



1Q'20 Results Presentation

29 April 2020

Here for good

Robust financial performance overall, with COVID-related slowdown in March and significantly higher credit impairment

Encouraging growth and good cost control in 1Q'20; our main priority is supporting employees and clients

COVID response¹

- Huge effort to support employees, who continue to serve clients across 59 markets
 - Taking action to protect jobs, ensure wellbeing and enable volunteering
 - Maintained operational effectiveness despite fundamental shift to remote working
- Multiple initiatives to support individual and business clients, and communities
 - Wide range of relief measures for individuals; at-cost funding for selected businesses
 - Matching funds to raise \$50m to help those affected by the pandemic

Performance

- Solid underlying momentum continued well into 1Q'20: income up 6%²
- Discipline over costs contributed to healthy 16%² pre-provision operating profit growth
- Impact of COVID was felt increasingly in March, and will continue through 2Q'20
- ~\$1.0bn credit impairment; including modelled Stage 1/2 outcome and overlay
 - As a result underlying operating profit reduced 36% to \$1.2bn
- We remain strongly capitalised and highly liquid: CET1 13.4% and LCR 142%

We are Here for good: Supporting our clients, colleagues and communities through COVID

Supporting our colleagues



- No redundancies imposed as a result of the impact of COVID and no colleagues have been furloughed
- Nearly 100% of colleagues working at home in some markets, due to effective global virtual collaboration capability
- Digital learning undertaken in 1Q'20 is up 60% on FY'19 as we support colleagues to work flexibly and adapt their roles where required
- Focus on inclusive leadership when supporting colleagues who are managing teams remotely
- Investing in our colleagues' wellbeing in addition to a 24/7 employee assistance programme

Supporting our retail banking customers



- Relationship Managers supporting clients from home, including 'MyRM' app in Hong Kong
- 86% of branches open and all ATMs operational
- Customer relief measures include¹:
 - Loan principal payment moratoriums and fee waivers for extensions
 - Late fee waivers
 - Repayment programmes for credit cards and personal loans
 - Payment holidays on lending
- In Greater China & North Asia:
 - Relief loans for customers working in retail, tourism & hospitality, restaurant and airline industries
 - Extended insurance cover for COVID hospital expenses

Supporting our business clients



- Providing \$1bn of financing at cost for companies that will provide goods and services to fight the global pandemic²:
 - Strong demand from businesses across our footprint
 - >\$544m of funding requests under active consideration
 - >\$42m approved for disbursement to clients
 - Funding requests under consideration range from \$0.5-\$50m
 - Robust risk process - due diligence ensures companies are providing the necessary equipment and meet our usual risk criteria
- Offering trade facility extensions for SME clients
- Opened Wuhan Bund sub-branch in April to support local businesses

Supporting our communities



- Launched \$50m fund to help those in our communities affected by COVID across 59 markets²
- Funded by the Group and our colleagues
- **Phase 1** - provide \$25m for immediate relief:
 - \$5m pledged to the Red Cross for medical support in Africa and Asia
 - \$5m pledged to UNICEF for education and protection of vulnerable children in Africa and South Asia
 - \$15m made available to local NGOs across our 59 markets
 - \$4.2m already allocated across 17 markets
- **Phase 2** – \$25m for longer term recovery and protection of livelihoods – focusing on getting young people into work and supporting micro/small businesses

Encouraging underlying progress, with the external environment changing dramatically through the quarter

(\$bn)	1Q'19	1Q'20	YoY ¹	Ccy ¹
Operating income ex DVA	3.9	4.0	4%	6%
DVA	(0.1)	0.3	Nm	
Operating income	3.8	4.3	13%	15%
Operating expenses	(2.4)	(2.4)	2%	1%
Pre-provision operating profit	1.4	2.0	41%	42%
Credit impairment	(0.1)	(1.0)	Nm	
Other impairment	(0.0)	0.2	Nm	
Profit from associates	0.1	0.1	(17)%	(18)%
Underlying profit before tax	1.4	1.2	(12)%	(11)%
Goodwill and restructuring	(0.1)	(0.3)	Nm	
Statutory profit before tax	1.2	0.9	(29)%	(28)%
Risk-weighted assets	268	273	2%	
Net interest margin (%)	1.66	1.52	(14)bps	
CET1 ratio (%)	13.9	13.4	(50)bps	
Liquidity coverage ratio (%)	153	142	(11)%pt	
Underlying RoTE (%)	9.6	8.6	(100)bps	

- Solid broad-based start to the year, income up 6%²
- Costs reduced 1% ccy: 6% positive jaws²
 - Pre-provision operating profit up 16%²
- Significant rise in credit impairments
 - Stage 1 & 2 up \$388m: ~1/2 modelled outcome and ~1/2 management overlay
 - Stage 3 up \$490m: ~1/2 due to two exposures, one in Commodity Traders and one in Healthcare
- Other impairment \$154m credit: reversal of prior impairment partially offset by impairment on aircraft
- \$249m goodwill impairment in India: lower GDP growth outlook
- Risk-weighted assets up \$9bn / 3% since 4Q'19
- NIM down 14bps to 1.52% (down 2bps QoQ)
- CET1% in middle of mid-term target range despite COVID stress
- LCR remains strong at 142%; broadly stable QoQ
- Return on tangible equity down 100bps to 8.6%

