

# STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT For the six months ended 30 June 2005

	Notes	Excluding KFB \$m	KFB acquisition \$m	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Interest income		3,183	495	<b>3,678</b>	2,568	2,744
Interest expense		(1,425)	(281)	<b>(1,706)</b>	(1,017)	(1,113)
<b>Net interest income</b>		1,758	214	<b>1,972</b>	1,551	1,631
Fees and commissions income		818	50	<b>868</b>	793	821
Fees and commissions expense		(113)	(28)	<b>(141)</b>	(130)	(152)
Net trading income	4	397	12	<b>409</b>	333	318
Other operating income	5	118	10	<b>128</b>	178	39
		1,220	44	<b>1,264</b>	1,174	1,026
<b>Operating income</b>		2,978	258	<b>3,236</b>	2,725	2,657
Staff costs		(910)	(80)	<b>(990)</b>	(793)	(766)
Premises costs		(169)	(12)	<b>(181)</b>	(158)	(163)
Other administrative expenses		(380)	(37)	<b>(417)</b>	(336)	(395)
Depreciation and amortisation	8	(103)	(17)	<b>(120)</b>	(123)	(115)
<b>Operating expenses</b>		(1,562)	(146)	<b>(1,708)</b>	(1,410)	(1,439)
<b>Operating profit before provisions and taxation</b>		1,416	112	<b>1,528</b>	1,315	1,218
Impairment losses on loans and advances and other credit risk provisions	2, 3, 13	(166)	(28)	<b>(194)</b>	(139)	(75)
Other impairment	9	(1)	-	<b>(1)</b>	(69)	1
<b>Profit before taxation</b>	2, 3	1,249	84	<b>1,333</b>	1,107	1,144
Taxation	7	(342)	(25)	<b>(367)</b>	(331)	(299)
<b>Profit for the period</b>		907	59	<b>966</b>	776	845
Loss/(profit) attributable to minority interest	24	1	4	<b>5</b>	(20)	(23)
<b>Profit attributable to parent company's shareholders</b>		908	63	<b>971</b>	756	822
Dividends on equity preference shares				<b>(15)</b>	(29)	(29)
Profits attributable to ordinary shareholders				<b>956</b>	727	793
Dividends on ordinary equity shares				<b>(519)</b>	(429)	(201)
<b>Retained profit attributed to ordinary shareholders</b>				<b>437</b>	298	592
<b>Basic earnings per ordinary share</b>	11			<b>74.7c</b>	62.1c	67.5c
<b>Diluted earnings per ordinary share</b>	11			<b>73.2c</b>	61.1c	66.3c

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## CONSOLIDATED BALANCE SHEET As at 30 June 2005

	Notes	30.06.05 \$m	30.06.04 \$m	31.12.04 \$m
<b>Assets</b>				
Cash and balances at central banks		5,667	3,447	3,960
Treasury bills and other eligible bills		13,011	5,978	4,425
Loans and advances to banks	2, 13	20,955	17,387	17,382
Derivative financial instruments	30	10,704	-	-
Loans and advances to customers	2, 13	107,929	63,743	72,159
Debt securities	15	30,877	28,900	32,842
Equity shares	16	945	179	253
Intangible assets		4,233	2,154	2,353
Property, plant and equipment		1,614	525	555
Deferred tax assets		320	251	272
Other assets		5,763	8,817	11,597
Prepayments and accrued income		1,909	1,267	1,280
<b>Total assets</b>		<b>203,927</b>	<b>132,648</b>	<b>147,078</b>
<b>Liabilities</b>				
Deposits by banks	2, 18	21,653	16,999	15,814
Derivative financial instruments	30	10,388	-	-
Customer accounts	2, 19	108,770	78,219	85,458
Debt securities in issue	2, 20	27,955	9,985	11,627
Current tax liabilities		275	258	295
Other liabilities		11,222	11,259	15,542
Accruals and deferred income		1,854	1,006	1,321
Provisions for liabilities and charges		81	50	61
Retirement benefit liabilities		397	87	123
Other borrowed funds	21	8,838	5,923	6,768
<b>Total liabilities</b>		<b>191,433</b>	<b>123,786</b>	<b>137,009</b>
<b>Equity</b>				
Share capital	22	5,614	3,762	3,802
Reserves and retained earnings	23	5,569	4,470	5,303
Total shareholders' equity		11,183	8,232	9,105
Minority interests	24	1,311	630	964
<b>Total equity</b>		<b>12,494</b>	<b>8,862</b>	<b>10,069</b>
<b>Total equity and liabilities</b>		<b>203,927</b>	<b>132,648</b>	<b>147,078</b>

## STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES For the six months ended 30 June 2005

	<b>6 months ended 30.06.05 \$m</b>	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Profit for the period	<b>966</b>	776	845
Exchange differences on translation of foreign operations	<b>(71)</b>	(66)	162
Actuarial (losses)/gains on retirement benefits	<b>(36)</b>	15	(20)
Available for sale investments:			
Valuation gains taken to equity	<b>12</b>	-	-
Transferred to income on disposal	<b>(74)</b>	-	-
Cash flow hedges:			
Losses taken to equity	<b>(28)</b>	-	-
Transferred to income for the period	<b>(19)</b>	-	-
Deferred tax on items taken directly to reserves	<b>37</b>	(5)	6
Other	<b>(37)</b>	24	(5)
<b>Total recognised income and expenses for the period</b>	<b>750</b>	744	988
Attributable to:			
Shareholders	<b>755</b>	724	965
Minority interests	<b>(5)</b>	20	23
	<b>750</b>	744	988

# STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

## CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
<b>Cash flow from operating activities</b>			
Profit before taxation	1,333	1,107	1,144
Adjustment for items not involving cash flow or shown separately			
Depreciation and amortisation of premises, plant and equipment	60	123	115
Gain on disposal of property plant and equipment	(1)	(5)	1
Gain on disposal of investment securities	(74)	(159)	(5)
Amortisation of investments	63	18	(59)
Loss on disposal of subsidiary undertakings	-	(4)	4
Loan impairment losses	194	139	75
Other impairment	62	69	(1)
Debts written off, net of recoveries	(287)	(74)	(430)
Increase/(decrease) in accruals and deferred income	577	(178)	258
(Decrease)/increase in prepayments and accrued income	(918)	(197)	33
Net increase/(decrease) in mark to market adjustment	341	473	(732)
Interest paid on subordinated loan capital	177	253	85
UK and overseas taxes paid	(278)	(271)	(302)
Net (decrease)/increase in cheques in the course of collection	(505)	(83)	38
Net (decrease)/increase in treasury bills and other eligible bills	(170)	52	(130)
Net decrease in loans and advances to banks and customers	(3,944)	(6,927)	(5,072)
Net increase in deposits from banks, customer accounts/debt securities in issue	8,633	12,103	2,901
Net decrease in dealing securities	(361)	(286)	(1,832)
Net (decrease)/increase in other accounts	(1,824)	105	3,010
<b>Net cash from/(used in) operating activities</b>	<b>3,078</b>	<b>6,258</b>	<b>(899)</b>
<b>Net cash flows from investing activities</b>			
Purchase of property plant and equipment	(37)	(95)	(145)
Acquisition of subsidiaries, net of cash acquired	(989)	-	(333)
Acquisition of treasury bills	(7,542)	(6,346)	(2,842)
Acquisition of debt securities	(16,315)	(33,931)	(41,422)
Acquisition of equity shares	(77)	(42)	(79)
Disposal of subsidiaries, associated undertakings and branches	-	6	-
Disposal of property plant and equipment	-	53	(2)
Disposal and maturity of treasury bills	5,625	5,363	5,415
Disposal and maturity of debt securities	19,444	31,788	39,694
Disposal of equity shares	71	352	4
<b>Net cash from/(used in) investing activities</b>	<b>180</b>	<b>(2,852)</b>	<b>290</b>
<b>Net cash (outflow)/inflow from financing activities</b>			
Issue of ordinary share capital	1,975	4	13
Purchase of own shares, net of exercise, for share option awards	(41)	(127)	32
Interest paid on subordinated loan capital	(177)	(253)	(85)
Gross proceeds from issue of subordinated loan capital	3,362	4	495
Repayment of subordinated liabilities	(731)	(21)	(4)
Dividends and payments to minority interests and preference shareholders	(195)	(32)	(43)
Dividends paid to ordinary shareholders	(474)	(396)	(191)
<b>Net cash from/(used in) financing activities</b>	<b>3,719</b>	<b>(821)</b>	<b>217</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,977</b>	<b>2,585</b>	<b>(392)</b>
Cash and cash equivalents at beginning of period	24,023	21,773	24,319
Effect of exchange rate changed on cash and cash equivalents	(371)	(39)	96
<b>Cash and cash equivalents at end of period (note 25)</b>	<b>30,629</b>	<b>24,319</b>	<b>24,023</b>