

# STANDARD CHARTERED PLC – NOTES

## 1. Basis of Preparation

On 1 January 2005, the Group adopted European Union (EU) endorsed International Financial Reporting Standards (IFRSs) and the next annual financial statements of the Group will be prepared in accordance with IFRSs adopted for use in the EU. The results for 2005 have been presented in accordance with IFRSs that have been endorsed and those that are expected to be endorsed by the end of the year. The comparative amounts have similarly been restated except that the Group has taken advantage of the transition rules of IFRS1, First-Time Adoption of International Financial Reporting Standards, to adopt IAS 32 and IAS 39 with effect from 1 January 2005.

The Group has adopted the Amendment to IAS 39 Financial Instruments: Recognition and Measurement: The Fair Value Option and Amendment to IAS19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures with effect from 1 January 2005, ahead of their effective dates, on the assumption that they will be endorsed by the EU.

These interim financial statements comply with all current IFRSs as published by the IASB and have been prepared in accordance with IAS 34 Interim Financial Reporting on this basis.

Additional information is set out in note 35 on page 76.

## 2. Segmental Information by Geographic Segment

The following tables set out profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the six month periods ended 30 June 2005, 30 June 2004 and 31 December 2004.

	6 months ended 30.06.05									Total \$m
	Asia Pacific				India \$m	UAE \$m	Other Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	Hong Kong \$m	Singapore \$m	Malaysia \$m	*Other Asia Pacific \$m						
Interest income	752	425	223	1,151	330	169	220	284	726	4,280
Interest expense	(283)	(286)	(115)	(594)	(174)	(79)	(84)	(104)	(589)	(2,308)
<b>Net interest income</b>	<b>469</b>	<b>139</b>	<b>108</b>	<b>557</b>	<b>156</b>	<b>90</b>	<b>136</b>	<b>180</b>	<b>137</b>	<b>1,972</b>
Fees and commissions income, net	171	63	30	137	73	49	63	76	65	727
Net trading income	81	54	17	117	41	21	25	(2)	55	409
Other operating income	26	5	2	21	32	1	3	1	37	128
<b>Operating income</b>	<b>747</b>	<b>261</b>	<b>157</b>	<b>832</b>	<b>302</b>	<b>161</b>	<b>227</b>	<b>255</b>	<b>294</b>	<b>3,236</b>
<b>Operating expenses</b>	<b>(317)</b>	<b>(123)</b>	<b>(73)</b>	<b>(463)</b>	<b>(143)</b>	<b>(63)</b>	<b>(95)</b>	<b>(195)</b>	<b>(236)</b>	<b>(1,708)</b>
<b>Operating profit before provisions</b>	<b>430</b>	<b>138</b>	<b>84</b>	<b>369</b>	<b>159</b>	<b>98</b>	<b>132</b>	<b>60</b>	<b>58</b>	<b>1,528</b>
Impairment losses on loans and advances	(69)	(34)	(14)	(23)	(23)	(7)	(8)	(30)	14	(194)
Other impairment	(1)	-	-	-	1	-	-	-	(1)	(1)
<b>Operating profit before taxation</b>	<b>360</b>	<b>104</b>	<b>70</b>	<b>346</b>	<b>137</b>	<b>91</b>	<b>124</b>	<b>30</b>	<b>71</b>	<b>1,333</b>
<b>Loans and advances to Customers - average</b>	<b>22,363</b>	<b>12,012</b>	<b>6,245</b>	<b>23,856</b>	<b>5,060</b>	<b>3,486</b>	<b>4,114</b>	<b>2,038</b>	<b>9,109</b>	<b>88,283</b>
<b>Net interest margins (%)</b>	<b>2.2</b>	<b>1.2</b>	<b>2.3</b>	<b>2.5</b>	<b>3.3</b>	<b>2.8</b>	<b>3.8</b>	<b>7.3</b>	<b>0.6</b>	<b>2.6</b>
<b>Loans and advances to Customers – period end</b>	<b>22,102</b>	<b>12,064</b>	<b>6,451</b>	<b>43,697</b>	<b>5,138</b>	<b>3,532</b>	<b>4,174</b>	<b>2,014</b>	<b>8,757</b>	<b>107,929</b>
<b>Loans and advances to banks – period end</b>	<b>3,667</b>	<b>2,956</b>	<b>474</b>	<b>4,400</b>	<b>195</b>	<b>432</b>	<b>734</b>	<b>199</b>	<b>7,898</b>	<b>20,955</b>
<b>Total assets employed</b>	<b>55,626</b>	<b>23,764</b>	<b>9,329</b>	<b>75,988</b>	<b>10,856</b>	<b>6,957</b>	<b>7,848</b>	<b>5,827</b>	<b>57,839</b>	<b>254,034</b>
<b>Total risk weighted assets and contingents</b>	<b>20,820</b>	<b>13,289</b>	<b>4,773</b>	<b>43,393</b>	<b>6,276</b>	<b>4,099</b>	<b>4,860</b>	<b>2,410</b>	<b>24,025</b>	<b>123,945</b>

\*Other Asia Pacific includes the post-acquisition results of KFB (see page 20 and 21).  
See note a) to d) on page 48.

## STANDARD CHARTERED PLC – NOTES (continued)

### 2. Segmental Information by Geographic Segment (continued)

	6 months ended 30.06.04									
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m	India \$m	UAE \$m	Other Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
Interest income	678	324	165	394	260	92	141	265	709	3,028
Interest expense	(220)	(165)	(74)	(169)	(114)	(20)	(41)	(90)	(584)	(1,477)
<b>Net interest income</b>	<b>458</b>	<b>159</b>	<b>91</b>	<b>225</b>	<b>146</b>	<b>72</b>	<b>100</b>	<b>175</b>	<b>125</b>	<b>1,551</b>
Fees and commissions income, net	166	57	29	99	57	43	53	65	94	663
Net trading income	55	46	17	75	38	18	21	28	35	333
Other operating income	47	3	2	3	(2)	1	2	2	120	178
<b>Operating income</b>	<b>726</b>	<b>265</b>	<b>139</b>	<b>402</b>	<b>239</b>	<b>134</b>	<b>176</b>	<b>270</b>	<b>374</b>	<b>2,725</b>
<b>Operating expenses</b>	<b>(333)</b>	<b>(119)</b>	<b>(75)</b>	<b>(249)</b>	<b>(117)</b>	<b>(51)</b>	<b>(81)</b>	<b>(168)</b>	<b>(217)</b>	<b>(1,410)</b>
<b>Operating profit before provisions</b>	<b>393</b>	<b>146</b>	<b>64</b>	<b>153</b>	<b>122</b>	<b>83</b>	<b>95</b>	<b>102</b>	<b>157</b>	<b>1,315</b>
Impairment losses on loans and advances	(92)	(17)	(1)	(14)	(11)	-	2	1	(7)	(139)
Other impairment	-	-	-	-	-	-	-	-	(69)	(69)
<b>Operating profit before taxation</b>	<b>301</b>	<b>129</b>	<b>63</b>	<b>139</b>	<b>111</b>	<b>83</b>	<b>97</b>	<b>103</b>	<b>81</b>	<b>1,107</b>
<b>Loans and advances to customers-average</b>	<b>21,530</b>	<b>10,330</b>	<b>4,912</b>	<b>7,829</b>	<b>3,444</b>	<b>2,356</b>	<b>3,629</b>	<b>1,596</b>	<b>8,332</b>	<b>63,958</b>
<b>Net interest margin (%)</b>	<b>2.3</b>	<b>1.7</b>	<b>2.5</b>	<b>2.4</b>	<b>3.8</b>	<b>3.3</b>	<b>3.5</b>	<b>8.3</b>	<b>0.6</b>	<b>2.7</b>
<b>Loans and advances to customers-period end</b>	<b>20,842</b>	<b>11,000</b>	<b>5,628</b>	<b>8,164</b>	<b>3,863</b>	<b>2,613</b>	<b>3,848</b>	<b>1,740</b>	<b>6,045</b>	<b>63,743</b>
<b>Loans and advances to banks-period end</b>	<b>4,608</b>	<b>799</b>	<b>47</b>	<b>4,140</b>	<b>128</b>	<b>458</b>	<b>718</b>	<b>155</b>	<b>6,334</b>	<b>17,387</b>
<b>Total assets employed</b>	<b>49,637</b>	<b>18,488</b>	<b>7,853</b>	<b>21,016</b>	<b>8,639</b>	<b>5,409</b>	<b>6,574</b>	<b>5,051</b>	<b>41,136</b>	<b>163,803</b>
<b>Total risk weighted assets and contingents</b>	<b>19,823</b>	<b>12,405</b>	<b>4,098</b>	<b>9,916</b>	<b>5,604</b>	<b>3,648</b>	<b>4,464</b>	<b>2,302</b>	<b>20,519</b>	<b>82,779</b>

See note a) to d) on page 48.

