Leading the way
in Asia, Africa and the Middle East

Morgan Stanley
European Financials Conference
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Leading the way in Asia, Africa and the Middle East

Richard Meddings
Group Finance Director
Who we are

- Over 150 year heritage
- Over 1,700 branches & offices
- Presence in 68 markets
- Over 89,000 employees
- Primary listings in London, Hong Kong and Mumbai
- Credit ratings AA- / A1 / AA- (S&P / Moody’s / Fitch respectively)
- Around 90% of income from Asia, Africa and Middle East
- Lead regulated by the UK Financial Services Authority
- Market cap: US$65bn (7th March 2013)
Our competitive differentiation

**Our Strategic Intent**
The world's best international bank

**Leading the way in Asia, Africa and the Middle East**

**Our Brand Promise**
Here for good

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**External Factors**
- A turbulent global economy
- Slower growth, rising inequality, policy interventions, shocks
- Rapid technological change
- Digitisation, new channels and payment mechanisms
- Avalanche of regulatory change
- Cost, complexity, fragmentation, impact on capital/liquidity

**Priorities**
- Build stronger relationships with our clients and customers
- Prove we are Here for good
- Innovate and digitise
- Intensify collaboration across the network
- Get fitter and more flexible in the way we work
- Accelerate the next generation of leaders
- Deliver superior financial performance

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**Our Values**
- **Courageous**
  We take measured risks and stand up for what is right
- **Responsive**
  We deliver relevant, timely solutions for clients and customers
- **International**
  We value diversity and work as One Bank
- **Creative**
  We innovate and adapt, continuously improving the way we work
- **Trustworthy**
  We are reliable, open and honest

**Our Distinctive Strengths**
- **Collaborative Network**
  Combining global capability and local knowledge
- **Clients and Customers**
  Building deep and long term relationships
- **Disciplined Growth**
  Delivering results without compromising balance sheet strength or control of risks and costs

**Our Commitments**
- **Colleagues**
  A great place to work, enabling individuals to grow and teams to win
- **Society**
  A force for good, promoting sustainable economic and social development
- **Investors**
  A distinctive investment, delivering consistently superior performance
- **Regulators**
  A responsible partner with exemplary governance and ethics
- **Intense competition**
  Strong local banks, return of major global players, the rise of non-banks
Macro environment

GDP growth %

- **USA**
  - 2012: 2.2%
  - 2013: 2.3%

- **Euro area**
  - 2012: -0.4%
  - 2013: -0.5%

- **China**
  - 2012: 7.7%
  - 2013: 8.3%

- **India**
  - 2012: 5.2%
  - 2013: 6.0%

- **Nigeria**
  - 2012: 6.9%
  - 2013: 6.6%

- **Indonesia**
  - 2012: 6.2%
  - 2013: 6.5%

- **Standard Chartered Footprint**
  - 2012: 5.6%
  - 2013: 6.2%

Colors:
- Lower growth
- Higher growth
Consistent delivery

**Profit and income (US$bn)**

- Operating income
- Operating profit before tax

- 10 year income CAGR 15%
- 10 year profit CAGR 18%

**Lending 2003 - 2012 (US$m)**

- Loans and advances to customers


## Performance highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>Change</th>
<th>2012 Normalised*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>US$19.1bn</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Jaws</td>
<td>(2%)</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>US$6.9bn</td>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>84.0c</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Earnings per share</td>
<td>199.7c</td>
<td></td>
<td>225.2c</td>
</tr>
<tr>
<td>Return on equity</td>
<td>12.2%</td>
<td></td>
<td>12.8%</td>
</tr>
</tbody>
</table>

* Normalised as per details on page 86 of the 2012 press release
Diversity a differentiator

Operating income by geography

- Americas, UK & Europe: 12%
- Hong Kong: 18%
- Singapore: 11%
- Korea: 10%
- Other APR: 21%
- MESA: 12%
- Africa: 8%
- India: 8%

