

Directors' Remuneration Report

This report has been prepared by the Board Remuneration Committee and has been approved by the Board as a whole.

The report comprises the following sections:

- Background information on the Board Remuneration Committee's (the "Committee's") members, role and advisors;
- The Group's remuneration policy for executive directors and other employees;
- Summary of recent changes to executive remuneration and the Group's share plans;
- Outline of the remuneration arrangements for the Group Chairman, executive directors and non-executive directors;
- Detailed information on the Group's share plans;
- Tabular information on directors' emoluments, pension arrangements and share awards; and
- Tabular information on highest paid individuals.

Background Information on the Committee Committee Membership

In 2006, the Committee comprised the following independent non-executive directors:

Ms R Markland	(Chairman from 4 May 2006)
Mr P D Skinner	
Mr O H J Stocken	
Lord Turner	(appointed 1 August 2006)
Mr Ho KwonPing	(retired 4 May 2006)
Mr H E Norton	(retired as Chairman 4 May 2006 and as a member on 31 December 2006)

Role of the Committee

During 2006, the Committee met six times. Details of attendance at meetings by Committee members are shown on page 56.

The Committee has specific terms of reference which are placed on the Group's website (www.standardchartered.com). It considers and recommends to the Board the Group's remuneration policy and agrees the individual remuneration packages of the Group Chairman, Group Chief Executive and all other executive directors. No directors are involved in determining their own remuneration.

The Committee also reviews and approves the remuneration of certain other highly paid senior management of the Group and advises on any major changes in employee remuneration throughout the Group, including the continuous review of incentive schemes to ensure that they remain appropriate.

Advisors to the Board Remuneration Committee

In 2004, the Committee appointed Kepler Associates as its independent advisors. During the year, the Committee reappointed Kepler Associates to advise it on a range of executive remuneration-related issues for a further 12 month period. Kepler Associates does not provide any other advice or services to the Group.

In addition, during 2006, the Committee received advice from the Director of People, Property and Assurance (Mr T J Miller), the Group Head of Human Resources (Mrs T J Clarke) and the Group Head of Reward (Mr N A Cuthbertson). Their advice draws on formal remuneration survey data provided by McLagan Partners and Towers Perrin.

Towers Perrin also provided advice to the Group on executive remuneration issues as well as retirement consulting issues in North America and, together with Clifford Chance LLP, on the

design and operation of the Group's share plans. Clifford Chance LLP also advises on issues relating to executive directors' contracts. McLagan Partners also provided advice to the Committee on market practice in variable compensation plans within the wholesale banking sector.

Remuneration Policy Group

The success of the Group depends upon the performance and commitment of talented employees. The Group's reward programmes support and drive its business strategy and reinforce its values. Its existing remuneration policy for 2006 and, so far as practicable, for subsequent years 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 in which they work or for which they are responsible, the Group as a whole and the interests of shareholders; and
- maintain competitive rewards that reflect the international nature of the Group and enable it to attract and retain talented executives of the highest quality internationally. Many of the Group's employees bring international experience and expertise to the Group and the Group recognises that it recruits from an international marketplace.

The Committee reviews the remuneration policy on a regular basis against significant regulatory developments, market practice and shareholder expectations.

Executive Directors

Target remuneration levels for the executive directors are set with reference to individual experience as well as the median of the FTSE 30 and the Group's international competitors. These two groupings have business characteristics similar to the Group such as international scope of operations, complexity and size (both in financial terms and with regard to numbers of employees), and represent organisations which compete alongside the Group for talent.

Although target remuneration levels are aligned to the market, excellent performance by both the Group and by the individual executive director is rewarded with higher bonus levels and share awards, taking potential total target remuneration to the upper quartile or higher of the Group's key international competitors.

As the table below demonstrates, each executive director's target remuneration is structured to give the heaviest weighting to performance-related elements.

	Percentage of indicative total target remuneration
Base Salary	35%
Cash Bonus	30%
Long-Term Incentives*	35%

* Includes the element of the annual bonus deferred in shares and an expected value of target share awards.

Other Employees

The Committee considers the remuneration policy in the context of all employees across the Group.

Base salaries of employees are determined in a similar way to those of executive directors. The Group's approach is to ensure that target total compensation is benchmarked to the median of the relevant market in which the individual is employed. Potential total compensation is set at upper quartile or higher for excellent individual and business performance.

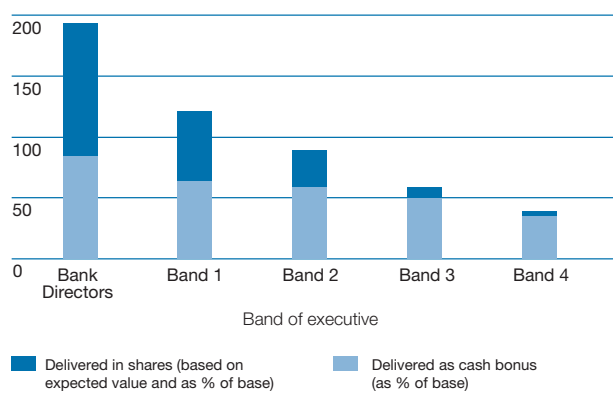
Directors' Remuneration Report continued

In addition:

- all employees are eligible to receive a discretionary bonus dependent upon performance and their contractual position;
- all employees are eligible to participate in the Group's all-employee sharesave schemes;
- core benefits are provided to all employees worldwide based on local regulations and competitive practice. These will normally include retirement benefits, medical insurance, life assurance and annual leave;
- all employees are eligible to receive an award under one or more of the Group's discretionary share schemes depending on performance and potential. The Group is actively seeking to extend the level of equity participation enabling more employees to share in the Group's success, rewarding and retaining talent throughout the Group at all levels. In 2004 and 2005, over 1,250 and 1,000 employees respectively received a discretionary share award for the first time. In 2006, a further 1,300 were added to this total; and
- the Group is keen that an element of each employee's total compensation is performance-related. The proportion of this variable compensation (which might be delivered through bonus and share awards) increases the more senior the employee is. In addition, as the chart below shows, the balance of shares as opposed to cash also increases with seniority. The chart also shows the typical level of target variable compensation for senior executives/management (the Group's bands 1-4) expressed as a percentage of base salary.

