



Leading the way in Asia, Africa and the Middle East

Full Year Results 2012



Forward looking statement

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Leading the way in Asia, Africa and the Middle East

Sir John Peace
Chairman

Performance highlights

Profits before tax

US\$6.9bn



1%

Normalised return on equity

12.8%



60bps

Dividend per share

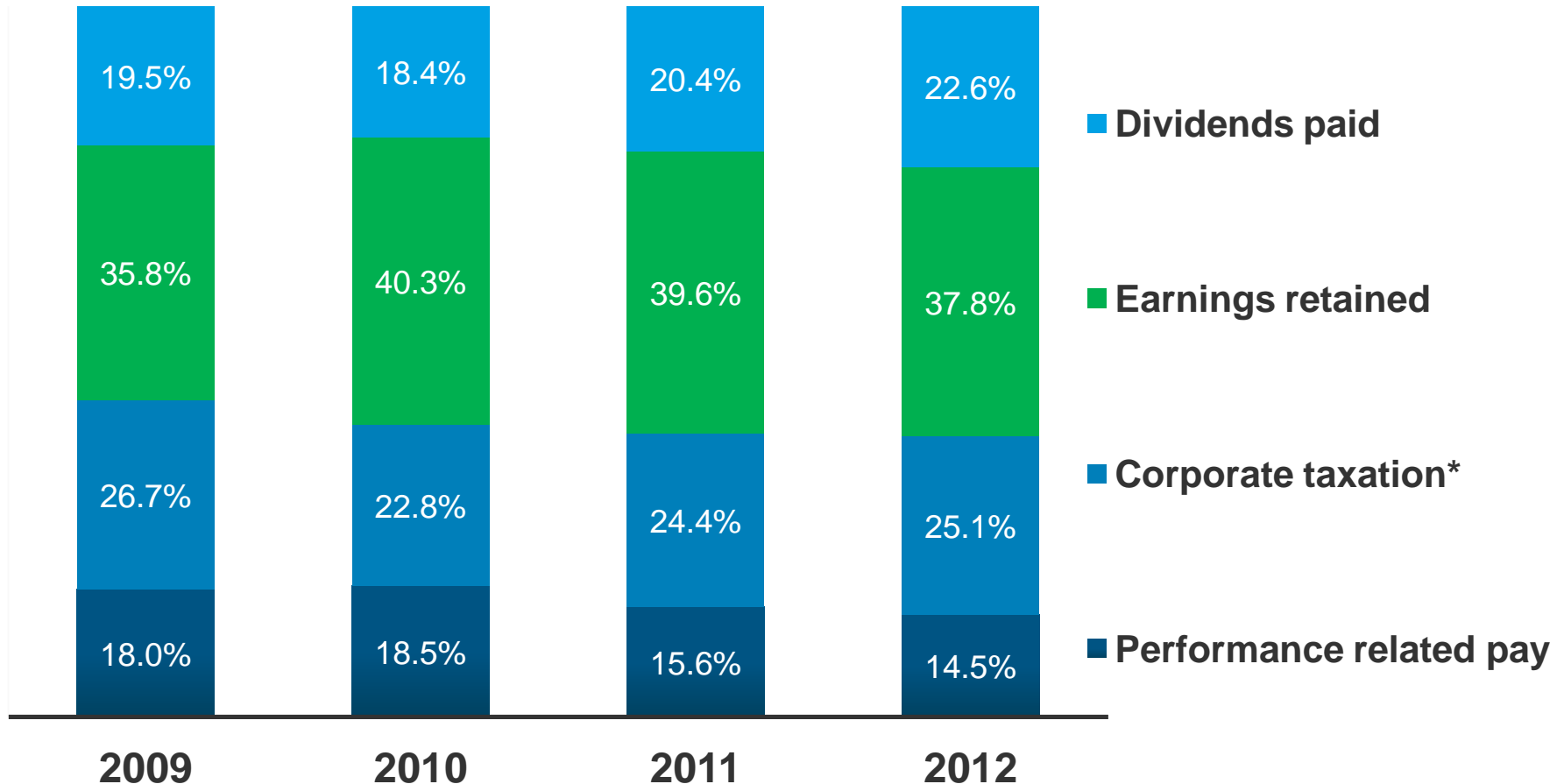
84.0c



10.5%

Stakeholder interests

Allocation of the Group's earnings



* Including the UK bank levy

Confident start to 2013



Leading the way in Asia, Africa and the Middle East

Richard Meddings
Group Finance Director

Performance highlights

	2012		2012 Normalised*
Income	US\$19.1bn	↑ 8%	
Jaws	(2%)		5%
Profit before tax	US\$6.9bn	↑ 1%	↑ 12%
Dividend per share	84.0c	↑ 10.5%	
Earnings per share	199.7c		225.2c

* Normalised as per details on page 86 of the 2012 press release

Group performance

US\$m	2011	2012	YoY%
Income	17,637	19,071	8
Net interest income	10,153	11,010	8
Non interest income	7,484	8,061	8
Expenses	(9,917)	(10,896)	10
Operating profit before impairment	7,720	8,175	6
Loan impairment	(908)	(1,221)	34
Other impairment	(111)	(194)	75
Profit from associates	74	116	57
Profit before tax	6,775	6,876	1
Profit attributable to ordinary shareholders	4,748	4,786	1

Performance metrics

Normalised earnings – US\$m

Profit attributable to ordinary shareholders

Gains arising on repurchase of subordinated liabilities

US settlements

Impairment of associates

Others

Normalised earnings

Normalised basic EPS*

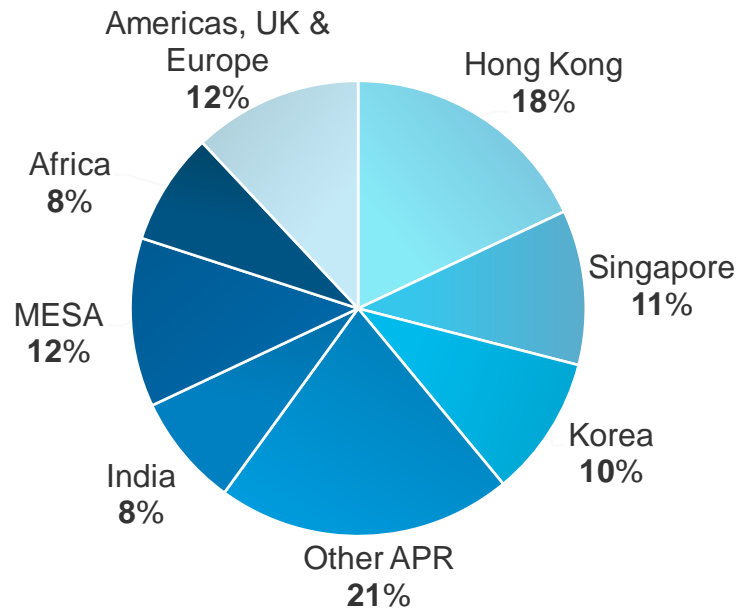
Normalised ROE** (%)

2011	2012	YoY%
4,748	4,786	1
	(90)	
	667	
	70	
(66)	(35)	
4,682	5,398	15
198.0c	225.2c	14
12.2	12.8	

* Earnings per share ** Return on ordinary shareholders' equity

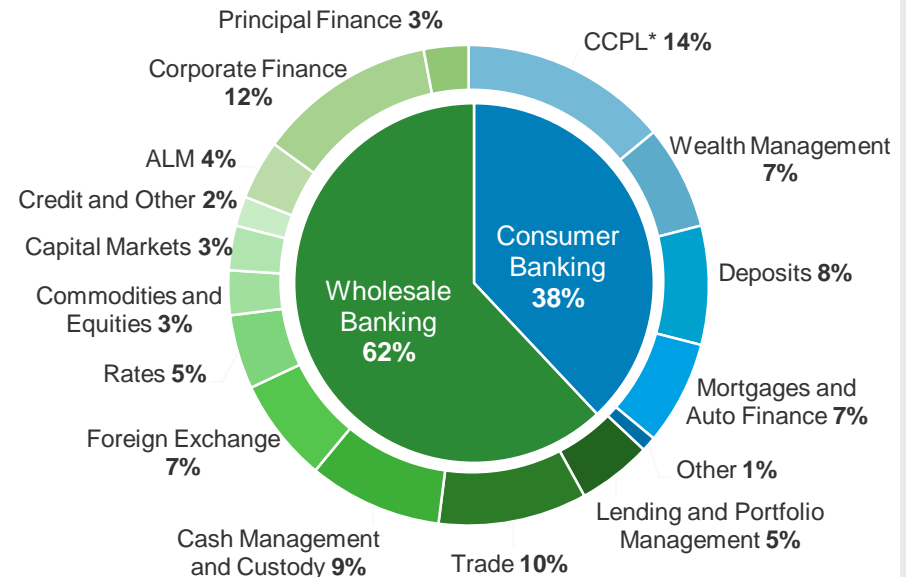
Diversity a differentiator

Operating income by geography



* Cards, Personal Loans and Unsecured Lending

Operating income by product



Basics of good banking

Principles

- A conscious strategy to build balance sheet strength
- Balance sheet as a competitive differentiator
- Focus on organic equity generation to self fund growth

Capital & Liquidity

- Strongly capitalised
- Highly liquid
- Geographies independently liquid
- Minimal refinancing needs
- Ahead of new regulatory metrics

Risk

- Clearly defined risk appetite
- Geographic, sector and business line diversity
- Conservative balance sheet
- WB short tenor, low concentrations, CB well secured

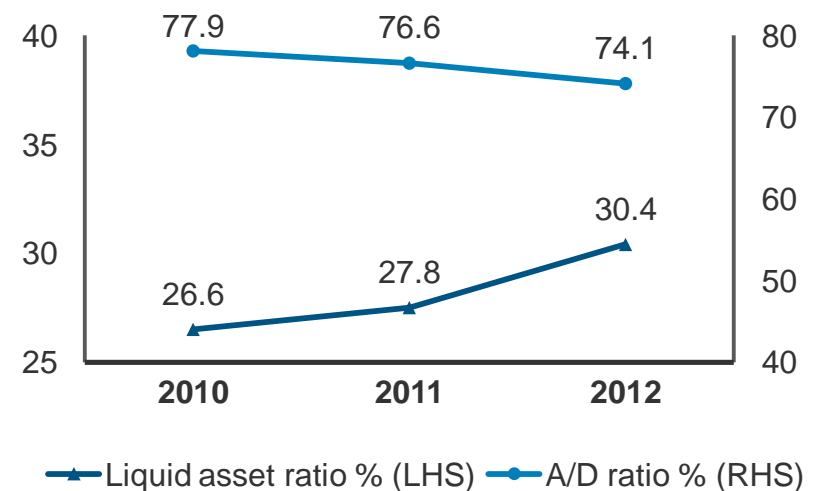
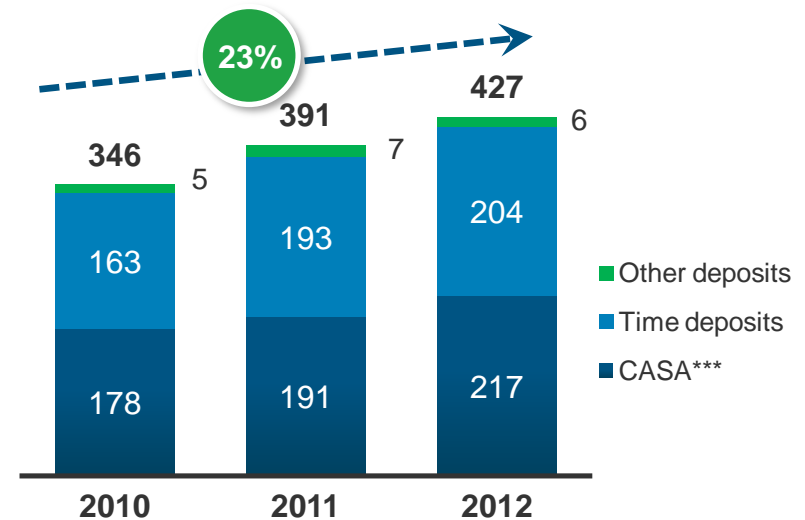
Financial Metrics

- Double digit income growth
- Neutral to positive jaws
- Double digit EPS
- Mid teens ROE over medium term

Group balance sheet - Liabilities

- Deposit funded franchise
- Net interbank lender and US\$194bn of liquid assets
- Minimal refinancing requirements
- Basel III NSFR* and LCR** requirements already met

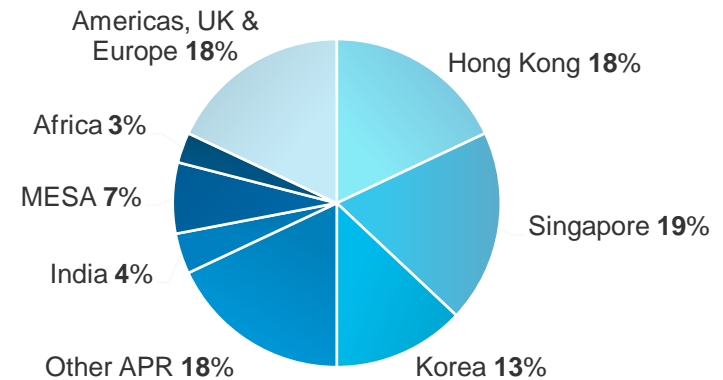
*Net stable funding ratio ** Liquidity coverage ratio
***Current accounts and savings accounts



