

# press release

**FOR IMMEDIATE RELEASE**

## **Standard Chartered to acquire American Express Bank**

*Adding capability and scale to the Financial Institutions business and fast-tracking private banking*

London, 18 September 2007 – Standard Chartered PLC has signed an agreement to acquire American Express Bank Ltd. (AEB). AEB, a wholly-owned subsidiary of American Express Company (AXP), is a leading international bank present in 47 countries, dedicated to serving financial institutions and high net worth customers through its global correspondent banking business and its full-service private bank respectively.

The acquisition provides Standard Chartered with an opportunity to add capability, scale and momentum in two strategically important businesses. In the Financial Institutions segment, the acquisition will double the size of Standard Chartered's USD clearing business and provides a direct Euro and Yen clearing capability. AEB will also fast-track the development of The Standard Chartered Private Bank.

The total cash consideration is equal to the net asset value of AEB at completion plus USD300 million. As at 30 June 2007, this would have amounted to approximately USD860 million (GBP431 million)<sup>1</sup>. The price represents 14.3 times AEB's annualised 2007 first-half net income and 1.5 times its net asset value as at 30 June 2007. Standard Chartered intends to finance the acquisition from internal cash resources and its ongoing debt funding programme. The acquisition, which is subject to certain conditions, including regulatory consents, is expected to be completed in the first quarter of 2008.

Standard Chartered's Group Chief Executive Peter Sands said: "We are delighted to welcome the employees and customers of AEB into Standard Chartered. The acquisition will add capability and scale to two of the Group's

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<sup>1</sup> Based on an exchange rate of USD 1.9955: GBP 1

strategically important businesses. AEB's balance sheet is highly liquid and its income is predominantly fee-based. This is a transaction which has compelling strategic and financial logic and is management accretive."

Chairman and Chief Executive Officer of AEB, W. Richard Holmes said: "This transaction represents an exciting development for the customers and employees of AEB. Becoming part of a major global financial institution whose primary focus is on international banking will afford attractive expanded opportunities for our business."

The transaction will create significant cost and income synergy potential across business lines.

As a result of the transaction, Standard Chartered's Financial Institutions transaction banking business will be significantly enhanced by bringing both new client relationships and new capabilities to this key customer segment. Standard Chartered's USD clearing business will double in size, reinforcing its position among the leading global USD clearers and ranking the Group sixth globally. In addition, AEB will provide Standard Chartered with a direct Euro and Yen clearing capability and excellent opportunities to cross-sell Standard Chartered's broad product range.

The acquisition will provide a step change to The Standard Chartered Private Bank launched recently. AEB services over 10,000 private banking clients with total assets under management of approximately USD22.5 billion and has approximately 120 relationship managers principally located in Standard Chartered's existing footprint.

Standard Chartered's network will be further enhanced as a result of this acquisition as AEB brings in valuable branch licenses in India and Taiwan, subject to regulatory approval. The Group will also gain access to a number of new growth markets such as Kazakhstan and Egypt where it currently has no presence.

As part of the transaction, Standard Chartered and AXP will include put and call options under which AXP can sell and Standard Chartered can buy American Express International Deposit Company (AEIDC) 18 months after the acquisition of AEB. The consideration payable to American Express Company will be the net asset value of AEIDC at the time of exercise of the option. AEIDC is based in the Cayman Islands and issues short-term, fixed-rate certificates of deposit, primarily to AEB customers.

The integration is expected to take approximately 24 months.

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Goldman Sachs International is acting as the exclusive financial advisor to the Group in connection with the acquisition.

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

Standard Chartered PLC, listed on both the London Stock Exchange and the Hong Kong Stock Exchange, ranks among the top 25 companies in the FTSE-100 by market capitalisation. The London-headquartered group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. Its income and the number of employees have more than doubled over the last five years primarily as a result of organic growth and supplemented by acquisitions.

Standard Chartered aspires to be the best international bank in its markets by being the right partner for its stakeholders and leading by example. The group now employs over 60,000 people, representing some 100 nationalities, in more than 1,400 branches located in over 50 countries. The bank generates more than 90 per cent of its profits from Asia, Africa and the Middle East, with balanced income derived from both Wholesale and Consumer Banking.

The group 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.

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

## **AEB**

American Express Bank Ltd. is the international banking subsidiary of American Express Company. Founded in 1919, it provides services to financial institutions, high net worth individuals and affluent customers through more than 75 locations in 47 countries.