Breakdown of target variable compensation between cash and shares

As a percentage of base salary



Although the above principles apply Group-wide, there is some variation in how compensation is delivered. The Group employs almost 60,000 employees worldwide in 56 countries and territories. There are differing local market conditions which means compensation is often structured in different ways (for example, base salaries are not always the only element of core compensation).

Furthermore, due to the different costs of living in the countries in which the Group operates and fluctuations in foreign exchange rates, the Committee does not consider a ratio comparison between executive directors and non-Board employees to be a useful way of assessing the fairness of the Group's practices.

Summary of recent changes in approach to executive compensation and the Group's share plans

Since 2003, the Committee has implemented a series of changes designed to provide a better mix of performance related compensation, while keeping the overall value of

incentives awarded to executives for on-target performance broadly unchanged.

Following a broader review of the Group's long-term incentive plans in 2005, the Committee sought shareholder approval for the following changes at the 2006 AGM. Following this approval:

- certain executive share option awards have been removed from the remuneration package of executive directors;
- the maximum award under the 2001 Performance Share Plan ("PSP") has been increased from 200 per cent to 400 per cent of base salary per annum, so that these awards are of a broadly equivalent expected value to what was previously provided under the 2000 Executive Share Option Scheme ("2000 ESOS") and PSP combined;
- the Total Shareholder Return ("TSR") and earnings per share ("EPS") performance conditions under the PSP have been revised to make them more challenging;
- participation under the PSP has been increased so that it replaces the 1997 Restricted Share Scheme ("1997 RSS") as the key long-term incentive plan for approximately a further 250 senior executives; and
- the Restricted Share Scheme ("RSS") has been amended with broadly the same terms and conditions as the 1997 RSS.

Remuneration Arrangements for Executive Directors Base Salaries

Salary levels are reviewed annually by the Committee taking account of the latest available market data.

Any increases in annual base salary are normally effective from 1 April of the relevant year. The average sterling salary increase for executive directors in 2006 (effective 1 April 2006) was 7.09 per cent. The increases in base salary were intended to align salary levels to those within the market. The annual base salary levels of executive directors as at 1 January 2006 and 31 December 2006 were as follows:

	1 January 2006	31 December 2006	Increase as a percentage of base salary
P A Sands	\$967,628 (£525,000)	\$1,013,705 (£550,000)	4.76%
M B DeNoma	\$792,533 (£430,000)	\$857,042 (£465,000)	8.14%
R H Meddings	\$792,533 (£430,000)	\$857,042 (£465,000)	8.14%
K S Nargolwala	\$792,533 (£430,000)	\$857,042 (£465,000)	8.14%

Following Mr Sands' appointment as Group Chief Executive, the Committee reviewed market data on CEO compensation and decided to increase his base salary from £550,000 to £750,000 per annum, with effect from 1 January 2007. Mr Davies' base salary, in his capacity as Group CEO, was £800,000 as at 1 January 2006 and £850,000 at the end of the year, an increase of 6.25 per cent. Details of Mr. Davies' new package are set out on pages 65 and 66.

Annual Performance Bonus Eligibility Criteria

Executive directors (and most employees) are eligible to receive a discretionary annual bonus. The objective of the annual bonus is to focus participants on the achievement of annual objectives, which align the short-term performance of the Group with the creation of shareholder value.

Plan Mechanics

The target and maximum award levels for executive directors are 125 per cent and 200 per cent of base salary respectively. Two-thirds of any bonus payment is payable immediately in cash. The balance is deferred into shares in the Company, which are held for up to one year before being released to the executive. The deferred element is forfeited if the executive leaves voluntarily during that period. Notional dividends accrue on deferred shares during the vesting period and are delivered in the form of shares.

Bonus Pools

The Committee has oversight on the overall spend under the Group's Annual Bonus Plan in which executive directors and employees participate. The bonus pool size is linked to the Committee's formal assessment of Group performance by considering a number of quantitative and qualitative measures, including earnings per share; revenue growth; costs and cost control; bad debts; operating profits; risk management; cost to income ratio, total shareholder return, corporate social responsibility and customer service.

Determining Individual Awards

Executive directors' bonus awards are made based on Group (as described above) and individual performance.

Personal performance is appraised taking account not only of the results achieved by the individual but also their support of the Group's values and contribution to the collective leadership of the Group. The 'values' principle is applied throughout the organisation. Each executive director has written objectives which are presented to the Committee at the start of the financial year and then assessed at the year-end.

The importance of individual and Group performance as a determinant of the level of awards is reflected in the variation of actual bonus award levels made to executive directors in recent years.

	Min award actually made (as percentage of base salary)	Max award actually made (as percentage of base salary)	Target award (as percentage of base salary)	Max award permitted (as percentage of base salary)
2006	161%	191%	125%	200%
2005	154%	200%	125%	200%

Long Term Incentives

2001 Performance Share Plan (the "PSP")

Outline of the PSP

The PSP is designed to be an intrinsic part of total remuneration for the Group's executive directors and a growing number of the Group's senior executives. It is an internationally competitive long-term incentive plan that focuses executives on meeting and exceeding the long-term performance targets of the Group.

The significance of the PSP as a percentage of executive directors' total potential remuneration is one of the strongest indicators of the Group's commitment to paying for demonstrable performance.

Under the PSP, awards of deferred rights or nil price options to acquire shares are granted to the individual and are exercisable after the third, but before the tenth anniversary of the date of grant, if the individual is still employed by the Group.

The target and maximum levels of award are 150 per cent and 400 per cent of base salary respectively in any one year, with a working maximum of 325 per cent. Awards are entirely discretionary and are based on directors' individual performance.

As shown in the table below, there has been variation in the levels of share awards made to executive directors, again illustrating the importance the Group places on individual performance. A performance test is therefore effectively applied both at the time of award and upon vesting. The table shows the face value of the awards made in recent years.

	Min award (as percentage of base salary)	Max award (as percentage of base salary)	Target award (as percentage of base salary)	Max award permitted under rules (as percentage of base salary)
2006	275%	350%	150%	400%
2005	175%	200%	100%	200%

At its meeting in February 2007, the Committee recommended the following proposed PSP awards for executive directors in respect of performance for the financial year ended 31 December 2006.

