

12 December 2006

Standard Chartered PLC will be holding discussions with analysts ahead of its close period for the full year ending 31 December 2006. This statement details the information that will be covered in those discussions.

The following sections outline Standard Chartered's progress in the second half of 2006, including a review of the overall business and an update on the performance of Consumer Banking and Wholesale Banking.

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

1. Overall

Standard Chartered has continued to make progress in the second half of 2006 and on a full year basis, income and working profit growth are expected to be strong. We expect to deliver a good performance for the full year.

Based on our performance year to date, we expect to be broadly in line with the current market consensus for operating profit before tax for 2006.

In line with guidance previously given on 8 August, 29 September and 20 November, we continue to see strong income momentum in both businesses with good performances across a wide range of products, customer segments and geographies.

Net interest margins have remained broadly stable.

Given the momentum of our business, we have taken the opportunity to accelerate the rate of investment in our franchise and as a result, expense growth is currently expected to be broadly in line with income growth.

We take a dynamic approach to managing expense growth, pacing investments to reflect income growth and the overall performance of the business. We continue to pursue multiple process redesign, restructuring and hubbing activities across the Group to improve efficiency, and we are disciplined and focused in our investments for future growth.

We are comfortable with asset quality for both businesses. In Consumer Banking excluding Taiwan, the loan impairment charge continues to reflect the asset mix and maturity profile. The Taiwan credit environment continues to improve, and the asset quality of the Wholesale Banking book remains good.

The integrations of Union Bank of Pakistan and of Hsinchu International Bank are progressing well with contribution to overall performance in line with expectations developed at the time of acquisition. The impact on the Group will not be material in 2006.

On an underlying organic basis (excluding Korea, Hsinchu and Union) the rate of income growth for the full year remains in line with that reported for the first six months of the year.

We continue to make progress in Korea as we develop the business, introduce new products and roll out new practices from the Group.

2. Consumer Banking

In Consumer Banking, we continue to make good progress with strong overall income growth, and on an underlying organic basis (excluding Korea, Hsinchu and Union), we continue to see good income growth.

Markets such as Korea, India, Other APR and MESA are achieving good double-digit income growth, and in Singapore and Malaysia we continue to make progress. In Hong Kong, we continue to deliver income growth despite strong competitive pressures.

Wealth Management and SME are achieving excellent income growth across many of our markets, and especially in Hong Kong, Singapore, India, MESA and Other APR in particular China and Indonesia.

Mortgage income has been affected by rising interest rates and strong competition in some key markets as we have pursued disciplined pricing to protect margins.

We are achieving income growth in credit cards and personal loans in some selective markets such as MESA, especially UAE and Pakistan, and Africa as we grow the unsecured business.

Our balance sheet continues to broaden, diversify and strengthen as a result of this changing mix of products. Customer assets remain in line with the first half as growth in cards, loans and SME have balanced the decrease in mortgage assets. We continue to see double-digit growth in liabilities.

In the second half of 2006, we have accelerated investment in Consumer Banking with particular focus in three areas: distribution in China, Consumer Finance in India and Korea, and the Private Banking business.

Loan impairment continues to reflect the asset mix and maturity profile. As expected, in the second half of 2006, there has been a sharp half on half decrease in the loan impairment charge in Taiwan as the situation trends to more normalised levels and the emerging levels of stress seen in the first half of this year in Indonesia and Thailand have reduced.

3. Wholesale Banking

On a full year basis, Wholesale Banking is delivering very strong income momentum, both overall and on an underlying organic basis (excluding Korea, Hsinchu and Union), with broad based growth across multiple products and geographies. Second half income is broadly in line with the first half.

Client driven income continues to perform strongly across all client segments. Reflecting our client focused strategy, the mix of client to own account income remains consistent with guidance previously given.

The client centric strategy and resultant increase in cross-sell ratios, as presented during the Wholesale Banking Investor Day, has been instrumental in driving client income.

All regions are contributing to the double-digit income growth illustrating the geographic diversity of Wholesale Banking income. Markets such as Singapore, Malaysia, Other APR, India, MESA and Africa are performing particularly well with high double-digit income growth.

We continue to manage expense growth in line with income growth on a full year basis, as we expand product capability and client coverage, especially in India and Greater China. Our investments in enhancing our Global Markets capabilities have contributed to strong growth in our Rates and FX and Corporate Finance businesses. Cash Management has benefited from both volume growth and the rising interest rate environment in many of our markets.

The quality of the Wholesale Banking loan book is good. Our risk management practices enable us to continue to benefit from the benign credit environment in our geographies and we have had continued success in recoveries.

As a result of our disciplined management of risk and capital, Risk Weighted Assets have grown at a slower rate than client income growth.

4. Conclusion

In summary, the Group's businesses are performing well. We are in rapidly growing markets and we have the competitive strengths to pursue profitable growth. Income momentum is strong, and we continue to dynamically manage expenses and risks. Our acquisitions are delivering. We have a well-balanced business.

Peter Sands, Group Chief Executive, commented, "We have good momentum in both businesses. The integrations of Union Bank and Hsinchu International Bank are progressing very well. We are delivering good performance through client focus, geographic diversity and innovation in products."

The pre-close conference call, hosted by Richard Meddings, Group Finance Director, will be webcast live on Standard Chartered's website <http://investors.standardchartered.com> from 0930 GMT onwards. A recording of the webcast and a podcast will also be available shortly after the event.

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