

# Half Year Results 2010

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



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

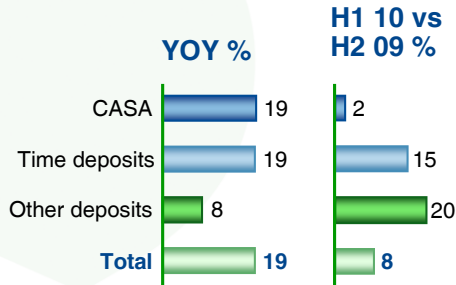
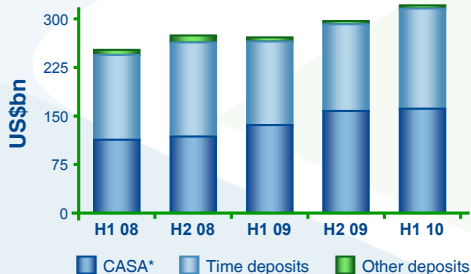
**Richard Meddings**  
Group Finance Director

- Income over US\$7.9 billion and record levels of profit
- Costs up as we continue to invest with confidence
- Risk environment improving and loan impairment sharply down
- Foundations remain in excellent shape

US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
Income	7,960	7,224	7,924	(0)	10
Expenses	(4,027)	(3,925)	(4,344)	8	11
Operating profit before impairment	3,933	3,299	3,580	(9)	9
Loan impairment	(1,088)	(912)	(437)	(60)	(52)
Other impairment	(15)	(87)	(50)	233	(43)
Profit from associates	8	13	23	188	77
<b>Profit before tax</b>	<b>2,838</b>	<b>2,313</b>	<b>3,116</b>	<b>10</b>	<b>35</b>
<b>Profit attributable to ordinary shareholders</b>	<b>1,883</b>	<b>1,396</b>	<b>2,098</b>	<b>11</b>	<b>50</b>

	H1 09	H1 10	YOY %
Normalised EPS (cents)	95.0	104.9	10
DPS (cents)	21.23	23.35	10
Normalised ROE (%)	17.0	14.7	

# Group balance sheet



\* CASA - Current and savings accounts

# Group balance sheet - assets

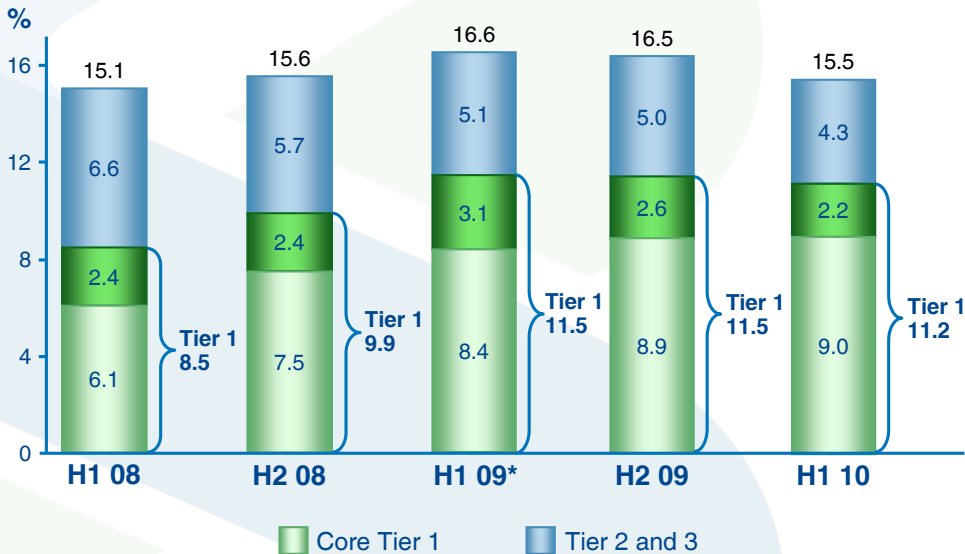
US\$bn	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
Consumer loans to customers	84.5	94.6	102.9	22	9
Wholesale loans to customers	101.2	108.1	117.2	16	8
Portfolio impairment provision	(0.8)	(0.9)	(0.8)	0	(11)
Derivatives	45.8	38.2	44.6	(3)	17
Loans and advances to banks	45.4	50.9	49.4	9	(3)
Assets held at fair value†	14.2	18.9	19.9	40	5
Investment securities	72.6	75.7	76.8	6	1
Cash at central banks	12.1	18.1	29.7	145	64
Other	36.2	33.1	41.1	14	24
<b>Total assets</b>	<b>411.2</b>	<b>436.7</b>	<b>480.8</b>	<b>17</b>	<b>10</b>
Of which: Asset backed securities*	3.0	2.9	2.6	(13)	(10)
Commercial real estate**	6.8	7.0	8.3	22	19
Leveraged loans	1.7	1.2	0.7	(59)	(42)
Level 3 assets	1.9	2.0	2.4	26	20