1Q'20 income was up 6% at constant currency and ex-DVA

Income

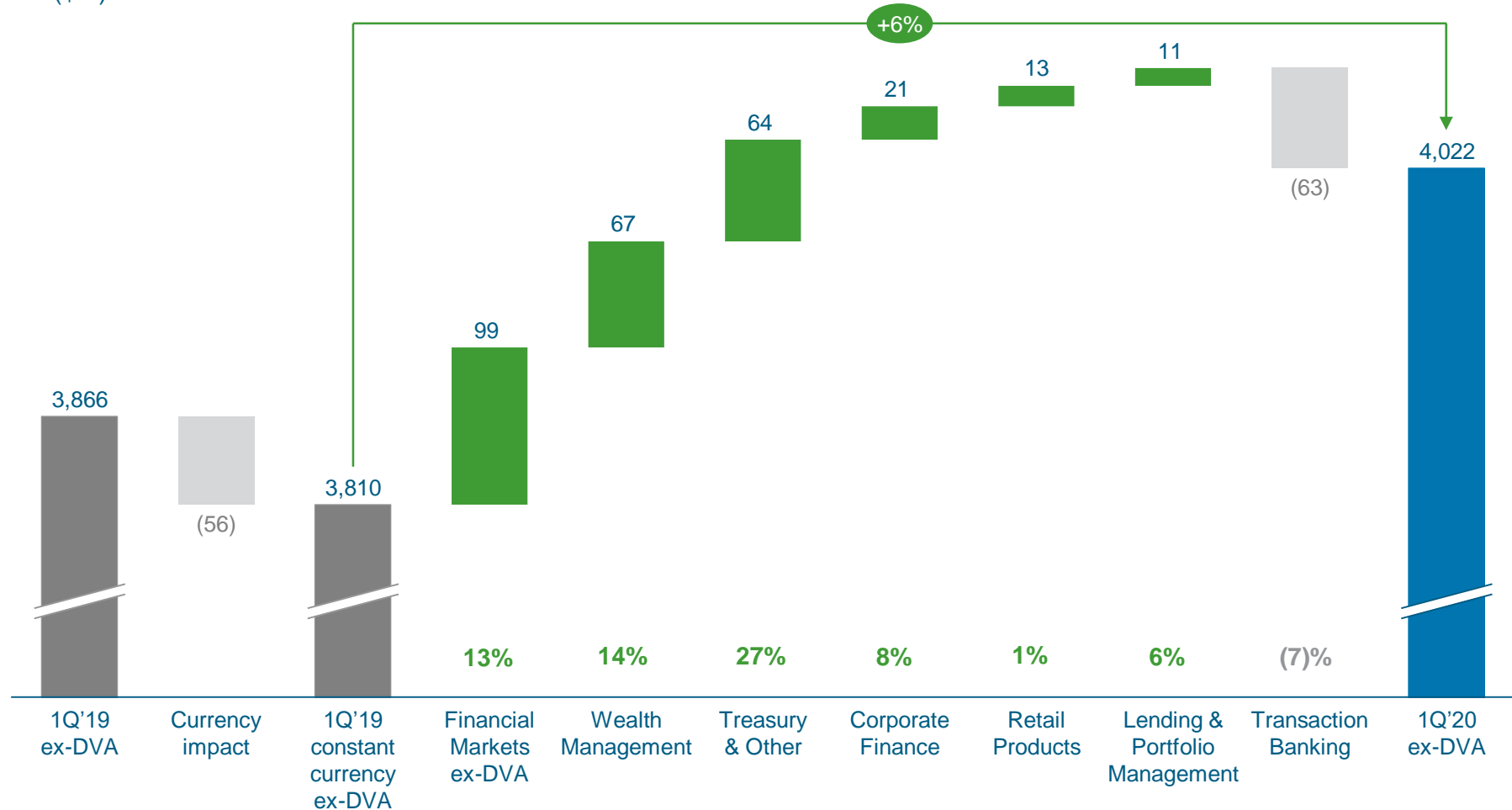
Costs

Risk

Capital/Liquidity

Broad-based growth, with particularly strong momentum in Jan-Feb

Income (\$m)



The net interest margin was impacted by extremely low rates

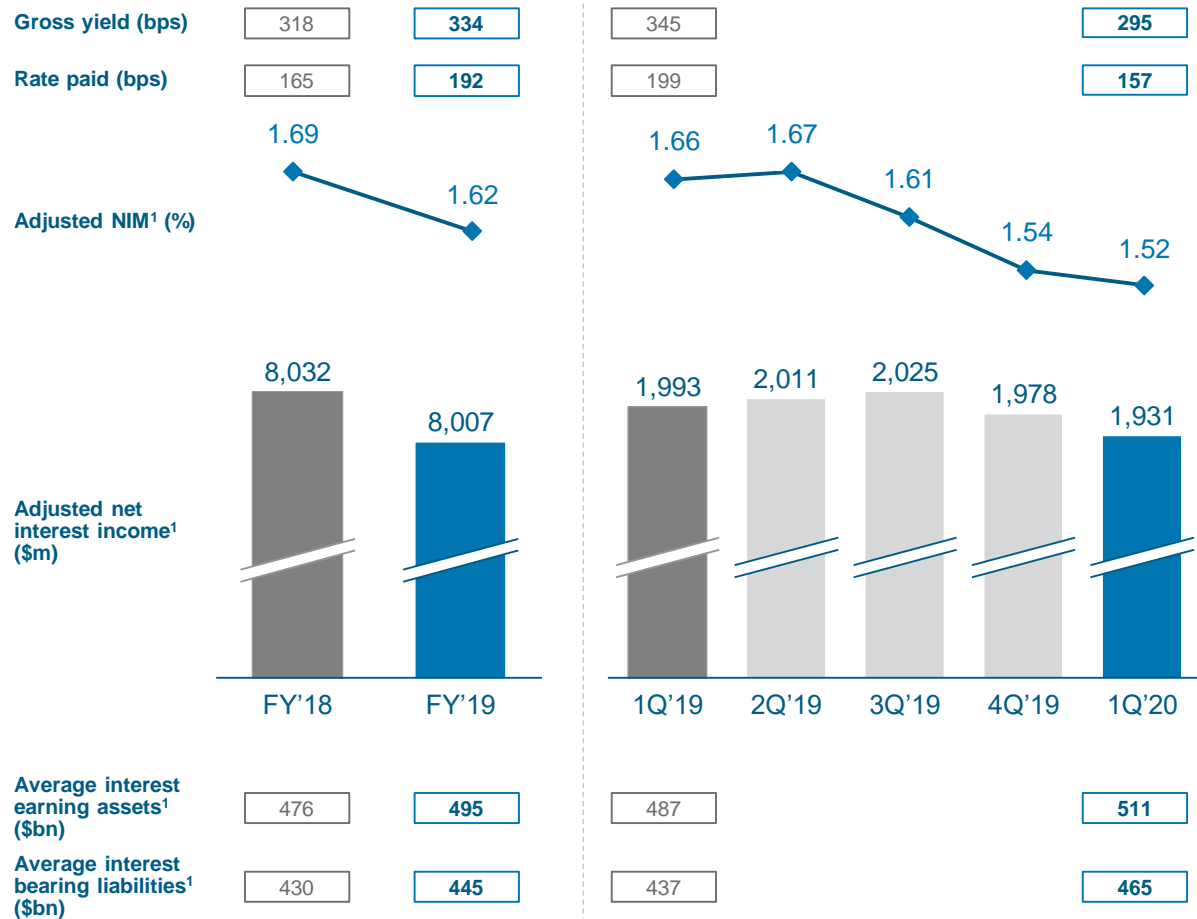
Income

Costs

Risk

Capital/Liquidity

The rate of decline slowed in 1Q'20 but we expect further NIM pressure through the remainder of 2020



- Adjusted NIM¹ down 2bps QoQ
 - Rate cuts in 1Q'20 and prior periods
 - ~\$(20)m NII due to lower day count
- Significant liquidity crunch in mid-March
 - See page 11 for RCF drawdowns
- Interest rate risk sensitivity in the banking book increases as rates approach zero
 - March 2020 cuts alone likely to reduce FY'20 income by a further ~\$600m

Strong growth in networked FM business and affluent customer WM income reflect strategic priorities