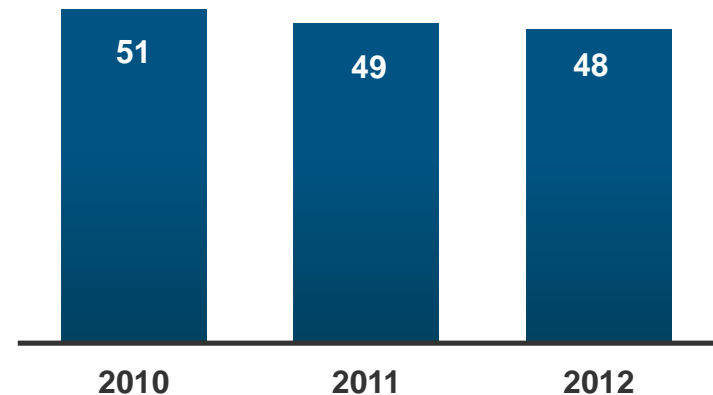
Group balance sheet - Assets

- Well diversified by product, segment and geography
- 82% of Consumer Banking portfolio fully or partially secured
- No direct sovereign exposure to Greece, Ireland, Italy, Portugal or Spain
- Limited exposure to problem asset classes

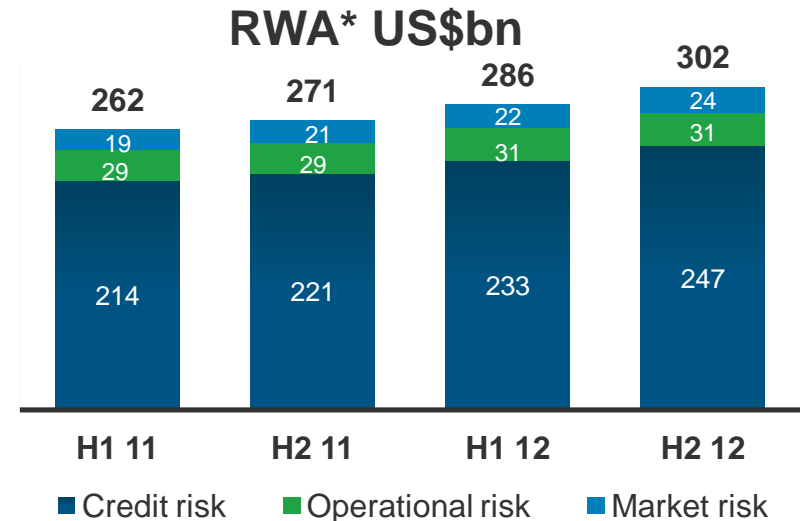
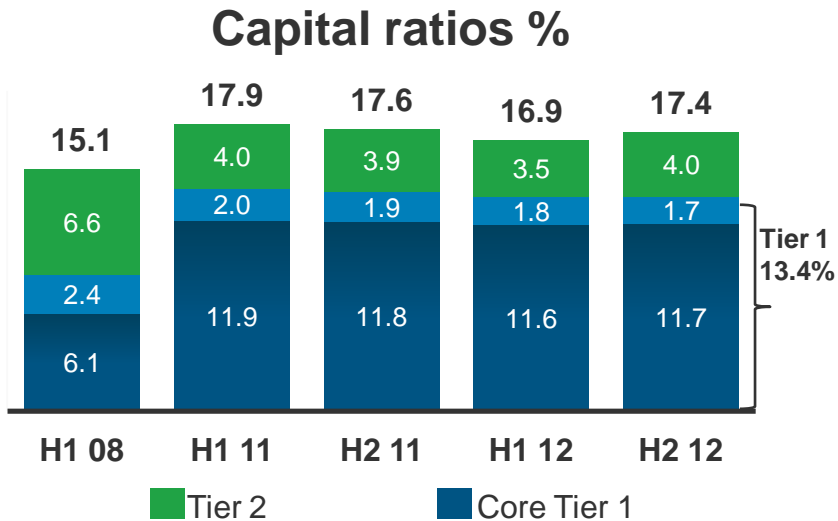
Customer loans and advances by geography



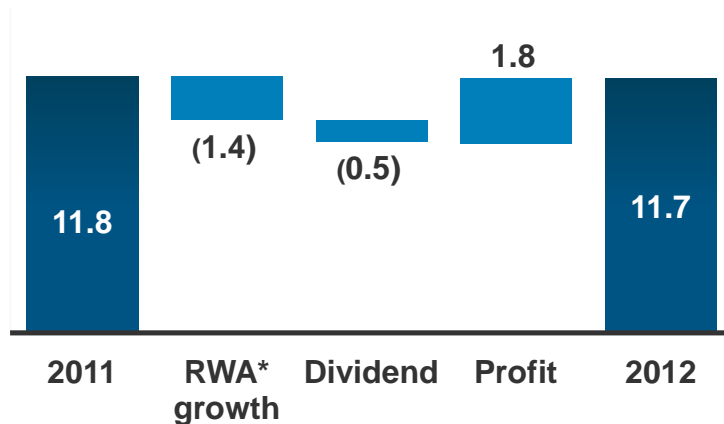
Average LTV on mortgage portfolio (%)



Capital generation

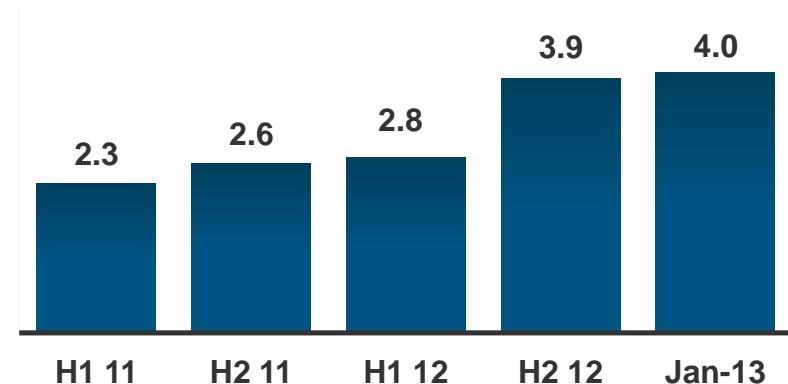


Core tier 1 capital reconciliation %



* Risk Weighted Assets

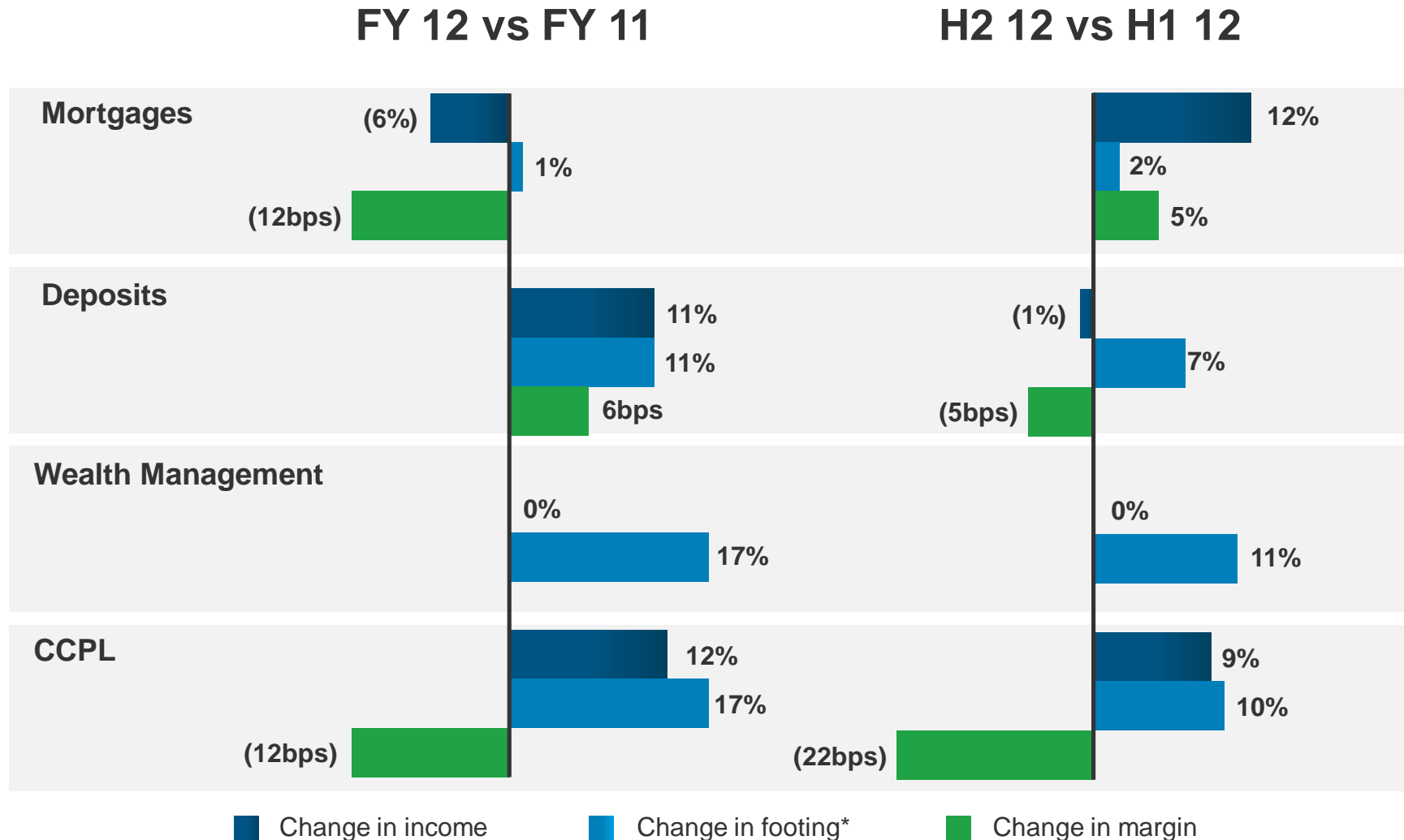
Debt and capital issuance US\$bn



Consumer Banking performance

US\$m	2011	H1 12	H2 12	2012	YoY%
Income	6,791	3,515	3,687	7,202	6
Expenses	(4,605)	(2,307)	(2,416)	(4,723)	3
Operating profit before impairment	2,186	1,208	1,271	2,479	13
Loan impairment	(524)	(300)	(397)	(697)	33
Other impairment	(12)	(9)	5	(4)	(67)
Operating profit	1,650	899	879	1,778	8

Consumer Banking income



For Mortgages, footings are loans to customers, for Deposits, deposits only, for Wealth Management, third party AUM and for CCPL footings are loans to customers

Consumer Banking – Impairment trend

		2011	H1 12	H2 12	2012
Mortgages	LI*/ANR**	0.02%	(0.02)%	0.02%	0.00%
	30dpd/ENR***	0.67%	0.66%	0.68%	0.68%
	Loan book (US\$bn)	73	72	73	73
	LI (US\$m)	12	(9)	8	(1)
SME	LI/ANR	0.52%	0.50%	0.62%	0.56%
	90dpd/ENR	0.57%	0.53%	0.68%	0.68%
	Loan book (US\$bn)	19	20	21	21
	LI (US\$m)	96	49	63	112
Other Including CCPL	LI/ANR	1.33%	1.51%	1.76%	1.63%
	30dpd/ENR	2.28%	2.12%	2.29%	2.29%
	Loan book (US\$bn)	33	36	38	38
	LI (US\$m)	416	260	326	586
Total	LI/ANR	0.43%	0.48%	0.61%	0.54%
	30dpd/ENR	1.08%	1.02%	1.13%	1.13%
	Loan book (US\$bn)	125	127	133	133
	LI (US\$m)	524	300	397	697

* Loan impairment **Average net receivables ***End period net receivables

Wholesale Banking performance

US\$m	2011	H1 12	H2 12	2012	YoY%
Income	10,846	5,996	5,783	11,779	9
Expenses	(5,147)	(2,656)	(3,343)	(5,999)	17
Operating profit before impairment	5,699	3,340	2,440	5,780	1
Loan impairment	(384)	(283)	(241)	(524)	36
Other impairment	(99)	(65)	(55)	(120)	21
Operating profit	5,216	2,992	2,144	5,136	(2)

Diversified income streams

Total income - US\$m	2011	H1 12	H2 12	2012	YoY%
Lending & Portfolio Management	841	447	444	891	6
Transaction Banking	3,247	1,842	1,829	3,671	13
Trade	1,595	958	982	1,940	22
Cash Mgt & Custody	1,652	884	847	1,731	5
Global Markets	6,758	3,707	3,510	7,217	7
Financial Markets	3,688	1,993	1,670	3,663	(1)
ALM	921	491	358	849	(8)
Corporate Finance	1,873	991	1,231	2,222	19
Principal Finance	276	232	251	483	75
Total Wholesale Banking	10,846	5,996	5,783	11,779	9
Of which client income	8,856	4,794	4,749	9,544	8
% of total	82	80	82	81	

Wholesale Banking - Financial Markets

Total income - US\$m

	2011	H1 12	H2 12	2012	YoY%
Foreign Exchange	1,434	743	539	1,282	(11)
Rates	893	539	427	966	8
Commodities and Equities	603	277	244	521	(14)
Capital Markets	548	290	301	591	8
Credit and Other	210	144	159	303	44
Total Financial Markets	3,688	1,993	1,670	3,663	(1)