## STANDARD CHARTERED PLC – NOTES (continued)

### 2. Segmental Information by Geographic Segment (continued)

6 months ended 31.12.04

	Asia Pacific				India \$m	UAE \$m	Other Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m						
Interest income	710	396	178	423	281	112	183	271	816	3,370
Interest expense	(241)	(243)	(85)	(159)	(140)	(33)	(68)	(95)	(675)	(1,739)
<b>Net interest income</b>	469	153	93	264	141	79	115	176	141	1,631
Fees and commissions Income, net	157	57	22	97	54	44	63	88	87	669
Net trading profit	44	35	13	46	29	15	21	46	69	318
Other operating income	10	3	3	16	3	(1)	2	4	(1)	39
<b>Operating income</b>	680	248	131	423	227	137	201	314	296	2,657
<b>Operating expenses</b>	(327)	(109)	(70)	(269)	(135)	(49)	(89)	(192)	(199)	(1,439)
<b>Operating profit before provisions</b>	353	139	61	154	92	88	112	122	97	1,218
Impairment losses on loans and advances	(33)	(16)	(1)	(26)	(11)	(1)	(3)	(13)	29	(75)
Other impairment	-	-	-	-	2	-	-	-	(1)	1
<b>Operating profit before taxation</b>	320	123	60	128	83	87	109	109	125	1,144
<b>Loans and advances to customers - average</b>	21,608	10,398	5,272	8,360	3,841	2,582	3,743	1,833	7,430	65,067
<b>Net interest margin (%)</b>	2.1	1.4	2.3	2.6	3.1	1.9	3.5	6.9	0.6	2.7
<b>Loans and advances to customers – period end</b>	21,744	11,765	6,374	9,755	4,692	3,132	3,840	2,013	8,844	72,159
<b>Loans and advances to banks – period end</b>	2,852	2,072	349	3,351	171	237	655	374	7,321	17,382
<b>Total assets employed</b>	48,466	20,420	7,130	22,496	8,609	6,371	6,493	6,403	57,054	183,442
<b>Total risk weighted assets and contingents</b>	20,337	13,892	4,411	13,344	6,413	4,150	4,611	2,749	24,895	94,802

## STANDARD CHARTERED PLC – NOTES (continued)

### 2. Segmental Information by Geographic Segment (continued)

- a) Total interest receivable and total interest payable include intra-group interest of \$602 million (30 June 2004: \$460 million; 31 December 2004: \$626 million).
- b) Group central expenses have been distributed between segments in proportion to their direct costs and the benefit of the Group's capital has been distributed between segments in proportion to their risk weighted assets.
- c) Total assets employed include intra-group items of \$50,107 million (30 June 2004: \$26,780 million; 31 December 2004: \$28,801 million) and balances of \$nil million (30 June 2004: \$4,375 million; 31 December 2004: \$7,563 million) which are netted in the Summarised Consolidated Balance Sheet. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.
- d) Total risk weighted assets and contingents include \$2,414 million (30 June 2004: \$1,802 million; 31 December 2004: \$2,678 million) of balances which are netted in calculating capital ratios.
- e) In 2004 other operating income includes profits and losses arising from corporate decisions to dispose of investments in KorAm Bank (\$95 million in Americas, UK & Group Head Office) and BOC Hong Kong (Holdings) Limited (\$36 million in Hong Kong) and the premium on repurchase of surplus subordinated debt (\$23 million in India). Costs include \$18 million related to the incorporation of the Hong Kong business (Hong Kong) and the \$5 million donation to the Tsunami relief effort (Malaysia, India, Other APR and Other MESA). These decisions resulted in non-recurring gains and charges of \$85 million. They are included in the Geographic segmental information, but are not allocated to businesses in the Business segmental information shown in note 3.
- f) The Group considers its primary segment to be by Business, and Geography as a secondary segment.

## STANDARD CHARTERED PLC – NOTES (continued)

### 2. Segmental Information by Geographic Segment (continued)

The following tables set out the structure of Standard Chartered's deposits by principal geographic region where it operates at 30 June 2005, 30 June 2004 and 31 December 2004.

30.06.05										
	Asia Pacific				India \$m	UAE \$m	Other Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m						
Non interest bearing current and demand accounts	1,471	2,064	983	1,707	1,796	1,155	1,186	1,168	1,004	12,534
Interest bearing current and demand accounts	14,024	2,336	120	11,121	3	689	387	1,472	3,542	33,694
Savings deposits	6	849	435	2,900	1,263	250	1,161	379	-	7,243
Time deposits	17,152	10,970	3,839	18,413	3,411	3,448	1,822	771	11,938	71,764
Other deposits	28	42	787	2,719	8	179	318	75	1,032	5,188
<b>Total</b>	<b>32,681</b>	<b>16,261</b>	<b>6,164</b>	<b>36,860</b>	<b>6,481</b>	<b>5,721</b>	<b>4,874</b>	<b>3,865</b>	<b>17,516</b>	<b>130,423</b>
Deposits by banks	1,544	3,654	1,374	5,983	1,045	1,549	467	122	5,915	21,653
Customer accounts	31,137	12,607	4,790	30,877	5,436	4,172	4,407	3,743	11,601	108,770
	32,681	16,261	6,164	36,860	6,481	5,721	4,874	3,865	17,516	130,423
Debt securities in issue	963	790	727	20,566	758	-	-	79	4,072	27,955
<b>Total*</b>	<b>33,644</b>	<b>17,051</b>	<b>6,891</b>	<b>57,426</b>	<b>7,239</b>	<b>5,721</b>	<b>4,874</b>	<b>3,944</b>	<b>21,588</b>	<b>158,378</b>

\* Other Asia Pacific includes \$41,341 million relating to KFB.

30.06.04										
	Asia Pacific				India \$m	UAE \$m	Other Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m						
Non interest bearing current and demand accounts	3,015	1,703	930	1,437	1,298	1,268	1,018	991	471	12,131
Interest bearing current and demand accounts	14,456	1,776	103	2,213	5	298	482	1,174	3,642	24,149
Savings deposits	7	494	433	1,015	873	227	1,183	488	22	4,742
Time deposits	13,599	10,290	2,803	5,291	2,781	2,390	1,565	881	10,863	50,463
Other deposits	27	59	561	1,954	4	160	200	68	700	3,733
<b>Total</b>	<b>31,104</b>	<b>14,322</b>	<b>4,830</b>	<b>11,910</b>	<b>4,961</b>	<b>4,343</b>	<b>4,448</b>	<b>3,602</b>	<b>15,698</b>	<b>95,218</b>
Deposits by banks	1,977	3,230	429	3,550	683	1,012	403	165	5,550	16,999
Customer accounts	29,127	11,092	4,401	8,360	4,278	3,331	4,045	3,437	10,148	78,219
	31,104	14,322	4,830	11,910	4,961	4,343	4,448	3,602	15,698	95,218
Debt securities in issue	2,007	444	364	856	391	-	-	1	5,922	9,985
<b>Total</b>	<b>33,111</b>	<b>14,766</b>	<b>5,194</b>	<b>12,766</b>	<b>5,352</b>	<b>4,343</b>	<b>4,448</b>	<b>3,603</b>	<b>21,620</b>	<b>105,203</b>

## STANDARD CHARTERED PLC – NOTES (continued)

### 2. Segmental Information by Geographic Segment (continued)

	31.12.04									
	Asia Pacific						Other Middle East & Other S Asia		Americas UK & Group Head Office	
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m	India \$m	UAE \$m	\$m	Africa \$m	\$m	Total \$m
Non interest bearing current and demand accounts	3,602	2,040	989	1,228	1,224	1,114	1,146	1,159	16	12,518
Interest bearing current and demand accounts	15,300	2,329	130	2,999	2	661	429	1,603	3,920	27,373
Savings deposits	24	528	437	1,861	970	249	1,350	512	9	5,940
Time deposits	13,155	9,847	3,423	6,751	3,441	2,529	1,657	679	10,410	51,892
Other deposits	2	50	569	904	2	187	215	69	1,551	3,549
<b>Total</b>	<b>32,083</b>	<b>14,794</b>	<b>5,548</b>	<b>13,743</b>	<b>5,639</b>	<b>4,740</b>	<b>4,797</b>	<b>4,022</b>	<b>15,906</b>	<b>101,272</b>
Deposits by banks	1,204	3,150	813	3,362	1,109	1,007	355	110	4,704	15,814
Customer accounts	30,879	11,644	4,735	10,381	4,530	3,733	4,442	3,912	11,202	85,458
	32,083	14,794	5,548	13,743	5,639	4,740	4,797	4,022	15,906	101,272
Debt securities in issue	1,508	758	401	1,063	469	-	-	1	7,427	11,627
<b>Total</b>	<b>33,591</b>	<b>15,552</b>	<b>5,949</b>	<b>14,806</b>	<b>6,108</b>	<b>4,740</b>	<b>4,797</b>	<b>4,023</b>	<b>23,333</b>	<b>112,899</b>

## STANDARD CHARTERED PLC – NOTES (continued)

### 3. Segmental Information by Class of Business

	6 months ended 30.06.05			6 months ended 30.06.04			
	*Consumer Banking \$m	*Wholesale Banking \$m	Total \$m	Consumer Banking \$m	Wholesale Banking \$m	Corporate items not allocated \$m	Total \$m
Net interest income	1,249	723	1,972	958	593	-	1,551
Other income	474	790	1,264	377	687	110	1,174
<b>Operating income</b>	<b>1,723</b>	<b>1,513</b>	<b>3,236</b>	<b>1,335</b>	<b>1,280</b>	<b>110</b>	<b>2,725</b>
<b>Operating expenses</b>	<b>(888)</b>	<b>(820)</b>	<b>(1,708)</b>	<b>(679)</b>	<b>(713)</b>	<b>(18)</b>	<b>(1,410)</b>
<b>Operating profit before provisions</b>	<b>835</b>	<b>693</b>	<b>1,528</b>	<b>656</b>	<b>567</b>	<b>92</b>	<b>1,315</b>
Impairment losses on loans and advances	(193)	(1)	(194)	(137)	(2)	-	(139)
Other impairment	-	(1)	(1)	-	(2)	(67)	(69)
<b>Operating profit before taxation</b>	<b>642</b>	<b>691</b>	<b>1,333</b>	<b>519</b>	<b>563</b>	<b>25</b>	<b>1,107</b>
<b>Total assets employed</b>	<b>68,257</b>	<b>135,670</b>	<b>203,927</b>	<b>34,169</b>	<b>98,479</b>	<b>-</b>	<b>132,648</b>
<b>Total risk weighted assets and contingents</b>	<b>51,726</b>	<b>69,805</b>	<b>121,531</b>	<b>25,154</b>	<b>55,823</b>	<b>-</b>	<b>80,977</b>

\*includes post acquisition results of KFB (see page 20)

	6 months ended 31.12.04			
	Consumer Banking \$m	Wholesale Banking \$m	Corporate items not allocated \$m	Total \$m
Net interest income	1,001	629	1	1,631
Other income	364	665	(3)	1,026
<b>Operating income</b>	<b>1,365</b>	<b>1,294</b>	<b>(2)</b>	<b>2,657</b>
<b>Operating expenses</b>	<b>(721)</b>	<b>(713)</b>	<b>(5)</b>	<b>(1,439)</b>
<b>Operating profit before provisions</b>	<b>644</b>	<b>581</b>	<b>(7)</b>	<b>1,218</b>
Impairment losses on loans and advances	(105)	30	-	(75)
Other impairment	-	1	-	1
<b>Operating profit before taxation</b>	<b>539</b>	<b>612</b>	<b>(7)</b>	<b>1,144</b>
<b>Total assets employed</b>	<b>38,154</b>	<b>108,924</b>	<b>-</b>	<b>147,078</b>
<b>Total risk weighted assets and contingents</b>	<b>28,069</b>	<b>64,055</b>	<b>-</b>	<b>92,124</b>

See note 2b), 2c) and 2e) on page 48.

