

**TO CITY EDITORS  
FOR IMMEDIATE RELEASE**

**20 February 2002**

**STANDARD CHARTERED PLC RESULTS FOR 2001**

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**RESILIENT PERFORMANCE IN TOUGH ENVIRONMENT  
NEW CEO – “IMPROVING RoE OUR PRIORITY”**

**HIGHLIGHTS**

**Results**

- Net revenue up 9 per cent to \$4,464 million from \$4,090 million.
- Cost growth held at 5 per cent.
- Debt charge \$261 million higher at \$731 million (Malaysia \$105 million, Hong Kong personal bankruptcies \$121 million).
- Pre-tax profit down at \$1,148 million compared with \$1,438 million in 2000 (which included \$532 million from the sale of Chartered Trust).
- Pre-tax profit at \$1,148 million down 7 per cent from \$1,229 million in 2000, after provisions and before restructuring.
- Normalised earnings per share at 66.3 cents.
- Annual dividend per share increased by 10 per cent to 41.92 cents.

**Significant achievements**

- Resilient performance in face of slowdown in major markets.
- Grindlays and Chase Hong Kong acquisitions delivering growth.
- Strong growth in high yield products – credit cards and wealth management.
- Strong performance from treasury and syndications.
- Efficiency programme ahead of schedule and projected cost savings for 2002 and 2003 increased.
- Chennai and Kuala Lumpur processing hubs go live.

Commenting on these results, the Chairman of Standard Chartered PLC, Sir Patrick Gillam, said:

“Our results today demonstrate resilience in a very tough environment. The challenge for us in this uncertain world is to grow our business and produce better performance”.

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## STANDARD CHARTERED PLC - SUMMARY OF RESULTS FOR 2001

	2001 \$m	2000 \$m
<b>RESULTS</b>		
Net revenue	4,464	4,090
Provisions for bad and doubtful debts and contingent liabilities	(731)	(470)
Operating profit after goodwill and provisions but before restructuring charge	1,148	1,229
Restructuring charge	-	(323)
Profit on disposal of subsidiary undertakings	-	532
Profit before taxation	1,148	1,438
Profit attributable to shareholders	699	1,026
<b>BALANCE SHEET</b>		
Total assets	107,379	102,280
Shareholders' funds:		
Equity	6,123	6,055
Non-equity	1,259	298
Capital resources	12,865	10,990
<b>INFORMATION PER ORDINARY SHARE</b>		
	Cents	Cents
Normalised earnings per share	66.3	71.1
Dividends per share	41.92	38.105
Net asset value per share	541.3	537.4
<b>RATIOS</b>		
	%	%
Post-tax return on ordinary shareholders' funds – normalised basis	12.3	13.8
Cost to income ratio – normalised basis	55.1	56.9
Capital ratios:		
Tier 1 capital	8.8	7.0
Total capital	16.0	14.0

Results on a normalised basis reflect the Group's results excluding amortisation of goodwill, profits on disposal of subsidiary undertakings and charges for restructuring (see note 9).

Refer to the note on comparative figures on page 35.

## **STANDARD CHARTERED PLC - CHAIRMAN'S STATEMENT**

Our results today demonstrate resilience in a very tough environment.

### **2001 Results**

Pre-tax profit is \$1,148 million compared with \$1,438 million in 2000, which included \$532 million from the sale of Chartered Trust.

Net revenues at \$4,464 million are up 9 per cent

Costs increased by only 5 per cent

Profit before goodwill, restructuring and provisions at \$2,019 million is up 14 per cent

Provisions increased to \$731 million

Normalised earnings per share are 66.3 cents

Our Tier One capital ratio currently stands at 8.8 per cent, well within our 7 – 9 per cent target range.

We are recommending a final dividend of 29.10 cents per share, compared with 26.454 cents in 2000. This gives a total dividend of 41.92 cents, an increase of ten per cent over 2000. The proposed final dividend is covered 1.3 times. The sterling amount will be set on 29 April 2002.

### **The Economic Environment**

2001 was a year of challenges. There were the predicted challenges associated with the global economic slowdown. There were also the unexpected events, most notable of which were the horrific events of 11 September.

In recent years, the world economy has faced a number of crises, but, led by the United States, it has always bounced back. Last year was different. The United States slowed sharply, world trade slowed and oil prices fell.

These developments added to uncertainty throughout the emerging markets, not least in Asia, where the region was still recovering from the crisis of the late 1990s. Last year growth slowed across Asia and a number of companies were in recession. □ □

Consumer confidence was badly affected. This was particularly noticeable in Hong Kong, where deflationary pressures saw many people suffer from negative home equity for the first time.

Aside from these events, there are many positive economic factors to dwell on in Asia. Healthy current account surpluses are being seen across the region and inflation is well under control. This has allowed central banks to keep interest rates low in most countries.

As expected, China entered the World Trade Organisation. Already it is clear that this will open another chapter in Asia's amazing economic development

### **STANDARD CHARTERED PLC - CHAIRMAN'S STATEMENT (continued)**

With the decline in oil prices, growth rates slowed across the Middle East, however the underlying strength of many of the economies in the region is not fully appreciated. The United Arab Emirates, where we have a strong presence, is one of the richest countries in the developing world, with a high per capita income.

African economies have made tremendous progress in recent years and a number of countries have implemented sound economic policies, as they sought to qualify for debt relief. However, as world trade slowed, the region suffered.

At the same time there were concerns about political stability in a number of countries - Thailand, the Philippines and Indonesia to name a few. Looking back it is impressive how each of these countries has achieved progress towards political stability, avoiding the problems many feared. This is extremely important for the future development of their economies and is often overlooked.

So what are the prospects for 2002?

This year looks like being another year of modest world growth. The US economy will grow, but perhaps at only a slightly faster pace than last year. If the United States does better, so too should Asia.

Prospects this year are better than in 2001 in many of our core markets. Growth is expected across Asia, with China leading the way. India, too, will remain resilient, boosted by domestic demand. And, despite low oil prices, the outlook is for steady growth in the Middle East. There are, of course, concerns elsewhere in the emerging markets; political instability in Zimbabwe; the fall-out from Argentina's collapse; the international war against terrorism.

China has joined WTO and is opening up. It is a low cost producer as well as potentially one of the largest growth economies of the future. China is also attracting the lion's share of foreign direct investment into Asia. We have been there without a break for over 140 years and these developments offer us one of the most important opportunities of the next ten years.

Overall in 2002 the challenge for us in this uncertain world is to grow our business and produce better performance.

### **The Brand**

Our name and logo were developed during the merger of Standard Bank and Chartered Bank in 1969. Over the years, our brand has grown from strength to strength. Research has shown that the Standard Chartered name is trusted and well liked.

To prepare ourselves to take advantage of numerous growth opportunities and to meet evolving customer needs, we have refreshed our logo and made our brand identity more contemporary and dynamic. Our refreshed brand is grounded in extensive research and will be gradually introduced throughout the Group on a replacement basis, over the next twelve months.

The new brand embodies those values in which we pride ourselves and continuously strive to deliver. It represents our renewed focus on marketing and an emphasis to be more customer centric.

## **STANDARD CHARTERED PLC - CHAIRMAN'S STATEMENT (continued)**

### **The Board**

I am delighted to welcome Mervyn Davies as Group Chief Executive. Mervyn became a member of the Board in 1997, having joined Standard Chartered in 1993. He has wide experience of all aspects of banking, both wholesale and consumer, and for the past three years has been based in our largest market, Hong Kong, with responsibility for our operations in North East Asia and for technology and operations. During his stay in Hong Kong, he steered the Bank through some difficult times and built a strong pool of local talent.

Mervyn succeeded Rana Talwar who resigned from the Board and as Group Chief Executive in November. In his three years as Group Chief Executive a great deal was achieved to strengthen this organisation. The two largest acquisitions in our history were completed. Grindlays transformed our operations in the Middle East and South Asia. Chase made us the leading credit card issuer in Hong Kong.

During the year Christopher Castleman, who joined the Board in 1991, reached retirement age. Christopher was the architect behind many of the acquisitions and disposals, which have rejuvenated Standard Chartered since the difficult times of the early 1990s. He provided an objective and challenging voice to our Board discussions.

Peter Wong has been appointed a Director of Standard Chartered Bank, the main operating subsidiary of the Group. Peter now has governance responsibility for Greater China, in addition to his role as Chief Executive of our business in Hong Kong. Peter is an outstanding banker and a respected member of the Hong Kong business community.

We are currently looking for a suitable candidate to succeed me as Chairman. Shareholders will be informed as soon as a decision is made.

### **Our People**

Our offices in New York were located in World Trade Center 7, which collapsed as a result of the tragic events on 11 September. We, thankfully, suffered no injury or loss of life. The courage, commitment and ingenuity of our people in New York enabled us to continue to service our clients, processing 20,000 transactions for \$55 billion on that day. In the circumstances this was well above and beyond the call of duty and to all our people in New York we owe a huge debt of gratitude.

It has been a busy year for all our staff as we integrate the acquisitions and we manage our way through the efficiency programme. The results announced today are proof of their commitment and support. On behalf of the Board I would like to thank them all.

**Sir Patrick Gillam**

**Chairman**

**20 February 2002**

## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW**

Over the past ten years, under the leadership of first Malcolm Williamson and then Rana Talwar, Standard Chartered focused on building on its strengths in the emerging markets. The Bank was put back on a sound financial footing and a number of significant acquisitions and disposals were made. A major productivity programme was then introduced which included investment in programmes to revolutionise our technology and operating platforms.

I am determined to turn Standard Chartered from a company that is well known for its emerging markets franchise into one with a reputation for strong performance. We are in the right businesses and the right markets but the challenge for me and my management team is to demonstrate that we can improve our return on equity.

### **RESULTS**

I believe we can be pleased with many aspects of our results in 2001. We achieved a 14 per cent growth in profits before provisions, goodwill and the restructuring charge, with a strong performance in both revenue and costs. We delivered revenue growth at nine per cent in excess of cost growth at five per cent. On an underlying basis, excluding the impact of acquisitions and disposals revenues grew five per cent and costs three per cent.

The growth in the debt charge had a significant impact on our trading profit. It was affected by three major factors: our Wholesale book in Malaysia; the increasing impact of personal bankruptcies in Hong Kong and provisions taken at the end of the year of approximately \$50 million covering our exposures to one corporate customer and Argentina combined.

### **My Task**

We have a strong franchise. We have a clearly articulated and sensible strategy and we have a strong pool of local talent. But my priority is to improve our return on equity.

The returns have undoubtedly been held back by the tough economic environment in three of our four largest markets which has contributed to a growth in bad debts. I also believe the risk reward dynamics of our business have not been right. I am therefore very focused on ensuring that we strike the right balance between pricing, revenue, volume growth and risk management.

The Executive Team, which is comprised of the Executive Directors and nine Senior Managers, has identified a number of key tasks to achieve better return on equity.



## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW (continued)**

We must:

- improve capital efficiency, maintaining the right relationship between our Tier 1 and Tier 2 capital and return on equity;
- build market share in Consumer Banking by developing our product range and creating more alliances;
- in Wholesale Banking, increase our focus on value creating businesses;
- control "risk" more effectively;
- position the Bank to capture profitable growth in China;
- continue to rationalise central and support costs;
- reduce costs and improve return on equity in our smaller countries;
- deliver efficiency and flexibility from our investment in technology and operations;
- build on the turn round in Thailand and Taiwan to ensure profitability.

There are a number of major elements to this programme.

### **CONSUMER BANKING**

Consumer Banking offers good returns and outstanding growth potential in our markets. We have strong market shares in our established markets of Hong Kong, Singapore, Malaysia, India and the UAE. In Indonesia, Taiwan, Thailand and China, we are witnessing the growth of an affluent, aspirational middle-class and are well placed to build our business in these markets.

