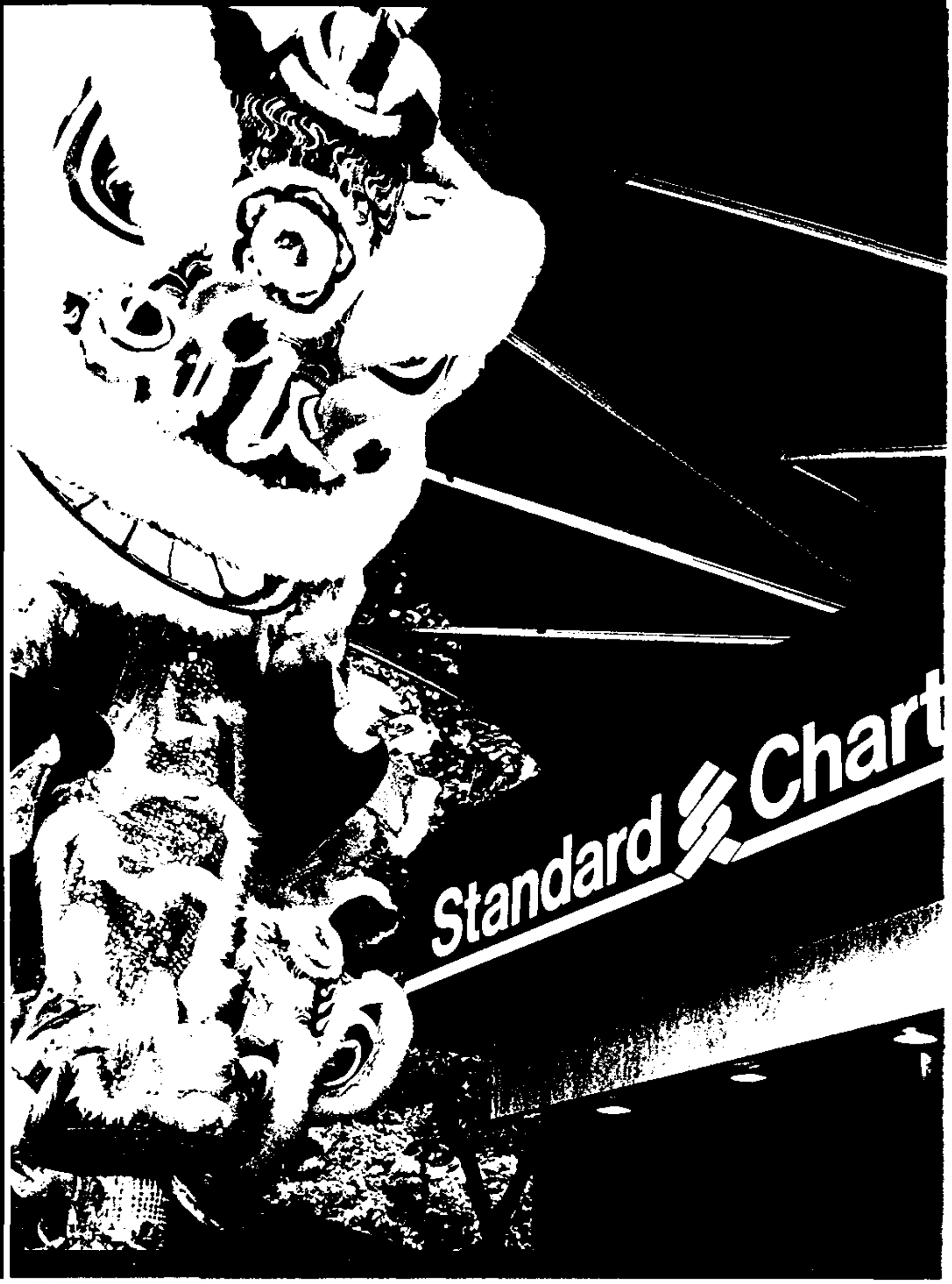
Standard Chartered



Annual Report 99

A Year of Strategic Progress

A Year of Strategic Progress

Standard Chartered is an international bank focused on the emerging markets of Asia, Africa, the Middle East, the sub-continent and Latin America.

Our aim is to be the world's leading emerging markets bank and the leading international bank in our principal markets.

We are committed to excellence in customer service, to delivering consistently superior performance and to building shareholder value.

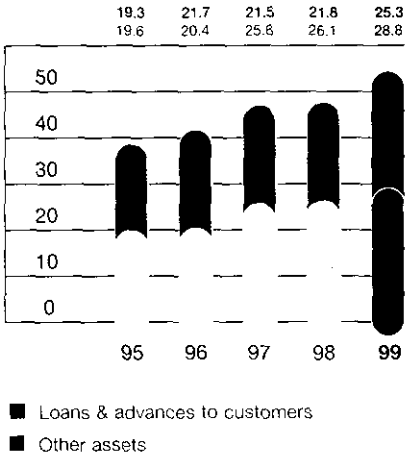
We fulfil our responsibilities to the countries and communities in which we operate. The training and development of our staff is a priority.

Our values are based on trust and commitment and on our pride in this organisation.

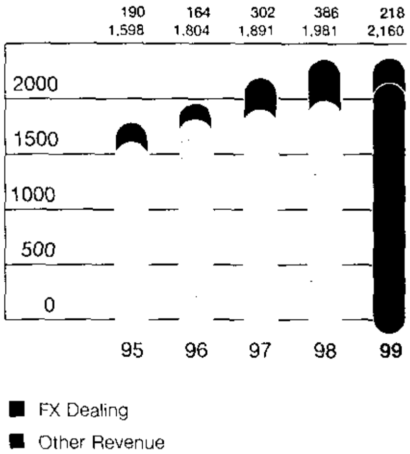
Cover shot: A ceremonial dragon at the opening of the new branch in Aberdeen, Hong Kong in September 1999. The branch offers a comprehensive range of services including an automated banking centre with 24 hour access.

Financial Highlights
For the year ended 31 December 1999

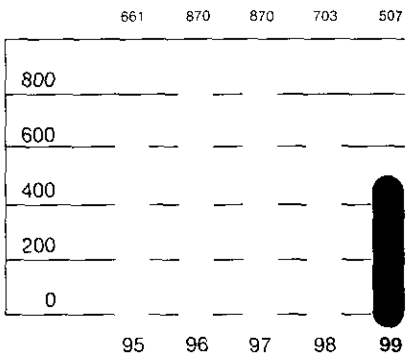
BALANCE SHEET GROWTH
£billion



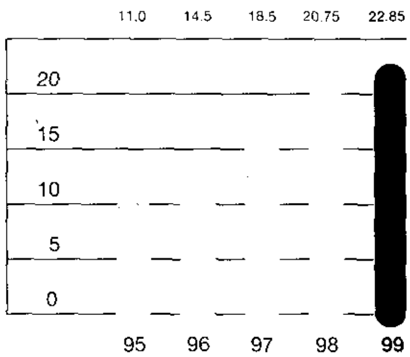
NET REVENUE
£million



PROFIT BEFORE TAXATION
£million

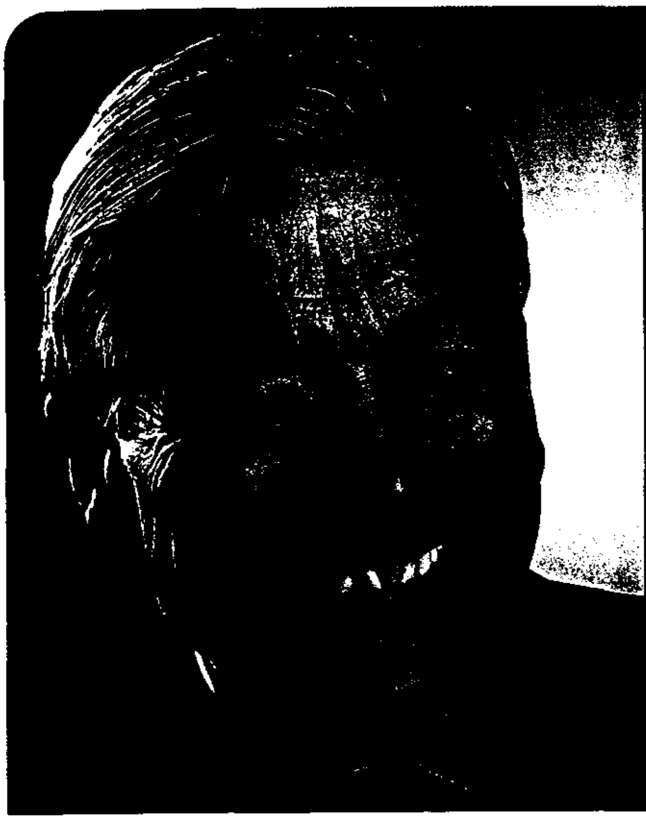


DIVIDEND PER SHARE
Pence



CONTENTS

Chairman's Statement



"Our intention has always been to emerge stronger from the turmoil in Asia. In 1999 we have made great progress in pursuit of this strategy."

Sir Patrick Gillam

Last year, I said that our aim was to improve our competitive position in our chosen markets by building market share and by investing in our core businesses. We realised there was a window for investment that provided a rare opportunity to strengthen our franchise and demonstrate our commitment to the markets in which we operate. We have taken a number of steps in 1999 which, I am confident, will bring major benefits to the Group in the years to come.

We expected 1999 to be a challenging year with our performance held back by the economies that, at best, were still convalescing from the recession in Asia. This was the case. However, despite the lower economic activity in our principal markets, Consumer Banking again produced an excellent result although, as anticipated, foreign exchange dealing revenues were down. Our results were also affected by the cost of investing in our growth strategy and our preparation for potential Y2K issues, which was managed successfully.

As a consequence of all these factors our profit for 1999 before provisions was £1,002 million. After a debt charge of £495 million, the pre-tax profit was £507 million.

1999 Results

- Pre-tax profit down 28 per cent to £507 million after provisions of £495 million.
- Profit before provisions down 12 per cent to £1,002 million.
- Net revenue, excluding income from foreign exchange dealing, up 9 per cent to £2,160 million.
- Income from foreign exchange dealing down 44 per cent to £218 million.
- Headline earnings per share 33.2 pence.
- Annual dividend per share increased by 10.1 per cent to 22.85 pence.

The conditions in many of our markets have made this a difficult year. However, this has to be set against our strong belief in the future potential of the Group, as Asia recovers and our growth strategy takes hold. *The Board's confidence in the Group's prospects has* therefore led us to recommend a final dividend of 16.1 pence per share, compared with 14.5 pence per share last year. This gives a total for the year of 22.85 pence, an increase of 10.1 per cent over 1998. The proposed dividend is covered 1.4 times.

Strategy and Economic Environment

Our intention has always been to emerge stronger from the turmoil in Asia. To this end, we launched a growth strategy at the beginning of last year, centred on four key initiatives.

The first was to defend and grow our position in our three core markets in Asia – Hong Kong, Singapore and Malaysia.

The second was to develop three other Asian markets to rival Singapore and Malaysia, in terms of their relative contribution to the Group's profits. Thailand, India and Taiwan are three such markets, and despite our failure to buy Bank Bali, we still aim to add Indonesia to this group.

The third was to build on our successful operations in the Middle East, South Asia, Africa and Latin America. These are businesses which are generally solid performers where we have the capability to develop quality, incremental revenue.

The fourth was to expand the business which we do with international companies and institutions. These are good quality counterparties where we have the opportunity to sell a variety of products in a number of countries.

In 1999 we have made great progress in pursuit of this strategy. We have developed new products; extended and repositioned our branch networks towards higher growth areas. We have also accelerated this growth with acquisitions.

The Asian economies are now showing real signs of recovery. There is positive GDP growth in most Asian markets, including Hong Kong, where the recovery has lagged behind the South East Asian economies. This recovery will provide us with the environment to support our expansion and restore our profit growth.

Standard Chartered is properly recognised as one of the United Kingdom's major overseas companies, but its contribution to the UK economy is frequently overlooked. Over the past five years, your Company has contributed an average of 23 per cent of the total overseas earnings of British banks. As your Company grows I have no doubt this contribution will increase.

The Board

There have been a number of changes to the Board.

Peter Wood will stand down from the Board on 24 February 2000. He became a Director in 1993 and has made a unique contribution to the improvement of the Bank's financial performance and reputation. He has been an outstanding Finance Director.

David Moir will retire as a Group Executive Director in March 2000, having joined the Board in 1993. David has been with the Bank for 42 years, working initially in Africa and more recently in Asia and has an unrivalled understanding of Standard Chartered. In view of this knowledge, and the wise counsel he has given us over the years, he has been invited to remain on the Board as a Non-Executive Director.

Mick Green will step down at the time of the Annual General Meeting. Mick substantially modernised Standard Chartered's approach to risk management and the management of technology and successfully delivered our Year 2000 Programme.

I would like to take this opportunity to thank Peter, David and Mick for their support over the years.

A number of new Group Executive Directors were appointed during the year. Chris Keljik and Kai Nargolwala joined the Board in May and Nigel Kenny in October.

Chris Keljik joined the Bank in 1976. He has worked for the Group in London, Hong Kong, New York and Singapore. In 1993 he assumed responsibility for the Group's activities in Africa where he dramatically improved their performance. Chris is now responsible for internal audit, risk management, our loan recovery programme and external affairs.

Kai Nargolwala is based in Singapore and is responsible for Corporate & Institutional Banking and Treasury worldwide. He has governance responsibility for Latin America and the United States. He joined Standard Chartered in January 1998 after 19 years with Bank of America, latterly as Head of Asia Wholesale Banking.

Nigel Kenny has been appointed Finance Director and also has governance responsibility for Europe. Nigel is a chartered accountant. He joined Standard Chartered in 1992 and has headed up audit, strategy, custody and more recently service delivery within Corporate & Institutional Banking.

Our People

This has been a tough year for Standard Chartered but as we enter 2000 our belief in the potential of this organisation is as strong as ever. This is a tribute to the quality and efforts of all our people around the world. On behalf of the Board I thank them for their help and support in these challenging times.

Patrick Gillam

Sir Patrick Gillam Chairman

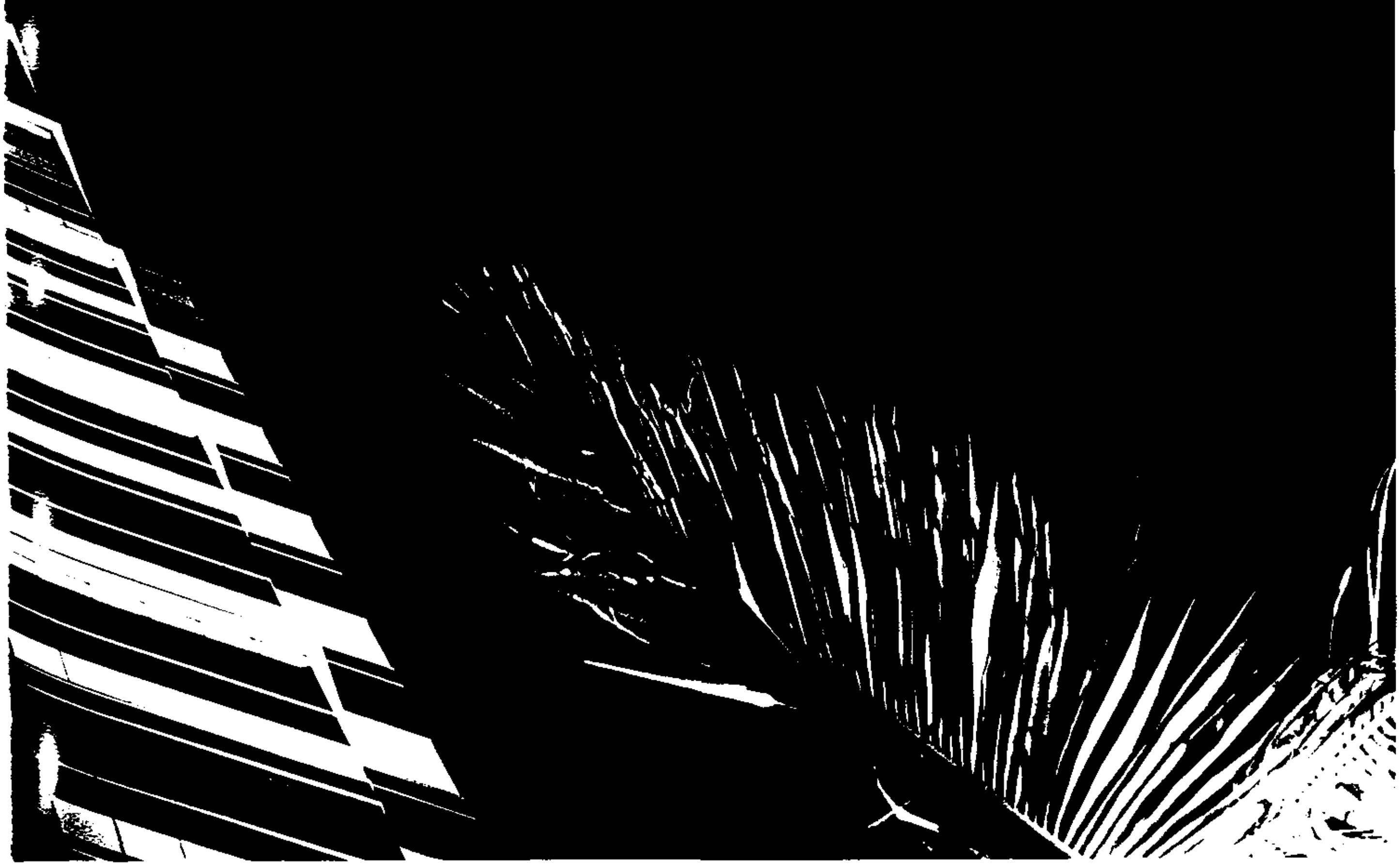
Hong Kong

Focused on the future

The acquisition of Standard Chartered Tower in Hong Kong created a more efficient, cost-effective and centralised working environment enabling the Group to bring together 3,200 staff from 11 different office sites. This will improve communications as well as helping to stimulate trust, teamwork and levels of service. Standard Chartered now has two main office buildings in Hong Kong – one in Central Hong Kong and Standard Chartered Tower, in the new commercial area of Kwun Tong. In a year when Standard Chartered celebrated its 140th Anniversary in Hong Kong, this move underlines the Group's commitment to Hong Kong. It positions the Group well to seize opportunities for growth and provides a strong foundation for future expansion.

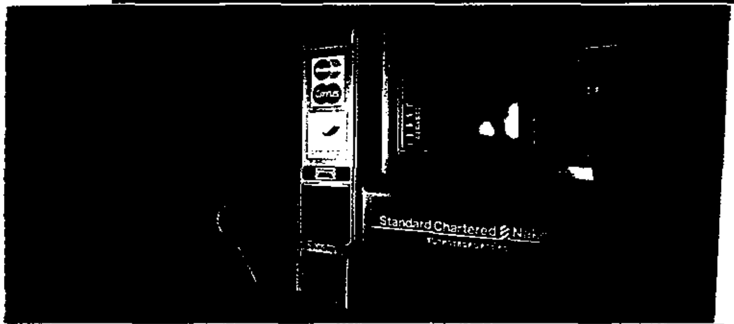
TREASURY. Standard Chartered has one of the most modern treasury dealing rooms with 100 work stations.

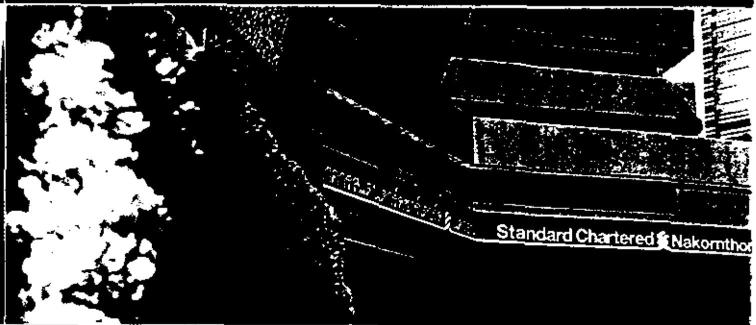
STATE-OF-THE-ART BRANCHES. Standard Chartered's Hong Kong branches are at the forefront of technology and are equipped with interactive voice response and signature verification systems.



INVESTMENT. Services and operations have been modernised and upgraded, including an integrated information technology system, branch renovation and rebranding the Nakornthon branch and ATM network.

HEADQUARTERS. Standard Chartered Nakornthon Bank's headquarters at 90 North Sathorn Road in down town Bangkok.





Thailand

A major step forward

Standard Chartered acquired 75 per cent of Nakornthon Bank, Thailand's second oldest commercial bank, in September 1999. Renamed Standard Chartered Nakornthon Bank, it has more than 100,000 customers and 67 branches, located mainly in metropolitan Bangkok. This acquisition provides an excellent base for the distribution in Thailand of Standard Chartered's world class consumer and corporate banking products. Consumer Banking will drive the growth, with the introduction of the Group's proven products.

There is also strong potential for growing the corporate division by providing Standard Chartered's trade, cash management and treasury solutions to corporate customers, particularly Thai middle market businesses.

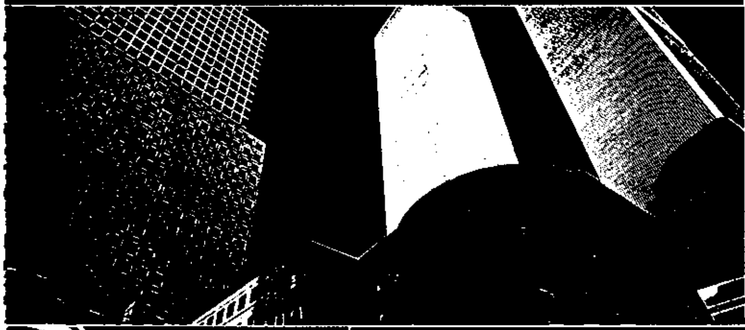
Americas

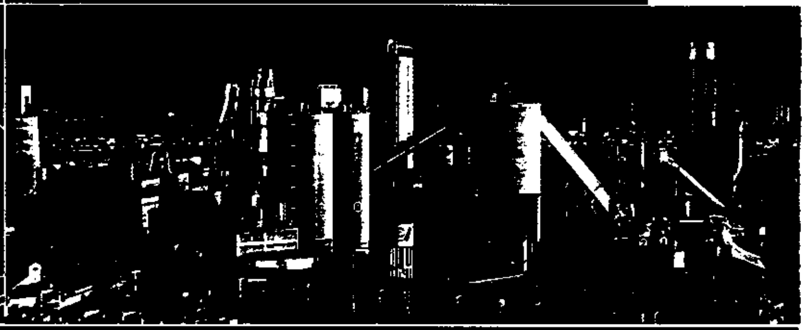
Seizing opportunities

In April 1999 Standard Chartered acquired the major part of the global trade finance business of UBS. This acquisition further enhanced Standard Chartered's network position within the emerging markets, and particularly in Latin America. It also added strength in structured trade and export credit financing worldwide. Standard Chartered has now achieved a pre-eminent position in Latin American correspondent banking, reflecting a successful cash management system, a wide spectrum of US dollar clearing and electronic banking delivery channels, and excellent customer service. Operating globally from offices in North America, Asia and Europe, Standard Chartered supports its emerging markets clients – whether in Latin America, Africa, the Middle East, Asia or the sub continent – with a full range of trade financing, payment and cash management solutions.

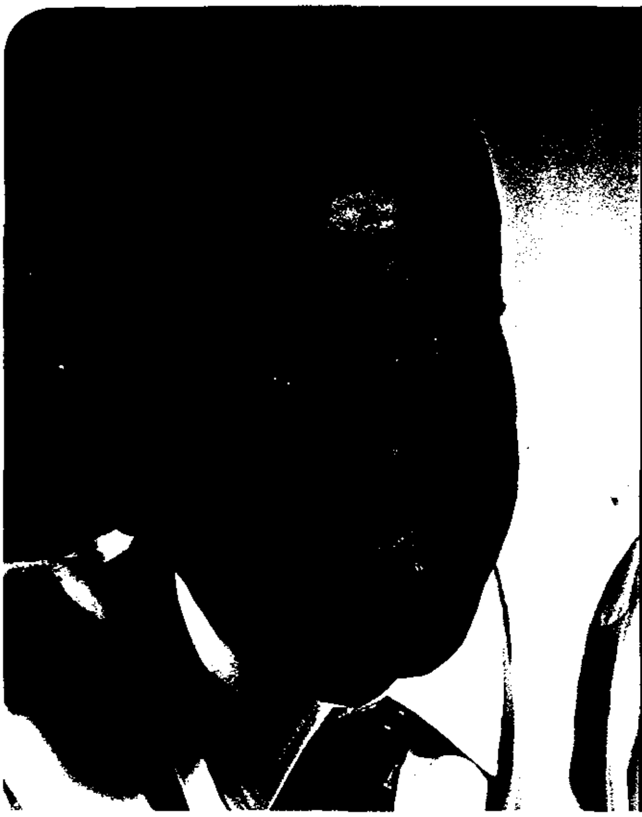
DOLLAR CLEARING. The acquisition built upon the Group's core trade financing capability, and secured Standard Chartered's position as a leading US dollar clearing bank in New York.