## STANDARD CHARTERED PLC – NOTES (continued)

### 4. Net Trading Income

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Gains less losses arising from dealing in foreign currencies	302	255	239
Gains less losses arising from dealing securities	(18)	4	16
Other dealing profits	125	74	63
	<b>409</b>	<b>333</b>	<b>318</b>

### 5. Other Operating Income

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Other operating income includes:			
Gains less losses on disposal of investment securities	-	159	5
Gains less losses on disposal of available for sale financial assets	74	-	-
Dividend income	9	6	5
Premium paid on repurchase of subordinated debt	-	(21)	(2)

### 6. Retirement Benefit Obligations

The effective date of the latest full valuation of each material defined benefit scheme ranges between 31 December 2002 and 31 December 2004. To provide the disclosures at 31 December 2004 the results of these valuations were updated by qualified independent actuaries.

In addition, the expected costs for the year to 31 December 2005 were calculated. These costs have been used for the charges to profit for the six months ended at 30 June 2005.

The assumptions adopted for the 31 December 2004 disclosures have been reviewed in the light of the changed market conditions applying at 30 June 2005.

Where material revised assumptions have been adopted, the resulting actuarial gains during the period are recognised in the Statement of Recognised Income and Expenses.

The total charge for benefits for the Group's retirement benefit schemes was \$51 million (30 June 2004: \$45 million; 31 December 2004: \$37 million), of which \$26 million (30 June 2004: \$23 million; 31 December 2004: \$12 million) was defined benefit pension schemes, \$23 million (30 June 2004: \$21 million; 31 December 2004: \$24 million) was for defined contribution pension schemes and \$2 million (30 June 2004: \$1 million; 31 December 2004: \$1 million) was for post-retirement benefits other than pensions.



## STANDARD CHARTERED PLC – NOTES (continued)

### 6. Retirement Benefits Obligations (continued)

The assets and liabilities of the defined benefit and other retirement schemes were:

	<b>30.06.05</b>	30.06.04	31.12.04
	<b>\$m</b>	\$m	\$m
Total market value of assets	<b>1,836</b>	1,700	1,913
Present value of the schemes' liabilities	<b>(2,216)</b>	(1,820)	(2,069)
Deficit	<b>(380)</b>	(120)	(156)
Related deferred tax asset	<b>68</b>	39	46

Pension expenses for defined benefit schemes were:

	<b>6 months</b>	6 months	6 months
	<b>ended</b>	ended	ended
	<b>30.06.05</b>	30.06.04	31.12.04
	<b>\$m</b>	\$m	\$m
Current service cost	<b>30</b>	26	21
Past service cost	-	-	3
Loss on settlement and curtailments	-	-	(5)
Expected return on assets less interest on obligation	<b>(4)</b>	(3)	(7)
Total charge to profit before deduction of tax	<b>26</b>	23	12
Actual less expected return on assets	<b>(28)</b>	28	(50)
Experience gain on liabilities	-	-	(2)
Increase/(decrease) in liabilities on update of assumptions	<b>64</b>	(43)	72
Total (gain)/loss recognised in Statement of Recognised Income and expenses before tax	<b>36</b>	(15)	20
Deferred tax	<b>(11)</b>	5	(6)
	<b>25</b>	(10)	14

## STANDARD CHARTERED PLC – NOTES (continued)

### 7. Taxation

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Analysis of taxation charge in the period			
The charge for taxation based upon the profits for the period comprises:			
United Kingdom corporation tax at 30% (30 June 2004: 30%; 31 December 2004: 30%):			
Current tax on income for the period	158	190	217
Adjustments in respect of prior periods	-	-	18
Double taxation relief	(150)	(187)	(170)
Foreign tax:			
Current tax on income for the period	314	292	267
Adjustments in respect of prior periods	(8)	8	(21)
Total current tax	314	303	311
Deferred tax:			
Origination/reversal of temporary differences	53	28	(12)
Tax on profits on ordinary activities	367	331	299
Effective tax rate	27.5%	29.9%	26.2%

Overseas taxation includes taxation on Hong Kong profits of \$78 million (30 June 2004: \$45 million; 31 December 2004: \$47 million) provided at a rate of

17.5 per cent (30 June 2004: 17.5 per cent; 31 December 2004: 17.5 per cent) on the profits assessable in Hong Kong.

### 8. Depreciation and Amortisation

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Premises	27	21	19
Equipment	33	40	35
Intangibles:			
Software	55	62	61
Arising on business combinations	5	-	-
	120	123	115

### 9. Other Impairment

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Goodwill	-	67	-
Other	1	2	(1)
	1	69	(1)

## STANDARD CHARTERED PLC – NOTES (continued)

### 10. Dividends on Ordinary Equity Shares

The 2005 interim dividend of 18.94 cents per share will be paid in either sterling, Hong Kong dollars or US dollars on 14 October 2005 to shareholders on the UK register of members at the close of business on 19 August 2005 and to shareholders on the Hong Kong branch register of members at the opening of business in Hong Kong (9:00am Hong Kong time) on 19 August 2005.

It is intended that shareholders will be able to elect to receive shares credited as fully paid instead of all or part of the interim cash dividend. Details of the dividend will be sent to shareholders on or around 2 September 2005.

### 11. Earnings per Ordinary Share

	6 months ended 30.06.05			6 months ended 30.06.04			6 months ended 31.12.04		
	Profit \$m	Weighted average number of shares ('000)	Per share amount cents	Profit \$m	Weighted average number of shares ('000)	Per share amount cents	Profit \$m	Weighted average number of shares ('000)	Per share amount cents
Basic earnings per ordinary share	956	1,279,432	74.7	727	1,170,699	62.1	793	1,175,143	67.5
<b>Effect of dilutive potential ordinary shares:</b>									
Convertible bonds	7	20,578		11	34,488		12	34,488	
Options	-	15,366		-	2,252		-	3,444	
<b>Diluted earnings per share</b>	<b>963</b>	<b>1,315,376</b>	<b>73.2</b>	<b>738</b>	<b>1,207,439</b>	<b>61.1</b>	<b>805</b>	<b>1,213,075</b>	<b>66.3</b>

The Group measures earnings per share on a normalised basis. This differs from earnings defined in International Accounting Standard 3, Earnings per share. The table below provides a reconciliation.

	6 months ended 30.06.05 \$m	6 months ended 30.06.04 \$m	6 months ended 31.12.04 \$m
Profit attributable to ordinary shareholders	956	727	793
Profit on sale of shares in — KorAm	-	(95)	-
— Bank of China	-	(36)	-
Premium and costs paid on repurchase of subordinated debt	-	21	2
Costs of Hong Kong incorporation	-	18	-
Tsunami donation	-	-	5
Other impairment	-	67	-
“One-off” items	-	(25)	7
Amortisation of intangible assets arising on business combinations	5	-	-
Profit less losses on disposal of investment securities held at cost	-	(28)	(5)
Profit on sale of property, plant and equipment	-	(4)	-
Profit on disposal of subsidiary undertakings	-	(4)	-
Other impairment	1	2	(1)
Normalised earnings	962	668	794
<b>Normalised earnings per ordinary share</b>	<b>75.2c</b>	<b>57.1c</b>	<b>67.5c</b>

## STANDARD CHARTERED PLC – NOTES (continued)

### 11. Earnings per Ordinary Share (continued)

EPS has grown by 32 per cent. With the adoption of IAS 39, the Group no longer normalises gains and losses on disposal of investment securities as these are now held in an available for sale portfolio at fair value.

Had this policy been adopted in the first half of 2004 normalised earnings per share would have been 59.5 cents and EPS growth would have been 26 per cent.