Our Consumer Banking business is increasingly well balanced from both a product and geographic perspective. We have successfully put in place a model, which is fuelled by four growth areas - cards, mortgages, wealth management and business financial services. I would now like to focus on two products which offer exciting growth prospects.

#### **Cards**

One of our most important businesses is cards. It already accounts for around 40 per cent of our Consumer Banking revenues. We have nearly six million cards in issue. We are the market leader in both India and Hong Kong. Our objective is to be among the top three card issuers with the highest returns in each of our markets.

Cards is a business in which we price very well for risk and therefore generate good returns. For example, although the impact of Hong Kong bankruptcies can be clearly seen in the debt charge, revenue growth exceeded growth in bad debts.

Our cards business has immense growth potential. Asian markets have a rapidly growing affluent population, characterised by relatively low levels of debt and, currently, low usage of cards in relation to total personal spending when compared to more developed markets.

The work that we are doing to create global hubs under the productivity programme will provide us with a very efficient base from which to manage the expected growth and extract maximum process efficiency. We have also invested heavily in the capability to analyse cards usage and repayment behaviour. This enables us both to leverage the cards base and also to manage risk.

## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW (continued)**

### **Wealth Management**

Cards is not our only great opportunity in Consumer Banking. The mass affluent segment in Asia will grow rapidly in the years ahead. We, with our strong franchise in the upper and upper-middle customer groups are very well positioned.

We provide deposits, mutual fund distribution, retail foreign exchange and Bancassurance. All have strong prospects. I would like to just focus on one – Bancassurance.

We are one of the pioneers of Bancassurance in Asia. We have strategic alliances - mainly with Prudential, our life partner, and CGNU, our non-life partner - in our six biggest Consumer Banking markets. In 2001 360,000 policies were sold throughout our branches and revenues from sales of insurance products more than doubled. Although still a relatively small business, it is one which offers excellent growth potential for the future. The combination of manufacturers and suppliers of financial products and our customer franchise and distribution network, involves us in minimal incremental expense and low risk capital. Our intention is to be a "top three" Bancassurance player.

### **WHOLESALE BANKING**

Over the years Standard Chartered has established lasting customer relationships and developed good products in trade and cash management. However, parts of Wholesale Banking tie up a great deal of capital and do not currently generate the returns we are seeking. We have been reviewing the business carefully using value based management techniques and this has led us to a much better understanding of where we are creating real value. Our task is to focus on relationships and products that really create value.

### **Global Markets**

One area of this business which is key to driving better returns is the provision of treasury and foreign exchange services. In 2001 our Global Markets business had a great year. Clearly the substantial fall in US Dollar interest rates provided an important opportunity to increase revenues - and one that we fully exploited - but our strong markets performance in 2001 was also due to a greater focus on cross-selling to our outstanding customer base. We have a good position in foreign exchange and are building a more sophisticated product range to meet the needs of our customers.

Although still small by US or European standards, the debt capital markets in Asia are starting to develop. By combining our strength in syndications with the growing fixed income transaction flow, we made more than \$50 million in revenue last year, arranging more syndicated loans in Asia than anyone else. Origination and distribution is key to our Global Markets business and to improving risk / reward in Wholesale Banking.



## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW (continued)**

### **RE-ENGINEERING AND TECHNOLOGY**

We have made good progress in centralising our processing into hubs in India (Chennai) and Malaysia (Kuala Lumpur) and we will accelerate this drive to improve efficiency and the quality of services for our customers. This project is leading to significantly lower costs. For example, it has meant that by the end of 2002 we will have 1,200 less staff in high cost locations. By the end of 2003, over 4,000 jobs will have moved.

Many of our operations have now been migrated into our Chennai and Kuala Lumpur centres. We will also be piloting a new hub in China. Implementation of the overall productivity programme has not been as costly as we envisaged, so the net benefit has significantly exceeded our original expectations.

Our strategy will be underpinned by continuing to invest in technology, the centralisation both of support functions and of processing systems - of which "hubbing" is part - and by using outsourcing where appropriate to improve efficiency.

### **ACQUISITIONS**

We said that a prime task for 2001 was to integrate the Grindlays and Chase acquisitions and to continue to build the bank to unlock its real potential. This we have done. Work on the integration of both the acquisitions is ahead of schedule. We have achieved cost synergies 40 per cent higher than our targets for 2001.

Standard Chartered Nakornthon also showed a significant improvement in 2001 with integration moving forward well and a significant rationalisation of the branch network.

We are currently bidding for a controlling stake in the Bank Central Asia in Indonesia. Bank Central Asia is one of Indonesia's leading banks, with a robust financial performance. It has a primarily retail customer base with limited exposure to the corporate sector. It has 800 branches, 2,200 ATMs and it is at the heart of the Indonesian payment system. Should we win the bid, BCA will operate as a stand alone strategic investment.

### **CHINA**

During 2001 we have strengthened our position in a number of markets. Many of these markets hold great potential for us, particularly India, Thailand and the UAE. There is one particular market, however, that over the next decade will have a really significant effect on this organisation - China.

In 2001 China was admitted into the World Trade Organisation. This will lead to an opening up of the Chinese market for banking products and services. Only a handful of foreign banks have the people, experience, contacts and approvals to really capitalise on this opportunity.

While the rest of Asia has seen the effects of the slowdown, China has continued to grow strongly. It quadrupled its gross domestic product in the 1990s and by 2010 is expected to nearly treble again.

## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW (continued)**

We have had a continuous presence in China for almost 150 years and we have as large a network as any foreign bank in China. From 1 February 2002, we have been allowed to provide foreign currency services to local businesses and individuals. From 2004 we will be able to do local currency business with local companies and from 2006 it will be possible to provide Consumer Banking products to individuals in China, with no geographic restrictions. Our vision is to be a dominant provider of services to the top 20 per cent of local income earners and to be recognised locally as a leading foreign bank in China.

### **2001 PERFORMANCE**

Our performance in 2001 shows good underlying revenue growth. On costs, driven by the integration of acquisitions, the benefits of the centralisation programme and some aggressive steps on streamlining the organisation, we have more than met our targets.

The increase in the debt charge, however, is not satisfactory. We need to relentlessly control risk, by pricing properly, tightening underwriting standards, and identifying problems earlier.

### **Malaysia**

Malaysia bore the brunt of the US downturn and its exports, particularly in areas like electronics and furniture, were badly hit. The sharply higher provisions, mainly in Wholesale Banking, had a major effect on profitability. We recognise that we have been too focused on sales and increasing revenue and not focused enough on early identification of problems. We are putting this right by tightening underwriting standards and strengthening our teams.

### **Hong Kong Bankruptcies**

In Hong Kong there has been a growth in personal bankruptcies as changes in the bankruptcy law has led to a much greater awareness of the mechanics and apparent benefits of going bankrupt. This is a problem for all of the banking sector. We have been aggressive in our write-off policies in relation to cards and mortgages. We have taken action to mitigate this issue by tightening lines for higher risk customers and pressing the authorities in Hong Kong to establish a bureau for credit information. Bankruptcies in Hong Kong will continue to be an important issue in 2002 but the steps we are taking should improve the situation.

### **Balance Sheet**

Managing our balance sheet is an integral part of improving our return on equity. We need to ensure we are adequately capitalised and our Tier One ratio at 8.8 per cent is within our target 7-9 per cent range. We are therefore well capitalised at the present time. We remain very committed to listing in Hong Kong, though this will not happen during the first half of 2002. While it may be appropriate to raise some equity to optimise the benefits of the listing,

any decision on the size of an offering will be taken in the context of our overall objective of maximising return on equity.

## **STANDARD CHARTERED PLC – GROUP CHIEF EXECUTIVE'S REVIEW (continued)**

### **THE FUTURE**

I have no doubt about the ability of the people at Standard Chartered to bring about an improvement in our returns and I intend to strengthen further the Bank's performance culture. A great deal of progress is being achieved but we know that, notwithstanding the continuing difficult economic environment, we have to demonstrate that we are making solid progress.

Lastly, I would like to thank the people at Standard Chartered who, in my first two months as Chief Executive, have given me tremendous support. There is a fantastic energy in this bank - and there is a strong customer base. My job is to unleash this energy and drive it towards generating stronger shareholder returns. I have no doubt of the commitment of everyone at Standard Chartered to improve our performance.

**Mervyn Davies**  
**Group Chief Executive**

**20 February 2002**

## **STANDARD CHARTERED PLC - BUSINESS REVIEW**

### **CONSUMER BANKING**

During the year the focus of Consumer Banking has been on the completion of the integration of recent acquisitions, continuing to enhance performance in established markets and investing selectively for future growth. Despite a very uncertain economic environment, good progress was made in all areas.

Sales capabilities and resources were increased in each core territory and investment continued in developing risk management capabilities by improving tools, techniques, people and skills. The business mix continued to evolve with an increasing percentage of revenues now being derived from credit cards and other unsecured lending. Revenue growth was led by unsecured products, including credit cards. Other areas, such as business financial services, which serves the small business segment, also performed well.

A number of long term initiatives are being undertaken to enhance the value of the franchise in key markets. For example, a significant upgrade of customer sales and service platforms has been started in Hong Kong. This will be rolled out to other territories during 2002 and 2003.

#### **Cards and Personal Loans**

Cards is Standard Chartered's most important business. It generates high returns on equity and has great growth potential. It is a business in which the Bank prices for risk very well.

Following the acquisition of Manhattan Card Company in Hong Kong in 2000 the Bank is now the number one card issuer in Hong Kong.

In all Asian markets market share increases were recorded in credit card outstandings. Credit cards and other unsecured lending are now one of the main engines of revenue growth for Consumer Banking. This has led to a significant increase in profitability in key markets such as Singapore, Taiwan and India. A programme to upgrade unsecured lending processing systems globally has been initiated. Rollout will commence in 2003.

In 2001 the number of cards in issue grew by 1.5 million to nearly six million and personal loan accounts grew 41 per cent.

The card bases for Standard Chartered and Grindlays have been successfully integrated in India where the Bank now has a 36 per cent share of all credit card outstandings.

Other countries in South Asia and the Middle East also saw the benefits of the Grindlays' acquisition. In the UAE for example the Bank now has a 20 per cent market share of cards in issue and in Pakistan the number topped 40 per cent.

## **Mortgages and Auto Finance**

Earnings from mortgages and auto finance suffered as a result of continuing margin compression in a number of key markets, but most particularly in Hong Kong and Malaysia. Despite this pressure on pricing, sustained growth in outstandings of six per cent across all markets was achieved.

## **STANDARD CHARTERED PLC - BUSINESS REVIEW (continued)**

The Bank's share of mortgage outstandings in Hong Kong increased to around 15 per cent with the share of new business holding steady at 16 per cent.

The Bank's mortgage business in other markets, particularly Singapore, continues to make an important contribution. In Singapore, new mortgage sales of \$1.3 billion represented an increase of 30 per cent on 2000 and a market share of 14 per cent. Standard Chartered continually looks to develop new products for the benefit of customers. One such example is the MortgageOne account which offers the customer the ability to offset interest earned on current accounts against their mortgage interest payable. In Hong Kong a new mortgage processing system has been developed. This will be rolled out to other Asian markets in 2002.

### **Wealth Management**

The Wealth Management business, in very difficult competitive and economic conditions, delivered a robust performance in 2001. This is testimony to the increased focus on developing products for the mass affluent consumer market and the bank's ability to adapt these products in response to changing economic circumstances.

Total assets under management grew five per cent. Many customers switched their asset holdings from traditional equity funds to low risk fixed income funds and bank deposits were slightly lower than in 2000.

