

**STANDARD CHARTERED PLC  
ANNUAL GENERAL MEETING  
7 MAY 2008**

The meeting will deal with the proposed Resolutions as outlined in the Notice of Annual General Meeting dated 27 March 2008 and will provide a summary of the business and financial performance of the Group in 2007 and an interim management statement.

The following statements are excerpts from the speeches to be made to shareholders by Mervyn Davies, Chairman, and Peter Sands, Group Chief Executive, at the Annual General Meeting, being held today at 12.00 noon in London.

**Mervyn Davies, Chairman**

This is a special year for Standard Chartered as we celebrate 150 years of our presence in India and China. Therefore, I am particularly delighted to see two former chairmen and so many former executive and non-executive directors in this room today.

I have been on the Board of the Bank since 1997 and it is my second year as chairman of the Board. I am privileged to be here today to share with you our Bank's progress in 2007.

It's only been a year since we last met and what a year it has been.

Since August, the industry has had one of its most difficult periods in history: huge credit losses, major banks being recapitalised. No securities firm, investment company, insurance company or bank – ourselves included – has been unscathed.

As the banking industry reflects on the current crisis, there are many lessons to be learnt: firstly, it is a cyclical industry; secondly, liquidity is key - just as important, if not more so, as credit evaluation; thirdly, mispricing for risk can have fatal consequences; fourth, compensation arrangements need to be carefully controlled - if not controlled, compensation can negatively affect behaviour and risk management; and, finally, we are part of a global industry, where good and bad news, capital and, indeed, people cross borders at lightning speed.

Who would have thought that a global credit crunch, which originated from the sub-prime mortgage crisis in the US, could spread so quickly and lead to the collapse of a bank in the UK?

We will continue to see volatility in these markets. I do not believe the crisis is over. But it's important to reflect on what else is going on in the world. We are seeing a fundamental shift in buying and even eating habits.

Recent headlines are stark:

- Countries, including India, Vietnam and Egypt, are rushing to restrict exports in scarce food commodities and many Asian economies that had largely become self-sufficient in food have recently started to import large amounts of staple foods;

- Biofuels are having an increasingly negative impact on food supplies;
- Grain and other food and commodity prices have soared as a result;
- And there is concern as food prices increase, we may see more social unrest.
- Water scarcity is an evolving concern for the developing world.
- Speculators are being encouraged into commodities by the credit crunch;
- And finally, there is an increasing global demand for commodities.

The demand for commodities is clearly evident in the infrastructure boom in the Middle East and Asia, and in China and India in particular. That in turn is leading many countries to look at environmental issues and that is something which we as a Bank are very focused on.

The key challenge for the world now is how we manage increasingly scarce resources.

You also have to look at the other drivers of change. There are fundamental shifts in economic power from developed to developing economies and from commodity consumers to commodity producers.

Technology is undoubtedly accelerating this shift. Youthful populations in developing countries and ageing populations in developed countries are contributing as well. The former are producing, while the latter are consuming.

But the basic message is that globalisation will change everything and the change is happening significantly faster than we have ever seen before.

On the whole, Asia looks like it is the big winner from all these changes. The region, despite all the challenges, has become a huge production platform for the goods and services the rest of the world wants.

Whilst the focus in the West is on the credit crunch, it is inflation that is worrying many of our markets. Many countries are tightening policy and we should not be surprised if there is slower growth, albeit still greater than in the West.

In 2020, China will be the second largest economy and India the sixth largest. Combined with Brazil and Russia, these four BRIC countries will dominate our thinking.

Meanwhile, economies in Africa, the Middle East and Latin America are benefitting from soaring commodity and petroleum prices driven by the rising Asian demand for imported energy and other raw materials.

So, given this background, what does this all mean for Standard Chartered?

It is clear that: we are well positioned for growth in our markets; we should invest in those growth markets; it is also clear that our prudent approach to risk management has paid off.

However we will not be complacent and remain as highly disciplined and as vigilant as we have ever been.

## **Summary**

So, I can assure you, as chairman of the Company, that Standard Chartered is today: a well-capitalised bank; a highly liquid bank; and a profitable bank.

Our key strength is our people – they're simply wonderful! We employ staff of most nationalities and religions. I want to take this opportunity to thank them on behalf of the Board for their contribution to the Bank's success.

We are a special company not only because of the diversity of our revenues and products but also because of the diversity of our people. Even though we are headquartered in London and regulated by the FSA, we are very much an international bank.