Of which client income

% of total

2,820	1,508	1,317	2,824	0
76	76	79	77	

Wholesale Banking - Impairment

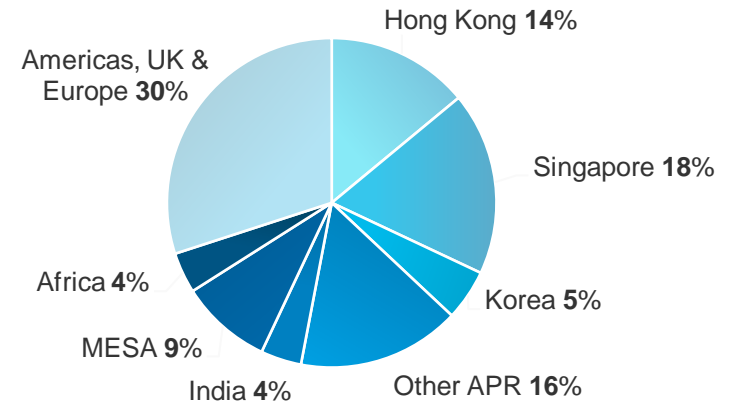
US\$m	H1 11	H2 11	2011	H1 12	H2 12	2012	YoY%
Loan impairment	(201)	(183)	(384)	(283)	(241)	(524)	36
Other impairment	(68)	(31)	(99)	(65)	(55)	(120)	21
Total impairment	(269)	(214)	(483)	(348)	(296)	(644)	33
Loans and advances to customers (US\$bn)*	142.7	147.3	147.3	155.8	156.7	156.7	6
Gross non-performing loans	3,398	3,087	3,087	4,064	4,309	4,309	40
Cover ratio %	53	58	58	50	51	51	

* Gross of portfolio impairment provision

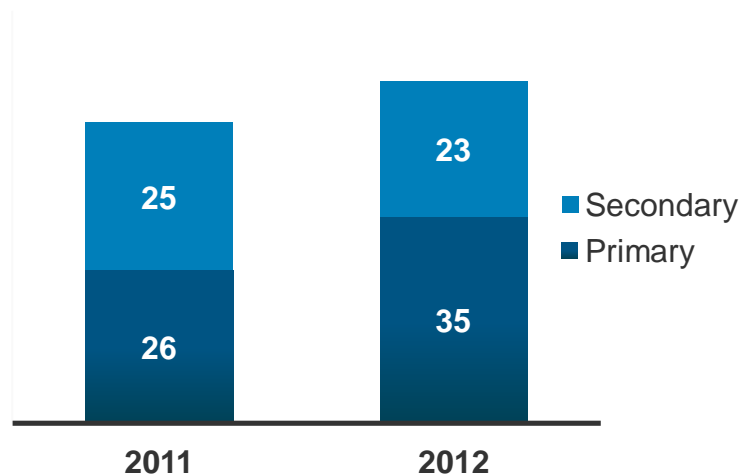
Wholesale Banking - Risk

- 62% of Wholesale Banking loans less than 1 year maturity
- Well diversified book by geography and industry
- Continue to distribute assets

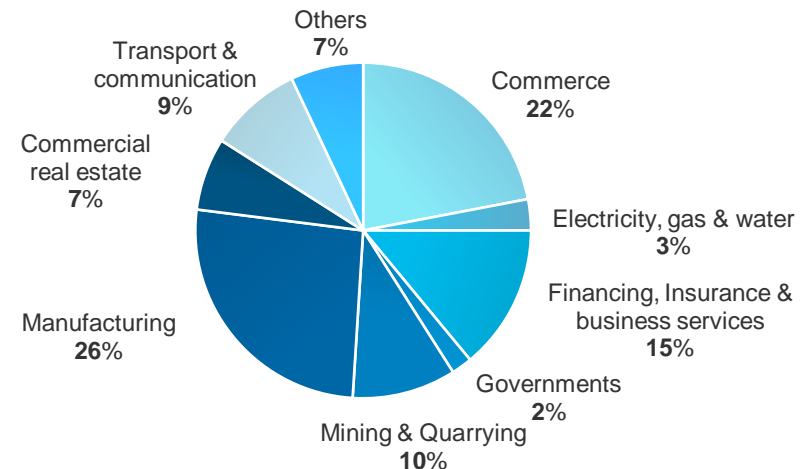
Wholesale Banking loans and advances to customers by region



Distribution US\$bn



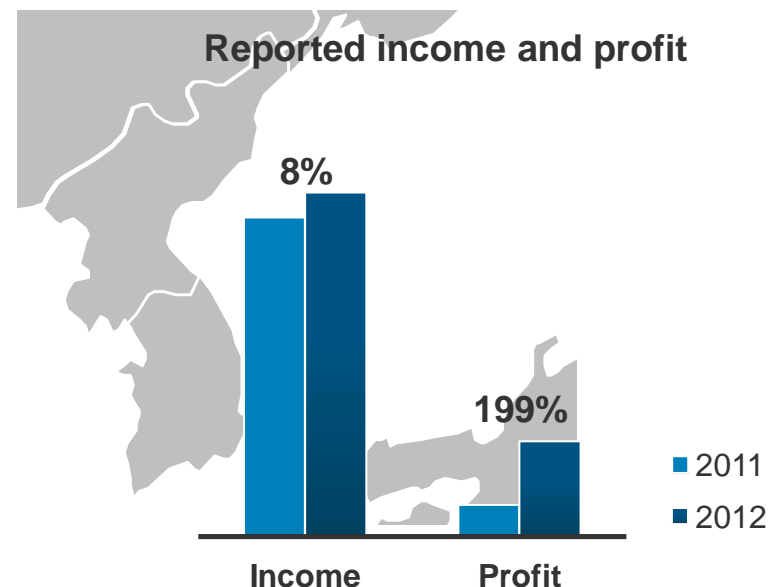
Wholesale Banking loans and advances to customers by industry



Performance by geography

US\$m	Income			Profit		
	2011	2012	YoY%	2011	2012	YoY%
Hong Kong	3,049	3,348	10	1,551	1,660	7
Singapore	2,186	2,203	1	1,002	966	(4)
Korea	1,718	1,852	8	172	514	199
Other APR	3,511	3,960	13	1,415	1,242	(12)
India	1,805	1,585	(12)	804	676	(16)
MESA	2,219	2,234	1	834	786	(6)
Africa	1,382	1,593	15	628	771	23
Americas, UK & Europe	1,767	2,296	30	369	261	(29)
Total	17,637	19,071	8	6,775	6,876	1

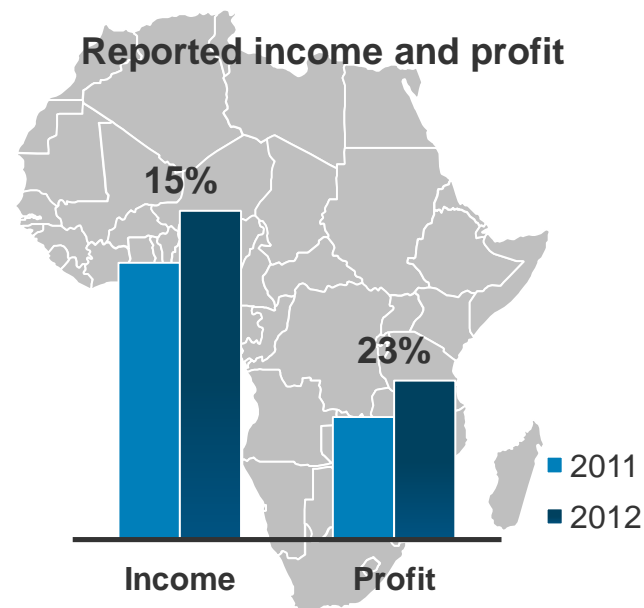
- Underlying income up 3% on 2011
- Personal Debt Rehabilitation Scheme filings increased in 2012
- Wholesale Banking network income increased 12%
- Korean banking sector reporting low returns and increasing loan impairment



US\$m	2011 Reported	2011 Underlying*	2012 Reported	2012 Underlying**	Underlying YOY %
Income	1,718	1,718	1,852	1,778	3
Expenses	(1,335)	(1,129)	(1,081)	(1,081)	(4)
Working profit	383	589	771	697	18
Impairment	(211)	(211)	(257)	(257)	22
Operating profit	172	378	514	440	16

* Expense adjusted for US\$206 m Early Retirement Plan expense ** Income adjusted for US\$74 m gain on disposal of property

- 8 markets delivering income of over US\$100m
- 27 branches opened as part of the 'Africa100' initiative
- Wholesale Banking income crossed US\$1 billion
- Network income up 25% YoY

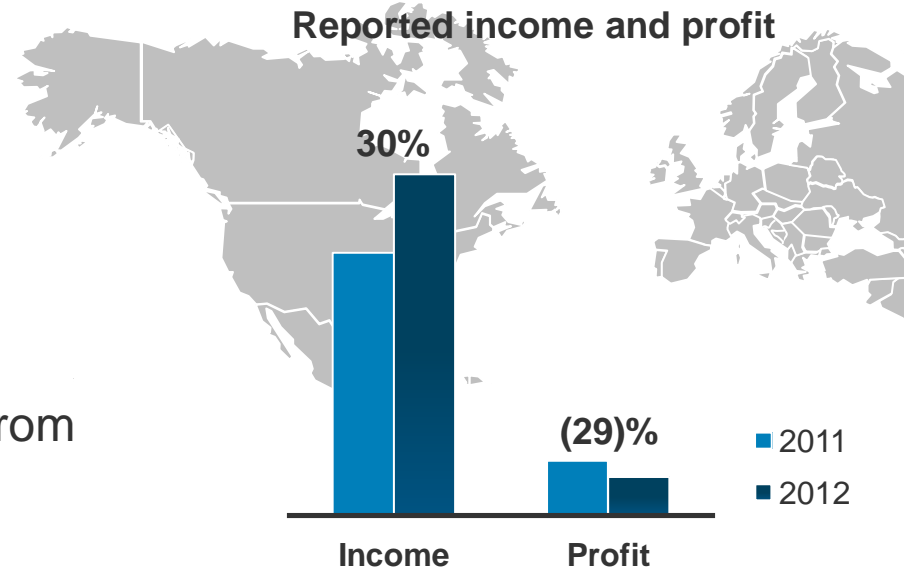


US\$m	2011*	H1 12*	H2 12	2012	YoY %
Income	1,382	735	858	1,593	15
Expenses	(714)	(399)	(385)	(784)	10
Working profit	668	366	473	809	21
Impairment	(40)	(11)	(27)	(38)	(5)
Operating profit	628	325	446	771	23

* Mauritius has moved from Other APR to Africa region

Americas, UK & Europe

- Double digit income growth in both businesses
- One of the largest regional contributors to Group Wholesale Banking income
- Strategy to capture flows to and from Asia, Africa and the Middle East



US\$m	2011	2012 Reported	2012 Underlying*	Underlying YoY %
Income	1,767	2,296	2,193	24
Expenses	(1,389)	(2,005)	(1,338)	(4)
Working profit	378	291	855	126
Operating profit	369	261	825	124
Jaws (%)		(14)	28	

*Expense adjusted for US\$667m for the settlements with the US authorities. Income adjusted for \$90m from liability management exercise. Gain of US\$13 million on disposal of our Private Banking business in Miami.

- We remain focused on consistent delivery against our four financial objectives
- Good momentum in both Consumer Banking and Wholesale Banking
- Remain focused on balance sheet foundations
- Well positioned in growth markets

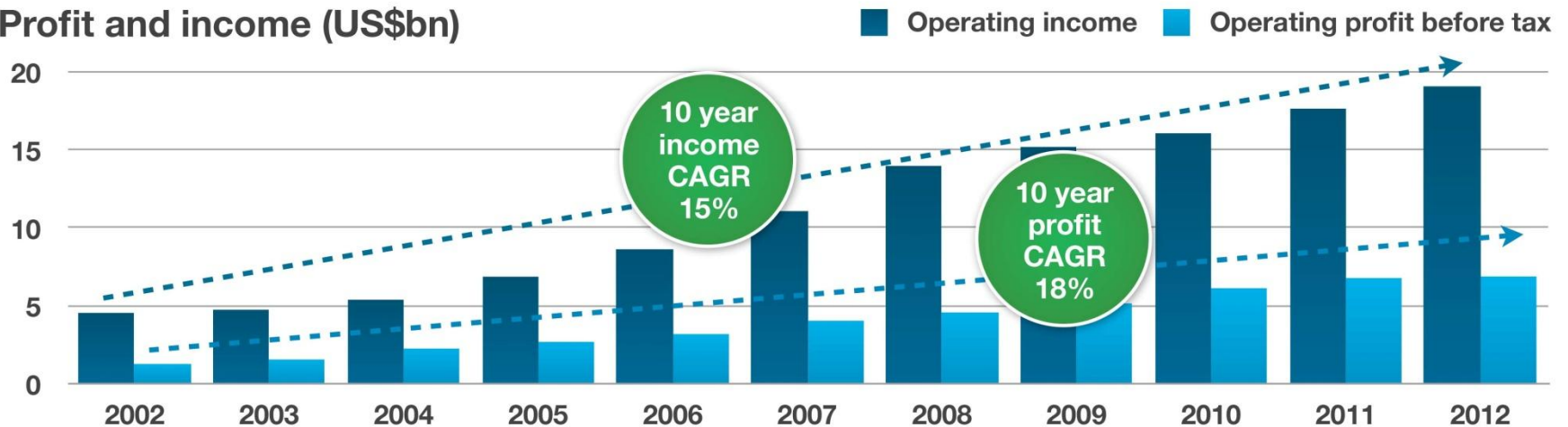
Leading the way in Asia, Africa and the Middle East