	Proposed PSP Awards	
	Face value (£000s)	Percentage of current base salary
P A Sands	2,063	275%
M B DeNoma	1,225	250%
R H Meddings	1,275	250%
K S Nargolwala	1,416	275%

The Committee also proposed that Mr Davies be granted a final PSP award of £2.6 million in respect of his performance as Group Chief Executive for the financial year ending 31 December 2006. This award is equivalent to 306 per cent of his former base salary.

Performance Conditions

The Committee will set appropriate performance conditions each time that awards are made under the PSP. Half of the award is dependent upon the Group's TSR performance compared to that of a comparator group at the end of a three-year period. The other half of the award will be subject to an EPS growth target applied over the same three-year period.

The rationale for the selection of these performance conditions is set out in the following table:

TSR	Measuring growth in share price plus dividends paid to shareholders during that period, relative TSR is recognised as one of the best indicators of whether a shareholder has achieved a good return on investing in the Group relative to a basket of companies or a single index.
EPS	An EPS performance condition provides an appropriate measure of the Group's underlying financial performance.

TSR Element

The constituents of the TSR Comparator Group are set out in the table below:

ABN AMRO	HSBC
Bank of America	JP Morgan Chase
Bank of East Asia	Lloyds TSB
Barclays	Overseas Chinese
Citigroup	Banking Corporation
DBS Group	Royal Bank of Scotland
Deutsche Bank	United Overseas Bank
HBOS	Standard Chartered

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The percentage of award which will normally be exercisable at the end of the relevant three-year performance period is as follows:

Position within Comparator Group	Percentage of award exercisable
9th – 15th	Nil
8th	15
7th	22
6th	29
5th	36
4th	43
1st – 3rd	50

The Committee believes that it is preferable to measure TSR performance using a local currency approach. This is considered the most appropriate approach given the international composition of the Comparator Group, particularly as a significant proportion of comparator companies' profits are in the same currency as their primary listing. This local currency approach measures the real impact for a shareholder focusing on relative stock movement rather than taking into account exchange rate fluctuation.

EPS Element

The percentage of award which will normally be exercisable at the end of the relevant three-year performance period is as follows:

Increase in EPS	Percentage of award exercisable
Less than 15%	Nil
15%	15
30% or greater	50

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent is calculated on a straight-line basis.

Vesting of Awards

The Committee is responsible for approving the vesting of all awards made to executive directors under the PSP.

The Committee recently reviewed whether the performance conditions on the awards granted in 2004 were satisfied at the end of December 2006. The Committee determined that 100 per cent of the shares subject to each award has now vested. For awards granted in 2006, normalised EPS of 153.7 cents was used as a base EPS figure.

2000 Executive Share Option Scheme (the "2000 ESOS") Outline of the 2000 ESOS

Following shareholder approval of the proposed changes to the PSP at the 2006 Annual General Meeting, it is proposed that no further awards will be made under the 2000 ESOS. However, the scheme will be retained for use in exceptional circumstances or if there is a subsequent change in policy in response to future market trends.

Executive share options to acquire ordinary shares in the Company are exercisable after the third, but before the tenth, anniversary of the date of grant. The exercise price per share is the share price at the date of grant and options can normally only be exercised if a performance condition is satisfied.

Performance Conditions

Options awarded since January 2004 are subject to a sliding scale EPS target without re-testing, as set out below.

Increase in EPS (over performance period)	Percentage of award exercisable
Less than 15%	Nil
15%	40
30% or greater	100

The proportion of the award which may be exercised for EPS growth between 15 per cent and 30 per cent will be calculated on a straight-line basis.

Vesting of Awards

The Committee recently reviewed whether the performance conditions on the awards granted in 2004 under the 2000 ESOS were satisfied at the end of December 2006. The Committee determined that 100 per cent of the options subject to each award has now vested.

Restricted Share Scheme (the "RSS")

The RSS is designed to motivate and retain high performing and high potential staff at any level of the organisation who the Group wishes to motivate and retain.

Executive directors are not generally eligible to participate in the RSS. However, upon recruitment to the Group, awards may be made on an exceptional basis, for example, to newly appointed executive directors to compensate such directors for share awards forfeited on leaving their previous employer. No such awards have been made since 2003.

Under the RSS, the value of shares awarded in any year to any individual may not exceed two times their base salary. 50 per cent of the award vests two years after the date of grant and the balance after three years. The RSS, in line with other similar schemes operated by our competitors, does not have performance conditions.

Along with the all-employee sharesave schemes detailed below, the RSS plays an important part in the Group's ambition to increase employee share ownership at all levels across its operations internationally.

All-employee Sharesave Schemes

The Group believes strongly in encouraging employee share ownership at all levels in the organisation. It seeks to engage employees in the performance of the Group, align their interests more closely with those of shareholders and offer them an opportunity for long-term savings and a share in the Group's financial success which they help to create. The Group has operated a UK sharesave scheme since 1984 in which all UK-based employees are eligible to participate. In 1996 the International Sharesave Scheme was launched and made available to all employees based outside the UK.

Under the UK and the International Sharesave Schemes, employees have the choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, employees may purchase ordinary shares in the Company. The price at which they may purchase shares is at a discount of up to 20 per cent on the share price at the date of invitation. Currently 37 per cent of employees globally participate in the Group's all-employee sharesave schemes (2005: 41 per cent). There are no performance conditions attached to options granted under the all-employee sharesave schemes.

In some countries in which the Group operates it is not possible to operate sharesave schemes, typically because of securities laws, regulatory or other similar issues. In these countries the Group offers an equivalent cash-based scheme to its employees.

1994 Executive Share Option Scheme (closed)

No awards have been made under this scheme since August 1999 as the scheme was replaced by the 2000 ESOS. Executive share options to purchase ordinary shares in the Company are exercisable after the third, but before the tenth anniversary of the date of grant. The exercise price is the share price at the date of grant and options can only be exercised if EPS increases by at least 15 per cent over three consecutive years.

Shareholding Guidelines

The Group operates a shareholding guideline policy which aims to align the interests of executives with shareholders by ensuring that they build up a significant equity stake in the Company. The key aspects of the guidelines are as follows:

- There is a single shareholding target for employees at specific levels.
- The current guideline levels are as follows:

Group CEO	at least 100,000 shares
Group Executive Directors	at least 60,000 shares
Standard Chartered Bank Directors	at least 40,000 shares
Other Senior Management	at least 10 – 15,000 shares

- Executives will be expected to retain any shares acquired on the exercise of awards granted under the 2000 ESOS, the PSP and the Deferred Bonus Plan until such time as the shareholding guideline is satisfied. However, executives may sell sufficient shares to pay for any tax and exercise price (if any). Vested but unexercised restricted share awards and interests under the Deferred Bonus Plan count towards the guideline level.
- The Committee annually reviews the progress made by executives in terms of meeting their guideline targets. It will also continue to review the guideline levels to ensure they remain challenging and appropriate.

