Standard Chartered PLC
Pre-close trading update

28 June 2011

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 2011. This statement details the information that will be covered in those discussions.

Peter Sands, Group Chief Executive, commented, "Standard Chartered is on course to deliver another strong first half. We anticipate delivering cost growth broadly in line with income growth for the first six months of 2011. The credit environment remains benign across Asia. We are advantaged by a very strong balance sheet which remains highly liquid, very well capitalised, diverse and conservative; and are capturing increasing levels of business from our markets across Asia, Africa and the Middle East."

All comparisons will be made in relation to the first half of 2010 unless otherwise stated.

**Group**

The Group has continued to build on the strong start to the year that we reported in the first quarter Interim Management Statement. As at the end of May, income and profit were showing double digit growth over the comparable period in 2010.

Income in the first six months of 2011 is currently expected to grow at around a double digit rate when compared to the first half of 2010.

Sources of income growth remain well diversified, both by product and geography. Whilst income in India is lower than in the first half of 2010 and growth in Africa has been muted, this has been more than offset by very strong performances in Hong Kong, Singapore, Malaysia, MESA, China and Indonesia.

We anticipate double digit growth in profit before tax for the Group over the first half of 2010.

For the Group overall, net interest margins are broadly flat on the level seen for the full year 2010. Liability margins have increased moderately in the first half of the year compared to the second half of 2010, whilst asset margins have continued to see some slight pressure.

The Group has continued to manage expenses tightly and as a result, and including the likely impact of the UK bank levy, cost growth is expected to be broadly in line with income growth for the first half.

Headcount levels at the end of May remain below the level seen at the end of 2010 as we continue to manage the pace of hiring. We have continued to invest selectively through the first half of the year.

Asset quality has been good in both businesses and loan impairment in the first half of 2011 is expected to be below the levels seen in the second half of 2010.

The balance sheet remains well diversified and conservative, with no material concentrations and limited exposure to problem asset classes, including no direct exposure to sovereign debt in Southern Europe.

The Group remains highly liquid, with a strong asset to deposit ratio, and is very well capitalised. We have continued to see good footings growth on both sides of the balance sheet since the end of 2010. We remain disciplined in the management of growth in Risk Weighted Assets, and expect for the first half, high single digit growth on the year end position.

The Group maintains a conservative funding structure and has only limited levels of refinancing required over the next few years.  The Group remains a net lender to the interbank market.

## Consumer Banking

The strategic repositioning of the Consumer Banking business has continued to gain traction in the first half of the year.

Consumer Banking has good momentum and income is expected to grow at a low double digit rate in the first half of the year over the comparable period in 2010.  The geographies in which we invested in 2010 have performed strongly in the first six months of the year with Hong Kong, Singapore, Malaysia, China and Indonesia performing particularly well.

Income has been broadly spread, with Wealth Management particularly strong. Deposit income also grew strongly, reflecting good volume growth since the year end and a slight improvement in margins on the second half of 2010. Retail mortgage income was slightly down on the comparable period in 2010 with good volume growth more than offset by margin pressure since the year end, as competition has continued to increase. SME saw good income growth over the first half of 2010 especially in Trade Finance and related Foreign Exchange as well as Cash Management. Income in Credit Cards and Personal Loans is expected to grow at a double digit rate as we continue to selectively grow our unsecured business, particularly in Hong Kong, Korea and Singapore.

We continue to take a disciplined approach to expense management and it is expected that for the first half of 2011 Consumer Banking will deliver positive jaws. Consumer Banking expenses are expected to be below the levels seen in the second half of 2010.

Portfolio credit quality in the Consumer Banking business has continued to improve slightly since the year end and it is anticipated that the impairment charge in the first half of the year will be below the level seen in the second half of 2010.

Consumer Banking continues to grow its deposit base, albeit at a slower pace than in the previous year.

**Wholesale Banking**

Wholesale Banking has performed well and has continued to strengthen relationships with its existing clients, delivering record levels of client income.

Wholesale Banking income in the first half of 2011 is expected to show good single digit growth over the first half of 2010.

Client income continues to contribute over 80 per cent of total Wholesale Banking income and is expected to show good growth over the first half of 2010, and double digit growth over the second half of 2010.

Corporate Finance has performed strongly with double digit income growth over the second half of 2010, albeit income is expected to be broadly flat on the first half of 2010. This has had a particular impact on the performance of India and Africa in the first half of the year. The deal pipeline remains robust.

As in prior periods, Commercial Banking and flow Foreign Exchange are the core of the Wholesale Banking business, contributing over half of all client income. Trade income is expected to show high single digit growth over the first half of 2010 reflecting a strong increase in average volumes, albeit with margins continuing to see pressure compared to the second half of 2010. Cash income is expected to show excellent growth driven by a strong increase in average balances along with a slight increase in margins over the second half of 2010. Transaction Banking income overall, is expected to show strong double digit income growth in the first six months of 2011.

Financial Markets client income has grown at a double digit pace with Foreign Exchange, Commodities and Capital Markets particularly strong.

Within own account, Financial Markets has delivered strong double digit income growth, particularly in Commodities and Foreign Exchange, however ALM is, as expected, down on the comparable period in 2010. Principal Finance realisations in the first half of the year are materially below the levels seen during the first half of 2010. Total own account income is expected to be below the levels seen in the first half of 2010.

Expenses in Wholesale Banking are expected to be ahead of the second half of 2010 primarily due to the flow through impact of prior year investments. Whilst jaws are expected to be negative, they are expected to be significantly narrower than seen for the full year 2010.

Credit quality across the Wholesale Banking portfolio remains good and 'early alert' indicators have remained at low levels, but we remain watchful of the external credit environment. Loan impairment in the first half of the year is currently expected to be similar to the level seen in the second half of 2010, although the level of loan impairment will not be finalised until the end of July.

## Conclusion

The Group is currently tracking towards a strong performance in the first half of 2011. Income growth and cost growth are expected to be broadly in line for the first six months of the year. The fundamentals of the Group remain in excellent shape. We are highly liquid, very well capitalised and have a firm grip of risks and costs. Both businesses have good momentum, leveraging off continuing strong economic growth in our footprint markets of Asia, Africa and the Middle East.

The pre-close conference call, hosted by Richard Meddings, Group Finance Director, will be audio webcast live on Standard Chartered's website. To access the webcast follow this link http://investors.standardchartered.com from 10:00 BST onwards. A recording of the audio webcast and a podcast will also be available shortly after the event.

For further information, please contact:


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These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict. Such risks and uncertainties include the effects of UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Standard Chartered operates. As a result, the actual future financial condition, performance and results may differ materially from any plans, goals and expectations expressed or implied in the forward-looking statements.

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