### 12. Financial Instrument Classification Summary

On 1 January 2005, the Group adopted IAS 39 which requires the classification of financial instruments between five recognition principles: trading, designated at fair value through profit and loss, available for sale, held to maturity and loans and receivables. The Group's classification is summarised below:

	30.06.05					Total \$m
	Trading \$m	Designated at fair value \$m	Available for sale \$m	Loans and receivables \$m	Held to maturity \$m	
Treasury bills and other eligible bills	1,905	-	11,106	-	-	13,011
Loans and advances to banks	1,081	-	-	19,874	-	20,955
Loans and advances to customers	706	165	21	107,037	-	107,929
Debt securities	4,560	30	25,217	455	615	30,877
Equity shares	12	-	933	-	-	945
<b>Total at 30.06.05</b>	<b>8,264</b>	<b>195</b>	<b>37,277</b>	<b>127,366</b>	<b>615</b>	<b>173,717</b>
<b>Total at 01.01.05</b>	<b>6,064</b>	<b>1,902</b>	<b>30,451</b>	<b>88,952</b>	<b>1,040</b>	<b>128,409</b>

### 13. Loans and Advances

	30.06.05		30.06.04		31.12.04	
	Loans to banks \$m	Loans to customers \$m	Loans to banks \$m	Loans to customers \$m	Loans to banks \$m	Loans to customers \$m
Gross loans and advances	21,003	109,902	17,453	66,180	17,446	74,463
Interest in suspense	-	-	(12)	(572)	(12)	(562)
	21,003	109,902	17,441	65,608	17,434	73,901
Individual impairment provision	(48)	(1,626)	(54)	(1,479)	(52)	(1,407)
Portfolio impairment provision	-	(347)	-	-	-	-
General provision	-	-	-	(386)	-	(335)
	20,955	107,929	17,387	63,743	17,382	72,159

The movement in provisions for impairment losses on loans and advances and other credit risks is set out below:

## STANDARD CHARTERED PLC – NOTES (continued)

### 13. Loans and Advances – (continued)

	6 months ended	6 months ended		6 months ended	
	30.06.05	30.06.04		31.12.04	
	Total \$m	Specific \$m	General \$m	Specific \$m	General \$m
Provisions held at beginning of period	*1,782	1,661	425	1,533	386
Exchange translation differences	(28)	(5)	-	18	-
Acquisitions	383	-	-	36	-
Amount utilised	-	-	(39)	-	-
Amounts written off	(352)	(288)	-	(319)	-
Recoveries of amounts previously written off	65	44	-	51	-
Discount unwinding	(23)				
Other	-	(18)	-	10	4
New provisions	438	304	-	305	-
Recoveries/provisions no longer required	(244)	(165)	-	(175)	(55)
Net charge against/(credit to) profit	** 194	139	-	130	(55)
Provisions held at end of period	***2,021	1,533	386	1,459	335

\* The opening balance at 1 January 2005 was adjusted with the adoption of IAS 39. The individual impairment provision increased by \$90 million. The general provision recorded under UK GAAP was reversed. Under IAS 39, a portfolio provision of \$233 million was created.

\*\* The net charge of \$194 million comprises \$164 million individual impairment charge and \$30 million portfolio impairment charge.

\*\*\* The provision of \$2,021 million held at 30 June 2005 comprises \$1,674 million individual impairment provision and \$347 million portfolio impairment provision.

### 14. Non-Performing Loans and Advances

	30.06.05			30.06.04			31.12.04		
	SCNB (LMA) \$m	Other \$m	Total \$m	SCNB (LMA) \$m	Other \$m	Total \$m	SCNB (LMA) \$m	Other \$m	Total \$m
Non performing loans and advances	-	2,800	2,800	711	2,789	3,500	351	2,586	2,937
Impairment provision	-	(2,021)	(2,021)	(108)	(1,425)	(1,533)	(115)	(1,344)	(1,459)
Interest in suspense	-			-	(584)	(584)	-	(574)	(574)
	-	779	779	603	780	1,383	236	668	904

Net non-performing loans and advances comprises loans and advances to banks \$34 million (30 June 2004: \$83 million; 31 December 2004: \$55 million) and loans and advances to customers \$745 million (30 June 2004: \$1,300 million; 31 December 2004: \$849 million).

The Group acquired Standard Chartered Nakornthon Bank (SCNB) in September 1999. Under the terms of the acquisition, non-performing loans were subject to a Loan Management Agreement (LMA) with a Thai Government Agency (The Financial Institutions Development Fund) which guaranteed certain losses. The LMA expired in

2004 and the losses guaranteed by FIDF have been settled through the first six months of 2005. Accordingly, the balances have been derecognised and are shown as nil under SCNB in the table above.

Impairment provisions cover 72 per cent of non-performing lending to customers. (Excluding the SCNB non-performing loan portfolio, subject to the LMA, specific provisions and interest in suspense together cover 30 June 2004: 72 per cent; 31 December 2004: 74 per cent of total non-performing lending to customers.)

## STANDARD CHARTERED PLC – NOTES (continued)

### 15. Debt Securities

30.06.05

	Trading \$m	Designated at fair value \$m	Available for sale \$m	Held to maturity \$m	Loans and receivables \$m	Total book amount \$m	Total Valuation \$m
<b>Issued by public bodies:</b>							
Government securities	1,769	-	8,094	615	-	10,478	10,478
Other public sector securities	7	-	1,815	-	-	1,822	1,822
	1,776	-	9,909	615	-	12,300	12,300
<b>Issued by banks:</b>							
Certificates of deposit	624	2	6,596	-	-	7,222	7,222
Other debt securities	764	-	6,025	-	-	6,789	6,789
	1,388	2	12,621	-	-	14,011	14,011
<b>Issued by corporate entities and other issuers:</b>							
Other debt securities	1,396	28	2,687	-	455	4,566	4,561
	1,396	28	2,687	-	455	4,566	4,561
<b>Total debt securities</b>	<b>4,560</b>	<b>30</b>	<b>25,217</b>	<b>615</b>	<b>455</b>	<b>30,877</b>	<b>30,872</b>
<b>Of which:</b>							
<b>Listed on a recognised</b>							
UK exchange	237	12	4,681	388	-	5,318	5,318
Listed elsewhere	938	12	7,003	5	-	7,958	7,959
Unlisted	3,385	6	13,533	222	455	17,601	17,595
	4,560	30	25,217	615	455	30,877	30,872
<b>Of which:</b>							
One year or less	1,245	25	14,711	450	341	16,772	16,768
One to five years	2,205	5	9,007	136	112	11,465	11,463
More than five years	1,110	-	1,499	29	2	2,640	2,641
	4,560	30	25,217	615	455	30,877	30,872

Debt securities include \$1,555 million (30 June 2004: \$419 million; 31 December 2004: \$1,068 million) of securities sold subject to sale and repurchase transactions.

The valuation of listed investments is at market value and of unlisted investments at directors' estimate.

## STANDARD CHARTERED PLC – NOTES (continued)

### 15. Debt Securities (continued)

	30.06.04			
	Book amount Investment securities \$m	Book amount Dealing securities \$m	Book amount Total debt securities \$m	Valuation Investment securities \$m
Issued by public bodies:				
Government securities	7,879	1,250	9,129	7,925
Other public sector securities	484	9	493	483
	8,363	1,259	9,622	8,408
Issued by banks:				
Certificates of deposit	5,646	159	5,805	5,639
Other debt securities	6,177	606	6,783	6,181
	11,823	765	12,588	11,820
Issued by corporate entities and other issuers:				
Other debt securities	5,891	799	6,690	5,825
	5,891	799	6,690	5,825
<b>Total debt securities</b>	<b>26,077</b>	<b>2,823</b>	<b>28,900</b>	<b>26,053</b>
Of which:				
Listed on a recognised UK exchange	6,011	-	6,011	6,015
Listed elsewhere	8,222	734	8,956	8,176
Unlisted	11,844	2,089	13,933	11,862
	26,077	2,823	28,900	26,053
Book amount investment securities:				
One year or less	13,821			
One to five years	10,698			
More than five years	1,558			
	26,077			

## STANDARD CHARTERED PLC – NOTES (continued)

### 15. Debt Securities (continued)

	31.12.04			
	Book amount Investment securities \$m	Book amount Dealing securities \$m	Book amount Total debt securities \$m	Valuation Investment securities \$m
Issued by public bodies:				
Government securities	8,477	1,792	10,269	8,575
Other public sector securities	1,263	1	1,264	1,257
	9,740	1,793	11,533	9,832
Issued by banks:				
Certificates of deposit	6,076	82	6,158	6,068
Other debt securities	6,678	777	7,455	6,694
	12,754	859	13,613	12,762
Issued by corporate entities and other issuers:				
Other debt securities	6,675	1,021	7,696	6,693
	6,675	1,021	7,696	6,693
<b>Total debt securities</b>	<b>29,169</b>	<b>3,673</b>	<b>32,842</b>	<b>29,287</b>
Of which:				
Listed on a recognised UK exchange	5,651	-	5,651	5,671
Listed elsewhere	6,700	1,505	8,205	6,723
Unlisted	16,818	2,168	18,986	16,893
	29,169	3,673	32,842	29,287
Book amount investment securities:				
One year or less	14,908			
One to five years	10,942			
More than five years	3,319			
	29,169			



## STANDARD CHARTERED PLC – NOTES (continued)

### 15. Debt Securities (continued)

The change in the book amount of debt securities held for investment purposes comprised:

				<b>6 months ended 30.06.05</b>	6 months ended 30.06.04	6 months ended 31.12.04
	<b>Available for sale \$m</b>	<b>Held to Maturity \$m</b>	<b>Loans and advances \$m</b>	<b>Book amount \$m</b>	Book amount \$m	Book amount \$m
Opening				<b>29,169</b>		
Adoption of IAS 39				<b>(1,571)</b>		
Opening	<b>26,272</b>	<b>983</b>	<b>343</b>	<b>27,598</b>	20,801	26,077
Exchange translation differences	<b>(779)</b>	<b>(40)</b>	-	<b>(819)</b>	(266)	250
Acquisitions	<b>2,382</b>	-	-	<b>2,382</b>	37,316	42,497
Additions	<b>16,402</b>	-	<b>171</b>	<b>16,573</b>	-	-
Maturities and disposals	<b>(19,033)</b>	<b>(316)</b>	<b>(63)</b>	<b>(19,412)</b>	(31,759)	(39,693)
Provisions	-	-	<b>1</b>	<b>1</b>	-	-
Changes in fair value	<b>19</b>	-	-	<b>19</b>	-	-
Amortisation of discounts and premiums	<b>(46)</b>	<b>(12)</b>	<b>3</b>	<b>(55)</b>	(15)	38
Closing	<b>25,217</b>	<b>615</b>	<b>455</b>	<b>26,287</b>	26,077	29,169

From 1 January 2005, debt securities are classified in accordance with IAS 39 (see note 12 on page 56).

