

# Final Results 2003

18 February 2004



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

Standard  
Chartered 

# **Leading the way**

in Asia, Africa and the Middle East

Bryan Sanderson  
Chairman

# Performance highlights

Pre-tax profit

\$1,542m



22%

Dividend

(per share)

52.0c



10.6%

# Positioned for growth

GDP growth %	2003	2004F*	2005F*
Hong Kong	3.0	6.0	4.0
Singapore	0.8	4.5	4.0
India	7.5	7.0	8.0
UAE	8.0	4.0	3.0
Malaysia	4.8	5.5	4.6
Kenya	2.0	4.2	4.9
Thailand	6.3	7.0	7.5
China	9.1	7.7	7.5

\*Standard Chartered forecasts

# Governance and corporate citizenship



- Meeting corporate governance guidelines
- Introducing changes to Board
- Strong culture of corporate social responsibility



# The way ahead

- Build reputation for performance
- Strengthen brand and reputation
- Grow, invest and deliver



# Leading the way

in Asia, Africa and the Middle East

Peter Sands  
Group Finance Director

# Group results

**US\$m**

**2002**

**2003**

Revenue

4,539

4,753

Cost (inc goodwill)

(2,557)

(2,664)

Profit before provisions

1,982

2,089

Debt charge

(712)

(536)

**Trading profit**

**1,262**

**1,542**



# Performance highlights

## Normalised metrics

2002

2003

EPS

74.9c

89.6c

Cost to income ratio

53.6%

53.9%

ROE

13.4%

15.3%

# Results by geography

Trading profit US\$m	2002	2003	Change (%)
Hong Kong	366	427	17
Singapore	235	243	3
Malaysia	78	102	31
Other APR	105	153	46
India	166	186	12
UAE	141	141	0
Other MESA	151	175	16
Africa	101	151	50
Americas, UK & Group	(81)	(36)	56
<b>Total</b>	<b>1,262</b>	<b>1,542</b>	<b>22</b>

# Consumer Banking results

**US\$m**

**2002**

**2003**

Revenue

2,416

2,492

Cost (excl goodwill)

(1,190)

(1,274)

Profit before provisions

1,226

1,218

Debt charge

(603)

(478)

**Trading profit**

**623**

**740**

# Consumer Banking revenue

Revenue US\$m	2002	2003	Change (%)
Hong Kong	1,013	955	(6)
Singapore	313	329	5
Malaysia	156	162	4
Other APR	285	333	17
India	204	224	10
UAE	92	102	11
Other MESA countries	121	138	14
Africa	137	170	24
Americas, UK & Group	95	79	(17)
<b>Total</b>	<b>2,416</b>	<b>2,492</b>	<b>3</b>

