Forward looking statements

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Africa & Middle East overview

Key profit and network contributor

Long-term opportunity is material, despite current headwinds

Clear vision backed by commitment and investments

Focused on execution – encouraging early signs on the ground

AME financial performance

<table>
<thead>
<tr>
<th></th>
<th>H1 15</th>
<th>H2 15</th>
<th>H1 16</th>
<th>% of Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Africa</td>
<td>1,553</td>
<td>1,305</td>
<td>1,420</td>
<td>21</td>
</tr>
<tr>
<td>- Middle East</td>
<td>762</td>
<td>673</td>
<td>709</td>
<td></td>
</tr>
<tr>
<td></td>
<td>791</td>
<td>632</td>
<td>712</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>(907)</td>
<td>(883)</td>
<td>(845)</td>
<td></td>
</tr>
<tr>
<td>Working profit</td>
<td>646</td>
<td>422</td>
<td>575</td>
<td>25</td>
</tr>
<tr>
<td>Total impairment</td>
<td>(287)</td>
<td>(593)</td>
<td>(233)</td>
<td></td>
</tr>
<tr>
<td>Underlying profit / (loss) before tax</td>
<td>359</td>
<td>(171)</td>
<td>342</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer loans ($bn)</td>
<td>34</td>
<td>31</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Customer deposits ($bn)</td>
<td>34</td>
<td>33</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>RWA ($bn)</td>
<td>60</td>
<td>58</td>
<td>55</td>
<td>19</td>
</tr>
</tbody>
</table>

AME regional snapshot

<table>
<thead>
<tr>
<th></th>
<th>Africa</th>
<th>Middle East</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>15</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Staff</td>
<td>~8,000</td>
<td>~7,000</td>
<td>~15,000</td>
</tr>
<tr>
<td>Branches</td>
<td>~190</td>
<td>~130</td>
<td>~320</td>
</tr>
<tr>
<td>Largest markets¹</td>
<td>Nigeria Kenya Ghana</td>
<td>UAE Pakistan</td>
<td></td>
</tr>
</tbody>
</table>
# Macro overview

<table>
<thead>
<tr>
<th>Near-term headwinds</th>
<th>Medium-term opportunities intact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency depreciation and volatility</td>
<td>Rising infrastructure needs</td>
</tr>
<tr>
<td>Lower oil and commodity prices</td>
<td>China’s One Belt One Road</td>
</tr>
<tr>
<td>Slowing corporate activity</td>
<td>Rising inter- and intra- regional connectivity</td>
</tr>
<tr>
<td>Geopolitical tensions</td>
<td>Africa private wealth pool</td>
</tr>
<tr>
<td>Rising corporate debt levels</td>
<td>Rising urbanisation, growth in affluent population</td>
</tr>
</tbody>
</table>
Africa – Key drivers remains intact in testing times

### Macro forecasts (Africa)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016F</th>
<th>2017F</th>
<th>2018F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP growth (%)</strong></td>
<td>3.0</td>
<td>2.5</td>
<td>4.1</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Inflation (% YoY)</strong></td>
<td>7.3</td>
<td>11.4</td>
<td>8.1</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Current account (% GDP)</strong></td>
<td>-4.3</td>
<td>-5.1</td>
<td>-4.6</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Research

### China-Africa trade (US$bn)

- 1995: 3.9bn
- 2004: 29.5bn
- 2014: 222.1bn

Source: Standard Chartered Research

### Inflation (% YoY)

Source: Central banks, Thomson Reuters, Standard Chartered Research

### Africa working age population (% of total)

Source: UN population database
Middle East – Continuing investment in infrastructure, favourable demographics and rich in resources, but near term headwinds

**Macro forecasts (MENA)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016F</th>
<th>2017F</th>
<th>2018F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP growth (%)</strong></td>
<td>3.3</td>
<td>2.7</td>
<td>3.1</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Inflation (% YoY)</strong></td>
<td>4.4</td>
<td>5.5</td>
<td>5.4</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Current account (% GDP)</strong></td>
<td>-3.2</td>
<td>-4.6</td>
<td>1.7</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Research

**Working age population has grown the fastest**

*Population aged 15-64 (1960=100)*

Source: CEIC, World Bank, Standard Chartered Research

**Gulf projects index**

*Value of projects planned or under way ($bn)*

Source: MEED

**World’s largest oil reserves**

*Share of proved global oil reserves in 2014, (%)*

What we said at our Strategic Review last November

• We said that we wanted to make significant investment in Africa to regain market share in key markets and leverage Pakistan’s growth potential

• We recognise the material long-term opportunity in AME to generate growth and higher returns, led by Africa, whilst acknowledging short term headwinds

• Our strategy is to

  1) Secure the foundation, develop best practice financial crime compliance capabilities, improve Corporate & Institutional Banking returns, overhaul Commercial Banking and improve platforms, service and delivery

  2) Strengthen our core profitable growth platform
Focused on strategy execution

Grow Retail Banking market share in core markets *Front end digital rollout, focus on CASA growth and local empowerment, go deep in Lagos*

Reshape Corporate & Institutional Banking for better returns *by linking to economic fundamentals, leveraging flow and network opportunities within Group’s revised risk tolerance*

Rebuild Commercial Banking via a low-cost, low-risk supply chain driven model *in chosen trade corridors under tightened underwriting standards*