Retirement Benefits

All of the executive directors are eligible for retirement benefits. The Group policy is to provide a retirement benefit to executive directors, equivalent to two-thirds of base salary for those who have completed at least 20 years' service with the Group at retirement.

The retirement benefits are provided through a combination of approved and/or unapproved defined benefit and cash structures depending upon when the executive director joined the Group and his geographical location. Executive directors are given the opportunity to waive a proportion of any potential bonus to enhance their unfunded unapproved retirement benefits. Any amounts waived in respect of 2006 are shown on page 69 and the additional pension benefits have been calculated by the Group's actuary using the assumptions adopted for IAS 19 reporting.

The defined benefit plans comprise a combination of the Standard Chartered Pension Fund, an approved non-contributory scheme, and an unapproved retirement benefit scheme. The unapproved scheme is unfunded but the benefits are secured by a charge, in the name of an independent trustee, over specific Group assets. The unapproved unfunded retirement benefit scheme provides that part of the benefit which exceeds the new lifetime allowance. In other respects the terms of the unapproved

scheme are designed to mirror the provisions of the Standard Chartered Pension Fund. On the death in service of an executive director, pension benefits are available to a spouse and dependant children and a lump sum is payable.

Base salary is the only element of remuneration which is pensionable.

The Group's current pension arrangements have been reviewed in the light of the government's regulations on pension simplification. No change has been made to the level of benefits being provided as a result of this review. However, where the benefits provided by the approved Standard Chartered Pension Fund were previously less than the maximum allowable, part of the benefits provided on an unapproved basis have been transferred to the approved scheme to maximise the overall tax efficiency of the arrangements.

Executive Directors' Contracts of Employment

The Group policy is for all executive directors to receive and be required to give 12 months' notice.

The dates of the executive directors' contracts of employment are as follows:

Mr P A Sands	31 December 2003
Mr M B DeNoma	11 December 2003
Mr R H Meddings	12 December 2003
Mr K S Nargolwala	14 December 2006

All executive directors have contracts subject to 12 months' rolling notice. These terminate automatically at the first annual general meeting following the executive directors' 60th birthday.

The contracts contain payment in lieu of notice ("PILON") provisions which can be exercised at the Group's discretion. The PILON would comprise an amount equal to 12 months' base salary, pension contributions/entitlement and certain benefits and allowances (such as life assurance and car allowance). The amount of any bonus payable as part of a PILON is determined by the Committee taking into consideration individual and Group performance. Any payment under the PILON would be paid in quarterly instalments and be subject to mitigation.

There are special provisions which apply in the event that the Company terminates the executive's contract in the 12 months following a change of control without giving notice. These provide that, if the executive's contract is terminated by the Group (other than where summary dismissal is appropriate or the executive serves out notice), the Group will pay in four equal instalments an amount equal to 12 months' base salary, bonus, pension contributions/entitlement and certain benefits and allowances. The amount of bonus payable in respect of the 12 months following the date of termination is the executive's target bonus. The amount of bonus payable in respect of the performance period which the executive director worked prior to termination will be decided by the Committee taking into consideration individual and Group performance, unless such a period is less than six months, in which case a pro rata target bonus is payable.

Group Chairman

Contract

Mr E M Davies was appointed as Group Chairman on 20 November 2006. Mr Davies' contract is subject to 12 months' rolling notice, albeit that the contract automatically expires on 31 December 2011. The terms of his contract governing PILON provisions and payments on termination are similar to those outlined above in relation to executive directors.

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Compensation

In 2006, in his role as Group Chief Executive, Mr Davies received a base salary of £850,000 and was eligible to participate in the Group's annual bonus plan and discretionary share plans. As detailed on page 68, the bonus paid in February 2007 and the share awards to be made in March 2007 were in respect of the financial year ended 31 December 2006.

From 1 January 2007, in his new role as Group Chairman, Mr Davies is paid a base fee of \$1,198,015 (£650,000) per annum, payable in cash. In addition, he is provided with a car and driver, private healthcare provision and life assurance coverage. The Chairman will no longer be eligible to participate in either the Group's annual bonus or retirement plans or to receive future discretionary share awards. The Chairman's fees will be reviewed again in two years' time.

Non-executive Directors of Standard Chartered PLC

The fees of the non-executive directors are determined by the Chairman and the executive directors and are non-pensionable. Non-executive directors' fees are reviewed at least every two years and, as with executive directors' remuneration, reflect the international nature of the roles which they perform. Basic annual fees and committee fees are set to be competitive against the Group's international comparator group. The non-executive directors' fees were reviewed in April 2006. Increases in fee levels, particularly for involvement in committees, reflect, in part, the growing regulatory and governance responsibilities resulting in an increase in the time commitment required by non-executive directors.

Following the review, basic annual fees were increased from \$101,371 (£55,000) to \$110,586 (£60,000) on 1 April 2006. Additional fees for ordinary membership or chairmanship of a Board committee are as follows (fees prior to review are shown in *italics*):

Committee	Ordinary membership	Chairmanship
Audit and Risk	\$27,647 (£15,000) \$18,431 (£10,000)	\$73,724 (£40,000) \$64,509 (£35,000)
Board Nomination	\$5,529 (£3,000) \$5,529 (£3,000)	N/A*
Board Remuneration	\$23,039 (£12,500) \$18,431 (£10,000)	\$46,078 (£25,000) \$46,078 (£25,000)
Corporate Responsibility and Community ("CRC")	\$9,216 (£5,000) \$9,216 (£5,000)	N/A*

* E M Davies is chairman of the CRC Committee and the Board Nomination Committee. As Chairman, he does not receive any fees in his capacity as a member of either Committee.

An additional annual fee of \$36,862 (£20,000) is payable to the Senior Independent Director to reflect the further workload that is associated specifically with this role. This was not increased during the recent review.

Further detail on non-executive directors' fees is set out on page 68.