Income

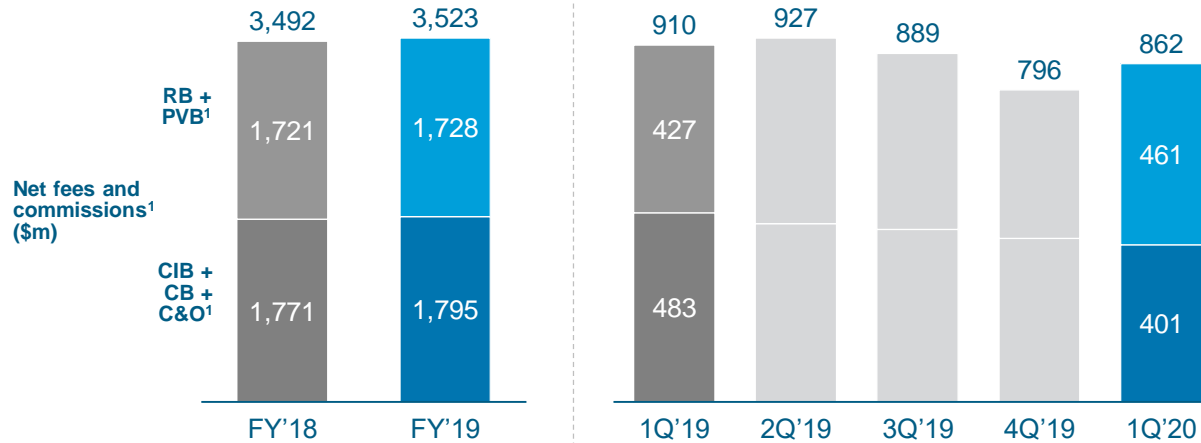
Costs

Risk

Capital/Liquidity

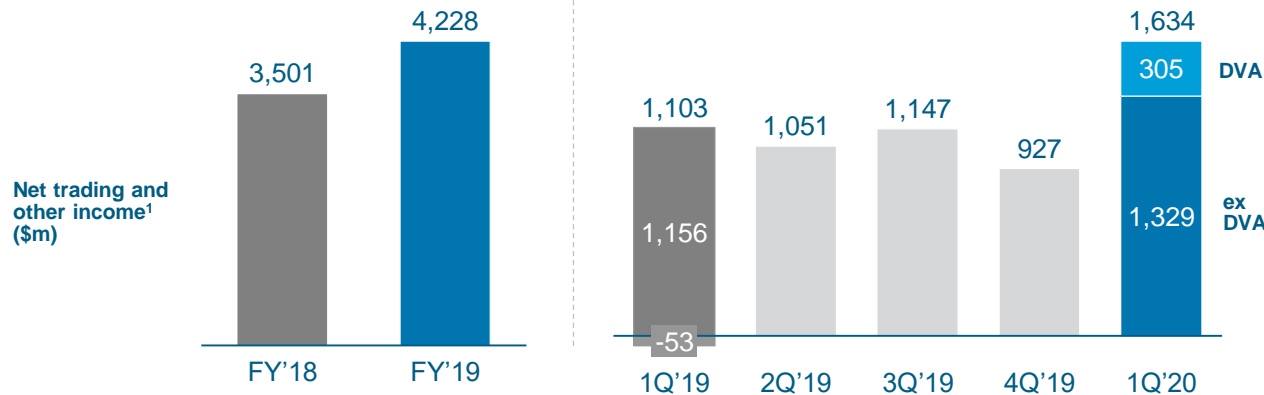
Other significant sources of income include those that consume less capital and are less sensitive to interest rates

Net fees and commissions¹ (\$m)



- Net fees and commissions down (5%)
 - CIB + CB + C&O down 17% driven by Transaction Banking
 - RB + PvB up 8% driven by Wealth Management

Net trading and other income¹ (\$m)



- Net trading and other income up 48%
 - Strong FX trading activity
 - \$358m positive DVA movement YoY
 - Gains in Treasury Markets

A firm grip on costs was maintained through 1Q'20, and will be tightened further through 2020

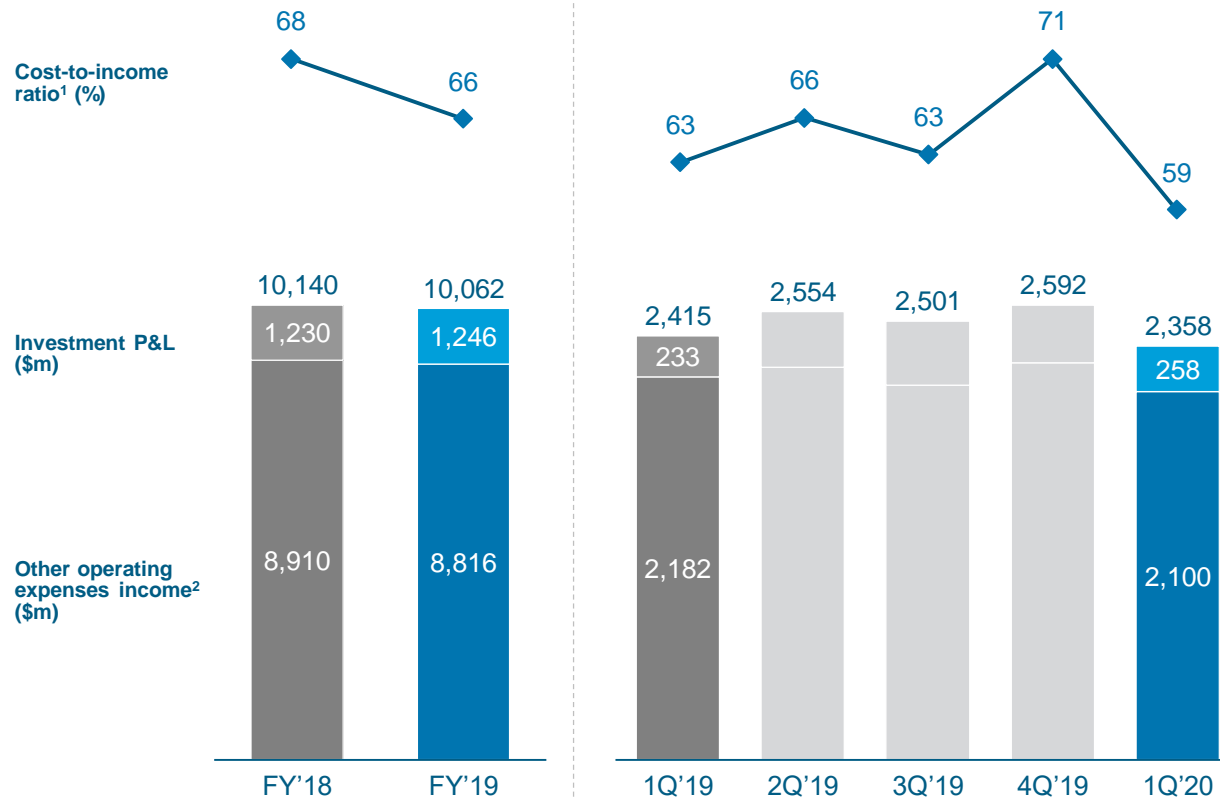
Income

Costs

Risk

Capital/Liquidity

We are taking action to mitigate the impact of the most recent interest rate cuts on pre-provision operating profit



- Operating expenses down 2%; down 1% ccy
 - 6% positive jaws ccy and ex-DVA
 - Costs < inflation: per guidance
 - Travel cost savings in Feb/Mar partially reinvested in remote working tools
 - Investment P&L expense up 11%, including amortisation cost of prior investments
- Cost actions to mitigate ~\$600m impact of most recent interest rate reductions ...
 - Accruing lower variable compensation
 - Re-prioritising investment spend
 - Pause on hiring
- ... targeting FY'20 costs² below \$10bn