Tightly manage risk and invest for the long term *investing through the cycle in Africa and leveraging Pakistan’s potential.*
### Progress to date

**Grow Retail Banking market share in core markets**
- Good progress on digitisation, CASA growth and local empowerment
  - 16 branches being opened; 30 being optimised
  - Accelerated digital roll out in 8 African markets delivering enhanced capabilities on mobile and online
  - Inroads made on alliances, network reconfiguration and enhanced product capabilities

**Reshape CIB for better returns**
- Focused on regional business opportunities to drive returns; investment in Transaction Banking and Financial Markets infrastructure
  - Operationalising 7 key strategic themes to drive CIB growth
  - Implementation underway for Transaction Banking platforms, Financial Markets hubbing

**Rebuild CB via a low-cost, low-risk supply chain driven model**
- Tighter underwriting standards; focus on corridors, supply chain financing
  - Finalised segmentation and adjust frontline capacity; portfolio standards aligned with revised strategy
  - Focus on trade corridors: India, China and Africa
  - Dedicated Relationship Managers in UAE, Kenya, Tanzania, Ghana, Uganda, Botswana and Zambia
  - On boarding of suppliers and buyers of key CIB clients

**Tightly manage risk and invest for the long term**
- Remain focused on identified strategic actions to meet our aspirations
  - Relentless focus on conduct and control, and ensure that segments and countries are fit for growth
  - Deliver on investment projects across segments, with a focus on key African markets
Africa – Build on a strong foundation and unique footprint

- Strong market share: double digit market shares in 5 markets
- Services over 1 million Retail customers and over 20,000 corporate clients
- Nigeria and Kenya major contributors; Other key markets: Ghana, Zambia, Uganda, South Africa
- Differentiated and valuable brand – launched ‘Here for Africa’ campaign in July 2016
Africa – Invest to grow safely

**Strengths**

- Strong franchise with attractive growth and return profile
- Established brand, strong client relationship and people
- Regional connectivity and network collaboration

**Strategic Priorities**

- Develop best practice FCC capabilities
- Improve returns in CIB
- Rebuild CB under a lower cost, lower risk model
- Differentiate depth of Retail presence in key markets
- Frontend digital to leapfrog competition

**Challenges**

- Cyclical impact of oil and commodity prices
- Fiscal deficits and currency volatility
- Risk and compliance vulnerability
- Intense local bank competition

FCC = Financial crime compliance; CIB = Corporate & Institutional Banking; CB = Commercial Banking
Middle East – Building a core profitable platform

- An important part of our franchise; core business has significant potential to deliver
- Largest branch network among international banks in the UAE, serving ~200,000 customers
- UAE and Pakistan major income contributors; other key markets: Bahrain, Saudi Arabia, Qatar & Oman
- Grow Pakistan via building asset base, retail breadth and broadening distribution presence

**Income ($m)**

<table>
<thead>
<tr>
<th></th>
<th>Corporate &amp; Institutional Banking</th>
<th>Commercial Banking</th>
<th>Retail Banking</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 15</td>
<td>791</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2 15</td>
<td>632</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 16</td>
<td>712</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Our footprint**

- **Iraq**
  - Established in 2013
  - Branches: 2
  - Employees: ~20
- **Lebanon**
  - Established in 1925
  - Branches: 6
  - Employees: ~200
- **Egypt**
  - Established in 1950
  - Branches: 1
  - Employees: ~110
- **Bahrain**
  - Established in 1958
  - Branches: 11
  - Employees: ~2,500
- **UAE**
  - Established in 1958
  - Branches: 11
  - Employees: ~2,500
- **UAE**
  - Established in 1958
  - Branches: 11
  - Employees: ~2,500
- **Oman**
  - Established in 1968
  - Branches: 3
  - Employees: ~130
- **Pakistan**
  - Established in 1863
  - Branches: 101
  - Employees: ~3,500

GCC = Gulf Cooperation Council
Middle East – Regain our position of strength in the market

**Strengths**
- Deep and long-rooted presence, built over 150 years in the region
- Established brand, strong client relationship and people
- Regional connectivity and network collaboration

**Strategic Priorities**
- Turnaround UAE
- Leverage Pakistan’s potential
- Priorities digital rollout for key Retail markets
- Overhaul Commercial Banking
- Turn FCC into a competitive advantage
- Complete regulatory remediation

**Challenges**
- Deteriorating economic environment and proximity to sanctioned countries
- Stress in corporate sector
- Intense local bank competition

FCC = Financial crime compliance
Capitalise on intra AME and network trade corridors

Key corridors
• Africa – Europe
• Africa – Americas
• Africa – Greater China
• Middle East – Europe
• Middle East – Americas
• Middle East – Greater China

Belt and Road initiative to promote:
✓ Infrastructure connectivity
✓ Investment and trade facilitation
✓ Financial cooperation
✓ RMB internationalization

SCB operates in 47 of the 60-plus economies along the B&R initiative

B&R = Belt and Road
Note 1 = Belt and Road information website of Hong Kong Trade Development Council
Summary

1. Material long-term opportunity despite current headwinds

2. The bank has a deep and long rooted presence

3. Clear actionable strategy focused on execution and collaboration; noticeable progress on the ground
Q&A