Former Director

As outlined to the Stock Exchange on 20 November 2006, Mr B K Sanderson stepped down as Group Chairman on 19 November 2006. However, Mr Sanderson will remain employed until 31 March 2007 in order to provide an orderly transition and to undertake specific ex-officio activities on behalf of the Group. His contract of employment, dated 22 April 2005, was subject to 12 months' rolling notice and contained PILON provisions. In accordance with the terms of his contract, Mr Sanderson will, on termination, receive a PILON comprising

an amount equal to 12 months' base fee and certain benefits and allowances. The PILON will be paid in four equal quarterly instalments of £203,750 starting on 25 April 2007, subject to the obligation to mitigate contained in his contract.

Details of Non-executive Directorships held by the Chairman and Executive Directors

Certain directors serve as non-executive directors of other companies. Details of these directorships are contained on page 51. Details of non-executive fees of the Chairman and executive directors are shown below:

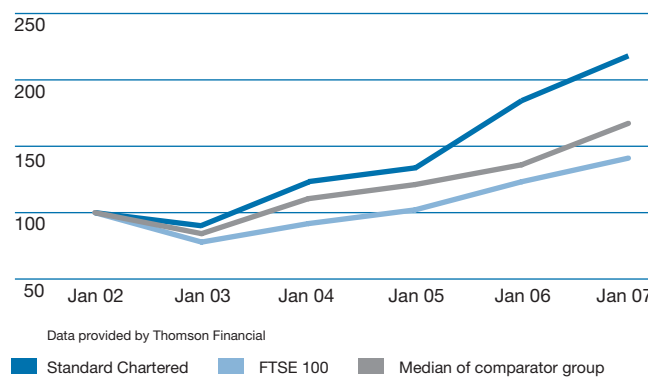
Name	Organisation	Current annual fees
E M Davies	Tesco PLC	\$130,860 (£71,000)* inclusive of any committee fees
	Tottenham Hotspur PLC	\$9,215 (£5,000)*
	Fleming Family & Partners Limited	No fees payable
M B DeNoma	MasterCard International (member of the Asia Pacific Regional Advisory Board)	No fees payable
R H Meddings	Indo British Partnership Network	No fees payable
K S Nargolwala	Singapore Telecommunications Limited	No fees payable
	Tate & Lyle PLC	\$80,175 (£43,500)*
	VISA International (member of the Asia Pacific Regional Board)	No fees payable

* Indicates fees are retained by the director.

Performance Graph

The graph below shows the Group's TSR performance on a cumulative basis over the last five years alongside that of the FTSE 100 and the PSP comparator group. The FTSE 100 provides a broad comparator group against which the Group's shareholders may measure their relative returns. The Company is a constituent member of the FTSE 100 Index and the London Stock Exchange is the principal exchange for the Company's shares.

Total Shareholder Return Performance Graph Percentage change in TSR over five year period



Miscellaneous Long Term Incentive-related Matters Employee Benefit Trusts

The Group has two employee benefit trusts which are administered by an independent trustee and which hold ordinary shares to meet various obligations under the Group's incentive plans. One trust (the "2004 trust") is used in conjunction with the 2004 Deferred Bonus Plan. The other trust (the "1995 trust") holds shares to satisfy the exercise of awards under the Group's various share plans.

The respective holdings of the trusts are as follows:

	31 December 2006	31 December 2005
1995 trust	2,148,874	13,631,747
2004 trust	311,157	409,160

As each executive director is within the class of beneficiary of these trusts, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the trusts.

Dilution Limits

The Group's existing share plans contain various limits which govern the amount of awards that may be granted and also the amount of shares which may be issued to satisfy any subsequent exercise of awards. These limits, which are monitored, are in line with those stated in the Association of British Insurers' corporate guidelines. Under the terms of the Company's listing on the Stock Exchange of Hong Kong, there is an additional limit which provides that awards under any plan cannot be granted (whether to be satisfied through the issue of new shares or market purchased shares) which would cause the total number of shares under option (all schemes) to exceed ten per cent of share capital at that time.

Vesting Provisions on a Change of Control

The rules of the PSP do not provide for automatic vesting in the event of a change in control. However, the rules also provide that the number of shares subject to the award be pro-rated, based on the length of the shortened performance period. The Committee may 'at its discretion, and acting fairly and reasonably', determine the extent to which awards vest having regard for the performance of the Group in the period since the date of grant.

International Financial Reporting Standards

Details on how share awards have been expensed under IFRS 2 are set out in note 40 to the accounts.

During 2005, the Committee considered the impact of the International Financial Reporting Standards on performance measurement for the Group's share schemes. An approach to measuring EPS performance for PSP and 2000 ESOS awards was agreed by the Committee, which will ensure that performance is measured on a consistent basis without resulting in either advantage or disadvantage to participants.

General

The middle market price of an ordinary share at the close of business on 31 December 2006 was 1492 pence. The share price range during 2006 was 1215 pence to 1540 pence per share (based on closing middle market prices). Full details of the directors' shares and options can be found in the Company's register of directors' interests.

The foreign exchange rates used in this directors' remuneration report are based on the average rates throughout the relevant financial year. The rates are £1:\$1.8431 (2006) and £1:\$1.8202 (2005).

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Audited Information Remuneration of Directors

