

PRESS RELEASE

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Standard Chartered Private Bank, Campden Wealth Research launch first Asia, Africa and Middle East HNW Report – ‘Business Before Wealth’

Report shows 82 per cent of Middle East business owners surveyed have already internationalised their businesses.

13 JULY 2014 – Standard Chartered Private Bank (the Private Bank), in partnership with Campden Wealth Research, has today launched “Business Before wealth”, a report on the wealth management needs and preferences of High Net Worth (HNW) business owners in Asia, Africa and the Middle East. The research surveyed stakeholders in family businesses with a 2012 turnover and family net worth in excess of US\$100 million, as well as stakeholders in non-family businesses with a 2012 turnover and individual net worth in excess of US\$25 million.

“Our footprint markets coincide with the fastest growing wealth pools in the world and entrepreneurs are a key driver of this economic growth and the creation of jobs in Asia, Africa and the Middle East. These emerging market entrepreneurs are fast becoming an ever-more crucial client segment. This research reveals the dynamics of business and personal wealth of this new segment of wealthy individuals, and hopefully generates thought and discussion on how private banks can adapt to serve them better,” said Michael Benz, Global Head, Private Banking Clients, Standard Chartered Private Bank.

The report showed that growing their business remains the primary and dominant goal for HNW business owners in the Middle East. The report also showed that 82 per cent of Middle East business owners surveyed have already internationalised their businesses compared to 58 per cent of Asian businesses and 42 per cent of African businesses implying the need for international banking services that support the geographic reach and growth of these businesses.

An overwhelming majority (85 per cent) of respondents are heavily involved in the daily management and financial affairs of their business. Together with the main focus on growing their business, this leaves less time for personal wealth strategies, including planning for the eventual transfer of wealth, although, in the long-term, the importance of personal wealth preservation triples from 7 per cent to 21 per cent. As a matter of fact, several of the study’s interviewees admitted the need for education when it comes to preserving the family wealth.

Commenting on the report's findings for the region, Stephen Richards Evans, Regional Head of Private Banking for Europe, Middle East, Africa and South Asia, said:

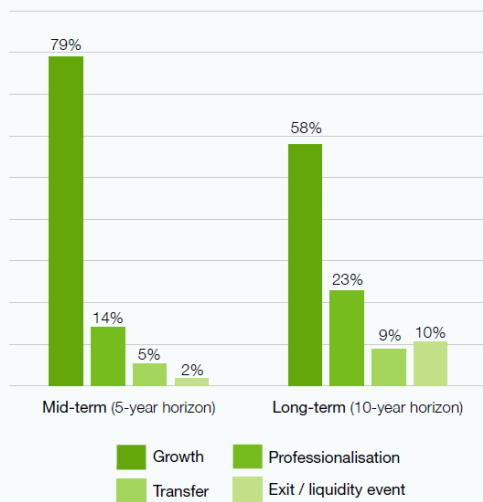
“Over the past 92 years of presence in the Middle East region, Standard Chartered has accumulated a deep understanding of and strong relationships with the High Net Worth Individuals (HNWIs) who drive investment, trade and the accumulation of wealth. This report highlights the preferences and behaviours of HNWIs when it comes to managing their business growth and approach to wealth management. Its findings underline the value addition that Standard Chartered as a full service bank offering Islamic and Conventional Retail, Corporate, Commercial and Private Banking services, brings to our clients. As a relationship-centric Bank, Standard Chartered strives to build deep and long term relationships with our clients with the aim of being their trusted financial advisor for growth and management of both their business and personal wealth in one continuum.”

In the Middle East as well as the rest of the surveyed regions, an average of almost half the respondents lack formal plans to transfer their wealth to the next generation. Structures for wealth transfer were more likely to be found among respondents who were not part of the founding generation of the business i.e. next generation – 67 per cent of this group has a structure in place. Standard Chartered provides a comprehensive range of trust and fiduciary services through its dedicated offshore trust centers in Singapore and Guernsey to preserve wealth and facilitate generational change and transfer.

Business before wealth

Despite the fact that the majority of businesses surveyed are relatively mature (>30 years), growing their business remains the primary and dominant goal for HNW business owners in Asia, Africa and the Middle East in the mid- (80 per cent) to long-term (60 per cent).