Peter Sands

Group Chief Executive

10 years of growth

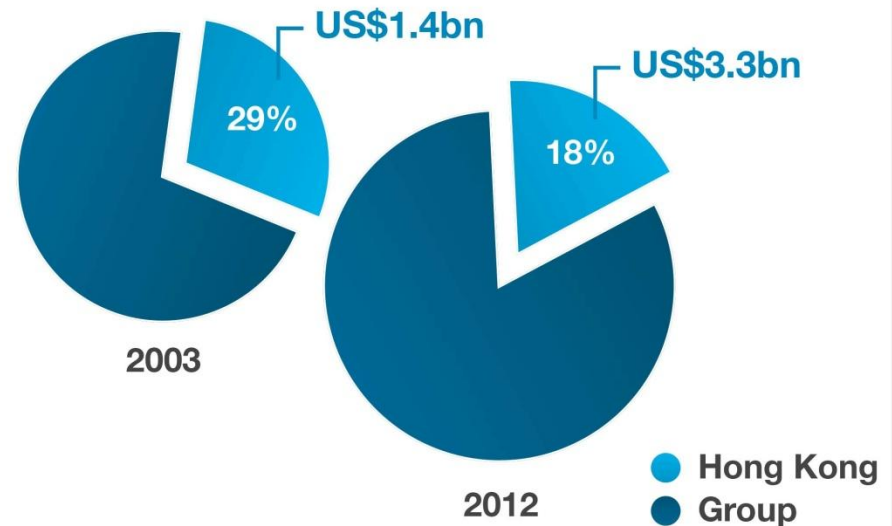
Profit and income (US\$bn)



Income growth (US\$m)

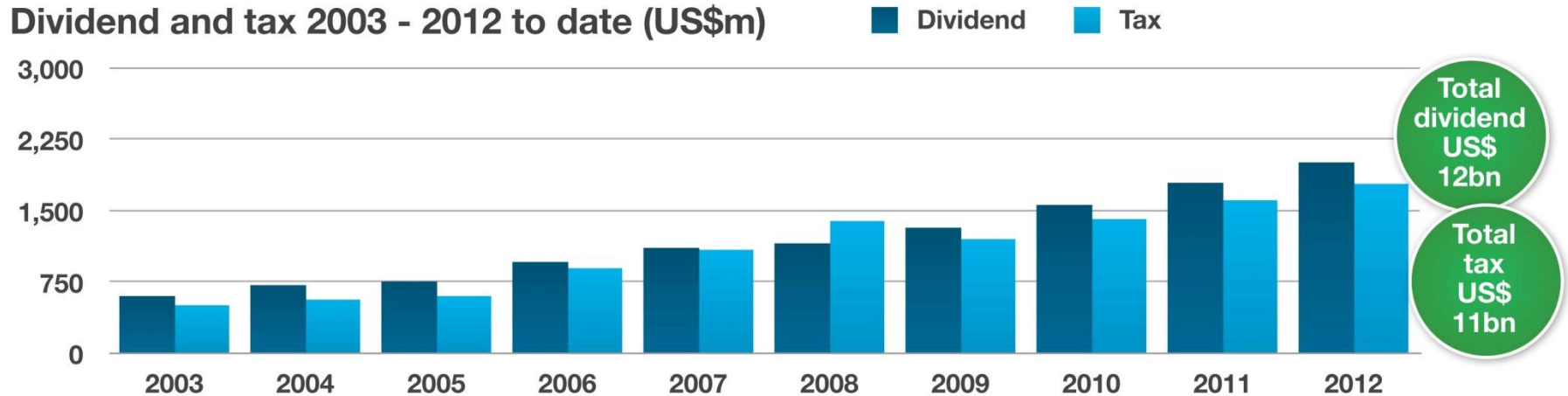


Hong Kong as % of Group income

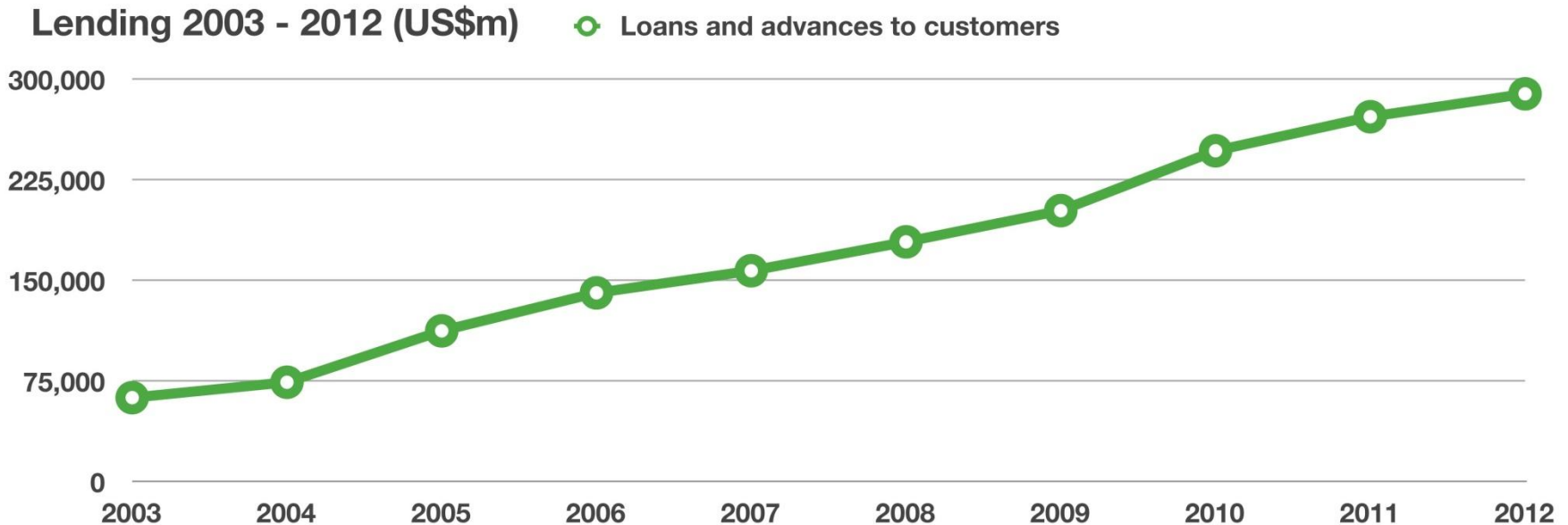


10 years of growth

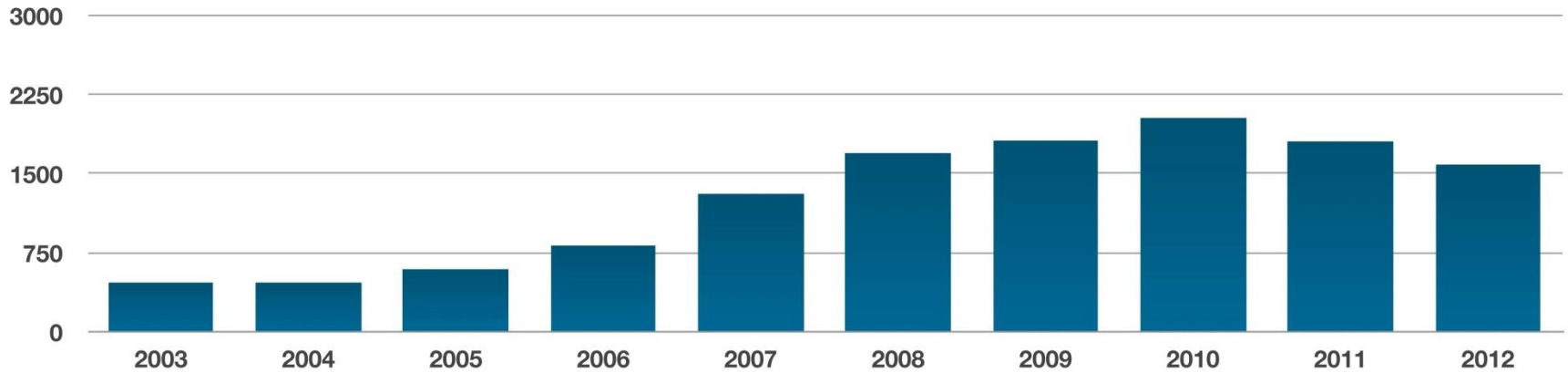
Dividend and tax 2003 - 2012 to date (US\$m)



Lending 2003 - 2012 (US\$m)

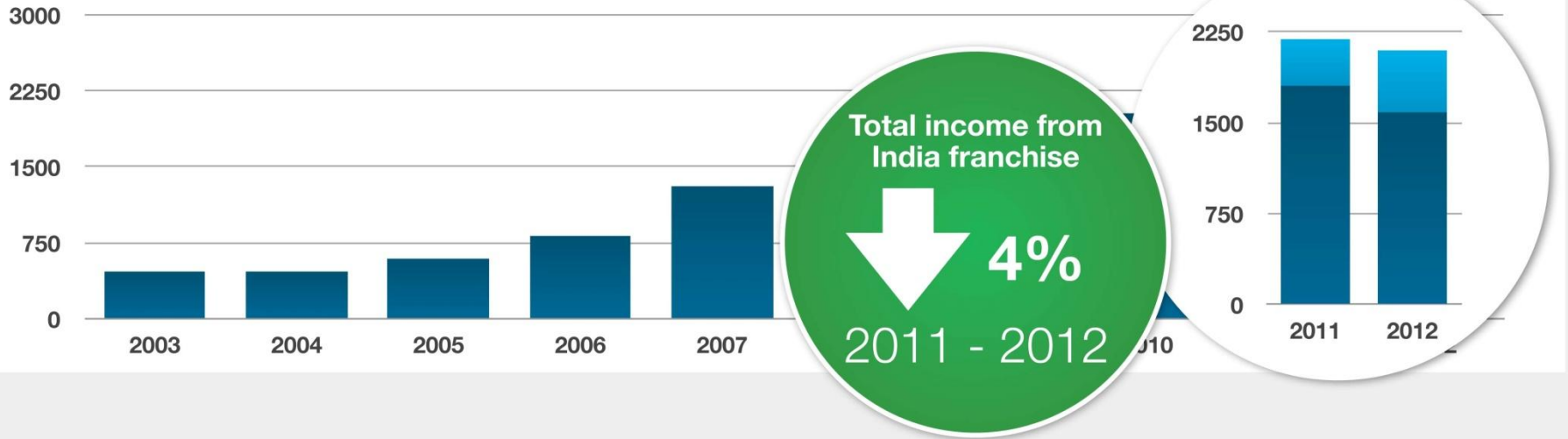


Income (US\$m)



Income (US\$m)