† Excludes loans to customers held at fair value

\* Reflects balance sheet carrying value

\*\* Average loan to value of 48%





\* Includes the impact of equity placing

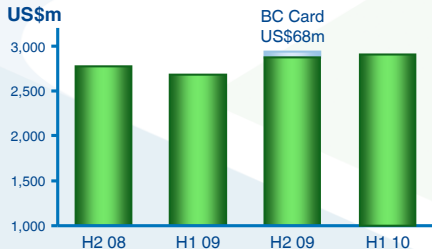
# Consumer Banking performance

US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
Income	2,685	2,944	2,912	8	(1)
Expenses	(1,780)	(1,929)	(1,966)	10	2
Operating profit before impairment	905	1,015	946	5	(7)
Loan impairment	(563)	(489)	(299)	(47)	(39)
Other impairment	6	(7)	(4)	nm	(43)
<b>Operating profit</b>	<b>348</b>	<b>519</b>	<b>643</b>	<b>85</b>	<b>24</b>

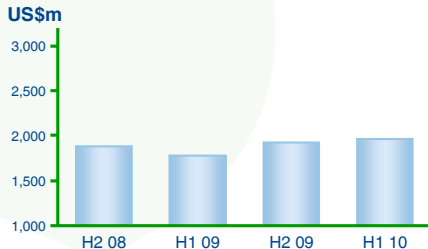
# Consumer Banking performance trends



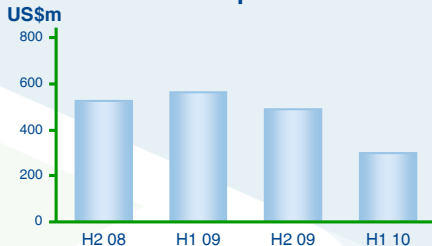
## Income



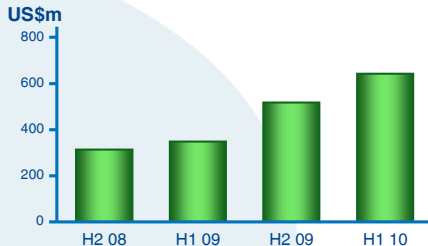
## Expenses



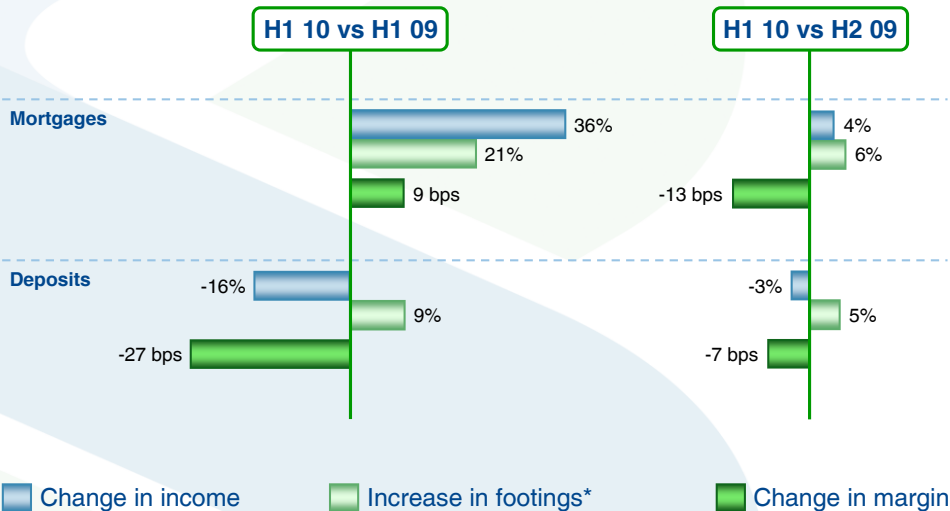
## Loan impairment



## Profit



# Consumer Banking income

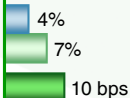


\* For mortgages and CCPL footings are loans to customers, for SME loans to customers and deposits combined and for deposits, deposits only

# Consumer Banking income continued

H1 10 vs H1 09

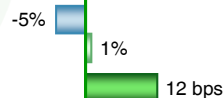
CCPL



SME



H1 10 vs H2 09



Change in income

Increase in footings\*

Change in margin

\* For mortgages and CCPL footings are loans to customers, for SME loans to customers and deposits combined and for deposits, deposits only

