

## Standard Chartered announces record profits for 2011

### Highlights:

- Income rises 10 per cent to US\$17.64 billion, profits 11 per cent to US\$6.78 billion
- Strong balance sheet growth: customer loans up 9 per cent to \$269 billion and customer deposits up 11 per cent to \$352 billion
- Strong capital position - Core Tier 1 ratio of 11.8 per cent and minimal refinancing required to end of 2013
- Diverse income - 24 markets delivered over \$100 million of income, 14 over \$100 million of profit
- Business momentum continued - Consumer Banking profits up 26 per cent and Wholesale Banking exceeding US\$5 billion for the first time
- Expense growth in line with revenue growth whilst continuing to invest in the business
- Ongoing support for customers, lending up 91 per cent since 2006
- Annual dividend per share increased 10 per cent to 76 cents per share

**London, 29 February 2012** - Standard Chartered PLC has announced a ninth consecutive year of record profits and income in 2011. Its continued performance is underpinned by strong capital and liquidity and multiple sources of income across the faster-growing markets of Asia, Africa and the Middle East. Income was up 10 per cent to US\$17.64 billion and operating profit increased 11 per cent to US\$6.78 billion.

The Group now has 24 markets generating income and 14 producing profits of more than \$100 million. The diversity of different businesses and geographic markets gives the Bank resilient income momentum and enables it to grow even when some markets have a difficult year. In each of the last five years, it has increased capital levels, staff numbers, earnings per share and dividends, as well as income and profits. Over the same period total lending has increased by 91 per cent.

The Group has a policy of maintaining a strong capital and liquidity position, which enables it to stay open for business and take market share through the economic cycle in core areas of business such as trade finance. At the end of 2011, the Core Tier 1 ratio was 11.8 per cent and advances to deposits ratio was 76.4 per cent. The Group has no direct sovereign exposure to Greece, Ireland, Italy, Portugal or Spain.

During the year, customer deposits grew by 11 per cent to US\$352 billion and lending to customers by 9 per cent to US\$269 billion. Cost growth was in line with income growth, at 10 per cent, despite the UK Bank Levy of US\$165 million. Staff numbers were up by some 1,600 over the year to nearly 87,000.

## **Consumer Banking**

Consumer Banking income climbed 12 per cent to US\$6.79 billion and profit 26 per cent to US\$1.65 billion as the transformation programme continued. The business benefited from selective growth in unsecured assets, improving deposit margins and the impact of the investments made in 2010. Good income growth was seen in all the High Value Segments of Private Banking, up 21 per cent, SME, up 14 per cent, and Priority Banking up, 10 per cent.

The focus on the strong fundamentals continues, with a low average loan-to-value of around 49 per cent on mortgages, and a well-diversified and strongly-secured loan book.

The business has continued to standardise processes and improve cost efficiency to increase investment capacity. Staff numbers in Consumer Banking were up by over 1,200, mainly in China, Singapore, Hong Kong and Africa. The Bank opened 35 new branches in 2011, including 19 in China. In addition the Bank has updated more than 400 ATMs, enhanced mobile and internet banking capabilities and increased marketing spend year on year.

## **Wholesale Banking**

Wholesale Banking income and profit were both up 9 per cent, to US\$10.85 billion and US\$5.22 billion respectively. Client income, 82 per cent of the total, grew by 10 per cent as the Bank continued to do more business with its existing clients and invest in products and services to meet their needs.

Income remains well diversified, with double-digit growth in the three largest businesses, Transaction Banking, Financial Markets and Corporate Finance. Within Transaction Banking, Trade income was up 9 per cent to US\$1,595 million as volume growth more than compensated for year-on-year margin falls, and Cash Management income grew 27 per cent to US\$1,652 million.

Financial Markets, which includes Foreign Exchange, Rates, Commodities and Equities, Capital Markets and Credit, is linked to the Transaction Banking services provided to clients, which gives it resilience despite difficult market conditions. Income was up 12 per cent to US\$3,688 million. Corporate Finance income was up 10 per cent to US\$1,873, having closed 15 per cent more transactions compared to the previous year, and after a very strong finish to 2011.

Wholesale Banking benefits from the Group's strong international network and franchise, with 48 per cent of income generated from clients doing business outside their home markets.

## **Loan Impairment**

Overall loan impairment was up 3 per cent. In Consumer Banking loan impairment decreased by 9 per cent to US\$524 million, but increased in the second half of the year reflecting the changing size and the mix of the loan book. The Bank remains comfortable with overall exposures.

Wholesale Banking Loan impairment in 2011 was US\$384 million, up 26 per cent on 2010, with the vast majority of this loan impairment charge relating to increased provisioning on previously impaired accounts. Credit quality across the book remains strong and the Group continues to be disciplined and proactive in its approach to risk management.

### **Peter Sands, Group Chief Executive, Standard Chartered said:**

"Our ninth consecutive year of record income and profits demonstrates the power of our strategy and the resilience of our businesses. Our capital and funding strength allows us to remain open for business and win more market share. We see huge opportunities in our core markets of Asia, Africa and the Middle East, both within individual markets, and in facilitating the explosive growth of trade and investment flows within the emerging world.

"It is by doing exactly this kind of thing  lending to clients, facilitating their trade, helping them manage foreign exchange and commodity price risk, identifying and supporting new partnerships and investments, helping them access capital markets  that we are fulfilling our social purpose, helping drive economic growth, and helping to create jobs."

In our biggest market in the Middle East, the UAE, we are seeing a return of confidence, with hotel bookings, airport arrivals and container traffic all up strongly.

### Financial Performance Highlights

<b>GROUP (in US\$ million)</b>	<b>2011</b>	<b>2010</b>	<b>% CHANGE</b>
Income	17,637	16,062	10
Expenses	9,917	9,023	10
Loan Impairments	908	883	3
Profit Before Tax	6,775	6,122	11
<b>WHOLESALE BANKING</b>			
Income	10,846	9,979	9
Profit Before Tax	5,216	4,770	9
<b>CONSUMER BANKING</b>			
Operating Income	6,791	6,079	12
Profit Before Tax	1,650	1,313	26

### Operating Profit Before Tax by Regions

<b>REGION (in US\$ million)</b>	<b>2011</b>	<b>2010</b>	<b>% CHANGE</b>
Hong Kong	1,551	1,103	41
Singapore	1,002	718	40
Korea	172	388	(56)
Other APR	1,447	1,083	34
India	804	1,197	(33)
MESA	834	841	(1)
Africa	596	559	7
Americas, UK & Europe	369	233	58

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**Standard Chartered - leading the way in Asia, Africa and the Middle East**

**Standard Chartered PLC** is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns more than 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 nearly 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'.

For more information on Standard Chartered, please visit [www.standardchartered.com](http://www.standardchartered.com)