The risk environment deteriorated considerably in 1Q'20 due to COVID and oil price volatility

Income

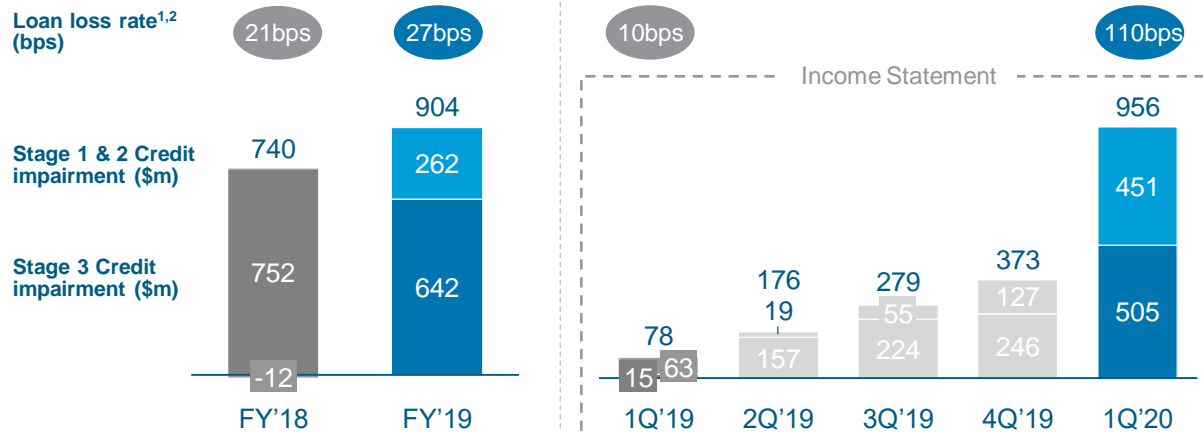
Costs

Risk

Capital/Liquidity

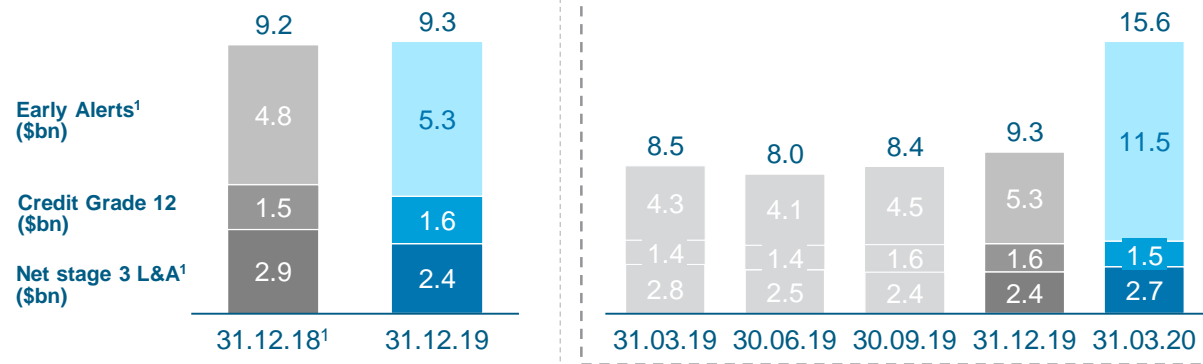
Securing our foundations in 2015-18 means we are better prepared to navigate extremely challenging conditions

Credit impairment (\$m) / Loan loss rate (bps)



- Credit impairment increased \$878m YoY
 - ~1/2 of \$505m Stage 3 impairment due to two separate exposures: one in Commodity Traders sector and one in Healthcare
 - See page 9 for Stage 1 and 2 analysis

Credit quality (\$bn)



- \$6.2bn increase in high risk³ assets QoQ
 - Net Stage 3 L&A up \$0.3bn
 - CG12 outflows to Stage 3 matched inflows
 - Early Alerts doubled: ~2/3 Aviation
 - Strong cover ratio 65% (4Q'19: 68%)⁴
- Investment grade exposures stable at 62%
- Retail 30 and 90 'day-past-due' rates stable

We significantly increased our provisions given heavily downgraded macroeconomic variables (MEVs)

Income

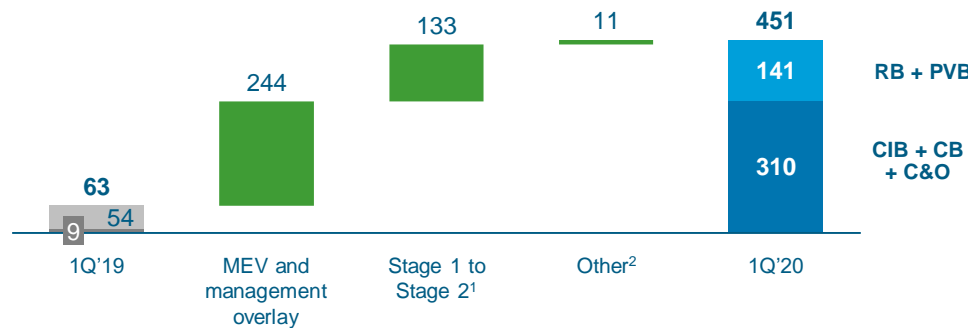
Costs

Risk

Capital/Liquidity

Increased impairment driven by modelled outcomes due to deteriorating MEVs plus management overlay

Stage 1 and 2 credit impairment (\$m)



- Stage 1 and 2 impairment \$451m, up \$388m YoY
 - ~1/2 modelled outcome, ~1/2 management overlay
- Model baseline: 31 March 2020

Baseline: change in GDP expectations for key footprint markets³

	GDP growth YoY % (@ 4Q'19 ⇒ @ 1Q'20)					Crude price Brent, bbl
	China	Hong Kong	Korea	Singapore	India	
2020 Forecast	6.2% ⇒ 4.0%	(1.6)% ⇒ (4.9)%	2.4% ⇒ 0.7%	1.5% ⇒ (2.3)%	6.4% ⇒ 3.1%	\$70 ⇒ \$35
2021 Forecast	6.0% ⇒ 5.8%	2.3% ⇒ 3.5%	2.5% ⇒ 2.5%	1.8% ⇒ 2.8%	6.7% ⇒ 5.6%	\$67 ⇒ \$44
5 year average base forecast	5.8% ⇒ 5.3%	1.6% ⇒ 1.3%	2.6% ⇒ 2.3%	2.1% ⇒ 1.2%	6.9% ⇒ 5.7%	\$71 ⇒ \$49

- MEVs deteriorated rapidly and widely
- Risk to base forecast:
 - Resilience of COVID virus
 - Efficacy of policy responses
 - Extent / duration of national lockdowns
 - Extent / duration of oil demand shock