■ Onshore income ■ Network income



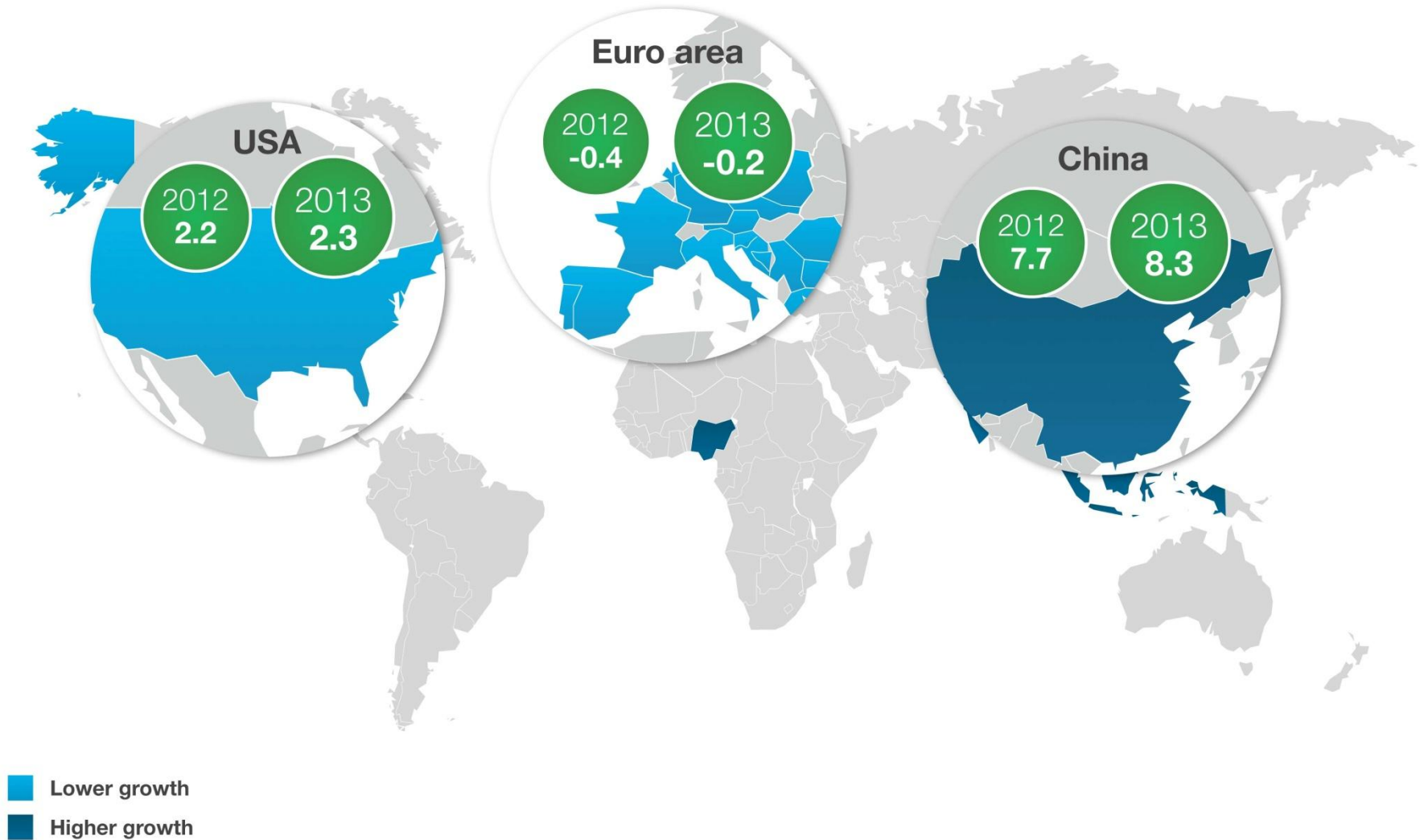


Current macro environment



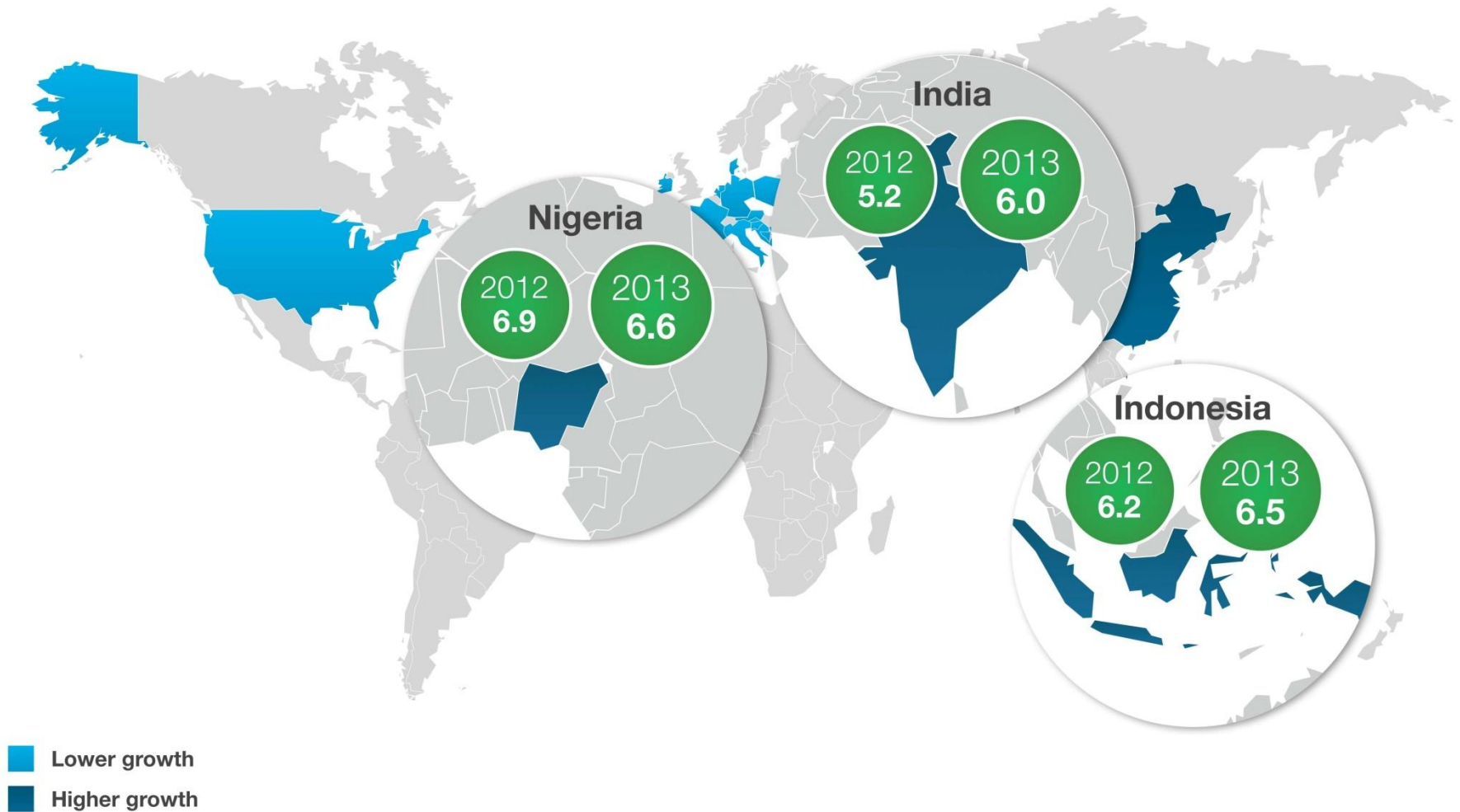
Current macro environment

GDP growth %



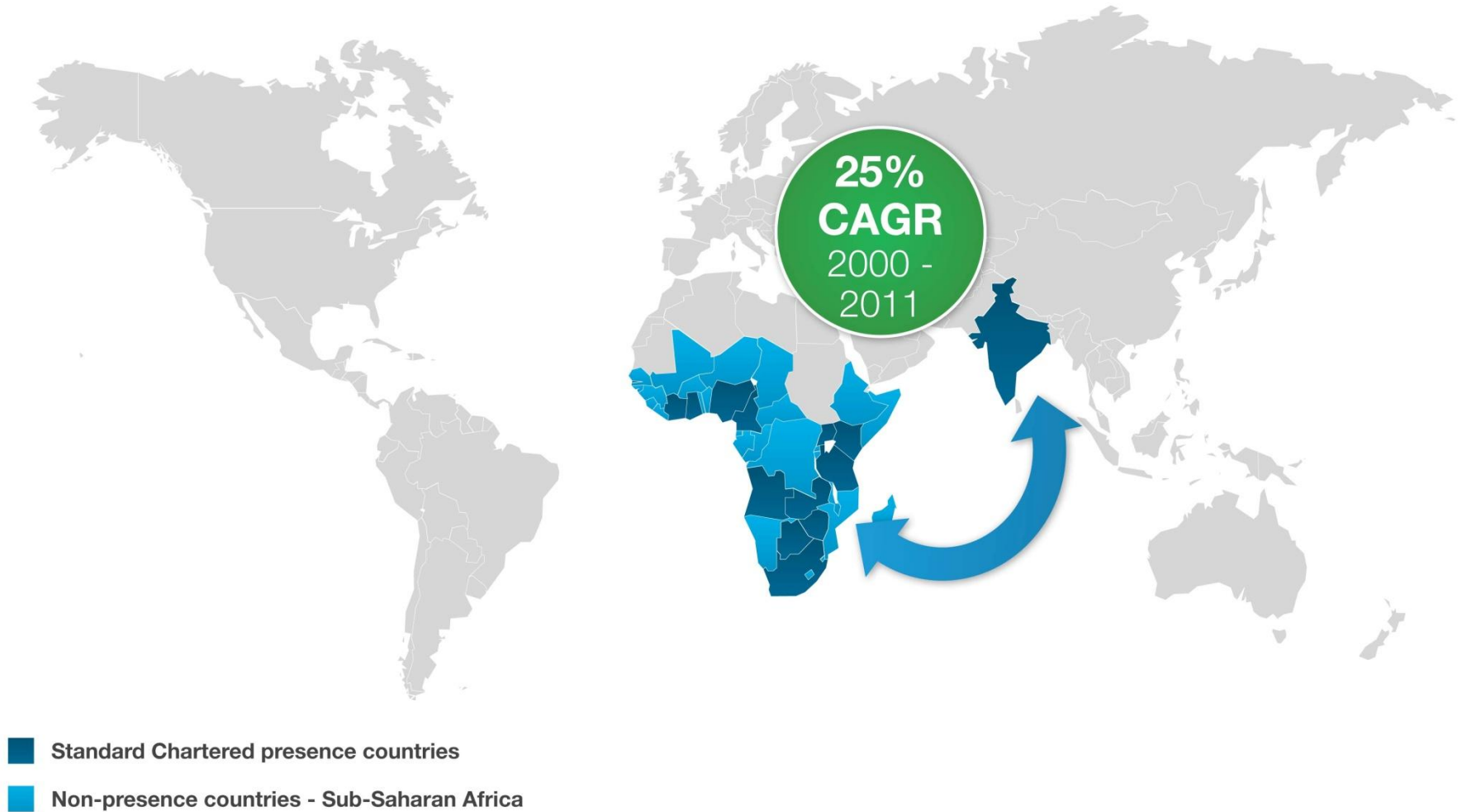
Current macro environment

GDP growth %



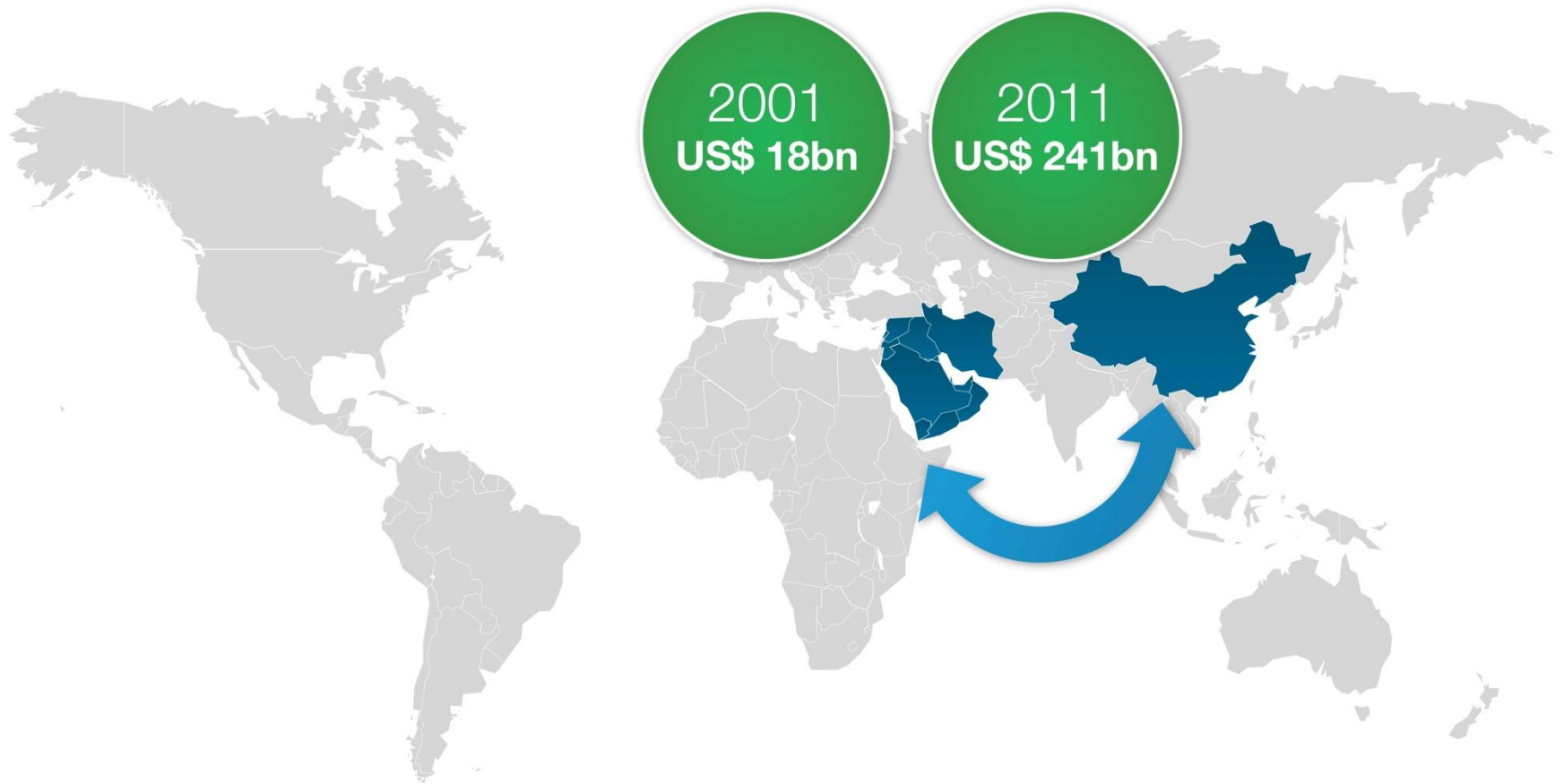
Current macro environment

Trade flows

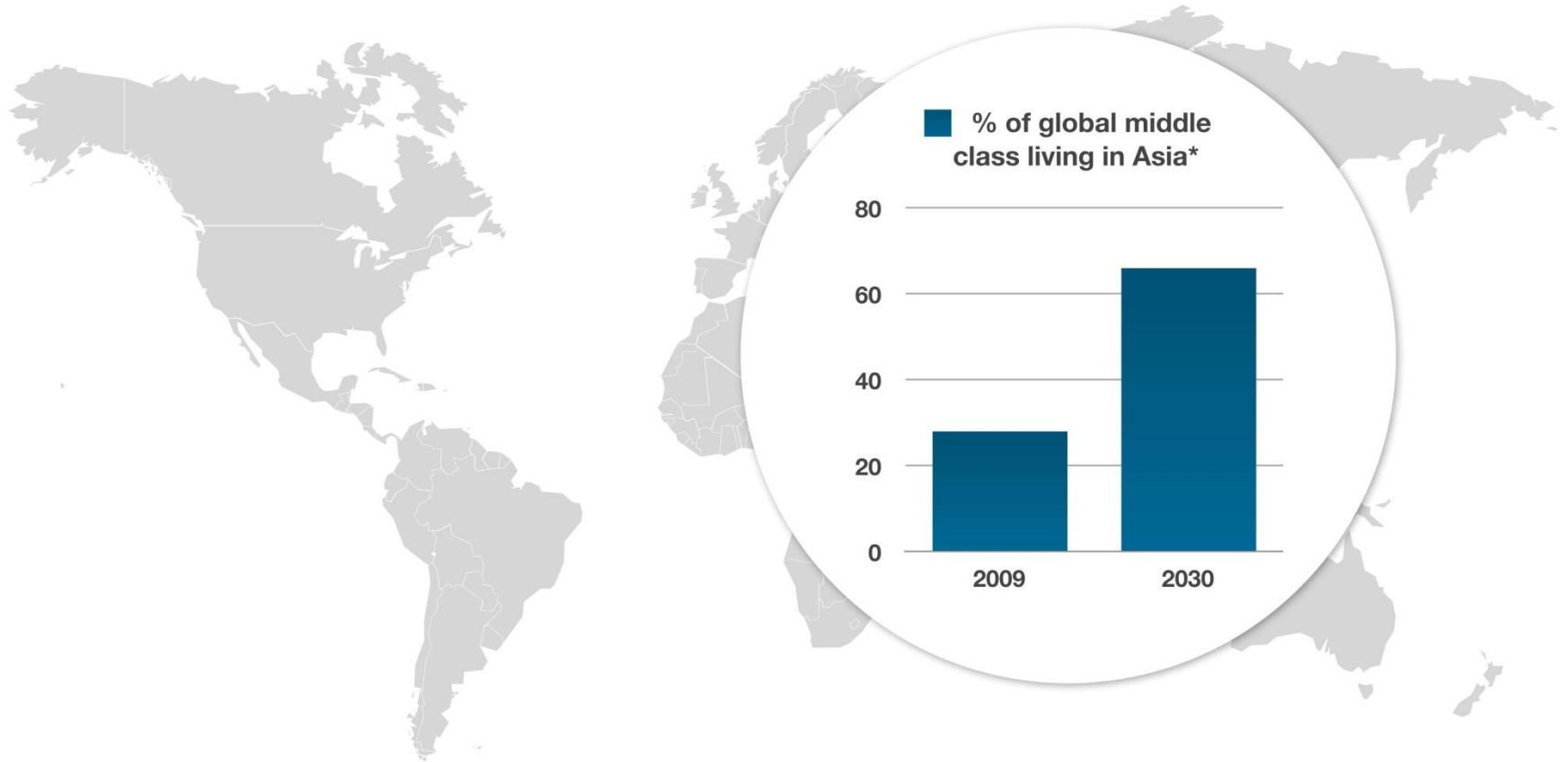


Current macro environment

Trade flows



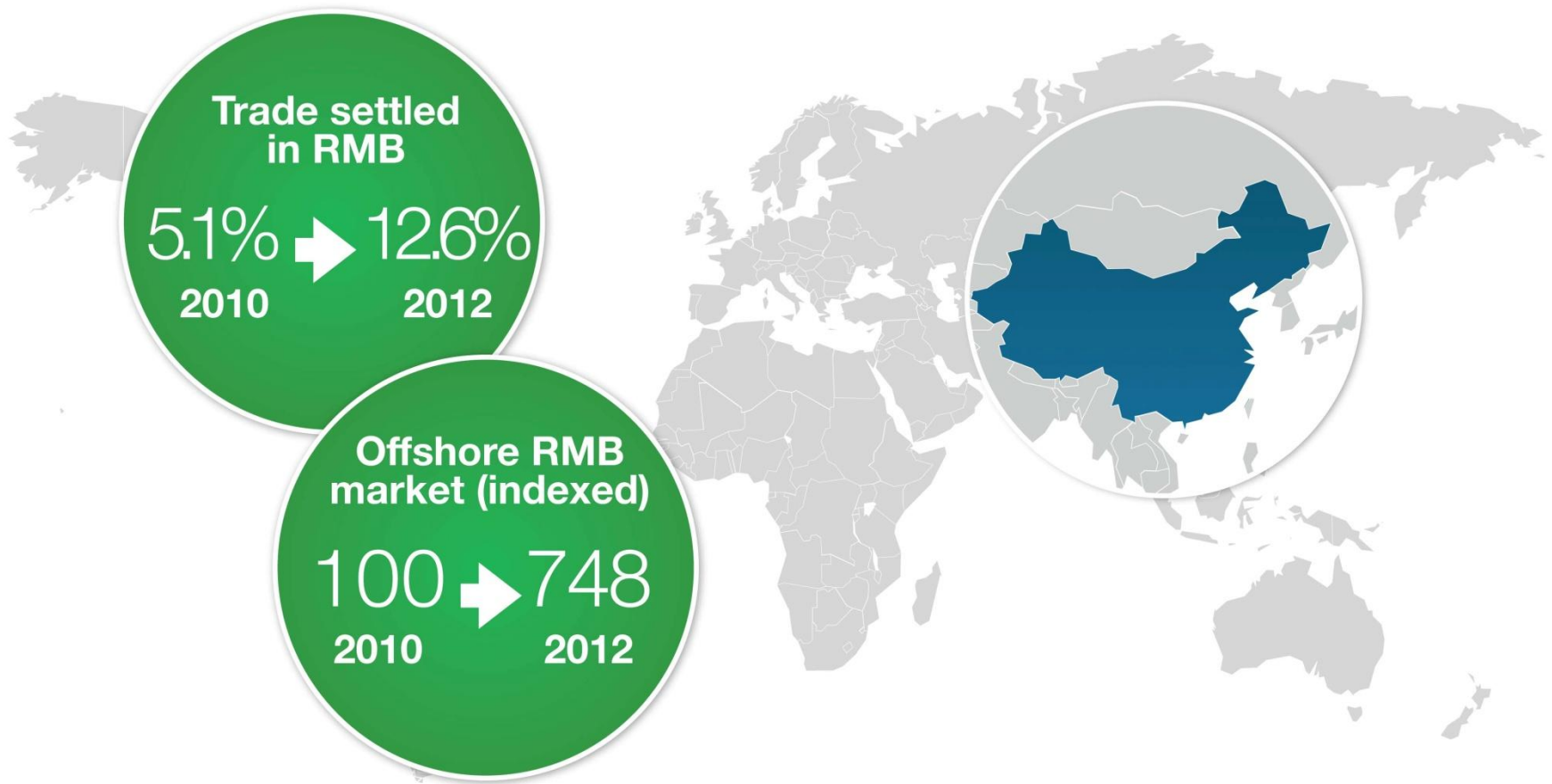
Current macro environment



* Source: OECD

Current macro environment

RMB



Regulation and politics

Individual Liquidity
Guidance (ILG)

Material Holdings Deduction

Individual Liquidity
Adequacy Assessment (ILAA)

Synthetic Approvals

Recovery & Resolution Plans
(RRPs)

s166 Skilled Persons Review

Internal Capital Adequacy
Assessment (ICAAP)

Solo Consolidation Waiver

Stressed VAR

Capital Deep Dive

Individual Liquidity
Adequacy Standard

Model Approvals

Derivatives CVA / DVA / PVA

Internal Ratings Based
Approach (IRB)

Capital Management
Deep Dive

WB Credit Risk Management
Deep Dive

CB Credit Risk Management
Deep Dive