At 30 June 2005, unamortised premiums on debt securities held for investment purposes amounted to \$177 million (30 June 2004: \$123 million; 31 December 2004: \$135 million) and unamortised discounts amounted to \$35 million (30 June 2004: \$15 million; 31 December 2004: \$356 million).

## STANDARD CHARTERED PLC – NOTES (continued)

### 16. Equity Shares

	30.06.05			30.06.04		31.12.04	
	Trading \$m	Available for sale \$m	Total book amount \$m	Book amount Investment securities \$m	Valuation Investment securities \$m	Book amount Investment securities \$m	Valuation Investment securities \$m
Listed on a recognised UK exchange	-	-	-	1	1	-	-
Listed elsewhere	12	504	516	69	70	88	107
Unlisted	-	429	429	109	112	165	188
	<b>12</b>	<b>933</b>	<b>945</b>	<b>179</b>	<b>183</b>	<b>253</b>	<b>295</b>

From 1 January 2005, all equity investments are at fair value.

The valuation of listed securities is at market value and of unlisted securities at directors' estimate. Income from listed equity shares amounted to \$4 million (30 June 2004: \$2 million; 31 December 2004: \$4 million) and income from unlisted equity shares amounted to \$5 million (30 June 2004: \$3 million; 31 December 2004: \$7 million).

The change in the book amount of equity shares held for investment purposes comprised:

	*6 months ended 30.06.05 \$m
Opening	253
Adoption of IAS 39	39
Opening	292
Exchange translation differences	(2)
Acquisitions	295
Additions	450
Disposals (sale and redemption)	(95)
Changes in fair value	(7)
Closing	933

	6 months ended 30.06.04			6 months ended 31.12.04		
	Historical Cost \$m	Provisions \$m	Book amount \$m	Historical cost \$m	Provisions \$m	Book amount \$m
Opening	398	(39)	359	220	(41)	179
Exchange translation differences	(2)	-	(2)	4	(1)	3
Acquisitions	42	-	42	79	-	79
Disposals	(218)	(2)	(220)	(2)	(6)	(8)
Closing	220	(41)	179	301	(48)	253

\*From 1 January 2005 all equity investments are held at fair value in accordance with IFRS, with corresponding opening adjustments.

## STANDARD CHARTERED PLC – NOTES (continued)

### 17. Business Combinations

On 15 April 2005, the Group acquired 100 per cent of the share capital of Korea First Bank, a major banking group in the Republic of South Korea. The acquired business contributed revenues of \$258 million and profit before tax of \$84 million to the Group for the period from 15 April 2005 to 30 June 2005. If the acquisition had occurred on 1 January 2005, KFB would have added approximately \$550 million to Group income and \$150 million to profit before tax for the period.

Details of net assets acquired and goodwill are as follows:	<b>\$m</b>
Purchase consideration:	
- cash paid	<b>3,338</b>
- direct costs relating to the acquisition	<b>29</b>
Total purchase consideration	<b>3,367</b>
Fair value of net assets acquired	<b>1,742</b>
Goodwill	<b>1,625</b>

The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Korea First Bank.

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$m	Acquiree's carrying amount \$m
Cash and balances at central banks*	2,321	2,321
Treasury bills and other eligible bills	5,468	5,468
Loans and advances to banks	890	890
Derivative financial instruments	27	27
Loans and advances to customers	32,003	31,983
Debt securities	2,382	2,376
Equity shares	295	295
Intangibles other than goodwill	216	58
Deferred tax assets	25	15
Property, plant and equipment	1,087	1,109
Other assets	890	884
<b>Total assets</b>	<b>45,604</b>	<b>45,426</b>
Deposits by banks	2,782	2,782
Derivative financial instruments	240	240
Customer accounts	19,333	19,328
Debt securities in issue	16,992	17,243
Other liabilities	2,608	2,239
Subordinated liabilities and other borrowings	1,581	1,514
<b>Total liabilities</b>	<b>43,536</b>	<b>43,346</b>
Minority interest	326	298
<b>Net assets acquired</b>	<b>1,742</b>	<b>1,782</b>
Purchase considerations settled in cash	3,367	
Cash and cash equivalents in subsidiary acquired	(2,378)	
<b>Cash outflow on acquisition</b>	<b>989</b>	

\*Cash balances with central banks include certain amounts subject to regulatory restrictions.

## STANDARD CHARTERED PLC – NOTES (continued)

### 18. Deposits by Banks

	30.06.05 \$m	30.06.04 \$m	31.12.04 \$m
Repayable on demand	4,656	3,124	2,588
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	12,706	9,014	8,964
Between three months and one year	3,058	2,207	2,268
Between one and five years	784	2,654	1,994
Over five years	449	-	-
	<b>21,653</b>	16,999	15,814

### 19. Customer Accounts

	30.06.05 \$m	30.06.04 \$m	31.12.04 \$m
Repayable on demand	43,294	33,478	37,033
With agreed maturity dates or periods of notice, by residual maturity:			
Three months or less	49,004	38,574	41,529
Between three months and one year	12,639	5,246	5,652
Between one and five years	3,104	877	1,205
Over five years	729	44	39
	<b>108,770</b>	78,219	85,458

### 20. Debt Securities in Issue

	30.06.05			30.06.04		
	Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m	Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m
By residual maturity:						
Three months or less	6,220	2,960	9,180	1,087	2,581	3,668
Between three and six months	4,293	2,609	6,902	622	876	1,498
Between six months and one year	3,858	3,485	7,343	732	1,449	2,181
Between one and five years	1,174	2,901	4,075	1,620	679	2,299
Over five years	60	395	455	17	322	339
	<b>15,605</b>	<b>12,350</b>	<b>27,955</b>	4,078	5,907	9,985
				31.12.04		
				Certificates of deposit of \$100,000 or more \$m	Other debt securities in issue \$m	Total \$m
By residual maturity:						
Three months or less				1,707	3,268	4,975
Between three and six months				701	1,093	1,794
Between six months and one year				637	1,757	2,394
Between one and five years				1,013	1,051	2,064
Over five years				21	379	400
				4,079	7,548	11,627

## STANDARD CHARTERED PLC – NOTES (continued)

### 21. Other Borrowed Funds

	30.06.05 \$m	30.06.04 \$m	31.12.04 \$m
Dated loan capital	6,210	4,351	5,180
Undated loan capital	2,278	1,572	1,588
Other undated borrowings	350	-	-
<b>Total</b>	<b>8,838</b>	<b>5,923</b>	<b>6,768</b>
Dated loan capital residual maturity:			
Within one year	313	715	1,084
Between one and five years	2,549	1,508	1,805
Over five years	3,348	2,128	2,291
	<b>6,210</b>	<b>4,351</b>	<b>5,180</b>

Upon adoption of IAS 32 on 1 January 2005, the Group's £100 million 7<sup>3</sup>/<sub>8</sub> and £100 million 8<sup>1</sup>/<sub>4</sub> per cent irredeemable £1 preference shares were reclassified from equity to other borrowed funds.

£200 million Step-Up Notes 2022 and £300 million 8.103 per cent Step-Up Callable Perpetual Trust Preferred Securities were reclassified as other equity instruments.

Of total dated loan capital and other borrowings \$5,414 million is at fixed interest rates (30 June 2004: \$3,945 million; 31 December 2004: \$3,234 million).

On 3 February 2005, the Group issued €750 million subordinated Lower Tier II notes ("Euro Notes") at an issue price of 99.43 per cent and \$500 million of subordinated Lower Tier II notes ("Dollar notes") at an issue price of 99.86 per cent.

The Euro notes will mature on 3 February 2017. The Euro notes are callable on 3 February 2012 and at each subsequent interest date.

Interest is payable annually on the Euro notes at a fixed rate of 3.625 per cent until 3 February 2012 when a variable rate of interest of 3 month Euribor plus 87 basis points will be paid.

The Dollar notes will mature on 3 February 2015. The Dollar notes are callable on 4 February 2010 and at each subsequent interest date.

Interest is payable quarterly on the Dollar notes at a variable rate of US\$ Libor plus 30 basis points until 4 February 2010 when the rates will increase to Libor plus 80 basis points.

\$1,255 million of dated loan capital was added with the acquisition of KFB.

On 18 April 2005, the Group called back the €575 million convertible debt at par.

On 17 June 2005, the bank issued £400 million Undated Callable Step Up Subordinated Upper Tier 2 notes ("GBP Notes") at an issue price of 98.642 per cent. Interest is payable annually on the GBP notes at a fixed rate of 5.375 per cent until 14 July 2020 when variable rate interest of 3 month £ Libor plus 189 basis points will be paid.

## STANDARD CHARTERED PLC – NOTES (continued)

### 22. Share Capital

	Number of ordinary shares (millions)	Ordinary share capital \$m	Preference share capital \$m	Share premium account \$m	Total \$m
At 1 January 2004	1,175	588	351	2,813	3,752
Exchange translation differences	-	-	4	-	4
Shares issued, net of expenses	2	1	-	3	4
Capitalised on exercise of share options	-	-	-	2	2
At 30 June 2004	1,177	589	355	2,818	3,762
Exchange translation differences	-	-	22	-	22
Shares issued, net of expenses	2	1	-	12	13
Capitalised on exercise of share options	-	-	-	5	5
At 31 December 2004	1,179	590	377	2,835	3,802
Adoption of IAS 32 and 39	-	-	(375)	-	(375)
<b>At 1 January 2005</b>	<b>1,179</b>	<b>590</b>	<b>2</b>	<b>2,835</b>	<b>3,427</b>
<b>Capitalised on scrip dividend</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>Shares issued, net of expenses</b>	<b>129</b>	<b>65</b>	<b>-</b>	<b>2,122</b>	<b>2,187</b>
<b>At 30 June 2005</b>	<b>1,311</b>	<b>656</b>	<b>2</b>	<b>4,956</b>	<b>5,614</b>

The 7½ per cent and 8¼ per cent preference shares of £1 each were reclassified to other borrowed funds from 1 January 2005 upon adoption of IAS 32.