CEMEX. Standard Chartered provides this multinational cement company with a wide range of banking products and services in its home country Mexico, as well as in Bangladesh, the Philippines and the United States.





Group Chief Executive's Review



"We have very clear objectives for 2000. The market has high expectations of your Bank and our first priority is to meet these expectations."

Rana Talwar

I told you last year that I thought 1999 would be a difficult year for your Company. This has, in fact, been the case and our financial performance has been affected by the recession in Asia through most of 1999. Our strategic objective, against a difficult economic environment in Asia, was to strengthen and grow our unique franchise and to build the world's leading emerging markets bank. I am pleased with the strategic progress Standard Chartered has made during 1999.

We are a leading bank in the emerging markets, where we have great depth of knowledge and experience. As our markets recover from the recent economic downturn, all banks in Asia can expect to show improving results. Our challenge is to implement a growth strategy that outpaces this recovery.

1999 Results

Revenues were broadly flat between 1998 and 1999. However, excluding the lower foreign exchange dealing revenues, other revenues grew 9 per cent. This is a solid result against a difficult economic backdrop.

As we had anticipated, dealing revenues were down, caused by lower volatility and a reduced level of economic activity. Consumer Banking, on the other hand, had another excellent year.

Costs were around 12 per cent higher reflecting the acquisitions made in 1998 and 1999 and one-off costs, such as the voluntary redundancy scheme in India, a move to new premises in Hong Kong and investment in new branches in several countries. Excluding these, underlying cost growth was around 7 per cent, slightly better than expected.

The bad debt charge in 1999 was higher than the previous year's because of the continuing economic problems. Much of this arose in our Corporate & Institutional Banking business.

The combination of these meant that profit before provisions was held above £1 billion. After provisions, pre-tax profit was £507 million compared to £703 million in 1998.

We raised our total capital ratio to a healthy 14.8 per cent.

In Hong Kong provisions peaked later than in the rest of Asia, but in the second half of the year the debt charge fell slightly. There has

THAILAND. 99 monks, including a representative of the Supreme Patriarch, arriving at the ceremony to launch the newly branded Standard Chartered Nakornthon Bank.

LEBANON. Acquired 89 per cent of the share capital of Metropolitan Bank, enhancing Standard Chartered's strategic presence in the Middle East.

CONSUMER BANKING	97	98	99
Profit before provisions (£million)	416	484	**540**

CORPORATE & INSTITUTIONAL BANKING	97	98	99
Profit before provisions (£million)	380	386	**348**

TREASURY	97	98	99
Profit before provisions (£million)	273	352	**196**

since been a noticeable decline in the movement of sub-standard accounts. In the rest of Asia the second half debt charge was much lower than the first.

We achieved good balance sheet growth, based on a strong mortgage book and a 16 per cent increase in customer deposits.

In Consumer Banking revenue growth was 12 per cent with Hong Kong performing strongly. Singapore and Malaysia also performed very well. Our mortgage business had another good year with revenue up 60 per cent compared to 1998 and higher market shares in Hong Kong and Malaysia. In Hong Kong, we were the leading issuer of credit cards and there was good growth and market share gains in our newer card businesses in Taiwan and India.

Corporate & Institutional Banking profit before provisions was 10 per cent lower, reflecting the difficult economic conditions. *However, there are real signs of recovery in many South East Asian* markets and this is reflected in a significant reduction in the bad debt charge. North East Asia continued to suffer from the economic downturn throughout 1999 and this, added to the effect of policy changes in China, resulted in an increased bad debt charge for Hong Kong and China. There are now positive indications that the worst is behind us.

As we had expected, our Treasury profits were 39 per cent lower than 1998, reflecting narrower spreads and lack of volatility in many of our markets. There has been a significant increase in the range of services offered to our clients and associated fee income.

Emerging Stronger

We entered 1999 determined to strengthen and reposition our franchise to emerge stronger as the recovery in Asia took hold. To accelerate our growth, we made several acquisitions. In March, we purchased the non-Swiss global trade finance business of UBS. This enhanced our trade finance capability and made us a leading US dollar clearer in New York. We have recently complemented this purchase by buying a structured trade finance portfolio from Canadian Imperial Bank of Commerce.

In September, we gained management control and a 75 per cent shareholding in Nakornthon Bank in Thailand. This dramatically extends our presence in that country and provides a solid platform on which to build a consumer banking business.

CHINA. Official opening of new Beijing branch. Standard Chartered's eighth full branch in China.

NIGERIA. Opened a branch in Lagos delivering trade finance, treasury and cash management products to major corporate customers.

We have also returned to the Lebanon with the purchase of the six branch Metropolitan Bank.

All these acquisitions are performing as we expected at this stage.

Although our negotiations to buy Bank Bali did not reach a conclusion, we believe that Indonesia continues to offer great potential and we will pursue appropriate opportunities to increase our presence there as they arise.

We have also strengthened and repositioned our operations towards higher growth areas. We have expanded our branch network in the Philippines, China, Uganda and Taiwan. We are repositioning branches in Malaysia and Singapore, to areas of greater opportunity. In Singapore, this was facilitated by the award of one of four Qualifying Full Bank licences. In India we restructured the business, relocating branches and significantly reducing headcount.

At the same time we continue to strengthen our global network especially in countries where our international customers indicate they would like us to have a presence. In addition to the Lebanon, we have also re-entered Nigeria with a focused operation targeted at multinational companies.

We have a limited presence in Latin America. In the last year, Latin America has been through one of the deepest recessions in its history. However, we are positioned to take advantage of the expected growth in trade between Latin America and the Asia Pacific Region.

Against the background of all this activity, we have taken steps to maintain the high quality of our risk and credit systems and processes and our overall standards of management to ensure we can realise our full potential.

We have very clear objectives for 2000. The market has high expectations and our first priority is to meet these expectations. We need to maintain progress in revitalising our franchise with bold moves which capitalise on our unique position. We will ensure that our cost growth is paced appropriately with our revenue growth, within the context of a growth strategy.

We will continue to respond to our customers' needs, particularly with regard to e-commerce, to ensure we meet their requirements.

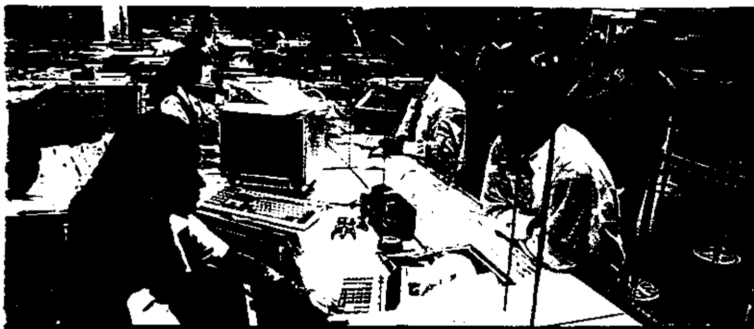
The internet offers great potential in our markets and we are currently working on over 20 e-commerce initiatives.

In Hong Kong we were the first to launch an e-mortgage service. This allows instant loan approval and property valuation services accessible 24 hours a day by internet and mobile phone using WAP technology.

Treasury already offers on-line foreign exchange dealing and research services.

In Corporate & Institutional Banking we are about to pilot a product which allows our customers to communicate with each other and third party suppliers over the internet. This will also allow them to conduct trade and cash business using our services.

We have scheduled launch dates, this year, for internet and PDA banking in Hong Kong and are in discussion with potential partners to provide on-line financial advisory services. This will complement our investment services business. Our Jersey office is in the middle



LATIN AMERICA. UBS acquisition increased trade finance and cash management activities.

INDIA. Launched the Global Standard Chartered Credit Card. The first international credit card launched in India.

of a pilot scheme to provide off-shore banking services over the internet. We are also in early discussions to develop an e-commerce capability in Africa and China.

The development of these and other e-commerce initiatives is a priority in 2000.

Alongside our growth plans, we launched two important projects: a re-engineering of our business and the upgrading of some of our key management information. The re-engineering project will help us increase productivity and customer service by eliminating unproductive and inefficient procedures and expenditure. Its aim is to free up resources to invest in growth. The latter project will embed further the principle of economic profit and help us manage our diverse businesses so that we maximise shareholder value. In this way, we will prioritise and implement strategies that will maximise total shareholder returns.

The Year Ahead

There is clear evidence that economic growth has resumed in many of our major markets. Even though it will take time for the upturn to filter through to the trade flows and consumer spending that are at the heart of our growth, I am confident that 2000 will be a significantly better year for Standard Chartered than 1999. We are geared into the recovery and we are confident that revenue growth will accelerate and the bad debt charge will begin to abate.

We will remain consistent to our strategy, continuing to focus on and to grow in those markets and businesses where we have proven expertise. This will be done through organic growth and by acquisition.

I believe that the actions taken in 1999 and in the current year will position your Company to be recognised as the world's leading specialist emerging markets bank.

Our Commitment

The strength of this organisation lies in the people that work for it. At the heart of our success is our commitment to equal opportunity, to a performance culture where recognition, promotion and rewards are based upon merit and demonstrated performance, regardless of nationality, race, gender or age. Our culture demands that there are opportunities in our organisation for anyone with a desire to succeed wherever in the world they come from.

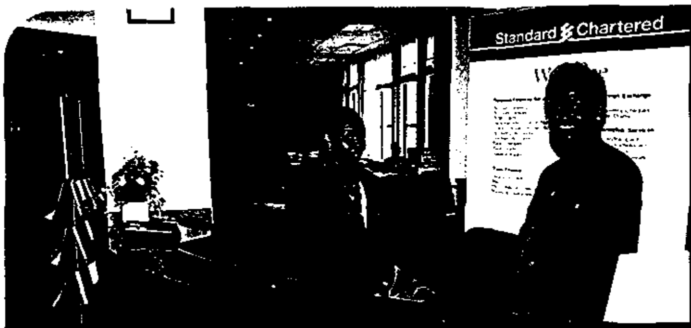
Our future is based on maintaining the confidence and trust of our customers, staff and the governments and communities in which we do business. We recognise that we have to demonstrate that we uphold the highest professional and ethical standards and that we understand and respect the cultures of the countries in which we operate.

In 1999, a difficult year for your Company, everyone who works for Standard Chartered was under great pressure to deliver acceptable results and progress the achievement of our strategic objectives. The loyalty and commitment of our staff has been truly demonstrated. 2000 will also be a challenging year, but we are passionately committed to continuing to build and strengthen the Company and to meet the high expectations of our shareholders.

Rana Talwar

Rana Talwar Group Chief Executive

23 February 2000



TANZANIA. Opened new state-of-the-art branch in Dar-Es-Salaam. An innovator in the local consumer banking market being the first bank to introduce ATMs.

SINGAPORE. Gained Qualifying Full Bank status – one of only four foreign banks to achieve this coveted award.

Consumer Banking

Consumer Banking consolidated its position as the largest of Standard Chartered's three businesses. It offers banking, credit card, consumer finance, mortgage, insurance and investment services.

Mortgages and Banking Services

Mortgage loans are a significant product for Standard Chartered. In Hong Kong our mortgage business continued to be a very strong player and we attracted 20 per cent of all new mortgages granted in Hong Kong in 1999. There was also good mortgage growth in Malaysia and Singapore.

In Hong Kong we launched an i-mortgage service which provides instant property valuations, on-line mortgage loan approval and legal services, 24 hours a day seven days a week. This will be available via the internet in March 2000 and on mobile telephones with WAP capability in April 2000.

A new development to provide e-banking services to our offshore customers is currently being piloted by our Jersey office. The initial response is very encouraging and the full launch for this service is scheduled for the first half of 2000.

During the year, there has been a steady programme to upgrade and relocate branches. In Singapore this process was given a real boost with the award of the Qualifying Full Bank licence. Branch moves were of particular significance in Malaysia and in India where approval was gained to reposition branches to towns and regions with higher growth prospects. In Taiwan, China, the United Arab Emirates and the Philippines branches were upgraded and new ones opened. In many countries there was a notable migration from conventional banking to the use of 24 hour banking services.

The Bancassurance agreements with CGU International and Prudential Asia in Hong Kong and Singapore have been successfully implemented and it is planned to extend the agreements to Malaysia in the current year. The arrangements enable Standard Chartered to sell savings and specially tailored insurance products to personal and business customers. 1999 has been a year for integrating these agreements, but we now have a solid platform on which to build.

As the largest independent distributor of retail investment funds in the Asia Pacific Region, Standard Chartered once again achieved record sales. A number of new products were launched, including personal investment plans in Taiwan, a money market fund in Hong Kong and investment deposit accounts in the Middle East. Although this business is currently small, it has good potential as the market for wealth management products, particularly in Asia, expands.

In Africa we continued to enlarge our branch network and now have 140 offices in 12 countries. This expansion included the purchase of five branches of the former Co-op Bank in Uganda, making Standard Chartered the only international bank with a national network in Uganda. We also continued our branch refurbishment programme, opening flagship branches in Ghana, Zambia and Zimbabwe. Standard Chartered is a market leader in offsite cashpoints in Kenya, Ghana and Zimbabwe.

TAIWAN. Ribbon cutting ceremony at Taichung branch opening. A perfect location, Standard Chartered's growth in Taiwan is being led by Consumer Banking.

MALAYSIA. Official opening ceremony of Johor Bahru branch – strengthening Standard Chartered's presence in southern Malaysia.

In the Middle East, a strategy was pursued to build the Consumer Banking business. A proprietary capital guaranteed fund was launched, the first in the Group, and ISO quality certifications gained for phone banking, branch and other operations and Priority Banking.

Cards

The number of cards issued by Standard Chartered grew in 1999 by over 400,000, with the total now topping three million. Cards in issue in Taiwan and India exceeded the 500,000 mark for the first time. In India, 125,000 of the new cards were a direct result of the launch of that country's first globally valid credit card.

A number of co-branded cards were launched and this represents a significant growth area. Among others, these included a new card in India, with Thomas Cook, India's largest travel company, and with Aviance, a subsidiary of Hindustan Lever, India's largest consumer goods company; in Singapore, with Esprit and Pacific Internet; in Hong Kong, with Esprit and New York Life; in Taiwan, with Sunrise; and in Malaysia, with Telekom and Malaysian Airline Systems. There are many other such ventures in the pipeline.

Standard Chartered is at the forefront of card technology and a number of new e-based card initiatives were launched during the year. Specific cards were also launched in several markets such as the ZIX card, which targeted the youth segment in Hong Kong.

Consumer Finance

Chartered Trust, in the United Kingdom, had a challenging year as competition in the market increased. However, the integration of the Autolease and Motorent acquisitions, made in 1998, proceeded well. Alliances have been formed with Warranty Holdings and Time Retail Finance for the direct marketing of personal loans, giving access to 1.5 million additional potential customers.

Corporate & Institutional Banking

Corporate & Institutional Banking has an expert knowledge of delivering cash management, custody and trade services in the emerging markets. It is uniquely placed to serve our international customers as well as local corporates and financial institutions.

As in other parts of the Group, 1999 was a year for strengthening and repositioning the product base and processes on which our customers rely. In a difficult economic environment, total revenues held up well. The focus in 1999 was to enhance the Group's sales culture and provide a customer management framework so that relationships which add shareholder value were identified and supported. This resulted in a continuation of the process to exit less profitable accounts and a focus on major international relationships. Standard Chartered now has banking relationships with over 60 per cent of companies listed in the US Fortune 100 and with over a third of the top 500 companies in Europe.

There were a number of specific achievements in Corporate & Institutional Banking during the year. The non-Swiss global trade finance business acquired from UBS was successfully integrated, substantially strengthening Standard Chartered's commodity finance and structured

UNITED ARAB EMIRATES. Opened Standard Chartered's newest branch in Jumeirah, Dubai.

ZAMBIA. Honourable Godfrey Simasiku, Deputy Minister for the Ministry of Finance at the official opening of Lusaka Main Branch.

trade finance operations. In Latin America, the business was refocused to tap the growth in trade with Asia. This resulted in a significant reduction in the customer base. In Hong Kong we were appointed receiving bank for ten of the 23 International Public Offerings (IPOs) undertaken during the year, giving us a 41 per cent market share. We also won the mandate as sub-custodian for the Hong Kong Government's tracker fund. In India, Standard Chartered was appointed as one of the clearing banks to The Stock Exchange Mumbai; the first time a foreign bank has been appointed to this position.

Cash Management

The underlying fundamentals of our cash management business are extremely strong in all the countries in which we operate. We have experienced particularly strong transaction growth in Africa and the Middle East and South Asia where we achieved growth in customer deposits in 1999 of 35 to 40 per cent. Our focus is on providing cash management solutions and on providing competitively packaged products for clients with less complex financial requirements. We continue to attract the business of leading multinationals in some of the world's most difficult countries.

Custody

In Custody, we have dominant market share in Asia which has increased over the last two years. We are extremely well positioned to benefit from the expected rebound in investment across Asia. We have an established and well tested system, with capacity to handle an upsurge in volume. We also have the competitive advantage required to protect and grow the business, evidenced by our continued leading position in external surveys.

In Japan, the world's second largest market for custody and clearing services, where we recently expanded our operations, we achieved the top rating in 1999 in a survey by Global Custodian Magazine.

Trade Finance

The roots of your Company are in trade finance and we continue to refine and strengthen the products and services we offer. During 1999 we introduced a number of new products including factoring and invoice discounting, insurance and document preparation services, where we believe we can offer unrivalled speed and experience in administration and processing.

Treasury

Our Treasury business successfully maintained its position as one of the leading foreign exchange dealers in terms of trading revenues. We are one of the few banks specialising in the emerging markets.

The strongest evidence of economic recovery was in the return of stability to Asian currency markets and the evolution of the region's debt markets. This resulted in lower foreign exchange revenues but with increased opportunities for interest rate income which partially offset the fall in revenue.

Standard Chartered upgraded its local currency bond business and was awarded the status of Approved Bond Intermediary in Singapore. This, along with being a primary dealer in our key Asian locations, reflects our strong presence and commitment to support long term growth in Asia.

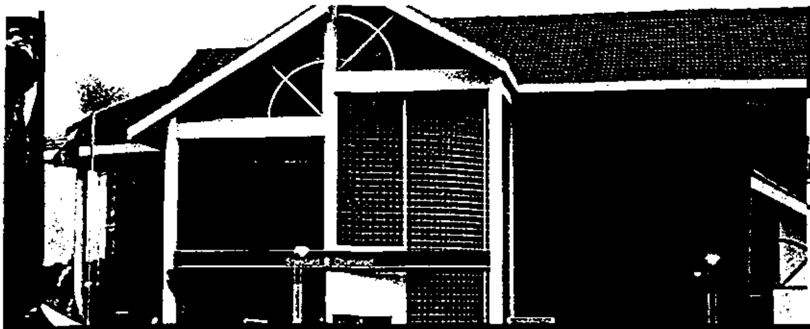
GHANA. Opened new Ring Road Central branch, situated in the centre of the *capital city Accra*

HONG KONG. Sponsored the Hong Kong Marathon in 1999, one of Asia's largest *sporting events.*

Revenue from the Group's treasuries in Africa grew substantially in response to a major marketing programme to address the changing needs of our regional customers. Our Treasury business in Africa enjoys premier positions in both foreign exchange and money market tables in Botswana, Kenya, Ghana and Zambia. *Investment in technology, to bring our African operations in line with the rest of the world, continues.*

Similarly, the treasury business in the Middle East and South Asia continued to show good revenue growth strengthening its leading position in the Gulf, in Pakistan and in Bangladesh. During 2000, key systems will be upgraded to support further business expansion.

The technology platform supporting our global treasury business was upgraded to provide greater operating flexibility and improved management information. This enhanced technology will allow us to keep our costs competitive and offer expanded services. As part of this new platform we have introduced an internet dealing service, which was launched in the first quarter of 1999 and continues to develop.



GHANA. Opened new Ring Road Central branch, situated in the centre of the capital city Accra.

HONG KONG. Sponsored the Hong Kong Marathon in 1999, one of Asia's largest sporting events.

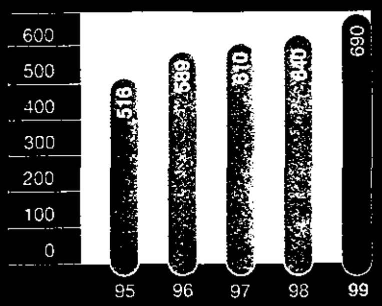
Revenue from the Group's treasuries in Africa grew substantially in response to a major marketing programme to address the changing needs of our regional customers. Our Treasury business in Africa enjoys premier positions in both foreign exchange and money market tables in Botswana, Kenya, Ghana and Zambia. *Investment in technology, to bring our African operations in line* with the rest of the world, continues.

Similarly, the treasury business in the Middle East and South Asia continued to show good revenue growth strengthening its leading position in the Gulf, in Pakistan and in Bangladesh. During 2000, key systems will be upgraded to support further business expansion.

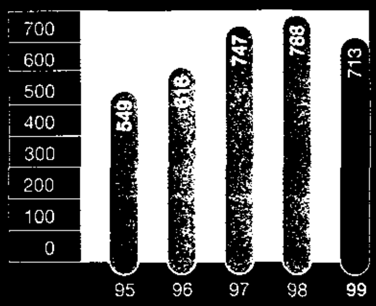
The technology platform supporting our global treasury business was upgraded to provide greater operating flexibility and improved management information. This enhanced technology will allow us to keep our costs competitive and offer expanded services. As part of this new platform we have introduced an internet dealing service, which was launched in the first quarter of 1999 and continues to develop.

A World Class Global Franchise

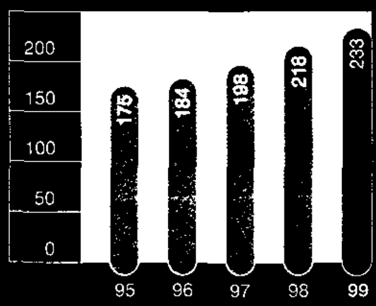
NET REVENUE
Hong Kong £million



NET REVENUE
Other Asia Pacific £million



NET REVENUE
Africa £million



Hong Kong

Net revenue: £690 million

Total assets employed: £20.3 billion

No of branches/offices: 80

Average no. of employees: 4,665

Key Achievements in 1999

- Successfully implemented Bancassurance agreements with CGU International and Prudential Asia.
- Consolidated position as leading issuer of credit cards.
- One hour i-mortgage launched.
- Increased market share in mortgages.
- Now largest independent distributor of retail investment funds in Asia Pacific region.
- Relocated to Standard Chartered Tower.

Other Asia Pacific

Net revenue: £713 million

Total assets employed: £19.0 billion

No of branches/offices: 187

Average no. of employees: 8,833

Key Achievements in 1999

- Taiwan – cards in issue topped the half million mark.
- Thailand – acquired 75 per cent and management control of Nakornthon Bank.
- Singapore – gained coveted Qualifying Full Bank licence.
- China – granted a significant RMB facility by the Bank of China.
- Taiwan and the Philippines – branch networks expanded.
- Malaysia and Singapore – approval gained to relocate branches to higher growth areas.

Africa

Net revenue: £233 million

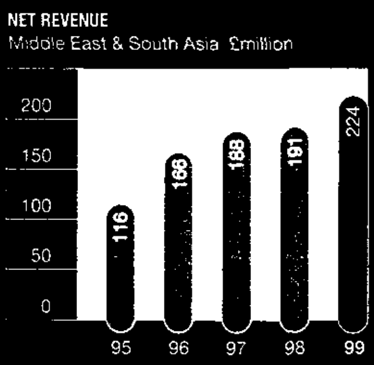
Total assets employed: £1.9 billion

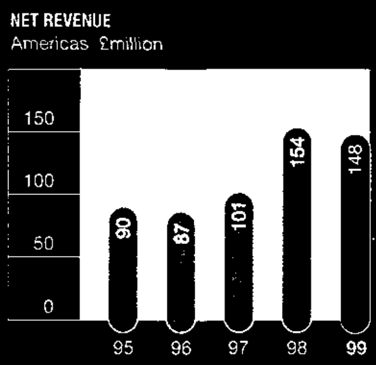
No of branches/offices: 140

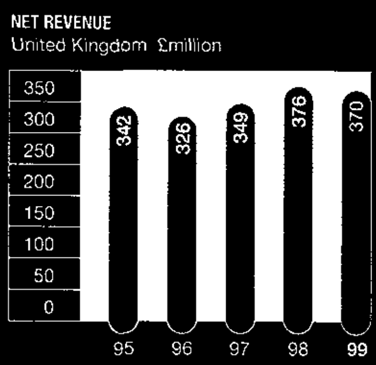
Average no. of employees: 5,559

Key Achievements in 1999

- Nigeria – re-established presence and opened branch.
- Uganda, Ghana and Tanzania – expanded branch networks.
- Botswana, Kenya, Ghana and Zambia – consolidated position as premier supplier of foreign exchange and money market services.
- Kenya, Ghana and Zimbabwe – market leader in offsite cash points.
- Treasury research and several other treasury services provided in main African markets.







