

press release

FOR IMMEDIATE RELEASE

Standard Chartered – The Increasing Influence of Sovereign Wealth Funds on Global Financial Markets

London, 15 October 2007: Introducing Standard Chartered's report on the activities of the top 20 sovereign wealth funds (SWFs), Gerard Lyons, Chief Economist of the Bank said the influence of SWFs on global financial markets was set to grow.

The report estimates that the SWFs are currently valued at US\$2.2 trillion and if their current rapid pace of growth can be sustained then in 10 years time SWFs could soar to US\$13.4 trillion.

Dr Lyons said: "We expect these government controlled funds to take bigger financial stakes in equity and bond markets across emerging economies, to feed more money into alternative investments such as hedge funds and private equity, to boost strategic links with countries that have not shared fully in the benefits of globalisation or which have been shunned by the West, and to take more strategic stakes in sensitive areas within developed countries.

"Western countries may need to accept the rise of SWFs as a further sign of a shift in the world economy and should seize this as an opportunity to work with emerging economies such as China and Russia, countries in the Middle East and others to find common ground rules and a code of practice."

The report has been carried out with support from Oxford Analytica to ensure an independent perspective, as some SWFs are shareholders in Standard Chartered.

The study identifies 20 SWFs which are mainly investment funds owned by a sovereign nation states. There is a group of 'super seven funds' each with over US\$100 billion in assets. These are: Abu Dhabi, GIC of Singapore, Norway, Kuwait, China, Russia and Temasek.

The report also highlights that there is a strong case for SWFs to adopt the best practice of open funds like Norway. But many governments will argue that it is their money and why should they be so transparent when so many other areas of financial markets are not. In addition there is a strong case to be made to encourage the opening up of markets from which SWFs emanate (the so-called level playing field). If not, then protectionist pressures will come to the fore, risking a clash between Western governments and SWFs. Already this is happening in the US, with more signs of a hardening of stances across Europe.

Transparency of SWFs in terms of their size, portfolio composition and investment return is also covered in the report. Those which are transparent include Norway, Temasek (Singapore), Alaska (US), Malaysia, Alberta (Canada) and Azerbaijan. Those with relatively low level of transparency include UAE funds, Kuwait, China, Qatar, Brunei, Venezuela, Taiwan and Oman.

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About 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

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