# Consumer Banking loan impairment trend

		Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	H1 10
<b>Mortgages</b>	LI/ANR	0.31%	0.08%	0.16%	0.03%	0.07%	0.05%
	30dpd/ENR	1.19%	0.99%	0.90%	0.70%	0.70%	0.70%
	Loan book (US\$bn)	51	55	58	60	61	61
	LI (US\$m)	40	11	23	5	12	17
<b>SME</b>	LI/ANR	1.96%	1.48%	1.33%	0.68%	0.52%	0.60%
	90dpd/ENR	2.42%	1.91%	1.61%	1.37%	1.10%	1.10%
	Loan book (US\$bn)	12	14	13	14	14	14
	LI (US\$m)	54	44	43	24	20	44
<b>Other Including personal loans &amp; credit cards</b>	LI/ANR	3.21%	3.52%	2.81%	2.09%	1.76%	1.93%
	30dpd/ENR	3.40%	2.77%	2.68%	2.68%	2.58%	2.58%
	Loan book (US\$bn)	22	22	24	25	28	28
	LI (US\$m)	208	199	169	129	109	238
<b>Total</b>	LI/ANR	1.35%	1.13%	0.98%	0.62%	0.54%	0.58%
	30dpd/ENR	1.92%	1.60%	1.39%	1.26%	1.20%	1.20%
	Loan book (US\$bn)	85	90	95	100	103	103
	LI (US\$m)	302	254	235	158	141	299

NOTE: LI - Loan impairment, ANR - Average net receivables, ENR - End period net receivables

# Wholesale Banking performance

US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
Income	5,027	4,264	5,012	(0)	18
Expenses	(2,247)	(1,938)	(2,357)	5	22
Operating profit before impairment	2,780	2,326	2,655	(4)	14
Loan impairment	(525)	(423)	(138)	(74)	(67)
Other impairment	(6)	(76)	(46)	nm	(39)
<b>Operating profit</b>	<b>2,249</b>	<b>1,827</b>	<b>2,471</b>	<b>10</b>	<b>35</b>
Risk weighted assets (US\$bn)	153.3	160.7	174.6	14	9

## Client income growth YOY %



## Income growth YOY %





# Diversified income streams

Total income by product US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
<b>Lending &amp; Portfolio Mgt</b>	<b>412</b>	<b>437</b>	<b>465</b>	<b>13</b>	<b>6</b>
<b>Transaction Banking</b>	<b>1,272</b>	<b>1,265</b>	<b>1,282</b>	<b>1</b>	<b>1</b>
Trade	625	664	691	11	4
Cash Mgt & Custody	647	601	591	(9)	(2)
<b>Global Markets</b>	<b>3,343</b>	<b>2,562</b>	<b>3,265</b>	<b>(2)</b>	<b>27</b>
Financial Markets	2,036	1,275	1,711	(16)	34
ALM	557	406	488	(12)	20
Corporate Finance	615	679	932	52	37
Principal Finance	135	202	134	(1)	(34)
<b>Total Wholesale Banking</b>	<b>5,027</b>	<b>4,264</b>	<b>5,012</b>	<b>(0)</b>	<b>18</b>
Of which client income % of total	3,454 69	3,428 80	4,063 81	18	19

Total income by product US\$m	H1 09	H2 09	H1 10	YOY %	H1 10 vs H2 09 %
FX	831	518	646	(22)	25
Rates	573	306	512	(11)	67
Commodities and Equities	236	153	165	(30)	8
Capital Markets	226	183	233	3	27
Credit and Other	170	115	155	(9)	35
<b>Total Financial Markets</b>	<b>2,036</b>	<b>1,275</b>	<b>1,711</b>	<b>(16)</b>	<b>34</b>
Of which client income % of total	1,229 60	1,043 82	1,341 78	9	29

# Wholesale Banking loan impairment

US\$m	H1 09	H2 09	H1 10	YOY %
Specific impairment provision	(498)	(384)	(204)	(59)
Recoveries	19	57	30	58
Portfolio impairment provision	(46)	(96)	36	nm
<b>Total net charge</b>	<b>(525)</b>	<b>(423)</b>	<b>(138)</b>	<b>(74)</b>
Loans and advances to customers (US\$bn)*	101.2	108.1	117.2	16

\* Excludes portfolio impairment provision

US\$m	H1 09	H2 09	H1 10	YOY %
Income	270	263	283	5
Expenses	(289)	(187)	(171)	(41)
Operating profit before impairment	(19)	76	112	nm
Loan impairment	(41)	(26)	9	nm
Other impairment	-	(1)	-	nm
<b>Operating profit</b>	<b>(60)</b>	<b>49</b>	<b>121</b>	<b>nm</b>