Middle East & South Asia

Net revenue: £224 million

Total assets employed: £4.3 billion

No of branches/offices: 56

Average no. of employees: 3,903

Key Achievements in 1999

- India – significant restructuring accomplished.
- India – several branches relocated to high growth areas.
- India – cards in issue exceeded the half million mark for first time.
- Pakistan, Bahrain, Qatar and Bangladesh – range of cash management products expanded.
- Lebanon – Metropolitan Bank acquired.

Americas

Net revenue: £148 million

Total assets employed: £7.6 billion

No of branches/offices: 19

Average no. of employees: 986

Key Achievements in 1999

- Leading foreign US dollar clearer in New York, following non-Swiss UBS trade finance acquisition.
- Acquired structured trade finance portfolio from Canadian Imperial Bank of Commerce.
- Banker to over 60 per cent of companies in US Fortune 100.
- Positioned in Latin America to take advantage of increasing trade flows with Asia.
- Extended range of Treasury products in several Latin American markets.

United Kingdom

Net revenue: £370 million

Total assets employed: £13.9 billion

No of branches/offices: 90

Average no. of employees: 3,437

Key Achievements in 1999

- One billion pounds of capital raised.
- Acquired non-Swiss global trade finance business of UBS.
- Year 2000 issue managed successfully worldwide.
- Chartered Trust – Autolease and Motorent successfully integrated.
- Jersey – internet banking products for off-shore customers piloted.
- Successfully introduced Euro clearing services.

Summary of performance in 1999

The Group's profit before provisions was £1,002 million, compared with £1,139 million in 1998. The net charge for bad and doubtful debts was £495 million, an increase of £59 million compared with last year. After provisions, pre-taxation profit in 1999 was £507 million; in 1998 it was £703 million.

Net revenue was marginally higher than in 1998 at £2,378 million despite a fall, as expected, of more than 40 per cent in dealing profits and exchange following the exceptional conditions in 1998. The increase in net interest income of seven per cent follows a nine per cent increase in average interest earning assets to £48.0 billion during the year. The overall net interest margin narrowed from 3.5 per cent in 1998 to 3.4 per cent in 1999. Interest spread widened from 2.7 per cent last year to 2.8 per cent in 1999.

At £1,376 million, operating expenses were 12 per cent higher than in 1998. This higher level of costs was signalled at the beginning of the year and was a consequence of the operating costs and goodwill amortisation on acquisitions made during 1998 and the current year. There were also some significant one-off costs: we extended the voluntary redundancy scheme in India, moved into new premises in Hong Kong, continued to work on growth initiatives and expanded branch networks. Excluding these, cost growth was seven per cent compared to 1998.

Over 70 per cent of the £495 million provisions for bad and doubtful debts arose in Corporate & Institutional Banking, the remainder in Consumer Banking. This charge was after recoveries of £127 million, mainly in South East Asia, up £49 million on 1998. At the end of 1999 total non-performing loans after provisions and suspended interest amounted to £1,526 million. This included £533 million of net non-performing loans in Standard Chartered Nakornthon Bank (SCNB), which was acquired in September 1999. These loans are subject to a guarantee and loss sharing arrangement under a Loan Management Agreement with the Financial Institutions Development Fund, a Thai Government agency. The provisions cover ratio on the non-performing loan portfolio other than SCNB was 54 per cent compared to 56 per cent in 1998.

The balance sheet grew by 13 per cent to £54.1 billion, the result of a 15 per cent increase in the mortgage book and a 20 per cent increase in loans and advances to banks. This was largely funded by a 16 per cent growth in customer deposits and reflected an increase in short term liquidity in the run-up to Year 2000.

Business Performance

Consumer Banking had another excellent year with profit before provisions of £540 million, an increase of 12 per cent on 1998. Net revenue grew by 17 per cent with over half of this increase in Hong Kong. Singapore, Taiwan and Chartered Trust in the UK, also made significant contributions. Revenue from mortgages increased by 60 per cent compared to 1998 and from credit cards by 30 per cent. Much of this growth was concentrated in Hong Kong where, despite stiff competition, our share of the mortgage market increased from 11.4 per cent to 12.4 per cent and the successful launch of co-branded cards increased the total number of Standard Chartered cards in issue to over 1.1 million. We continue to view Consumer Banking as the Group's major growth engine and it was the focus of much of our investment during 1999. The branch network has been strengthened through acquisition, expansion and repositioning; we have enlarged our product offering and continue to develop the channels through which we sell. This investment increased costs in 1999. The net debt charge, at £141 million, is 18 per cent higher than in 1998, made up of new provisions of £196 million and recoveries of £55 million.

At £348 million, profit before provisions in Corporate & Institutional Banking was 10 per cent lower than in 1998. Approximately 55 per cent of revenues were earned outside of Asia compared to 38 per cent last year. The non-Swiss global trade finance and US dollar clearing businesses that were acquired from UBS in April were integrated successfully. The low levels of economic activity meant that trade volumes fell in most regions compared to 1998, but margins improved. The net charge for debts of £355 million was 50 per cent higher than last year. New provisions in South East Asia fell substantially. In North East Asia economic recovery has been slower. This, together with the effect of structural reforms in China, is reflected in higher provisions, particularly against exposure to Chinese enterprises. We now see encouraging signs of economic recovery throughout the region and are confident that this will be reflected in our future results.

Treasury's profit before provisions was £196 million, 44 per cent lower than 1998. As expected, the exceptional performance in volatile markets in 1998 was not repeated in 1999, and income from foreign exchange dealing was down 44 per cent. As the Asian economies stabilised and spreads narrowed, foreign exchange revenues reached a relatively constant level throughout the year. In contrast, revenues from asset and liability management increased by 18 per cent compared with 1998. Efforts to develop new customer relationships, particularly in the Institutional sector, were successful. We extended our trading range of emerging markets currencies and continued to broaden the portfolio of products and services we offer customers. As an example, an on-line dealing service was launched recently in Singapore.

Geographical Performance

Hong Kong's profit before provisions was £374 million, eight per cent above 1998. Net interest income grew by 16 per cent to £529 million driven by our mortgage and credit card businesses. Average Prime/HIBOR spreads widened to 2.9 per cent resulting in an overall net interest margin of 3.0 per cent compared to 2.9 per cent in 1998. This, together with a 14 per cent increase in the portfolio meant mortgage revenues increased by 40 per cent. Effective marketing brought a 10 per cent growth in the number of cards in issue which, combined with lower funding costs, resulted in revenue growth of nearly 30 per cent. The economic difficulties in Hong Kong took effect later than in many of the South East Asian countries and, as a consequence, signs of recovery have only been seen towards the end of 1999. The results reflect weakness in parts of the loan portfolio, particularly in relation to exposure to Chinese enterprises, and the charge for bad debts almost doubled in 1999. Current indications are that the trend has now reversed and we expect the quality of the book to improve in the coming year.

Profit before taxation in Other Asia Pacific countries was £144 million, 30 per cent lower than in 1998. This fall was largely the result of the expected reduction in revenue from dealing profits and foreign exchange, which fell by more than 50 per cent, principally in Singapore, Thailand and Indonesia. The non-performing loan portfolio continued to hold back the region's results and the net charge for bad debts was £188 million compared to £252 million in 1998. Recoveries were significantly higher in Singapore, Malaysia, Thailand and Indonesia. New provisions were 11 per cent lower than in 1998 and related largely to China.

Africa grew its profit before taxation by six per cent to £105 million. Net revenue benefited from higher interest and fees as volumes grew. The Group continued to invest in its African business leading to a £12 million increase in costs over 1998 mostly related to new systems in Botswana, Ghana and Zimbabwe. Expansion into Nigeria and acquisitions in Uganda demonstrate the Group's continued commitment to the region.

The profit before provisions of £81 million in the Middle East and South Asia was 23 per cent higher than 1998. Trade volumes increased in the UAE and higher fees contributed to an overall 14 per cent increase in revenue. Excluding costs incurred in respect of the voluntary redundancy scheme in India, underlying cost growth was 10 per cent. The good performance in this region was undermined by a sharply higher debt charge largely arising from one relationship.

In the Americas, profit before provisions was £45 million, 29 per cent below 1998. At £23 million, revenue from dealing profits was down 42 per cent reflecting reduced volume and volatility in the Asian currencies. Our US dollar clearing business and trade capability has been enhanced through acquisition. However, acquisition and integration costs resulted in a 13 per cent increase in operating expenses over 1998. New debt provisions in Latin America were higher, but were offset by recoveries in North America. Overall, the profit before taxation for 1999 was £29 million.

Profit before taxation in the UK & Group Head Office was £22 million, 58 per cent lower than 1998. Net revenues at £370 million were two per cent lower and a £16 million increase in net interest income was offset by lower dealing profits. Net interest income benefited from a strong performance in Chartered Trust's vehicle leasing business, although this was partly offset by higher dealer commissions. Revenue from dealing profits and foreign exchange almost halved as spreads reduced and volumes fell. Year 2000 costs of £60 million were incurred by the Group and reported as a Head Office cost. Amortisation of purchased goodwill is also reported as a Head Office cost and this was £15 million higher in 1999 than in 1998. The net charge for debts at £37 million was 16 per cent lower than in 1998.

Financial Information

Capital structure

The Group's policy is to maintain a conservative balance sheet and strong capital base. We are supervised by the Financial Services Authority and are required to maintain a minimum capital ratio, the risk asset ratio, expressed in terms of the ratio of capital to the risk weighted value of assets and contingent liabilities. The Group's total capital ratio at 31 December 1999 was 14.8 per cent and the Tier 1 ratio was 8.6 per cent, both well above the internationally agreed minimum requirements of eight per cent and four per cent respectively.

The Group manages its capital resources and their allocation centrally and funds move between the different parts of the Group to ensure each country maintains required levels of capital and prudent levels of liquidity at all times. In most countries, deposits are placed with central banks or held to satisfy other liquidity requirements, generally based on the size of local currency deposits. In addition, local capital requirements can apply to both subsidiaries and branches. The Group does not consider that these local regulatory requirements have material consequences for its activities.

Asset and liability management

Responsibility for asset and liability management policies lies with the Group Asset and Liability Committee (GALCO) whose members are the Group's executive directors. The Committee oversees the management of the Group's capital, the size and composition of the Group's balance sheet, market risk and liquidity. Each country has an Asset and Liability Committee chaired by the local Chief Executive, operating within guidelines set by GALCO.

Hedging policies

The Group does not generally hedge the value of its foreign currency denominated investments in subsidiaries and branches. Hedges may be taken where there is a risk of a significant exchange rate movement but, in general, it is the Board's view that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation. The effect of exchange rate movements on the risk asset ratio is mitigated by the fact that both the value of these investments and the risk weighted value of assets and contingent liabilities follow substantially the same rate movements.

Liquidity and Group funding mix

Liquidity management is directed towards ensuring that all Group operations can meet their funding needs, whether this is to replace existing funding as it matures, or is withdrawn, or is to satisfy the demands of customers for additional borrowings.

The concentration of funding requirements at any one date or from any one source is managed continuously. A substantial proportion of the Group's deposit base is made up of current and savings accounts and other short-term customer deposits. Lending is normally funded by liabilities in the same currency; if other currencies are used the foreign exchange risk is hedged.

Risk management

There is a comprehensive risk management organisation reporting to an executive director. The Group has a co-ordinated approach to all aspects of risk which has been reinforced by the creation, from the beginning of 2000, of a Group Risk Committee at executive director level, responsible for risk management covering market, credit and operational risk.

Market risk management

All businesses in the Group operate within market risk management policies that have, to date, been set by GALCO. Responsibility for setting such policies will pass to Group Risk Committee in 2000. GALCO will retain its responsibility for balance sheet management. Limits have been set to control the Group's exposure to movements in interest and exchange rates and to movements in prices and volatilities arising from trading, lending, deposit taking and investment decisions. These exposures are controlled at each business location by product type, using delegated limits.

Value at risk

The Group measures the risk of losses arising as a result of potential adverse movements in interest and exchange rates, prices and volatilities using a Value at Risk (VAR) system, which is described in more detail in note 50 to the accounts.

The overall VAR for the market risks in the Group's Trading Book as at 31 December 1999 was estimated at £2.4 million of which £1.6 million arose from interest rate risk and £0.8 million from exchange rate risk. The Group has no significant trading exposure to equity or commodity price risk. No offsets are allowed between exchange rate and interest rate exposures when VAR limits are set. The end-year figure was unusually low as positions were reduced to protect against possible losses from Y2K market disturbances. The average VAR for the Group during the year was £4.2 million with the highest exposure reaching £6.0 million.

In addition to the close supervision of trading activities by senior management, there are limits on the size of positions and concentrations of instruments as well as stress testing of certain product groups and currencies. The Group regularly stress tests its main currency portfolios to identify any exposure to low-probability events that may not be highlighted by VAR measures.

Credit risk management

Policies and procedures for managing credit risk are determined by a Group Credit Policy Committee comprised of executive directors and the Head of Group Risk Management. The functions of this committee will henceforth be absorbed into the Group Risk Committee. The Group Credit Policy Committee defines the procedures and limits for accepting credit risk. These are supplemented at local level by underwriting standards and product programmes adapted to different risk environments and business goals. Cross border exposure to individual countries is controlled by grading countries according to the Group's analysis of country risk. Regular reports on country exposures are considered by a Country Risk Exposure Committee which also comprises executive directors and senior management.

Operational risk management

Operational risks are managed within a policy framework set by the directors. This framework, first introduced six years ago was further strengthened in 1999 when the Board approved a number of changes to the risk identification and risk management process. The first phase of these changes is now in place.

The revised Policy sets minimum standards and requires business units to identify and address potential and actual operational risks on a continuing basis and to resolve all issues as expeditiously as possible. The Group Executive Director, Risk, and selected members of the senior management team, receive a monthly report of all critical operational risk issues. A summary report is presented periodically to the Audit and Risk Committee.

The Group Operational Risk department is primarily responsible for ensuring policies encompass all operational risk exposures and that best practice is migrated across the Group. Group Operational Risk is also charged with ensuring that the operational risks inherent within all new major projects and initiatives are fully assessed.

Despite volatility in operational activity and the additional work associated with the Millennium transition, businesses have managed their operational risk exposures well. The Group's control environment is strong, and the frequency of significant fraud incidents reported due to operational risk failure has remained stable during the period of the report. This has resulted in the containment of operational losses.

The Group is monitoring the matters raised in the recent discussion papers issued by Basle and the European Union. These include proposals that regulatory capital be held for operational risk. The implementation of operational risk policy is subject to regular audit and underpins corporate governance.

Derivatives

Derivatives are contracts whose characteristics and value derive from underlying financial instruments, interest and exchange rates or indices. They include futures, forwards, swaps and options transactions in the foreign exchange and interest rate markets. Derivatives are an important risk management tool for banks and their customers because they can be used to manage the risk of price, interest rate and exchange rate movements.

The Group enters into derivative contracts in the normal course of business to meet customer requirements and to manage its own exposure to fluctuations in interest and exchange rates. Only offices with sufficient product expertise and appropriate control systems are authorised to undertake transactions in derivative products.

The credit risk arising from a derivative contract is calculated by taking the cost of replacing the contract, where its mark-to-market value is positive, together with an estimate for the potential future change in the value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value. The credit risk on derivatives is therefore usually small relative to their notional principal values. For an analysis of derivative contracts see notes 45 and 46 to the accounts.

The Group applies a loan equivalent risk methodology to manage counterparty credit exposure associated with derivative transactions. As at 31 December 1999 there were no significant concentrations of individual counterparties, or of groups of closely related counterparties, or countries.

Year 2000

During the past three years the Group has made comprehensive preparations for the Millennium transition to avoid any problems to systems, processes or infrastructure that might have been caused by the date change. These were successful and enabled us to continue our usual high standard of service to our customers, without interruption, into the year 2000.

Costs incurred in achieving Year 2000 compliance for the Group have been quantified and our normal accounting policies apply. As a result, the majority of the expenditure has been expensed whilst a small proportion representing investment in new equipment has been capitalised. The total expenditure to 31 December 1999 was £163 million. Of this, £9 million was expensed in 1997, £76 million in 1998, and £60 million in 1999 with £18 million being capitalised.

The expenditure has also resulted in improvements across the Group to our technology infrastructure, business systems and contingency plans.

Our business units will maintain the Group's vigilance throughout the coming year.

***Standard Chartered has responsibilities to those who work for* the Group, to its shareholders, to its customers and to those countries and communities in which it operates and to the wider environment. In 1999 Standard Chartered spent over £1.7 million on its community support programmes focusing on youth and giving priority to those projects which support health and education. This programme targets countries, mainly in Asia, Africa and the Middle East, from which Standard Chartered derives its profits.**

Standard Chartered's community and environmental projects in 1999 included:

Bahrain

- Support for the London-Bahrain Archeological Expedition. One of the Gulf's most exciting archeological finds, Saar is the only complete town to be found from the Dilmun period circa 1700 BC.
- Support for the British Chevening Scholarships and Award Scheme to enable overseas students to study in the United Kingdom. Aimed at potential future leaders, since its inception in 1984 the scheme has assisted more than 150 Bahrainis.

Bangladesh

- The Young Learners' Centre which was set up in *collaboration with the British Council inside its libraries in Dhaka* and Chittagong.

Cambodia

- Support for building a shelter, run by World Vision, for exploited children, many of whom are HIV positive.

Ghana

- A donation of a fully equipped air-conditioned ambulance to the Komfo Anokye Regional Hospital in Kumasi.
- Working with the Rotary Club of Accra on a polio eradication project.
- A contribution towards the Burkitts Lymphoma Tumour Project and medical equipment to the Kintampo Hospital in the Brong Ahafo Region.
- Support for the Ghana Wildlife Society for the protection of breeding grounds of marine turtles on the eastern coast of Ghana.

Hong Kong

- A contribution to the University of Hong Kong to re-equip and expand the University's hearing centre.
- *With the help of staff and customers, to raising more than* HK$1.2 million in total for ORBIS. Also funded the ORBIS Kid's Sight Programme to bring sight to children of China.
- Support for the Children's Heart Fund – enabling children with congenital heart defects to have an operation.
- The planting of about 10,000 trees on about two hectares of woodland.

India

- A contribution towards the education of underprivileged children in Mumbai.

Indonesia

- A contribution towards the Schoolhouse Project at Kelurahan Kapuk Kamal district.

Kenya

- Staff raising funds to help famine victims. While servicing the Famine Response Fund Account held with the Bank all costs were waived that would normally be incurred.

Malaysia

- Sponsorship of the Leaders of Tomorrow programme where a selected group of high school students are sent on a leadership course at a summer camp.
- The award of three scholarships to Malaysian students at the London School of Economics.
- A donation to the Tanah Merah Education Foundation which educates needy children.

Pakistan

- Support for the Kidney Centre hospital in Karachi.

Philippines

- A contribution towards the Chevening Scholarship Programme allowing young professionals to study in the United Kingdom.
- Support for environmental rehabilitation of Maqueda Bay, a depleted fishing ground in Catbalogan where marine life had been damaged, over fished and vital mangroves had been cut down.

Singapore

- As part of the 140th anniversary celebrations, a "Walk for Charity". Through a matched donation from the Bank – three local charities – the Home Nursing Foundation, Dover Park Hospice and the Kidney Dialysis Foundation benefited.

Tanzania

- A climb by eight staff members to the top of Mount Kilimanjaro which raised money for two Tanzanian Charities – the Equal Opportunities For All Trust Fund and a charity which focuses on HIV/Aids awareness.

Thailand

- A contribution towards the King's "Chaipattana Foundation", an organisation that manages royal initiatives emphasising environmental.quality development and improvement in tandem with economic and social development.

United Arab Emirates

- Support for a special therapy project for children attending the Rashid Paediatric Therapy Centre.

Vietnam

- Through shared funding arrangements, a contribution to the Chevening Scholarships scheme, which enables deserving candidates to study in the United Kingdom.
- Support for the SOS Children's Village and for flood victims in the central provinces of Vietnam.

Zimbabwe

- Sponsorship of the "Business in Schools" competition. A partnership with the Institute of Chartered Accountants of Zimbabwe, to develop business critical skills in secondary schools.

Sir Patrick John Gillam Chairman

Appointed to the Board on 1 August 1988 and became Chairman on 6 May 1993. He is Chairman of Royal & Sun Alliance Insurance Group plc. Age 66.

The Rt Hon Lord Stewartby RD* Deputy Chairman

Appointed to the Board on 1 January 1990. He is Chairman of The Throgmorton Trust PLC, Deputy Chairman of Amlin plc and a non-executive director of other companies. He was formerly a member of the Financial Services Authority. Age 64.

Gurvirendra Singh Talwar Group Chief Executive

Appointed to the Board on 22 April 1997 and became Group Chief Executive on 1 October 1998. He is a governor of The London Business School and Indian School of Business. Age 51.

Christopher Norman Anthony Castleman

Appointed to the Board on 1 December 1991. He is responsible for major client relationships, Africa, the Middle East and South Asia and for certain key strategic projects. Age 58.

Evan Mervyn Davies

Appointed to the Board on 16 December 1997. He is responsible for corporate governance in Hong Kong, China, Japan, South Korea and Taiwan and information technology. He is based in Hong Kong. Age 47.

Fred Clark Enlow

Appointed to the Board on 1 July 1998. He is responsible for Consumer Banking. He is based in Singapore. Age 59.

Michael James Green

Appointed to the Board on 26 June 1996. He will stand down from the Board on 11 May 2000. He has been responsible for information technology and Year 2000 compliance. Age 53.

Christopher Avedis Keljik

Appointed to the Board on 7 May 1999. He is responsible for risk management, audit, special asset management and external affairs. Age 51.

Peter Nigel Kenny

Appointed to the Board on 7 October 1999. He was appointed as successor to Peter Wood with responsibility for finance and for corporate governance in Europe. Age 51.

David George Moir CBE

Appointed to the Board on 1 January 1993. He has been responsible for corporate governance in South East Asia and Australia and for the integration of the acquisition in Thailand. He is based in Singapore. He will be retiring as an executive director on 18 March 2000, but will remain as a non-executive director. Age 59.

Kaikhushru Shiavax Nargolwala

Appointed to the Board on 7 May 1999. He is responsible for Corporate & Institutional Banking and Treasury worldwide and corporate governance in Latin America and the United States. He is based in Singapore. Age 49.

Peter Anthony Wood

Appointed to the Board on 1 May 1993. He will stand down from the Board on 24 February 2000. He has been responsible for finance and Treasury, and for corporate governance in Europe. Age 57.

Ronnie ChiChung Chan*

Appointed to the Board on 5 May 1994. He is Chairman of Hang Lung Development Company Ltd and a founding director of the Morningside/Springfield Group. He is based in Hong Kong. Age 50.

Sir CK Chow*

Appointed to the Board on 24 February 1997. He is Chief Executive of GKN plc. Age 49.

Ho KwonPing*

Appointed to the Board on 22 October 1996. He is President of the Wah-Chang Group and Chairman of Singapore Power Ltd. He is based in Singapore. Age 47.

Keith Ashley Victor Mackrell*

Appointed to the Board on 1 October 1991. He is Chairman of Enterprise LSE and a non-executive director of a number of other companies, including BG plc and Regalian Properties PLC. Age 67.

Hugh Edward Norton*

Appointed to the Board on 7 August 1995. He is a non-executive director of Inchcape plc and LASMO plc. Age 63.

Sir Ralph Harry Robins*

Appointed to the Board on 1 October 1988. He is executive Chairman of Rolls-Royce plc and non-executive Chairman of Cable and Wireless plc. He is a non-executive director of Schroders plc and Marks & Spencer plc. Age 67.

Anthony William Paul Stenham*

Appointed to the Board on 1 October 1991. He is Chairman of TeleWest Commúnications plc and a non-executive director of The Rank Organisation Plc. Age 68.

*Independent non-executive director

Audit and Risk Committee

Lord Stewartby (Chairman)
Sir CK Chow
Keith Mackrell
Hugh Norton
Sir Ralph Robins

Board Remuneration Committee

Cob Stenham (Chairman)
Keith Mackrell
Hugh Norton
Sir Ralph Robins
Lord Stewartby

The Board Remuneration Committee acts as the Board's Nomination Committee.

Report of the Directors

The directors have pleasure in submitting their report and the accounts of the Company and its subsidiaries for the year ended 31 December 1999.

Activities

The Company is a holding company co-ordinating the activities of its subsidiary undertakings which are principally engaged in the business of banking and the provision of other financial services.

The Chairman's Statement on pages 2 and 3 and the Group Chief Executive's Review on pages 10 to 13 contain a review of the business of the Group during 1999, of recent events and of likely future developments.

Results

The results for the year are set out in the consolidated profit and loss account on page 42.

Share Capital

On 15 March 1999 a placing of 49,000,000 ordinary shares for cash was made to institutional investors. Details of the placing are set out in note 35 to the accounts.

On 28 May 1999 6,512,896 ordinary shares were issued instead of the 1998 final dividend. On 15 October 1999 686,046 ordinary shares were issued instead of the 1999 interim dividend.

During the year, 4,393,415 ordinary shares were issued under the Company's share option schemes at prices from 89.875 pence to 808.5 pence.