2.3 Main business goals



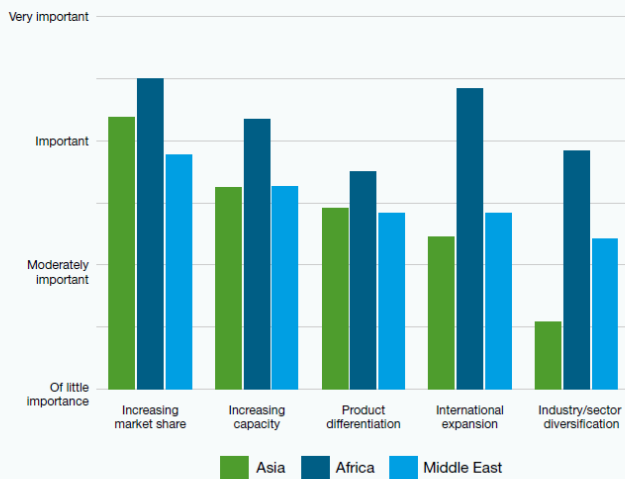
Source: *Business before wealth 2014*.

Increasing market share is the top growth objective (82 per cent of participants said it was important/very important) for business owners in all regions. This was followed by increasing production capacity (65 per cent) and international expansion (58 per cent).

With nearly 60 per cent viewing international expansion as an important/very important business objective, HNW business owners are looking to go global. In fact, 82 per cent of Middle East businesses are already internationalised, compared to 58 per cent of Asian businesses and 42 per cent of African businesses. Notably, business owners in Africa (being the least international group) rated “international expansion” as the second most important objective for the mid-term, whereas participants in Asia and the Middle East rate “increasing capacity” as second most important.

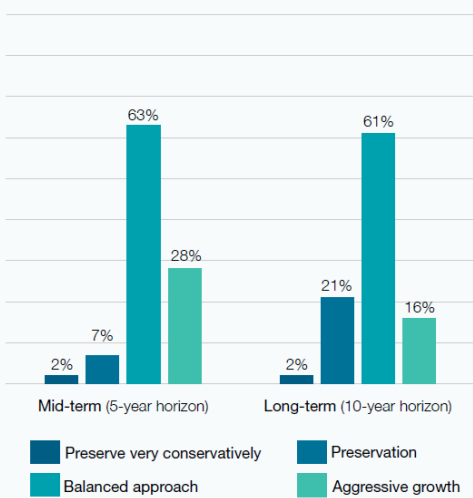
It is also interesting to note that the majority of the Africa participants without an international presence, said they would prefer a wealth advisor who sits within a global full service bank. This suggests that they are looking to use these wealth advisors to connect them and help network their businesses globally.

2.4 Business objectives for next 12-24 months



Source: *Business before wealth 2014*.

2.5 Personal wealth goals



Source: *Business before wealth 2014*.

Increasing personal wealth is viewed as a by-product of a successful business and not the main priority; personal wealth strategies and ambitions are relatively less aggressive¹, although the focus on wealth preservation continues to grow and offers an advisory opportunity for private banks.

Gap in governance

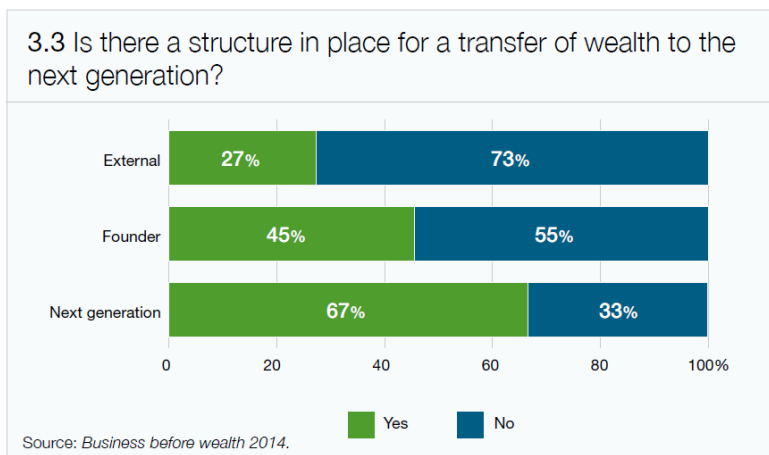
¹ 79 per cent of respondents seek business growth in the mid-term but only 28 per cent of respondents seek aggressive growth for personal wealth in the same horizon

HNW business owners are reactive, rather than proactive, in ensuring the professionalism of their management teams and in implementing governance structures that improve the transparency of their businesses.

Governance and formal planning are secondary considerations and remain in their infancy; only around half of those surveyed have a formal governance structure² in place. However, the research observed that as businesses mature, professionalisation (including the implementation of world-class best practices in business operations and governance) increases in priority and importance (14 per cent to 23 per cent). 55 per cent of older businesses (>20 years) have a structure in place compared to 50 per cent of younger businesses (<20 years). These governance structures are likely to be emergent more as a function of business age than any formal planning.