We are managing exposures to more vulnerable sectors particularly carefully

Income

Costs

Risk

Capital/Liquidity

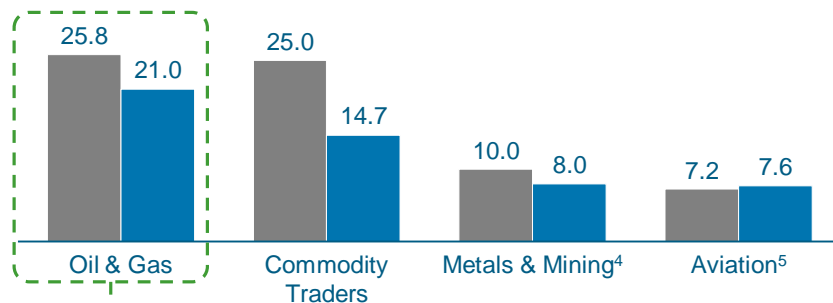
The size and quality of our exposure to vulnerable sectors has improved significantly since 2015

Sector overview

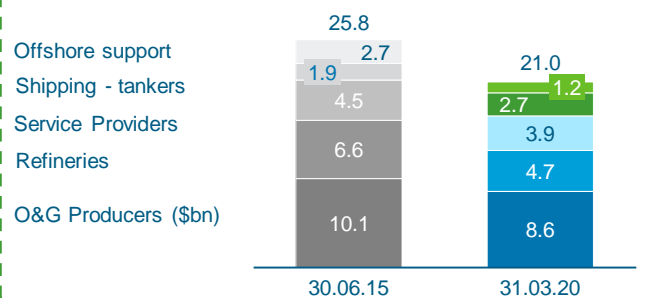
	(2Q'15% ⇒ 1Q'20%)			
% Investment grade	46% ⇒ 58%	30% ⇒ 42%	22% ⇒ 31%	30% ⇒ 52%
% < 1 year maturity	39% ⇒ 47%	88% ⇒ 93%	57% ⇒ 71%	27% ⇒ 40%
% High risk assets ¹	14% ⇒ 12%	11% ⇒ 7%	39% ⇒ 19%	13% ⇒ 63%
% Collateralised ²	35%	32%	28%	73%

Net nominal³ (\$bn)

30.06.15 31.03.20



Oil & Gas sub-sector net nominal³ exposures (\$bn)



Oil & Gas

- Overall exposure down 18% since 1H'15
 - Offshore support significantly reduced (54%)
 - Shipping – tanker exposure up 37%; demand for tankers for transport / storage has increased
- A further ~20% of exposures could potentially move into 'high risk'¹ if oil price < \$20/bbl for extended period

Commodity Traders

- Exposure down 41% since 1H'15
- 93% < 1 year maturity
- Credit impairment in 1Q'20 on specific exposures
- High risk¹ exposure low at 7% but potential to increase going forward

Metals & Mining

- Credit quality of portfolio continues to improve
 - < 1 year maturity up from 57% to 71%
 - High risk accounts reduced by 20%pts to 19%
- Coal producer exposure down ~75% to \$0.4bn

Aviation

- High risk¹ up to 63% due mainly to COVID
- 73% collateralised and 52% investment grade
- >50% to 'flag carriers' / state-owned airlines

1. "High risk" in this context means exposures classified in Early Alerts (Non-Purely Precautionary), CG12 or Stage 3.

2. Collateral is based upon current market value

3. Net nominal is the aggregate of loans and advances to customers/loans and advances to banks after impairment provisions, restricted balances with central banks, derivatives (net of master netting agreements), investment debt and equity securities, and letters of credit and guarantees

4. Metals & Mining includes Coal Producers

5. Around a quarter of the \$7.6bn Aviation exposure represent lease payments relating to our \$3.4bn aircraft leasing portfolio

We are extending credit carefully to support our clients' liquidity requirements

Income

Costs

Risk

Capital/Liquidity

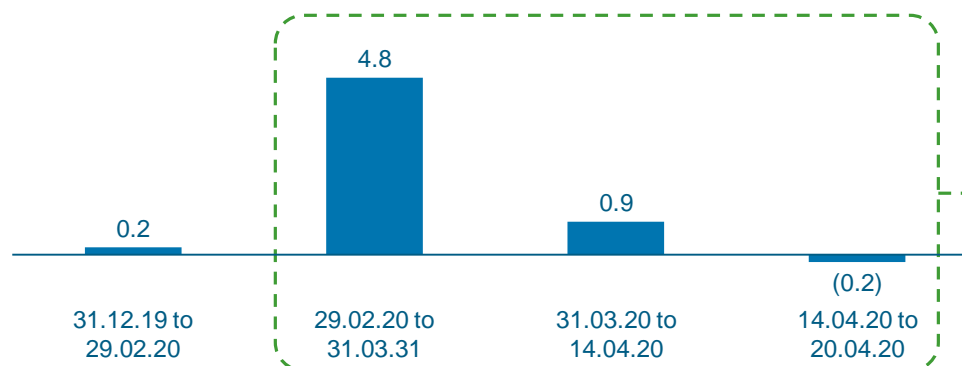
Corporate and institutional clients reacted rationally and proportionately to the evolving crisis

Total undrawn commitments¹ (\$bn)

	31.12.19	Δ 1Q'20
Retail Banking facilities ²	51.7	1.5
Unconditionally cancellable	9.3	(0.2)
Other ³	35.1	0.5
Revolving credit facilities	45.1	(5.1)
	141.2	(3.3)

- Corporate draw-downs, largely in Europe & Americas for backstop facility utilisation
 - A significant % was put back on deposit

Revolving credit facilities drawn down timeline (\$bn)



- Draw-downs peaked in March and the weekly rate has since reversed

We remain strongly capitalised, enabling us to maximise support for clients and communities