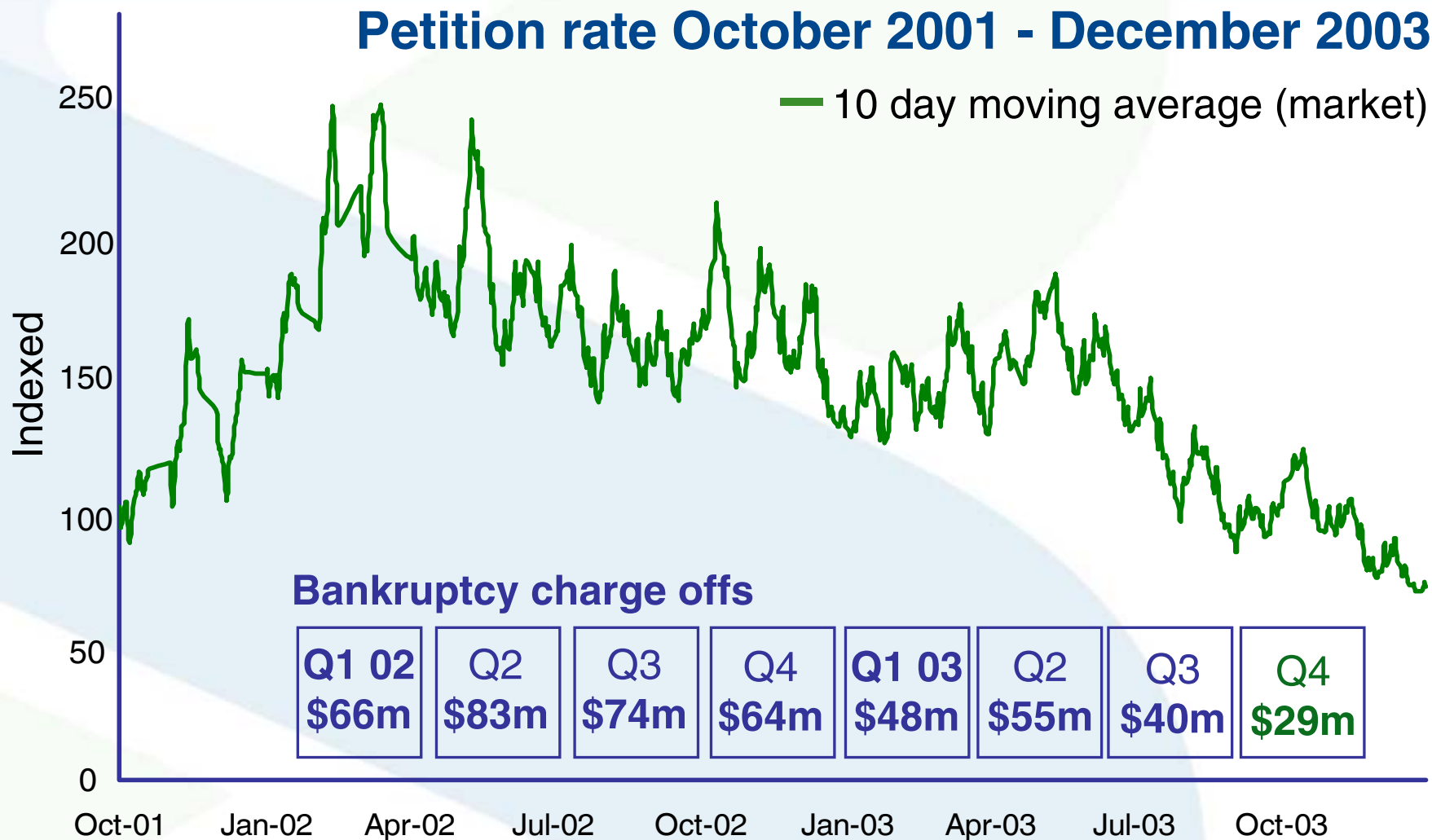
# Consumer Banking Hong Kong



US\$m	H1 2002	H2 2002	H1 2003	H2 2003
Revenue	533	480	465	490
Cost (excl goodwill)	(200)	(222)	(192)	(224)
Profit before provisions	333	258	273	266
Debt charge	(238)	(196)	(164)	(118)
Trading profit	95	62	109	148

# Hong Kong bankruptcy

## Petition rate October 2001 - December 2003





# Consumer Banking debt charge

**US\$m**

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**2002**

**2003**

Rest of the world

169

196

Hong Kong

434

282

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**Total**

**603**

**478**

# Wholesale Banking results

**US\$m**

**2002**

**2003**

Revenue

2,123

2,261

Cost (excl goodwill)

(1,211)

(1,256)

Profit before provisions

912

1,005

Debt charge

(109)

(58)

**Trading profit**

**795**

**936**

# Wholesale Banking revenues

**US\$m**

**2002**

**2003**

Trade and lending

775

819

Global markets

973

1,059

Cash management

315

318

Custody

60

65

**Revenues**

**2,123**

**2,261**

# Wholesale Banking debt charge

**US\$m**

**2002**

**2003**

Gross charge

260

250

Recoveries

(151)

(192)