Overall, we are well placed in a world of turmoil.

## **Governance**

Now, a few words on governance and the Board.

We have, in my view, a very strong and dynamic team. In August last year, we welcomed John Peace to the Board as deputy chairman and senior independent director and Sunil Bharti Mittal as an independent non-executive director. And Gareth Bullock joined the Board as group executive director.

In September, Kai Nargolwala stepped down from the Board after eight years. On behalf of the Board let me take this opportunity to thank Kai for his significant contribution to the group's success.

We are also very grateful to Sir CK Chow, who will retire from the Board this year after 10 years of dedicated service as a non-executive director. I would like to thank him for the considerable time and effort he has given to the Bank. And it is great to know that he is staying on as chairman of our Hong Kong subsidiary.

After almost ten years as Standard Chartered's head of consumer banking, Mike DeNoma has decided to pursue other adventures in his life. He has been a highly valued member of the Board for the past eight years during which time the Bank has grown significantly. Mike has done an exceptional job. He has been a pleasure to work with both during my time as chairman and previously as CEO. We wish him every success in the future.

I am very pleased that we have found an outstanding successor in Steve Bertamini who will join us from G.E. very soon. He will also be joining the Board on 1 June as group executive director. Steve brings a wealth of experience and strategic insight into the markets in Asia, and will be a great addition to the PLC board.

In closing, I would like to say that Standard Chartered today is extraordinarily well positioned to seize the new realities thanks to 150 years of banking history in our markets, our growing geographical spread and scale and the breadth of our products and capabilities developed in recent years.

Thank you, our shareholders, for your support.

## **Peter Sands, Group Chief Executive**

### **Performance Highlights**

2007 was my first full year as Chief Executive of Standard Chartered. Given the scale of the storms sweeping through financial markets, I am delighted with what we achieved. As you are all aware, the Bank delivered another year of record income and profits, showing the results of our investment programme over the last few years in our key growth markets of Asia, Africa and the Middle East.

- Profit before taxes rose 27 per cent to \$4.04 billion
- Income increased 28 per cent to \$11.07 billion
- Normalised earnings per share climbed 16 per cent to 197.6 cents

The Board is recommending an annual dividend of 79.35 cents per share, a nearly 12 per cent increase from the year before.

Standard Chartered shareholders' returns continued to outperform those of our UK peer group. We haven't done this by squeezing the business. We invested in both our businesses at record levels. We stepped up the pace of organic growth. And we continued to make acquisitions.

We have not been unscathed by the financial crisis. But our disciplined approach to running the Bank, focusing on our strategic priorities, has stood us in good stead.

### **Firm Foundations**

Our performance in 2007 was underpinned by firm foundations in the way we manage our liquidity, capital, risk profile and costs. We have no direct sub-prime exposure and very limited indirect exposure to U.S. sub-prime assets.

Our firm foundations will prove critical to our continued success and we remain watchful for any trouble ahead. I can assure you that as a Bank that's grown up in emerging markets over 150 years, we've plenty of experience in dealing with such volatility.

### **Emerging Opportunities**

Alongside these challenges, new opportunities are emerging.

We're hiring excellent talent from our competitors, who are attracted by our strength, values, brand and growth potential. We're seeing a flight to quality, with a good inflow of deposits. And we're seeing opportunities to deepen our relationships with our customers.

Back in 2003 we said we wanted to be the world's best international bank, leading the way in Asia, Africa and the Middle East. That is still our aspiration and we are making good progress on that journey.

### **Hong Kong Consumer Banking**

Let me talk a bit about how we accelerated organic growth in 2007, starting with our biggest business, Consumer Banking in Hong Kong, which delivered a 22 per cent rise in profits on the back of a 17 per cent increase in income. This is the first time in six years that this business achieved double-digit income growth.

In fact, Hong Kong, where our Board met last month, made more profit in 2007 than the entire Group did in 2001. Profits rose 34 per cent to just under \$1.2 billion, surpassing \$1 billion for the first time.

### **India Wholesale Banking**

The individual business that contributed the biggest increase in profits was Wholesale Banking in India, where profits were up 91 per cent on the back of an 82 per cent increase in income.

Now Wholesale Banking's largest business, this is a superb franchise. Our history in India dates back to 1858. Last month I was in Kolkata to celebrate the 150<sup>th</sup> anniversary of the opening of our first branch in the city. At the ceremony we got a chance to meet four generations of customers and staff.

