Standard Chartered PLC
Pre-close Trading Update

25 June 2009

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 2009. This statement details the information that will be covered in those discussions.

Peter Sands, Group Chief Executive, commented, "Standard Chartered has continued to deliver another strong performance in the first five months of the year, with record levels of income and profit. Although there are tentative signs of improving economic conditions in some of our markets, equally there are signs of continuing stress. It is still too early to forecast a sustained recovery and we therefore remain cautious on the outlook. We remain disciplined and firmly focused on the basics of good banking – liquidity, funding profile, capital, risk and costs. The economic downturn in our markets will be less pronounced than in Western markets, and given our conservative business model, the Group is very well positioned to benefit as markets recover. The Group remains highly liquid, strongly capitalised and open for business."

Unless otherwise stated, references to 2008 are made in relation to the first half of the year.

Overall - Profit & Loss Account

Standard Chartered has continued to deliver a strong performance with record levels of income and operating profit before tax as at the end of May.

Income growth has been driven by a very strong performance in Wholesale Banking, partly offset by lower income in Consumer Banking.

For the Group overall, net interest margins have fallen fractionally with liability margin compression largely offset by higher asset margins, primarily in Wholesale Banking.

The Group has continued to manage expenses tightly. Group headcount has fallen month on month since the third quarter of 2008, investment expenditure has remained disciplined and discretionary spend has been well controlled relative to the first half of 2008.

As a result, at the end of May Group jaws are tracking to be strongly positive for the first half of 2009, reflecting the excellent income momentum in Wholesale Banking, as well as firm cost discipline as we position the Group to remain resilient in the face of continued economic uncertainty.

Overall – Balance Sheet

Asset quality overall has remained in line with our expectations. Given the external environment, some of our customers are experiencing increased levels of stress which has translated into higher levels of impairment in the second quarter of this year. Reflecting conditions in the equity markets, there has been no significant impairment of private equity or strategic investments so far in 2009.

The carrying value of the ABS portfolio has fallen from US$3.8 billion as at 31 December 2008 to around US$3.2 billion as at 31 May 2009, primarily as a result of redemptions. There have been minimal levels of impairment on the ABS portfolio in the first five months of the year. Further details covering the ABS portfolio are set out in the Appendix to this document.

The Group remains highly liquid with an asset to deposit ratio at similar levels to the end of 2008. The Group maintains a conservative funding structure with very low levels of refinancing required in the capital markets over the next few years. The Group remains a significant net lender into the interbank market.

The Group continues to be well capitalised with Tier 1 and Total capital ratios above our stated target ranges.

The Group has been proactive in managing the efficiency of its capital structure and, as previously reported, the Group recognised a US$248 million gain on tender and exchange offers for Tier 2 instruments in the second quarter. Additionally, the Group has successfully issued US$1.5 billion of Reserve Capital Instruments (Innovative Tier 1 instruments) in June.

The size of the balance sheet has contracted since the year end, as the marks-to-market on derivatives have fallen. Adjusting for derivatives, balance sheet growth has been limited. Growth in Risk Weighted Assets has been well controlled with modest growth since the end of the year.

Business Performance

Consumer Banking

Consumer Banking income remains under pressure, reflecting liability margin compression and the impact of muted Wealth Management sales.

Income for the first half is expected to be lower than for the second half of 2008, although it is anticipated that income in the second quarter will be ahead of that in the first quarter of 2009.

Consumer Banking has continued its strategic shift towards a more customer centric operating model. The underlying momentum and efficiency of the business are illustrated by improvement in a broad spread of metrics including better cross sell ratios, hiring of high calibre senior relationship managers, rationalisation and increasing productivity of call centres and streamlining of processes.

From a product perspective, mortgages have performed well, especially in Hong Kong which has seen growth in volumes and improved margins.

The Wealth Management business has continued to attract deposits but this volume increase is not sufficient to offset the significant decline in liability spreads. Demand for investment products has remained subdued and has shown no significant improvement overall since the end of 2008. Markets in general remain cautious although certain geographies such as Hong Kong have shown some marginal recovery in daily sales volumes. Weakness in equity product sales has been compensated to some extent by a recovery in demand for FX and insurance products.

SME, which is a liability led business, has been impacted by compressing liability spreads, the continuing move towards secured business and derisking of the existing portfolio.

We continue to take a disciplined approach to expense management. Including the impact of foreign exchange, as well as cost synergies in AEB, expenses are anticipated to be over 10% lower than in the second half of 2008, excluding the impact of Private Equity Management Group Inc ("PEM Group").

As announced earlier in the year the Group has agreed to buy back from customers structured notes issued by PEM Group. These notes which have a face value of around US$190 million were sold by Hsinchu International Bank ("HIB") in Taiwan prior to its acquisition by Standard Chartered. The business was discontinued very soon thereafter. It is expected that a significant amount of the face value will be taken as a charge to expenses in the second quarter.

Asset quality and loan impairment in Consumer Banking are broadly in line with expectations. There has been a moderate deterioration in loan impairment of some tens of millions of dollars in the second quarter relative to the first quarter, primarily driven by worsening conditions in India, Pakistan and the UAE.

The Consumer Banking loan portfolio continues to benefit from a proactive approach to risk, a focus on secured assets and conservative Loan To Value ratios in the mortgage book.

There has been modest asset growth driven by secured lending, principally in Korea, Hong Kong and in Singapore, where we have taken market share.

Consumer Banking continues to attract customer deposits and has been particularly strong in Hong Kong, with payroll accounts growing well, in Singapore, which has delivered strong current account growth, and in Korea.

