

## Standard Chrtrd PLC Acquisition.

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Standard Chartered PLC 27 April 2000

STANDARD CHARTERED BUYS **GRINDLAYS** FROM ANZ IN US\$1.34 BILLION DEAL

Premier International Banking Business in the Middle East and South Asia Formed

Standard Chartered PLC announces that an agreement has been signed with Australia and New Zealand Banking Group Limited (ANZ) for Standard Chartered to acquire **Grindlays** in the Middle East and South Asia and the associated **Grindlays** Private Banking business. The total consideration, which will be determined by reference to a completion audit, is expected to be US\$1.34 billion (#848 million), including goodwill of US\$750 (#475) million, to be paid in cash.

The combination of the two businesses will position Standard Chartered as the leading international bank in India, Pakistan and Bangladesh and second in the UAE and Sri Lanka, based on total assets.

It is expected that the **acquisition** will be earnings enhancing for Standard Chartered PLC shareholders in the first full financial year after completion and after the amortisation of goodwill.

Rana Talwar, Group Chief Executive, Standard Chartered PLC, commented:

"The **acquisition** of **Grindlays** will: - create the premier international banking business in the Middle East and South Asia - combine two strong and complementary consumer banking franchises to build the leading consumer bank in the region - strengthen the corporate banking franchise through greater focus on multinational and large local companies - increase opportunities for the continuing development of internet banking products in markets that offer enormous potential - add to the strength of Standard Chartered's management resources - achieve significant synergies through operating efficiencies and revenue enhancements."

Mr Talwar continued "This **acquisition** is completely in line with our stated strategy and is a significant step towards our objective of becoming the world's leading emerging markets bank. It also emphasises our commitment to develop our business in the Middle East and South Asia.

"Good economic growth rates are forecast in India and across the region and we believe that this is the right time to invest. This is an excellent opportunity to acquire a well-managed, quality business at the right price. It will position us to take advantage as the region, with its rapidly growing middle class, opens up to e-commerce and new banking products.

"The move follows our recent acquisitions of the UBS international trade finance business and Nakornthon Bank in Thailand, both of which have been successfully integrated into Standard Chartered. We will continue to pursue opportunities to develop our unique franchise."

ANZ, Chief Executive Officer, John McFarlane, said the transaction is strategically attractive for both organisations and a win-win for ANZ and Standard Chartered.

"The sale is a good outcome for shareholders, customers and staff of both banks," Mr McFarlane said.

"For ANZ, the sale generates immediate value for our shareholders. For Standard Chartered, it creates the leading international bank in the Middle East and South Asia and it will benefit from the growth and synergies the integrated platform will bring," Mr. McFarlane said.

Mr. McFarlane paid special tribute to **Grindlays** management and staff. "The outcome and the attractiveness of **Grindlays** to Standard Chartered reflect both the hard work and dedication of current and former staff in the region. The new larger business will offer our local staff enhanced opportunities."

Standard Chartered has 57 branches in nine countries in the region. Operating profit before provisions of US\$130 (#82) million was generated in the year ended 31 December 1999. **Grindlays** has extensive coverage across the region where it offers a wide range of banking services to nearly one million customers through 116 branches in thirteen countries. It focuses on providing trade finance and cash management to major local and multinational companies and supplying retail and credit card services to its personal customers.

For the year ended 30 September 1999, **Grindlays**, together with the private banking business being acquired, produced profits after tax of US\$89 (#56) million. Adjusted for different provisioning policies of Standard Chartered and various non-recurring items, the profit after tax was US\$75 (#47) million. Annualised profits after tax for the six months ended 31 March 2000, adjusted on an equivalent basis, produces a price earnings ratio of 12.9 times. The net assets to be acquired are approximately US\$590 (#373) million representing a multiple of 2.3 times book value.

Standard Chartered believes that after three years, the **acquisition** will realise ongoing synergies of US\$110 (#70) million each year. The one-off costs of achieving these cost and revenue benefits are estimated to be approximately US\$160 (#101) million in aggregate over the first three years following completion of the **acquisition**.

Through a co-operation agreement with Standard Chartered, ANZ will be able to provide trade related banking services to its customers through **Grindlays**. It will also enter into a further co-operation agreement with Standard Chartered so as to provide project finance and corporate advisory services to clients in the region.

ANZ will provide Standard Chartered with indemnities on credit matters and on litigation including the National Housing Bank matter.

The consideration will be paid in cash from existing resources. Completion is expected in the third quarter of 2000, subject to regulatory approvals.

For further information please contact:

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|------------------|----------------------------------|--------------------|
| Pamela McGann    | Group Head, External Affairs     | 44 (0)20 7280 7245 |
| Tim Halford      | Director, Corporate Affairs      | 44 (0)20 7280 7159 |
| Stephen Seagrove | Group Investor Relations Manager | 44 (0)20 7280 7164 |

For additional background information visit the Standard Chartered web site

[www.standardchartered.com \[http://www.standardchartered.com/\]](http://www.standardchartered.com/)

Standard Chartered is being advised by Warburg Dillon Read, the Investment

Banking Division of UBS AG.

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