**Total**

**109**

**58**

# Wholesale Banking costs

US\$m

2002

2003

H1

608

629

H2

603

627

Full year

1,211

1,256

+45

# Consumer Banking costs

US\$m

2002

2003

H1

568

596

H2

622

678

Full year

1,190

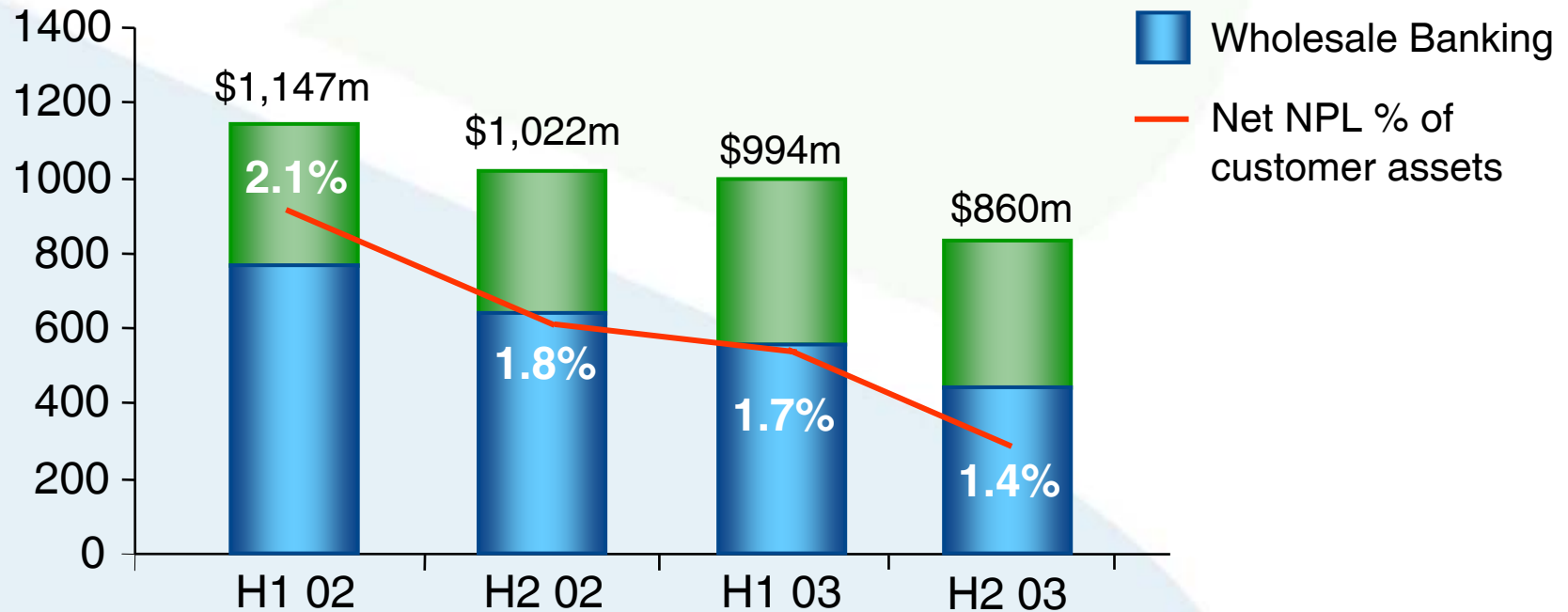
1,274

+84



# Risk management

Net NPL US\$m



76%

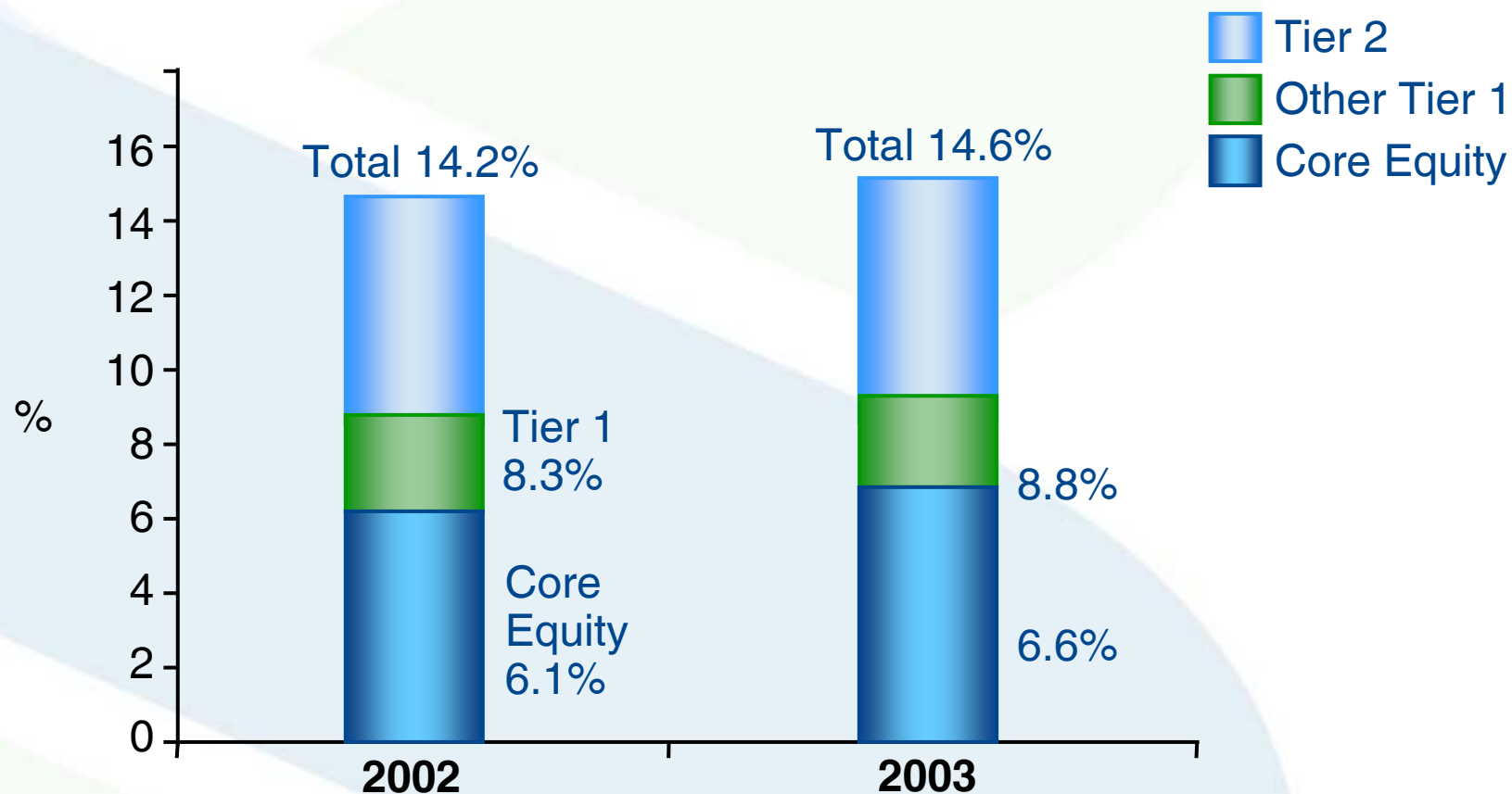
78%

79%

81%

Wholesale Banking  
Cover Ratio (%)

# Capital management



# Strong performance

- Consistent delivery
- Progress on key metrics
- Investment for growth
- Firm management of costs, risks and capital

# **Leading the way**

in Asia, Africa and the Middle East

Mervyn Davies  
Group Chief Executive

# Leading the way

- Delivered against promises
- Ambition for the future
- Achieving our aspiration

# Management agenda

## 2002

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Build Consumer Banking market share

Improve Wholesale returns

Capture profitable growth in India and China

Transition Thailand and Taiwan to profitability

Deliver technology efficiency

Rationalise central costs

Control risk

Improve capital efficiency

## 2003

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Drive returns in Wholesale Banking

Accelerate India growth

Leverage the China opportunity

Drive technology improvements

Grow Consumer Banking revenue



# Driving performance



Earnings Per Share (EPS)

▲ **89.6c**

Return on Equity (RoE)