Capital Adequacy Directive 2

Capital Requirements
Directive III

LRPD Waiver Condition

Supervisory Liquidity Review
Process (SLRP)

Wider Integrated Group
Regime (WIG)

Prudential Valuation
Framework

Country Based LGD/EAD Models

Prudential Regulatory
Authority

Financial Policy Committee

Remuneration Code

Macro Prudential Regulation

Independent Commission on
Banking

Dodd Frank Act

Standardised RWA Model

Capital Requirements
Directive IV

Foreign Account Tax
Compliance Act

Regulatory Reporting
Frequency

Globally Systemically
Important Banks

Risk Weights: LGD/EAD Model
Approvals

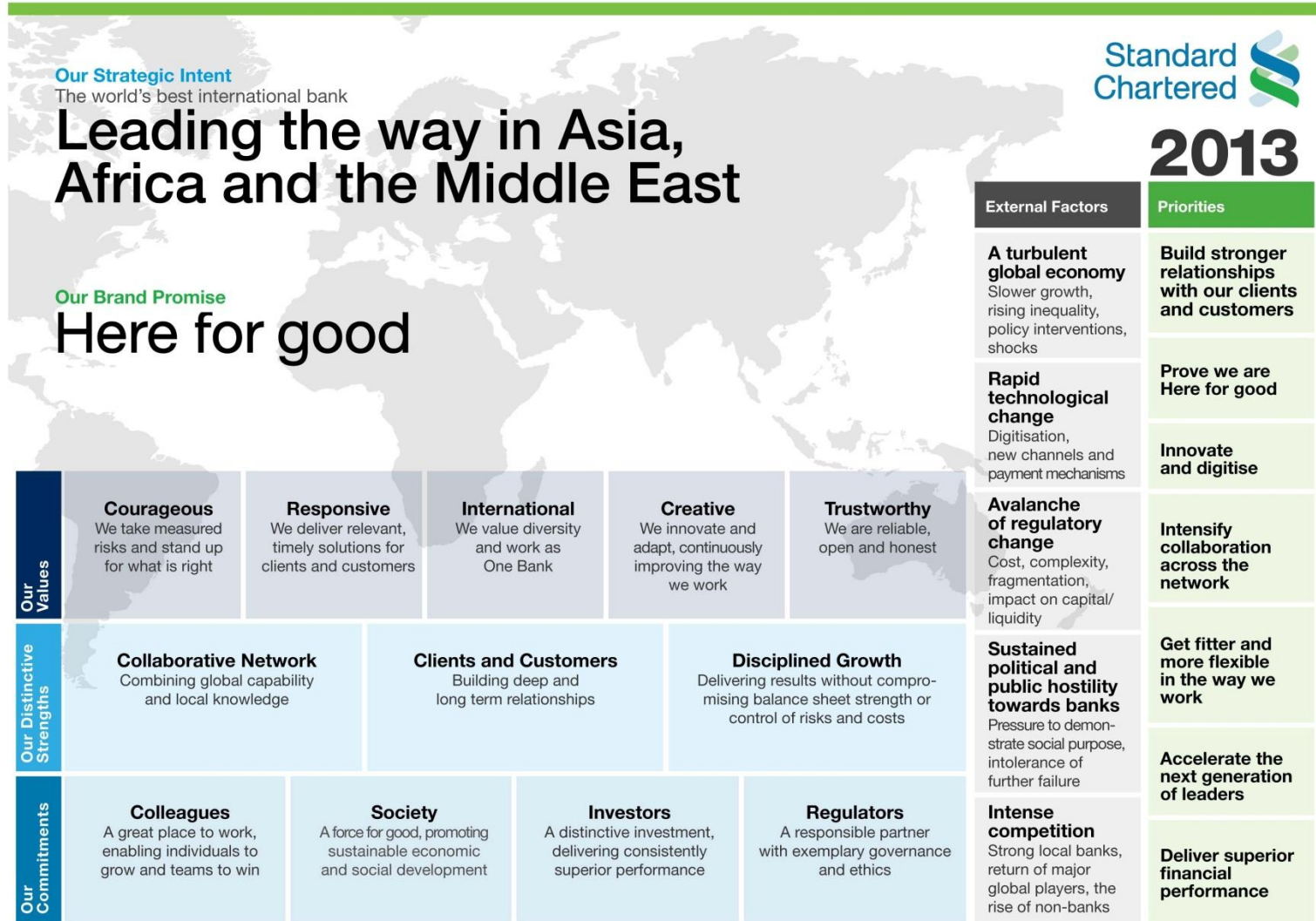
Sovereign Large Exposures
Waiver

Contingent Capital

Primary Loss Absorbing
Capital

Financial Transaction Tax

Our strategy



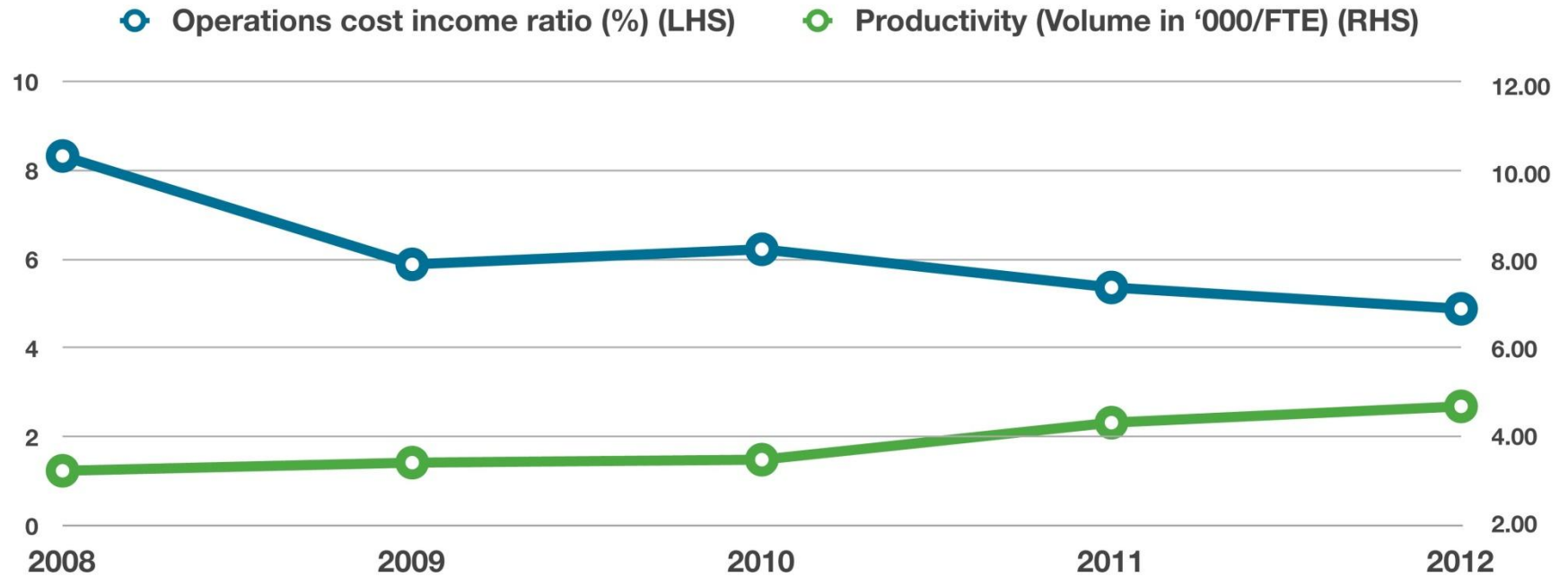
2013 Priorities

- Build stronger relationships with our clients and customers
- Prove we are Here for good
- Innovate and digitise
- Intensify collaboration across the network
- Get fitter and more flexible in the way we work
- Accelerate the next generation of leaders
- Deliver superior financial performance