Retail foreign exchange revenues increased significantly in 2001. The increased retail focus together with the launch of new structured products resulted in higher volumes of foreign exchange being sold to retail customers.

In June, Standard Chartered Bank (CI) Limited and Grindlays Private Bank Jersey, were merged to form Standard Chartered Grindlays Offshore Financial Services. This Jersey based operation provides offshore products and banking services to customers based in Africa and Asia. Sales offices have been established in London, Johannesburg, Dubai, Qatar and Hong Kong. This business complements the Bank's domestic wealth management product offerings.

### **Business Financial Services ("BFS")**

Revenue growth of 19 per cent was achieved from the provision of banking services to small and medium sized companies. This business offers exciting growth opportunities in several larger Asian markets, including Singapore, Hong Kong and Malaysia. Growth in mortgage, Bancassurance, trade and foreign exchange earnings has provided a counter to reduced earnings from the more traditional deposits based business. Plans have been made to roll out BFS products in both India and China during 2002.

### **Branch and Direct Banking**

As customers still prefer face-to-face contact our branches remain a key sales and service delivery channel.

In Singapore the award of an enhanced Qualifying Full Bank licence has provided significant benefit, providing increased flexibility in the upgrading of the branch network.

## **STANDARD CHARTERED PLC - BUSINESS REVIEW (continued)**

Following the acquisition of Grindlays, in India and in several other countries in the Middle East and South Asia, processes have been integrated and customers are now able to access a wide range of products and services from any local branch or ATM.

In Africa, a flagship branch opened in Abidjan, Ivory Coast and a new branch was opened in Nigeria.

### **WHOLESALE BANKING**

Although the restructuring of Wholesale Banking enabled good progress to be made, there is still much to do. The steps taken in 2000 to form a cohesive wholesale banking business were welcomed by clients. This was reflected in improved returns in all areas, particularly Global Markets.

Wholesale Banking focused on a smaller number of high value customers and on improving delivery of products and services throughout the Bank's network. Across larger corporate customers, independent research shows broader penetration and deeper relationships are being built.

In 2001 the Bank's position as a Banker's Bank was strengthened, with relationship management teams delivering a complete range of services to financial institutions globally. Market share grew in key markets and several large mandates were won from OECD banks for the outsourcing of their trade business.

The focus to build business with Development Organisations, which consist of aid agencies and development institutions, continues. Standard Chartered's expertise in Asia and Africa provides an excellent strategic fit in helping these organisations effectively facilitate humanitarian and development aid.

### **Global Markets**

A strong Emerging Markets Foreign Exchange (FX) and Interest Rate position has been built by broadening derivative product capabilities. Standard Chartered was voted "Best Bank in FX in Asia Pacific", "Best Bank for Emerging Asian Currencies" and "Best Bank for Emerging African / Middle Eastern Currencies" in FX Week's global survey. In South Asia, real benefits are being seen from the successful integration of Grindlays.

Standard Chartered has continued to develop on-line delivery platforms and deal volumes across these platforms have increased substantially. The Bank's position as a key provider of automated pricing in the Emerging Market currencies to the major on-line FX portals is being strengthened.

During 2001, strong progress was made in growing the Fixed Income business. The Bank was voted "Rising Star Asian Currency Bond House" in The Asset Asian Awards and ranked

fourth overall among Asia's top "bookrunners" for all Asian currency bonds (excluding Japan). Top rankings were achieved in the deal league tables of India and Thailand. Standard Chartered's position as an effective bridge for foreign issuers to tap local capital markets for debt financing was confirmed by the ranking as the top bookrunner for non-domestic Singapore dollar bonds.

## **STANDARD CHARTERED PLC - BUSINESS REVIEW (continued)**

The Syndications team also had an excellent year in 2001. The team now ranks No. 3 overall among Asia's Top Arrangers of Syndicated Loans. Deals were done in all key markets across the world – specifically Asia Pacific, Middle East and Africa.

In India a Funds Management business was started, leveraging strong money market skills, and existing Asset Management business, to provide debt funds to customers. A US Dollar Liquidity Fund (rated Aaa/MR1+ by Moody's Investors Service) was launched in November and has been well received by potential investors. Standard Chartered's India debt fund is currently the second largest fund in this rapidly growing market.

### **Trade Finance and Lending**

The traditional Trade Finance and Lending businesses continue to be repositioned. Despite trade volumes being affected by the post 11 September global downturn, market share in key geographies increased.

In Hong Kong B2BeX was introduced. This is a leading-edge platform which provides customers with an on-line, integrated suite of products designed to solve many of the difficulties associated with international trade. This saves clients both time and money. Pilot testing was done in the last quarter of 2001. Early customer response has been very positive and it is expected that this service will be promoted in different markets in 2002. B2BeX will significantly differentiate the Bank's trade services and contribute new sources of revenue.

Standard Chartered was voted Best Trade Finance Bank in The Asset Triple A Awards for the second consecutive year, and won Trade Finance Magazine's Deal of the Year Award.

The Bank is an acknowledged leader in commodity, structured trade, export finance and forfaiting. It is also a leading provider of Export Credit Agency financing programmes, an expertise particularly valuable in today's challenging economic environment.

### **Cash Management and Custody**

Innovative new Cash Management products continue to be developed. There is strong momentum in this business which was reflected in the increasing number of regional cash mandates won from major international organisations.

In response to customers' growing demands for "connectivity", Web Bank, an internet delivery channel that will position Standard Chartered as the most comprehensive provider of internet-based reporting and transactions initiation, will be launched in 2002.

In 2001 Straight Through Services (STS) was established in a number of markets. This is an integrated, fully automated e-payment solution. It won the Innovative Service Award from the Hong Kong General Chamber of Commerce.

Standard Chartered's expertise and reliability in US Dollar clearing services was proven on 11 September when \$55 billion was cleared that day, without loss, despite losing the Bank's New York office at World Trade Center 7. This was a remarkable achievement and a tribute to both the Bank's people and to disaster recovery capabilities.

## **STANDARD CHARTERED PLC - BUSINESS REVIEW (continued)**

In Custody, the Bank has significant market share and continues to be a leader in Asia. In the Global Custodian Agent Bank survey, Standard Chartered was rated No 1 in six markets. The Custody business is of strategic importance to the Bank and in 2002 a leading-edge Internet solution will be launched that provides intra-day reporting and transaction initiation. As expected, it was affected in 2001 by the low levels of activity in the equity markets.

### **TECHNOLOGY**

Underpinning the success of the development of both Consumer Banking and Wholesale Banking is an intensified focus on technology. The Group's information services and technology areas have been remodelled to provide more capacity, greater efficiency and release more senior technology management time to support the businesses. Technology is now an integrated part of the Bank's thinking, planning and management, and not a separate support function.

#### **Global Hubs**

A major IT service delivery initiative has revolutionised the way technology is managed. Under this project around half of the IT activities of over 50 countries are being centralised into two low cost hubs, Chennai and Kuala Lumpur. These hubs are now "live" and several countries links are now active. This has already led to a considerable saving in costs and headcount.

The Bank's centralisation of its service delivery processes into Chennai and Kuala Lumpur continues to progress smoothly. With the establishment of the Chennai and Kuala Lumpur hubs, Hong Kong and Singapore trade processing costs have been reduced by 40 per cent.

#### **Integration**

The project to integrate the technologies of Standard Chartered and Grindlays is one of the largest projects ever undertaken by the Group. In August 2001, 350,000 Grindlays credit card holders were migrated onto the Standard Chartered system. Over eighty per cent of the integration process is now complete. The remaining two small countries - Qatar and Nepal - will be integrated during 2002. This is several months ahead of the original schedule.

Within six months of acquiring Chase, Hong Kong, 30,000 bank accounts, 7,000 mortgages, 30,000 personal loans as well as 800,000 credit cards were successfully converted onto Standard Chartered's ATM, branch and telephone systems.

#### **Data Network**

In May 2001, the Bank signed a contract with Cable and Wireless to build a "state of the art" international data network to which nearly all countries will be connected. This project will reduce data telecoms costs by 25 per cent over five years and is an essential enabler for

other centralisation projects, as well as numerous business initiatives. The objective is to drive down costs and provide increased efficiency and flexibility to support business development.

## **STANDARD CHARTERED PLC - BUSINESS REVIEW (continued)**

### **Technology - Supporting Business Development**

A major focus of the Group's investment in technology is to provide support for business development.

In Consumer Banking, a number of technology based products were introduced. These included the MortgageOne Account, an all-in-one bank account which is now available in Hong Kong, Malaysia, Taiwan and India; a number of investment based wealth management e-products, which were implemented across the Asia Pacific region; a new web technology-based "teller" system in Hong Kong, which is now handling 70,000 transactions per day. Called "Service Banker", this has performed so well it will be rolled out in Singapore in 2002.

In Wholesale Banking, in addition to the B2BeX internet based trade processing service, a number of global markets, cash management and custody applications were introduced leading to significant cost savings and improved customer service.

There has also been significant investment in IT systems development in the majority of the Bank's countries in Africa and the Middle East and South Asia.

Standard Chartered operates sophisticated banking systems in 57 countries, many of which are emerging markets and have very basic technological and telecommunication infrastructures. The Bank takes great pride in its success in maintaining world class standards of service delivery in these challenging environments.

The continuing development of technology systems and their close alignment with business objectives is a priority in 2002.

## STANDARD CHARTERED PLC – FINANCIAL REVIEW

### GROUP SUMMARY

Standard Chartered operated in very difficult markets during 2001. The challenges of global economic slowdown and competitive pressures on mortgage margins were compounded in the second half by the uncertainty following the tragic events of 11 September and its impact on consumer confidence. The Group's operating profit before goodwill, restructuring and provisions at \$2,019 million for the year was 14 per cent higher than the previous year. It is a resilient performance in the circumstances and demonstrates strong revenue growth with excellent control of costs. Credit losses were sharply higher, driven in particular by Malaysia, the Americas and personal bankruptcies in Hong Kong.

The results include the full year effect of the acquisitions of Grindlays and the Chase Hong Kong consumer banking business ("Chase HK") and the disposal of Chartered Trust. This is illustrated in the table below:

	2001			2000		
	Reported \$m	Acquisitions \$m	Underlying \$m	As Reported \$m	Acquisitions/ Disposal \$m	Underlying \$m
Net revenue	4,515	577	3,938	4,114	377	3,737
Estimated net funding cost of acquisitions	(51)	(51)	-	(24)	(24)	-
Net revenue after cost of funding	4,464	526	3,938	4,090	353	3,737
Operating costs (excl. goodwill and restructuring)	(2,445)	(306)	(2,139)	(2,320)	(245)	(2,075)
Operating profit before goodwill, restructuring and provisions	2,019	220	1,799	1,770	108	1,662
Amortisation of goodwill	(140)	(103)	(37)	(71)	(37)	(34)
Restructuring	-	-	-	(323)	(79)	(244)
Profit before provisions	1,879	117	1,762	1,376	(8)	1,384
Charge for debts	(731)	(71)	(660)	(470)	(53)	(417)
Operating profit	1,148	46	1,102	906	(61)	967
Net interest margin	3.1%			3.1%		
Interest spread	2.6%			2.5%		
Cost / Income ratio - normalised	55.1%			56.9%		
Return on equity	12.3%			13.8%		
Earnings per share - normalised	66.3c			71.1c		

The integration strategies for these acquisitions are proceeding well with much of the synergistic benefits accruing within the underlying business rather than the legal entities acquired. At the time of the acquisitions the expected combined synergistic benefits for

2001 were \$50 million. The actual benefits that have been achieved are pleasingly ahead of target at \$70 million.