The Next Generation opportunity

When it comes to planning for the transfer of their personal wealth, the same gap exists. An average of almost half the respondents lack formal plans to transfer their wealth to the next generation. Structures for wealth transfer were more likely to be found among respondents who were not part of the founding generation of the business i.e. next generation – 67 per cent of this group has a structure in place.



As these business owners are in the early stages of developing a personal/family wealth management strategy, and are highly focused on the operational and financing aspects of business growth, lawyers and accountants emerge as the most trusted overall advisors on whom they rely heavily for advice, both from business and personal fronts.

When it comes to wealth planning for the Next Generation, private banks are not the main go-to partner: 85 per cent of respondents consult lawyers and accountants about wealth planning and

² The formality in these structures is often used to plan the succession of the business from one generation to the next, to implement formal governance structures, and to professionalise businesses to enable expansion, or sale, to an external buyer.

only 50 per cent discussed these issues with their private bank. For example, close to half of all survey participants said they would not expect to use their bank for advice on insurance products, retirement planning, or planning for their children's education, indicating that more awareness or education is needed around these products and services. In addition, only around half of respondents regard Next Generation programmes provided by their private bank as a differentiated client service.

The rise of the new Philanthropists:

A commitment to local Philanthropy is a defining characteristic of this group of HNW business owners. The "new philanthropist" often prioritises active involvement over the traditional patterns of giving or donation common in developed markets and expects measurable impact from the causes into which they invest time and resources. Philanthropy for them often sits at the heart of what it means to be wealthy. It represents an accountability to society. An overwhelming majority (91 per cent) of research participants are already contributing to philanthropic causes, while the remaining 9 per cent express a wish for future involvement. However, the majority of these participants (96 per cent) are not currently involved with their philanthropic activities through their private bank, with a quarter claiming that the services are not offered by their bank in the first place. Education ranked consistently as the most important cause to devote time and resources.

However, business owners are open to their children continuing the relationship with their current private bank (37 per cent) and while the majority have no preference (45 per cent) for their next generation's private banking relationship, just 9 per cent of participants said they would prefer their children to use a different private bank. This reflects an opportunity for private banks to reconsider their existing Next Generation initiatives and strategy, and the practical value they can bring to this segment's wealth planning needs.

To read the full report, please visit www.sc.com/privatebank/en/campden.html.

Since the inception of Standard Chartered's Private Banking business in 2007 (through organic growth and the acquisition of American Express Bank Ltd.), the Private Bank has continued to see strong year-on-year growth. It is currently one of the top ten global private banks in Asia with one of the widest pan-Asian private banking networks in the region.

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Notes to Editors:**About the research**

Business before wealth is the result of proprietary research undertaken with high net worth business owners in Asia, Africa and the Middle East (AAME) in the winter of 2013-2014. The participants completed an extensive questionnaire and offered insight during in-depth interviews, typically lasting an hour, conducted by members of the Campden Wealth Research team. An exclusive selection of AAME business owners, active across a range of industries, participated in the study. Participants were stakeholders in family businesses with a 2012 turnover and family net worth in excess of US\$100 million, as well as stakeholders in non-family businesses with a 2012 turnover and individual net worth in excess of US\$25 million.

Business before wealth explores three major dynamics of AAME business owners' experience: growth strategies, succession and philanthropy. The report offers comparisons and distinctions across regions and wealth profiles, in order to capture the unique challenges and opportunities faced by AAME business owners in the pursuit of sustainable business development.

About Campden Wealth Research

Campden Wealth is the leading independent provider of information, news and education for generational family business owners and family offices globally in person, in print, via research and online. Campden Research supplies market insight on key sector issues for its client community and their advisers and suppliers. Through in-depth studies and comprehensive methodologies, Campden Research provides unique and proprietary data and analysis based on primary sources. For more information, please visit: campdenresearch.com

Standard Chartered Private Bank

Standard Chartered Private Bank is the private banking division of Standard Chartered. Headquartered in Singapore, the Private Bank provides exciting career opportunities to over 1,200 employees including over 350 relationship managers globally. It has 11 offices including two trust offices in 12 cities across Asia, Africa, the Middle East and Europe.

The Private Bank has grown strongly since its inception in May 2007. On top of its strong organic growth, it acquired American Express Bank Ltd. in 2008, and Morgan Stanley's onshore private wealth management business in India, through which it has further improved its capabilities.

The Private Bank leverages the natural strengths of Standard Chartered: a heritage of over 150 years in international banking, an international network across more than 70 countries and strong local presence in growth markets. This puts the Private Bank in an advantageous position to build and deepen relationships with its clients.

For more information, please visit: www.sc.com/privatebank

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Standard Chartered

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, *Here for good*.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

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