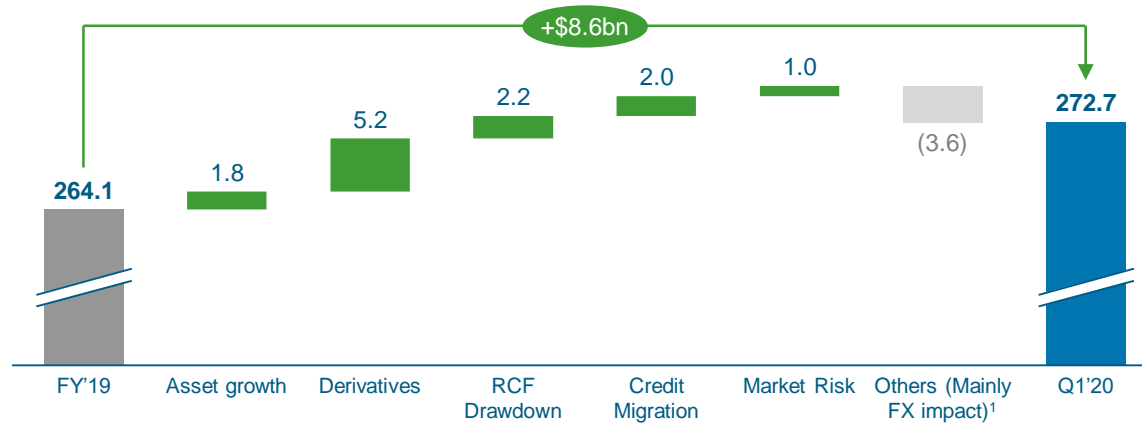
Income

Costs

Risk

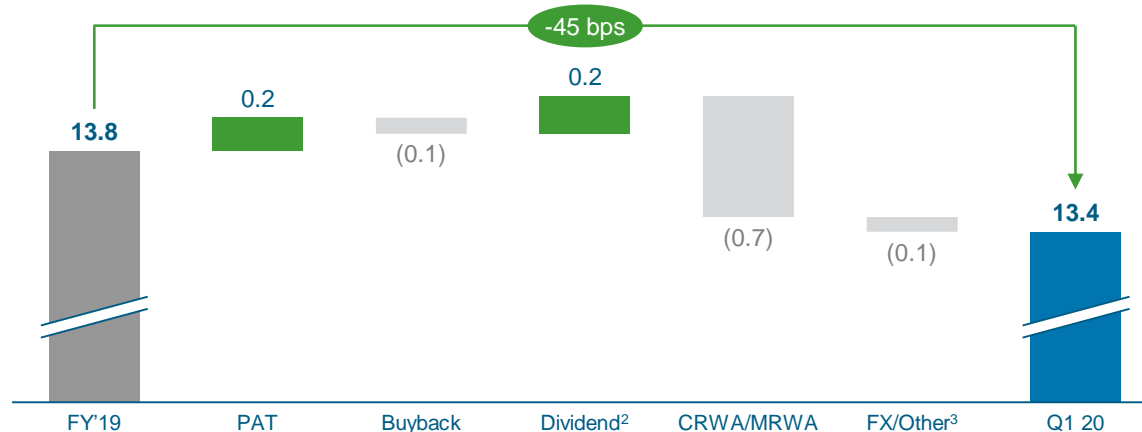
Capital/Liquidity

Risk-weighted assets (\$bn)



- RWA up 3% / \$9bn from 4Q'19
 - Mostly attributable to economic disruption related to COVID
- Earlier completion of Permata sale in 2Q'20 to release ~\$9.1bn of RWA (~40bps of CET1)

CET1 ratio (%)



- CET1 strong; middle of 13-14% target range
 - FY'19 final and HY'20 dividend ~30bps
- UK leverage ratio 4.9% vs 3.7% minimum
 - \$2bn of AT1 called in 1Q'20
 - Higher exposure measure, in part due to impact of COVID

Concluding remarks

The outlook is uncertain: but we will control costs, and continue to support employees, clients and communities

Outlook

- 2Q'20 will see major contraction in economic growth rates across most of the world
- Thereafter we believe there will be a gradual recovery, led by markets in our footprint
 - The efficacy of government actions will be key to the speed and extent of recovery
- We are well prepared for a protracted period of severe economic dislocation
- We will manage our costs prudently to provide some offset against income pressures

Our large markets in Asia¹ are expected to lead the recovery

IMF: real GDP growth forecasts²

	2020	2021
World Output	(3.0)	5.8
 Emerging / Developing Asia	1.0	8.5
China	1.2	9.2
India	1.9	7.4
ASEAN 5	(0.6)	7.8
 Advanced Economies	(6.1)	4.5
United States	(5.9)	4.7
Euro Area	(7.5)	4.7

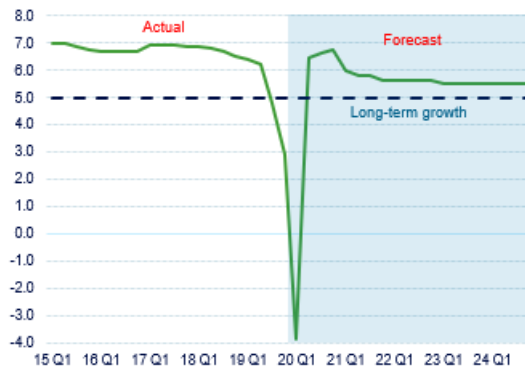
Appendix

Additional information, summary of abbreviated terms and important notice

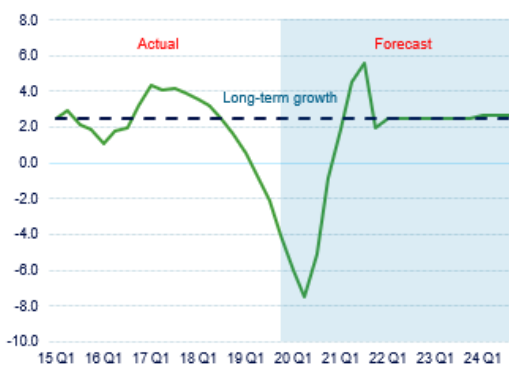
Stage 1 and 2 credit impairments: Baseline forecast GDP trends at 31 March 2020

Shape of GDP base forecasts in relation to prior period actuals and long-term growth rates

