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### 32. Special purpose entities continued

For the purposes of portfolio management, the Group has entered into synthetic credit default swaps with note-issuing SPEs. The referenced assets remain on the Group's balance sheet as the credit risk is not transferred to these SPEs. The Group continues to own or hold all of the risks and returns relating to these assets and the credit protection afforded by the synthetic securitisation only serves to protect the Group against losses upon the occurrence of certain credit events, the assets are not de-recognised from the Group balance sheet. The Group's exposure arises from (a) the capitalised start-up costs in respect of the swap vehicles and (b) interest in the first loss notes and investment in a minimal portion of the mezzanine and senior rated notes issued by the note issuing SPEs. The proceeds of the notes issuance are typically invested in AAA-rated Government securities, which are used to collateralise the SPE's swap obligations to the Group, and to repay the principal to investors at maturity. The SPEs reimburse the Group on actual losses incurred, through the realisation of the collateral security. Correspondingly, the SPEs write down the notes issued by an equal amount of the losses incurred, in reverse order of seniority. All the funding is committed for the life of these vehicles and hence the Group has no indirect exposure in respect of the vehicles' liquidity position.

The Group's exposure to Principal Finance Funds represents committed or invested capital in unleveraged investment funds, primarily investing in pan-Asian infrastructure and real estate.

Structured finance comprises interests in transactions that the Group or, more usually, a customer has structured, using one or more SPEs, which provide beneficial arrangements for customers. The Group's exposure primarily represents the provision of funding to these structures as a financial intermediary, for which it receives a lender's return. The transactions largely relate to the provision of aircraft leasing and ship finance.

The Group has reputational risk in respect of certain portfolio management vehicles and investment funds either because the Group is the arranger and lead manager or because the SPEs have Standard Chartered branding.

### 33. Post balance sheet events

#### Tax

On 5 December 2012, the UK government announced a further reduction in the main rate of UK corporation tax of one per cent with effect from 1 April 2014, in addition to the stepped reductions as previously announced. The combined effect of the reductions is to lower the main rate of UK corporation tax to 24 per cent in 2012-13, to 23 per cent in 2013-14, and 21 per cent in 2014-15.

At 31 December 2012, only the further tax rate change for 2013-14 to 23 per cent had been substantively enacted. Had the further rate change for 2014-15 been substantively enacted at the balance sheet date, the Group estimates that the UK deferred tax assets would have reduced by a further \$24 million.

### 34. Restatement of prior year

The Group has re-presented certain balances in the consolidated balance sheet to reflect the effect of enhanced system capabilities introduced during the year. The Group has also re-presented the entity-wide geographic disclosures following the transfer of the governance of its franchise in Mauritius from Other Asia Pacific to Africa to align with Group's overall strategy in Africa. The impact of these changes has required: (i) gross up of loans and advances to customers (Mortgages) and customer deposit accounts (Interest-bearing current accounts) that were previously recorded net; (ii) netting of certain Interest rate derivative which were previously shown gross; and (iii) change of the Group's entity-wide geographic disclosures to reflect the transfer of Mauritius from Other Asia Pacific to Africa. For consistency, comparative balances have also been re-presented on a similar basis to enhance the comparability of information presented.

#### Balance sheet

	As reported at 2011	Restated	Restated at 2011
	\$million	\$million	\$million
Loans and advances to customers	263,765	3,025	266,790
Customer accounts	342,701	3,025	345,726
Derivative assets	67,933	(9,409)	58,524
Derivative liabilities	65,926	(9,409)	56,517
Total assets	599,070	(6,384)	592,686
Total liabilities	557,695	(6,384)	551,311

## Notes to the financial statements continued

### 34. Restatement of prior year continued

#### Entity-wide geographic regions

##### Note 2 - Segmental information

	Hong Kong \$million	Singapore \$million	Other Asia Pacific \$million	India \$million	Africa \$million	Americas UK & Europe \$million
<b>Loans and advances to customers</b>						
As reported at 2011	50,541	42,574	54,196	23,379	10,004	-
Mortgage restatement	455	1,253	1,010	307	-	-
Mauritius geographic change	-	-	(1,227)	-	1,227	-
<b>Restated at 2011</b>	<b>50,996</b>	<b>43,827</b>	<b>53,979</b>	<b>23,686</b>	<b>11,231</b>	<b>-</b>

#### Total assets employed

As reported at 2011	117,245	102,768	115,588	42,300	17,276	157,473
Mortgage restatement	455	1,253	1,010	307	-	-
Derivative restatement	-	-	-	-	-	(9,409)
Mauritius geographic change	-	-	(3,127)	-	3,127	-
<b>Restated at 2011</b>	<b>117,700</b>	<b>104,021</b>	<b>113,471</b>	<b>42,607</b>	<b>20,403</b>	<b>148,064</b>

	Hong Kong \$million	Singapore \$million	Other Asia Pacific \$million	India \$million	Africa \$million	
<b>Customer accounts (Current accounts)</b>						
As reported at 2011		87,253	63,053	70,657	12,757	8,835
Deposit restatement		455	1,253	1,010	307	-
Mauritius geographic change		-	-	(670)	-	670
<b>Restated at 2011</b>		<b>87,708</b>	<b>64,306</b>	<b>70,997</b>	<b>13,064</b>	<b>9,505</b>