On 14 January 2005, the Company issued 117,902,943 new ordinary shares at a price of 920 pence per share representing approximately 9.99 per cent of the Company's existing issued ordinary share capital. The net proceeds of the placing were approximately GBP 1,071 million (\$2.0 billion). The purpose of the share issue was to aid the funding of the purchase of the entire share capital of KFB for approximately KRW 3.4 trillion (\$3.3 billion) in cash.

On 16 February 2005, the Company repurchased \$3 million of 8.9 per cent non-cumulative preference shares. The preference shares were repurchased at a price of 107.90 per cent. The 3,000 repurchased preference shares were cancelled leaving 328,388 dollar preference shares in issue.

On 23 May 2005, the Company issued 11,700,000 new ordinary shares at a price of 985.6 pence per share (GBP 115 million, \$211 million) to the Employee Benefit Trust towards satisfaction of the vested shares under the Company's discretionary share schemes.

The 1995 Employees' Share Ownership Trust ("the 1995 trust") has acquired, at market value, 19,503,732 (30 June 2004: 15,383,963; 31 December 2004: 12,127,841) Standard Chartered PLC shares which are held in a pool for the benefit of participants under the Group's Restricted Share Scheme, Performance Share Plan and Executive Share Option Schemes. The purchase of these shares has been fully funded by the Group. At 30 June 2005, the 1995 trust held 19,503,732 (30 June 2004: 15,383,963; 31 December 2004: 12,127,841) shares, of which 16,793,958 (30 June 2004: 10,573,696; 31 December 2004: 11,854,754) have vested unconditionally.

The Standard Chartered 2004 Employee trust has acquired, at market value, 429,012 (30 June 2004: 178,926; 31 December 2004: 178,926) Standard Chartered PLC shares, which are held in a pool for the benefit of participants under the Group's deferred bonus plan. The purchase of these shares has been fully funded by the Group. At 30 June 2005, the 2004 trust held 429,012 (30 June: 178,926; 31 December 2004: 178,926) Standard Chartered Bank PLC shares, of which 7,333 (30 June 2004: nil; 31 December 2004: nil) have vested unconditionally.

## STANDARD CHARTERED PLC – NOTES (continued)

### 23. Reserves and Retained Earnings

	Capital Reserve \$m	Capital Redemption Reserve \$m	Available for sale reserve \$m	Cash flow hedge reserve \$m	Premises revaluation reserve \$m	Translation adjustment \$m	Retained earnings \$m	Total \$m
At 1 January 2004	5	11	-	-	57	-	4,122	4,195
Recognised income and expenses	-	-	-	-	24	(66)	762	720
Dividend declared and/or paid	-	-	-	-	-	-	(429)	(429)
Net own shares adjustment	-	-	-	-	-	-	(14)	(14)
Capitalised on exercise of share options	-	-	-	-	-	-	(2)	(2)
At 30 June 2004	5	11	-	-	81	(66)	4,439	4,470
Recognised income and expenses	-	-	-	-	(5)	162	816	973
Dividend declared/paid	-	-	-	-	-	-	(201)	(201)
Net own shares adjustment	-	-	-	-	-	-	66	66
Capitalised on exercise of share options	-	-	-	-	-	-	(5)	(5)
At 31 December 2004	5	11	-	-	76	96	5,115	5,303
Adoption of IAS 32 and 39	-	-	73	42	-	-	(4)	111
At 1 January 2005	5	11	73	42	76	96	5,111	5,414
Recognised income and expenses	-	-	(54)	(29)	-	(71)	909	755
Net own shares adjustment	-	-	-	-	-	-	(167)	(167)
Share option expense and related taxation	-	-	-	-	-	-	56	56
Dividends and other appropriations, net scrip	-	-	-	-	-	-	(489)	(489)
At 30 June 2005	5	11	19	13	76	25	5,420	5,569

### 24. Minority Interests

	£200m 2002 Step-Up Notes \$m	£300m 8.103% Step-Up Callable Perpetual Trust \$m	\$300m 7.267% Hybrid Tier-1 Securities \$m	Other minority interests \$m	Total \$m
At 31 December 2004 previously published	-	-	-	964	964
Adoption of IAS 32 and 39:	396	598	-	(4)	990
At 1 January 2005	396	598	-	960	1,954
Appropriation in respect of exchange translation	(25)	(38)	-	-	(63)
Other profits attributable to minority	14	23	4	17	58
Recognised income and expenses	(11)	(15)	4	17	(5)
Reductions	-	-	-	(875)	(875)
Arising on acquisition	-	-	326	-	326
Distributions	(27)	(44)	-	(18)	(89)
<b>At 30 June 2005</b>	<b>358</b>	<b>539</b>	<b>330</b>	<b>84</b>	<b>1,311</b>

Following additional investments in the Global Liquidity Fund by third parties, the Group's interest is no longer treated as a subsidiary and the minority interest has been reduced. In May 2005, the Group purchased a further 24.97 per cent of Nakornthon Bank in Thailand, further reducing the minority interest.

## STANDARD CHARTERED PLC – NOTES (continued)

### 25. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises of the following balances with less than three months maturity from the date of acquisition.

	30.06.05 \$m	30.06.04 \$m	31.12.04 \$m
Cash and balances with central banks*	5,667	3,447	3,960
Treasury bills and other eligible bills	4,686	2,924	3,665
Loans and advances to banks	13,769	10,750	10,345
Trading securities	6,507	7,198	6,053
<b>Total</b>	<b>30,629</b>	<b>24,319</b>	<b>24,023</b>

\* Cash balances with central banks include certain amounts subjected to regulatory restrictions.

### 26. Net Interest Margin and Interest Spread

	6 months ended 30.06.05 %	6 months ended 30.06.04 %	6 months ended 31.12.04 %
Net interest margin	2.6	2.7	2.7
Interest spread	2.4	2.4	2.6

	\$m	\$m	\$m
Average interest earning assets	151,540	115,419	119,181
Average interest bearing liabilities	138,973	100,632	113,246

### 27. Remuneration

The Group employed 42,100 staff at 30 June 2005 (30 June 2004: 31,300; 31 December 2004: 33,300).

Within the authority delegated by the Board of Directors, the Board Remuneration Committee is involved in determining the remuneration policy of Standard Chartered Group but specifically for agreeing the individual remuneration packages for executive directors and other highly remunerated individuals. No executive directors are involved in deciding their own remuneration. The Group's remuneration policy is 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 for which they are responsible, the Group as a whole and the interests of the shareholders;
- Maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain talented employees of the highest quality internationally.

The success of the Group depends upon the performance and commitment of talented employees. In terms of applying this policy:

- Base salaries are set at the median of the Group's key international competitors.
- Annual bonus awards are made wholly on the basis of Group and individual performance and also an individual's adherence to the Group's values.

Standard Chartered believes strongly in encouraging employee share ownership at all levels in the organisation. The Group operates certain discretionary share plans, which are designed to provide competitive long-term incentives. Of these plans, the Performance Share Plan and the Executive Share Option Scheme are only exercisable upon the achievement of tough performance criteria. In addition, the Group operates two all-employee sharesave schemes in which 40 per cent of employees participate.



## STANDARD CHARTERED PLC – NOTES (continued)

### 28. Charge on Group Assets

Group assets include \$2,498 million (30 June 2004: \$2,564 million; 31 December 2004: \$2,532 million) relating to Hong Kong SAR Government certificates of indebtedness which are subordinated to the claims of other parties.

### 29. Contingent Liabilities and Commitments

The table below shows the contract or underlying principal amounts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

The credit equivalent and risk weighted amounts have been calculated in accordance with the Financial Services Authority guidelines implementing the Basel Accord on capital adequacy, after taking account of collateral and guarantees received.

	30.06.05			30.06.04		
	Contract or underlying principal amount \$m	Credit equivalent amount \$m	Risk weighted amount \$m	Contract or underlying principal amount \$m	Credit equivalent amount \$m	Risk weighted amount \$m
<b>Contingent liabilities</b>						
Acceptances and endorsements*	-	-	-	914	914	745
Guarantees and irrevocable letters of credit	17,002	12,434	9,327	14,505	10,384	6,689
Other contingent liabilities	4,809	3,871	2,883	4,071	2,869	1,998
	<b>21,811</b>	<b>16,305</b>	<b>12,210</b>	19,490	14,167	9,432
<b>Commitments</b>						
Documentary credits and short term trade-related transactions	3,700	740	603	2,213	443	414
Forward asset purchases and forward deposits placed	87	87	17	77	77	15
Undrawn formal standby facilities, credit lines and other commitments to lend:						
One year and over	9,837	4,918	3,708	7,861	3,931	3,664
Less than one year	17,955	-	-	8,020	-	-
Unconditionally cancellable	27,375	-	-	26,652	-	-
	<b>58,954</b>	<b>5,745</b>	<b>4,328</b>	44,823	4,451	4,093

\* Acceptances and endorsements are recorded on balance sheet with the adoption of IAS 39.

## STANDARD CHARTERED PLC – NOTES (continued)

### 29. Contingent Liabilities and Commitments (continued)

	31.12.04		
	Contract or underlying principal amount \$m	Credit equivalent amount \$m	Risk weighted amount \$m
<b>Contingent liabilities</b>			
Acceptances and endorsements	976	976	842
Guarantees and irrevocable letters of credit	15,942	9,976	8,146
Other contingent liabilities	3,139	2,414	1,221
	20,057	13,366	10,209
<b>Commitments</b>			
Documentary credits and short term trade-related transactions	2,924	585	494
Forward asset purchases and forward deposits placed	54	54	11
Undrawn formal standby facilities, credit lines and other commitments to lend:			
One year and over	9,140	4,570	4,133
Less than one year	8,903	-	-
Unconditionally cancellable	25,933	-	-
	46,954	5,209	4,638

## STANDARD CHARTERED PLC – NOTES (continued)

### 30. Fair Values

On 1 January 2005, the Group adopted IAS 39. It requires all derivatives to be recognised as trading and recorded at fair value, with all revaluation gains recognised in profit and loss (except where cash flow hedging has been achieved). For the comparatives UK GAAP has been applied. Derivatives held for hedging purposes are classified as non-trading and are not recorded on the balance sheet at fair value.