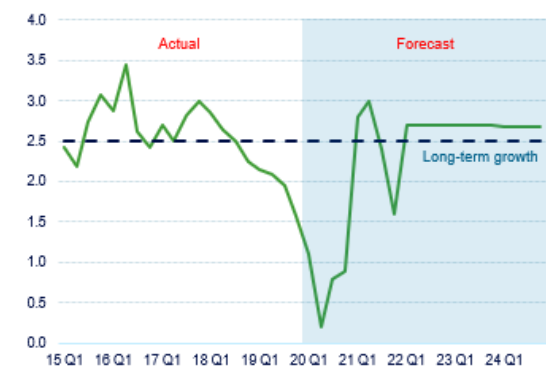
China GDP Forecast



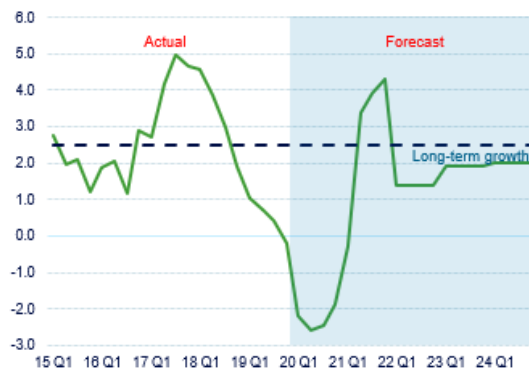
Hong Kong GDP Forecast



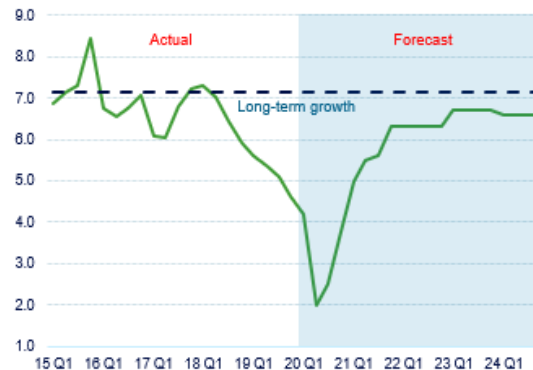
Korea GDP Forecast



Singapore Forecast

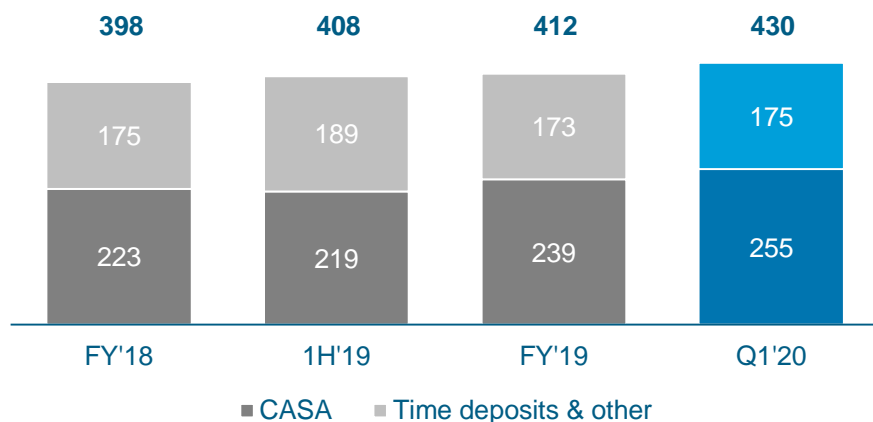


India Forecast



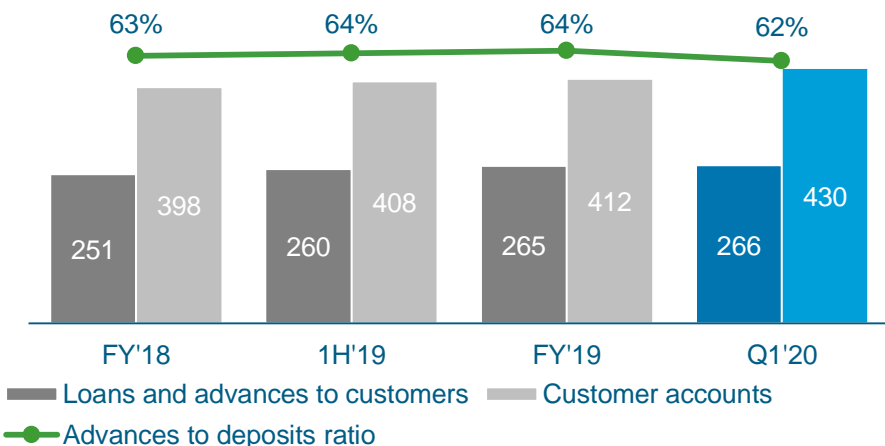
Liquidity position resilient, despite stresses related to COVID

Total customer deposits¹ (\$bn)

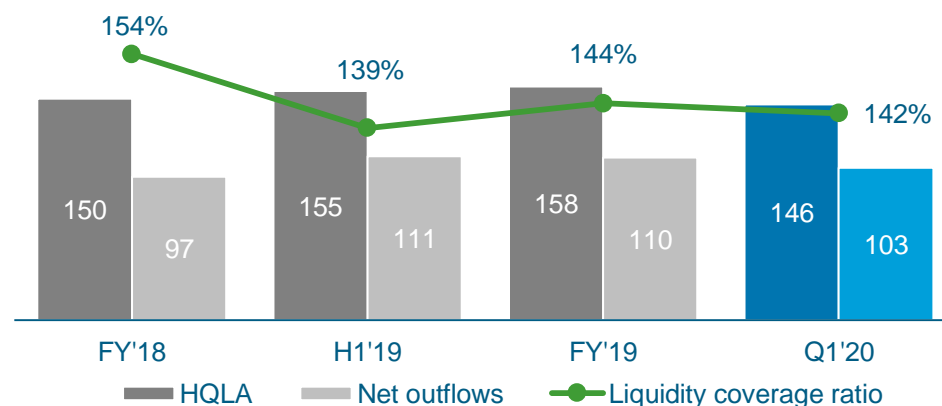


- 1Q'20 LCR of 142% and ADR of 62% demonstrate our resilient liquidity position underpinned by the strength and diversity of our client franchise
- We are funded largely by customer deposits; focused on funding customer assets with customer liabilities and improving the quality of those liabilities
- We kept our metrics strong despite the challenges brought by the impact of COVID, continuing to grow customer deposits
- We remain cautious, but have the capacity to manage further stress and selectively deploy our liquidity in support of clients

Advances-to-deposits ratio¹ (\$bn)

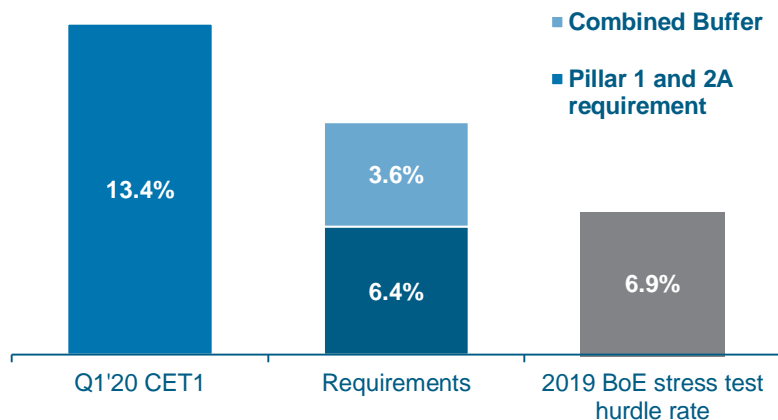


Liquidity coverage ratio (\$bn)



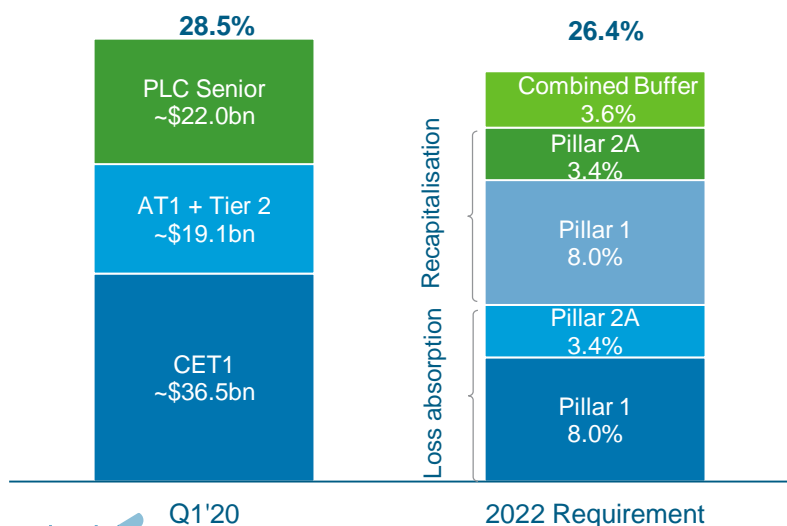
CET1 and MREL are well positioned relative to requirements