▲ **15.3%**

Cost / Income Ratio

▼ **53.9%**

Total Shareholder Return (TSR)

▲ **36.7%**



Seeing is Believing  
Eyesight restored

**56,000** ▲

Q12 Staff Engagement  
Survey - participation

**95%** ▲

Customer Satisfaction

Wholesale -

GQI **571** ▲

Consumer -

Index **102** ▲

# Leading the way

<b>Strategic intent</b>	<b>The world's best international bank</b> <i><b>Leading the way in Asia, Africa and the Middle East</b></i>				
<b>brand promise</b>	<b>The Right Partner</b>				
<b>values</b>	<b>Responsive ♦ Trustworthy ♦ Creative ♦ International ♦ Courageous</b>				
<b>approach</b>	<b>Participation</b> Focusing on attractive, growing markets where we can leverage our customer relationships and expertise	<b>Competitive Positioning</b> Combining global capability, deep local knowledge and creativity to outperform our competitors	<b>Management Discipline</b> Balancing the pursuit of growth with firm control of costs and risks		
<b>commitment to stakeholders</b>	<b>Customers</b> Passionate about our customers' success, delighting them with the quality of our service	<b>Our people</b> Helping our people to grow, enabling individuals to make a difference and teams to win	<b>Communities</b> Trusted and caring, dedicated to making a difference	<b>Investors</b> A distinctive investment delivering outstanding performance and superior returns	<b>Regulators</b> Exemplary governance and ethics wherever we are

