Standard Chartered PLC
Pre-close trading update

27 June 2012

Standard Chartered PLC along with its subsidiaries, (the "Group") will be holding discussions with analysts and investors ahead of its close period for the half year ending 30 June 2012. This statement details the information that will be covered in those discussions.

Peter Sands, Group Chief Executive, commented, "Against the background of a slowing and turbulent global economy, Standard Chartered has continued to deliver strong growth. We are seeing good momentum across many of our businesses and geographies and are winning market share as we again increase our financial support and lending to our customers and clients. We remain in growth mode and continue to see significant opportunities in our footprint of Asia, Africa and the Middle East."

All comparisons will be made in relation to the first half of 2011 unless otherwise stated.

Group

The Group has had a strong start to the year, with income for the first six months of 2012 expected to grow at a high single digit rate over the comparable period in 2011. Income growth continues to be affected by the continued strength of the USD against currencies in our footprint. Local currency weakness is expected to drag Group income by over 2 per cent, with the Indian Rupee being the major contributor.

This good income performance results from the diversity of our markets where a number of strong performances have more than compensated for some weaker results. Double digit income growth is expected in a number of our markets including China, Indonesia, Malaysia, Africa and the Americas, UK and Europe region; Hong Kong is at or around double digit. Singapore continues to see good income momentum which, with excellent cost control and good credit performance, has ensured profit growth remains strong.

Income growth in Korea, whilst expected to be double digit in the first half, benefitted by some US$ 70m from a property sale. Excluding this, income is expected to grow at a low single digit rate. Network revenue, which is reported in other geographic areas is expected to continue to see good double digit growth. Whilst cost pressures remain, Korea is delivering the cost savings associated with the 2011 Early Retirement Programme.

Income in India remains muted in the first half, impacted by continued weakness of the Indian Rupee against the USD. On a constant currency basis, income is expected to grow at a mid single digit rate in the first half. The business also continues to deliver good double digit growth in network revenues.

The Group net interest margin has improved, primarily due to widening liability margins in both businesses. When comparing the first half of 2012 to the second half of 2011 some compression in mortgage margins is expected, although trade asset margins have widened and we are benefitting from the gradual mix shift in Consumer Banking to higher margin unsecured business.

The Group has continued to manage expenses tightly and, as a result, income growth is expected to be ahead of cost growth in the first half. Headcount levels at the end of May were broadly flat on the end of 2011.

At the time of the first quarter Interim Management Statement we announced an accelerated release of investment over and above budgeted levels. As we reflect on our full year income and cost growth forecasts we are now looking again to step up investment.

Group loan impairment is, as expected, up on the first half of 2011 with the year on year increase in provisions broadly equal in amount in both businesses. Asset quality remains good in both businesses however we remain watchful of the external environment.

As a result of the expected income growth, tight control of expenses and the good credit performance of our portfolios, we anticipate high single digit growth in profit before tax for the Group over the first half of 2011.

We also continue to see disciplined growth on both sides of the balance sheet with single digit growth in both assets and liabilities on the 2011 year end position. Group Risk Weighted Assets continue to grow steadily and in line with expectations reflecting asset growth in both businesses and the shift between lower margin Mortgage assets and higher margin unsecured Consumer Banking assets.

We have no direct sovereign exposure to Portugal, Italy, Ireland, Greece or Spain and our total direct exposure to these countries remains significantly less than 0.5 per cent of Group assets.

The Group remains highly liquid with a strong advances to deposit ratio and remains well capitalised. The Group maintains a conservative funding structure and has only limited levels of refinancing required over the next few years. The Group remains a significant net lender to the interbank market.

Consumer Banking

Consumer Banking is expected to deliver mid single digit income growth in the first half over the comparable period in 2011. Consumer Banking performance has been affected by muted income performances in Hong Kong and Korea, where Mortgage income has fallen, and in India and Taiwan which were affected by the adverse impact of foreign exchange translation and subdued Wealth Management income respectively.

