

press release

Standard Chartered today released its Interim Management Statement (IMS) for the first quarter of 2013.

Peter Sands, Group Chief Executive, commented, “Standard Chartered has continued to deliver a resilient performance despite the impact of extraordinary monetary policies in the West and Japan on liquidity conditions across Asia and thus on margins. We remain focused on continuing to grow the business, building on our long-standing relationships with our clients and customers, on maintaining our strong balance sheet, and on keeping a firm grip on costs and risks. We are in the right markets and remain confident in the outlook for our business.”

The Group had a very strong start to the year in January, but momentum slowed later in the quarter. The Group delivered income slightly ahead of the first quarter of 2012 with good growth in client volumes offset in part by continued tightening of margins and spreads as well as a fall in Own Account income, as indicated at the time of the full year results.

From a geographic perspective, double digit income growth in Hong Kong and Africa was offset by a weaker performance in Korea and Singapore. On a constant currency basis, income in India increased by a low single digit percentage, and we continued to increase our support for our Indian clients doing business in other regions.

Group expenses were up by a low single digit percentage. Within this figure, staff costs increased by a high single digit percentage reflecting an increase in headcount of around 560 staff and underlying wage inflation.

In the first quarter loan impairment was above the level in the comparable period of 2012, driven by an increase in Consumer Banking. However, the run rate in the first quarter was below the run rates seen in the first and second halves of last year by some tens of millions of dollars.

Overall the Group’s operating profit in the first quarter was slightly down on the first quarter of 2012.

Overall, the Group continues to demonstrate the underlying strength and diversity of the franchise. We have started the second quarter well with April income back at trend levels. We continue to exercise a firm grip on costs and whilst we still face external challenges, particularly with respect to Korea, we remain comfortable with consensus for profit before tax for the year.

The Group remains strongly capitalised, highly liquid and has a strong credit rating.

Consumer Banking

Consumer Banking delivered high single digit income growth on the comparable period of 2012.

Income growth continued to be broad based. Credit Cards and Personal Loans and Mortgages grew income at double digit rates and Wealth Management income was up by a high single digit percentage, ahead of the run rate seen in 2012 with improved investor sentiment. Deposit income fell by a mid single digit rate reflecting ongoing margin pressure despite good growth in customer balances.

Expenses were up by a high single digit rate as we kept business as usual costs under tight control to create capacity for investment.

The increase in Consumer Banking loan impairment was broadly in line with expectations, reflecting overall growth in the book, the gradual shift in mix towards unsecured and the timing of loan sales, although in Korea we saw an increase in loan impairment over the level previously expected, including an acceleration in Personal Debt Rehabilitation Scheme ('PDRS') filings. As a result, Consumer Banking loan impairment increased by a double digit percentage on the comparable period in 2012, or up by some tens of millions of dollars over the quarterly run rate in the second half of 2012.

As a result, Consumer Banking operating profit for the first quarter of the year was down by a mid single digit percentage.

Wholesale Banking

Wholesale Banking continued to build on extremely good levels of client activity and strong volumes across our markets, although pressure on margins and spreads intensified as we progressed through the first quarter.

Client income increased by a mid single digit percentage, despite these margin pressures, as Wholesale Banking grew transaction volumes strongly, made market share gains and benefited from good levels of broad based client activity. This growth was offset by lower Own Account income, the result of lower realisations in Principal Finance and a weaker ALM outcome. As a result overall Wholesale Banking income fell by a mid single digit percentage.

Transaction Banking income declined at a mid single digit rate as very good growth in Trade balances was offset by a decline in margins. Margins in Cash and Trade fell 16 per cent and 14 per cent respectively on the comparable period of 2012. Corporate Finance continued to perform well, up by a strong double digit rate on the comparable period in 2012 and is ahead of the full year growth rate for 2012. The deal pipeline remains very strong.

Financial Markets income was down by a mid single digit percentage year on year. Within this, Client Income grew by a low single digit percentage with excellent volume growth in FX Options, Rates and Cash FX offsetting spread compression. ALM income was impacted by the low interest rate environment and low reinvestment yields and was down by a double digit percentage.

Wholesale Banking expenses were broadly flat against the comparable period in 2012. We continue to create capacity for investment by tightly managing our business as usual costs.

Asset quality remains good, with very low levels of impairment, as expected. However, we remain watchful, particularly in India and the Middle East. As a result of these income, cost and loan impairment dynamics, Wholesale Banking operating profit declined by a mid single digit percentage.

Change in accounting treatment

Under IFRS 11, the contribution to the Group from Permata, our joint venture business in Indonesia, will be equity accounted rather than proportionally consolidated from 2013 onwards. This change will be incorporated in our 2013 interim results, with prior periods restated, and has been reflected in this statement. For 2012 this accounting change would have reduced income by US\$287 million, expenses by US\$174 million, impairment by US\$23 million and operating profit before tax by US\$90 million.

There would have been a corresponding increase to profit from associates of US\$65 million and a reduction in taxation of US\$25 million, but no change to the Group's post-tax profit.

We look forward to providing a further update at the end of June in the preclose trading statement.

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Note to Editors:

Standard Chartered – leading the way in Asia, Africa and the Middle East

Standard Chartered is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns around 90 per cent of its income and profits in Asia, Africa and the Middle East.

This geographic focus and commitment to developing deep relationships with clients and customers has driven the Bank's growth in recent years. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges as well as the Bombay and National Stock Exchanges in India.

With 1,700 offices in 68 markets, the Group offers exciting and challenging international career opportunities to over 89,000 staff. It is committed to building a sustainable business over the long term and upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. Standard Chartered's heritage and values are expressed in its brand promise, 'Here for good'.

For further information please visit www.standardchartered.com. Follow Standard Chartered at www.facebook.com/standardchartered and on Twitter [@StanChart](https://twitter.com/StanChart).

Standard Chartered Pakistan

Standard Chartered Bank (Pakistan) Ltd. is the oldest and largest international bank in Pakistan. It is also the first international bank to be awarded Islamic banking licence and the first to open an Islamic banking branch.

This year marks Standard Chartered's 150th anniversary in Pakistan. The Bank, which started as the Chartered Bank opened its first office in Karachi in March 1863.

The Bank serves both Consumer and Wholesale Banking customers. Consumer Banking provides credit cards, personal loans, auto loans, mortgages, deposit taking and wealth management services to individuals and small to medium sized enterprises. Wholesale Banking provides corporate and institutional clients with services in trade finance, cash management, lending, securities services, foreign exchange, debt capital markets and corporate finance. It also offers a complete suite of Islamic banking solutions under its Standard Chartered Saadiq brand.

Standard Chartered was assigned a rating of AAA/ A1+ by PACRA. In 2011 and 2012 it won the award for Best Bank in Pakistan by The Asset Triple A for two consecutive years.

The Bank employs over 4,500 people in Pakistan and has a network of 121 branches of which 15 are dedicated Standard Chartered Saadiq branches as well as 187 ATMs.

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