#### Deposit by banks

As reported at 2011	-	-	5,881	-	532
Mauritius geographic change	-	-	(37)	-	37
<b>Restated at 2011</b>	<b>-</b>	<b>-</b>	<b>5,844</b>	<b>-</b>	<b>569</b>

	Other Asia Pacific			Africa Region		
	As reported at 2011 \$million	Restated \$million	As restated at 2011 \$million	As reported at 2011 \$million	Restated \$million	As restated at 2011 \$million
Operating income	3,553	(42)	3,511	1,340	42	1,382
Operating expenses	(2,076)	11	(2,065)	(703)	(11)	(714)
Loan impairment	(134)	(1)	(135)	(25)	1	(24)
Other impairment	31	-	31	(16)	-	(16)
Profit from associates	73	-	73	-	-	-
<b>Profit before tax</b>	<b>1,447</b>	<b>(32)</b>	<b>1,415</b>	<b>596</b>	<b>32</b>	<b>628</b>

## Notes to the financial statements continued

### 34. Restatement of prior year continued

#### Loans and advances to customers - Risk review disclosure

	Hong Kong \$million	Singapore \$million	Other Asia Pacific \$million	India \$million	Africa \$million
As reported at 2011	50,459	47,535	51,835	10,846	6,068
Mortgage restatement	455	1,253	1,010	307	-
Mauritius geographic change	-	-	(1,227)	-	1,227
Restated at 2011	50,914	48,788	51,618	11,153	7,295

### 35. Related party transactions

#### Directors and officers

Details of directors' remuneration and interests in shares are disclosed in the Directors' remuneration report.

IAS 24 'Related party disclosures' requires the following additional information for key management compensation. Key management comprises non-executive directors and members of the Group Management Committee (from January 2013, the Executive Management Committee), which includes all executive directors.

	2012 \$million	2011 \$million
Salaries, allowances and benefits in kind	21	20
Pension contributions	5	5
Bonuses paid or receivable	10	11
Share based payments	35	39
	71	75

The 2011 salaries, allowances and benefits in kind figure has been restated to include the part of Sir John Peace's annual fee that is delivered in restricted shares

#### Transactions with directors, officers and others

At 31 December 2012, the total amounts to be disclosed under the Companies Act 2006 (the Act) and the Listing Rules of the Hong Kong Stock Exchange Limited (HK Listing Rules) about loans to directors and officers were as follows:

	2012		2011	
	Number	\$000	Number	\$000
Directors	4	4,898	2	2,550
Officers <sup>1</sup>	1	18	2	3,064

<sup>1</sup> For this disclosure the term 'Officers' means the member of the Group Management Committee, other than those who are directors of Standard Chartered PLC, and the Group Company Secretary.

#### Directors, connected persons or officers

There were no material transactions, arrangements or agreements outstanding for any director, connected person or officer of the Company which have to be disclosed under the Act, the rules of the UK Listing Authority or the HK Listing Rules.

#### Associates

The Group has loans and advances to Merchant Solutions and China Bohai Bank totalling \$29 million and \$32 million respectively at 31 December 2012 (2011: \$39 million and \$172 million respectively) and amounts payable to Merchant Solutions and China Bohai Bank of \$21 million and \$16 million respectively at 31 December 2012 (2011: \$30 million and \$10 million respectively).

#### Joint ventures

The Group has loans and advances to PT Bank Permata Tbk totalling \$18 million at 31 December 2012 (2011: \$7 million), and deposits of \$23 million (2011: \$29 million). The Group has investments in subordinated debt issued by PT Bank Permata Tbk of \$128 million (2011: \$132 million).





















# Financial Calendar

## Financial Calendar

Ex-dividend date	13 Mar 2013
Record date <sup>1</sup>	15 Mar 2013
Expected posting to shareholders of 2012 Report and Accounts	28 Mar 2013
Annual General Meeting	8 May 2013
Payment date – final dividend on ordinary shares	14 May 2013

<sup>1</sup> The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has granted a waiver to the Company on 7 December 2011 from compliance with Rule 13.66(2) of the Rules Governing The Listing of Securities on the Stock Exchange and Note 3 thereunder relating to record dates for the Company's final dividends.

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*The following information will be available on our website:*

*Full year results video with Peter Sands, Group Chief Executive and Richard Meddings, Group Finance Director*

*Full year results presentation in pdf format*

*A live webcast of the annual results analyst presentation*

*The archived podcast, webcast and Q/A session of analyst presentation in London*

*Images of Standard Chartered are available for the media at [http://www.standardchartered.com/global/mc/plib/directors\\_p01.html](http://www.standardchartered.com/global/mc/plib/directors_p01.html)*

*Information regarding the Group's commitment to Sustainability is available at <http://www.standardchartered.com/sustainability>*

*The 2012 Annual Report will be made available on the website of the Stock Exchange of Hong Kong and on our website <http://investors.standardchartered.com> as soon as is practicable.*

## Forward looking statements

It is possible that this document could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

The Group undertakes no obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

## Disclaimer

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. No public offering of the Placing Shares will be made in the United States.



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