Directors	Notes	2006					2005					2006	2005
		Salary/fees \$000	Cash bonus ^(a) \$000	Deferred bonus ^(b) \$000	Benefits ^(c) \$000	Total \$000	Salary/fees \$000	Cash bonus ^(a) \$000	Deferred bonus ^(b) \$000	Benefits ^(c) \$000	Total \$000	Expected value of shares ^(d) \$000	Expected value of shares ^(d) \$000
E M Davies	(e)(f)	1,584	1,775	973	99	4,431	1,473	1,765	961	64	4,263	2,374	1,835
Sub total		1,584	1,775	973	99	4,431	1,473	1,765	961	64	4,263	2,374	1,835
P A Sands	(f)	1,002	1,296	639	66	3,003	933	1,281	631	63	2,908	1,335	1,204
M B DeNoma	(g)	1,041	926	456	501	2,924	1,008	976	481	457	2,922	1,003	830
R H Meddings		841	841	480	48	2,210	776	821	466	41	2,104	1,003	863
K S Nargolwala	(g)	327	496	493	212	1,528	795	976	481	182	2,434	1,094	830
Sub total		3,211	3,559	2,068	827	9,665	3,512	4,054	2,059	743	10,368	4,435	3,727
Sir CK Chow	(h)	266	-	-	-	266	260	-	-	-	260	-	-
J F T Dundas	(e)(f)(i)	143	-	-	-	143	120	-	-	-	120	-	-
V F Gooding	(f)(j)	117	-	-	-	117	106	-	-	-	106	-	-
R H P Markham	(e)(i)(k)	185	-	-	-	185	169	-	-	-	169	-	-
R Markland	(e)(i)(l)	176	-	-	-	176	142	-	-	-	142	-	-
P D Skinner	(i)	130	-	-	-	130	118	-	-	-	118	-	-
O H J Stocken	(i)	130	-	-	-	130	118	-	-	-	118	-	-
Lord Turner	(i)(l)(m)	67	-	-	-	67	-	-	-	-	-	-	-
Ho KwonPing	(n)	42	-	-	-	42	118	-	-	-	118	-	-
H E Norton	(m)	195	-	-	-	195	206	-	-	-	206	-	-
B K Sanderson	(c)	1,678	-	-	2	1,680	1,446	-	-	2	1,448	-	724
Sub total		3,129	-	-	2	3,131	2,803	-	-	2	2,805	-	724
Total		7,924	5,334	3,041	928	17,227	7,788	5,819	3,020	809	17,436	6,809	6,286

Notes

- (a) The cash bonus amounts shown here for 2006 are net of any amounts waived to provide additional pension benefits. See page 69 for further details.
- (b) The amounts shown in the deferred bonus column represent the amount of bonus that will be paid to an employee benefit trust to acquire shares in the Company of an equivalent value.
- (c) The benefits column includes amounts relating to car allowances and medical and life insurance benefits. Mr DeNoma and Mr Nargolwala carry out their duties overseas and have their remuneration adjusted to take local living costs into account. This adjustment is to put them in a position, after taxation differentials, where they are no worse off as a result of carrying out their duties overseas. The benefits column for these directors also includes additional benefits, such as allowances for working overseas, the provision of accommodation or education of children. For Mr DeNoma and Mr Nargolwala, these allowances and benefits amounted to \$500,899 (2005: \$456,812) and \$212,490 (2005: \$182,111), respectively.
- (d) The value of share awards is an expected value of any performance share awards granted during the course of the financial year. The values are based on an initial value adjusted for factors such as performance conditions, risk of forfeiture and lack of dividends.
- (e) Member of the Board Nomination Committee. Mr Davies was appointed to this Committee on 20 November 2006. Mr Dundas was appointed to this Committee on 23 February 2007.
- (f) Member of the Corporate Responsibility and Community Committee. Mr Davies was appointed as Chairman, and Mr Sands was appointed as a member, of this Committee on 20 November 2006.
- (g) Mr Nargolwala formally elected to enhance his pension entitlement in the unapproved pension arrangements by sacrificing an element of his 2006 salary. An amount of \$446,491 was waived to provide additional pension benefit which is reflected in the table on page 69. Mr DeNoma receives a cash allowance of \$223,610 (2005: \$213,023) in lieu of his participation in any pension plan and this is reflected in the table above.
- (h) Further details on the fees for non-executive directors are shown on page 66. Sir CK Chow is also Chairman of Standard Chartered Bank (Hong Kong) Limited. He received an all-inclusive fee for his Hong Kong and Standard Chartered PLC Board duties of HK\$2,000,000.
- (i) Member of the Audit and Risk Committee.
- (j) Member of the Board Remuneration Committee. Miss Gooding was appointed to this Committee on 23 February 2007.
- (k) Mr Markham was appointed Senior Independent Director on 1 January 2007.
- (l) Lord Turner was appointed a member of both the Audit and Risk Committee and the Board Remuneration Committee with effect from 1 August 2006, the date of his appointment as a non-executive director.
- (m) Mr Norton retired from the Board on 31 December 2006. He was the Senior Independent Director, a member of the Board Nomination Committee and Board Remuneration Committee until this date and Chairman of the Board Remuneration Committee until 4 May 2006. Mr Norton stepped down from the Audit and Risk Committee with effect from 1 August 2006.
- (n) Mr Ho stepped down from the Board Remuneration Committee on 4 May 2006, the day he retired from the Board of Directors.

Audited Information continued

Notes continued

- (o) As set out on page 66, Mr Sanderson stepped down from the Board of Directors on 19 November 2006. He was, until this time, a member of the Board Nomination Committee and the Corporate Responsibility and Community Committee. The former Chairman's compensation was delivered part in cash and part in shares. In addition to his base salary of \$682,575 (£375,000), he received an award of shares equal in value. The number of shares delivered was fixed, based on the share price at the end of 2004. The total face value of these shares at transfer dates in 2006 was \$995,495 (£540,120).
- (p) Relevant exchange rates are shown on page 67.
- (q) Compensation to past director: As reported in the 2005 report and accounts, Mr C A Keljik retired from the Board on 5 May 2005. However, he continued to be an employee of the Bank until 31 January 2006. His base salary and other contractual benefits continued to be paid until 31 January 2006 in line with his service agreement. In January 2006, he received a month's salary and car allowance totalling \$65,737 (£35,667).

Retirement Benefits of Group Chairman and Executive Directors

Directors	Accrued pension \$000 ^(c)			Transfer value of accrued pension \$000 ^{(d)(e)}			Increase in accrued pension (net of inflation and waiver) during 2006 \$000 ^(g)		
	At 1 January 2006	Increase during the year	At 31 December 2006	At 1 January 2006	Increase during the year net of waiver	At 31 December 2006	2006 waiver \$000 ^(f)	Annual pension	Transfer value
E M Davies ^(b)	245	79	363	5,474	244	6,732	213	57	1,099
P A Sands	89	39	144	2,436	35	2,814	–	35	796
R H Meddings	125	44	189	2,576	306	3,437	143	31	657
K S Nargolwala	118	88	227	2,695	32	4,829	1,010	32	679