## **STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)**

Revenue in 2001 has grown by nine per cent in total to \$4,464 million and by five per cent underlying. This is a strong achievement given the economic environment and especially given the loss of approximately \$120 million of revenue as a direct result of re-pricing in the Hong Kong mortgage market.

Overall the Group's average net interest margin has remained stable at 3.1 per cent, but there are a number of offsetting influences. The sale of the high margin Chartered Trust business, price competition in Hong Kong mortgages and lower prevailing interest rates, all had a negative impact. Offsetting these influences were the growth in high yielding cards business and the increased contribution from our businesses in India and Middle East and other South Asia ("MESA").

Fees and commissions have risen by ten per cent and by eight per cent underlying. Growth has primarily been driven by the cards business. Major declines in export volumes in the Group's principal markets had a direct impact on trade revenues. Revenues from the custody business were down by 38 per cent at \$65 million reflecting the decline in the level and activity of equity markets.

Dealing profits were up by 25 per cent, and by 21 per cent underlying, as the Group continued to expand its customer driven treasury business, while at the same time, enhancing its product offering.

Total operating expenses were five per cent lower in 2001 compared to the previous year. Excluding goodwill, and the restructuring charge taken in 2000, there was an increase of five per cent and underlying costs grew by three per cent. The cost benefits driven from the efficiency programme, which is reviewed in more detail below, has been re-invested into the Group's key value generating businesses, in particular Cards and Wealth Management. The normalised cost income ratio improved from 56.9 per cent in 2000 to 55.1 per cent in 2001.

The net provisions for bad and doubtful debts and contingents at \$731 million in 2001 were \$261 million higher than the previous year. There were three significant factors affecting the net charge; personal bankruptcies in Hong Kong, a sharply higher charge in Wholesale Banking in Malaysia and increased provisions in the Americas mainly relating to one corporate customer and Argentina.

Overall return on equity (normalised) was 12.3 per cent compared to 13.8 per cent in 2000.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

### CONSUMER BANKING

Consumer Banking is a very attractive business offering high returns on capital and the potential for significant future growth. Its performance in 2001 was held back by low consumer confidence, particularly in the second half of the year, competitive pressures on mortgage margins in all key markets, and higher personal bankruptcies in Hong Kong.

The following table provides an analysis of operating profit before tax by geographic segment for Consumer Banking.

	2001								Consumer Banking Total \$m
	Hong Kong \$m	Asia Pacific			India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
		Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Revenue	1,048	253	141	212	190	181	131	84	2,240
Costs	(474)	(95)	(77)	(171)	(132)	(108)	(122)	(75)	(1,254)
Charge for debts	(226)	(17)	(11)	(35)	(19)	(15)	(3)	(4)	(330)
Operating profit	348	141	53	6	39	58	6	5	656

  

	2000								Consumer Banking Total \$m
	Hong Kong \$m	Asia Pacific			India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
		Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Revenue	886	236	142	179	132	129	159	258	2,071
Costs	(375)	(83)	(66)	(180)	(78)	(67)	(116)	(159)	(1,124)
Charge for debts	(77)	(6)	(4)	(23)	(20)	(12)	(2)	(38)	(182)
Operating profit	384	147	72	(24)	34	50	41	61	765

In Hong Kong, profit before provisions has grown by 25 per cent reflecting the Chase HK acquisition. The underlying results were adversely affected by the revenue shortfall suffered from mortgage price competition and would have been about \$120 million higher without this effect. Excluding Chase HK and the effect of mortgage re-pricing, underlying pre-provision profit increased by 20 per cent.

The decline in profit in Singapore and Malaysia was also driven by margin pressure from price competition. Taiwan and Thailand are important growth markets and the improvement in performance in both these markets in 2001 was most encouraging. The integration of the Grindlays acquisition is progressing in line with expectations and underlying results in India and MESA were satisfactory. In Africa profit has fallen as a result of lower margins on the liability led consumer business. The decline in profit in the UK and Americas reflected the sale of Chartered Trust in 2000.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

Overall growth in Consumer Banking revenue was eight per cent and underlying growth was four per cent. An analysis of revenue by product is set out below:

Revenue by product	2001 \$m	2000 \$m
Cards / Personal Loans	991	624
Wealth Management / Deposits	774	626
Mortgages and Auto Finance	407	748
Other	68	73
	2,240	2,071

The Cards business continued to progress strongly with market share gains being achieved in most countries and margins remaining strong. Hong Kong accounts for 40 per cent of the business, but India, Taiwan and a number of other markets are gaining in importance. Excluding Chase HK, organic growth in revenues arising from Cards and Personal Loans was 31 per cent.

In Wealth Management the Group made steady progress despite the lower prevailing interest rates impacting deposit revenues. The condition of the equity markets held back growth in unit trust distribution. However, assets under management still grew by more than 30 per cent. Bancassurance and retail foreign exchange also grew strongly.

The disposal of Chartered Trust accounts for \$186 million reduction in revenues from Mortgages and Auto Finance and price competition a further \$120 million.

Total costs in Consumer Banking have grown by 12 per cent and the underlying costs by ten per cent. The Group continues to invest in opportunities for growth, particularly in Cards and Wealth Management.

The increased debt charge in Consumer Banking was partly driven by higher volumes; outstandings increased by nine per cent. However the principal reason was the rapid growth in personal bankruptcies in Hong Kong in the second half of 2001.

## WHOLESALE BANKING

Wholesale Banking is being repositioned to provide greater focus on where the Group can provide added value products and services to customers with appropriate returns on the capital employed. In 2001 operating profit was up by 13 per cent and reflects a very strong performance from Global Markets. The following table provides an analysis of operating profit by geographic segment:

2001									
Asia Pacific				Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Wholesale Banking Total \$m
Hong Kong \$m	Singapore \$m	Malaysia \$m							

Revenue	410	194	100	324	168	261	225	542	2,224
Costs	(205)	(110)	(54)	(233)	(77)	(99)	(104)	(309)	(1,191)
Charge for debts	(31)	(34)	(119)	(51)	(8)	(24)	(10)	(124)	(401)
Operating profit	174	50	(73)	40	83	138	111	109	632

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

	2000								Wholesale Banking Total \$m
	Asia Pacific			Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	Hong Kong \$m	Singapore \$m	Malaysia \$m						
Revenue	360	200	121	338	141	174	209	476	2,019
Costs	(178)	(93)	(50)	(268)	(54)	(88)	(96)	(346)	(1,173)
Charge for debts	(49)	(14)	(21)	(37)	(11)	(16)	(48)	(92)	(288)
Operating profit	133	93	50	33	76	70	65	38	558

Wholesale Banking in Hong Kong achieved strong growth in profitability, offsetting weakness in trade finance with good performance in other areas. The weaker profits elsewhere in Asia were caused by the recessionary conditions in Singapore and difficult trading conditions throughout the region. The performance in Malaysia, in particular, was very disappointing. The heavy impact on export volumes of the US slowdown and the affect into the wider economy led to a high level of new provisioning. The business in India, MESA and Africa progressed well. The strong performance in the Americas and UK was driven by Global Markets.

Overall growth in Wholesale Banking revenue was ten per cent and underlying growth was six per cent. An analysis of revenue by product is set out below:

Revenue by product	2001 \$m	2000 \$m
Trade and Lending	880	987
Global Markets	924	588
Cash Management	355	354
Custody	65	90
	<b>2,224</b>	2,019

The major declines in export volumes in the Group's principal markets had a direct impact on trade revenues and loan demand generally was also weak. In addition, the Group has taken proactive action to cut lending lines that were not generating appropriate returns.

Global Markets had a strong year. This, in part, was due to the Group correctly positioning its book to take advantage of falling interest rates; revenues from asset and liability management rose by more than \$200 million. However, the Group has also been successful in driving sustainable customer driven earnings through its treasury and debt capital markets activities. As a result, dealing income rose by 25 per cent.

The performance from Cash Management was satisfactory. Lower interest rates had a negative impact on earnings from interest free balances but this was offset through higher transaction volume. Custody revenue was down, driven by the level and activity of equity markets, although the Group continues to maintain strong market positions.

The cost base of Wholesale Banking was tightly controlled in 2001 with an increase of just one per cent. This reflects the benefits of restructuring.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

The major driver of the increased debt charge in Wholesale Banking was Malaysia where the charge rose by \$98 million. The portfolio was adversely impacted by the fall in exports to the US and the knock on impact that had on the Malaysian economy and equity markets. The portfolio in the Americas also deteriorated because of the difficult economic conditions. The Group took provisions of \$50 million against one corporate customer and Argentina.

### RISK

Risk is inherent in the Group's business and the effective management of that risk is seen as a core competence within Standard Chartered. Through its risk management structure the Group seeks to manage efficiently the eight core risks: Credit, Market, Country and Liquidity risk arise directly through the Group's commercial activities whilst Business, Regulatory, Operational and Reputational risk are a normal consequence of any business undertaking. The key element of risk management philosophy is for the risk functions to operate as an independent control function working in partnership with the business units to provide a competitive advantage to the Group.

#### Credit Risk

Credit risk is the risk that a counterparty will not settle its obligations in accordance with agreed terms.

Credit exposures include individual borrowers, connected groups of counterparties, and portfolios, on the banking and trading books.

The following table sets out an analysis of the Group's net loans and advances as at 31 December 2001 and 31 December 2000 by the principal category of borrowers business or industry and/or geographical distribution:

	2001								Total \$m
	Hong Kong \$m	Asia Pacific			India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m						
Loans to Individuals									
Mortgages	12,560	3,005	1,784	698	142	38	16	506	18,749
Other	3,368	1,172	519	1,111	721	1,462	155	158	8,666
Consumer Banking	15,928	4,177	2,303	1,809	863	1,500	171	664	27,415
Loans to Governments	-	-	309	19	5	12	1	576	922
Agriculture, Forestry and Fishing	8	16	69	64	103	16	80	281	637
Mining and Quarrying	-	2	28	35	15	139	32	726	977
Manufacturing	1,005	510	277	2,261	553	1,037	288	2,410	8,341
Electricity, Gas and Water	318	34	28	188	80	29	40	248	965
Construction	56	57	40	39	22	104	16	68	402
Commerce	936	554	223	605	45	703	245	928	4,239
Transport, Storage and Communication	313	247	75	88	103	192	38	1,173	2,229
Financing, Insurance and Business services	1,836	558	309	532	124	312	40	1,468	5,179
Other	745	673	44	202	10	73	18	402	2,167

Wholesale Banking	5,217	2,651	1,402	4,033	1,060	2,617	798	8,280	26,058
General Provisions								(468)	(468)
<b>Total loans and advances to customers</b>	<b>21,145</b>	<b>6,828</b>	<b>3,705</b>	<b>5,842</b>	<b>1,923</b>	<b>4,117</b>	<b>969</b>	<b>8,476</b>	<b>53,005</b>
<b>Total loans and advances to banks</b>	<b>1,227</b>	<b>2,315</b>	<b>607</b>	<b>3,184</b>	<b>398</b>	<b>1,704</b>	<b>325</b>	<b>9,818</b>	<b>19,578</b>

