

# press release

## **Standard Chartered first half profit up 9% to US\$3.95bn**

**Strong momentum combined with diversity of performance provides real resilience**

### **Highlights:**

- **Group income climbs 9%, with growth across our markets.**
- **We are accelerating investment spend as we position ourselves for long-term growth.**
- **Consumer Banking income of US\$3.5bn up 5%, from a very strong H1 11.**
- **Wholesale Banking income up 10% to US\$6.0bn, built on commercial banking.**
- **Expenses well controlled; with income growth exceeding cost growth by 2%.**
- **Continued returns for shareholders, with RoE up to 13.8%, interim dividend up 10%.**
- **Balance sheet in excellent shape, with A/D ratio of 77.6% and a liquid asset ratio of 27.9%.**
- **Continued capital strength with Core Tier 1 ratio of 11.6%.**

**London, 1 August 2012** – Standard Chartered PLC today announced a rise of 9 per cent\* in both income and profits to US\$9.51 billion and US\$3.95 billion respectively for the first half of 2012. This represents a tenth consecutive record first half of profit growth.

The diversity of our income from a range of countries, products and services continues to underpin our success. Growth in our footprint markets of Asia, Africa and the Middle East remains robust and our extensive network across the major global trade and investment flows continues to provide a key source of competitive advantage.

We remain strongly differentiated. One example is our ability to step up investment spend to grab the long term growth opportunities we see across Asia, Africa and the Middle East.

We are increasing investment in infrastructure, in new branches, and in technology, building out our deposit-gathering network. We aim to have 100 branches in China and India by our full year results next year.

We have also increased investment in mobile and internet channels. For example, Breeze, our suite of award-winning retail banking apps is now available in seven markets. In Consumer Banking we now offer mobile banking in 33 markets, internet banking in 29, and are rolling out new products and services at pace.

## **Markets**

We have multiple growth engines with 20 of our markets delivering double digit growth in income.

While China has experienced a slowdown, we have good business momentum. We have delivered 22 per cent income growth during the first half and have no exposure to local government investment vehicles and our corporate real estate exposure is minimal.

Hong Kong has finished the first half strongly, achieving double digit income growth over the comparable period in 2011, while Singapore delivered a 6 per cent increase and Korea income was up 13 per cent. India income is down 12 per cent in the first half reflecting exchange rates and a difficult operating environment, albeit income is up 2 per cent on a constant currency basis.

We continue to see competitive advantage from the geographic spread of our business.

In the UK, Europe and the Americas, our strength as a trade and commercial bank has allowed us to assist Western clients to access the growth markets of Asia and Asian clients to invest in the West; income from this region has increased by 26 per cent year on year resulting in a 90 per cent rise in operating profit. We are acting as a bridge between East and West, demonstrating our strategy, product capability and expertise to meet the needs of our international clients.

Our long history in Africa positions us at the heart of commodity trade flows between Asia and Africa. We currently have 183 branches across 14 markets and we anticipate that we will have some 250 branches within the next couple of years.

We're also benefiting from the trade and investment links across Greater China, using our presence across the mainland, Hong Kong and Taiwan. China network income - much of it booked in Greater China - increased 56 per cent.

## **Balance sheet**

The Group's balance sheet is in excellent shape and we continue to be well diversified, strongly capitalised and primarily deposit funded. We have already met Basel III capital requirements with a Core Tier 1 of 11.6 per cent and we have a very strong Advances to Deposits ratio of 77.6 per cent. We continue to benefit from being the only major international bank to be upgraded by all three rating agencies since the onset of the financial crisis.

Asset quality is good, although we remain watchful given the strongly challenged macro-economic environment. We have limited refinancing requirements over the next few years.

## **Loan impairment**

At a Group level loan impairment remains at very low levels albeit up by 42 per cent on the first half and 18 per cent on the second half of 2011. We have seen some increase in loan impairments in both businesses, but from very low levels, and we remain very comfortable with the shape and quality of our loan book.

We remain disciplined and proactive in our approach to risk management. In the Consumer Bank, 82 per cent of the lending book is either fully or partially secured. We are comfortable with the maturity profile on our Wholesale Banking loan book with over 63 per cent under one year in tenor.

## **Consumer Banking**

The Consumer Banking transformation programme continues to make good progress and we are investing in the business in order to grow both our customer base and customer service capabilities.

Income grew 5 per cent year on year to US\$3.5 billion. Deposit income is up strongly, 14 per cent year on year, with income in Credit Cards and Personal Loans, showing excellent momentum, up 13 per cent year on year as we continue to grow balances, up 7 per cent since the year end. SME continues to perform well with 7 per cent income growth year on year driven by Lending, Trade and Cash Management.

Within Consumer Banking, a 3 per cent slowdown in Wealth Management income, the one-off expense recoveries of US\$86 million last year and the increase in loan impairment of 42 per

cent has resulted in an operating profit reduction of 11 per cent on the first half of 2011, as previously guided.

### **Wholesale Banking**

Wholesale Banking has delivered another strong performance, reflecting the resilience of the business model, the continued business activity of our client base and underlying growth within our footprint. Income is up 10 per cent on the first half of 2011, with client income contributing 80 per cent of total Wholesale Banking income.

Transaction Banking, the heart of the Wholesale bank, has had an excellent first half, with 19 per cent income growth: Trade, income was up 25 per cent and Cash Management income saw strong growth of 13 per cent year on year underpinned both by growth in average balances and an improvement in margins. Corporate Finance income of US\$991 million was up 9 per cent on the first half of 2011.

Wholesale Banking continues the year well with very strong transaction pipelines excellent momentum across many of its businesses.

Peter Sands, Group Chief Executive, Standard Chartered said:

"These results represent a very positive start to the year. Our record of consistent delivery is testament to the resilience of the Bank's business model, and underscores the sheer diversity of the income engines we have. These results are simply our tenth consecutive first half of record profits."

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## Financial Performance Highlights

<b>GROUP</b> <i>(in US\$ m)</i>	<b>1H 2012</b>	<b>1H 2011</b>	<b>% CHANGE</b>
Income	9,511	8,764	9
Expenses	4,963	4,677	(6)
Loan Impairment	583	412	(42)
Profit Before Tax	3,948	3,636	9
<b>WHOLESALE BANKING</b>			
Income	5,996	5,427	10
Profit Before Tax	2,992	2,590	16
<b>CONSUMER BANKING</b>			
Income	3,515	3,337	5
Profit Before Tax	899	1,013	(11)

## Operating Profit Before Tax by Regions

<b>REGION</b> <i>(in US\$ m)</i>	<b>1H 2012</b>	<b>1H 2011</b>	<b>% CHANGE</b>
Hong Kong	870	790	10
Singapore	546	465	17
Korea	303	193	57
Other APR	765	846	(10)
India	311	378	(18)
MESA	378	429	(12)
Africa	311	291	7
Americas, UK & Europe	464	244	90
Total	3,948	3,636	9

### Note to Editors:

**\*All figures in the release are comparisons between 30/6/2012 and 30/6/2011, unless otherwise stated.**

### Standard Chartered – leading the way in Asia, Africa and the Middle East

Standard Chartered is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns around 90 per cent of its income and profits in Asia, Africa and the Middle East. This geographic focus and commitment to developing deep relationships with clients and customers has driven the Bank's growth in recent years. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges as well as the Bombay and National Stock Exchanges in India.

With 1,700 offices in 70 markets, the Group offers exciting and challenging international career opportunities for 87,000 staff. 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. Standard Chartered's heritage and values are expressed in its brand promise, 'Here for good'.

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