Operating income by product

- Wholesale Banking: 38%
- Corporate Finance: 12%
- ALM: 4%
- Credit and Other: 2%
- Capital Markets: 3%
- Commodities and Equities: 3%
- Rates: 5%
- Foreign Exchange: 7%
- Cash Management and Custody: 9%
- Trade: 10%
- CCPL*: 14%
- Wealth Management: 7%
- Deposits: 8%
- Mortgages and Auto Finance: 7%
- Lending and Portfolio Management: 5%
- Other: 1%

* Cards, Personal Loans and Unsecured Lending
# Consumer Banking performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>2011</th>
<th>H1 12</th>
<th>H2 12</th>
<th>2012</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>6,791</td>
<td>3,515</td>
<td>3,687</td>
<td>7,202</td>
<td>6</td>
</tr>
<tr>
<td>Expenses</td>
<td>(4,605)</td>
<td>(2,307)</td>
<td>(2,416)</td>
<td>(4,723)</td>
<td>3</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>2,186</td>
<td>1,208</td>
<td>1,271</td>
<td>2,479</td>
<td>13</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(524)</td>
<td>(300)</td>
<td>(397)</td>
<td>(697)</td>
<td>33</td>
</tr>
<tr>
<td>Other impairment</td>
<td>(12)</td>
<td>(9)</td>
<td>5</td>
<td>(4)</td>
<td>(67)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,650</td>
<td>899</td>
<td>879</td>
<td>1,778</td>
<td>8</td>
</tr>
</tbody>
</table>
### Wholesale Banking performance

<table>
<thead>
<tr>
<th>US$m</th>
<th>2011</th>
<th>H1 12</th>
<th>H2 12</th>
<th>2012</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>10,846</td>
<td>5,996</td>
<td>5,783</td>
<td>11,779</td>
<td>9</td>
</tr>
<tr>
<td>Expenses</td>
<td>(5,147)</td>
<td>(2,656)</td>
<td>(3,343)</td>
<td>(5,999)</td>
<td>17</td>
</tr>
<tr>
<td>Operating profit before impairment</td>
<td>5,699</td>
<td>3,340</td>
<td>2,440</td>
<td>5,780</td>
<td>1</td>
</tr>
<tr>
<td>Loan impairment</td>
<td>(384)</td>
<td>(283)</td>
<td>(241)</td>
<td>(524)</td>
<td>36</td>
</tr>
<tr>
<td>Other impairment</td>
<td>(99)</td>
<td>(65)</td>
<td>(55)</td>
<td>(120)</td>
<td>21</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5,216</td>
<td>2,992</td>
<td>2,144</td>
<td>5,136</td>
<td>(2)</td>
</tr>
</tbody>
</table>
Group balance sheet

- A/D\textsuperscript{1} ratio of 74.1\% and liquid asset ratio of 30.4\%.
- Net interbank lender and US$194bn of liquid assets.
- Basel III NSFR\textsuperscript{2} and LCR\textsuperscript{3} requirements already met.
- No direct sovereign exposure to Greece, Ireland, Italy, Portugal or Spain.
- Limited exposure to problem asset classes.

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Risk

**Consumer Banking**
- 82% of Consumer Banking portfolio is fully or partially secured
- Only 11% of the SME portfolio is unsecured
- Average LTV on mortgage portfolio of 48%

**Wholesale Banking**
- 62% of Wholesale Banking loans less than 1 year maturity
- Well diversified book by geography and industry
- Continue to distribute assets

**Wholesale Banking - Non Performing Loans and Loan Impairment trend**

% NPL over L&A (LHS)  
Net bps loss on Avg. L&A (RHS)
Outlook

- We remain focused on consistent delivery against our four financial objectives

- Good momentum in both Consumer Banking and Wholesale Banking

- Remain focused on balance sheet foundations

- Well positioned in growth markets
Q&A