Share Plan	86,893	–	–	–	86,893	2006
	Performance Share Plan	–	69,481 (b)	–	–	69,481	2007
	Performance Share Plan	–	70,575 (c)	–	–	70,575	2007
M B DeNoma	Performance Share Plan	32,500	–	22,601 (d)	9,899	–	–
	Performance Share Plan	30,713	–	–	–	30,713	2005
	Performance Share Plan	55,032	–	–	–	55,032	2006
	Performance Share Plan	–	42,757 (b)	–	–	42,757	2007
	Performance Share Plan	–	21,715 (c)	–	–	21,715	2007
C A Keljik	Performance Share Plan	32,500	–	22,601 (d)	9,899	–	–
	Performance Share Plan	38,392	–	–	–	38,392	2005
	Performance Share Plan	41,274	–	–	–	41,274	2006
	Performance Share Plan	–	42,757 (b)	–	–	42,757	2007
	Performance Share Plan	–	10,857 (c)	–	–	10,857	2007
R H Meddings	Performance Share Plan	38,015	–	–	–	38,015	2006
	Performance Share Plan	–	37,413 (b)	–	–	37,413	2007
	Performance Share Plan	–	9,500 (c)	–	–	9,500	2007
	Restricted Share Scheme	45,319	–	–	–	45,319	2005
K S Nargolwala	Performance Share Plan	37,250	–	25,904 (d)	11,346	–	–
	Performance Share Plan	51,189	–	–	–	51,189	2005
	Performance Share Plan	55,032	–	–	–	55,032	2006
	Performance Share Plan	–	42,757 (b)	–	–	42,757	2007
	Performance Share Plan	–	21,715 (c)	–	–	21,715	2007
P A Sands	Performance Share Plan	52,216	–	–	–	52,216	2005
	Performance Share Plan	65,170	–	–	–	65,170	2006
	Performance Share Plan	–	48,102 (b)	–	–	48,102	2007
	Performance Share Plan	–	36,644 (c)	–	–	36,644	2007
	Restricted Share Scheme	52,216	–	–	–	52,216	2005

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 65.
- (b) Market value on date of award (4 March 2004) was 935.5p.
- (c) Market value on date of award (9 June 2004) was 921p.
- (d) Market value on date of exercise (14 June 2004) was 898p.

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 (two of whom are not executive directors) whose emoluments (excluding bonuses or commissions linked to profits generated by the individual or collectively by the individuals) were the highest in the year ending 31 December 2004:

Components of remuneration	\$'000
Basic salaries, allowances and benefits in kind	7,083
Pension contributions	320
Bonuses paid or receivable	7,240
Payments made on appointment	–
Compensation for loss of office	
– contractual	150
– other	950
Total	15,743
Total (HK\$'000)	122,613

Their emoluments are within the following bands:

HK\$ (approx. \$ equivalent)	Number of employees
HK\$20,000,001 – HK\$20,500,000 (\$2,567,856 – \$2,632,052)	1
HK\$21,500,001 – HK\$22,000,000 (\$2,760,445 – \$2,824,641)	1
HK\$23,000,001 – HK\$23,500,000 (\$2,953,034 – \$3,017,230)	1
HK\$24,000,001 – HK\$24,500,000 (\$3,081,427 – \$3,145,623)	1
HK\$33,000,001 – HK\$33,500,000 (\$4,236,962 – \$4,301,158)	1

By order of the Board

D J Brimacombe

Group Secretary
16 February 2005