Deposit income has continued to grow strongly and is expected to grow at a double digit rate reflecting good volume growth since the year end and improved margins.

Credit Cards and Personal Loans continue to perform well with double digit income growth anticipated. We continue to grow this unsecured business selectively and expect double digit income growth in Singapore, Korea, China, and Malaysia.

Wealth Management has been impacted by continued uncertainty arising from the European debt crisis with income now expected to be slightly down on the first half of 2011. Mortgage income is anticipated to be down year on year with balances broadly flat on the year end position and continued margin pressure.

SME continues to perform well and is expected to deliver high single digit income growth in the first half driven by Lending, Trade and Cash Management. From a geographic perspective Hong Kong, China, Malaysia, Indonesia and Africa are all expected to grow SME income by a double digit rate.

Expenses are expected to be up by a high single digit percentage impacted by non-recurring cost recoveries made against structured note provisions in the first half of 2011. Excluding these recoveries expenses are expected to be up by a mid single digit percentage.

Portfolio credit quality in the Consumer Banking business continues to be good with broadly stable leading indicators. Consumer Banking loan impairment has benefitted in the first half of 2012 from the sale of a number of written down portfolios of broadly the same amount as seen on average in 2011. Underlying Consumer Banking loan impairment is expected to be broadly flat on the level seen in the second half of 2011.

While Consumer Banking continues to make good progress in its strategic transformation program, given the slowdown in Wealth Management, the one-off recoveries in the cost line last year and loan impairment growth as previously guided, a double digit reduction in operating profit is expected in the first half of 2012.

We have continued to grow both sides of the balance sheet since the year end. Liability margins have increased whilst asset margins were broadly flat on the level seen during the second half of 2011.

Wholesale Banking

Wholesale Banking income in the first half of 2012 is expected to show at or around double digit growth over the first half of 2011.

Client income continues to contribute over 80 per cent of total Wholesale Banking income and is expected to show high single digit growth over the first half of 2011.

As in prior periods, Commercial Banking, by which we mean Cash, Trade and associated Foreign Exchange, continues to be the core of the Wholesale Banking business and has performed strongly in the first half.

Trade and Cash income are both expected to be up by a strong double digit rate year on year driven by improving margins and double digit growth in average balances. Particularly strong growth in Transaction Banking income is expected in Hong Kong, Singapore, Taiwan and Africa.

Corporate Finance has performed well, building on the foundations of our Commercial Banking relationships, with mid single digit income growth expected over the first half of 2011. Given the strength of our franchise the deal pipeline is very strong and contains a record level of client transactions by number and value. However, there remain clear execution risks given the prevailing macro-economic conditions.

Financial Markets client income is expected to grow at a mid single digit rate. Whilst Foreign Exchange has been muted, impacted by low volume growth, Rates has continued to grow strongly.

Own account income is expected to be up by a double digit rate driven by ALM, which has grown in line with growth in the portfolio and improving yield, and Principal Finance, driven primarily by valuations.

Expenses in Wholesale Banking remain well managed and are expected to be ahead of the comparable period in 2011 by a mid-single digit rate.

Although the Wholesale Banking loan impairment charge will not be finalised for some weeks, it is expected to be up by some high tens of millions on the level seen in the comparable period in 2011, albeit a lower other impairment charge will, to an extent, offset this. Whilst we remain watchful of the external credit environment, our credit portfolios are currently performing well. Overall asset quality continues to be good with no new material problem exposures arising since the year end.

Conclusion

The Group is expected to deliver a good performance in the first half of 2012 and the fundamentals remain in excellent shape; highly liquid, very well capitalised and with a firm grip on risk and costs. The Group has strong momentum, is accelerating investment and is on course to deliver on its financial objectives for the full year. The Group continues to grow income and gain market share in multiple products and multiple geographies.

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