Dividends

The directors recommend the payment of a final dividend of 16.1 pence per ordinary share to be paid on 26 May 2000 to shareholders on the register on 10 March 2000. The interim dividend of 6.75 pence per ordinary share was paid on 15 October 1999, making a total of 22.85 pence for the year.

Ordinary shareholders will again be offered the choice of taking shares instead of cash for all or part of their dividend.

Substantial Shareholdings

As at 22 February 2000, the Company had been notified of the following interests of 3 per cent or more in its issued ordinary share capital.

Shareholder	Number of ordinary shares	Percentage of issued ordinary share capital
Tan Sri Khoo Teck Puat	155,427,441	14.65
Prudential Corporation plc	54,467,475	5.13

Loan Capital

Details of the loan capital of the Company and its subsidiaries are set out in note 34 to the accounts.

Fixed Assets

Details of the fixed assets of the Company are set out in note 23 to the accounts. Details of the fixed assets of the Group are set out in notes 24 and 25 to the accounts.

Directors

The directors of the Company at the date of this report are listed on pages 28 and 29.

All of the directors, except for Mr C A Keljik, Mr P N Kenny and Mr K S Nargolwala, held office throughout the year. Mr Keljik and Mr Nargolwala were appointed as executive directors on 7 May 1999. Mr Kenny was appointed as an executive director on 7 October 1999. Mr R J Olsen resigned as a non-executive director on 6 May 1999.

Mr Keljik, Mr Kenny and Mr Nargolwala, who were appointed as directors since the last Annual General Meeting (AGM), will offer themselves for re-election at this year's AGM.

Sir CK Chow, Sir Patrick Gillam, Mr Ho KwonPing and Mr D G Moir retire from office by rotation and will offer themselves for re-election at this year's AGM, in accordance with the Company's articles of association.

Sir Patrick Gillam has a service contract with a notice period of 12 months. Mr Moir will retire as an executive director on 18 March 2000 but will continue as a non-executive director. As a non-executive director Mr Moir will not have a service contract. Sir CK Chow and Mr Ho KwonPing are non executive directors and do not have service contracts.

Directors' Interests

The directors' beneficial interests in the ordinary shares of the Company as at 31 December 1999 are shown in the remuneration report on pages 34 to 39.

Employees

The Group employs some 28,200 staff in 51 countries. The average number of people employed by the Group in the United Kingdom during the year was 3,191 and their total remuneration for the year was £137 million. Employees in all the territories where the Group operates have the opportunity to participate in the Group's sharesave schemes. This encourages their contribution to the Group's performance. Further details of the schemes are given in note 35 to the accounts.

The employment policies of the Group are designed to meet the relevant social, statutory and market conditions and practices in each country where the Group operates. The Group communicates systematically with its employees on a wide range of issues. This is done by briefings to managers who are encouraged to hold subsequent meetings with staff and by circulars, publications and videos.

The Group recognises its social and statutory duty to employ disabled people and has followed a policy in the United Kingdom of providing, wherever possible, the same employment opportunities for disabled people as for others. If employees become disabled every effort is made to ensure their employment continues, with appropriate training where necessary.

Areas of Operation

The Group has over 570 offices, as shown on pages 86 and 87.

Creditor Payment Policy

Operating businesses are responsible for agreeing the terms and conditions with their suppliers in the economies where they conduct business. It is the Group's policy to pay creditors when the amounts fall due for payment.

Standard Chartered PLC is a holding company and does not trade. Therefore, it is not considered meaningful to give a number of days' purchases outstanding at 31 December 1999. For Standard Chartered Group's operations in the United Kingdom, there were 28 days' purchases outstanding at 31 December 1999.

Community Investment

The Group recognises its responsibility to invest in the communities where it operates and to act as a good corporate citizen. In 1999, the Group gave £1.7 million to fund work of non-governmental organisations (of which £0.2 million was given to United Kingdom registered charities, focusing on supporting their work outside the United Kingdom). Further details of community investments can be found on pages 26 and 27.

Environmental Policy

The Group recognises that it should minimise any adverse impact of the conduct of business on the environment. It therefore aims to manage its businesses according to best practice with regard to the use of energy and other resources and by disposing of waste responsibly; by encouraging its customers to ensure that their products, processes and businesses do not damage the environment unnecessarily; and by taking environmental considerations into account in business decisions.

A copy of the Group's environmental report is available to shareholders on request.

Corporate Governance

A report on corporate governance is included on pages 32 and 33.

Auditors

A resolution will be proposed at the AGM to reappoint KPMG Audit Plc as auditors of the Company.

Annual General Meeting

The AGM of the Company will be held at 12 noon on Thursday 11 May 2000 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB. The Notice of Meeting and details of the business to be transacted are contained in the circular sent to shareholders with this Annual Report.

By order of the Board

M H Hayman Group Secretary

23 February 2000

Corporate Governance

Corporate governance deals with the way companies are led and managed, the role of the board of directors and a framework of internal controls. This report has been prepared in accordance with the Principles of Good Governance and Code of Best Practice (the Combined Code) issued by the London Stock Exchange. It explains how the Company has applied these principles.

The Board of Standard Chartered PLC is committed to proper standards of corporate governance. The directors confirm that the Company has complied with the provisions of the Combined Code and has done so throughout the financial year with the exception of the reappointment of non-executive directors for specific terms, which are currently under review. The Company has adopted the transitional approach for the internal control aspects of the Combined Code referred to later in this report.

Directors

The full Board meets regularly, at least eight times a year, and has a formal schedule of matters reserved for it. Two meetings a year are usually held in countries outside the United Kingdom where the Group operates. The directors use these overseas visits to meet staff, corporate customers and government officials.

The directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

The directors have a range of skills and experience and each brings an independent judgement and considerable knowledge to the Board's discussions. On appointment, each director receives information about the Group and is advised of the legal, regulatory and other obligations of a director of a listed company. Directors may take independent professional advice at the Company's expense, in appropriate circumstances. All of the directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. The removal of the Company Secretary would be a matter for the whole Board.

The roles of Chairman and Group Chief Executive are separate. The Board is made up of eleven executive directors and eight non-executive directors. Lord Stewartby is the senior non-executive director and the Deputy Chairman of the Board. The Board considers that all of the non-executive directors are independent.

All directors are subject to periodic reappointment in accordance with the Company's articles of association. All non-executive directors are initially appointed for a specific term.

The Board has appointed two committees of non-executive directors with specific delegated authorities; the Remuneration Committee and the Audit and Risk Committee.

Directors' Remuneration

The Remuneration Committee determines the pay and benefits of the executive directors, including the Chairman. It consists exclusively of non-executive directors. The remuneration of all directors is subject to regular monitoring to ensure that levels of remuneration and compensation are appropriate.

The Remuneration Committee also acts as the Board's Nomination Committee to consider the appointment of new directors, before seeking the final approval of the whole Board.

A statement of the Company's remuneration policy for directors is included in the report on directors' remuneration on pages 34 to 39.

Accountability and Audit

The Audit and Risk Committee is chaired by Lord Stewartby and comprises four other non-executive directors. The Committee receives reports on the findings of internal and external audits and on action taken in response to these. It meets with the Group's auditors when appropriate and reviews the scope, findings and cost effectiveness of the audit and the independence and objectivity of the external auditors. It also considers changes to the Group's accounting policies and examines the annual and interim financial statements before the Board approves them. Ultimate responsibility for the approval of the annual and interim financial statements rests with the Board. In addition, the Committee regularly reviews and reports to the Board on the effectiveness of the Group's system of internal control and risk management processes.

Going Concern

The Board confirms that it is satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements.

Internal Controls

The Combined Code introduced a new requirement that the directors should, at least annually, review the effectiveness of the Group's system of internal controls and report to the shareholders that they have done so. This review should cover all controls, including financial, operational, compliance and risk management. In September 1999 the Internal Control Working Party published its formal guidance on the review of internal controls.

The Board attaches great importance to maintaining a strong control environment and the Group's system of internal controls includes the assessment of non-financial risks and controls. The Board has reviewed the Group's internal control policies and procedures and is satisfied that appropriate procedures are in place to implement the guidance referred to above. In reporting on the Group's internal controls for the year ended 31 December 1999 and up to the date of approval of the Annual Report and Accounts, the Board has applied the transitional provisions of the Combined Code and has continued to follow the guidance on internal controls and financial reporting issued by the Rutteman Working Group in December 1994.

The directors will report on the review of all internal controls as required by the Combined Code in the 2000 Annual Report.

The Board has a collective responsibility for the establishment and maintenance of a system of internal control that provides reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. However, it recognises that any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group's system of internal control is monitored regularly by the Board, its Committees, Group management and Group Audit. The work of Group Audit includes an assessment of the risks and controls in each operating unit and its findings are reported to senior management responsible for the area audited. The findings of all adverse audits are reported to the Group Chief Executive and require immediate action. Group Audit also reports regularly to the Chairman and to the Audit and Risk Committee.

The Audit and Risk Committee reviewed the effectiveness of the Group's systems of internal financial controls during the year ended 31 December 1999 and reported on its review to the Board. The Committee also reviewed the recommendations of the executive risk committee for provisions against bad or doubtful loans and other credit exposures. The Committee was satisfied with these reviews.

Risk management is essential to the Group's business. The Group's Operating & Financial Review on pages 20 to 25 describes the Group's co-ordinated risk management structure. This ensures that there are written policies and procedures to identify and manage risk including operational risk, balance sheet management, market and credit risk. Executive risk committees regularly review the Group's risk profiles.

The Group's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The Board has established a management structure which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

The business performance of the Group is reported regularly to its management and the Board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are applied consistently. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. These controls also include the segregation of duties, the regular reconciliation of accounts and the valuation of assets and positions. An annual self-certification process reinforces these controls.

The Board has approved a Group Code of Conduct which sets out the Group's core values relating to the lawful and ethical conduct of business. All employees have a copy of this Code of Conduct and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates. This forms part of a Group compliance structure which sets policies and standards for compliance with rules, regulations and the Code.

Relations with Shareholders

The Board recognises the importance of good communications with all shareholders. There is regular dialogue with institutional shareholders and general presentations are made when the financial results are announced. The AGM is used as an opportunity to communicate with all shareholders.

The Combined Code requires companies to post the notice of the AGM to shareholders at least 20 working days before the date of the meeting. The Company aims to achieve this and will always give shareholders the 21 days' notice required by the Companies Act. Separate resolutions are proposed for each substantially separate issue. The Company displays the proxy voting results on each resolution at the conclusion of the AGM.

Report on Directors' Remuneration

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

The Board Remuneration Committee (the Committee), is made up exclusively of non-executive directors. The members of the Committee are Mr A W P Stenham (Committee Chairman), Lord Stewartby, Mr K A V Mackrell, Mr H E Norton and Sir Ralph Robins.

The Committee has specific terms of reference and meets at least three times a year. It considers and recommends to the Board, the Group's remuneration policy for the Group Chairman, Group Chief Executive and all other executive directors.

Remuneration Policy

The Group's remuneration policy is to:

- ensure that individual rewards and incentives relate directly to the performance of the individual, the operations and functions for which he is responsible, the Group as a whole and the interests of shareholders; and
- maintain competitive awards that reflect the international nature of the Group and enable it to attract and retain executives of the highest quality (during 1999, over 95 per cent of the Group's trading profits came from operations outside the United Kingdom).

The Committee monitors and compares Group performance against the financial performance of a comparator group of companies and determines the competitiveness of directors' and senior executives' remuneration against the reported pay for that group. This comparator group is made up of eight international banks headquartered in Europe and the United States all of which have significant operations in the Group's principal markets.

In determining awards, the Committee takes into account the cost of the executive directors' and senior executives' remuneration to the Group and employment conditions elsewhere in the Group.

Remuneration Structure

The remuneration arrangements for the Group's executive directors consist of:

Base salaries and benefits – These are reviewed annually by the Committee in relation to latest available market data for the comparator group referred to above.

A variable annual bonus award – This is a cash sum payable immediately on award. The maximum annual bonus award is 150 per cent of base salary at the time of the award. The criteria applied by the Committee to determine 1999 awards included earnings per share, total income, absolute costs, bad debts, pre-tax profits and cost to income ratio.

The size of the 1999 bonus awards to executive directors and senior executives has also been linked to individual performance to reflect the Group's growing culture of pay for performance, with the largest awards being made to the best performers.

Long term share incentives – The Group has two executive share option schemes which, as recommended by guidelines published by the Association of British Insurers, can normally only be exercised if certain performance criteria are satisfied:

- executive share options, which are normally granted up to four times base salary in total, at a maximum value of 1.5 times base salary for each grant, after the announcement of the Group's interim results, and
- supplemental share options, which are subject to more demanding performance conditions and are normally granted up to four times base salary in total, at a maximum value of 1.5 times base salary for each grant, after the announcement of the Group's final results.

The Committee reviews the performance criteria before each grant of share options.

The executive directors can also participate in the Group's all-employee savings related share option schemes, which have been extended to all of the Group's permanent employees worldwide.

Post retirement benefits – All of the executive directors are eligible for post retirement benefits through an executive directors' retirement compensation scheme which seeks to harmonise the value to participants of pensions provided through a variety of different arrangements reflecting individual service with the Group, arrangements with previous employers and with external pension providers. Generally, the Group aims to provide a pension of two thirds salary based on at least 20 years of service with the Group at retirement age of 60.

Service contracts – *The contract period of the most recently* appointed directors is one year. It is anticipated that, in the absence of exceptional circumstances, new directors will also be given a contract period of one year. Of the executive directors who will be on the Board immediately following this year's AGM, only three have *contract periods of two years. The Committee will continue* to monitor the appropriateness of this policy in the light of market practice to allow the Group to attract and retain executive directors of the highest quality with commensurate experience. Details of service *contracts of directors proposed for re-election at this year's AGM are* given in the report of the directors.

Throughout the year, the Company has complied with the provisions on remuneration that are set out in Section 1B of the Combined Code.

Remuneration of Executive Directors

The remuneration of the Chairman and executive directors is shown below.

	1999				1998			
	Salary £000	**Bonus £000**	**Benefits £000**	**Total £000**	Salary £000	Bonus £000	Benefits £000	Total £000
Sir Patrick Gillam	420	460	21	901	394	500	20	914
G S Talwar (a)	548	540	27	1,115	469	600	24	1,093
C N A Castleman	325	335	19	679	301	380	18	699
E M Davies (a)	325	335	13	673	280	335	–	615
F C Enlow (a)	332	350	13	695	138	315	6	459
M J Green	310	250	21	581	301	315	22	638
C A Keljik (b)	177	265	32	474	–	–	–	–
P N Kenny (a) (c)	64	240	3	307	–	–	–	–
D G Moir (a)	370	375	13	758	349	440	12	801
K S Nargolwala (a) (b)	196	300	13	509	–	–	–	–
P A Wood	370	390	15	775	349	475	19	843
Total	3,437	3,840	190	7,467	2,581	3,360	121	6,062
Expatriate benefits (a)				1,539				1,070
Total				9,006				7,132

Notes

(a) Expatriate directors carrying out their duties overseas have their remuneration adjusted to take into account local living costs. This adjustment is to put them in a position, after taking into account taxation differentials, where they are no worse off as a result of carrying out their duties overseas. Additional benefits, such as allowances for working overseas or the provision of accommodation are also granted to directors working overseas. For Messrs Talwar, Davies, Enlow, Kenny, Moir and Nargolwala, these allowances and benefits amounted to £345,752 (1998: £372,543), £514,000 (1998: £316,261), £236,424 (1998: £98,200), £72,816 (1998: £nil), £318,535 (1998: £283,023) and £51,803 (1998: £nil) respectively. Mr Davies' expatriate allowances and benefits reported as £202,508 at 31 December 1998 have been restated due to a tax adjustment. Expatriate benefits in the remuneration table have also been restated.

(b) Mr Keljik and Mr Nargolwala were appointed as executive directors on 7 May 1999.

(c) Mr Kenny was appointed as an executive director on 7 October 1999.

Pensions of Executive Directors

Post retirement benefits are provided through an executive directors' retirement compensation scheme which comprises defined contribution plans and a defined benefit plan. Defined contribution plans are a combination of an approved scheme, unapproved schemes and salary supplements. The defined benefit plan is provided through the Standard Chartered Pension Fund, which is an approved scheme under which normal retirement age is 60. A spouse's pension of 60 per cent of the member's pension (including any amount exchanged for a cash lump sum at retirement) is payable on death after retirement. On the death of a director, pension benefits are also available to children. Members of the Standard Chartered Pension Fund are entitled to retire early but on a reduced pension equivalent in value to the deferred pension. Guaranteed pension increases are given, equivalent to four per cent per annum (or the increase in the UK Retail Prices Index (RPI) if lower) in respect of pension for service up to 5 April 1997 and five per cent per annum (or the increase in the RPI if lower) for service from 6 April 1997.

Under the defined benefit plan the increase in accrued pension during the year is shown in the table below. This is the difference between the accrued pension at the end of 1998 (or the date of appointment as a director, if later) increased by an allowance for inflation of 1.3 per cent (1998: 3.8 per cent) and the accrued pension at the end of 1999.

Former Directors

Amounts paid by the Group in addition to pension fund payments under the pension scheme to former directors or their dependents in respect of post-retirement benefits amounted to £145,925 (1998: £140,777). There were no other payments to former directors.

	1999			1998		
	Defined contribution plans: contribution during the year £000	**Defined benefit plan: increase in accrued pension during the year £000**	**Defined benefit plan: total accrued pension at year end £000**	Defined contribution plans contribution during the year £000	Defined benefit plan increase in accrued pension during the year £000	Defined benefit plan total accrued pension at year end £000
Sir Patrick Gillam	–	–	–	–	–	–
G S Talwar	257	–	–	224	–	–
C N A Castleman	126	2	2	119	–	–
E M Davies	76	2	9	105	1	7
F C Enlow	86	–	–	38	–	–
M J Green	132	1	9	120	1	8
C A Keljik	–	40	138	–	–	–
P N Kenny	20	1	22	–	–	–
D G Moir (b)	–	–	272	–	–	248
K S Nargolwala	63	–	–	–	–	–
P A Wood (c)	157	2	10	154	1	8
Total	917	48	462	760	3	271

Notes

(a) The ages of the directors are shown on pages 28 and 29.

(b) Mr Moir has passed his normal retirement date. His pension is fully accrued and financed in the Standard Chartered Pension Fund.

(c) Mr Wood's defined benefit plan accruals exclude an increase in accrued pension during the year of £5,191 (1998: £3,018) and a total accrued pension at the year end of £116,653 (1998: £110,032) in respect of a transfer payment from a former employer's pension fund.

Remuneration of Non-executive Directors

	1999 £000	1998 £000
Lord Stewartby (a,b)	95	89
R C Chan	30	30
Sir CK Chow	30	30
Ho KwonPing	30	30
K A V Mackrell (a,b)	50	49
H E Norton (a,b)	42	42
R J Olsen (b,c)	12	36
Sir Ralph Robins (a,b)	42	42
A W P Stenham (a)	40	40
Total	371	388

Notes

(a) Member of the Board Remuneration Committee.

(b) Member of the Audit and Risk Committee.

(c) Mr R J Olsen resigned on 6 May 1999.

The fees of the non-executive directors are determined by the Board (without the non-executive directors taking part in the vote) and are non-pensionable.

Basic annual fees are £30,000. The Deputy Chairman, Lord Stewartby, who is also Chairman of the Audit and Risk Committee, receives an annual fee of £95,000, inclusive of Board and Committee fees.

Ordinary membership of Board Committees carries an annual fee of £6,000. The Chairman of the Board Remuneration Committee, Mr Stenham, receives an annual fee of £10,000.

Mr Mackrell received additional fees from the Group of £8,400 in 1999 (1998: £7,200) in respect of consultancy services.

Directors' Interests in Ordinary Shares

The beneficial interests of directors and their families in the ordinary shares of the Company were as follows:

	At 31 December 1999	At 1 January 1999*
Sir Patrick Gillam	14,709	58,203
Lord Stewartby	15,313	14,977
G S Talwar	77,084	75,258
C N A Castleman	26,171	27,724
R C Chan	2,182	2,130
Sir CK Chow	8,429	8,229
E M Davies	22,394	32,986
F C Enlow	2,000	2,000
M J Green	27,783	19,459
C A Keljik	50,611	50,611
P N Kenny	23,161	23,097
Ho KwonPing	2,070	2,021
K A V Mackrell	4,671	4,561
D G Moir	14,911	131,741
K S Nargolwala	25,000	10,000
H E Norton	4,000	4,000
Sir Ralph Robins	3,725	3,637
A W P Stenham	21,650	21,137
P A Wood	26,974	23,271

**or date of appointment, if later.*

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 undertaking of the Group.

Directors' Interests in Share Options

The directors' interests in executive share options and savings related share options (but not supplemental share options) to purchase ordinary shares in the Company were as shown in the table overleaf.

Executive share options to purchase ordinary shares in the Company are exercisable at any time on or after the third, but no later than 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 target is satisfied. The current performance target is an increase in earnings per share of 15 per cent over three years.

All executive share options granted to the directors are at exercise prices below 961 pence, which was the middle market price of an ordinary share at the close of business on 30 December 1999.

The share price range during 1999 was 683.5 pence to 1,135 pence per share (based on closing middle market prices).

During 1999, executive share options over 248,869 shares were granted to the executive directors at an option exercise price of 888 pence per share.

Savings related share options to purchase ordinary shares in the Company are exercisable at a 20 per cent discount to the share price at the date of grant. Options may be exercised within a period of six months after the third, fifth and in the case of the UK scheme only, seventh anniversary of the date of grant, subject to the participant having completed a three year savings contract or a five year savings contract (which, in the case of the UK scheme only, can be extended to seven years).

During 1999, savings related share options over 1,376 shares were granted to the executive directors at an option exercise price of 704 pence per share. No options lapsed during the year.

Executive and Savings Related Share Options

	Options at 1 January 1999*	Options granted during the year†	Options exercised during the year	Weighted average exercise price (pence)	Weighted average market price at date of exercise (pence)	Gains on options exercised during the year £000††	Options at 31 December 1999	Weighted average exercise price (pence)
Sir Patrick Gillam	130,861	68,412	–	–	–	–	199,273	807
G S Talwar	237,681	10,635	–	–	–	–	248,316	842
C N A Castleman	176,608	–	–	–	–	–	176,608	667
E M Davies	100,786	53,741	7,805	221	1,036	64	146,722	711
F C Enlow	91,170	–	–	–	–	–	91,170	676
M J Green	173,302	10,418	4,690	256	929	32	179,030	702
C A Keljik	135,809	46,453	–	–	–	–	182,262	601
P N Kenny	135,637	–	–	–	–	–	135,637	538
D G Moir	452,667	–	–	–	–	–	452,667	283
K S Nargolwala	48,387	50,676	–	–	–	–	99,063	757
P A Wood	191,039	9,910	–	–	–	–	200,949	717

* *or at date of appointment, if later.*
† *or since date of appointment, if later.*
†† *The directors' total gains on options exercised during the year was £96,000 (1998: £1,211,000)*

The directors' interests in supplemental share options to purchase ordinary shares of the Company were as follows:

Supplemental Share Options

	Options at 1 January 1999*	Options granted during the year†	Total options at 31 December 1999	Weighted average exercise price (pence)
Sir Patrick Gillam	119,239	57,440	176,679	917
G S Talwar	140,918	86,188	227,106	916
C N A Castleman	91,923	43,234	135,157	917
E M Davies	72,917	52,217	125,134	911
F C Enlow	–	–	–	–
M J Green	88,119	47,446	135,565	915
C A Keljik	77,601	–	77,601	918
P N Kenny	78,499	–	78,499	917
D G Moir	105,523	51,544	157,067	917
K S Nargolwala	70,209	–	70,209	887
P A Wood	105,523	51,544	157,067	917

**or at date of appointment, if later.*
†*or since date of appointment, if later.*

To be eligible for a grant under the supplemental share option scheme, participants must retain a personal holding of at least 10,000 Standard Chartered PLC shares, purchased at their own expense. Supplemental options can only be exercised at any time on or before the fifth anniversary of the date of grant if the following performance targets are satisfied:

- the share price must increase by at least 50 per cent plus RPI; and
- earnings per share must increase by at least 25 per cent plus RPI.

In the event of a change of control, the Committee may deem the earnings per share target to have been met.

During the year, supplemental share options over 389,613 shares were granted to the executive directors at an exercise price of 890 pence per share. These options can only be exercised within five years from the date of grant if: i) the share price exceeds 1,335 pence plus the increase in the RPI and; ii) the Company's earnings per share increases by at least 25 per cent plus RPI over the 1998 level.

For executives other than key members of the top management team, executive share options have been replaced by the 1997 Restricted Share Scheme. An executive who is granted executive share options in any financial year will not also be eligible for an award of restricted shares and vice versa.

Awards under the 1995 Restricted Share Scheme

The 1995 restricted share scheme, under which directors were previously awarded a proportion of their annual variable bonus, has been replaced by the supplemental share option scheme.

Shares previously awarded under the scheme may not normally be released before the third anniversary of the date of award. They may be released in full on or after the fifth anniversary but before the seventh anniversary of the date of award if the individual is still employed by the Group. There is provision for earlier release in certain limited circumstances.