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

2000

	Asia Pacific			Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m						
<b>Loans to Individuals</b>									
Mortgages	12,088	2,829	1,730	458	119	46	18	448	17,736
Other	3,178	877	118	1,106	638	1,208	128	121	7,374
<b>Consumer Banking</b>	<b>15,266</b>	<b>3,706</b>	<b>1,848</b>	<b>1,564</b>	<b>757</b>	<b>1,254</b>	<b>146</b>	<b>569</b>	<b>25,110</b>
<b>Loans to Governments</b>	-	58	755	34	5	11	4	358	1,225
Agriculture, Forestry and Fishing	13	59	90	79	19	15	95	225	595
Mining and Quarrying	-	2	19	52	1	41	71	370	556
Manufacturing	1,070	397	420	1,953	701	1,193	346	1,794	7,874
Electricity, Gas and Water	250	45	108	202	55	21	33	215	929
Construction	72	46	58	67	26	105	17	46	437
Commerce	1,187	773	249	612	27	947	238	2,390	6,423
Transport, Storage and Communication	516	337	136	244	39	125	63	1,099	2,559
Financing, Insurance and Business services	1,625	529	360	666	95	367	21	1,345	5,008
Other	616	342	48	31	35	183	37	342	1,634
<b>Wholesale Banking</b>	<b>5,349</b>	<b>2,588</b>	<b>2,243</b>	<b>3,940</b>	<b>1,003</b>	<b>3,008</b>	<b>925</b>	<b>8,184</b>	<b>27,240</b>
<b>General Provisions</b>								(468)	(468)
<b>Total loans and advances to customers</b>	<b>20,615</b>	<b>6,294</b>	<b>4,091</b>	<b>5,504</b>	<b>1,760</b>	<b>4,262</b>	<b>1,071</b>	<b>8,285</b>	<b>51,882</b>
<b>Total Loans and advances to banks</b>	<b>2,122</b>	<b>3,390</b>	<b>414</b>	<b>3,089</b>	<b>393</b>	<b>1,308</b>	<b>198</b>	<b>12,845</b>	<b>23,759</b>

### Problem Credits

The Group employs a variety of tools to monitor the portfolio and to ensure the timely recognition of problem credits. In Wholesale Banking, accounts are placed on Early Alert when they display signs of weakness. Such accounts are subject to a dedicated process involving senior risk officers and representatives from a specialist recovery unit, which is independent of the business units. Account plans are re-evaluated and remedial actions are agreed and monitored until complete. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exit of the account or immediate movement of the account into the control of the specialist recovery unit.

In Consumer Banking, an account is considered to be in default when payment is not received on due date. Accounts which are overdue by more than 30 days (60 days for mortgages) are considered delinquent. These are closely monitored and subject to a special collections process.

In general, loans are treated as Non Performing when interest or principal is 90 days or more past due.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

### Consumer Banking:

Provisions are derived on a formulaic basis depending on the product:

- **Mortgages:** a provision is raised where accounts are 150 days past due based on the difference between the outstanding value of the loan and the forced sale value of the underlying asset.
- **Credit cards:** a charge off is made for all balances which are 150 days past due.
- **Other unsecured Consumer Banking products:** a charge off is made at 150 days past due.
- **Other secured Consumer Banking products:** a provision is raised at 90 days past due for the difference between the outstanding value and the forced sale value of the underlying asset. The underlying asset is then revalued periodically until disposal.

The following table sets out the non-performing portfolio in Consumer Banking:

2001									
	Asia Pacific				India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Loans and advances – Gross non-performing	164	115	168	126	39	78	18	21	729
Specific provisions for bad and doubtful debts	(70)	(15)	(20)	(24)	(11)	(52)	(5)	(13)	(210)
Interest in suspense	-	(2)	(20)	(8)	(6)	(15)	(7)	-	(58)
Net non-performing loans and advances	94	98	128	94	22	11	6	8	461
2000									
	Asia Pacific				India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Loans and advances – Gross non-performing	84	62	151	110	50	64	17	2	540
Specific provisions for bad and doubtful debts	(41)	(17)	(21)	(22)	(30)	(45)	(6)	-	(182)
Interest in suspense	-	(3)	(18)	(6)	(5)	(5)	(5)	-	(42)
Net non-performing loans and advances	43	42	112	82	15	14	6	2	316

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

### Wholesale Banking:

Loans are designated as non-performing as soon as payment of interest or principal is 90 days or more overdue or where sufficient weakness is recognised that full payment of either interest or principal becomes questionable. Where customer accounts are recognised as non-performing or display weakness that may result in non-performing status being assigned, they are passed to the management of a specialist unit, which is independent of the main businesses of the Group.

For loans and advances designated non-performing, interest continues to accrue on the customer's account but is not included in income.

Where the principal or a portion thereof, is considered uncollectable and of such little realisable value that it can no longer be included at its full nominal amount on the balance sheet, a specific provision is raised. In any decision relating to the raising of provisions, the Group attempts to balance economic conditions, local knowledge and experience and the results of independent asset reviews. Where it is considered that there is no realistic prospect of recovering the principal of an account against which a specific provision has been raised, then that amount will be written off. The Group reports non-performing loans at net at risk two years after first raising a specific provision. Net at risk is the result of netting interest in suspense and specific provision against applicable gross outstandings. Normal account management and collection efforts are not impacted by this process.

The following table sets out the non-performing portfolio in Wholesale Banking:

	2001								Total \$m
	Hong Kong \$m	Asia Pacific			India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Loans and advances – Gross non-performing	252	120	275	905	43	284	87	498	2,464
Specific provisions for bad and doubtful debts	(60)	(36)	(126)	(122)	(29)	(121)	(47)	(200)	(741)
Interest in suspense	(18)	(11)	(23)	(14)	(10)	(33)	(29)	(29)	(167)
Net non-performing loans and advances	174	73	126	769	4	130	11	269	1,556

Included in Other Asia Pacific are net non-performing loans of \$684 million (2000: \$724 million) in Standard Chartered Nakomthon Bank ("SCNB"). Refer to note 11 on page 46.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

2000

	Asia Pacific				India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Loans and advances – Gross non-performing	565	215	184	1,067	48	302	93	339	2,813
Specific provisions for bad and doubtful debts	(186)	(73)	(50)	(270)	(23)	(164)	(46)	(152)	(964)
Interest in suspense	(91)	(33)	(24)	(38)	(8)	(44)	(28)	(14)	(280)
Net non-performing loans and advances	288	109	110	759	17	94	19	173	1,569

### Group

The following table sets out the movements in the Group's total specific provisions:

2001

	Asia Pacific				India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Provisions held at 1 January 2001	227	90	71	292	53	209	52	152	1,146
Exchange translation differences	(3)	(2)	-	6	(1)	(2)	(5)	(5)	(12)
Amounts written off	(359)	(96)	(64)	(230)	(54)	(106)	(9)	(83)	(1,001)
Recoveries of amounts previously written off	8	7	11	10	8	1	1	5	51
Other	-	-	(2)	(18)	7	32	-	16	35
New provisions	318	71	154	140	68	66	20	157	994
Recoveries/provisions no longer required	(61)	(19)	(24)	(54)	(41)	(27)	(7)	(29)	(262)
Net charge against profit	257	52	130	86	27	39	13	128	732
Provisions held at 31 December 2001	130	51	146	146	40	173	52	213	951

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

2000

	Asia Pacific				India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total \$m
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m					
Provisions held at 1 January 2000	329	133	109	479	32	110	14	313	1,519
Exchange translation differences	(2)	(3)	(1)	(14)	(3)	3	(6)	(1)	(27)
Amounts written off	(252)	(63)	(73)	(292)	(52)	(68)	(7)	(198)	(1,005)
Recoveries of amounts previously written off	7	5	11	14	5	2	1	7	52
Business acquisitions	9	-	-	-	40	116	-	-	165
Business disposals	-	-	-	-	-	-	-	(68)	(68)
Other	10	-	-	45	1	18	-	(26)	48
New provisions	170	43	50	131	53	37	56	165	705
Recoveries/provisions no longer required	(44)	(25)	(25)	(71)	(23)	(9)	(6)	(40)	(243)
Net charge against profit	126	18	25	60	30	28	50	125	462
Provisions held at 31 December 2000	227	90	71	292	53	209	52	152	1,146

Of the amounts written off and the recoveries of amounts previously written off:

	2001 \$m	2000 \$m
Covered by specific provisions	817	923
Not covered by specific provisions	184	82
Recoveries of loans previously written off	(51)	(52)
	950	953

Excluding the SCNB non-performing loan portfolio, specific provisions and interest in suspense together cover 45 per cent (2000: 55 per cent) of total non-performing lending to customers.

Corporate loans and advances to customers against which provisions have been outstanding for two years or more are written down to their net realisable value. If lending and provisions are adjusted for the cumulative amounts written down, the effective cover is 67 per cent (2000: 69 per cent).

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

### Country Risk

Country Risk is the risk that a counterparty is unable to meet its contractual obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

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.

	2001			
	Public sector \$m	Banks \$m	Other \$m	Total \$m
USA	1,637	1,330	1,750	4,717
Germany	-	3,546	119	3,665
Hong Kong	8	167	1,685	1,860
Singapore	25	310	1,485	1,820
Korea	5	1,214	203	1,422
France	-	1,281	409	1,690
Italy	396	1,047	239	1,682

	2000			
	Public Sector \$m	Banks \$m	Other \$m	Total \$m
USA	643	1,583	696	2,922
Germany	-	2,408	13	2,421
Hong Kong	12	81	1,921	2,014
Singapore	4	672	1,070	1,746
Korea	97	1,349	112	1,558
France	3	857	665	1,525
Italy	194	1,243	32	1,469
Japan	-	1,027	57	1,084
Australia	122	877	69	1,068

### Market Risk

The Group recognises market risk as the exposure created by the potential changes in market prices and rates. The Group measures the impact of market price and rate risk using Value at Risk ("VaR") models.

## **STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)**

The total VaR for market risks in the Group's trading book as at 31 December 2001 was \$3.5 million compared to \$5.8 million at 31 December 2000. Of this total \$2.1 million related to interest rate risk and \$1.5 million to exchange rate risk. The corresponding figures as at 31 December 2000 were \$3.6 million and \$2.4 million respectively.

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 average VaR in the trading book during the year was \$5.1 million (2000: \$4.7 million) with a maximum exposure of \$9.5 million. The average level of risk was higher in 2001 than the prior year due to interest rate risk resulting from increased trading in fixed income products.

VaR for interest rate risk in the non-trading books of the Group totalled \$11.6 million at 31 December 2001, compared to \$5.7 million a year earlier. The difference arises from an increase in exposure to interest rate risk in the longer dated maturities.

### **Liquidity Risk**

The Group defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools are used for the management of liquidity. These comprise commitment and wholesale borrowing guidelines, key balance sheet ratios and medium term funding requirements.

At the local level, in line with policy, the day to day monitoring of future cash flows takes place and suitable levels of easily marketable assets are maintained by the businesses.

### **Operational and Other Risks**

Operational Risk is the risk of direct or indirect loss due to an event or action causing failure of technology, processes, infrastructure, personnel, and other risks having operational risk impact. Other risks recognised by the Group include Business, Legal, Regulatory and Reputational risks. Standard Chartered seeks to minimise actual or potential losses from Operational Risk failures through a framework of policies and procedures that identify, assess, control, manage and report risks.

An independent Group Operational Risk function is responsible for establishing and maintaining the overall Operational Risk framework. The Group Operational Risk function provides reports to the Group Risk Committee and the Audit and Risk Committee.

Compliance with Operational Risk policy is the responsibility of all managers. In every country, a Country Operational Risk Group (CORG) has been established. It is the responsibility of the CORG to ensure appropriate risk management frameworks are in place

and to monitor and manage operational risk. CORGs are chaired by Country Chief Executives.

Business units are required to monitor their Operational Risks using Group and business level standards and indicators. Significant issues and exceptions must be reported to the CORG. Where appropriate, issues must also be reported to Business Risk Committees and the Group Risk Committee.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

### CAPITAL

Standard Chartered's policy is to maintain a conservative balance sheet and strong capital base with a Tier 1 ratio in the range of seven per cent to nine per cent.

