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Standard Chartered PLC
（渣打集團有限公司）

(Incorporated in England and Wales and registered as a public limited company)

AGM Statement

Excerpts from the speech made to shareholders by Sir Patrick Gillam, Chairman, Standard Chartered Bank PLC at the Annual General Meeting held on 8 May 2003 at 12.00 noon in London.

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"Last year I told you that we were well positioned to grow our business as the Asian markets recovered from the economic turmoil of the late 1990s. Our results show this has been the case.

The 2002 results show a 16 per cent rise in trading profit to US$1.26 billion and an increase in net revenue of 3 per cent.

A number of factors contributed to this strong performance. We saw:

- strong growth in consumer banking, outside of Hong Kong
- a good performance on costs, and
- an exceptional performance on bad debts.

I have always said to you that our dividend policy was to share wealth with shareholders when we made it. Therefore, the Board is delighted to recommend an increase to the dividend. The final dividend will be 32.9 cents per share, compared with 29.1 cents per share in 2001. This gives a total dividend of 47 cents, an increase of 12 per cent.

You will have noticed that this year's Directors' Remuneration Report contains additional material. This reflects changes made by the Department of Trade and Industry to the way in which executive compensation is reported.

Since the report was published, we have also signaled our intent to change directors' contracts to remove the change of control clause so that all current directors have twelve-month contracts.

In addition, we have revised the shareholding requirement of executive directors and senior managers to make them simpler. These changes together with the revised remuneration report itself are consistent with our objective of adhering to the highest standards of corporate governance.

We completed the integration of Grindlays in India, the Middle East and South Asia in 2002. This acquisition has transformed the Bank. Today we are the largest foreign bank in India, Pakistan, Bangladesh and Sri Lanka; and the second largest foreign bank in the Gulf region.

India contributes more than US$150 million in trading profit per year, and the United Arab Emirates is now contributing more than US$100 million. This materially diversifies the Bank's range of core markets. We are continuing to see strong growth in India and will have opened 23 new branches there by the end of this year.

During 2002, we made excellent progress in developing our two service centres in Chennai and Kuala Lumpur. These are centres that process transactions for our consumer and wholesale banking businesses. They also support internal functions like finance, technology and human resources. We expect these service centres to deliver substantial cost savings in the coming years. We are enormously proud of the speed and efficiency of this project, which is reflected by the number of banks that are keen to follow our example.

In July last year, we took a US$50 million stake in the initial public offering on the Hong Kong Stock Exchange in shares of the Bank of China Hong Kong. It is a subsidiary of the Bank of China, one of the largest state-owned commercial banks. We have since signed a Memorandum of Understanding with them in which we identified eight areas for alliance on products and distribution in the mainland and internationally.

In October 2002, we listed our shares in Hong Kong. As one of the three note-issuing banks this listing on the Stock Exchange was a further demonstration of our commitment to Hong Kong and China. The listing will help us to expand our shareholder base to include both Asian institutional and retail investors. The offer was comfortably over-subscribed.

In recent months we have had to contend with major issues affecting two of our core regions: war in the Middle East and the SARS virus in East Asia:

- The Iraq war. Fortunately, the war was short, as we had hoped and has had virtually no impact on our business. We expect healthy growth in the region for the rest of the year.

- The SARS outbreak was completely unexpected. The World Health Organisation's comment - that the outbreak has passed its peak in Hong Kong and Singapore - was a heartening piece of news. However, there has already been an impact on the economies of East Asia. From our perspective, there are three potential issues:
    1. The possible credit loss from lending to the most directly affected sectors, notably airlines, hotels, retail, tourism and restaurants. Our exposure to these industries is limited and well secured.
    2. The impact on the demand for banking services from reduced economic activity and thus reduced GDP growth. It's very hard to know what this will amount to. Clearly it depends on how long it lasts. It is also too early to tell whether there will be an increase in unemployment, that could in turn lead to an increase in personal bankruptcies. For the first quarter of this year, we continued to see a reduction in these bad debts to US$48 million, from US$64 million in the last quarter of 2002. Our overall share of the personal bankruptcy problem in Hong Kong continues to fall.
    3. The practical challenges of trying to keep our staff as safe as possible and to preserve business continuity. We have taken a number of sensible internal measures.

While there have been these major issues in the Middle East and Asia, Africa is one region that has benefited from an improved economic environment. It has seen continued economic reform, a softer dollar and higher commodity prices.

The biggest exception to a successful year for our colleagues in Africa was Zimbabwe. However we remain committed to our operations in that country.

To sum up, the outlook at the end of the first quarter, is that we have continued to make positive progress against our performance targets.

This year's AGM is a very special occasion for the Bank because 2003 marks our 150th year in business. It is also special for me because after ten very happy years, this is my last AGM. I will step down today after 10 years as Chairman. I am delighted to welcome Bryan Sanderson as my successor. I am confident Bryan will take this company forward to even greater success.

We are part of the fabric of the communities in which we operate around the world, so we are using our anniversary to launch two initiatives to put something back. We have launched an HIV/AIDS education awareness programme worldwide. Our aim is to make every member of our staff aware of the need to combat HIV.

We have also launched "Seeing is Believing", jointly with Sight Savers International. Our aim is to raise enough funds for cataract operations for 28,000 people around the world."

Standard Chartered PLC

This announcement is made in compliance with paragraph 2(2) of the Listing Agreement.

By order of the Board
Standard Chartered PLC
David Brimacombe
Company Secretary

London, 8 May 2003

Please also refer to the published version of this announcement in South China Morning Post dated on 9-5-2003.