

press release

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Standard Chartered charts course for next phase of growth

Solid financial performance as the Bank focuses on long term sustainable growth

6 March 2013, Singapore – Standard Chartered Singapore (the Bank) delivered solid income of US\$2,203 million in 2012. The Bank registered operating profit of US\$966 million after significant investments in the Singapore franchise in technology, infrastructure and enhanced processes to pave the road for subsidiarisation. Underlying the Bank's performance, its core business engines performed well and it continued to gain market share.

FY2012 country financial highlights (year-on-year):

Income was up 1 per cent to US\$2,203 million despite a challenging external environment. The fall of Singapore Gross Domestic Product (GDP) from 5.2 per cent in 2011 to 1.3 per cent in 2012; ongoing economic uncertainty which resulted in clients remaining cautious and conservative; stiff competition, and pressure on margins affected overall income growth for the Bank.

The Bank is charting its course for the next phase of growth. While the Bank remained very disciplined in keeping business-as-usual costs low, overall expenses were up 6 per cent to US\$1,169 million due to continued investments in the franchise. This is part of the Bank's strategy to invest for the future, prepare for the completion of its local subsidiarisation process and deliver significant benefits and positive changes across the Bank. Its major investments include:

- A new core banking system which is pivotal in further enhancing efficiencies, providing a platform for future innovation and improving customer experience
- Product innovation: first-in-market products such as Bonus\$aver and the security token card
- New branches and new SME centre to extend our reach to customers

- Expansion of premises at the current *Standard Chartered @ Changi* building caters to growth over the next three to five years
- Enhanced marketing spend to capture new market share
- Continued hiring of talent

Operating profit was at US\$966 million after the above mentioned significant investments in the Singapore franchise. Income was offset by expenses due to investments in strategic projects, innovation, infrastructure and processes. The Bank is taking this opportunity to further strengthen itself and be better equipped for the future despite a short term impact on profit.

The Bank's fundamentals and core businesses remain strong. Consumer Banking income up was up 5 per cent and Wholesale Banking onshore and offshore client franchise income was up by 9 per cent. Customer deposits grew faster (at 16 per cent) than customer loans (at 14 per cent). The Bank's Asset-Deposit ratio was conservatively placed at 75 per cent.

Ray Ferguson, Chief Executive, Standard Chartered Bank Singapore said:

“Despite the sluggish economy, we registered solid income of US\$2,203 million. Underlying this number, our core business engines performed well and we continued to gain market share. We are encouraged by the fact that our customer franchise remains very strong and we continue to deepen and broaden our client relationships.

When we look at the growth of our Singapore franchise over the past few years, it is a very good story. Standard Chartered in Singapore is now a much bigger business. The Bank's five-year income compound annual growth rate (CAGR) is up 20 per cent, and profit, up 17 per cent.

This time last year, we announced that as a deeply rooted bank in Singapore, our intention is to locally incorporate our Consumer and SME business. Since the announcement, we have started the process of charting our journey for this exciting next phase of growth. Our sight is on the long-term future of the Bank in Singapore and the investments and enhancements we have made are designed

to position the Bank for sustainable growth. We're building the foundations here to be Here for the long run, Here for good – this is what we're all about.”

FY2012 Consumer Banking highlights (year-on-year):

- Consumer Banking income grew 5 per cent to US\$974 million, registering strong income despite margin compression. The growth in income is mainly driven by growth in market shares amidst the challenging environment.
- Income from credit cards and personal loans grew 11 per cent, driven by higher personal loan volumes, an increase in credit card spends and innovative new credit cards.
- Wealth Management grew 9 per cent as the business continued to optimise the product mix, with increased income from unit trusts, fixed income and Bancassurance products, offsetting lower income from equity-linked structured products.
- Bancassurance growth doubled, helped by the low interest rate environment.
- Income from Preferred Banking, the Bank's offering catering to the emerging affluent, was up 41 per cent.
- Private Bank income was up 9 per cent driven by the growth of wealth and retail products.
- SME Banking income was up 3 per cent driven by business installment loan (BIL) revenues which increased by 48 per cent. However, growth was muted by headwinds in the Trade and Working Capital business and lower foreign exchange revenues.
- Consumer Banking continued to invest in systems, processes, infrastructure and marketing spend, for the long-term sustainable growth of the business and to reach out to more customers.
- As a result, it has been consistently growing its market shares:
 - Grew customer base by almost 14 per cent
 - Grew assets by 15 per cent and liabilities by 17 per cent
 - Increased card spend by 24.6 per cent versus industry growth of 8.1 per cent
 - Grew online active customers by 23 per cent

FY2012 Wholesale Banking highlights (year-on-year):

- Wholesale Banking achieved an income of US\$1,229 million despite margin compression and a lower volume of deals and flows in the market due to the slow global economy which impacted client sentiment and participation.
- However, underlying Wholesale Banking client income remained strong. Onshore and offshore client franchise income was up by 9 per cent. Network income was also up significantly from increased bookings in Hong Kong, China and India.
- Despite margin compression, Transaction Banking income grew 23 per cent assisted by higher cash and trade balances.
- Corporate Finance saw a 50 per cent increase in deal closures, though of smaller ticket size.
- Financial Markets income was impacted by lower commodities income reflecting reduced client flow in the year. This was partially mitigated by increased volumes of smaller transactions, generating a greater degree of diversification in income flows. Foreign exchange income due to reduced corporate volumes reflecting continuing market uncertainty.
- Own Account income declined 19 per cent due to lower reinvestment yields as the business continued to grow its portfolio of highly liquid assets.

Commenting on the outlook for the business, Ray added:

“While we maintain a cautious outlook for 2013 with continued margin compression and moderate growth in the economy, we are positive about Singapore’s outlook and we have had a good start to the year. There is a lot more confidence in the market compared to the end of last year. We continue to focus on managing cost, delivering big projects such as subsidiarisation, keeping a tight control of risk and maintaining balance sheet momentum.”

- Ends -

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Note to Editors:

Standard Chartered in Singapore is part of an international banking group with an extensive network of over 1,700 branches and outlets in 68 countries in the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the Americas.

It is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. The Bank's heritage and values are expressed in its brand promise, 'Here for good'.

Standard Chartered has a history of more than 150 years in Singapore, opening its first branch here in 1859 and in October 1999 was among the first international banks to receive a Qualifying Full Bank (QFB) licence, an endorsement of the Group's long-standing commitment to its businesses in the country.

It 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.

The Bank employs over 7,600 people in Singapore and has a network of 20 branches, 8 Priority Banking centres and 32 ATMs. Standard Chartered is the only international bank to offer NETS service, giving its customers access to EFTPOS at over 17,000 outlets islandwide. The Bank's global businesses - Consumer and Wholesale Banking - are managed out of Singapore, as is its global Technology & Operations function.