Notes

- (a) The ages of the executive directors are shown on page 51.
- (b) With effect from 1 January 2007, Mr Davies will no longer accrue pensionable service.
- (c) Mr DeNoma only receives a cash supplement and does not participate, like the other executive directors, in the defined benefit plans set out above. His cash supplement amounts are shown in the directors' remuneration table on page 68.
- (d) The accrued pension amounts include benefits arising from transfer payments received in respect of service with previous employers.
- (e) The transfer values in respect of benefits under the unapproved unfunded retirement benefits scheme have been calculated using the Group's pension accounting methodology and assumptions.
- (f) Executive directors are given the opportunity to waive a proportion of any potential bonus and/or salary to enhance their unfunded unapproved retirement benefits. The amounts waived in respect of 2006 are shown in the table.
- (g) The increase in the accrued pension (net of inflation and bonus waiver) during the year is the difference between the accrued pension at the end of 2005 increased by an allowance for inflation of 3.9 per cent (2005: 2.4 per cent) and the accrued pension at the end of 2006 excluding any bonus waiver in 2006.
- (h) In addition to the amounts identified in the table above the Group paid \$308,662 (2005: \$307,573) in retirement benefits to former directors and their dependants. All of these benefits first became payable before 31 March 1997.
- (i) The amounts included in the table above as at 1 January and 31 December 2006 are calculated using the exchange rates at the end of 2005 (£1: \$1.7176) and 2006 (£1: \$1.9579) respectively. The other entries are calculated using the exchange rates shown on page 67.

Directors' Remuneration Report continued

Audited Information continued

Directors' Interests in Ordinary Shares

Directors	At 1 January 2006*	Personal interests	Family interests	At 31 December 2006**
	Total interests			Total interests
E M Davies	160,893	200,419	–	200,419
P A Sands	46,602	30,641	–	30,641
Sir CK Chow	15,664	15,664	–	15,664
M B DeNoma	110,548	159,715	–	159,715
J F T Dundas	2,100	2,100	–	2,100
V F Gooding	2,049	2,049	–	2,049
R H P Markham	2,302	2,364	–	2,364
R Markland	2,083	2,139	–	2,139
R H Meddings	77,389	111,291	–	111,291
K S Nargolwala	172,281	147,340	–	147,340
P D Skinner	3,124	3,206	–	3,206
O H J Stocken	10,000	10,000	–	10,000
Lord Turner	2,000	2,016	–	2,016
Ho KwonPing	2,450	2,450	–	2,450
H E Norton	7,500	7,500	–	7,500
B K Sanderson	189,669	217,116	16,159	233,275

* or at date of appointment to the Board, if later.

** or date of retirement/resignation from the Board, if earlier.

Notes

- The beneficial interests of directors and their families in the ordinary shares of the Company are set out above. The directors do not have any non-beneficial interests in the Company's shares.
- No director had an interest in the Company's preference shares or loan stock, nor the shares or loan stocks of any subsidiary or associated undertaking of the Group.
- No director had any corporate interests in the Company's ordinary shares.
- As the Chairman and each executive director is within the class of beneficiary of the Group's two employee benefit trusts, they are deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the trusts. The respective holdings of the trusts are set out in note 40 to the accounts.

2004 Deferred Bonus Plan

Directors	Shares held in trust at 1 January 2006	Shares awarded during the period ^(a)	Shares awarded in respect of notional dividend ^(b)	Shares vested during the period ^(a)	Shares held in trust at 31 December 2006
E M Davies	51,602	34,884	466	52,068	34,884
P A Sands	30,961	22,893	280	31,241	22,893
M B DeNoma	24,941	17,442	225	25,166	17,442
R H Meddings	24,081	16,897	217	24,298	16,897
K S Nargolwala	24,941	17,442	225	25,166	17,442
B K Sanderson	26,062	–	235	26,297	–

Notes

- Market value on date of awards/vesting (6 March 2006) was 1512 pence.
- Under the 2004 Deferred Bonus Plan, shares are conditionally awarded instead of all or part of the director's annual cash bonus. The shares are held in an employee benefit trust and automatically vest one year after the date of acquisition. No exercise is necessary. A notional dividend accrues on the shares held in the trust. The dividend is delivered in the form of shares and is released on vesting.

Subsequent pages contain information on share options and share awards.

Audited Information continued
Long Term Incentives – Share Options

Director	Scheme	At 1 January 2006	Granted	Exercised	Lapsed	At 31 December 2006*	Weighted average exercise price (pence)	Period of exercise
E M Davies	2000 ESOS	877,853	–	–	–	877,853	831.57	2007-2015
	Sharesave	2,957	–	–	–	2,957	559.50	2007-2008
	1994 ESOS	132,848	–	60,483 ^(b)	–	72,365	866.03	2006-2009
P A Sands	2000 ESOS	598,417	–	–	–	598,417	835.54	2006-2015
	Sharesave	2,957	–	–	–	2,957	559.50	2007-2008
M B DeNoma	2000 ESOS	369,754	–	220,130 ^(b)	–	149,624	950.71	2007-2015
R H Meddings	2000 ESOS	241,642	–	101,375 ^(b)	–	140,267	954.43	2007-2015
	Sharesave	1,439	878 ^(c)	1,439 ^(d)	–	878	1064.00	2009-2010
K S Nargolwala	2000 ESOS	644,928	–	495,304 ^(e)	–	149,624	950.71	2007-2015
	1994 ESOS	99,063	–	99,063 ^(e)	–	–	–	–
B K Sanderson	2000 ESOS	191,488	–	–	–	191,488	822.50	2007-2015
	Sharesave	2,472	–	–	–	2,472	641.00	2008-2009

* or date of resignation from Board if earlier.

Director	Type of Scheme*	Options where market price greater than exercise price			Options where market price lower than exercise price		
		At December 2006	Weighted exercise price (pence)	Expiry date	At December 2006	Weighted exercise price (pence)	Expiry date
E M Davies	Executive Schemes	950,218	834.20	2007-2015	–	–	–
	Sharesave Scheme	2,957	559.50	2008	–	–	–
P A Sands	Executive Schemes	598,417	835.54	2012-2015	–	–	–
	Sharesave Scheme	2,957	559.50	2008	–	–	–
M B DeNoma	Executive Schemes	149,624	950.71	2014-2015	–	–	–
R H Meddings	Executive Schemes	140,267	954.43	2014-2015	–	–	–
	Sharesave Scheme	878	1064.00	2010	–	–	–
K S Nargolwala	Executive Schemes	149,624	950.71	2014-2015	–	–	–
B K Sanderson	Executive Schemes	191,488	822.50	2013-2015	–	–	–
	Sharesave Scheme	2,472	641.00	2009	–	–	–

* 'Executive Schemes' includes the 1994 Executive Share Option Scheme and the 2000 ESOS.