The scheme is administered through an employee share ownership trust (the Trust) which is managed by an independent corporate trustee. The Trust holds ordinary shares in the Company to meet its obligations under the scheme. The Trust cannot hold more than a five per cent shareholding in the Company at any time without the prior approval of shareholders at a general meeting.

The number of shares previously awarded to each executive director which remain to be released, subject to the rules of the scheme, were as follows:

1995 Restricted Share Scheme

	Shares released during the year*	Total number of shares held in the scheme	Period available for release
Sir Patrick Gillam	20,362	44,087	2000-2004
G S Talwar	–	–	–
C N A Castleman	–	42,061	2000-2004
E M Davies	1,603	7,617	2000-2004
F C Enlow	–	–	–
M J Green	3,348	9,596	2000-2004
C A Keljik	–	8,155	2000-2004
P N Kenny	–	8,202	2000-2004
D G Moir	–	66,315	2000-2004
K S Nargolwala	5,000	5,000	2000-2001
P A Wood	33,703	38,080	2000-2004

*or since date of appointment, if later.

Note
Shares are released from the Trust at the sole discretion of the trustee. No awards lapsed during the year.

The awards to individual directors are subject to the rules of the scheme. There is no current intention to amend the allocation of shares from that disclosed above. Nevertheless, because they are within the class of beneficiaries of the Trust, each director is deemed, for the purposes of the Companies Act 1985, to have an interest in the shares held in the Trust. As at 31 December 1999, the Trust's total holding was 253,771 ordinary shares and as at 1 January 1999 the Trust's holding was 422,727 ordinary shares.

Full details of the directors' shares and options can be found in the Company's Register of Directors' interests.

Directors' Responsibility Statement

The following statement, which should be read in conjunction with the statement of respective responsibilities of directors and auditors on page 41, is made to distinguish the responsibilities of the directors for the financial statements from those of the auditors.

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year. The financial statements must be prepared on a going concern basis unless it is inappropriate to presume that the Company and Group will continue their business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors consider that, in preparing the financial statements on pages 42 to 80 inclusive, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

Report of the Auditors to the members of Standard Chartered PLC

We have audited the financial statements on pages 42 to 80.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 40 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 32 and 33 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc KPMG Audit Plc

Chartered Accountants London

Registered Auditor 23 February 2000

Consolidated Profit and Loss Account

for the year ended 31 December 1999

	Notes	1999 £million	1998 £million	1999 US$ equivalent US$million*
Interest receivable	1	3,730	4,003	6,042
Interest payable	2	(2,094)	(2,479)	(3,392)
Net interest income		1,636	1,524	2,650
Fees and commissions receivable		582	504	943
Fees and commissions payable		(144)	(99)	(233)
Dealing profits and exchange	3	246	418	398
Other operating income	4	58	20	94
		742	843	1,202
Net revenue		2,378	2,367	3,852
Administrative expenses:				
Staff	5	(713)	(638)	(1,155)
Premises and equipment	5	(172)	(163)	(279)
Other	5	(374)	(354)	(605)
Depreciation and amortisation	7	(117)	(73)	(190)
Total operating expenses		(1,376)	(1,228)	(2,229)
Operating profit before provisions		1,002	1,139	1,623
Provisions for bad and doubtful debts	18	(495)	(436)	(802)
Operating profit before taxation		507	703	821
Taxation	9	(149)	(227)	(241)
Profit after taxation		358	476	580
Minority interests (equity)		(14)	(13)	(23)
Profit for the year attributable to shareholders		344	463	557
Dividends on non-equity preference shares	10	(16)	(16)	(26)
Dividends on ordinary equity shares	11	(242)	(207)	(392)
Retained profit for the year	36	86	240	139
Basic earnings per ordinary share	12	31.4p	44.8p	50.9c
Diluted earnings per ordinary share	12	31.1p	44.5p	50.4c

**The US$ equivalent figures are provided on a pro-forma basis for information and do not form part of the audited accounts. They are arrived at by expressing the sterling figures at the year-end exchange rate of $1.62.*

Consolidated Balance Sheet

as at 31 December 1999

	Notes	1999 £million	1998 £million	1999 US$ equivalent US$million*
Assets				
Cash and balances at central banks		609	409	987
Cheques in course of collection		34	39	55
Treasury bills and other eligible bills	13	2,701	2,887	4,376
Loans and advances to banks	14	11,401	9,528	18,470
Securitised loans and advances to customers	15	410	416	664
Less: non-returnable proceeds	15	(410)	(416)	(664)
Other loans and advances to customers	16	28,797	26,091	46,651
Total loans and advances to customers		28,797	26,091	46,651
Debt securities	21	5,076	3,443	8,223
Equity shares	22	38	42	62
Intangible fixed assets	24	366	153	593
Tangible fixed assets	25	599	439	970
Other assets	27	3,854	4,060	6,243
Prepayments and accrued income		657	767	1,064
Total assets		54,132	47,858	87,694
Liabilities				
Deposits by banks	28	5,555	4,930	8,999
Customer accounts	29	35,149	30,272	56,941
Debt securities in issue	30	2,665	2,956	4,317
Other liabilities	31	4,612	4,672	7,471
Accruals and deferred income		740	939	1,198
Provisions for liabilities and charges:				
Deferred taxation	32	30	23	49
Other provisions for liabilities and charges	33	47	40	77
Subordinated liabilities:				
Undated loan capital	34	954	932	1,546
Dated loan capital	34	945	218	1,531
Minority interests (equity)		69	56	112
Called up share capital	35	465	450	753
Share premium account	36	814	428	1,319
Premises revaluation reserve	36	38	50	61
Profit and loss account	36	2,049	1,892	3,320
Shareholders' funds (including non-equity interests)		3,366	2,820	5,453
Total liabilities and shareholders' funds		54,132	47,858	87,694
Memorandum items				
Contingent liabilities:				
Acceptances and endorsements	44	589	441	954
Guarantees and irrevocable letters of credit	44	5,877	4,307	9,521
Other contingent liabilities	44	650	671	1,053
		7,116	5,419	11,528
Commitments	44	25,247	20,429	40,800

**The US$ equivalent figures are provided on a pro-forma basis for information and do not form part of the audited accounts. They are arrived at by expressing the sterling figures at the year-end exchange rate of $1.62.*

These accounts were approved by the Board of Directors on 23 February 2000 and signed on its behalf by:

Sir Patrick Gillam, Chairman

G S Talwar, Group Chief Executive

P A Wood, Group Executive Director

Patrick Gillam

Peter A. Wood

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 1999

	1999 £million	1998 £million
Profit for the year attributable to shareholders	344	463
Exchange translation differences	13	(23)
Unrealised net deficit on revaluation of premises	(10)	–
Total recognised gains and losses for the year	347	440

Note of Consolidated Historical Cost Profits and Losses

for the year ended 31 December 1999

There is no material difference between the results as reported and the results that would have been reported on a historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

Consolidated Cash Flow Statement

for the year ended 31 December 1999

	Notes	1999 £million	1998 £million
Net cash inflow from operating activities		981	2,144
Returns on investment and servicing of finance			
Interest paid on subordinated loan capital		(102)	(79)
Subordinated loan capital issue expenses		(4)	–
Dividends paid to minority shareholders of subsidiary undertakings		(22)	(10)
Dividends paid on preference shares		(16)	(16)
Net cash outflow from returns on investments and servicing of finance		(144)	(105)
Taxation			
UK taxes paid		(61)	(45)
Overseas taxes paid		(168)	(215)
Total taxes paid		(229)	(260)
Capital expenditure and financial investment			
Purchases of tangible fixed assets		(219)	(187)
Acquisitions of treasury bills held for investment purposes		(5,699)	(5,444)
Acquisitions of debt securities held for investment purposes		(7,091)	(12,999)
Acquisitions of equity shares held for investment purposes		(5)	(5)
Disposals of tangible fixed assets		15	5
Disposals and maturities of treasury bills held for investment purposes		6,014	4,712
Disposals and maturities of debt securities held for investment purposes		5,798	12,595
Disposals of equity shares held for investment purposes		19	2
Net cash outflow from capital expenditure and financial investment		(1,168)	(1,321)
Net cash (outflow)/inflow before acquisitions and disposals, equity dividends paid and financing		(560)	458
Acquisitions and disposals			
Purchases of interests in subsidiary undertakings		(203)	(213)
Purchases of other businesses		(129)	–
Net cash outflow from acquisitions and disposals		(332)	(213)
Equity dividends paid to members of the Company		(152)	(185)
Financing			
Proceeds from issue of ordinary share capital		399	9
Share issues expenses		(4)	–
Issue of subordinated loan capital		728	–
Net cash inflow from financing		1,123	9
Increase in cash in the year		79	69

Company Balance Sheet

for the year ended 31 December 1999

	Notes	1999 £million	1998 £million
Fixed assets			
Investments in subsidiary undertakings	23	4,513	3,941
Current assets			
Amounts owed by subsidiary undertakings		16	7
Prepayments and accruals		16	15
Taxation		79	60
		111	82
Creditors: amounts due within one year			
Proposed dividend		171	145
Amounts owed to subsidiary undertakings		16	9
Other creditors, including taxation		4	5
Accrued interest		16	15
		207	174
Net current liabilities		(96)	(92)
Total assets less current liabilities		4,417	3,849
Creditors: amounts due after more than one year			
Undated subordinated loan capital	34	954	932
Dated subordinated loan capital	34	97	97
		3,366	2,820
Capital and reserves			
Called up share capital	35	465	450
Share premium account	37	814	428
Revaluation reserve	37	1,920	1,750
Profit and loss account	37	167	192
Shareholders' funds (including non-equity interests)		3,366	2,820

These accounts were approved by the Board of Directors on 23 February 2000 and signed on its behalf by:

Sir Patrick Gillam, Chairman

G S Talwar, Group Chief Executive

P A Wood, Group Executive Director

Principal Accounting Policies

Accounting Convention
The accounts of the Company and of the Group have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets and dealing positions.

Group Accounts
The consolidated accounts of the Group comprise the accounts of the Company and its subsidiary undertakings for the year ended 31 December 1999 and are drawn up in accordance with Part VII Chapter II of the Companies Act 1985 (the Act), applicable Accounting Standards and British Bankers' Association's Statements of Recommended Accounting Practice.

Any purchased goodwill is capitalised and amortised to nil, on a straight-line basis, over its estimated useful life. The amortisation period of capitalised goodwill is up to 20 years, being the period over which the Group expects to derive economic benefit from the assets. Purchased goodwill arising on consolidation in respect of acquisitions before 1 January 1998 was written off through reserves in the year of acquisition and has not been restated. Any goodwill previously written off through reserves will be charged through the profit and loss account in the year of disposal.

Company Accounts
The Company accounts are drawn up in accordance with Section 228 of, and Schedule 4 to, the Act and applicable Accounting Standards. As permitted by Section 230 of the Act, the Company's profit and loss account has not been included in these financial statements.

Bad and Doubtful Debts
Provisions for bad and doubtful debts are held in respect of loans and advances, including cross border exposures. The provisions comprise two elements – specific and general.

Provisions against loans and advances are based on an appraisal of the loan portfolio. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision is for the inherent risk of loan losses which, although they have not been separately identified, are known from experience to be present in any loan portfolio, and to those identified loans where material uncertainty exists as to the quantum of specific provision required. The amount of the general provision reflects past experience and judgements about current conditions in particular locations or business sectors.

Provisions are made against cross border exposures where a country may experience or has experienced external liquidity problems and doubts exist as to whether full recovery will be achieved.

Provisions are applied to write off advances, in part or in whole, when they are considered wholly or partly irrecoverable.

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its collectability; thereafter, and until all or part of the loan is written off, interest continues to accrue on customers' accounts, but is not included in income. Such suspended interest is deducted from loans and advances on the balance sheet.

Debt Securities, Equity Shares and Treasury Bills
Securities, including equity shares and treasury bills, which are intended for use on a continuing basis in the Group's activities are classified as investment securities. They include portfolios of securities held in countries where the Group is required to maintain a stock of liquid assets. Investment securities are stated at cost less any amounts written off in the event that their carrying value is not fully recoverable. The cost of dated investment securities is adjusted to reflect the amortisation or accretion of premiums and discounts on acquisition on a straight-line basis over the residual period to maturity. The amortisation and accretion of premiums and discounts are included in interest income.

Securities other than investment securities are classified as dealing securities and are held at market value. Where the market value of such securities is higher than cost, the original cost is not disclosed as its determination is not practicable.

Deferred Taxation
Provision is made, on the liability basis, for the tax effects arising from all timing differences which are expected with reasonable probability to crystallise in the foreseeable future. No provision is made for tax which would be payable on the distribution of the retained earnings of subsidiary undertakings

Equipment Leased to Customers and Instalment Credit Agreements
Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. The balance sheet amount represents total minimum lease payments receivable less unearned income. Income from finance leases is recognised in the profit and loss account in proportion to the funds invested. Fixed rate instalment credit agreements are treated in a similar manner to finance leases.

Lease agreements other than finance leases are classified as operating leases. Operating leases are included in loans and advances but are treated as fixed assets and depreciated over the shorter of the lease term and the estimated useful life of the asset. The profits arising from operating leases are recognised in the profit and loss account on a straight-line basis over the duration of each lease.

Income arising from the residual interest in instalment credit agreements which have been sold is credited to the profit and loss account as it accrues. Expenses incurred in generating this income are deferred and amortised over the duration of the income flow and in proportion to it.

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling terms at rates of exchange ruling on the balance sheet date. Profits and losses earned in foreign currencies are expressed in sterling terms at the average exchange rate of each currency against sterling during the year. Gains or losses arising from positions taken to hedge such profits and losses are included in the profit and loss account.

Translation differences arising from the application of closing rates of exchange to opening net assets denominated in foreign currencies are taken directly to reserves.

Exchange differences arising on the translation of opening net monetary assets and results of operations in areas experiencing hyper-inflation are included in the profit and loss account. Non-monetary assets in these areas are not retranslated.

All other exchange differences arising from normal trading activities, and on branch profit and dividend remittances to the United Kingdom, are included in the profit and loss account.

Investments in Subsidiary Undertakings

Investments in subsidiary undertakings are stated in the balance sheet of the Company at the Company's share of their attributable net assets, together with any long term loans provided by the Company to the subsidiary undertakings.

Off-balance Sheet Financial Instruments

Off-balance sheet financial instruments are valued with reference to market prices and the resultant profit or loss is included in the profit and loss account, except where the position in the instrument has been designated as a hedge when the profit or loss resulting from marking them to market is dealt with in the same way as the accounting treatment applied to the position hedged.

Retirement Benefits

The Group operates some 50 retirement benefit schemes throughout the world. Arrangements for retirement benefits for members of staff are made in a variety of ways in accordance with local regulations and custom. The major schemes, which cover the majority of scheme members, are of the defined benefit type.

The pension costs relating to these schemes are assessed in accordance with the advice of qualified actuaries. The assets of the schemes are generally held in separate funds administered by trustees.

The cost of providing pensions and other post-retirement benefits for employees is charged to the profit and loss account over their expected working lives.

Swaps and Sales of Assets

Assets acquired through debt exchange transactions are included in the accounts at the directors' assessment of their fair value. Where the asset represents exposure to a country which is experiencing payment difficulties, it is stated at its principal amount and any provision required to reduce the exposure to its fair value is included with other provisions of a like nature.

Profits and losses on sales of assets are calculated by reference to their net carrying amount, whether at historical cost (less any provisions made) or at a valuation, at the time of disposal.

Tangible Fixed Assets

Freehold and long leasehold premises (premises with unexpired lease terms of 50 years or more) are included in the accounts at their historical cost or at the amount of any subsequent valuation. Leasehold premises with no long term premium value are not revalued.

Land is not depreciated. It is the Group's policy to maintain freehold and long leasehold premises in a good state of repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are such that any depreciation will not be significant. Accordingly, no depreciation has been charged on such premises. Where a valuation shows that the carrying value of premises may not be recoverable, the loss is charged to the profit and loss account as appropriate.

Short leasehold premises are amortised over the remaining term of each lease on a straight line basis.

Equipment, including fixed plant in buildings, computers and capitalised software development expenditure, is stated at cost and is depreciated on a straight-line basis over its expected economic life, which is six years on a weighted average basis.

1. Interest Receivable

	1999 £million	1998 £million
Balances at central banks	1	–
Treasury bills and other eligible bills	235	223
Loans and advances to banks	656	698
Loans and advances to customers	2,586	2,812
Listed debt securities	102	60
Unlisted debt securities	150	210
	3,730	4,003

2. Interest Payable

	1999 £million	1998 £million
Deposits by banks	342	511
Customer accounts:		
Current and demand accounts	276	243
Savings deposits	74	90
Time deposits	1,144	1,320
Debt securities in issue	156	236
Subordinated loan capital:		
Wholly repayable within 5 years	14	13
Other	88	66
	2,094	2,479

3. Dealing Profits and Exchange

	1999 £million	1998 £million
Income from foreign exchange dealing	218	386
Profits less losses on dealing securities	17	5
Other dealing profits and exchange	11	27
	246	418

4. Other Operating Income

	1999 £million	1998 £million
Other operating income includes:		
Share of profits arising on securitised instalment credit agreements (note 15)	24	5
Profits less losses on disposal of investment securities	3	1
Dividend income	6	5

5. Administrative Expenses

	1999 £million	1998 £million
Staff costs:		
Wages and salaries	544	494
Social security costs	21	22
Other pension costs (note 6)	31	33
Other staff costs	117	89
	713	638
Premises and equipment expenses:		
Rental of premises	103	103
Other premises and equipment costs	58	50
Rental of computers and equipment	11	10
	172	163
Other expenses	374	354
Total administrative expenses	1,259	1,155

Other expenses includes £2.7 million (1998: £2.3 million) in respect of auditors' remuneration for the Group of which £0.2 million (1998: £0.1 million) relates to the Company. The auditors of the Company, KPMG Audit Plc and their associated firms, also received £1.2 million (1998: £0.7 million) in respect of non-audit services provided to the Group's UK subsidiaries.

6. Retirement Benefits

The total charge for benefits under the Group's retirement benefit schemes was £31 million (1998: £33 million), of which £24 million (1998: £28 million) was for defined benefit pension schemes, £6 million (1998: £3 million) was for defined contribution pension schemes and £1 million (1998: £2 million) was for post-retirement benefits other than pensions.

The financial position of the Group's principal retirement benefit scheme, the Standard Chartered Pension Fund (the "Fund") (a defined benefit scheme) is assessed in the light of the advice of an independent qualified actuary. The most recent actuarial assessment of the Fund, using the projected unit method, was at 31 December 1998. The assumptions having the most significant effect on the outcome of the valuation were:

Existing assets

62 per cent of the UK portfolio, invested in Government Fixed Interest and Index-Linked stocks to match the liabilities for current pensioners, was valued at market value.

38 per cent of the UK portfolio was valued at the discounted value (at 6.5 per cent per annum) of a notional portfolio invested in the shares of the FT-Actuaries All-Share Index, assuming future growth at 3.75 per cent per annum

Financial assumptions

Return from investments held for pensioners	4.5 per cent per annum
Return from investments held for non-pensioners before retirement	6.5 per cent per annum
Return from investments held for non-pensioners after retirement	5.5 per cent per annum
General increase in salaries	4.5 per cent per annum
Increase in pensions:	
In deferment	2.5 per cent per annum (where applicable)
In payment (pre April 1997 service)	2.5 per cent per annum (excepting GMP element)
(discretionary increases only; guaranteed increases assumed to be nil)	
In payment (post April 1997 service)	2.5 per cent per annum

Applying these assumptions, the actuarial value of the assets of the Fund (£773 million) was sufficient to cover 101 per cent of the benefits that had accrued to members (118 per cent excluding the allowance for discretionary benefit increases). The market value of the assets of the Fund was £786 million. The actuarial valuation took full account of the anticipated effect of the loss of the ability to recover ACT relating to dividends received which occurred in 1997.

6. Retirement Benefits continued

During 1999, payments of £15 million (1998: £13 million) were made to the Fund and the charge in these accounts for pension costs attributable to the Fund was £10 million (1998: £12 million). This was made up of a regular cost of £12 million (1998: £10 million) and a credit of £2 million (1998: charge of £1 million) being the annual cost of spreading the surplus (1998: shortfall created by the pre-funding of discretionary pension increases), using the straight-line method over a 11.2 year period (1998: 9.5 year period). There were no special charges (1998: £1 million).

With effect form 1 July 1998 the Fund was closed to new entrants and all new employees are offered membership of a new, defined contribution scheme.

Charges to the profit and loss account in 1999 in respect of other UK pension schemes amounted to £4 million (1998: £1 million).

The actuarial positions of the Group's principal overseas defined benefit pension schemes have been assessed at various dates since 1 July 1996 by independent qualified actuaries. The total market value of the assets of the schemes at their respective assessment dates was £145 million, and the total actuarial value of these assets was sufficient to cover 104 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings. Within this total, there were schemes which had deficits amounting to £7 million.

The total charge to the profit and loss account in 1999 for all overseas schemes was £17 million (1998: £20 million) of which £14 million (1998: £16 million) was for defined benefit schemes, £2 million (1998: £2 million) was for defined contribution schemes and £1 million (1998: £2 million) was for post-retirement benefits other than pensions. The charge of £17 million comprises a regular cost of £19 million and a net credit of £2 million in respect of the spreading of surpluses and deficits. The charges have the effect of eliminating the £7 million of scheme deficits over no more than 10 years.

Other provisions for liabilities and charges (note 33) includes £22 million (1998: £19 million) representing the excess of the accumulated amount charged against the Group's profits in 1999 and previous years in respect of pension costs compared with the contributions paid into the schemes concerned, together with £5 million (1998: £4 million) representing provisions for post-retirement benefits other than pensions.

7. Depreciation and Amortisation

	1999 £million	1998 £million
Goodwill	22	7
Premises	19	13
Equipment	76	53
	117	73

8. Directors and Officers

Directors' Emoluments

Details of directors' pay and benefits and interests in shares are disclosed in the report on directors' remuneration on pages 34 to 39.

Transactions with Directors, Officers and Others

As at 31 December 1999, the total amounts to be disclosed under the Companies Act 1985 (the Act) about loans to directors and officers were as follows:

	1999		1998	
	Number	**£000**	Number	£000
Directors	2	10	2	6
Officers*	10	2,545	7	1,311

**For this disclosure, the term 'officers' means members of senior management known as the Extended Management Team.*

There were no other transactions, arrangements or agreements outstanding for any director, connected person or officer of the Company which have to be disclosed under the Act or the rules of the London Stock Exchange.

9. Taxation

	1999 £million	1998 £million
The charge for taxation, based upon the profits for the year, comprises:		
United Kingdom corporation tax at 30.25 per cent (1998: charge of 31.0 per cent) including a deferred tax charge of £7 million (1998: £4 million)	96	140
Relief for overseas tax	(51)	(86)
	45	54
Overseas tax including a deferred tax charge of £3 million (1998: £2 million)	104	173
	149	227

10. Dividends on Non-equity Preference Shares

	1999 £million	1998 £million
Non-cumulative 7³/₈ per cent irredeemable preference shares	8	8
Non-cumulative 8¹/₄ per cent irredeemable preference shares	8	8
	16	16

11. Dividends on Ordinary Equity Shares

	1999		1998	
	Pence per share	£million	Pence per share	£million
Interim paid	6.75p	71	6.25p	62
Final proposed	16.10p	171	14.50p	145
	22.85p	242	20.75p	207

12. Earnings per Ordinary Share

	1999			1998		
	Profit £million	Average number of shares ('000)	Amount per share	Profit £million	Average number of shares ('000)	Amount per share
Basic earnings per ordinary share						
Profit attributable to ordinary shareholders	328	1,046,182	31.4p	447	997,147	44.8p
Effect of dilutive potential ordinary shares						
Options	–	10,086		–	7,790	
Diluted earnings per ordinary share	328	1,056,268	31.1p	447	1,004,937	44.5p

Headline Earnings Per Ordinary Share

The Institute of Investment Management and Research Statement of Investment Practice No 1 provides a definition of headline earnings, a measure which has gained widespread acceptance. As this differs from earnings defined in Financial Reporting Standard 14 the table below provides a reconciliation.

	1999 £million	1998 £million
Profit attributable to shareholders after preference dividends	328	447
Amortisation of goodwill	22	7
Profits less losses on disposal of investment securities	(3)	(1)
Headline earnings	347	453
Headline earnings per ordinary share	33.2p	45.4p

13. Treasury Bills and Other Eligible Bills

	1999 £million	1998 £million
Dealing securities	73	41
Investment securities	2,628	2,846
Total treasury bills and other eligible bills	2,701	2,887

The estimated market value of treasury bills and similar securities held for investment purposes amounted to £2,628 million (1998: £2,849 million).