These tables analyse the notional principal amounts and the positive and negative fair values of the Group's derivative financial instruments. Positive and negative fair values are the mark-to-market values of the derivative contracts adjusted for any amounts

recognised in the Consolidated Profit and Loss Account for non-trading items. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

Fair values at the period end are representative of the Group's typical position during the period.

Trading activities are defined as positions held in financial instruments with the intention of benefiting from short-term rates or price movements. The risk section of the Financial Review on pages 36 and 37 explains the Group's risk management of derivative contracts.

	30.06.05		
	Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m
<b>Trading book</b>			
<b>Forward foreign exchange contracts</b>	440,305	4,700	4,522
<b>Foreign exchange derivative contracts</b>			
Currency swaps and options	152,627	2,286	2,367
Exchange traded futures and options	127	1	1
Total	152,754	2,287	2,368
<b>Interest rate derivative contracts</b>			
Swaps	448,998	3,617	3,323
Forward rate agreements and options	94,913	92	167
Exchange traded futures and options	270,262	-	-
Total	814,173	3,709	3,490
<b>Equity and stock index options</b>	333	3	3
<b>Commodity derivative contracts</b>	5,699	5	5
<b>Total derivative financial instruments</b>	1,413,264	10,704	10,388
Effect of netting		-	-
		10,704	10,388

## STANDARD CHARTERED PLC – NOTES (continued)

### 30. Fair Values (continued)

	30.06.04			31.12.04		
	Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m	Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m
<b>Trading book</b>						
<b>Forward foreign exchange contracts</b>	411,031	3,628	3,632	409,003	6,789	6,500
<b>Foreign exchange derivative contracts</b>						
Currency swaps and options	138,782	1,555	1,473	116,734	2,592	2,532
Exchange traded futures and options	353	1	7	238	-	-
<b>Total</b>	<b>139,135</b>	<b>1,556</b>	<b>1,480</b>	<b>116,972</b>	<b>2,592</b>	<b>2,532</b>
<b>Interest rate derivative contracts</b>						
Swaps	344,993	2,577	2,794	409,418	3,359	3,125
Forward rate agreements and options	64,667	110	110	57,475	101	127
Exchange traded futures and options	129,562	54	53	96,282	54	54
<b>Total</b>	<b>539,222</b>	<b>2,741</b>	<b>2,957</b>	<b>563,175</b>	<b>3,514</b>	<b>3,306</b>
<b>Total trading book derivative financial instruments</b>	<b>1,089,388</b>	<b>7,925</b>	<b>8,069</b>	<b>1,089,150</b>	<b>12,895</b>	<b>12,338</b>
Effect of netting		(4,375)	(4,375)		(7,563)	(7,563)
		<b>3,550</b>	<b>3,694</b>		<b>5,332</b>	<b>4,775</b>

Non-trading activities are defined as positions held with respect to management of the Group's assets and liabilities and related hedges under UK GAAP for 2004.

	30.06.04			31.12.04		
	Notional principal amounts \$m	Positive fair value \$m	Negative fair value \$m	Notional principal amounts \$m	Positive Fair value \$m	Negative Fair value \$m
<b>Non-trading book</b>						
<b>Interest rate derivative contracts</b>						
Swaps	1,142	1	5	2,304	17	4
Forward rate agreements and options	53	-	-	495	-	-
Exchange traded futures and options	1,694	-	-	-	-	-
<b>Total</b>	<b>2,889</b>	<b>1</b>	<b>5</b>	<b>2,799</b>	<b>17</b>	<b>4</b>
<b>Equity and stock derivatives</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Commodity derivative contracts</b>	<b>617</b>	<b>-</b>	<b>-</b>	<b>6,030</b>	<b>33</b>	<b>33</b>
<b>Total non-trading book derivative financial instruments</b>	<b>3,507</b>	<b>1</b>	<b>5</b>	<b>8,829</b>	<b>50</b>	<b>37</b>

## STANDARD CHARTERED PLC – NOTES (continued)

### 30. Fair Values (continued)

	30.06.05		30.06.04		31.12.04	
	Book value \$m	Market value \$m	Book value \$m	Market value \$m	Book value \$m	Market value \$m
<b>Listed and publicly traded securities:</b>						
Financial assets	<b>26,804</b>	<b>26,804</b>	18,566	18,562	16,627	16,689
Preference shares	<b>1,190</b>	<b>1,448</b>	655	774	676	856
Other financial liabilities	<b>36,794</b>	<b>35,913</b>	10,901	11,053	12,013	11,833
Financial liabilities	<b>37,984</b>	<b>37,361</b>	11,556	11,827	12,689	12,689

Financial assets include treasury bills, debt securities and equity shares. Other financial liabilities include debt securities in issue and subordinated loan capital.

### 31. Credit Exposures in respect of Derivative Contracts

The residual maturity analysis of the notional principal amounts of derivative contracts, excluding exchange traded futures and options, held at 30 June 2005, 30 June 2004 and 31 December 2004 for trading (and for 2004, non-trading) purposes is set out below:

	30.06.05				30.06.04			
	Under One Year \$m	One to five years \$m	Over five years \$m	Total \$m	Under one year \$m	One to five years \$m	Over five years \$m	Total \$m
<b>Forward foreign exchange and foreign exchange derivative contracts</b>								
Notional principal amount	<b>525,738</b>	<b>57,407</b>	<b>9,787</b>	<b>592,932</b>	498,725	47,880	3,208	549,813
Net replacement cost	<b>5,473</b>	<b>1,786</b>	<b>(273)</b>	<b>6,986</b>	4,171	922	90	5,183
<b>Interest rate derivative contracts</b>								
Notional principal amount	<b>273,035</b>	<b>226,938</b>	<b>43,938</b>	<b>543,911</b>	212,724	165,612	32,519	410,855
Net replacement cost	<b>549</b>	<b>1,864</b>	<b>1,296</b>	<b>3,709</b>	512	1,453	723	2,688
<b>Equity and stock index</b>								
Notional principal amount	<b>314</b>	<b>7</b>	<b>12</b>	<b>333</b>	1	-	-	1
Net replacement cost	<b>3</b>	-	-	<b>3</b>	-	-	-	-
<b>Commodity derivative contracts</b>								
Notional principal amount	<b>1,364</b>	<b>4,335</b>	-	<b>5,699</b>	308	309	-	617
Net replacement cost	-	<b>1</b>	<b>4</b>	<b>5</b>	-	-	-	-
<b>Counterparty risk</b>								
Financial institutions				<b>10,182</b>				6,242
Non financial institutions				<b>521</b>				1,629
<b>Total net replacement cost</b>				<b>10,703</b>				<b>7,871</b>

## STANDARD CHARTERED PLC – NOTES (continued)

### 31. Credit Exposures in respect of Derivative Contracts (continued)

	31.12.04			Total \$m
	Under one year \$m	One to five years \$m	Over five years \$m	
<b>Forward foreign exchange and foreign exchange derivative contracts</b>				
Notional principal amount	479,468	41,409	4,860	525,737
Net replacement cost	7,640	1,504	237	9,381
<b>Interest rate derivative contracts</b>				
Notional principal amount	243,369	189,548	36,775	469,692
Net replacement cost	519	1,782	1,176	3,477
<b>Commodity derivative contracts</b>				
Notional principal amount	1,094	4,348	588	6,030
Net replacement cost	3	23	7	33
<b>Counterparty risk</b>				
Financial institutions				11,532
Non financial institutions				1,359
<b>Total net replacement cost</b>				<b>12,891</b>

The risk section of the Financial Review on pages 36 and 37 explains the Group's risk management of derivative contracts.

### 32. Market Risk

	6 months ended 30.06.05			30.06.05 Actual \$m
	Average \$m	High \$m	Low \$m	
<b>Trading book</b>				
Daily value at risk:				
Interest rate risk	4.1	5.5	3.1	3.6
Foreign exchange risk	1.6	2.8	1.0	1.4
Total	4.4	5.9	3.5	3.9

  

	6 months ended 30.06.04			30.06.04 Actual \$m	6 months ended 31.12.04			31.12.04 Actual \$m
	Average \$m	High \$m	Low \$m		Average \$m	High \$m	Low \$m	
<b>Trading book</b>								
Daily value at risk:								
Interest rate risk	3.1	4.1	2.2	3.1	3.5	4.4	2.7	3.4
Foreign exchange risk	2.7	4.5	1.3	2.5	2.2	3.6	1.2	3.0
Total	4.4	6.0	3.1	4.5	4.1	5.5	3.2	5.1

## STANDARD CHARTERED PLC – NOTES (continued)

### 32. Market Risk (continued)

This note should be read in conjunction with the market risk section of the Financial Review on pages 36 and 37 which explains the Group's market risk management.

The Group measures the risk of losses arising from future potential adverse movements in interest and exchange rates, prices and volatilities using a VaR methodology. The Group uses historic simulation as its VaR methodology.

The total Group Trading book VaR shown in the table above is not a sum of the interest rate and exchange rate risks due to offset. The highest and lowest VaR are independent and could have occurred on different days.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

The historic simulation method is used with an observation period of one year and involves the revaluation of all unmatured contracts to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio.

The Group recognises that there are limitations to the VaR methodology. These limitations include the fact that the historic data may not be the best proxy for future price movements, either because the observation period does not include representative price movements or, in some cases, because of incomplete market data.

The Group performs regular back-testing, where actual profits and losses are compared with VaR estimates to track the statistical validity of the VaR Model.