US\$m	H1 09	H2 09	H1 10	YOY %	YOY % Constant currency
Income	705	849	796	13	(3)
Consumer Banking	423	572	510	21	3
Wholesale Banking	282	277	286	1	(15)
Expenses	(439)	(514)	(518)	18	1
Operating profit before impairment	266	335	278	5	(11)
Loan impairment	(185)	(93)	(129)	(30)	(40)
Other impairment		(1)			
<b>Operating profit</b>	<b>81</b>	<b>241</b>	<b>149</b>	<b>84</b>	<b>57</b>

- Good momentum in both businesses
- Well positioned in growth markets
- Remain focused on foundations

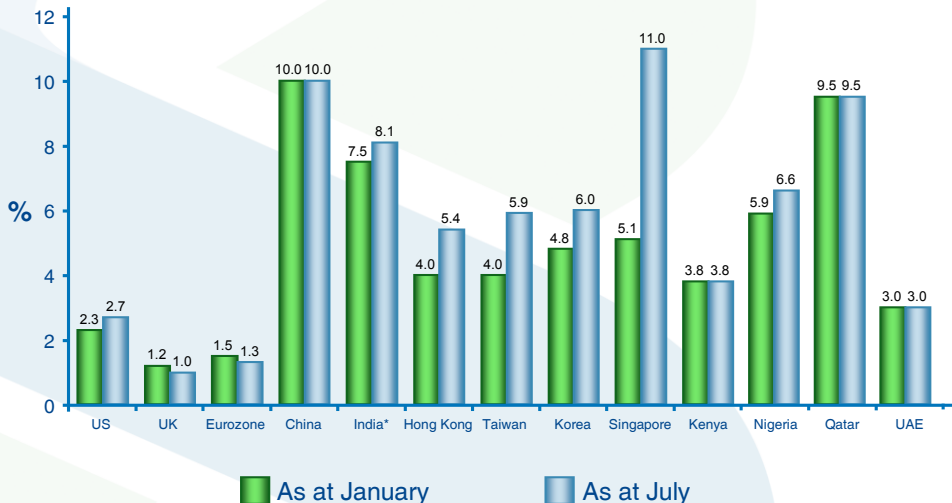
# **Leading the way** in Asia, Africa and the Middle East

**Peter Sands**  
Group Chief Executive

- Global imbalances
- Deleveraging
- Fiscal tightening and monetary withdrawal
- Unemployment and protectionism
- Unintended consequences of regulation



## GDP forecasts 2010





- Leading the way in Asia, Africa and the Middle East
- Building deep and enduring relationships
- Focused on the basics of banking
- Emphasis on organic growth, supported by capability and geographical acquisitions



中国农业银行  
AGRICULTURAL BANK OF CHINA

Standard  
Chartered  
渣打银行

中国农业银行与渣打银行  
Agricultural Bank of China and Standard Chartered Bank

## 战略合作备忘录签署仪式

Strategic MOU Signing Ceremony

2010年6月17日 中国·北京  
June 17, 2010 Beijing · China







## Income growth H1 10 vs H1 09

October 2007



Aircraft Leasing, Financing and Management Services

December 2007

Harrison Lovegrove + co

52%

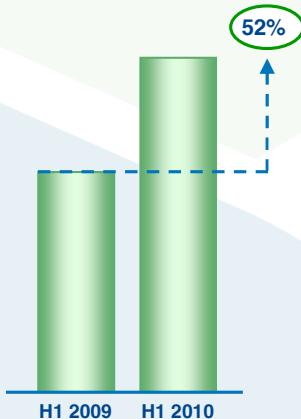
January 2009

CAZENOVE  
ASIA

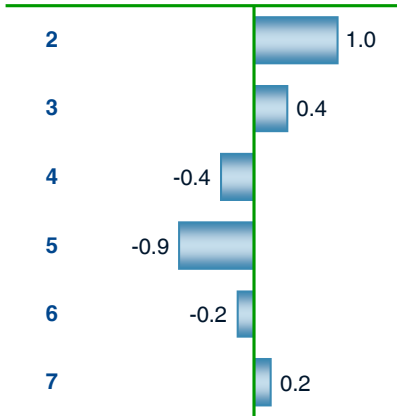
February 2009



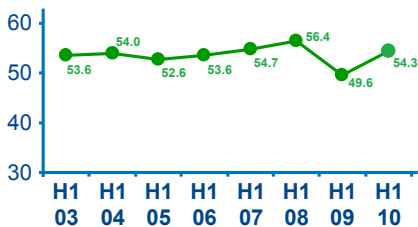
FIRST AFRICA



**Cumulative  
headline jaws (%)**



**Normalised C/I (%)**









- Consistent performance
- Watchful over global outlook
- Investing for long term growth
- Focused on the basics
- The Bank is in great shape