Standard Chartered PLC
Interim Management Statement

2 May 2012

Standard Chartered today releases its Interim Management Statement (IMS) for the first quarter of 2012.

Peter Sands, Group Chief Executive, commented, "Standard Chartered has had a strong start to 2012, with good performances across a broad spread of geographies and products. We continue to benefit from the disciplined execution of our strategy and are very well positioned in dynamic markets with strong fundamentals. We are in excellent shape, we are a growth company and are differentiated by our liquidity and capital strength. Macroeconomic sentiment is showing signs of improvement, although there remain clear uncertainties and risks in the global environment. "

The Group had a strong start to the year, with high single digit income growth over the comparative period of 2011. The Group's first quarter performance builds on the excellent momentum seen at the end of 2011 with good income progression in both businesses over the comparable period. Income growth has, however, been impacted by the continued strength of the USD against Asian currencies in the first quarter, as indicated at the time of the full year results.

From a geographic perspective, diverse double digit income growth in Hong Kong, Malaysia, Indonesia, China and the Americas, UK and Europe region has more than compensated for the impact of subdued domestic business sentiment in India. In Korea, we continue to make progress with the repositioning of our business and are seeing the benefits of the Early Retirement Programme (ERP) in the cost line.

Across the Group, expenses remain under tight control; in the first quarter income growth exceeded cost growth. Headcount levels at the end of the first quarter were broadly flat on the end of 2011. In light of the Group's strong start to 2012 we have approved an accelerated release of investment spend over and above budget levels.

In the first quarter loan impairment was above the level seen in the comparable period of 2011, in line with expectation, with credit quality remaining good. The increase year on year was driven by Consumer Banking, where loan impairment has increased in line with disciplined growth in the book and mix change, as previously guided.

Overall the Group delivered low double digit growth in operating profit in the first quarter over the comparable period in 2011.

The Group remains highly liquid and well capitalised and we continue to see disciplined growth on both sides of the balance sheet, in both Consumer Banking and Wholesale Banking. Risk Weighted Asset growth was well controlled in the first quarter of 2012.

Consumer Banking

Consumer Banking delivered good single digit income growth on the first quarter of 2011.

Income continued to be broadly spread, with Deposit income growing at a double digit rate, reflecting good volume growth and improved margins. Credit Cards and Personal Loans performed well, with double digit income growth year on year, as we selectively grew our unsecured business, especially in Hong Kong, Singapore, Malaysia, Taiwan and Korea.

Wealth Management income was in line with the strong first quarter of 2011 and up on the run rate seen in the second half of 2011. Mortgage income was down on the first quarter of 2011 with assets broadly stable on the year end position and continued margin pressure.

SME performed well, with double digit income growth over the comparable period in 2011, driven by Trade and Cash Management.

Expenses have been well controlled in the first quarter of 2012, and were up on the comparable period in 2011 by a single digit rate.

There has been growth on both sides of the balance sheet since the year end, with a partial benefit from currency translation. Liability margins in the first quarter increased on the year end position, whilst asset margins were broadly flat on the level seen during the second half of 2011.

Asset quality continues to be good within the Consumer Banking business, reflecting our disciplined approach to risk management and stable leading indicators. Loan impairment was, as expected, higher than the run rate in the second half of 2011, by a mid single digit rate, reflecting continued growth in the portfolio and deliberate shifts in product mix.

Wholesale Banking

The Wholesale Banking business had a strong start to 2012 with client income growing at a high single digit rate over the comparable period in 2011. Client income continued to contribute around 80 per cent of total Wholesale Banking income.

Commercial banking, by which we mean Cash, Trade and associated FX, continues to be the core of our Wholesale Banking business and performed well in the first quarter. Margins in Cash were broadly stable and margins in Trade improved compared to the second half of 2011. Cash and Trade average balances continue to grow well, however, the rate of growth in balances moderated compared to the growth seen in 2011 due to a combination of reduced growth in market activity, our stance on pricing and increased competition. Transaction Banking income showed strong double digit growth over the first quarter of 2011.

In Corporate Finance, income in the first quarter of 2012 was marginally down on the very strong comparative period in 2011. The deal pipeline remains robust.

Financial Markets client income showed high single digit income growth over the first quarter of 2011. Compared to the second half run rate of 2011 Financial Markets client income grew at a strong double digit rate, with double digit growth in FX, Rates and Credit. Volumes in the first quarter of 2012 were up on the comparable period in 2011.

Own account income grew at a low double digit rate year on year. Financial Markets own account income was down on the comparable period in 2011, which was a very strong quarter. However, ALM and Principal Finance income grew at a double digit rate.

Wholesale Banking expenses were marginally above the run rate seen in the second half of 2011.

Whilst we continue to monitor closely a small number of accounts, overall asset quality remains good. The loan impairment charge in the first quarter was, as expected, very low.

Group

Overall, the Group had a strong start to the year, building on a strong close to 2011, underpinned by continued momentum in the balance sheet and well diversified income streams. The Group remains very well capitalised and highly liquid. We look forward to providing a further performance update in our pre-close trading statement in June.

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