Wholesale Banking

Wholesale Banking has had a very strong first half to date. The business has continued to deepen relationships with its existing clients, driving strong client revenue momentum.

The business is enjoying market share gains, increased asset margins and multiple sources of income growth. Following a record first quarter, April was good and May even stronger.

Income year to date is well ahead of 2008 and is broadly balanced across geographies, customer segments and products.

Singapore, MESA, Hong Kong and Korea have performed particularly well.

Client income continues to comprise the significant majority of total Wholesale Banking income, although growth in own account income has been significant, reflecting favourable market conditions in the first few months of 2009.

The core commercial banking businesses have performed well, with both lending and trade strongly up since the second half of 2008 as a result of re-pricing initiatives increasing net interest margins. Where we are the primary transaction bank for our clients, we are capturing an increasing proportion of their business.

In Trade and Cash Management we have also gained market share, outperforming market trends. Corporate Finance has had an excellent first half with a number of significant transactions executed and it currently has a healthy deal pipeline. The Commodities business has seen excellent growth reflecting the investments made in this area in previous periods, together with a number of sizeable deals particularly in the Middle East and Asia.

Own account income has also performed very strongly as we have taken advantage of market volatility and trading opportunities. Underlying conditions have been especially favourable in the first few months of the year. Fixed Income and Commodities trading have both performed strongly. ALM has had an excellent performance year to date, driven by strong accrual revenues in a steepening yield curve environment and gains from the sale of securities. These positions are maturing and are now being replaced at lower yielding levels.

In the second quarter, we have also seen some Principal Finance realisations reflecting improved market conditions, albeit at levels significantly lower than in the second half of 2008.

Costs are primarily driven by performance related pay, in line with risk adjusted revenues. Business As Usual cost growth was limited resulting in strongly positive jaws.

Credit quality in Wholesale Banking has deteriorated in the second quarter. First half loan impairment in Wholesale Banking is likely to be higher than loan impairment in the second half of 2008 but below the aggregate of loan and other impairment for Wholesale Banking in the second half of 2008. Whilst the absolute size of the derivatives positions against which we took provisions in 2008 has reduced, we have seen some further hardening into additional loan impairment in 2009. We continue to take a proactive approach to risk and are operating with high levels of vigilance given the uncertain economic environment.

Our client franchise model remains strong and sustainable as we continue to be a key beneficiary of the industry restructuring, especially in our core geographies where many of our peers are exiting or scaling back. We have built up strong capabilities over the past few years, positioning us to capture the growing opportunities in our markets.

Asset growth in the Wholesale Banking business has been disciplined. Risk Weighted Assets growth has remained well controlled since the year end even taking into account the impact of Probability of Default migration.

Korea

We continue to make good progress in Korea. We are the first bank in Korea to be awarded Advanced Internal Ratings Based status and the first foreign company to be granted approval to set up a Financial Holding Company.

The headline numbers have been significantly impacted by the over 35% depreciation in the Korean Won in the first half of 2009 to date versus the first half of 2008.

On a headline basis, year to date May income has fallen on the comparable period in 2008, although on a constant currency basis, income has shown mid single digit percentage growth.

Consumer Banking income has been muted given subdued Wealth Management sales, continued derisking of the SME book and ongoing liability margin compression. There has been good momentum on mortgages where income was up very strongly from the second half of 2008.

Wholesale Banking has had double digit income growth year to date driven almost entirely by client income.

Expenses have been well controlled reflecting the benefits of restructuring actions taken in previous periods and the positive impact of currency depreciation on the expense line.

Higher loan impairment has resulted in lower profit in the first half to date. The increase in impairment is driven by a weak SME credit environment as well as further provisions deriving from the Wholesale Banking derivatives business.

Conclusion

Whilst the world remains uncertain and we are cautious on the outlook, the Group is currently tracking towards a strong first half of the year, based on record income and profits to the end of May. Wholesale Banking continues to benefit from the consistent execution of its client centric strategy and has had an excellent year to date performance. Consumer Banking has continued to transform its business model and to focus on repositioning the franchise for an economic upturn. The fundamentals of the Group remain very strong; the Group is highly liquid, strongly capitalised with a conservative forward funding profile and has a firm grip of risks and costs. We are very much open for business.

Appendix: Asset Backed Securities

	31 Dec 2008			31 May 2009		
Total exposures to Asset Backed Securities US$ millions	Notional value	Carrying value	Fair value	Notional value	Carrying value	Fair value
RMBS						
US Sub-prime	0	0	0		0	0
US Alt A	84	57	35	80	50	24
US prime	2	1	0	1	1	0
UK/Other	1,024	969	858	873	806	636
CDOs						
ABS	208	32	30	160	20	16
Other CDOs	379	306	225	367	291	209
CMBS						
US CMBS	147	129	92	143	125	75
Other CMBS	671	525	466	680	480	331
Other ABS	1,935	1,740	1,551	1,519	1,377	1,249
Total	**4,450**	**3,759**	**3,257**	**3,823**	**3,151**	**2,540**
Charge to AFS reserve	(309)			(40)		
Charge to P&L	(164)			(13)		

The pre-close conference call, hosted by Richard Meddings, Group Finance Director, will be webcast live on Standard Chartered's website. To access the webcast follow this link http://investors.standardchartered.com from 10:30 BST onwards. A recording of the webcast and a podcast will also be available shortly after the event.

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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, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in individual markets in which Standard Chartered operates, and other factors affecting the level of Standard Chartered's business activities and the costs and availability of financing for Standard Chartered's activities.

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