VaR is calculated as the Group's exposure as at the close of business, London time. Intra-day risk levels may vary from those reported at the end of the day.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. To manage the risk arising from events, which the VaR methodology does not capture, the Group regularly stress tests its main market risk exposures. Stress testing involves valuing portfolios at prices, which assume extreme changes in risk factors beyond the range of normal experience. Positions that would give rise to potentially significant losses under a low probability stress event are reviewed by the Group Risk Committee.

### 33. Statutory Accounts

The information in this interim statement is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. This document was approved by the Board on 8 August 2005. The comparative figures for the financial year end 31 December 2004 are not the Company's statutory accounts for that financial year.

These statutory accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

### 34. Forward Looking Statements

This document contains forward-looking statements, including such statements within the meaning of section 27A of the US Securities Act of 1993 and section 21E of the Securities Exchange Act of 1934. These statements concern, or may affect, future matters. These may include the Group's future strategies, business plans, and results and are based on the current expectations of the directors of Standard Chartered.

They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments, competitive and general operating conditions.

## STANDARD CHARTERED PLC – NOTES (continued)

### 35. Transition to EU Endorsed IFRS

EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the company, for the year ending 31 December 2005, be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the EU ("adopted IFRSs").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2005 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2005, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied, which are as set out below, when the first annual IFRS financial statements are prepared for the year ending 31 December 2005.

In particular, the directors have assumed that the following IFRSs issued by the International Accounting Standards Board will be adopted by the EU in sufficient time that they will be available for use in the annual IFRS financial statements for the year ending 31 December 2005:

- Amendment to IAS 19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement The Fair Value Option

The adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2005 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2005.

#### **Application of IFRS 1: First-time adoption of International Financial Reporting standards**

The Group's transition date is 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The reporting date of these interim consolidated financial statements is 30 June 2005. The Group's IFRS adoption date is 1 January 2005.

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

#### **Exemptions from full retrospective application elected by the Group**

The Group has elected to apply the following optional exemptions from full retrospective application.

##### (a) Business combinations exemption

The Group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to the 1 January 2004 transition date.

##### (b) Fair value as deemed cost exemption

The Group has elected to deem as cost certain items of property, plant and equipment held at valuation as at 1 January 2004.

##### (c) Cumulative translation differences exemption

The Group has elected to set the previously accumulated cumulative translation to zero at 1 January 2004.

##### (d) Exemption from restatement of comparatives for IAS 32 and IAS 39

The Group elected to apply this exemption. It has applied previous UK GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information. The adjustments required for differences between UK GAAP and IAS 32 and IAS 39 have been determined and recognised at 1 January 2005.

##### (e) Share-based payment transaction exemption

As the Group has not previously published information regarding the fair value of employee rewards, it has been required to apply the share-based payment exemption. It applied IFRS 2 from 1 January 2004 to those equity settled share awards that were issued after 7 November 2002 but that have not vested by 1 January 2005.



## STANDARD CHARTERED PLC – NOTES (continued)

### 35. Transition to EU Endorsed IFRS (continued)

#### Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

#### (a) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 and IAS 39 means that the Group recognised from 1 January 2005 any financial assets and financial liabilities derecognised since 1 January 2004 that do not meet the IAS 39 derecognition criteria. Management did not chose to apply the IAS 39 derecognition criteria to an earlier date.

#### (b) Estimates exception

Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous UK GAAP, unless there is evidence that those estimates were in error.

#### (c) Assets held for sale and discontinued operations exception

Management has applied IFRS 5 prospectively from 1 January 2005. Any assets held for sale or discontinued operations are recognised in accordance with IFRS 5 only from 1 January 2005.

#### Reconciliations between IFRS and UK GAAP

The following reconciliations provide details of the impact of the transition on:

- equity at 1 January 2004 (excluding IAS 32/39)
- equity at 30 June 2004 (excluding IAS 32/39)
- equity at 31 Dec 2004 (excluding IAS 32/39)
- equity at 1 January 2005 (including IAS 32/39)
- profit and loss 30 June 2004 (including IAS 32/39)
- profit and loss 31 December 2004 (excl IAS 32/39)

An explanation of the adjustments and the Group's accounting policies under IFRS is set out in the presentation and press release entitled "Standard Chartered PLC Results for 2004 Restated Under International Financial Reporting Standards" dated 12 May 2005. Copies of this document are available from the Group's website at:

<http://investors.standardchartered.com>

## STANDARD CHARTERED PLC – NOTES (continued)

### 35. Transition to EU Endorsed IFRS (continued)

#### Reconciliation of equity

01.01.04

	Share capital/ premium and redemption reserve \$m	Premises revaluation \$m	Own shares held in ESOP Trusts \$m	Retained earnings \$m	Minority interest \$m	Total equity \$m
UK GAAP	3,768	(2)	(60)	3,823	614	8,143
Dividends	-	-	-	439	-	439
Fixed Assets	-	81	-	(84)	-	(3)
Share options	-	-	-	(3)	-	(3)
Consolidation	-	-	-	25	6	31
Tax	-	(22)	-	(9)	-	(31)
Other	-	-	-	(9)	-	(9)
IFRS	3,768	57	(60)	4,182	620	8,567

30.06.04

	Share capital/ premium and redemption reserve \$m	Premises revaluation \$m	Own shares held in ESOP Trusts \$m	Retained earnings \$m	Minority interest \$m	Total equity \$m
UK GAAP	3,778	-	(74)	4,301	626	8,631
Dividends	-	-	-	208	-	208
Goodwill	-	-	-	21	-	21
Fixed Assets	-	81	-	(84)	-	(3)
Share options	-	-	-	10	-	10
Consolidations	-	-	-	17	4	21
Tax	-	-	-	(4)	-	(4)
Other	-	-	-	(22)	-	(22)
IFRS	3,778	81	(74)	4,447	630	8,862

31.12.04

	Share capital/ premium and redemption reserve \$m	Premises revaluation \$m	Own shares held in ESOP Trusts \$m	Retained earnings \$m	Minority interest \$m	Total equity \$m
UK GAAP	3,818	(5)	(8)	4,630	956	9,391
Dividends	-	-	-	532	-	532
Goodwill	-	-	-	114	-	114
Fixed Assets	-	81	-	(84)	-	(3)
Share options	-	-	-	16	-	16
Consolidations	-	-	-	27	8	35
Tax	-	-	-	(4)	-	(4)
Other	-	-	-	(12)	-	(12)
IFRS	3,818	76	(8)	5,219	964	10,069

## STANDARD CHARTERED PLC – NOTES (continued)

### 35. Transition to EU Endorsed IFRS (continued)

01.01.05

	Share capital/premium and redemption reserve \$m	Other equity instruments \$m	AFS reserves \$m	Cash flow hedge reserve \$m	Premises revaluation \$m	Retained earnings \$m	Minority interest \$m	Total equity \$m
IFRS (ex IAS 32/39)	3,818	-	-	-	76	5,211	964	10,069
Debt/Equity	(375)	994	-	-	-	20	-	639
Effective Yield	-	-	-	-	-	109	-	109
Derivatives/hedging	-	-	-	61	-	58	(4)	115
Asset classification/ fair values	-	-	87	-	-	(27)	-	60
Other	-	-	-	-	-	(142)	-	(142)
Impairment	-	-	-	-	-	33	-	33
Tax	-	-	(14)	(19)	-	(55)	-	(88)
IFRS	3,443	994	73	42	76	5,207	960	10,795

### Reconciliation of profit and loss

	6 months ended 30.06.04 \$m	12 months ended 31.12.04 \$m
Profit attributable to shareholders		
UK GAAP	746	1,479
Goodwill	21	114
Share options	(12)	(23)
Consolidations	2	3
Tax	7	7
Other	(8)	(2)
IFRS	756	1,578

## STANDARD CHARTERED PLC – NOTES (continued)

### 36. UK and Hong Kong Accounting Requirements

On 1 January 2005 the Group converted from UK GAAP to International Accounting Standards endorsed by the EU, or those that are expected to be endorsed by 31 December 2005. The consolidated financial statements of the Group for the six months ended 30 June 2005, including 2004 comparatives, have been prepared accordingly, except that the 2004 comparatives exclude the effects of IAS 32 and 39. Where applicable for 2004, the principles of UK GAAP have been applied. On 1 January 2005 Hong Kong GAAP adopted an accounting standard on financial instruments similar to IAS 39. There would be no material differences between the accounting conventions except as set out below:

#### Investments in Securities

##### 2004 IFRS excluding IAS 32/39

Securities, including equity shares and treasury bills, which are intended for use on a continuing basis are classified as investment securities. Investment securities are stated at cost less any provision for impairment. Where dated investment securities are purchased at a premium or a discount, these premiums or discounts are amortised through the profit and loss account. Securities other than investment securities are classified as dealing securities and are stated at market value.

##### 2004 Hong Kong GAAP

Under Hong Kong Statement of Standard Accounting Practice 24 – Accounting for Investments in Securities (SSAP24), investment securities classified as held-to-maturity securities are stated at amortised cost less any provision for diminution in value. Other securities, not intended to be held until maturity, are accounted for under the 'alternative' treatment. Under the alternative treatment securities are identified as either trading or non-trading. Trading securities are stated at fair value with changes in fair value recognised in the profit and loss account as they arise. Non-trading securities are stated at fair value with changes in fair value recognised in the revaluation reserve until disposal.

If the Group had prepared its 2004 comparative financial statements under Hong Kong SSAP24 there would have been a net charge to the profit and loss account for the six months ended 30 June 2004 of \$24 million and \$9 million for the 12 months ended 31 December 2004, an increase in the book amount of investment in securities of \$25 million as at 30 June 2004 and \$46 million as at 31 December 2004 and a credit to reserves of \$18 million at 30 June 2003 and \$32 million at 31 December 2003.