<b>Capital ratios</b>	<b>2001</b>	<b>2000</b>
	<b>\$m</b>	<b>\$m</b>
Tier 1 capital	<b>6,092</b>	4,531
Tier 2 capital	<b>4,994</b>	4,531
	<b>11,086</b>	9,062
Less supervisory adjustments	<b>(19)</b>	(34)
<b>Adjusted capital base</b>	<b>11,067</b>	9,028
Risk weighted assets	<b>53,825</b>	50,485
Risk weighted contingents	<b>15,517</b>	13,981
<b>Total risk weighted assets and contingents</b>	<b>69,342</b>	64,466
<b>Capital ratios</b>	<b>%</b>	<b>%</b>
Tier 1 capital	<b>8.8</b>	7.0
Total capital	<b>16.0</b>	14.0
	<b>2001</b>	<b>2000</b>
	<b>\$m</b>	<b>\$m</b>
Shareholders' funds		
Equity	<b>6,123</b>	6,055
Non Equity	<b>1,259</b>	298
	<b>7,382</b>	6,353
Post tax return on equity (normalised)	<b>12.3%</b>	13.8%

Under the terms of the share conversion on 18 January 2001, each shareholder of Standard Chartered PLC received one new ordinary share of \$0.50 for each ordinary share of £0.25 that they held before the conversion. The ordinary shares of £0.25 each have been cancelled and share certificates for these shares are no longer valid.

On 26 June 2001 the Company issued 1 million Non-cumulative Preference Shares with a nominal value of \$5 at a price of \$1,000 per Preference Share. The Preference Shares rank pari passu inter se with the existing preference shares and in priority to the ordinary shares. Subject to certain conditions, all or part of the Preference Shares may be redeemed at the option of the issuer, at dividend payment dates on or after October 2006.

On 11 May 2001 the Group issued £300 million of 8.103 per cent Step up Callable Perpetual Preferred Securities. The Preferred Securities are redeemable at the option of Standard Chartered Bank on 11 May 2016 or on any subsequent coupon payment date at their principal amount together with any outstanding payments.

## STANDARD CHARTERED PLC - FINANCIAL REVIEW (continued)

On 30 May 2001 the Group issued \$700 million of 8.0 per cent Subordinated notes due 2031. The notes were issued at a discount which will be amortised over the life of the notes (30 years).

\$200 million subordinated floating rate Notes ("the Notes") were redeemed by Standard Chartered Bank on 26 December 2001 (the "Redemption date") pursuant to the Terms and Conditions of the Notes. The Notes were redeemed at 100 per cent of their principal amount together with accrued interest to the Redemption date.

### EFFICIENCY PROGRAMME

In August 2000 the Group announced an efficiency programme, the purpose of which was to improve productivity and to build an operational platform to support future growth. Excellent progress has been made to date. The total cost saves were higher, implementation spend lower and the net cost benefit was over \$100 million better than originally forecast.

Headcount reductions are on track to meet the targets set.

	Achieved at end of 2001		Original Target over 3 Years	
	Headcount reduction	Headcount addition	Headcount reduction	Headcount addition
Centralising of processing and support operations	817	390	2,000	1,000
Operational efficiencies	2,375	-	2,100	-
Integration of acquisitions	2,096	-	2,100	-
	<b>5,288</b>	<b>390</b>	<b>6,200</b>	<b>1,000</b>

Cost Synergies	Achieved	Target				
	2001	2001	2002		2003	
			Old	New	Old	New
Centralising of processing and support operations	19	29	64	64	93	100
Operational efficiencies	60	29	64	80	79	90
Integration of acquisitions	70	50	86	100	103	115
	<b>149</b>	<b>108</b>	<b>214</b>	<b>244</b>	<b>275</b>	<b>305</b>
Investment Spend	(93)	(167)	(132)	(114)	(116)	(136)
Net Cost Benefit	<b>56</b>	<b>(59)</b>	<b>82</b>	<b>130</b>	<b>159</b>	<b>169</b>

A more conservative approach to the phasing of migration of operations to the hubs has been taken resulting in lower synergies from the centralisation programme in 2001. However the expected implementation spend to fully roll out this project has also come down, particularly in the areas of systems development and technical infrastructure.

The scope of the operational restructuring was extended and accelerated following the events of 11 September. Through this, operational efficiencies twice the level originally

expected have been achieved. The acquisition integration programmes have been effectively managed and the cost synergies driven through these programmes in 2001 are also well ahead of target.

The Group expects to exceed the total targeted net benefits of the efficiency programme by over 20 per cent over the next two years through a combination of both higher cost savings and a 17 per cent reduction in implementation spend.

# STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	Notes	2001 \$m	2000 \$m
Interest receivable		6,419	6,905
Interest payable		(3,460)	(4,196)
<b>Net interest income</b>		<b>2,959</b>	<b>2,709</b>
Fees and commissions receivable, net		977	888
Dealing profits and exchange	4	470	377
Other operating income	5	58	116
		<b>1,505</b>	<b>1,381</b>
<b>Net revenue</b>		<b>4,464</b>	<b>4,090</b>
Administrative expenses:			
Staff		(1,241)	(1,387)
Premises		(285)	(302)
Other		(735)	(728)
Depreciation and amortisation, of which:		(324)	(297)
Amortisation of goodwill		(140)	(71)
Other		(184)	(226)
Total expenses: - ongoing		(2,585)	(2,391)
- restructuring		-	(323)
<b>Total operating expenses</b>		<b>(2,585)</b>	<b>(2,714)</b>
<b>Operating profit before provisions</b>		<b>1,879</b>	<b>1,376</b>
Provisions for bad and doubtful debts	1,2,10	(732)	(462)
Provisions for contingent liabilities and commitments		1	(8)
<b>Operating profit</b>		<b>1,148</b>	<b>906</b>
Profit on disposal of subsidiary undertakings		-	532
<b>Profit before taxation</b>	1,2	<b>1,148</b>	<b>1,438</b>
Taxation	6	(378)	(377)
<b>Profit after taxation</b>		<b>770</b>	<b>1,061</b>
Minority interests (equity)		(12)	(6)
Minority interests (non-equity)		(59)	(29)
<b>Profit for the year attributable to shareholders</b>		<b>699</b>	<b>1,026</b>
Dividends on non-equity preference shares	7	(68)	(24)
Dividends on ordinary equity shares	8	(474)	(424)
<b>Retained profit</b>		<b>157</b>	<b>578</b>

Refer to the note on comparative figures on page 35.

The Group made no acquisitions or disposals in 2001. However an analysis of the effect on the results of the acquisitions and disposals made in 2000 is given in the Financial Review on page 19.

## STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

### SUMMARISED CONSOLIDATED BALANCE SHEET

As at 31 December 2001

	Notes	2001 \$m	2000 \$m
<b>Assets</b>			
Cash, balances at central banks and cheques in course of collection		1,174	895
Treasury bills and other eligible bills		5,105	3,962
Loans and advances to banks	1	19,578	23,759
Loans and advances to customers	1	53,005	51,882
Debt securities and equity shares		16,080	9,949
Intangible fixed assets		2,269	2,327
Tangible fixed assets		992	977
Prepayments, accrued income and other assets		9,176	8,529
<b>Total assets</b>		<b>107,379</b>	<b>102,280</b>
<b>Liabilities</b>			
Deposits by banks	1	11,688	11,103
Customer accounts	1	67,855	65,037
Debt securities in issue	1	3,706	4,533
Accruals, deferred income and other liabilities		11,265	10,617
Subordinated liabilities:			
Undated loan capital		1,804	1,818
Dated loan capital		2,677	2,257
Minority interests:			
Equity		73	76
Non-equity		929	486
Shareholders' funds	13	7,382	6,353
<b>Total liabilities and shareholders' funds</b>		<b>107,379</b>	<b>102,280</b>

#### Comparative figures

With effect from 1 January 2001 the Group changed its reporting currency from pounds sterling to US dollars. Since most of the Group's business is in US dollars or currencies linked to the US dollar it is considered that it is most appropriate for the Group to prepare its accounts in US dollars. The comparative figures have been translated from pounds sterling into US dollars using the following principles:

Assets and liabilities have been translated at the rate of exchange ruling on 31 December 2000.

Profits and losses and cash flows for the year ended 31 December 2000 have been translated at the average sterling exchange rate against the US dollar during that period.

## STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2001

	2001 \$m	2000 \$m
Profit attributable to shareholders	699	1,026
Exchange translation differences:		
Arising from change in reporting currency	-	(434)
Other	(119)	(109)
<b>Total recognised gains and losses</b>	<b>580</b>	<b>483</b>

### NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 December 2001

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.

Refer to the note on comparative figures on page 35.

# STANDARD CHARTERED PLC – FINANCIAL STATEMENTS

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2001

	2001 \$m	2000 \$m
<b>Net cash inflow from operating activities (see note 14)</b>	<b>6,076</b>	3,774
<b>Returns on investment and servicing of finance</b>		
Interest paid on subordinated loan capital	(285)	(202)
Subordinated loan capital issue expenses	(12)	(29)
Dividends paid to minority shareholders of subsidiary undertakings	(18)	(21)
Dividends paid on preference shares	(41)	(24)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(356)</b>	(276)
<b>Taxation</b>		
UK taxes paid	(103)	(47)
Overseas taxes paid	(417)	(252)
<b>Total taxes paid</b>	<b>(520)</b>	(299)
<b>Capital expenditure and financial investment</b>		
Purchases of tangible fixed assets	(283)	(238)
Acquisitions of treasury bills held for investment purposes	(10,383)	(10,383)
Acquisitions of debt securities held for investment purposes	(26,356)	(12,390)
Acquisitions of equity shares held for investment purposes	(28)	(62)
Disposals of tangible fixed assets	59	32
Disposals and maturities of treasury bills held for investment purposes	9,138	10,542
Disposals and maturities of debt securities held for investment purposes	20,562	11,382
Disposals of equity shares held for investment purposes	17	8
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(7,274)</b>	(1,109)
<b>Net cash (outflow)/inflow before acquisitions and disposals, equity dividends paid and financing</b>	<b>(2,074)</b>	2,090
<b>Acquisitions and disposals</b>		
Purchases of interests in subsidiary undertakings	-	(2,513)
Purchase of subordinated debt in subsidiary undertaking	-	(186)
Disposals of interests in subsidiary and associated undertakings	-	934
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>	<b>-</b>	(1,765)
<b>Equity dividends paid to members of the Company</b>	<b>(442)</b>	(380)
<b>Financing</b>		
Gross proceeds from issue of ordinary share capital	22	723
Share issue expenses	-	(8)
Issue of preference share capital	1,000	-
Preference shares – issue expenses	(31)	-
Issue of subordinated loan capital	700	1,166
Proceeds from issue of preferred securities	421	461
Repayment of subordinated liabilities	(204)	(18)
<b>Net cash inflow from financing</b>	<b>1,908</b>	2,324

**(Decrease)/increase in cash in the period**

**(608) 2,269**

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Refer to the note on comparative figures on page 35.

## STANDARD CHARTERED PLC – NOTES

### 1. Segmental information by geographic segment

The following tables set out profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the years 2001 and 2000.