All across India, we're investing in front-line staff, in new products and in infrastructure, seizing the opportunities emerging from India's rapid economic growth and the dynamism of its corporate sector.

Overall, including Consumer Banking, India broke through \$1 billion in income for the first time in 2007 and generated more profits in 2007 than in 2006 and 2005 put together!

### **China**

And it's not just in our biggest businesses and markets that we've seen accelerated growth. We're also seeing the benefits from investments we made to build new engines of growth. For instance, in China where, as in India, we are celebrating our 150<sup>th</sup> anniversary this year, we are investing heavily and seeing very rapid growth in income. In 2007, both income and profits rose more than 70 per cent.

### **Private Bank**

Another new engine of organic growth is The Standard Chartered Private Bank. Launched just a year ago, The Private Bank is making excellent progress.

We are already seeing our unique combination of local heritage and international capability, our ability to offer a broad range of international wealth products, and our distinctive brand, are proving enormously appealing to our customers.

### **Delivering on acquisitions**

Delivering on our major acquisitions – Korea, Pakistan and Taiwan – will remain a top priority for 2008. I'm confident that they will be major drivers of earnings growth in the coming years.

In the second half of 2007 we announced five capability-driven acquisitions, including American Express Bank. Completed in February this year, the acquisition has turbo-charged the growth of our private banking business and significantly reinforced our transaction and financial institutions business. In February we also completed the acquisition of Yeahreum, a mutual savings bank in Korea.

The logic behind all these capability-driven acquisitions is to extend and deepen our product range and expertise, enabling us to serve our clients more effectively across a broader range of needs. They add fuel to our organic growth.

### **Building the brand**

Another key determinant of shareholder value is our brand. We want to build our brand at the pace we are growing the business.

I'm delighted that our progress has been recognised. A recent survey of international brands by Millward Brown found that the Standard Chartered brand was one of the top 10 rising brands in the world, with its value growing over 70 per cent. It was ranked sixth in the UK.

### **Sustainable business**

Yet another way in which we distinguish ourselves is through our commitment to the broader communities in which we live and work in. Our approach towards fostering a sustainable business and making a difference to the world we operate in differentiates us from our peers and delivers value to our shareholders.

I hope you will take some time to read about our initiatives in these areas in our Annual Sustainability Review, a summary of which also appears in our annual report. The Sustainability Review was published on line this year as part of our efforts to cut down paper consumption and help improve the environment. We have also published our annual report in an easy-to-read format on the web for the first time.

### **Trading update**

The Group has had a very good start to the year. Despite the turmoil in financial markets, rising inflation and increasing economic uncertainty, trading conditions in the Group's main operating markets have held up well in the first quarter. We continue to have good momentum in both businesses across multiple geographies.

Consumer Banking has achieved double digit growth in income, across a broad spread of products and geographies, despite some pressure on liability income given the interest rate environment. We have continued our programme of investments focused on expanding distribution and new products. Asset quality remains good, but with continued challenges in Pakistan and Thailand.

Wholesale Banking has had a particularly strong start to the year, driven by accelerated growth in client income across a broad set of geographies, product groups and client segments. Asset quality in the corporate loan book has shown no material deterioration, although we remain extremely vigilant given the external environment. In

our Asset Backed Securitisation (ABS) portfolio a combination of impairment and widening credit spreads has resulted in a charge to profits of \$97 million and an additional charge to the available-for-sale reserve of \$156 million in the first quarter of 2008.

The Group remains well capitalised and, despite the turbulence in financial markets, has enjoyed consistent access to debt capital markets. Since the beginning of the year we have issued approximately \$4 billion of senior and subordinated debt to support our continued growth.

The Group also has a strong liquidity position. We continue to take a highly proactive approach to managing our capital, liquidity and risk profile in this uncertain and volatile environment.

On 29 February we completed the acquisition of American Express Bank and we have made a good start on the integration process. On 7 March we announced the disposal of our asset management business in India for net proceeds of approximately \$130 million. We expect to complete this transaction in the first half of 2008.

Overall, we have made a very good start to the year and continue to have good momentum although there remain considerable volatility in financial markets and many potential challenges in the external environment. Nonetheless, Standard Chartered is in the right markets, is in great shape and has a clear and proven strategy. We look forward to providing a further performance update next month in our pre-close statement on 26 June.

Thank you for your support.

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