Standard Chartered PLC
Interim Management Statement

30 October 2012

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

Peter Sands, Group Chief Executive, commented, "Standard Chartered has continued to perform strongly in the third quarter of 2012. Although the environment remains turbulent, we are in the right markets and continue to see good momentum across our businesses and geographies. Lending and deposits have both increased over the last three months as we continue to support our customers and clients. We manage the Group conservatively with costs controlled tightly and risk well managed. Our balance sheet philosophy remains a source of competitive advantage with a focus on diversity, high levels of liquidity and a strong capital position."

The following commentary excludes the impact of the UK bank levy but includes a payment of US$340 million made to the New York State Department of Financial Services ("NY DFS"). The Group continues to engage with the other US agencies on their review of the Group's historical US sanctions compliance.

'Year to date' refers to the nine months ended 30 September 2012 and comparisons are made to the same nine month period in 2011 unless otherwise stated.

Whilst the global economy is slowing, and within that the Asian economies are now showing signs of lower growth, the Group has delivered a strong third quarter performance with good income growth, business as usual expenses well controlled and no material change to the loan impairment trends. Overall, a strong performance for the quarter.

Year to date, income grew at a high single digit rate, maintaining the trajectory seen in the first half of 2012. Income has continued to be impacted by the strength of the USD against Asian currencies, with year to date income growing at a double digit rate on a constant currency basis.

Our income performance remains broad based across a wide spread of geographies, client segments and products. Hong Kong, China, Indonesia and the Americas, UK and Europe region have delivered strong performances and more than offset continued currency weakness impacting India's growth, a slowdown in Singapore's Wholesale Banking business and a muted Consumer Banking performance in Korea.

Costs remain well controlled with broadly neutral cost income jaws, even after including the settlement with the NY DFS, plus a legacy legal provision of a commercial nature, the cost of headcount increases which were in line with expectations and the continued investments into our branch network including in China and Africa.

Loan impairment for the Group was below the first half run rate by some high tens of millions of dollars. However we remain cautious given the slowdown in the macroeconomic environment.

As a result of the above, the Group's operating profit for the year to date has grown at a mid single digit rate, or at a double digit rate excluding the NY DFS settlement.

The balance sheet is well diversified and conservative and remains a source of competitive advantage. We continue to see growth on both sides of the balance sheet with inflows of deposits and continued disciplined loan growth highlighting the strength of our franchise. The advances to deposit ratio remains strong and was below 80 per cent at the end of the third quarter.

Consumer Banking

Consumer Banking has continued to perform in line with the first half with income growing at a mid single digit rate year to date. Income remains broadly spread with double digit growth in China, in Indonesia and across Africa.

From a product perspective, Deposits and Credit Cards and Personal Loans have grown income at double digit rates year to date. Across these businesses, volumes have continued to grow, more than compensating for some margin compression.

Mortgage income accelerated from the first half run rate, although it remains below the 2011 year to date income level. Balances have grown in the third quarter and margins have remained broadly stable. Hong Kong and Korea showed strong double digit growth in Mortgage income over the first half run rate.

Wealth Management remains well diversified and despite the continued volatility in equity markets, income growth is ahead of the first half run rate although still down year to date by a low single digit percentage.

Income in SME saw mid single digit growth year on year, driven by trade, working capital and deposit products.

Expenses are up by a mid single digit rate as we continue to control business as usual costs tightly whilst also investing. Excluding the benefit to costs in 2011 of a one off recovery of provisions on structured notes, expenses have grown broadly in line with income.

The impairment charge was higher than the first half run rate by some tens of millions of dollars, in line with expectations, reflecting the growth in the book, the gradual mix shift in the portfolio towards unsecured and lower loan sales in the period. The forward credit indicators have remained broadly in line with the first half.

As a result of the above, Consumer Banking operating profit for the first nine months of the year was down by a high single digit percentage.

Wholesale Banking

Wholesale Banking continues to deliver strongly with double digit income growth and a high single digit growth in operating profit year to date after charging both the NY DFS payment and the legacy legal provision. Client income has remained strong and contributed over 80 per cent of total income, with high single digit growth over both year to date and also over the third quarter of 2011.

Commercial Banking remains at the heart of our Wholesale Banking business, contributing over 50 per cent of client income. Within this, Transaction Banking income has continued to grow at a double digit rate year to date. This strong performance has been driven by continued volume growth with average balances in both Trade and Cash up by low single digit rates on the previous quarter. Margins in both Trade and Cash compressed slightly in the quarter as we maintained volume growth.

Financial Markets client income year to date is up by a mid single digit rate but down on the first half run rate. The shape of the business was consistent with the first half, with good growth in the Rates and Credit businesses offsetting reduced Foreign Exchange income which was impacted by both volume reduction and some spread compression.

Corporate Finance income continues to perform strongly.

Principal Finance had a good quarter with a realisation gain, however ALM income was slightly down on the first half run rate due to lower reinvestment yields.

Year to date expenses have been well controlled with broadly neutral cost-income jaws even after including the NY DFS payment. We continue to create capacity for investment by tight management of our business as usual costs.

Impairment remained, as expected, low in the third quarter with no significant provisions charged in the period. We remain watchful, particularly in India and the Middle East where we have seen some limited top-up provisions on existing exposures. Overall portfolio quality remains good.

As a result of the above, Wholesale Banking operating profit has increased by a high single digit for the year to date and at a double digit percentage excluding the NY DFS settlement.

Group

The Group has demonstrated the underlying strength of the franchise in the past quarter with continued good income and balance sheet momentum. We retain a firm grip on the management levers of cost, risk and investment and remain in excellent shape. We are well positioned in the world's growth markets and we look forward to providing a further update in early December in the preclose trading statement.

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