Notes

- (a) Details of performance conditions are described on pages 64 and 65.
(b) Market value on date of exercise (6 March 2006) was 1512 pence.
(c) Market value on date of grant (8 September 2006) was 1327 pence.
(d) Market value on date of exercise (8 December 2006) was 1497 pence.
(e) Market value on date of exercise (7 April 2006) was 1497 pence.

Directors' Remuneration Report continued

Audited Information continued Long Term Incentives – Shares

Director	Scheme	Grant date	As at 1 January 2006	Granted	Exercised	Lapsed	As at 31 December 2006*	Period of exercise
E M Davies	PSP	6 March 2002	83,010	–	76,784 ^(d)	6,226	–	–
	PSP	5 March 2003	86,893	–	86,893 ^(d)	–	–	–
	PSP	4 March 2004	69,481	–	–	–	69,481	2007-2014 ^(g)
	PSP	9 June 2004	70,575	–	–	–	70,575	2007-2014 ^(g)
	PSP	9 March 2005	154,479	–	–	–	154,479	2008-2015
	PSP	14 March 2006	–	111,498 ^(b)	–	–	111,498	2009-2016
	PSP	11 May 2006	–	82,191 ^(c)	–	–	82,191	2009-2016
P A Sands	RSS	20 May 2002	52,216	–	–	–	52,216	2007-2009 ^(f)
	PSP	5 March 2003	65,170	–	65,170 ^(d)	–	–	–
	PSP	4 March 2004	48,102	–	–	–	48,102	2007-2014 ^(g)
	PSP	9 June 2004	36,644	–	–	–	36,644	2007-2014 ^(g)
	PSP	9 March 2005	97,837	–	–	–	97,837	2008-2015
	PSP	14 March 2006	–	73,170 ^(b)	–	–	73,170	2009-2016
	PSP	11 May 2006	–	35,958 ^(c)	–	–	35,958	2009-2016
M B DeNoma	PSP	5 March 2003	55,032	–	55,032 ^(d)	–	–	–
	PSP	4 March 2004	42,757	–	–	–	42,757	2007-2014 ^(g)
	PSP	9 June 2004	21,715	–	–	–	21,715	2007-2014 ^(g)
	PSP	9 March 2005	74,794	–	–	–	74,794	2008-2015
	PSP	14 March 2006	–	59,930 ^(b)	–	–	59,930	2009-2016
	PSP	11 May 2006	–	22,089 ^(c)	–	–	22,089	2009-2016
R H Meddings	PSP	5 March 2003	38,015	–	38,015 ^(d)	–	–	–
	PSP	4 March 2004	37,413	–	–	–	37,413	2007-2014 ^(g)
	PSP	9 June 2004	9,500	–	–	–	9,500	2007-2014 ^(g)
	PSP	9 March 2005	74,794	–	–	–	74,794	2008-2015
	PSP	14 March 2006	–	59,930 ^(b)	–	–	59,930	2009-2016
	PSP	11 May 2006	–	22,089 ^(c)	–	–	22,089	2009-2016
K S Nargolwala	PSP	5 March 2003	55,032	–	–	–	55,032	2007-2013 ^(f)
	PSP	4 March 2004	42,757	–	–	–	42,757	2007-2014 ^(g)
	PSP	9 June 2004	21,715	–	–	–	21,715	2007-2014 ^(g)
	PSP	9 March 2005	74,794	–	–	–	74,794	2008-2015
	PSP	14 March 2006	–	59,930 ^(b)	–	–	59,930	2009-2016
	PSP	11 May 2006	–	29,452 ^(c)	–	–	29,452	2009-2016
B K Sanderson	RSS	13 May 2003	20,202	–	–	–	20,202	2006-2010 ^(f)
	PSP	4 March 2004	32,068	–	–	–	32,068	2007-2014 ^(g)
	PSP	9 March 2005	57,672	–	–	–	57,672	2008-2015

* or date of resignation from Board if earlier.

Notes:

- Details of performance conditions are described on pages 63 and 64.
- Market value on date of award (14 March 2006) was 1450 pence.
- Market value on date of award (11 May 2006) was 1460 pence.
- Market value on date of exercise (6 March 2006) was 1512 pence.
- Market value of awards in previous years: 20 May 2002 – 861.8 pence; 5 March 2003 – 690.5 pence; 13 May 2003 – 742.5 pence; 4 March 2004 – 935.5 pence; 9 June 2004 – 921 pence; 9 March 2005 – 971 pence.
- The performance and service conditions attached to these awards have already been met and the awards are exercisable accordingly.
- The performance conditions attached to these awards have been met and the awards will be exercisable after meeting the service conditions on 4 March 2007 or 9 June 2007.

Remuneration of Five Highest Paid Individuals

In addition to its responsibilities for the remuneration of executive directors, the Committee ensures that the remuneration policy of the Group is consistently applied for other senior executives. Specifically, the Committee approves any significant remuneration packages for newly appointed senior executives.

As a result of the Company's listing on The Stock Exchange of Hong Kong Limited, it is necessary to disclose certain information

relating to the five highest paid employees in the Group. Set out below are details for five individuals (one of whom is not an executive director) whose emoluments (excluding bonuses or commissions linked to profits generated by the individual or collectively with others engaged in similar activities) were the highest in the year ending 31 December 2006:

Components of remuneration	\$000
Basic salaries, allowances and benefits in kind	5,661
Pension contributions	2,908
Bonuses paid or receivable	11,870
Payments made on appointment	–
Compensation for loss of office	
– contractual	–
– other	–
Total	20,439
Total (HK\$000)	158,776

The emoluments were in the following bands:

HK\$ (approx. \$ equivalent)	Number of employees
HK\$22,500,001 – HK\$23,000,000 (\$2,896,387 – \$2,960,751)	1
HK\$23,000,001 – HK\$23,500,000 (\$2,960,751 – \$3,025,115)	1
HK\$28,000,001 – HK\$28,500,000 (\$3,604,392 – \$3,668,756)	1
HK\$39,000,001 – HK\$39,500,000 (\$5,020,404 – \$5,084,768)	1
HK\$45,500,001 – HK\$46,000,000 (\$5,857,137 – \$5,921,501)	1

By order of the Board

C Burns

Group Company Secretary
27 February 2007