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**From:** David Stern <[REDACTED]>  
**Sent:** Tuesday, September 25, 2012 9:34 AM  
**To:** Jeffrey Epstein  
**Subject:** StanChart Bank

StanChart stake?

Had dinner with Chairman of StanChart with PA and can see him anytime.

It says JPM is interested.

Good bank for China/Asia and Africa?

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September 24, 2012

Temasek reconsiders StanChart stake

Singapore investment fund Temasek has sounded out potential buyers for its £6bn stake in Standard Chartered, potentially reigniting talk of a takeover of the emerging markets bank.

The fund, which is owned by the Singapore government, had been judging buyer interest for its 18 per cent shareholding in recent months, said people close to the situation.

Bankers said earlier momentum for a sale fell last month as StanChart's shares dropped 20 per cent on the day it was accused by a US regulator of breaching US sanctions on Iran. After settling the dispute with a \$340m payment, the bank's share price has rebounded.

Temasek became StanChart's biggest single shareholder six years ago, buying out the 11.5 per cent stake of the Khoo family for a small undisclosed discount to its then market value of £2.3bn. The family had been the bank's protector since the 1980s, when it had become the subject of an unwelcome bid from Lloyds Bank.

StanChart, which has its headquarters in the UK but a business focus on the emerging markets of Asia and the Middle East, is one of the few globally active banks to be largely unscathed by the financial crisis. It has attracted interest from the likes of JPMorgan and Santander, according to bankers. Although private discussions have taken place, nothing has come of them, largely because StanChart's robust valuation – its market capitalisation is £35bn – would make it hard to swallow.

StanChart trades at a 1.4 times multiple of book value at a time when many rivals, particularly in Europe, trade on less than half that. Analysts said Temasek might be keen to take advantage of the relative strength and reduce its exposure to financial services, given the economic uncertainty.

Bankers believe any ambition Temasek might have had to engineer a merger between StanChart and another of its investments, Singaporean bank DBS, has faded, given the complexities and regulatory hostility to big banking mergers. Temasek has hired two western bankers – Greg Curl from Bank of America Merrill Lynch and John Cryan, former finance director of Swiss bank UBS – to help oversee its stakes in businesses in the US and Europe. People close to the situation stressed that there were no live discussions with any potential buyer. Both Temasek and StanChart declined to comment.

Temasek signalled a move away from its StanChart stake a year ago when it issued an innovative convertible bond that would convert into StanChart shares under some circumstances.

The three-year bond, which raised more than \$600m, would potentially have nearly 1 percentage point off the fund's total stake if the bank's shares rise beyond the prerequisite 27 per cent premium to the then share price of £14.29. The shares closed on Monday at £14.81.

After the row over sanctions, people close to the bank signalled an accelerated shake-up of its board, which was criticised by shareholders earlier in the year. Temasek withheld support for the re-election of executive directors except chief executive Peter Sands and two non-executives.

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