	2001								Total \$m
	Asia Pacific			Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	Hong Kong \$m	Singapore \$m	Malaysia \$m						
Interest receivable	2,377	913	385	892	572	749	339	2,479	8,706
Interest payable	(1,267)	(601)	(214)	(573)	(370)	(462)	(133)	(2,127)	(5,747)
<b>Net interest income</b>	<b>1,110</b>	<b>312</b>	<b>171</b>	<b>319</b>	<b>202</b>	<b>287</b>	<b>206</b>	<b>352</b>	<b>2,959</b>
Fees and commissions receivable, net	301	95	47	121	78	96	86	153	977
Dealing profits and exchange	50	40	20	90	42	55	62	111	470
Other operating income	(3)	-	3	6	36	4	2	10	58
<b>Net revenue</b>	<b>1,458</b>	<b>447</b>	<b>241</b>	<b>536</b>	<b>358</b>	<b>442</b>	<b>356</b>	<b>626</b>	<b>4,464</b>
Costs	(679)	(205)	(131)	(404)	(209)	(207)	(226)	(384)	(2,445)
Amortisation of goodwill								(140)	(140)
<b>Total operating expenses</b>	<b>(679)</b>	<b>(205)</b>	<b>(131)</b>	<b>(404)</b>	<b>(209)</b>	<b>(207)</b>	<b>(226)</b>	<b>(524)</b>	<b>(2,585)</b>
<b>Operating profit before provisions</b>	<b>779</b>	<b>242</b>	<b>110</b>	<b>132</b>	<b>149</b>	<b>235</b>	<b>130</b>	<b>102</b>	<b>1,879</b>
Charge for debts, contingent liabilities and commitments	(257)	(51)	(130)	(86)	(27)	(39)	(13)	(128)	(731)
<b>Operating profit before taxation</b>	<b>522</b>	<b>191</b>	<b>(20)</b>	<b>46</b>	<b>122</b>	<b>196</b>	<b>117</b>	<b>(26)</b>	<b>1,148</b>
<b>Loans and advances to customers - average</b>	<b>21,233</b>	<b>6,311</b>	<b>3,555</b>	<b>5,520</b>	<b>1,909</b>	<b>4,102</b>	<b>1,007</b>	<b>9,198</b>	<b>52,835</b>
<b>Net interest margin (%)</b>	<b>3.2</b>	<b>1.9</b>	<b>2.7</b>	<b>2.3</b>	<b>4.0</b>	<b>4.0</b>	<b>8.2</b>	<b>1.0</b>	<b>3.1</b>
<b>Loans and advances to customers - period end</b>	<b>21,145</b>	<b>6,828</b>	<b>3,705</b>	<b>5,842</b>	<b>1,923</b>	<b>4,117</b>	<b>969</b>	<b>8,476</b>	<b>53,005</b>
<b>Loans and advances to banks – period end</b>	<b>1,227</b>	<b>2,315</b>	<b>607</b>	<b>3,184</b>	<b>398</b>	<b>1,704</b>	<b>325</b>	<b>9,818</b>	<b>19,578</b>
<b>Total assets employed</b>	<b>39,504</b>	<b>15,084</b>	<b>6,222</b>	<b>14,578</b>	<b>5,993</b>	<b>9,603</b>	<b>3,487</b>	<b>41,190</b>	<b>135,661</b>
<b>Total risk weighted assets and contingents</b>	<b>19,320</b>	<b>8,933</b>	<b>3,630</b>	<b>7,446</b>	<b>3,590</b>	<b>5,802</b>	<b>1,343</b>	<b>19,778</b>	<b>69,842</b>

- Total interest receivable and total interest payable include intra-group interest of \$2,287 million.
- Group central expenses 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 riskweighted assets.
- 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 Americas, UK and Group Head Office segment.
- Total assets employed include intra-group items of \$24,724 million and balances of \$3,558 million which are netted in the Summarised Consolidated Balance Sheet. Total risk weighted assets and contingents include \$500 million of balances and other supervisory adjustments which are netted in calculating capital ratios.
- Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

# STANDARD CHARTERED PLC – NOTES

## 1. Segmental information by geographic segment (continued)

	2000								Total \$m
	Asia Pacific			Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	
	Hong Kong \$m	Singapore \$m	Malaysia \$m						
Interest receivable	2,501	825	347	972	383	618	408	2,969	9,023
Interest payable	(1,595)	(528)	(154)	(672)	(240)	(429)	(203)	(2,493)	(6,314)
<b>Net interest income</b>	906	297	193	300	143	189	205	476	2,709
Fees and commissions receivable, net	243	104	48	138	55	71	104	125	888
Dealing profits and exchange	44	35	19	72	21	38	55	93	377
Other operating income	3	-	3	7	54	5	4	40	116
<b>Net revenue</b>	1,196	436	263	517	273	303	368	734	4,090
Costs	(553)	(176)	(116)	(448)	(132)	(155)	(212)	(505)	(2,297)
Amortisation of goodwill								(71)	(71)
Restructuring charge								(323)	(323)
Year 2000 costs								(23)	(23)
<b>Total operating expenses</b>	(553)	(176)	(116)	(448)	(132)	(155)	(212)	(922)	(2,714)
<b>Operating profit before provisions</b>	643	260	147	69	141	148	156	(188)	1,376
Charge for debts, contingent liabilities and commitments	(126)	(20)	(25)	(60)	(31)	(28)	(50)	(130)	(470)
<b>Operating profit</b>	517	240	122	9	110	120	106	(318)	906
Profit on disposal of subsidiary undertakings								532	532
<b>Profit before taxation</b>	517	240	122	9	110	120	106	214	1,438
<b>Loans and advances to customers - average</b>	18,157	6,279	3,744	5,389	1,389	4,073	1,084	9,398	49,513
<b>Net interest margin (%)</b>	2.9	2.2	3.6	2.5	4.1	2.8	8.5	1.5	3.1
<b>Loans and advances to customers - period end</b>	20,615	6,294	4,091	5,504	1,760	4,262	1,071	8,285	51,882
<b>Loans and advances to banks – period end</b>	2,122	3,390	414	3,089	393	1,308	198	12,845	23,759
<b>Total assets employed</b>	38,290	14,233	6,222	13,549	4,447	9,321	2,863	37,761	126,686
<b>Total risk weighted assets and contingents</b>	17,958	8,310	3,677	7,244	3,415	5,673	1,302	17,451	65,030

(f) Total interest receivable and total interest payable include intra-group interest of \$2,118 million.

(g) Group central expenses 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.

(h) 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 Americas, UK and Group Head Office segment. The restructuring programme and the resolution of Year 2000 related technology issues have been managed from the centre as global projects and all expenses are included in the Americas, UK and Group Head Office segments.

- (i) Total assets employed include intra-group items of \$21,790 million and balances of \$2,616 million which are netted in the Summarised Consolidated Balance Sheet. Total risk weighted assets and contingents include balances of \$554 million which are netted in calculating Capital ratios. Assets held at the centre have been distributed between geographic segments in proportion to their total assets employed.

## STANDARD CHARTERED PLC – NOTES

### 1. Segmental information by geographic segment (continued)

The following table sets out the structure of Standard Chartered's deposits by principal geographic region where it operates at 31 December 2001 and 31 December 2000.

	2001								Total Deposits \$m
	Asia Pacific			Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Group Head Office	
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total Deposits \$m
Non interest bearing current and demand accounts	1,207	901	728	439	672	980	714	669	6,310
Interest bearing current and demand accounts	10,002	1,622	107	1,301	5	767	711	2,228	16,743
Savings deposits	582	437	579	1,042	518	1,040	372	220	4,790
Time deposits	16,687	7,078	2,824	4,565	2,798	3,672	461	9,831	47,916
Other deposits	4	253	303	1,099	57	205	190	1,673	3,784
<b>Total</b>	<b>28,482</b>	<b>10,291</b>	<b>4,541</b>	<b>8,446</b>	<b>4,050</b>	<b>6,664</b>	<b>2,448</b>	<b>14,621</b>	<b>79,543</b>
Deposits bybanks	1,001	1,028	472	2,051	1,115	1,298	67	4,656	11,688
Customer accounts	27,481	9,263	4,069	6,395	2,935	5,366	2,381	9,965	67,855
	28,482	10,291	4,541	8,446	4,050	6,664	2,448	14,621	79,543
Debt securities in issue	1,305	81	245	363	82	-	3	1,627	3,706
<b>Total</b>	<b>29,787</b>	<b>10,372</b>	<b>4,786</b>	<b>8,809</b>	<b>4,132</b>	<b>6,664</b>	<b>2,451</b>	<b>16,248</b>	<b>83,249</b>

  

	2000								Total Deposits \$m
	Asia Pacific			Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Group Head Office	
	Hong Kong \$m	Singapore \$m	Malaysia \$m	Other Asia Pacific \$m	India \$m	Middle East & Other S Asia \$m	Africa \$m	Americas UK & Group Head Office \$m	Total Deposits \$m
Non interest bearing current and demand accounts	1,002	813	935	383	599	809	452	394	5,387
Interest bearing current and demand accounts	7,850	1,487	133	2,283	2	584	763	2,226	15,328
Savings deposits	924	449	597	916	473	882	341	15	4,597
Time deposits	18,482	6,385	2,472	4,447	2,466	3,292	417	9,363	47,324
Other deposits	3	2	591	512	106	200	34	2,056	3,504
<b>Total</b>	<b>28,261</b>	<b>9,136</b>	<b>4,728</b>	<b>8,541</b>	<b>3,646</b>	<b>5,767</b>	<b>2,007</b>	<b>14,054</b>	<b>76,140</b>
Deposits bybanks	1,594	478	555	2,335	831	795	69	4,446	11,103
Customer accounts	26,667	8,658	4,173	6,206	2,815	4,972	1,938	9,608	65,037
	28,261	9,136	4,728	8,541	3,646	5,767	2,007	14,054	76,140
Debt securities in issue	1,838	84	21	372	85	1	13	2,119	4,533
<b>Total</b>	<b>30,099</b>	<b>9,220</b>	<b>4,749</b>	<b>8,913</b>	<b>3,731</b>	<b>5,768</b>	<b>2,020</b>	<b>16,173</b>	<b>80,673</b>

## STANDARD CHARTERED PLC – NOTES

### 2. Segmental information by class of business

	2001			2000		
	Consumer	W holesale	Total	Consumer	Wholesale	Total
	Banking	Banking		Banking	Banking	
	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	1,720	1,239	2,959	1,618	1,091	2,709
Other income	520	985	1,505	453	928	1,381
<b>Net revenue</b>	<b>2,240</b>	<b>2,224</b>	<b>4,464</b>	<b>2,071</b>	<b>2,019</b>	<b>4,090</b>
Costs	(1,254)	(1,191)	(2,445)	(1,124)	(1,173)	(2,297)
Amortisation of goodwill			(140)			(71)
Restructuring charge			-			(323)
Year 2000 costs			-			(23)
<b>Total operating expenses</b>	<b>(1,254)</b>	<b>(1,191)</b>	<b>(2,585)</b>	<b>(1,124)</b>	<b>(1,173)</b>	<b>(2,714)</b>
<b>Operating profit before provisions</b>	<b>986</b>	<b>1,033</b>	<b>1,879</b>	<b>947</b>	<b>846</b>	<b>1,376</b>
Charge for debts, contingent liabilities and commitments	(330)	(401)	(731)	(182)	(288)	(470)
<b>Operating profit</b>	<b>656</b>	<b>632</b>	<b>1,148</b>	<b>765</b>	<b>558</b>	<b>906</b>
Profit on sale of subsidiary undertakings			-			532
<b>Profit before taxation</b>			<b>1,148</b>			<b>1,438</b>
<b>Total assets employed</b>	<b>44,988</b>	<b>90,673</b>	<b>135,661</b>	<b>42,729</b>	<b>83,957</b>	<b>126,686</b>

- (a) 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.
- (b) See note 1(c) and 1(h) on amortisation of goodwill, restructuring charge and Year 2000 costs on pages 38 and 39.
- (c) Total assets employed include intra-group items of \$24,724 million (2000: \$21,790 million) and balances which are netted in the summarised consolidated balance sheet of \$3,558 million (2000: \$2,616 million).
- (d) Assets held at the centre have been distributed between classes of business in proportion to their total assets employed.