# 2004 priorities

- Accelerate consumer banking revenue growth
- Continue to drive returns in wholesale banking
- Step up growth in India
- Build China options
- Deliver technology benefits
- Begin out-serve journey

*"Grow, invest and deliver"*

# Consumer Banking

- Engine for future growth
- Strong risk and sales culture
- Driving up service levels
- Real momentum





# Wholesale Banking

- Grow customer revenues
- Deliver operating “jaws”
- Keep economic capital flat
- Manage risk proactively



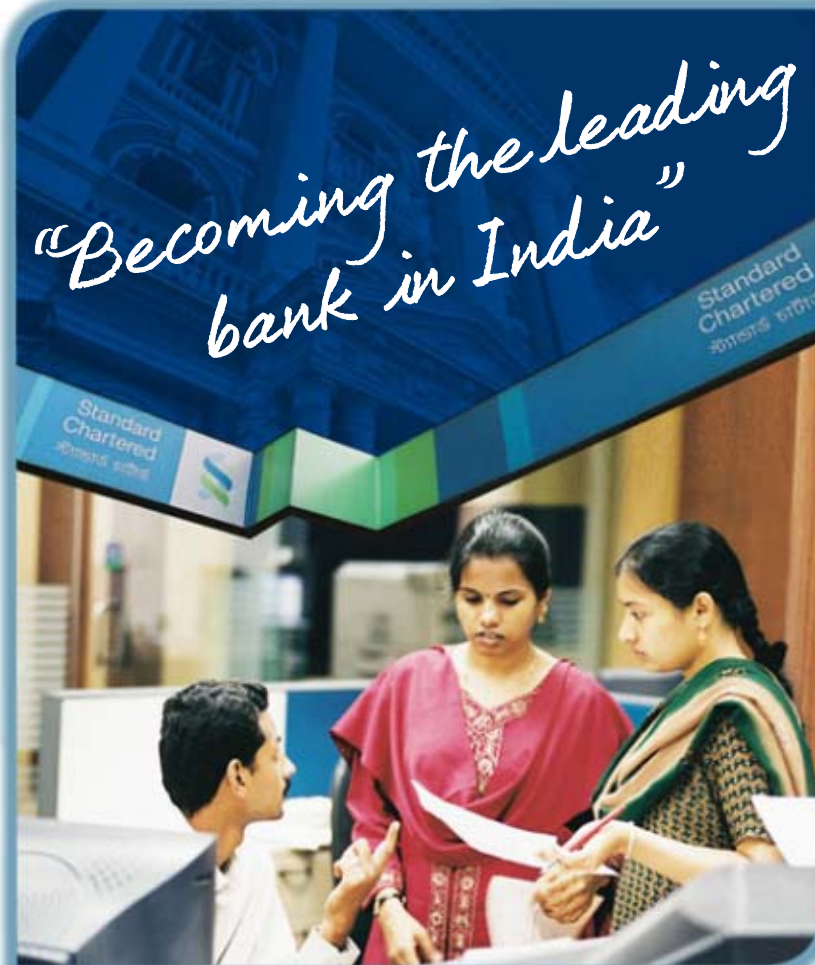
# Hong Kong and China



- Leverage improved sentiment in Hong Kong
- Rebuild unsecured asset base
- Capture economic integration opportunities
- Build China options

*"Well positioned for Greater China opportunities"*





- Robust asset growth
- Growing customer base
- Short term margin challenges
- Building sustainable growth

# Technology and operations

*"Creating room for investment"*



- Rigorous vendor management
- Hub-spoke optimisation
- Focused investment in infrastructure and business growth

- Benchmarked against other service leaders
- Long term journey
- Building “outserve” culture



# Outlook

- Growth
- Investment
- Delivery

