

# press release

For immediate release

8 December 2004

## **Standard Chartered PLC Pre-close Trading Update**

(Hong Kong – 8 December 2004) Standard Chartered PLC will be holding discussions with analysts ahead of its closed period for the full year ending 31 December 2004. This statement details the information that will be covered in those discussions.

### **Overall**

Standard Chartered has continued to make good progress into the second half of 2004 and we expect to deliver a strong performance for the full year. Based on our performance to date we are comfortable with the current profit before tax market consensus for the year.

The Group continues to achieve solid revenue growth for the year from a diverse geographic base, with strong growth in many markets offsetting softness in Hong Kong and Singapore. Second half revenues are expected to be in line with the first half. Overall, we have seen good asset growth with stable net interest margins.

We have maintained the pace of investment in our businesses to capture growth opportunities in our chosen markets. We are investing for future revenue growth but are pacing these investments with the overall performance of the Bank. Full year costs are expected to grow broadly in line with our revenue.

Debt provisions have continued to benefit from a very benign credit environment as well as the actions we have taken to reshape the book and enhance risk management.

We are making very good progress on return on equity as a result of our tight discipline on risks, costs and capital.

## **Revenue**

### **Consumer Banking**

Consumer Banking is delivering strong asset growth and, outside of Hong Kong, continues to deliver double digit revenue growth overall. Markets such as Thailand, Indonesia and MESA including UAE are performing particularly well with high double digit revenue and asset growth.

In the Hong Kong market as a whole, consumer assets have not grown over the year as new demand has been offset by repayments. We are pursuing operational efficiencies to allow us to invest in product development, marketing and distribution channels. We expect our full year revenues to be broadly in line with 2003 with excellent growth in profits as a result of the reduction in bad debts.

In Singapore volume growth has been largely offset by margin pressures and full year revenues are expected to be similar to 2003.

India is delivering good asset growth and we are increasing the pace of our investments in the expansion of our branch network as well as new products.

Overall, given the investments we are making to take advantage of the growth opportunities that exist in our markets, the pace of full year cost growth will be faster than the pace of revenue growth.

### **Wholesale Banking**

We are seeing continued good year on year revenue momentum in Wholesale Banking with broad based growth coming from both commercial banking and global markets products.

Client driven revenues have performed strongly. Our investments in more sophisticated products such as project and structured trade, derivatives and corporate advisory are already contributing meaningful revenues. However, in the second half, a reduction in volatility in the foreign exchange markets has had an impact on dealing revenues and ALM revenues remain subdued as a result of a continuing low interest rate environment.

We expect Wholesale Banking to deliver positive operating jaws year on year. Whilst maintaining the emphasis on improving returns, we are allowing economic capital to grow in a disciplined fashion.

## **Costs**

We are managing our cost base tightly, driving cost efficiencies in BAU and investing for future growth.

We have maintained our commitment to invest in the Consumer and Wholesale Banking businesses. In Consumer Banking, these investments are broadening the range of products, markets and customer segments. For instance, we have launched

Manhattan Card in India, we are building a consumer business in Korea and expanding consumer finance in Hong Kong. For Wholesale Banking, the investments include the expansion of our product capabilities.

In the context of an increasingly demanding regulatory environment, we are increasing our investments in compliance and regulatory related activities including KYC, IFRS and Basle II.

The overall cost income ratio is expected to be in line with 2003.

## **Bad Debts**

### Consumer Banking

In Hong Kong, we have seen a continued marked improvement in bankruptcy related bad debts as the overall economy improves.

Outside Hong Kong, Consumer Banking bad debts have grown in line with asset growth.

### Wholesale Banking

Wholesale Banking bad debts continued to perform particularly well. The environment remains benign and we have seen no significant changes in the quality of our portfolio.

Bryan Sanderson, Chairman, commented, "Standard Chartered continues to have good momentum from a broader base of earnings. Our plans are led by organic growth and, additionally, in the past six months, we are very pleased to have announced a number of alliances and acquisitions in China, Hong Kong, Indonesia and India which reinforce our strategy."

Mervyn Davies, Group Chief Executive, commented, "We have seen good revenue growth this year. We are making strong progress on our performance goals and are taking advantage of favourable economic conditions to accelerate investment in a number of our markets. "

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This document contains forward-looking statements, including such statements within the meaning of Section 27A of the US Securities Act of 1993 and section 21E of the Securities Exchange Act of 1934. These statements concern or may affect future matters. These may

include Standard Chartered's future strategies, business plans, and results and are based on the current expectations of the directors of Standard Chartered. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT, developments, competitive and general operating conditions.

**Notes to the Editor:**

**Media can log-on to the live webcast of the Analysts Update, which will be hosted by Peter Sands, Group Executive Director, on (<http://investors.standardchartered.com/>) at 5:30pm (Hong Kong time) on 8 December 2004, or the webcast recording, for more information.**