## STANDARD CHARTERED PLC – NOTES

### 3. Consolidated profit and loss account First half and second half 2001

	2 <sup>nd</sup> Half 2001 \$m	1 <sup>st</sup> Half 2001 \$m
Interest receivable	3,019	3,400
Interest payable	(1,488)	(1,972)
<b>Net interest income</b>	<b>1,531</b>	<b>1,428</b>
Fees and commissions receivable, net	500	477
Dealing profits and exchange	221	249
Other operating income	25	33
	<b>746</b>	<b>759</b>
<b>Net revenue</b>	<b>2,277</b>	<b>2,187</b>
Administrative expenses:		
Staff	(624)	(617)
Premises	(135)	(150)
Other	(387)	(348)
Depreciation and amortisation, of which:	(172)	(152)
Amortisation of goodwill	(72)	(68)
Other	(100)	(84)
<b>Total operating expenses</b>	<b>(1,318)</b>	<b>(1,267)</b>
<b>Operating profit before provisions</b>	<b>959</b>	<b>920</b>
Provisions for bad and doubtful debts	(463)	(269)
Provisions for contingent liabilities and commitments	1	-
<b>Profit before taxation</b>	<b>497</b>	<b>651</b>
Taxation	(160)	(218)
<b>Profit after taxation</b>	<b>337</b>	<b>433</b>
Minority interests (equity)	(6)	(6)
Minority interests (non-equity)	(36)	(23)
<b>Profit for the period attributable to shareholders</b>	<b>295</b>	<b>404</b>
Dividends on non-equity preference shares	(56)	(12)
Dividends on ordinary equity shares	(329)	(145)
<b>Retained profit</b>	<b>(90)</b>	<b>247</b>

## STANDARD CHARTERED PLC – NOTES

### 4. Dealing profits and exchange

	2001 \$m	2000 \$m
Income from foreign exchange dealing	374	325
Profits less losses on dealing securities	22	26
Other dealing profits and exchange	74	26
	<b>470</b>	<b>377</b>

### 5. Other operating income

	2001 \$m	2000 \$m
Other operating income includes:		
Share of profits arising on securitised instalment credit agreements	-	26
Profits less losses on disposal of investment securities	23	11
Dividend income	3	6

### 6. Taxation

	2001 \$m	2000 \$m
United Kingdom corporation tax at 30% (2000: 30%)	211	194
Relief for overseas tax	(179)	(150)
	<b>32</b>	<b>44</b>
Overseas tax	<b>346</b>	<b>333</b>
	<b>378</b>	<b>377</b>
Effective tax rate	<b>32.9%</b>	<b>26.2%</b>

There is no tax chargeable against the profit on sale of subsidiary undertakings of \$532 million recognised in the year ended 31 December 2000.

## STANDARD CHARTERED PLC – NOTES

### 7. Dividends on preference shares

	2001 \$m	2000 \$m
Non-cumulative irredeemable preference shares:		
7¼% preference shares of £1 each	11	12
8¼% preference shares of £1 each	12	12
8.9% preference shares of \$5 each	45	-
	<b>68</b>	<b>24</b>

### 8. Dividends on ordinary shares

	2001		2000	
	Cents per share	\$m	Cents per share	\$m
Interim	12.82	145	11.651	126
Final	29.10	329	26.454	298
	<b>41.92</b>	<b>474</b>	38.105	424

The 2001 final dividend of 29.10 cents per share will be paid in sterling, unless shareholders elect to be paid in US dollars, on 17 May 2002 to shareholders on the register of members at the close of business on 1 March 2002. It is intended that shareholders will be able to elect to receive shares credited as fully paid instead of the final dividend (or part thereof). Details will be sent to shareholders on or around 18 March 2002.

## STANDARD CHARTERED PLC – NOTES

### 9. Earnings per ordinary share

	2001			2000		
	Profit \$m	Average number of shares ('000)	Per share amount Cents	Profit \$m	Average number of shares ('000)	Per share amount Cents
<b>Basic EPS</b>						
Profit attributable to ordinary shareholders	631	1,128,407	55.9c	1,002	1,086,619	92.2c
<b>Effect of dilutive potential ordinary shares:</b>						
Convertible Bonds	16	34,488		14	25,866	
Options	-	4,478		-	7,009	
<b>Diluted EPS</b>	<b>647</b>	<b>1,167,373</b>	<b>55.4c</b>	<b>1,016</b>	<b>1,119,494</b>	<b>90.7c</b>

#### **Headline earnings per ordinary share**

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

	2001 \$m	2000 \$m
Profit attributable to shareholders after preference dividends	631	1,002
Amortisation of goodwill	140	71
Profits less losses on disposal of investment securities	(23)	(11)
Profit on disposal of subsidiaries	-	(532)
Headline earnings	<b>748</b>	<b>530</b>
<b>Headline earnings per ordinary share</b>	<b>66.3c</b>	<b>48.8c</b>

#### **Normalised earnings per ordinary share**

The following table shows the calculation of normalised earnings per share, i.e. based on the Group's results excluding profits on disposal of subsidiary undertakings and the charge for restructuring.

	2001 \$m	2000 \$m
Profit attributable to shareholders after preference dividends	631	1,002
Amortisation of goodwill	140	71
Profits less losses on disposal of investment securities	(23)	(11)
Profit on disposal of subsidiary undertakings	-	(532)
Restructuring charge	-	323
Tax credit relating to restructuring charge	-	(81)
Normalised earnings	<b>748</b>	<b>772</b>

Normalised earnings per ordinary share

66.3c

71.1c

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## STANDARD CHARTERED PLC – NOTES

### 10. Provisions for bad and doubtful debts

	2001		2000	
	Specific \$m	General \$m	Specific \$m	General \$m
Provisions held at 1 January	1,146	468	1,519	439
Exchange translation differences	(12)	-	(27)	-
Amounts written off	(1,001)	-	(1,005)	-
Recoveries of amounts previously written off	51	-	52	-
Acquisitions of subsidiary undertakings	-	-	165	32
Disposal of subsidiary undertakings	-	-	(68)	(3)
Other	35	-	48	-
New provisions	994	-	705	-
Recoveries/provisions no longer required	(262)	-	(243)	-
Net charge against profit	732	-	462	-
Provisions held at 31 December	951	468	1,146	468

Corporate loans and advances to customers against which provisions have been outstanding for 2 years or more are written down to their net realisable value.

### 11. Non-performing loans and advances

	2001			2000		
	SCNB \$m	Other \$m	Total \$m	SCNB \$m	Other \$m	Total \$m
Loans and advances on which interest is suspended	753	2,440	3,193	796	2,557	3,353
Specific provisions for bad and doubtful debts	(69)	(882)	(951)	(72)	(1,074)	(1,146)
Interest in suspense	-	(225)	(225)	-	(322)	(322)
	684	1,333	2,017	724	1,161	1,885

The Group acquired Standard Chartered Nakomthon Bank (SCNB) (formerly Nakomthon Bank) in September 1999. Under the terms of the acquisition, net non-performing loans (NPLs) of \$753 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 NPLs of \$520 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 NPLs is reimbursable by the FIDF to SCNB, every half year, for a period of five years from the date of acquisition.

Excluding the SCNB non-performing loan portfolio, specific provisions and interest in suspense together cover 45 per cent (2000: 55 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 67 per cent (2000: 69 per cent).

## STANDARD CHARTERED PLC – NOTES

### 12. Called up share capital

	2001 \$m	2000 \$m
<b>Equity capital</b>		
Ordinary shares of \$0.50 each	566	-
Ordinary shares of £0.25 each	-	421
<b>Non-equity capital</b>		
Non-cumulative irredeemable preference shares:		
7½% preference shares of £1 each	145	149
8¼% preference shares of £1 each	145	149
8.9% preference shares of \$5 each	5	-
	861	719

Under the terms of the share conversion on 18 January 2001, each ordinary shareholder of the Company received one new ordinary share of \$0.50 for each ordinary share of £0.25 that they held before the conversion. The ordinary shares of £0.25 each were cancelled and share certificates for those shares are no longer valid.

On 26 June 2001 the Company issued 1 million Non-cumulative Preference Shares with a nominal value of \$5 each, at a price of \$1,000 per Preference Share. The Preference Shares rank *pari passu* inter se with the existing preference shares and in priority to the ordinary shares. Subject to certain conditions, all or part of the Preference Shares may be redeemed at the option of the issuer, at dividend payment dates on or after October 2006.

### 13. Shareholders' funds

	2001					2000	
	Share capital \$m	Share premium account \$m	Capital reserve \$m	Premises revaluation reserve \$m	Profit and loss account \$m	Total shareholders' funds \$m	Total shareholders' funds \$m
At 1 January	719	1,907	-	49	3,678	6,353	5,453
Exchange translation differences	(9)	-	-	(2)	(108)	(119)	(543)
Transfer from share premium as a result of capital conversion	144	(149)	5	-	-	-	-
Shares issued, net of expenses	7	984	-	-	-	991	840
Goodwill previously written off against reserves							25
Retained profit	-	-	-	-	157	157	578
Capitalised on exercise of share options	-	19	-	-	(19)	-	-
Realised on disposal of premises	-	-	-	(2)	2	-	-
At 31 December	861	2,761	5	45	3,710	7,382	6,353

Equity interests	<b>6,123</b>	6,055
Non-equity interests	<b>1,259</b>	298
At 31 December	<b>7,382</b>	6,353

## STANDARD CHARTERED PLC – NOTES

### 14. Consolidated cash flow statement

#### *Reconciliation between operating profit before taxation and net cash inflow from operating activities*

	2001 \$m	2000 \$m
Operating profit	1,148	906
Items not involving cash flow:		
Amortisation of goodwill	140	71
Depreciation and amortisation of premises and equipment	184	226
Amortisation of investments	(11)	(27)
Charge for bad and doubtful debts and contingent liabilities	731	470
Debts written off, net of recoveries	(950)	(953)
(Decrease)/increase in accruals and deferred income	(66)	159
Decrease/(increase) in prepayments and accrued income	236	(340)
Adjustments for items shown separately:		
Interest paid on subordinated loan capital	285	202
<b>Net cash inflow from trading activities</b>	<b>1,697</b>	<b>714</b>
Net increase in cheques in the course of collection	(71)	(58)
Net decrease/(increase) in treasury bills and other eligible bills	1	(103)
Net decrease/(increase) in loans and advances to banks and customers	1,282	(5,630)
Net increase in deposits from banks, customer accounts and debt securities in issue	3,805	7,525
Net increase in dealing securities	(606)	(47)
Net decrease/(increase) in mark-to-market adjustment	63	(106)
Net (decrease)/increase in other accounts	(95)	1,479
<b>Net cash inflow from operating activities</b>	<b>6,076</b>	<b>3,774</b>
 <b>Analysis of changes in cash</b>		
Balance at beginning of period	4,278	2,245
Exchange translation differences	(121)	(236))
Net cash (outflow)/inflow	(608)	2,269
<b>Balance at end of period</b>	<b>3,549</b>	<b>4,278</b>

The financial information included herein has been derived from the audited and unaudited information contained in the Group's Report and Accounts for the year ended 31 December 2001 and 2000. Statutory accounts for 2000 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain a statement under Section 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanation) of the Companies Act 1985.

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#### Financial Calendar

Ex-dividend date	27 February 2002
Record date	1 March 2002
Posting to shareholders of 2001 Report and Accounts	18 March 2002
Annual General Meeting	2 May 2002
Payment date – final dividend on ordinary shares	17 May 2002

*Copies of this statement are available from Investor Relations, Standard Chartered PLC, 1 Aldermanbury Square, London, EC2V 7SB or from our website on [www.standardchartered.com/investor](http://www.standardchartered.com/investor)*

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