The change in the book amount of treasury bills and similar securities held for investment purposes comprised:

	Historical cost £million	Amortisation of discounts/ premiums £million	Book amount £million
At 1 January 1999	2,878	(32)	2,846
Exchange translation differences	10	(1)	9
Acquisitions	5,699	–	5,699
Maturities and disposals	(6,014)	(8)	(6,022)
Amortisation of discounts and premiums	–	24	24
Acquisition of subsidiary	73	–	73
Other movements	6	(7)	(1)
At 31 December 1999	2,652	(24)	2,628

At 31 December 1999, unamortised discounts on treasury bills and similar securities held for investment purposes amounted to £21 million (1998: £31 million) and there were £1 million unamortised premiums (1998: £nil).

14. Loans and Advances to Banks

	1999 £million	1998 £million
Repayable on demand	780	866
With a residual maturity of:		
3 months or less	7,040	4,751
Between 3 months and 1 year	3,131	3,602
Between 1 and 5 years	273	111
Over 5 years	188	225
	11,412	9,555
Provisions for bad and doubtful debts (note 18)	(11)	(19)
Interest in suspense (note 19)	–	(8)
	11,401	9,528

Loans and advances to banks include balances with central banks and other regulatory authorities amounting to £590 million (1998: £667 million) which are required by local statute and regulation.

15. Securitised Loans and Advances to Customers

	1999 £million	1998 £million
Securitised instalment credit agreements	400	400
Securitised Hong Kong residential mortgage receivables	10	16
	410	416

Debts subject to financing arrangements relate to securitised instalment credit and mortgage receivables as described below. In accordance with Financial Reporting Standard 5, the agreements have been shown on the balance sheet under the linked presentation method. The amounts shown on the balance sheet represent the gross asset values securitised less the remaining amount of the Floating Rate Notes which were issued to finance the acquisition of the securitised receivables.

In 1998 a subsidiary undertaking, Chartered Trust plc, entered into transactions whereby it disposed of its interest in the principal of portfolios of motor vehicle and caravan instalment credit agreements for the sum of £400 million to Cardiff Automobile Receivables Securitisation (UK) No 4 plc (CARS 4). The arrangement relating to these disposals of agreements contains an option to offer further amounts for sale up until 10 December 2000. A further £254 million of receivables were sold under the agreement up to 31 December 1999. Chartered Trust plc retains an interest in the flow of profits arising on the agreements which have been sold. The gross revenues arising were £53 million (1998: £8 million), interest payable on the Notes was £25 million (1998: £3 million) and other costs amounted to £4 million (1998: £nil million), producing net revenues of £24 million (1998: £5 million). Other assets in the Consolidated Balance Sheet include £48 million (1998: £25 million) relating to Chartered Trust plc's residual interest in the instalment credit agreements sold.

CARS 4 was entitled at its option to issue further Notes, up to a maximum of £200 million, prior to 10 December 1999; this option was not exercised. The proceeds of any further issue will be used to acquire further instalment credit agreements from the company.

CARS 4 has the option to redeem the Note balances in full at such time as the outstanding Note balances are less than 10 per cent of the original amounts issued.

CARS Trustee (UK) No 4 Limited, in respect of the receivables sold to CARS 4, is responsible for the collection of all amounts falling due under the terms of the instalment credit agreements disposed of, and for their onward payment to the interested parties. Funds received are divided into principal and income receipts. Principal receipts are used either to redeem Floating Rate Notes or to purchase further receivables. Income receipts are applied in the following order of priority: interest due on the Notes; credit manager fees; payments under the swaps; amounts due to third parties; dividends and residual income to Chartered Trust plc. Chartered Trust plc has been appointed by CARS Trustee (UK) No 4 Limited as credit manager and receives a fee for fulfilling this function. It has no liability to the noteholders or any creditor of CARS 4 or CARS Trustee (UK) Limited other than through failure to meet its obligations as credit manager or for breach of warranties given.

Chartered Trust plc has no interest in the share capital of CARS 4 or CARS Trustee (UK) No 4 Limited. The shares in the holding company of CARS 4 are held by SPV Management Limited (the share trustee) and a nominee of the share trustee. The share trustee holds the shares on a discretionary basis for a number of institutions including charities.

Chartered Trust plc and CARS 4 have entered into interest rate exchange agreements (swaps) in respect of this transaction. The interest rates payable and receivable under these swaps are set by reference to market rates of interest on an arm's length basis, and the obligations of CARS 4 under the swaps are not subordinated to any of their obligations under the Notes. The interest rate exposure relating to the assets disposed of was hedged by Chartered Trust plc, and the swaps have the effect of restoring the hedged position left open by the disposal of the assets.

In 1994, a subsidiary undertaking, Standard Chartered Bank, sold HKD1 billion (£80 million) of Hong Kong residential mortgage receivables to a special purpose company, Mortgaged Asset Receivables Securitisation (1) Limited (MARS). MARS funded the purchase by issuing HKD1 billion of Notes secured on the mortgages. MARS is owned by a Bermuda trust, MARS Trustee (Pvt.) (Bermuda) Limited.

When MARS has met all its operational expenses and its obligations to redeem the Notes, Standard Chartered Bank is entitled to receive any surplus generated from the mortgages. Standard Chartered Bank is also entitled to receive origination and servicing fees. The payment of these fees takes priority over MARS' obligations to its noteholders. There are no interest swap or cap arrangements between MARS and the Group, nor are there any provisions whereby additional assets can be transferred to MARS, except where the trustee for the noteholders determines that the original qualifying criteria for the mortgages sold to MARS have not been met, in which case qualifying assets must be substituted.

Neither Standard Chartered PLC nor any of its subsidiaries or associates are obliged to support any losses which might arise from any asset securitised under the arrangements described above, nor does it or any other Group company intend to do so. The noteholders have agreed in writing, in the financing documentation, that they will seek repayment of the Notes, as to both the principal and interest, only to the extent that sufficient funds are generated by the assets securitised and that they will not seek recourse in other form. The Group has no interest in the share capital of any of the purchasers of the securitised assets or of the trustee companies responsible for the collection of the related receivables.

The terms of each of the transactions entered into meet the conditions for disclosure using a linked presentation as specified in Financial Reporting Standard 5. The amounts shown on the balance sheet under the linked presentation represent the gross asset values securitised, and the amount of the Notes outstanding which were issued to finance the acquisition of the securitised assets.

16. Other Loans and Advances to Customers

	1999 £million	1998 £million
Repayable on demand	4,353	3,594
With a residual maturity of:		
3 months or less	8,120	7,218
Between 3 months and 1 year	3,734	3,916
Between 1 and 5 years	5,502	4,948
Over 5 years	8,496	7,447
	30,205	27,123
Provisions for bad and doubtful debts (note 18)	(1,200)	(891)
Interest in suspense (note 19)	(208)	(141)
	28,797	26,091

There are loans of £2 million (1998: £2 million) which are subordinated to the claims of other parties.

The Group's exposure to credit risk is concentrated in the Asia Pacific region and the United Kingdom. The Group is affected by the general economic conditions in the territories in which it operates. The Group sets limits on the exposure to any counterparty, and credit risk is spread over a variety of different personal and commercial customers. The Group has outstanding residential mortgage loans to Hong Kong residents of approximately £6.4 billion (1998: £5.6 billion).

17. Assets Leased to Customers

	1999 £million	1998 £million
Operating leases:		
Cost of equipment	565	533
Accumulated depreciation	(176)	(157)
	389	376
Finance leases	228	272
Instalment credit agreements	2,374	2,228
	2,991	2,876

In addition, the Group has securitised instalment credit agreements as disclosed in note 15.

Assets leased to customers are included in other loans and advances to customers.

The cost of assets acquired during the year for leasing to customers under finance leases and instalment credit agreements amounted to £1,854 million (1998: £1,135 million).

The aggregate amounts of leasing income receivable, including capital repayments, under finance leases amounted to £160 million (1998: £178 million) and under operating leases amounted to £158 million (1998: £91 million).

18. Provisions for Bad and Doubtful Debts

	1999			1998		
	Specific £million	General £million	Total £million	Specific £million	General £million	Total £million
Provisions held at 1 January	641	269	910	338	218	556
Exchange translation differences	6	2	8	11	(3)	8
Amounts written off	(302)	–	(302)	(157)	–	(157)
Recoveries of amounts previously written off	52	–	52	33	–	33
Acquisition of subsidiary	63	–	63	16	4	20
Other	(15)	–	(15)	14	–	14
New provisions	622	–	622	463	50	513
Recoveries and provisions no longer required	(127)	–	(127)	(77)	–	(77)
Net charge against profit	495	–	495	386	50	436
Provisions held at 31 December	940	271	1,211	641	269	910
Total provisions held at 31 December against:						
Loans and advances to banks (note 14)	11	–	11	19	–	19
Loans and advances to customers (note 16)	929	271	1,200	622	269	891
	940	271	1,211	641	269	910

Specific provisions for bad and doubtful debts include £76 million (1998: £81 million) of provisions against enhanced and other performing emerging markets debt.

19. Interest in Suspense

	1999 £million	1998 £million
At 1 January	184	130
Exchange translation differences	3	2
Withheld from profit	163	122
Amounts written off	(93)	(72)
Other	(3)	2
At 31 December	254	184
Total interest in suspense relating to:		
Loans and advances to banks (note 14)	–	8
Loans and advances to customers (note 16)	208	141
Prepayments and accrued income	46	35
	254	184

20. Non-performing Loans and Advances

	1999			1998
	Standard Chartered Nakornthon Bank £million	Other £million	Total £million	£million
Loans and advances on which interest is suspended	596	2,002	2,598	1,418
Specific provisions for bad and doubtful debts	(63)	(801)	(864)	(560)
Interest in suspense	–	(208)	(208)	(149)
	533	993	1,526	709

The Group acquired Standard Chartered Nakornthon Bank (formerly Nakornthon Bank) in September 1999. Under the terms of the acquisition, net non-performing loans of £533 million are subject to a Loan Management Agreement (LMA) with the Financial Institutions Development Fund (FIDF), a Thai Government agency. Under the LMA, the FIDF has guaranteed the recovery of a principal amount of the non-performing loans of £379 million. The LMA also provides, inter alia, for loss sharing arrangements whereby the FIDF will bear up to 85 per cent of losses in excess of the guaranteed amount. The carrying cost of the non-performing loans is reimbursable by the FIDF to Standard Chartered Nakornthon Bank for a period of five years from the date of acquisition.

Excluding the Standard Chartered Nakornthon Bank non-performing loan portfolio, specific provisions and interest in suspense, including provisions held against enhanced and other performing emerging markets debt (note 18), together cover 54 per cent (1998: 56 per cent) of total non-performing lending to customers. If lending and provisions are adjusted for the cumulative amounts written off, the effective cover is 60 per cent (1998: 69 per cent).

21. Debt Securities

	1999			
	Book amount			Valuation
	Investment securities £million	Dealing securities £million	Total debt securities £million	Investment securities £million
Issued by public bodies:				
Government securities	1,829	249	2,078	1,833
Other public sector securities	387	4	391	379
	2,216	253	2,469	2,212
Issued by banks:				
Certificates of deposit	1,841	62	1,903	1,833
Other debt securities	71	2	73	72
	1,912	64	1,976	1,905
Issued by other issuers:				
Bills discountable with recognised markets	–	214	214	–
Other debt securities	374	43	417	365
	374	257	631	365
Total debt securities	4,502	574	5,076	4,482
Of which:				
Listed on a recognised UK exchange	148	–	148	148
Listed elsewhere	686	82	768	682
Unlisted	3,668	492	4,160	3,652
	4,502	574	5,076	4,482

21. **Debt Securities** continued

	1998			
		Book amount		*Valuation*
	Investment securities £million	Dealing securities £million	Total debt securities £million	Investment securities £million
Issued by public bodies:				
Government securities	1,293	33	1,326	1,297
Other public sector securities	343	20	363	303
	1,636	53	1,689	1,600
Issued by banks:				
Certificates of deposit	1,124	36	1,160	1,124
Issued by other issuers:				
Other certificates of deposit	2	–	2	2
Bills discountable with recognised markets	-	131	131	–
Other debt securities	394	67	461	381
	396	198	594	383
Total debt securities	3,156	287	3,443	3,107
Of which:				
Listed on a recognised UK exchange	53	–	53	84
Listed elsewhere	1,011	59	1,070	968
Unlisted	2,092	228	2,320	2,055
	3,156	287	3,443	3,107

Debt securities include £39 million (1998: £6 million) of securities sold subject to sale and repurchase transactions. £3,248 million (1998: £1,925 million) of the Group's debt securities mature within one year.

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

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

	Historical cost £million	**Amortisation of discounts/ premiums £million**	**Book amount £million**
At 1 January 1999	3,174	(18)	3,156
Exchange translation differences	41	–	41
Acquisitions	7,091	–	7,091
Maturities and disposals	(5,798)	–	(5,798)
Amortisation of discounts and premiums	–	12	12
At 31 December 1999	4,508	(6)	4,502

At 31 December 1999, unamortised premiums on debt securities held for investment purposes amounted to £7 million (1998: £nil) and unamortised discounts amounted to £12 million (1998: £4 million).

22. Equity Shares

	1999		1998	
	Book amount £million	Valuation £million	Book amount £million	Valuation £million
Investment securities:				
Listed	9	9	9	12
Unlisted	29	32	15	15
	38	41	24	27
Dealing securities:				
Listed	–	–	5	5
Unlisted	–	–	13	13
	–	–	18	18
Total equity shares	38	41	42	45

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

Income from listed equity shares amounted to £1 million (1998: £nil) and income from unlisted equity shares amounted to £5 million (1998: £5 million).

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

	Historical cost £million	Provisions £million	Book amount £million
At 1 January 1999	30	(6)	24
Acquisitions	5	–	5
Disposals	(19)	–	(19)
Acquisition of subsidiary	34	(8)	26
Other movements	3	(1)	2
At 31 December 1999	53	(15)	38

23. Investments in Subsidiary Undertakings

	Historical cost £million	Revaluation reserve £million	Loans £million	Total £million
At 1 January 1999	1,161	1,750	1,030	3,941
Exchange translation differences	–	–	22	22
Additions	380	–	–	380
Increase in net assets of subsidiary undertakings	–	*170*	–	*170*
At 31 December 1999	1,541	1,920	1,052	4,513

At 31 December 1999, the principal subsidiary undertakings, all indirectly held and principally engaged in the business of banking and provision of other financial services, were as follows:

Country and place of incorporation or registration	Main areas of operation	Group interest in ordinary share capital
Standard Chartered Bank, England and Wales	United Kingdom, Middle East, South Asia, Asia Pacific, Americas and, through Group companies, Africa	100%
Standard Chartered Bank Malaysia Berhad, Malaysia	Malaysia	100%
Chartered Trust plc, England and Wales	United Kingdom	100%
Standard Chartered Nakornthon Bank Public Company Limited, Thailand	Thailand	75%
Banco Standard Chartered, Peru	Peru, Venezuela, Colombia and Americas	67%

The Group has an investment of 50 per cent plus one share in the share capital of CWB Capital Partners Ltd (CWB). However, there are restrictions on the long term control of CWB and it has therefore not been consolidated as a subsidiary in the Group accounts.
Details of all Group companies will be filed with the next annual return of the Company.

24. Intangible Fixed Assets

	Goodwill £million
Cost	
At 1 January 1999	160
Exchange translation differences	4
Additions	237
Other	(6)
At 31 December 1999	395
Provisions for amortisation	
At 1 January 1999	7
Amortisation charged in the year	22
At 31 December 1999	29
Net book value at 31 December 1999	366
Net book value at 31 December 1998	153

Since 1 January 1998, any purchased goodwill is capitalised and amortised to nil, on a straight-line basis, over its estimated useful life. Amortisation periods are between 10 and 20 years, being the period over which the Group expects to derive economic benefit from the assets.

25. Tangible Fixed Assets

	Premises £million	Equipment £million	Total £million
Cost or valuation			
At 1 January 1999	331	301	632
Exchange translation differences	1	3	4
Additions	68	173	241
Net deficit on revaluation	(10)	–	(10)
Disposals and fully depreciated assets written off	(24)	(61)	(85)
Acquisition of subsidiary	44	14	58
At 31 December 1999	410	430	840
Depreciation			
Accumulated at 1 January 1999	57	136	193
Exchange translation differences	1	1	2
Charge for the year	19	76	95
Attributable to assets sold or written off	(16)	(54)	(70)
Acquisition of subsidiary	8	7	15
Other	4	2	6
Accumulated at 31 December 1999	73	168	241
Net book value at 31 December 1999	**337**	**262**	**599**
Net book value at 31 December 1998	274	165	439

	1999 £million	1998 £million
Premises – analysis of net book value		
Freehold	87	76
Long leasehold	41	57
Short leasehold	209	141
	337	274
Premises – cost or valuation		
At cost	287	196
At valuations made:		
Prior to 1996	21	26
1996	26	109
1999	76	–
	410	331
On the historical cost basis, the book amount of premises amounted to:		
Cost	360	264
Accumulated depreciation	(73)	(57)
Net book value	287	207

Valuations were carried out on an open market existing use basis by the directors based upon the advice of independent professional valuers.

The net book value of premises occupied by the Group for its own activities at 31 December 1999 was £337 million (1998: £274 million).

Cost or valuation of premises subject to depreciation at 31 December 1999 was £265 million (1998: £113 million).

26. Future Rental Commitments Under Operating Leases

The Group's future annual rental commitments under operating leases are as follows:

	1999		1998	
	Premises £million	**Equipment £million**	Premises £million	Equipment £million
Annual rental on operating leases expiring:				
Within 1 year	10	1	7	1
Between 1 and 5 years	40	1	51	2
5 years or more	17	–	19	–
	67	2	77	3

The majority of leases relating to premises are subject to rent reviews.

27. Other Assets

	1999 £million	1998 £million
Mark-to-market adjustments arising on foreign exchange and interest rate contracts	2,110	2,600
Hong Kong Government certificates of indebtedness (note 41)	1,060	842
Assets awaiting sale	14	15
Other	670	603
	3,854	4,060

Other assets include balances relating to securitised loans and advances to customers (note 15) of £48 million (1998: £25 million) which are subordinated to the claims of other parties.

28. Deposits by Banks

	1999 £million	1998 £million
Repayable on demand	828	650
With agreed maturity dates or periods of notice, by residual maturity:		
3 months or less	4,083	3,435
Between 3 months and 1 year	268	613
Between 1 and 5 years	348	232
Over 5 years	28	–
	5,555	4,930

29. Customer Accounts

	1999 £million	1998 £million
Repayable on demand	10,584	8,506
With agreed maturity dates or periods of notice, by residual maturity:		
3 months or less	21,039	18,580
Between 3 months and 1 year	3,043	2,839
Between 1 and 5 years	461	344
Over 5 years	22	3
	35,149	30,272

30. Debt Securities in Issue

	1999 £million	1998 £million
By residual maturity:		
3 months or less	854	1,391
Between 3 months and 1 year	863	869
Between 1 and 5 years	948	686
Over 5 years	–	10
	2,665	2,956

31. Other Liabilities

	1999 £million	1998 £million
Mark-to-market adjustments arising on foreign exchange and interest rate contracts	2,139	2,692
Notes in circulation (note 41)	1,060	842
Short positions in treasury bills	6	10
Short positions in debt securities and equity shares	29	4
Current taxation	113	178
Proposed dividend	171	145
Other liabilities	1,094	801
	4,612	4,672

32. Provision for Deferred Taxation

	1999 £million	1998 £million
Deferred taxation comprises:		
Accelerated tax depreciation	20	16
Premises revaluation	10	12
Specific provisions for bad debts	(2)	(2)
Other timing differences	2	(3)
	30	23
Changes in deferred taxation balances during the year comprised:		
At 1 January	23	14
Exchange translation differences	(2)	(4)
Charge against profit	10	6
Credit to premises revaluation reserve	(2)	–
Other	1	7
At 31 December	30	23
No account has been taken of the following potential deferred taxation assets:		
Accelerated tax depreciation	31	35
Tax losses carried forward	19	19
Provisions for bad debts	82	87
Other	7	7

No provision is made for any tax liability which might arise on the disposal of subsidiary undertakings at the amounts stated in these accounts, other than in respect of disposals which are intended in the foreseeable future. As it is expected that substantially all such assets will be retained by the Group, it is considered that no useful purpose would be served by attempting to quantify the unprovided potential liability.

33. Other Provisions for Liabilities and Charges

	Provision for retirement benefits £million	Provision for other commitments £million	Provision for contingent liabilities and commitments £million	Total £million
At 1 January 1999	23	12	5	40
Charge against profit	31	19	–	50
Provisions utilised	(34)	(26)	(1)	(61)
Acquisition of subsidiary	8	–	–	8
Other	(1)	–	11	10
At 31 December 1999	27	5	15	47

Provision for other commitments relates to a voluntary redundancy scheme which has been launched in India.

34. Subordinated Loan Capital

	1999 £million	1998 £million
Undated		
Primary Capital Floating Rate Notes:		
US$400 million	247	241
US$300 million (Series 2)	186	180
US$400 million (Series 3)	247	241
US$200 million (Series 4)	124	120
£150 million	150	150
Undated subordinated loan capital – Group and Company	954	932
Dated – Company		
£97 million 12⅞ per cent Subordinated Unsecured Loan Stock 2002/2007	97	97
Dated – Subsidiary undertakings		
US$200 million Floating Rate Notes 2006	124	121
£30 million Floating Rate Notes 2009	30	–
£300 million 6.75% Notes 2009	298	–
€600 million 5.375% Notes 2009	368	–
US$25 million Floating Rate Notes 2004/2009	15	–
US$21 million Floating Rate Notes 2001/2006	13	–
Dated subordinated loan capital – Group and Company	945	218
Dated subordinated loan capital – repayable:		
Between two and five years	125	97
Over 5 years	820	121
Dated subordinated loan capital – Group	945	218

Claims in respect of the Group's loan capital are subordinated to the claims of other creditors. None of the Group's loan capital is secured or convertible.

35. Called-up Share Capital

Authorised

The authorised share capital of the Company is £894 million (1998: £836 million) made up of 1,428 million ordinary shares of 25p each, 500 million non-cumulative preference shares of £1 each and 12 million non-cumulative preference shares of US$5 each.

	Preference *shares of £1 each* Number of shares ('000)	Ordinary *shares of 25p each* Number of shares ('000)	Total £million
Allotted, called-up and fully paid			
At 1 January 1999	200,000	1,000,576	450
Issued under employee share option schemes	–	4,393	1
Issued instead of dividends	–	7,199	2
Placing	–	49,000	12
At 31 December 1999	200,000	1,061,168	465

On 28 May 1999, 6,512,896 ordinary shares were issued instead of the 1998 final dividend. On 15 October 1999, 686,046 ordinary shares were issued instead of the 1999 interim dividend.

The non-cumulative $7^3/_8$ per cent and $8^1/_4$ per cent preference shares of £1 each are irredeemable and carry the right to repayment of capital in the event of a winding up of the Company. They do not carry a right to vote at general meetings unless a dividend is unpaid or a resolution is proposed at the meeting to vary their rights.

Up to 106,168,958 ordinary shares of 25p each, being part of the authorised share capital, may be issued under the employee share schemes.

Placing

A placing of 49,000,000 ordinary shares for cash was made to institutional investors on 15 March 1999. The placing price of the ordinary shares was 784 pence which was a discount of 3.9 per cent on the middle market price of the ordinary shares on 5 March 1999, the day the placing was announced, and a discount of 15.7 per cent on the middle market price of the ordinary shares on 15 March 1999, the day the shares were first traded. The middle market price of the ordinary shares on 5 March 1999 was 816 pence and on 15 March 1999 the middle market price was 930 pence.

Executive share option schemes

At 1 January 1999, there were options outstanding over 13,762,949 ordinary shares under the schemes. During the year options over 151,250 ordinary shares lapsed and options over 3,025,189 ordinary shares were exercised at various prices from 89.875p to 808.5p. The following options were granted under the schemes:

Date option granted	Option price per share	Number of shares under option	Exercise period
5 August 1999	888p	625,624	2002-2009

The exercise of options granted under the schemes during the year will be linked to performance criteria.

As at 31 December 1999, there were options outstanding over 11,212,134 ordinary shares which may be exercised on various dates up to 2009 under the rules of the schemes.

Supplemental executive share option scheme

At 1 January 1999, there were options outstanding over 1,679,180 ordinary shares under the scheme. During the year, no options lapsed and there were no exercises. The following options were granted under the scheme:

Date option granted	Option price per share	Number of shares under option	Exercise period
10 March 1999	890.5p	926,734	2000-2004

The exercise of these options will be linked to performance criteria.

As at 31 December 1999, there were options outstanding over 2,605,914 ordinary shares, which may be exercised on various dates up to 2004 under the scheme rules.

35. Called-up Share Capital continued

1997 restricted share scheme

As at 1 January 1999, there were allocations outstanding over 552,190 ordinary shares. During the year, allocations over 9,550 ordinary shares were exercised. The following allocations were made:

Date allocation made	Number of shares allocated	Exercise period
10 March 1999	785,967	2001-2006
5 August 1999	52,523	2001-2006
10 September 1999	12,791	2001-2006

As at 31 December 1999, there were allocations outstanding over 1,382,280 ordinary shares, with allocations over 11,641 having lapsed during the year.

