"Another strong performance, reflecting implementation of our strategy"

I am pleased to report another strong first half performance for Standard Chartered:

- **Income is up 27 per cent to over $4.1 billion.**
- **Operating profit before tax is up 15 per cent to $1.5 billion.**
- **Good earnings per share (EPS) growth with normalised EPS up 12 per cent at 84.1 cents per share.**

The Board has declared an interim dividend per share of 20.83 cents, up 10 per cent.

This is another strong performance from Standard Chartered and reflects the successful implementation of our strategy. Our broader geographic spread and product portfolio have increased our resilience to individual market events. This approach is helping us deliver shareholder value and consistent performance.

Economic growth

We have been operating in a strong global economy and in recent years the economies across our regions have experienced strong growth, rising trade, robust domestic demand and low inflation.

However, at this stage of the economic cycle it is natural to expect increased volatility and uncertainty in financial markets, as growth rates appear to peak, interest rates rise and inflation increases. Uncertainty has been compounded by the pace of oil price rises, the imbalances in the world economy and by the fact that, in recent years, some financial markets have not priced sufficiently for risk.

Recent months have seen heightened risk aversion, with emerging markets most affected, and a more testing time lies ahead as liquidity conditions around the world tighten.

However these factors need to be put in context.

Economic growth rates across Asia, Africa and the Middle East are expected to continue to exceed growth rates within OECD economies. Overall, across the markets in which Standard Chartered operates, the economic and policy climate has improved tremendously. Compared with a decade ago, inflation across emerging markets has fallen from around 66 per cent on average to 8 per cent. Then, less than 15 per cent of emerging market economies would have been regarded as investment grade; now that figure is just over 40 per cent. Across Asia, current account positions have improved and, in addition, Asian countries now hold two-thirds of global currency reserves. In the Middle East, liquidity is ample. In 2005 this region had a trade surplus of $211 billion, even higher than Asia's huge surplus of $174 billion. Africa has benefited from high commodity prices and has seen improved macro-economic policy-making, helped by debt relief.

Economic trends

Emerging markets in general are in a far better position to cope than previously. Both the resilience of these markets and their ability to benefit from some of the underlying trends in the global economy give us confidence.

Many of the changes we have made as a bank position us well to maximise the opportunities and minimise the risks presented by these economic developments. The breadth of our markets and the diversity of our earnings give us confidence that we remain well placed to deliver consistent results against this backdrop.

An infrastructure boom is underway across Asia, Africa and the Middle East, as economies there diversify and also seek to grow domestic demand. Asia looks set to add three-quarters of a billion jobs over the next decade as the region witnesses an emerging debt-free middle class and China and India emerge as powerful economies.

Financial markets are set to deepen, broaden and grow, hand in hand with economic growth across Asia, economic diversification across the Middle East and economic emergence within Africa. We also expect further currency shifts as the Gulf introduces a single currency at the end of this decade and as more economies across Asia seek to manage their currencies against their trade baskets.

New trade corridors continue to emerge. We are already witnessing increased flows of commodities, goods, services, finance and capital, people and remittances.

Intra-Asian trade is rising sharply, reflecting the growth of China, the emergence of regional companies and multinational firms shifting their investment towards Asia. Supply chains across Asia have become interlinked, resulting in better specialisation and more efficient resource allocation, promoting regional integration and growth. Inter-regional trade has risen sharply. Sino-African trade has risen from $6.5 billion in 1999 to $40 billion in 2005. New trade corridors are a clear indication of shifting economic, social and political ties. Many economies in Asia and other emerging regions should now be viewed as drivers of future global growth.

the successful

Governance

In environments as dynamic as those in which we operate, governance is more important than ever.

Our Board has been further strengthened by the appointment of a new, independent Non-Executive Director. Lord Turner has rich experience in business and public life, including banking, consulting and his leadership of the Confederation of British Industry in the 1990s. Most recently he is known for his work as the Chairman of the UK's Independent Pensions Commission. We are delighted to welcome him to our Board. In addition, at the end of this year, Rudy Markham takes on additional Board responsibilities, bringing his great experience and insight to his role as our new Senior Independent Director.

Summary

Standard Chartered continues to make excellent progress and is in good financial shape, a message endorsed by the recent upgrade to our credit ratings. It is well positioned to maximise the opportunities and minimise the risks presented by recent economic developments. The Group has appropriate governance in place.

The breadth of our markets and the diversity of our earnings give us confidence in our ability to continue to deliver good returns to our shareholders.

Bryan K. Sanderson

Bryan Sanderson, CBE
Chairman
8 August 2006

Highlights

$4,112m
Operating income

$1,527m
Operating profit before tax

84.1 cents
Normalised earnings per share

17.9%
Normalised return on ordinary shareholders' equity

20.83 cents
Interim dividend per share