

09 December 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 full year ending 31 December 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 during 2009 with another strong performance to date. Our markets are returning to growth as economic conditions improve, although it is still too early to forecast a sustained recovery and we therefore retain a degree of caution as to the macroeconomic outlook. We have emerged from the downturn in a strong position as a result of our conservative business model and our continuing focus on the basics of good banking – liquidity, funding profile, capital, risk and costs. The Group is very well positioned to benefit from the opportunities in our markets as they continue to recover.”

All comparisons will be made on a full year basis unless otherwise stated.

### **Overall - Profit & Loss Account**

The Group has continued to perform consistent with the guidance given in the third quarter Interim Management Statement (IMS). As at the end of November the Group has delivered a strong performance with record levels of income and operating profit before tax.

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 since the half year with liability margin compression largely offset by higher asset margins.

The Group has continued to manage expenses tightly and as a result, it is anticipated that the rate of income growth for the full year will exceed the rate of cost growth.

In the third quarter IMS we indicated that there would also be an additional one-off tax charge of up to US\$200 million relating to a voluntary exercise with Her Majesty’s Revenue and Customs which finalised prior year UK tax computations from 1990 to 2007. The actual charge is now expected to be slightly lower than the US\$200 million originally anticipated, and this will be normalised from Earnings Per Share.

### **Overall – Balance Sheet**

As mentioned in the third quarter IMS, asset quality in both businesses has continued to improve since the first half of the year.

The Group remains highly liquid with an asset to deposit ratio at similar levels to the first half of the year. 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 has been strongly equity generative in 2009 to date and continues to be well capitalised with Tier 1 and Total capital ratios above our stated target ranges.

Growth in Risk Weighted Assets has been well controlled with single digit percentage growth since the half year.

## **Business Performance**

### **Consumer Banking**

Consumer Banking is making good progress in its strategic shift towards a more customer centric operating model and we are seeing progress across a broad spread of metrics.

As mentioned in our third quarter IMS, Consumer Banking income is continuing to recover. Balance sheet growth and increasing asset margins continue to offset liability margin compression resulting from the low interest rate environment, and Wealth Management income continues to improve.

From a product perspective, mortgages have performed well driven by good volume growth but also improving margins. Wealth Management fees have shown strong growth over the run rate in the first half of the year driven by increased activity in equity funds.

SME, which is a liability led business, saw good income growth over the levels seen in the first half of the year despite continuing pressure on liability margins.

We continue to take a disciplined approach to expenses management but have also continued to invest in the business. It is anticipated that expenses for the full year will be below the levels seen in 2008.

Portfolio credit quality in the Consumer Banking business continues to improve and it is anticipated that the impairment charge in the fourth quarter will be broadly in line with the charge for the third quarter of 2009.

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

Consumer Banking continues to grow its deposits, especially current and savings accounts, and is improving the mix of its liability base.

## **Wholesale Banking**

Wholesale Banking has had a very strong performance. The business has continued to deepen relationships with its existing clients, delivering good levels of client revenue.

The level of client income has shown resilience in the second half of the year and client income year to date comprises around three quarters of total Wholesale Banking income.

Commercial Banking and flow FX is the pivot of the Wholesale Banking business and is performing steadily, contributing over half of all client income.

Both lending and trade were up strongly since the first half of 2009 due to increased volumes and margins remaining at high levels. We are continuing to win cash management mandates resulting in good volume growth, although income has fallen from the run rate seen in the first half of the year as liability margins remain under pressure.

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

As indicated in our third quarter IMS, increased competitive pressures and tightening spreads as a result of decreasing volatility have resulted in own account income decreasing from the very strong levels seen in the first half of the year.

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.

Whilst credit quality across the Wholesale Banking portfolio remains good and in most geographies 'early alert' indicators show an improving trend we remain watchful of the credit environment. With regard to recent developments in the United Arab Emirates, the situation remains in its early stages and is fluid. However, given the profile of our exposures in Dubai, we do not believe any impairment would be material.

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

## **Conclusion**

The Group is currently tracking towards a strong performance in 2009, building on the record income and profit in the first half of the year. Wholesale Banking has remained disciplined in the execution of its client centric strategy and is benefitting from its deep relationships, extensive network and broad product suite. Consumer Banking has continued to transform its business model and its performance is on an upward trajectory. The fundamentals of the Group remain very strong; we are highly liquid, strongly capitalised with a conservative forward funding profile and we have a firm grip of risks and costs.

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 9:30 GMT onwards. A recording of the webcast and a podcast will also be available shortly after the event.

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