Savings related share option schemes

UK scheme

The terms of the Group's savings related share option schemes were amended in 1996 so that existing and future options may be subscribed for, at up to full market value, by a qualifying share ownership trust which will deliver them to the employees on payment of the option price. This makes the Group's subsidiaries more accountable for the cost of granting options. During the year, options were exercised over 895,394 ordinary shares at an average price to the employees of 252p per share, with the price received by the Company from the qualifying share ownership trust averaging 896.4p per share. The difference between the exercise price and the issue price was met by the Company's UK subsidiaries and has been included in the consolidated accounts as share premium.

At 1 January 1999, there were options outstanding over 6,351,442 ordinary shares under this scheme. During the year, options were exercised over 895,394 ordinary shares at prices from 200p to 704p and 770,042 options were registered as having lapsed. The following options were granted under the schemes:

Date option granted	Option price per share	Number of shares under option	Exercise period
10 September 1999	704p	552,797	2001-2007

As at 31 December 1999, there were options outstanding over 5,238,803 ordinary shares, which may be exercised at various dates up to 2007 under the rules of the schemes.

International scheme

The Company's savings related share option scheme is now available in all countries where the Group operates.

At 1 January 1999, there were 6,220,346 options outstanding under the scheme. During the year, 744,639 options were registered as having lapsed. Options were exercised over 463,282 ordinary shares at prices from 334p to 700p and the following options were granted under the scheme:

Date option granted	Option price per share	Number of shares under option	Exercise period
6 October 1999	704p	907,845	2002-2005

As at 31 December 1999, there were options outstanding over 5,920,270 ordinary shares which may be exercised on various dates up to 2005 under the scheme rules.

36. Shareholders' Funds

	1999					1998
	Share capital £million	Share premium account £million	Premises revaluation reserve £million	Profit and loss account £million	Total shareholders' funds £million	Total shareholders' funds £million
At 1 January	450	428	50	1,892	2,820	2,553
Exchange translation differences	–	–	1	12	13	(23)
Shares issued, net of expenses	15	380	–	64	459	48
Premises revaluation	–	–	(10)	–	(10)	–
Retained profit for the year	–	–	–	86	86	240
Capitalised on exercise of share options	–	6	–	(6)	–	–
Other	–	–	(3)	1	(2)	2
At 31 December	465	814	38	2,049	3,366	2,820
Equity interests					3,166	2,620
Non-equity interests					200	200
At 31 December					3,366	2,820

The cumulative amount of premiums on the acquisition of subsidiary and associated undertakings written off against Group reserves since 1973 is £34 million (1998: £34 million). This excludes amounts in respect of businesses sold.

A substantial part of the Group's reserves are held in overseas subsidiary undertakings and branches principally to support local operations or to comply with local regulations. If these overseas reserves were to be remitted, further unprovided taxation liabilities might arise.

37. Company Share Capital and Reserves

	1999					1998
	Share capital £million	Share premium account £million	Revaluation reserve £million	Profit and loss account £million	Total shareholders' funds £million	Total shareholders' funds £million
At 1 January	450	428	1,750	192	2,820	2,553
Shares issued, net of expenses	15	386	–	64	465	53
Increase in net assets of subsidiary undertakings	–	–	170	–	170	250
Profit for the year	–	–	–	169	169	187
Dividends paid and proposed	–	–	–	(258)	(258)	(223)
At 31 December	465	814	1,920	167	3,366	2,820
Equity interests					3,166	2,620
Non-equity interests					200	200
At 31 December					3,366	2,820

38. Consolidated Cash Flow Statement

a) Reconciliation between operating profit before taxation and net cash inflow from operating activities

	1999 £million	1998 £million
Operating profit before taxation	507	703
Items not involving cash flow:		
Depreciation and amortisation of premises and equipment	95	66
Amortisation of goodwill	22	7
Amortisation of investments	(30)	7
Charge for bad and doubtful debts and contingent liabilities	495	436
Debts written off, net of recoveries	(250)	(124)
(Decrease)/Increase in accruals and deferred income	(221)	356
Decrease/(Increase) in prepayments and accrued income	122	(145)
Adjustments for items shown separately:		
Interest paid on subordinated loan capital	102	79
Net cash inflow from trading activities	842	1,385
Net decrease/(increase) in cheques in the course of collection	3	(5)
Net (increase)/decrease in treasury bills and other eligible bills	(31)	242
Net increase in loans and advances to banks and customers	(3,345)	(734)
Net increase in deposits from banks, customer accounts and debt securities in issue	3,499	1,268
Net (increase)/decrease in dealing securities	(231)	274
Net (increase)/decrease in mark-to-market adjustment	(65)	34
Net decrease/(increase) in other accounts	309	(320)
Net cash inflow from operating activities	981	2,144

(b) Analysis of changes in cash

	1999 £million	1998 £million
Balance at 1 January	1,275	1,145
Exchange translation differences	35	61
Net cash inflow	79	69
Balance at 31 December	1,389	1,275

(c) Analysis of cash

	1999 £million	1998 £million
Cash and balances at central banks	609	409
Demand loans and advances to banks	780	866
	1,389	1,275

d) Analysis of changes in financing during the year

	1999			1998		
	Share capital £million	Share premium £million	Loan capital £million	Share capital £million	Share premium £million	Loan capital £million
Balance at 1 January	450	428	1,150	448	416	1,155
Exchange translation differences	–	–	25	–	–	(5)
Share capital issued, net of expenses	15	380	–	2	7	–
Capitalised on exercise of share options	–	6	–	–	5	–
Issue of subordinated loan capital, net of expenses	–	–	724	–	–	–
Balance at 31 December	465	814	1,899	450	428	1,150

38. Consolidated Cash Flow Statement Continued

e) Purchases of interests in subsidiary undertakings

	1999 £million	1998 £million
Net assets acquired	76	53
Goodwill	129	160
	205	213
Satisfied by:		
Cash	203	208
Accrued acquisition costs	2	–
Deferred consideration	–	5
	205	213

39 Summary of the Cash Flow Effects of Acquisitions of Subsidiary Undertakings

	Book value at date of acquisition £million	Fair value adjustments for consistent accounting policies £million	Revaluations £million	Fair value at date of acquisition £million
Tangible fixed assets	39	–	–	39
Loans and advances to banks and customers	949	(10)	–	939
Debt securities	128	–	–	128
Cash and balances at central banks	*10*	–	–	*10*
Other assets	13	(1)	–	12
Total assets	1,139	(11)	–	1,128
Deposits by banks and customer accounts	1,004	–	–	1,004
Other liabilities	23	–	–	23
Total liabilities	1,027	–	–	1,027
Net assets				101
Minority interests				(25)
Goodwill				129
				205
Consisting of:				
Cash				203
Accrued acquisition costs				2
				205

The effective date of acquisition of Nakornthon Bank Public Company Limited (now renamed Standard Chartered Nakornthon Bank Public Company Limited) was 10 September 1999. It has been accounted for using the acquisition method. Purchased goodwill is being amortised over 20 years. Its post-acquisition loss after tax for the year ended 31 December 1999 was £4 million. It increased the Group's net operating cash flows by £32 million, paid £nil million on returns on investments and servicing of finance, paid £nil million in respect of taxation, had a net *cash outflow of £nil million in respect of capital expenditure and financial investment, and utilised £21 million for financing activities.*

40. Segmental Information

By geographic segment

	1999						
	Asia Pacific Hong Kong £million	Asia Pacific Other countries £million	Africa £million	Middle East & South Asia £million	Americas £million	UK & Group Head Office £million	Total £million
Interest receivable	1,349	1,268	258	404	279	1,304	4,862
Interest payable	(820)	(809)	(127)	(261)	(203)	(1,006)	(3,226)
Net interest income	529	459	131	143	76	298	1,636
Fees and commissions receivable, net	127	152	58	56	42	3	438
Dealing profits and exchange	30	89	36	23	23	45	246
Other operating income	4	13	8	2	7	24	58
Net revenue	690	713	233	224	148	370	2,378
Costs	(316)	(381)	(122)	(143)	(103)	(229)	(1,294)
Amortisation of goodwill	–	–	–	–	–	(22)	(22)
Year 2000 costs	–	–	–	–	–	(60)	(60)
Total operating expenses	(316)	(381)	(122)	(143)	(103)	(311)	(1,376)
Operating profit before provisions	374	332	111	81	45	59	1,002
Provisions for debts	(178)	(188)	(6)	(70)	(16)	(37)	(495)
Profit before taxation	196	144	105	11	29	22	507
Loans and advances to customers – average	10,323	9,393	734	1,809	1,412	4,389	28,060
Net interest margin (%)	3.0	2.8	8.4	3.8	1.3	2.3	3.4
Mortgages	6,396	2,684	13	13	–	226	9,332
Other retail	913	1,097	100	457	3	26	2,596
Other	3,119	5,771	667	1,452	1,594	4,266	16,869
Loans and advances to customers	10,428	9,552	780	1,922	1,597	4,518	28,797
Loans and advances to banks	1,646	3,052	105	550	2,100	3,948	11,401
Total assets employed	20,328	18,967	1,905	4,304	7,550	13,920	66,974
Total risk weighted assets and contingents	9,113	11,186	1,005	2,871	2,949	8,209	35,333
Gross non-performing loans and advances	529	1,546	48	137	128	210	2,598
Specific provisions for bad and doubtful debts	(203)	(445)	(9)	(88)	(50)	(69)	(864)
Interest in suspense	(49)	(115)	(14)	(16)	(3)	(11)	(208)
	277	986	25	33	75	130	1,526

Total interest receivable and total interest payable include intra-group interest of £1,132 million. Total assets employed include intra-group items of £12,218 million and balances of £624 million which are netted in the Consolidated Balance Sheet. Total risk weighted assets and contingents include balances of £130 million which are netted in the note on Capital ratios on page 81 in accordance with regulatory guidelines.

Group central expenses and other overhead costs 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. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

The resolution of Year 2000 related technology issues has been managed from the centre as a global project, and the cost of this is included in the UK & Group Head Office segment.

Business acquisitions have been made as part of the Group's growth strategy. These activities are a result of corporate decisions made at the centre and the amortisation of purchased goodwill is included in the UK & Group Head Office segment. The total amortisation charge comprises £7 million (1998: £nil) in respect of the purchase of UBS' global trade finance business outside of Switzerland, £2 million (1998: £nil) for Standard Chartered Nakornthon Bank, £3 million (1998: £3 million) for Banco Standard Chartered and £10 million (1998: £4 million) for the UK consumer finance companies acquired in 1998.

40. Segmental Information continued

By geographic segment

	Asia Pacific Hong Kong £million	Asia Pacific Other countries £million	Africa £million	Middle East & South Asia £million	Americas £million	UK & Group Head Office £million	Total £million
	1998						
Interest receivable	1,441	1,424	251	347	344	1,362	5,169
Interest payable	(983)	(960)	(127)	(226)	(269)	(1,080)	(3,645)
Net interest income	458	464	124	121	75	282	1,524
Fees and commissions receivable, net	129	139	52	45	37	3	405
Dealing profits and exchange	50	180	39	22	40	87	418
Other operating income	3	5	3	3	2	4	20
Net revenue	640	788	218	191	154	376	2,367
Costs	(293)	(329)	(110)	(125)	(91)	(197)	(1,145)
Amortisation of goodwill	–	–	–	–		(7)	(7)
Year 2000 costs	–	–	–	–	–	(76)	(76)
Total operating expenses	(293)	(329)	(110)	(125)	(91)	(280)	(1,228)
Operating profit before provisions	347	459	108	66	63	96	1,139
Provisions for debts	(90)	(252)	(9)	(24)	(17)	(44)	(436)
Profit before taxation	257	207	99	42	46	52	703
Loans and advances to customers – average	9,762	8,213	685	1,643	1,452	4,320	26,075
Net interest margin (%)	2.9	3.2	9.5	3.5	1.4	1.8	3.5
Mortgages	5,622	2,302	11	15	–	157	8,107
Other retail	903	889	69	332	7	65	2,265
Other	3,278	4,982	580	1,296	1,401	4,182	15,719
Loans and advances to customers	9,803	8,173	660	1,643	1,408	4,404	26,091
Loans and advances to banks	1,154	3,192	92	533	1,087	3,470	9,528
Total assets employed	18,083	17,461	1,609	3,692	5,255	14,073	60,173
Total risk weighted assets and contingents	8,700	10,199	881	2,556	2,827	7,574	32,737
Gross non-performing loans and advances	197	730	66	91	67	267	1,418
Specific provisions for bad and doubtful debts	(86)	(300)	(16)	(39)	(23)	(96)	(560)
Interest in suspense	(15)	(67)	(21)	(11)	(1)	(34)	(149)
	96	363	29	41	43	137	709

Total interest receivable and total interest payable include intra-group interest of £1,166 million. Total assets employed include intra-group items of £11,160 million and balances of £1,155 million which are netted in the Consolidated Balance Sheet. Total risk weighted assets and contingents include balances of £239 million which are netted in the note on Capital ratios on page 81 in accordance with regulatory guidelines.

40. **Segmental Information** continued

By class of business	1999 £million	1998 £million
Consumer Banking:		
Operating profit before provisions	540	484
New provisions	(196)	(145)
Recoveries/provisions no longer required	55	25
Net charge	(141)	(120)
Trading profit	399	364
Corporate & Institutional Banking:		
Operating profit before provisions	348	386
New provisions	(425)	(290)
Recoveries/provisions no longer required	70	53
Net charge	(355)	(237)
Trading profit/(loss)	(7)	149
Treasury:		
Operating profit before provisions	196	352
New provisions	(1)	(29)
Recoveries/provisions no longer required	2	–
Net charge/release	1	(29)
Trading profit	197	323
Amortisation of goodwill	(22)	(7)
Year 2000 costs	(60)	(76)
Profit before general debt provision	507	753
General debt provision	–	(50)
Profit before taxation	507	703

Group central expenses and other overhead costs have been distributed between classes of business in proportion to their direct costs and the benefit of the Group's capital has been distributed between classes of business in proportion to their risk weighted assets.

	1999 £million	1998 £million
Total assets employed:		
Consumer Banking	21,377	19,907
Corporate & Institutional Banking	22,972	19,455
Treasury	22,625	20,811
Total	66,974	60,173

Total assets employed include intra-group items of £12,218 million (1998: £11,160 million) and balances of £624 million (1998: £1,155 million) which are netted in the Consolidated Balance Sheet.

Assets held at the centre have been distributed between classes of business in proportion to their total assets employed.

41. Secured Liabilities

	1999 £million	1998 £million
Notes in circulation (note 31)	1,060	842

The notes in circulation were secured by the deposit of funds of £1,060 million (1998: £842 million) in respect of which Hong Kong Government certificates of indebtedness were held (note 27).

42. Capital Commitments

Capital expenditure approved by the directors but not provided for in these accounts amounted to:

	1999 £million	1998 £million
Contracted	7	24
Not contracted	2	46

43. Assets and Liabilities in Currencies Other than Sterling

	1999 £million	1998 £million
Total assets denominated in:		
Sterling	5,329	5,863
Other currencies	48,803	41,995
	54,132	47,858
Total liabilities denominated in:		
Sterling	6,546	7,562
Other currencies	47,586	40,296
	54,132	47,858

44. 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 Bank of England's guidelines implementing the Basle Accord on capital adequacy, after taking account of collateral and guarantees received.

	1999			1998		
	Contract or underlying principal amount £million	**Credit equivalent amount £million**	**Risk weighted amount £million**	Contract or underlying principal amount £million	Credit equivalent amount £million	Risk weighted amount £million
Contingent liabilities						
Acceptances and endorsements	589	589	432	441	441	383
Guarantees and irrevocable letters of credit	5,877	4,120	3,151	4,307	3,467	2,571
Other contingent liabilities	650	561	407	671	498	387
	7,116	5,270	3,990	5,419	4,406	3,341
Commitments						
Documentary credits and short term trade-related transactions	972	194	184	1,209	242	232
Forward asset purchases and forward deposits placed	49	49	18	11	11	11
Undrawn note issuance and revolving underwriting facilities	11	6	6	5	2	2
Undrawn formal standby facilities, credit lines and other commitments to lend:						
1 year and over	3,737	1,868	1,141	3,813	1,906	1,665
Less than 1 year	20,478	–	–	15,391	–	–
	25,247	2,117	1,349	20,429	2,161	1,910

Under the Basle Accord, credit equivalent amounts, obtained by applying credit conversion factors to the contract amount, are risk weighted according to the nature of the counterparty. Undrawn loan commitments which are unconditionally cancellable at any time or which have a maturity of less than one year have a risk weighting of zero.

45. Fair Values

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 Financial Information section of the Operating & Financial Review on pages 22 to 25 explains the Group's risk management of derivative contracts.

	1999			1998		
	Notional *principal* amounts £million	***Positive* fair value £million**	***Negative* fair value £million**	Notional *principal* amounts £million	*Positive* fair value £million	*Negative* fair value £million
Trading book						
Forward foreign exchange contracts	141,230	1,703	1,818	118,714	2,534	2,283
Foreign exchange derivative contracts						
Currency swaps and options	14,406	336	299	15,048	551	493
Interest rate derivative contracts						
Swaps	29,656	251	272	25,336	338	281
Forward rate agreements and options	15,748	43	50	13,713	37	39
Exchange traded futures and options	7,853	7	1	6,788	3	9
Total	53,257	301	323	45,837	378	329
Total trading book derivative financial instruments	208,893	2,340	2,440	179,599	3,463	3,105
Effect of netting		(624)	(624)		(1,155)	(1,155)
		1,716	1,816		2,308	1,950

45. **Fair Values** continued

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

	1999			1998
	Notional principal £million	Positive fair value £million	Negative fair value £million	Notional principal £million
Non-trading book				
Forward foreign exchange contracts	–	–	–	542
Foreign exchange derivative contracts				
Currency swaps and options	–	–	–	14
Interest rate derivative contracts				
Swaps	2,809	–	7	1,270
Forward rate agreements and options	20	–	–	76
Exchange traded futures and options	5,848	6	–	4,038
Total	8,677	6	7	5,384
Commodity derivative contracts	77	–	–	15
Total non-trading book derivative financial instruments	8,754	6	7	5,955
Listed and publicly traded securities:				
Financial assets	3,366	5	7	3,742
Financial liabilities	2,352	2	4	2,787

Financial assets include treasury bills, debt securities and equity shares. Financial liabilities include certificate of deposit.

46. *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 31 December 1999 and 1998 for trading and non-trading purposes is set out below:

	1999				1998			
	Under one year £million	One to five years £million	Over five years £million	Total £million	Under one year £million	One to five years £million	Over five years £million	Total £million
Forward foreign exchange and foreign exchange derivative contracts								
Notional principal amount	152,145	3,444	47	155,636	131,953	2,346	19	134,318
Net replacement cost	1,831	207	2	2,040	2,869	215	1	3,085
Interest rate derivative contracts								
Notional principal amount	25,452	19,712	3,069	48,233	17,706	20,379	2,310	40,395
Net replacement cost	126	156	41	323	120	209	46	375
Commodity derivative contracts								
Notional principal amount	77	–	–	77	15	–	–	15
Net replacement cost	–	–	–	–	–	–	–	–
Counterparty risk								
Financial institutions				1,999				3,236
Non financial institutions				364				224
Total net replacement cost				2,363				3,460

The Financial Information section of the Operating & Financial Review on pages 22 to 25 explains the Group's risk management of derivative contracts.

47. Interest Rate Sensitivity Gap for the Non-Trading Book

This table shows the extent to which the Group's interest rate exposures on assets and liabilities are matched but does not take into account the currency of the exposure or the effect of interest rate options used by the Group to hedge these exposures. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and maturity date.

	Non-trading book							
	3 months or less £million	Between 3 months and 6 months £million	Between 6 months and 1 year £million	Between 1 year and 5 years £million	More than 5 years £million	Non-interest bearing £million	Trading book £million	Total £million
Assets								
Cash, balances at central banks and cheques in course of collection	148	–	–	–	–	495	–	643
Treasury bills and other eligible bills	1,157	1,049	298	173	–	–	24	2,701
Loans and advances to banks	7,507	1,901	1,401	111	108	337	36	11,401
Loans and advances to customers	21,793	2,041	1,198	2,952	811	2	–	28,797
Debt securities and equity shares and interests in associated undertakings	1,694	720	1,364	1,093	82	41	120	5,114
Other assets	25	87	16	5	–	3,238	2,105	5,476
Total assets	32,324	5,798	4,277	4,334	1,001	4,113	2,285	54,132
Liabilities								
Deposits by banks	4,585	257	41	280	30	257	105	5,555
Customer accounts	29,491	1,316	1,698	431	7	2,189	17	35,149
Debt securities in issue	1,877	426	207	155	–	–	–	2,665
Other liabilities	270	733	70	100	24	2,061	2,171	5,429
Subordinated liabilities	691	433	–	110	673	(8)*	–	1,899
Minority interests and shareholders' funds	–	–	–	–	200	3,235	–	3,435
Total liabilities	36,914	3,165	2,016	1,076	934	7,734	2,293	54,132
Off balance sheet items	2,064	(391)	(1,244)	(409)	(20)	–	–	–
Interest rate sensitivity gap	(2,526)	2,242	1,017	2,849	47	(3,621)	(8)	–
Cumulative gap	(2,526)	(284)	733	3,582	3,629	8	–	–

*Unamortised discount on the issue of subordinated loan capital.

The Financial Information section of the Operating & Financial Review on pages 22 to 25 explains the Group's risk management with respect to asset and liability management.

48. Non-Structural Currency Exposures

The table shows the Group's exposure between the functional currencies of the Group's business units and other currency positions within these units. These positions represent the non-trading transactional (i.e. non-structural) exposures that give rise to currency gains and losses which are recognised in the profit and loss account. These exposures are thus made up of the monetary assets and liabilities not denominated in the functional currency of the business unit in which they are held, apart from any non-sterling borrowings which hedge the Group's net investments in overseas units. As at 31 December 1999, these exposures were as follows:

	Net foreign currency assets/(liabilities)						
	Sterling £million	*US Dollar* £million	Hong Kong *Dollar* £million	Singapore *Dollar* £million	Malaysian *Ringgit* £million	*Other* £million	*Total* £million
Functional currency of business unit:							
Sterling	[redacted]	3	14	(2)	–	(3)	12
US Dollar	12	[redacted]	(4)	–	–	(19)	(11)
Hong Kong Dollar	1	(16)	[redacted]	1	–	(4)	(18)
Singapore Dollar	2	–	–	[redacted]	–	–	2
Malaysian Ringgit	–	14	–	–	[redacted]	(1)	13
Other	2	18	(2)	59	–	[redacted]	77
Total	17	19	8	58	–	(27)	75

The amounts include the effect of any derivative financial instruments entered into to manage these currency exposures.

The Financial Information section of the Operating & Financial Review on pages 22 to 25 explains risk management with respect to the Group's hedging policies.

49. Structural Currency Exposures

The Group's structural currency exposures as at 31 December 1999 were as follows:

	Net investments in overseas units £million	Borrowing in the functional currency of the units concerned hedging the net investment in the units £million	Structural currency exposures £million
Functional currency of the business unit:			
US Dollar	406	–	406
Malaysian Ringgit	247	–	247
Thai Baht	210	–	210
Singapore Dollar	148	–	148
UAE Dirhams	99	–	99
Indian Rupees	68	–	68
Hong Kong Dollar	50	–	50
Other non-sterling	239	–	239
Total	1,467	–	1,467

The Group's main overseas operations are in Asia, Africa and the Americas. The main operating (or 'functional') currencies of its overseas business units therefore include US Dollar, Hong Kong Dollar, Malaysian Ringgit and Singapore Dollar. As the Group prepares its consolidated financial statements in sterling, it follows that the Group's consolidated balance sheet is affected by movements in the exchange rates between functional currencies and sterling. These currency exposures are referred to as structural. Translation gains and losses arising from these exposures are recognised in the Consolidated Statement of Total Recognised Gains and Losses.

The Financial Information section of the Operating & Financial Review on pages 22 to 25 explains the risk management with respect to the Group's hedging policies.

50. Market Risk for the Trading Book

	12 months to 31.12.99			31.12.99
	Average £million	High £million	Low £million	Actual £million
Daily value at risk:				
Interest rate risk	2.9	5.1	1.6	1.6
Foreign exchange risk	1.3	2.0	0.8	0.8
Total	4.2	6.0	2.4	2.4

This note should be read in conjunction with the Financial Information section of the Operating & Financial Review on pages 22 to 25 which explains the Group's risk management, including Value at Risk (VAR) and derivatives.

The Group measures the risk of losses arising from future potential adverse movements in interest and exchange rates, prices and volatilities using VAR methodology. This methodology measures on a daily basis the estimated potential change in the market value or realisable value of the portfolio during a specified period.

The total Group exposure shown in the table above is not a sum of the interest rate and exchange rate risks. The highest and lowest VAR, are independent, and could have occurred on different days. In 1999, the lowest daily VAR in foreign exchange and interest rate risks coincided at the year-end, as positions were reduced to a minimum.

The Group uses a combination of *variance-covariance* methodology and *historical simulation* to measure VAR on its trading positions. In 1999, most of the trading book was measured using the *variance-covariance* approach but the derivative products business used *historical simulation*.

