

Relationships, local knowledge and international capability



“We have strong momentum in the Group, producing good financial performance while investing for future growth.”

Mervyn Davies, CBE
Chairman

Highlights of 2006

\$3,178m

Profit before taxation

16.9%

Normalised return on ordinary shareholders' equity

\$8,620m

Operating income

71.04 cents

Dividends per share

Final results 2006

I am very pleased to report that Standard Chartered delivered another year of record income and profits in 2006, driven by strong organic growth and continued good progress in Korea.

- Profit before taxation is up 19 per cent to \$3.18 billion
- Income has increased 26 per cent to \$8.62 billion
- Normalised earnings per share growth is 11 per cent

The Board is recommending an annual dividend of 71.04 cents per share.

We have strong momentum in the Group, producing good financial performance while investing for future growth. Our existing businesses performed well. We made strategic acquisitions in Taiwan and Pakistan.

Governance

I became Chairman of the Group in November 2006 and Peter Sands was appointed as Group Chief Executive. This is an evolution of the Group's leadership which provides continuity in strategy at a time of rapid growth. It is positive for shareholders and will enable us to continue our record of consistently good performance.

An important part of my role as Chairman is to build on the relationships I have developed around the world over the past 10 years as a Board member of Standard Chartered PLC. Banking is a relationship business and that is especially true of Standard Chartered and the markets we operate in. We value highly the relationships which we have with national leaders, regulators, clients and other stakeholders and we want to be known as The Right Partner for them.

In recent years we have considerably strengthened our Board to ensure that we have a robust level of governance in place for our business. We will continue to ensure that we have a top-quality Board in place that will challenge as well as support the Group's executive management team.

In August we welcomed Lord Turner of Ecchinswell to the Board. He was Chairman of the United Kingdom's Independent Pensions Commission until April 2006 and from 1995 to 1999 was Director General of the Confederation of British Industry.

At the end of the year, Hugh Norton retired from the Board as Senior Independent Director. We are very grateful for the 11 years' service which he has given to Standard Chartered as a Board member.

Management depth, talented and diverse employees

I would like to thank Bryan Sanderson, who stepped down as Chairman in November after serving for three and a half years. The Group grew strongly and prospered under his chairmanship.

Global economy

Our relationships, deep local knowledge and international banking capability mean we are able to capitalise on opportunities in the world's most dynamic markets.

The economic environment has been good. The world economy is thriving, trade is soaring, commodity markets are healthy and China and India are opening up. New trade corridors are emerging for Asia, both within the region and with other regions, and trade volumes are rising sharply.

Globally, and on the ground in many of our markets, the picture looks good. The dynamics of the world economy are changing, as the global importance of Asia, Africa and the Middle East continues to grow.

These changes will continue to impact the world economy. Three quarters of a billion jobs are likely to be created in Asia alone over the next decade. A young middle class is emerging across Asia. Companies in markets such as India are becoming increasingly international and, as a bank with almost 150 years' experience in India, we are delighted to be working with our clients as they become major forces in the global economy.

Across the Middle East and parts of Africa there is a greater sense of awareness of the need to diversify economies. Globalisation and deregulation are key themes for the regions in our footprint. The emergence of a new wealthy class in these markets bodes well.

But inevitably, there remain political and economic threats. In recent years, there have also been increasing concerns about United States growth, the dollar and trade imbalances. These concerns are now joined by questions about ample liquidity, asset price inflation and whether markets are pricing sufficiently for risk.

It is important to be aware of such issues. At some stage there will be a cyclical slowdown and the benign credit environment will come to an end. Banks need to be acutely aware of such risks, and must ensure they are prepared and protected.

We are well placed to gain from the many changes that are under way around the globe and will continue our focus on creating shareholder value through our existing businesses and emerging opportunities.

Summary

During 2006 Standard Chartered made significant strategic progress. We achieved pleasing organic growth in our businesses and completed the acquisitions of Union Bank Limited in Pakistan and Hsinchu International Bank in Taiwan.

We have achieved great momentum and will continue to benefit from the growth opportunities in Asia, Africa and the Middle East and from our investment in the business. We want all our stakeholders to see us as The Right Partner – Leading by Example.

We have the management depth to execute our strategy and we are attracting talented and diverse employees from around the world. The Group is in great shape and we are optimistic about the future.



Mervyn Davies, CBE
Chairman
27 February 2007