CET1: within target range, with material headroom to minimum requirements¹

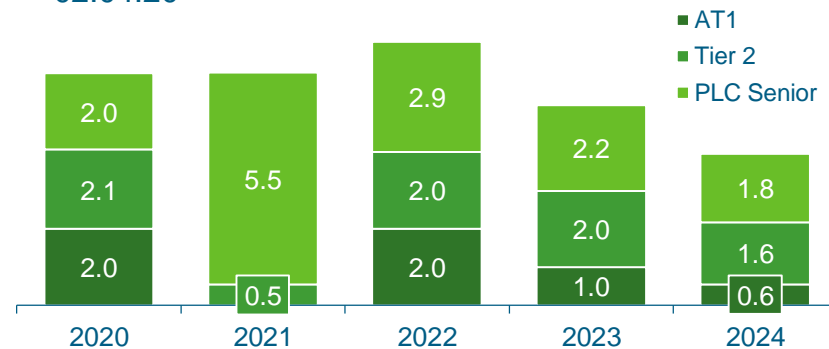


- 1Q'20 CET1 ratio of 13.4% within 13-14% target medium-term range: no change to CET1 target
- Reduction of countercyclical capital buffer rates (mainly in Hong Kong and UK) results in a ~20bps reduction in the Group's minimum CET1 requirement to 10.0%
- Current buffer of 650bps to 2019 BoE Stress Test pass mark, exceeding CET1 stress drawdowns in recent stress tests

MREL: meeting 2022 requirement today with manageable maturity profile²



- Issued \$4.8bn of MREL eligible senior debt in 1Q'20 demonstrating continued ability to access markets
- Manageable maturity profile: \$2bn AT1 called on 02.04.20³



1. CET1 requirement comprises: 4.5% Pillar 1 minimum, P2A 1.9%, Capital Conservation Buffer 2.5%, GSII Buffer 1%, Countercyclical Buffer 0.1%.

2. Refer to FY'19 Results presentation for definition of MREL. Maturity profile as at 31 March 2020. SC PLC & SCB, modelled on earlier of call date or maturity date

3. During the period, the Group announced its intention to call \$2bn 6.5% AT1 capital securities at their first call date in April 2020. The securities are not included in the Group's 1Q'20 prudential capital and MREL ratios but are included in the maturity schedule for illustrative purposes

Selected technical and abbreviated terms used in this document

Term	Definition
Affluent activities	Personal banking services offered to affluent and emerging affluent customers
AME	The Group's business in the Africa & Middle East region
ASA	The Group's business in the ASEAN & South Asia region
bps	Basis points
C&O	Central & Other
CB	The Group's Commercial Banking segment
Ccy	Year-on-year variance on a Constant Currency basis
CCR	Counterparty Credit Risk: the potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation
CMV	Current market value
COVID	COVID-19 (coronavirus disease) caused by the SARS-CoV-2 virus
CET1	Common equity tier 1 ratio: a measure of CET1 capital as a percentage of RWA
CG12	Credit Grade 12 accounts. Credit grades are indicators of likelihood of default. Credit grades 1 to 12 are assigned to performing customers, while credit grades 13 and 14 are assigned to non-performing or defaulted customers
CIB	The Group's Corporate & Institutional Banking segment
DPD	Day-past-due: one or more days that interest and/or principal payments are overdue based on the contractual terms
DVA	The Group calculates Debit Valuation Adjustments on its derivative liabilities to reflect changes in its own credit standing
EA	The Group's business in the Europe & Americas region
EAD	Exposure At Default: The estimation of the extent to which the Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit
Early Alerts	Early Alerts: a non-purely precautionary early alert account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management
ECL	Expected Credit Loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee
EPS	Earnings Per Share

Term	Definition
FM	The Group's Financial Markets business
FTE	Full-Time Equivalent employee
GCNA	The Group's business in the Greater China & North Asia region
Jaws	The relationship between income growth and cost growth in a given period. 'Positive' jaws = income growth > cost growth
L&A	Loans & Advances
Loan loss rate	Credit impairment for loans and advances to customers over average loans and advances to customers (annualised)
LGD	Loss Given Default: The percentage of an exposure that a lender expects to lose in the event of obligor default
M&M	Metals & Mining industry sector
MEV	Macroeconomic Variable: The determination of expected credit loss includes various assumptions and judgements in respect of forward-looking macroeconomic information
Network activities	Corporate and institutional banking services offered to clients utilising the Group's unique network in 59 markets across Asia, Africa and the Middle East
NBV	Net book value
NIM	Net interest margin, adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest-earning assets
NEW	Non-Employed Worker
O&G	Oil & Gas industry sector
PD	Probability of Default: an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation over a given time horizon
PvB	The Group's Private Banking segment
RB	The Group's Retail Banking segment
RCF	Revolving Credit Facility: a line of credit arranged between the Group and a business
RoRWA	Return on RWA: annualised profit as a percentage of RWA
RoTE	Return on Tangible Equity: Group average tangible equity is allocated to client segments based on average RWA utilised and the global level underlying effective tax rate is applied uniformly
RWA	Risk-Weighted Assets are a measure of the Group's assets adjusted for their associated risks

Important notice

This document contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of Standard Chartered PLC (the “Company”), the board of the Company (the “Directors”) and other members of its senior management about the strategy, businesses and performance of the Company and its subsidiaries (the “Group”) and the other matters described in this document. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results could differ materially from those contained in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. Forward-looking statements are based on current views, estimates and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict. Such risks, factors and uncertainties may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks, factors and uncertainties include but are not limited to: changes in the credit quality and the recoverability of loans and amounts due from counterparties; changes in the Group’s financial models incorporating assumptions, judgments and estimates which may change over time; risks relating to capital, capital management and liquidity; risks associated with implementation of Basel III and uncertainty over the timing and scope of regulatory changes in various jurisdictions in which the Group operates; risks arising out of legal and regulatory matters, investigations and proceedings; operational risks inherent in the Group’s business; risks arising out of the Group’s holding company structure; risks associated with the recruitment, retention and development of senior management and other skilled personnel; risks associated with business expansion or other strategic actions, including engaging in acquisitions, disposals or other strategic transactions; reputational, compliance, conduct, information and cyber security and financial crime risks; global macroeconomic and geopolitical risks; risks arising out of the dispersion of the Group’s operations, the locations of its businesses and the legal, political and economic environment in such jurisdictions; competition; risks associated with the UK Banking Act 2009 and other similar legislation or regulations; risks associated with the discontinuance of IBORs and transition to alternative reference rates; changes in the credit ratings or outlook for the Group; market, interest rate, commodity prices, equity price and other market risk; foreign exchange risk; financial market volatility; systemic risk in the banking industry and among other financial institutions or corporate borrowers; country risk; risks arising from operating in markets with less developed judicial and dispute resolution systems; risks arising out of regional hostilities, terrorist attacks, social unrest or natural disasters; risks arising out of health crises and pandemics, such as the COVID-19 (coronavirus) outbreak; climate related transition and physical risks; business model disruption risks; the implications of a post-Brexit and the disruption that may result in the United Kingdom and globally from the withdrawal of the United Kingdom from the European Union; and failure to generate sufficient level of profits and cash flows to pay future dividends. Please refer to the Company’s latest Annual Report for a discussion of certain other risks and factors which may impact the Group’s future financial condition and performance.

Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Company and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Company and/or the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable law or regulations, the Company expressly disclaims any obligation or undertaking to release publicly or make any updates or revisions to any forward-looking statement contained herein whether as a result of new information, future events or otherwise.

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