Standard Chartered PLC
Pre-close trading update

28 June 2010

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 2010. This statement details the information that will be covered in those discussions.

Peter Sands, Group Chief Executive, commented, "Standard Chartered is tracking towards another strong performance in the first half of 2010, continuing our record of consistent delivery for shareholders. Economic conditions continue to improve across our geographies and business activity levels are increasing, although recent market volatility has had some impact on sentiment. Despite this, we are performing well and taking market share. We remain focused on the basics of good banking – capital, liquidity, risk and costs and on the disciplined execution of our strategy."

All comparisons will be made in relation to the first half of 2009 unless otherwise stated.

Overall - Profit & Loss Account

The Group has continued to perform well, building on the very strong start to the year that we reported in the first quarter Interim Management Statement (IMS). As at the end of May income and profit were ahead of the comparable period in 2009, excluding the gain of US$248 million generated from the buyback of Tier 2 notes in April 2009.

On a reported basis, income in the first six months of 2010 is expected to be broadly flat on the first half of 2009, but to show double digit growth over the second half of 2009. Consumer Banking income and Wholesale Banking client income are performing particularly well, but have been partly offset by weaker own account income.

For the Group overall, net interest margins have fallen fractionally from the levels seen in 2009. Low liability margins have persisted longer than expected.

The Group has continued to manage expenses tightly whilst investing in both businesses to underpin income momentum. However, on a year on year basis, cost growth will significantly exceed income growth for the first half of 2010, particularly in Wholesale Banking. This reflects the fact that in the first half of 2009 we held back on investment and at the same time benefited from very strong own account income, whereas in the first half of 2010, whilst own account has weakened, we have continued to invest.

Loan impairment trends have been very good in both businesses.

Overall – Balance Sheet

As mentioned in the first quarter IMS, asset quality in both businesses has continued to improve since the year end. The balance sheet remains well diversified and conservative, with limited exposure to problem asset classes, and no direct exposure to sovereign debt in Southern Europe.

The Group remains highly liquid and is continuing to attract deposits. The asset to deposit ratio is broadly stable on the year end position and continues to be managed on a conservative basis. The Group continues to be well capitalised, consistent with the year end position, and we remain disciplined in the management of growth in Risk Weighted Assets.

The Group maintains a conservative funding structure. We have prefunded all of our maturity requirements for 2010 and require very low levels of refinancing over the next few years. The Group has continued to see very good appetite for its name and has raised in excess of US$4 billion of lower Tier 2 and senior funding in April and June.

We also completed in June the listing of Indian Depository Receipts on the Bombay and National Stock Exchanges.

Business Performance

Consumer Banking

Consumer Banking is continuing to make good progress in its strategic repositioning, contributing a higher proportion to Group income and profit in the first five months of the year than in the comparable period in 2009.

As mentioned in our first quarter IMS, Consumer Banking income is continuing to recover. It is expected that income in the first half of the year will show good growth year on year and income on an underlying basis is expected to show some slight growth on the second half of 2009.

From a product perspective, mortgage income is up strongly year on year but broadly flat on consecutive halves, with increased competition impacting pricing and offsetting good volume growth. Deposit income continues to fall, reflecting the impact of liability margin compression despite continued growth in volumes. Wealth Management fees have shown strong growth year on year but have been affected by increased investor caution in recent weeks, following the turmoil in Europe.

SME saw good income growth over the first half 2009 driven by strong growth on both sides of the balance sheet and especially in trade and working capital products.

We continue to take a disciplined approach to expense management, but have also invested in the business. We have hired some 400 relationship managers, continued to invest in our branch infrastructure, upgraded or added 250 ATMs and invested in the brand. Expenses in the first half of the year are expected to be up slightly on the second half of 2009.

Portfolio credit quality in the Consumer Banking business continues to improve and it is anticipated that the impairment charge in the first half of the year will be around two thirds of the level seen in the second half of 2009.

Asset growth since the year end has been good and has been predominantly in secured products, principally in Korea, Hong Kong, Taiwan and Singapore.

Consumer Banking continues to grow its deposit base, and is improving the mix with growth in current and savings accounts. Price competition has increased recently in several markets, especially for time deposits.

Wholesale Banking

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

Wholesale Banking income in the first half of 2010 is expected to be flat on the first half of 2009, but with good double digit growth over the second half of 2009.

Client income has grown by around 20 per cent in the first five months of 2010 when compared to the first five months of 2009, and is contributing around 80 per cent of total Wholesale Banking income.

As in prior periods, Commercial Banking and flow FX are the core of the Wholesale Banking business, contributing over half of all client income.

Trade is up strongly since the first half of 2009 reflecting good growth in volumes since the year end, albeit margins have fallen recently as competitive pressures increase. We are continuing to win good levels of cash management mandates resulting in volume growth since the year end, although income has fallen as liability margins remain under pressure. Lending income is up strongly reflecting good volume growth and firm margins.

Corporate Finance has had an excellent performance and continues to have a strong pipeline of deals.

As indicated in our first quarter IMS, increased competition, tightening spreads and lower levels of volatility relative to the first half of 2009, have resulted in own account income decreasing from the very strong levels seen in the first half of the prior year, particularly in Financial Markets. Despite this, own account income has shown good growth relative to the second half of 2009, especially in Financial Markets.

In recent weeks, increased economic uncertainties and weaker market sentiment have resulted in softer client demand for certain products and a subdued trading environment. This has had an impact on both client and own account income momentum.

In the first half of 2009, we held costs tightly and deferred investment in reaction to an extremely uncertain external environment. As the external environment improved, we took a proactive decision to invest in people and product capability during the second half of 2009 and into 2010. We have added almost 450 new headcount, both in sales as we build out product capabilities and our geographic reach but also in support and control functions. We have further invested in further standardisation of our systems architecture. As a result, jaws are expected to be significantly negative in the first half of the year.

Credit quality across the Wholesale Banking portfolio remains good and 'early alert' indicators have improved steadily from year end levels. The loan impairment charge to date has resulted mainly from incremental provisioning on a few existing problem accounts. Loan impairment in the first half of the year is currently expected to be noticeably less than half of the level seen in the first half of 2009.

Asset growth in the Wholesale Banking business has been disciplined. Risk Weighted Assets growth has remained well controlled in the first half of the year.

Conclusion

The Group is currently tracking towards a strong performance in the first half of 2010. Both businesses have shown income momentum despite increasing competition reflected in margins. We are continuing to invest to underpin future growth. The fundamentals of the Group are in excellent shape. Loan impairment is improving. We remain well positioned across our 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 9:30 BST onwards. A recording of the audio webcast and a podcast will also be available shortly after the event.

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