

STANDARD CHARTERED PLC – CHAIRMAN'S STATEMENT

I am pleased to report another strong half-year performance for Standard Chartered.

Our performance is showing the benefits of our investments in organic growth, and the strategic alliances and acquisitions we have made.

Our acquisition of Korea First Bank (KFB) was completed ahead of schedule in April 2005, and we are making good progress on the integration.

2005 First Half Results

We continue to build on our track record of performance, with broadly based income growth in almost all our geographies and across both businesses. Our loan impairment performance has, once again, been strong, as the benign credit environment continues in many of our markets, and as we benefit from our robust risk management processes.

We continue to pace expenses growth in line with income, and have shown improvement in our cost income ratio. Normalised earnings per share is up 32 per cent.

At the half year, the Board has approved an interim dividend of 18.94 cents per share, up 11 per cent.

Economic Environment

In our markets of Asia, Africa and the Middle East, the overall economic outlook is good.

While global rates of growth look set to slow during the second half of 2005, growth rates in our markets are forecast to remain above those of OECD countries.

There are challenges. Oil and commodity prices look set to remain high, although moderating in 2006 to match the potential slowdown in global growth.

This will benefit many of our markets, although some – particularly those with low foreign exchange reserves – may feel increased inflationary pressures.

In Asia, China's recent decision to change the renminbi regime is a major policy step and is good news for the Chinese economy. We believe it is also good news for the global economy. This is a further sign of China's emergence as a global economic player.

The immediate market implications are:

- Stronger Asian currencies versus dollar;
- Countries whose currencies strengthen may well opt for lower interest rates;
- There may be some impact on US long bond yields but this is hard to predict.

Longer-term, we also expect a deepening of Asian financial markets, as central banks across the region gradually start to increase their holdings in other Asian currencies.

We are in growing markets, and we are executing our strategy well. Our geographic diversity is helping us to deliver a consistently good performance.

Strategic Approach

Our strategic focus is on organic growth. Where we consider acquisitions, we will take a very disciplined approach. Any acquisition must deliver shareholder value and allow us to do something that we cannot do organically.

So far this year, we have made a number of investments, either extending our geographic or customer reach, or broadening our product range:

- the purchase of Thailand's Financial Institutions Development Fund's 24.97 per cent shareholding in Standard Chartered Nakornthon Bank;
- the agreement to acquire a minority stake in Travelex, the world's largest non-bank foreign exchange specialist;
- the purchase of an 8.56 per cent minority stake in Asia Commercial Bank in Vietnam, one of the two joint stock banks in the country; and
- the agreement to acquire the commercial banking business of American Express Bank Limited in Bangladesh.

STANDARD CHARTERED PLC – CHAIRMAN'S STATEMENT

And, of course, we have completed the acquisition of KFB – the largest in the Group's history, and the largest foreign investment in Korea's financial services sector.

Our results show clearly that our strategy is delivering results. Standard Chartered is growing – our businesses are growing, our presence in our markets is growing.

But size itself is not the objective. The objective is, and always will be, to create shareholder value.

The Board is very focused on ensuring the Group achieves its strategic objectives.

Corporate Governance

As Chairman, one of my most important responsibilities is to ensure proper governance.

Good governance is the assurance to our shareholders of a well-run organisation.

Good governance compels clear accountabilities, ensures strong controls, instils the right behaviours, and reinforces good performance.

The Group is committed to ensuring the integrity of governance throughout our network, with particular emphasis on controls, management systems, and strategy.

In Summary

We are making good progress towards our performance goals for 2005. While there are some challenges in our markets, the economic outlook remains positive, and we are well-placed to benefit from their strength.

We have a vigorous governance culture supported by strong processes and systems.

This is a strong set of results. We are making good progress. We are on course to achieve our strategic goals, building on our track record of performance.

**Bryan Sanderson CBE
Chairman
8 August 2005**