The *variance-covariance* method is based on a statistical analysis of past interest and exchange rate movements over the past 2 to 3 years with greater weight given to more recent data. VAR is calculated for expected movements over a minimum of one business day and with two standard deviation movement which, on the assumption of a Normal distribution, equates to a confidence level of approximately 97.5 per cent. This confidence level suggests that potential daily losses, i.e. in excess of the VAR measure, are only likely to be experienced six times per year.

The *historical simulation* applied to the derivative products business uses a holding period and confidence level similar to the *variance-covariance* method, but with an observation period of 250 days. The *historical simulation* approach involves the complete revaluation of all unmatured contracts to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio. This entails building a set of valuations of the portfolio and a set of changes in value relative to the current market valuation, from which VAR can be derived.

Offsetting between exchange rate and interest rate exposures is not allowed. This approach is conservative, as the diversification effects that would be implied if such offsetting were allowed, are likely to have the impact of reducing the overall VAR.

The Group recognises that there are limitations to the VAR methodology. These include the fact that the risk factors may not fall within the assumption of a Normal distribution, i.e. that a greater than expected number of observations may fall outside the stated confidence level. Also the historical data may not be the best proxy for future price movements, either because the observation period does not include extreme price movements or, in some cases, because data is not available. 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. This is particularly relevant in the case of extreme market movements, which may arise in periods of low liquidity and thus making the assumption, that positions can be closed in a liquid market, invalid.

To manage the risks arising from events which the VAR methodology does not capture the Group regularly back-tests and stress tests its main risk exposures. In back testing actual profits and losses are compared with VAR estimates to track the accuracy of the predictions. 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 senior management.

51. Hedging Instruments – Unrecognised gains and losses on derivative hedges

Gains and losses on derivatives used for hedging are recognised and reported in the profit and loss account and balance sheet in line with the underlying items which are being hedged. At 31 December 1999, the unrecognised gains and losses on derivatives used for hedging where the item being hedged had not been recognised were £6.3 million and £6.8 million respectively.

Of the unrecognised gains of £6.3 million, £3.5 million is expected to be recognised in the year ending 31 December 2000 and £2.8 million in subsequent years.

Of the unrecognised losses of £6.8 million, £4.0 million is expected to be recognised in the year ended 31 December 2000 and £2.8 million in subsequent years.

Gains arising in 1998 and earlier years and recognised in 1999 amounted to £7.4 million. Gains of £5.1 million arose in 1999 but were not recognised in that year.

Losses arising in 1998 and earlier years and recognised in 1999 amounted to £9.1 million. Losses of £1.6 million arose in 1999 but were not recognised in that year.

Supplementary Financial Information

Net interest Margin and Interest Spread	1999	1998
Net interest margin	3.4%	3.5%
Interest spread	2.8%	2.7%

	£million	£million
Average interest earning assets	47,977	44,143
Average interest bearing liabilities	41,998	38,891

Cross Border Assets

The following table shows the Group's cross border assets, including acceptances, where they exceed 1 per cent of the Group's total assets Cross border assets exclude facilities provided within the Group. They comprise loans and advances, interest bearing deposits with other banks, trade and other bills, acceptances, amounts receivable under finance leases, certificates of deposit and other negotiable paper and investment securities where the counterparty is resident in a country other than that where the cross border asset is recorded. Cross border assets also include exposures to local residents denominated in currencies other than the local currency.

	1999				1998			
	Public sector £million	Banks £million	Other £million	Total £million	Public sector £million	Banks £million	Other £million	Total £million
USA	764	282	424	1,470	723	264	283	1,270
Hong Kong	8	95	1,188	1,291	7	67	1,389	1,463
Germany	32	1,187	7	1,226	–	710	–	710
Singapore	18	364	523	905	20	191	505	716
Korea*	3	684	101	788				
France	53	676	32	761	92	509	28	629
Japan*	2	637	19	658				
Brazil*	8	559	69	636				
China•					–	193	554	747

**The cross border assets in these countries were less than 1 per cent of the Group's total assets in 1998.*

•The cross border assets in China were less than 1 per cent of the Group's total assets in 1999.

Capital Ratios	1999 £million	1998 £million
Tier 1 capital	3,026	2,668
Tier 2 capital	2,195	1,469
	5,221	4,137
Less supervisory adjustments	(24)	(6)
Adjusted capital base	5,197	4,131
Risk weighted assets	28,082	25,851
Risk weighted contingents	7,121	6,647
Total risk weighted assets and contingents	35,203	32,498
Capital ratios:		
Tier 1 capital	8.6%	8.2%
Total capital	14.8%	12.7%

1998 and 1999 figures have been calculated in accordance with the European Union Capital Adequacy Directive which became effective on 1 January 1996.

Supplementary Information on Hong Kong

The following table includes the results of all the Group's activities in Hong Kong. It has been prepared using the same principles as those used to prepare the geographical segmental information included in note 40 on page 70.

	1999 HKDmillion	1998 HKDmillion
Net revenue	8,661	8,218
Total operating expenses	(3,966)	(3,762)
Operating profit before provisions	4,695	4,456
Provisions for bad and doubtful debts	(2,240)	(1,156)
Operating profit before taxation	2,455	3,300

The information below is extracted from the financial information required by the Hong Kong Monetary Authority to be disclosed by authorised institutions incorporated outside Hong Kong. It excludes subsidiaries of Standard Chartered Bank in Hong Kong. It should be noted that definitions used by the Hong Kong Monetary Authority differ from those used by the Group.

	1999 HKDmillion	1998 HKDmillion
Advances to customers (including trade bills)	134,138	129,104
Other assets	105,335	76,399
Total assets	239,473	205,503
Analysis of advances to customers		
Mortgages	76,139	68,400
Other consumer	11,181	11,297
Trade finance	10,728	14,564
Trade bills	2,100	3,293
Financial concerns	11,787	10,593
Other*	22,203	20,957
Provisions	(2,853)	(1,122)
Net advances to customers	131,285	127,982

**Includes HKD 4,323 million (1998: HKD 3,987 million) reported as mortgages in note 40.*

	1999	1998
Gross non-performing advances to customers	7,397	2,717
Suspended interest	(805)	(262)
Specific provisions	(2,853)	(1,122)
	3,739	1,333
Gross non-performing advances as a percentage of gross advances to customers	5.5%	2.1%

Supplementary Information on Singapore

The following table includes the results of all the Group's activities in Singapore. It has been prepared using the same principles as those used to prepare the geographical segmental information included in note 40 on page 70.

	1999 SGDmillion	1998 SGDmillion
Net revenue	729	769
Total operating expenses	(280)	(278)
Operating profit before provisions	449	491
Provisions for bad and doubtful debts	(146)	(163)
Operating profit before taxation	303	328

The information below is provided in the same format as the financial information given for Hong Kong, but has been prepared using the same definitions as those used for the Group.

	1999 SGDmillion	1998 SGDmillion
Advances to customers, net	10,089	9,767
Other assets	10,711	11,853
Total assets	20,800	21,620
Analysis of advances to customers		
Mortgages	4,373	4,231
Other consumer	1,566	1,616
Trade finance	741	694
Other	3,709	3,392
Provisions	(300)	(166)
Net advances to customers	10,089	9,767
Gross non-performing advances to customers	614	538
Suspended interest	(63)	(34)
Specific provisions	(237)	(132)
	314	372
Gross non-performing advances as a percentage of gross advances to customers	5.9%	5.4%

Supplementary Financial Information

Supplementary Information on Malaysia

The information below is derived from the 1999 Annual Report of Standard Chartered Bank Malaysia Berhad which will be filed with Bank Negara Malaysia.

	1999 MYRmillion	1998 MYRmillion
Net revenue	900	1,034
Total operating expenses	(369)	(386)
Operating profit before provisions	531	648
Provisions for bad and doubtful debts	(193)	(383)
Operating profit before taxation	338	265
Advances and financing	11,975	11,150
Other assets	5,986	4,861
Total assets	17,961	16,011
Analysis of advances and financing		
Mortgages (excluding MYR 834 million (1998: MYR 786 million) loans sold to Cagamas)	4,952	4,720
Other consumer	995	844
Trade finance	1,503	1,794
Other	5,470	4,489
Provisions	(945)	(697)
Net advances to customers	11,975	11,150
Gross non-performing advances to customers	1,513	1,262
Suspended interest	(233)	(156)
Specific provisions	(492)	(328)
	788	778
Gross non-performing loans and advances as a percentage of gross loans and advances	11.0%	10.0%

Supplementary Financial Information

Five Year Summary

	1999	1998	1997	1996	1995
Amounts in £million					
Operating profit before provisions	1,002	1,139	1,060	882	726
Provisions for bad and doubtful debts, *contingent liabilities and commitments*	(495)	(436)	(156)	(64)	(72)
Trading profit	507	703	904	818	654
Profit before taxation	507	703	870	870	661
Profit attributable to shareholders	344	463	584	592	452
Loans and advances to banks	11,401	9,528	9,085	10,636	9,123
Loans and advances to customers	28,797	26,091	25,648	20,447	19,649
Total assets	54,132	47,858	47,181	42,138	38,934
Deposits by banks	5,555	4,930	6,767	7,212	5,652
Customer accounts	35,149	30,272	27,543	24,007	23,612
Shareholders' funds	3,366	2,820	2,553	2,339	1,970
Total capital resources *	5,334	4,026	3,744	3,598	3,385
Information per ordinary share					
Basic earnings per share	31.4p	44.8p	57.4p	59.0p	45.9p
Headline earnings per share	33.2p	45.4p	61.7p	55.5p	45.0p
Dividends per share	22.85p	20.75p	18.5p	14.5p	11.0p
Net asset value per share	298.4p	261.8p	237.0p	217.6p	181.8p
Ratios					
Post-tax return on ordinary shareholders' funds	12.0%	18.0%	25.3%	29.5%	27.8%
Basic cost to income ratio	57.9%	51.9%	51.7%	55.2%	59.4%
Cost to income ratio – headline basis	57.0%	51.6%	49.7%	56.6%	59.7%
Capital ratios:					
Tier 1 capital	8.6%	8.2%	8.0%	8.6%	7.9%
Total capital	14.8%	12.7%	12.5%	13.6%	13.1%
Exchange rate US$/£ (year-end)	1.62	1.66	1.65	1.70	1.55
Exchange rate US$/£ (average)	1.62	1.66	1.64	1.56	1.58

* *Shareholders' funds, minority interests and subordinated loan capital.*

Principal Group Addresses

Head Office
Standard Chartered PLC
1 Aldermanbury Square
London EC2V 7SB
Telephone: (020) 7280 7500

Australia
Standard Chartered Bank Australia Limited
345 George Street, Sydney
New South Wales 2000
(Postal address: GPO Box 7042
Sydney, NSW 2001),
Australia
Telephone: (02) 9232 6599
Country Chief Executive Officer: David Manson

Bahrain
Standard Chartered Bank
Government Road,
PO Box 29, Manama,
Bahrain
Telephone: 223636
Country Chief Executive Officer: Osman Morad

Bangladesh
Standard Chartered Bank
Box 536, 18-20
Motijheel Commercial Area
Dhaka - 1000, Bangladesh
Telephone: (02) 956 1465
Country Chief Executive Officer:
Sethu Venkateswaran

Botswana
Standard Chartered Bank Botswana Limited
Box 496, 5th Floor,
Standard House,
The Mall, Gaborone,
Botswana
Telephone: 360 1500
Country Chief Executive Officer: Andy Prebble

Brunei
Standard Chartered Bank
51-55 Jalan Sultan
(Postal address: PO Box 186)
Bandar Seri Begawan BS8670
Telephone: (02) 242386/9
Country Chief Executive Officer: David Knight

Cambodia
Standard Chartered Bank
89 Norodom Boulevard
PO Box 46
Phnom Penh
Cambodia
Tel: (23) 216685, 212732
Country Chief Executive Officer: Ong Teong Hoon

Cameroon
Standard Chartered Bank Cameroon S.A.
Boulevard de la Liberté, BP 1784,
Douala, Cameroon
Telephone: 42 36 12, 42 41 91
Country Chief Executive Officer: Greg Fletcher

China
Standard Chartered Bank
35/F China Merchants Tower
66 Lujiazui Lu, Pudong District
Shanghai 200120
Telephone: (021) 5887 1230 Extn 7338
Country Chief Executive Officer: Lance Browne

Hong Kong SAR
Standard Chartered Bank
Standard Chartered Bank Building
4-4A Des Voeux Road, Central,
Hong Kong
(Postal address: GPO Box 21, Hong Kong)
Telephone: 2820 3333
Country Chief Executive Officer: Mervyn Davies

Colombia
Banco Standard Chartered Colombia
Calle 74 No. 6-65, Bogotá
Colombia
Telephone: (01) 326 4030
Country Chief Executive Officer: Hans Theilkuhl

Falkland Islands
Standard Chartered Bank
Box 166/597, Ross Road, Stanley
Falkland Islands
Telephone: 21352
Country Chief Executive Officer: Keith Biles

The Gambia
Standard Chartered Bank Gambia Limited
Box 259, 8 Ecowas Avenue, Banjul
The Gambia
Telephone: 227744
Country Chief Executive Officer: Stanley Tsikirayi

Ghana
Standard Chartered Bank Ghana Limited
Third Floor, Accra High Street Building
PO Box 768, Accra
Telephone: (021) 664591-8
Country Chief Executive Officer: Vishnu Mohan

India
Standard Chartered Bank
4th Floor, New Excelsior Building
A K Naik Marg, PO Box 1806
Mumbai, 400 001, India
Telephone: (022) 207 5409
Country Chief Executive Officer: John Filmeridis

Indonesia
Standard Chartered Bank
Wisma Standard Chartered Bank
Jl. Jend. Sudirman Kav.33-A, Jakarta 10220
(Postal address: PO Box 57 JKWK
Jakarta 10350), Indonesia
Telephone: (021) 251 3333
Country Chief Executive Officer: David Hawkins

Japan
Standard Chartered Bank
Fuji Building, 3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-0005 (Postal address:
Central PO Box 906 Tokyo 100-8692), Japan
Telephone: (03) 3213 6541
Country Chief Executive Officer: Jeremy Parrish

Jersey
Standard Chartered Bank (C.I.) Limited
PO Box 89, Standard Chartered House
Conway Street, St. Helier, Jersey JE4 8PY
Telephone: (01534) 507000
Country Chief Executive Officer:
Christopher Dickinson

Kenya
Standard Chartered Bank Kenya Limited
Moi Avenue, Box 30003, Nairobi, Kenya
Telephone: (02) 330200
Country Chief Executive Officer: Les Gibson

Lebanon
Standard Chartered Bank s.a.l.
PO Box 70216, Nihako Building, Antelias Highway
Antelias, E1 Metn, Beirut Lebanon
Telephone: 961 (04) 415 824
Country Chief Executive Officer: Ross Holden

Macau
Standard Chartered Bank
8/F Office Tower, Macau Landmark,
Avenida de Amizade, Z.A.P.E.
PO Box 3014, Macau
Telephone: 786111
Country Chief Executive Officer: Abraham Wong

Malaysia
Standard Chartered Bank Malaysia Berhad
2 Jalan Ampang, 50450 Kuala Lumpur
(Postal address: PO Box 11001
50732 Kuala Lumpur), Malaysia
Telephone: (03) 232 6555, 232 7766
Country Chief Executive Officer: Mike Hague

Nigeria
Standard Chartered Bank Nigeria Limited
Plot 105b, Ajose Adeogun Street,
Victoria Island, Lagos, Nigeria
Telephone: (01) 262 6804
Country Chief Executive Officer: Carey Leonard

Oman
Standard Chartered Bank
PO Box 2353, Postal Code 112,
Ruwi Sultanate of Oman
Telephone: 703999, 703796, 703574
Country Chief Executive Officer:
Murtadha Mohamed Ali Kukoor

Pakistan
Standard Chartered Bank
Box 4896, Ismail Ibrahim Chundrigar Road,
Karachi 2, Pakistan
Telephone: (021) 241 6485-9
Country Chief Executive Officer:
Zahid Rahim

Peru
Banco Standard Chartered
Av. Canaval y Moreyra 454
Main Floor, San Isidro, Lima 27, Peru
Telephone: (01) 442 2121
Country Chief Executive Officer:
Luis Jose Grove

Philippines
Standard Chartered Bank
6788 Ayala Avenue, Makati City (Postal
address: PO Box 1220, Makati Central Post
Office, Makati City, Philippines
Telephone: (02) 886 7888
Country Chief Executive Officer: Eirv Knox

Qatar
Standard Chartered Bank
Abdullah Bin Jasim Street, Box 29
Doha, Qatar
Telephone: 414252
Country Chief Executive Officer: Arif Mansoor

Republic of Korea (South Korea)
Standard Chartered Bank
13th Floor, Nae Wei Building 6,
2-Ka, Ulchi-ro, Chung-ku
PO Box Kwangwhamun 259, Seoul
South Korea
Telephone: (02) 750 6114
Country Chief Executive Officer: Bill Gemmel

Principal Group Addresses

Sierra Leone
Standard Chartered Bank
Sierra Leone Limited
PO Box 1155, 9-11
Lightfoot Boston Street
Freetown, Sierra Leone
Telephone: (022) 226220, 225021
Country Chief Executive Officer: Bryan Lindsay

Singapore
Standard Chartered Bank
6 Battery Road, Singapore 049909
(Postal address: PO Box 1901,
Singapore 903801)
Telephone: 225 8888
Country Chief Executive Officer: Theresa Foo

Sri Lanka
Standard Chartered Bank
PO Box 27, 17 Janadhipathi Mawatha
Colombo 1, Sri Lanka
Telephone: (01) 326671, 433303
Country Chief Executive Officer: Ahmed Rehman

Taiwan
Standard Chartered Bank
168 Tun Hwa North Road
Taipei 105, Taiwan
Telephone: (02) 2716 6261, 2717 2866
Country Chief Executive Officer: Ray Ferguson

Tanzania
Standard Chartered Bank Tanzania Limited
International House Property
Corner Shaaban Robert and Garden Avenue
PO Box 9011, Dar es Salaam
Tanzania
Telephone: (51) 122160/62
Country Chief Executive Officer: Chris Low

Thailand
Standard Chartered Bank
990 Rama IV Road
(GPO Box 320), Bangkok 10500
Thailand
Telephone: (02) 636 1000
Country Chief Executive Officer: Dru Narwani

Standard Chartered Nakornthon Bank Public Company Limited
Sathorn Thani
Building Silom, 10500 Bangrak
Bangkok 10500
Telephone: (02) 636 7000

Uganda
Standard Chartered Bank Uganda Limited
5 Speke Road, Kampala
(Postal address: PO Box 7111, Kampala)
Uganda
Telephone: (041) 258211/7
Country Chief Executive Officer:
Washington Matsaira

United Arab Emirates
Standard Chartered Bank
PO Box 999, Al Mankhool Road
Dubai, United Arab Emirates
Telephone: (04) 5070 350
Country Chief Executive Officer: Alex Thursby

United Kingdom
Standard Chartered Bank
1 Aldermanbury Square
London EC2V 7SB
Telephone: (020) 7280 7500
Country Chief Executive Officer: David Morgan

Chartered Trust plc
24-26 Newport Road, Cardiff
South Glamorgan CF24 0SR, Wales
Telephone: (029) 2029 6000
Managing Director: Andrew Hunter

United States of America
Standard Chartered Bank
7 World Trade Center, New York,
NY 10048, USA
Telephone: (212) 667 0700
Country Chief Executive Officer: Bob McDonald

Standard Chartered Bank
Latin American Division
Suite 1700, 701 Brickell Avenue
Miami, Florida 33131
Telephone: (305) 539 7000
Contact: Frank Robleto

Venezuela
Banco Standard Chartered
Avenida La Estancia
Centro Banavén, Nùcleo D
Piso 5, Chuao
Caracas 1060
Telephone: (02) 993 0522
Country Chief Executive Officer:
Luis Carlos Garza

Vietnam
Standard Chartered Bank
Unit 8-01, 49 Hai Ba Trung Street
Hanoi, Vietnam
Telephone: (04) 825 8970
Country Chief Executive Officer: Teo Hock Chuan

Zambia
Standard Chartered Bank Zambia Limited
Box 32238, Standard House, Cairo Road,
Lusaka, Zambia
Telephone: (01) 229242/60
Country Chief Executive Officer: John Janes

Zimbabwe
Standard Chartered Bank Zimbabwe Limited
John Boyne House, PO Box 373,
38 Speke Avenue, Harare, Zimbabwe
Telephone: (14) 752864/8, 753212/5
Country Chief Executive Officer: Barry Hamilton

Representative offices
(Full banking facilities not provided)

Argentina
Telephone: (011) 4312 3080

Bahamas
Telephone: (32) 33426, 26667

Brazil
Telephone: (021) 203 7000

Colombia
Telephone: (01) 211 4496

Iran
Telephone: (021) 88 81 918/9

Laos
Telephone: (021) 222251

Mexico
Telephone: (05) 387 1307

Myanmar
Telephone: (01) 240260

Nepal
Telephone: (01) 248090

Peru
Telephone: (01) 222 7575

Switzerland
Telephone: (01) 388 6969

South Africa
Telephone: (011) 484 7556/7

Venezuela
Telephone: (02) 993 0522

Standard Chartered branches/offices

Argentina	1
Australia	1
Bahamas	1
Bahrain	5
Bangladesh	6
Botswana	15
Brazil	1
Brunei	16
Cambodia	1
Cameroon	3
China	16
Hong Kong SAR	80
Colombia	4
Falkland Islands	1
The Gambia	3
Ghana	22
India	18
Indonesia	5
Iran	1
Japan	1
Jersey	1
Kenya	31
Lebanon	6
Laos	1
Macau	1
Malaysia	35
Mexico	2
Myanmar	1
Nepal	1
Nigeria	1
Oman	1
Pakistan	6
Peru	3
Philippines	6
Qatar	1
Republic of Korea (South Korea)	1
Sierra Leone	1
Singapore	22
South Africa	1
Switzerland	1
Sri Lanka	4
Taiwan	3
Tanzania	4
Thailand	75
Uganda	5
United Arab Emirates	7
United Kingdom	87
United States of America	4
Venezuela	3
Vietnam	2
Zambia	14
Zimbabwe	40

The area codes provided are local.

Shareholder Information

Dividend and Interest Payment Dates

Ordinary Shares	Final dividend	Interim dividend (provisional only)
Results and dividend announced	23 February 2000	2 August 2000
Ex dividend date	6 March 2000	14 August 2000
Record date for dividend	10 March 2000	18 August 2000
Last date to elect for share dividend or to change standing instructions	25 April 2000	26 September 2000
Dividend payment date	26 May 2000	13 October 2000

Preference Shares	1st half yearly dividend	2nd half yearly dividend
7 3/8 per cent Non-Cumulative Irredeemable Preference shares of £1 each	3 April 2000	2 October 2000
8 1/4 per cent Non-Cumulative Irredeemable Preference shares of £1 each	3 April 2000	2 October 2000

Loan Stock	1st half yearly payment	2nd half yearly payment
12 7/8 per cent Subordinated Unsecured Loan Stock 2002/2007	31 March 2000	30 September 2000

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Thursday 11 May 2000 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB. Every ordinary shareholder is entitled to attend and vote at the meeting. The Notice of Meeting is included in the circular to shareholders dated 20 March 2000.

Interim Results

The interim results will be announced to the London Stock Exchange, advertised in the national press and put on our web site (see address below).

Low Cost Share Dealing Service

We are pleased to be able to offer you a postal dealing service through NatWest Stockbrokers Limited and the use of the Instant Share Dealing Service which is available in many NatWest branches. If you would like details of these services please contact NatWest Stockbrokers Limited on 020 7895 5489*.

Previous Dividend Payments

Dividend & financial year	Payment date	Dividend per ordinary share	Cost of one new ordinary share under share dividend scheme
Interim 1995	19 October 1995	3.25p	412.2p†
Final 1995	31 May 1996	7.75p	587.5p
Interim 1996	18 October 1996	4.25p	714.3p
Final 1996	30 May 1997	10.25p	864.2p
Interim 1997	17 October 1997	5.25p	No offer
Final 1997	29 May 1998	13.25p	884.3p
Interim 1998	16 October 1998	6.25p	587.2p
Final 1998	28 May 1999	14.50p	889.5p
Interim 1999	15 October 1999	6.75p	860.8p

†Market value 517.5p

Bankers' Automated Clearing System (BACS)

Dividends and loan stock interest can be paid straight into your bank or building society account. Please contact the Company's registrar for a mandate form.

Registrars and Shareholder Enquiries

All shareholder enquiries should be addressed to the Company's registrar, Computershare Services PLC, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh, EH11 4BR. Telephone 0870 702 0138. You can visit the registrar's web site on www.computershare.com

Head and Registered Office

1 Aldermanbury Square, London EC2V 7SB. Telephone 020 7280 7500.

Standard Chartered on the Internet

Visit our web site on www.standardchartered.com

**These details are given for information only and this is not a recommendation by Standard Chartered to use the services of NatWest Stockbrokers. NatWest Stockbrokers Limited and National Westminster Bank Plc have approved the references to them for the purposes of section 57 of the Financial Services Act 1986.*