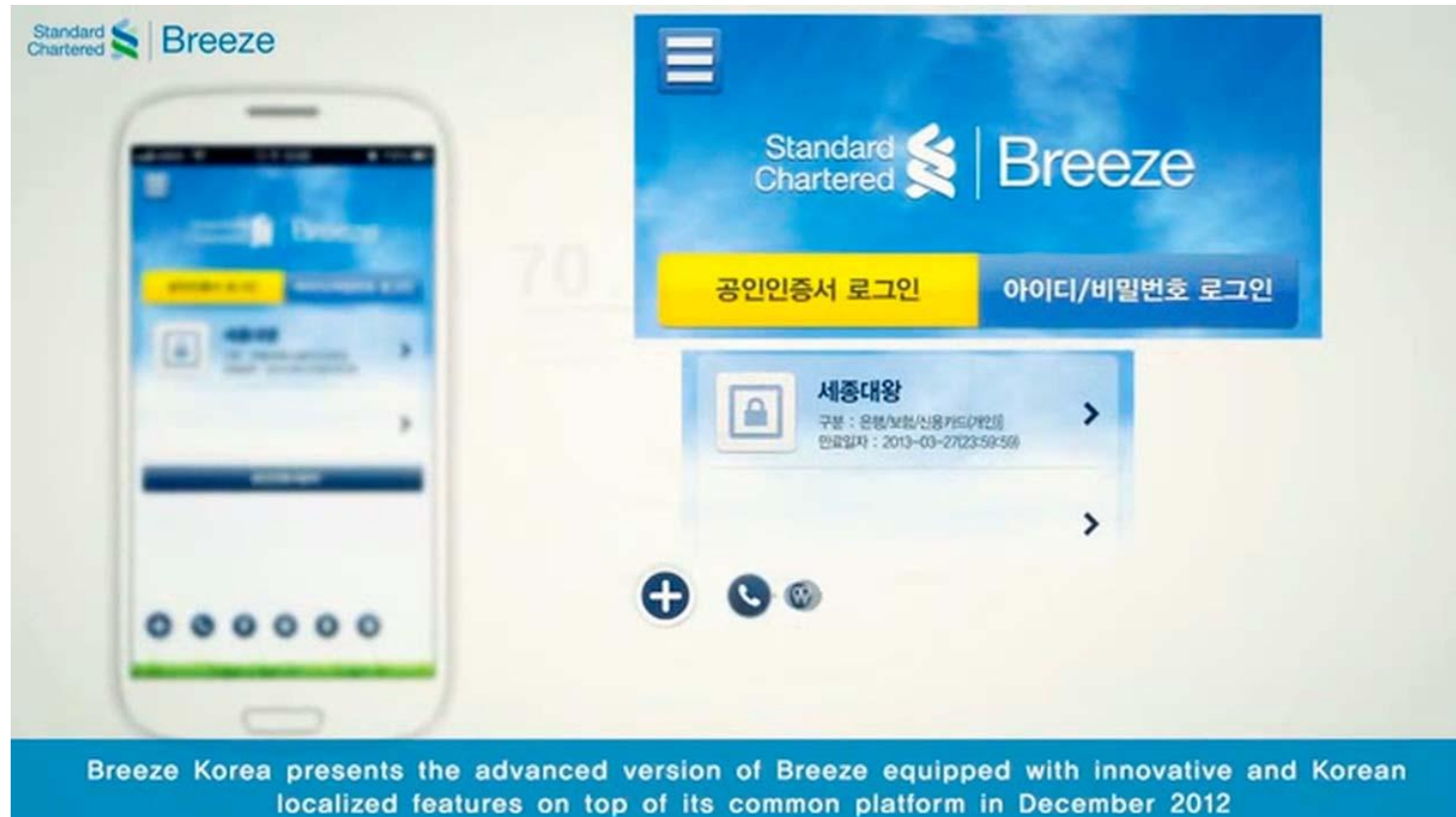
Our values and culture



Technology-driven innovation

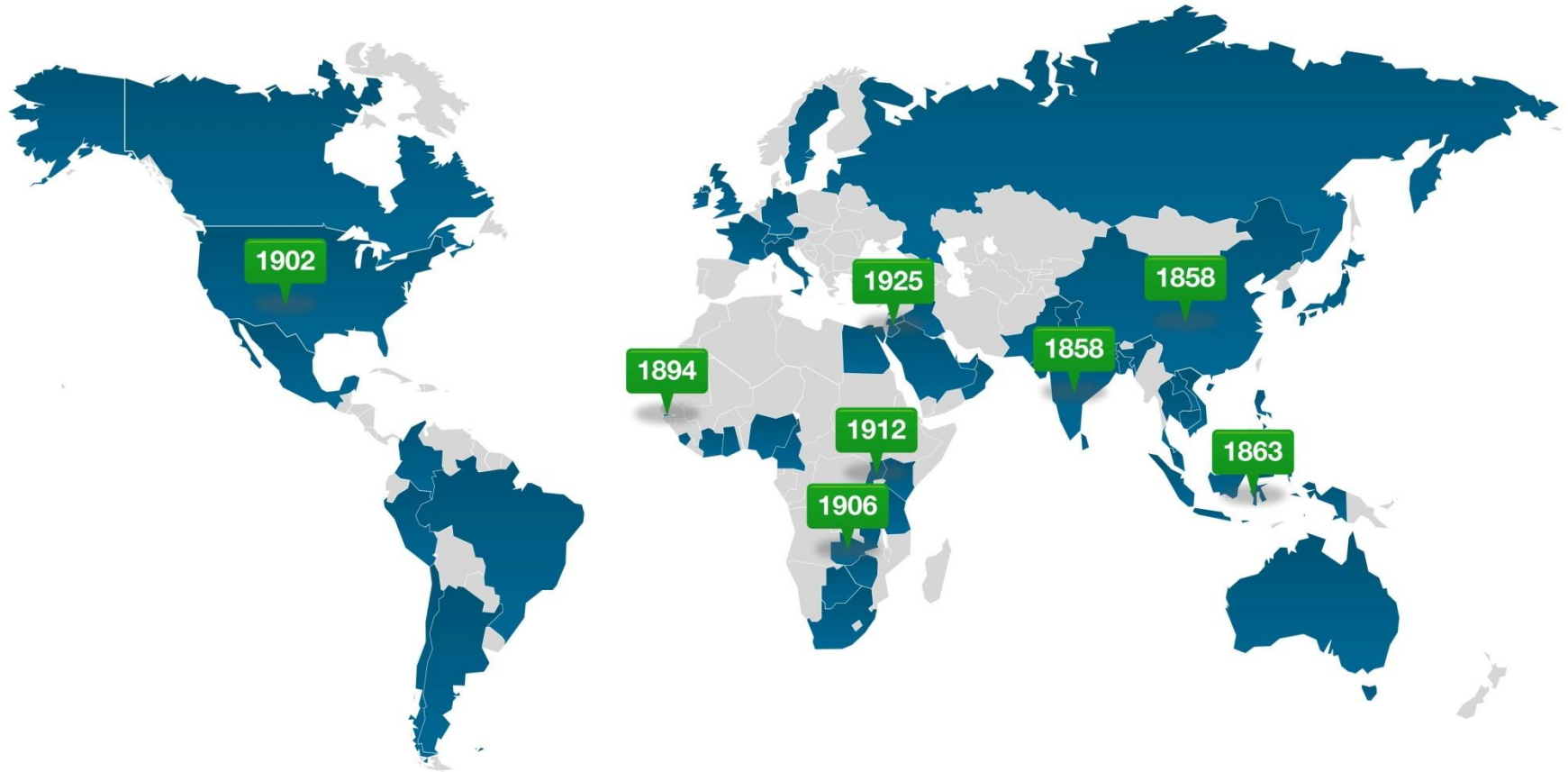


Technology-driven innovation



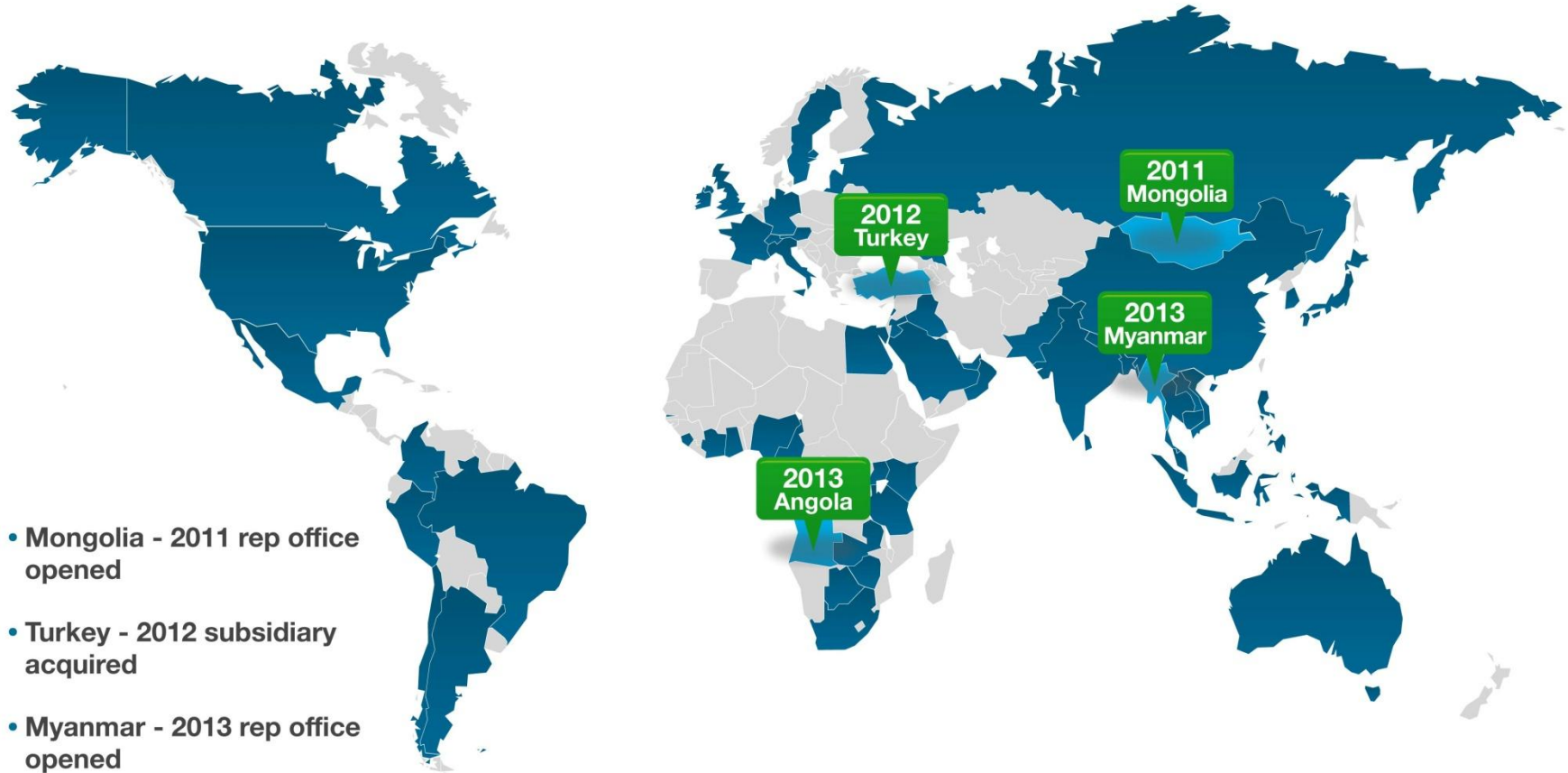
Collaborative network

Standard Chartered network

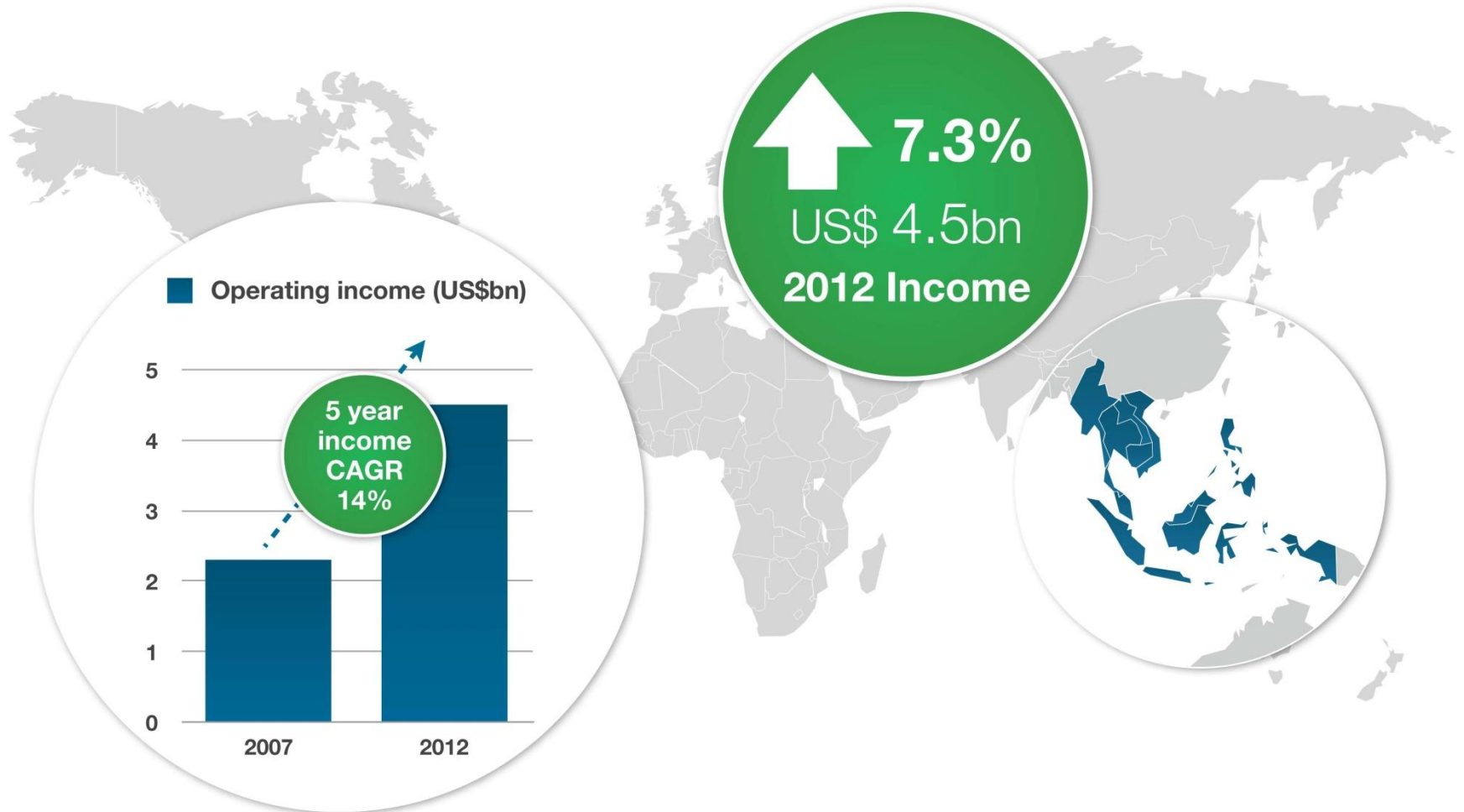


Collaborative network

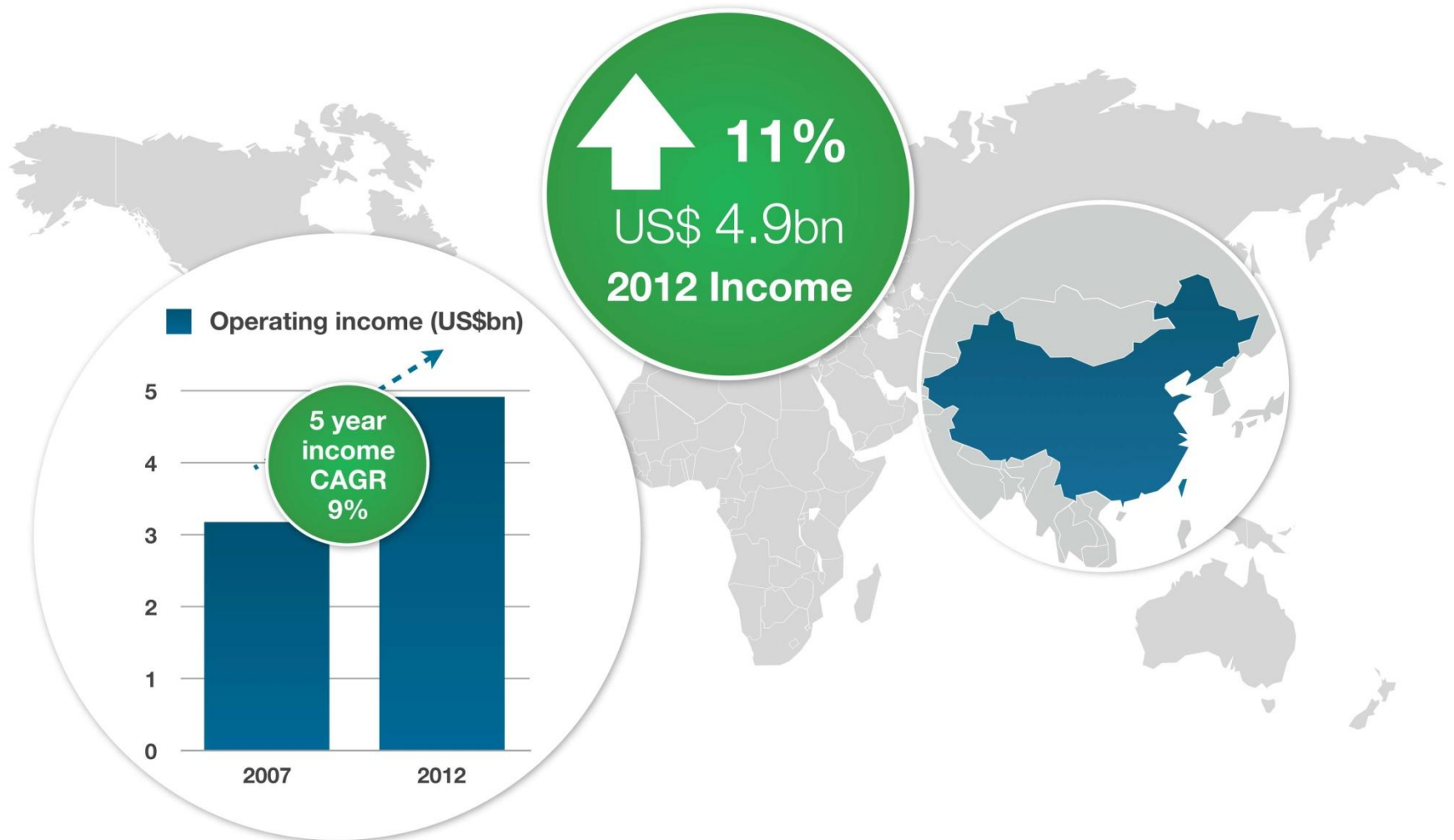
New markets



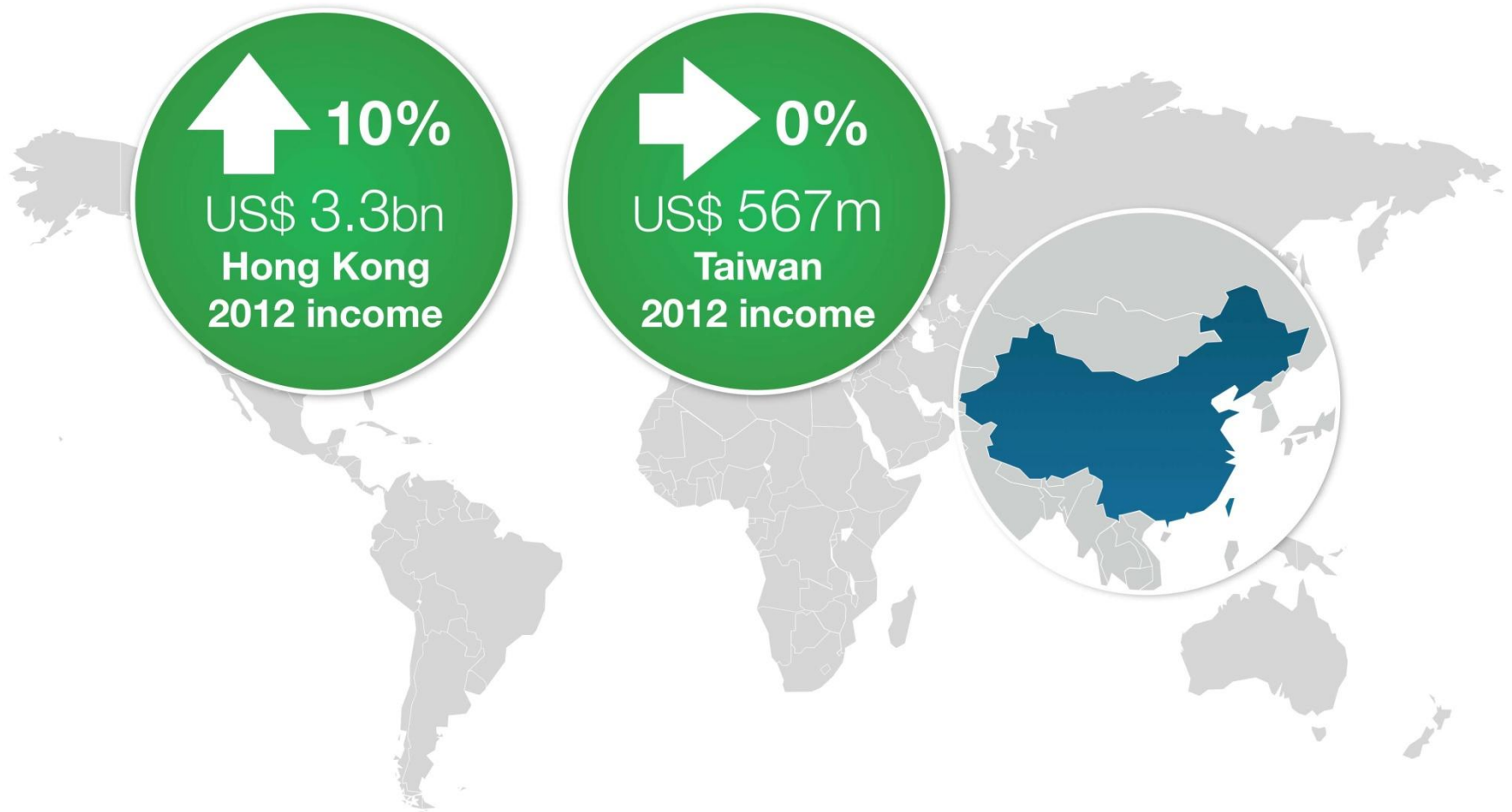
- Mongolia - 2011 rep office opened
- Turkey - 2012 subsidiary acquired
- Myanmar - 2013 rep office opened
- Angola - 2013 agreement to form joint venture



Greater China



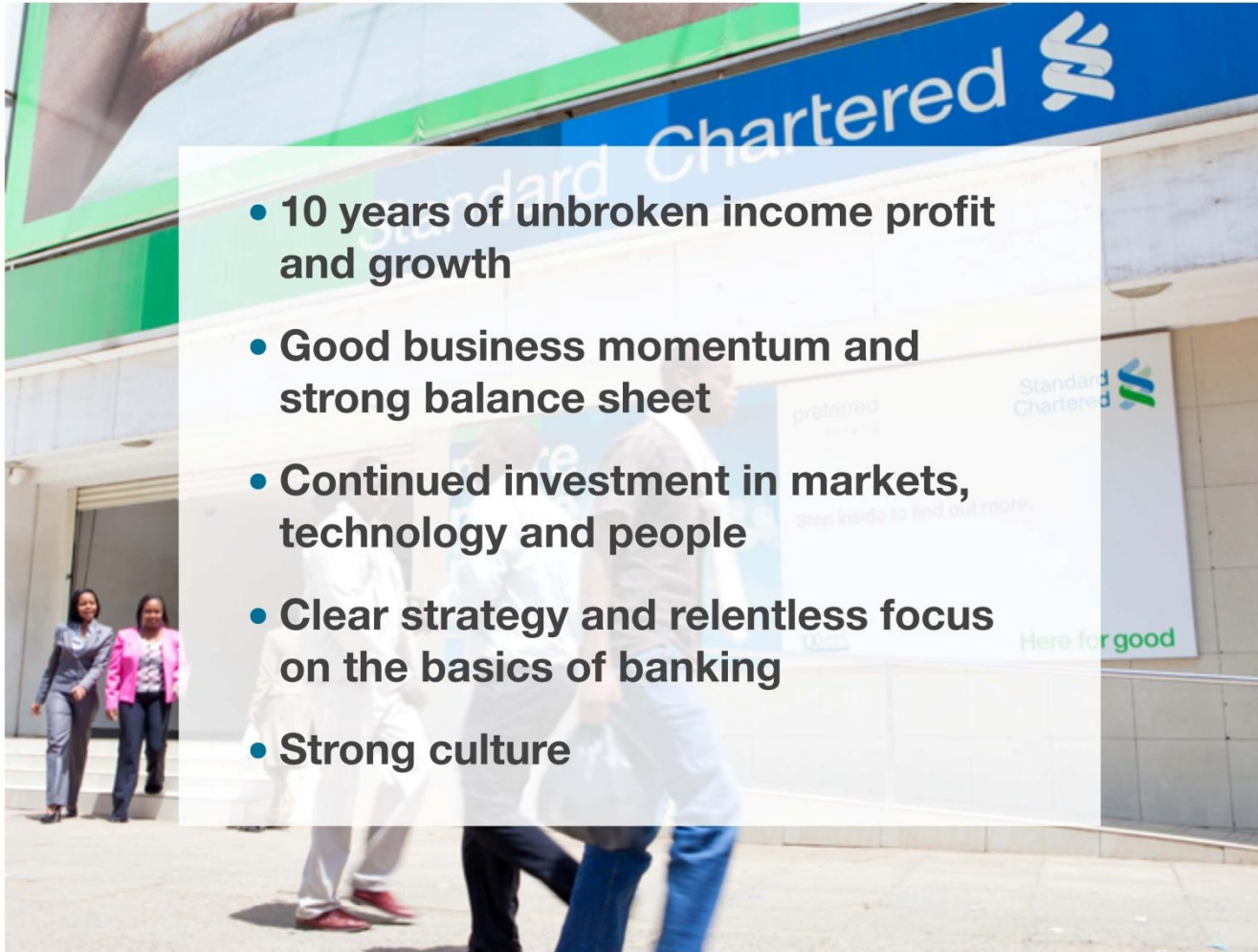
Greater China



Summary



Summary





Our consistent financial aspirations:

- **Double-digit income growth**
- **Double-digit EPS growth**
- **Costs growing in line with income**
- **Mid-teens RoE**

Q & A