

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

## Credit Suisse Asia Investor Conference



# Forward looking statement



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

**Julian Fong**

CFO, Asia & Global Head of Country Finance

# Who we are

- Over **150** year heritage
- Over **1,700** branches & offices
- Presence in **68** markets
- Over **89,000** employees
- Primary listings in London, Hong Kong and Mumbai
- Credit ratings **AA-** / **A1** / **AA-** (S&P / Moody's / Fitch respectively)
- Around **90% of income** from Asia, Africa and Middle East
- Lead regulated by the UK Financial Services Authority
- Market cap: **US\$65bn** (March 2013)



# 2012 Performance highlights



|                    | 2012       |      | 2012<br>Normalised* |
|--------------------|------------|------|---------------------|
| Income             | US\$19.1bn | ↑ 8% |                     |
| Jaws               | (2%)       |      | 5%                  |
| Profit before tax  | US\$6.9bn  | ↑ 1% | ↑ 12%               |
| Earnings per share | 199.7c     |      | 225.2c              |
| Return on equity   | 12.2%      |      | 12.8%               |

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

# 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)     |
| <b>Operating profit</b>            | <b>1,650</b> | <b>899</b> | <b>879</b> | <b>1,778</b> | <b>8</b> |

# Wholesale Banking performance

**US\$m**

Income

Expenses

Operating profit before impairment

Loan impairment

Other impairment

**Operating profit**

**H1 12**

**H2 12**

**2012**

**YoY%**

5,996

5,783

11,779

9

(2,656)

(3,343)

(5,999)

17

3,340

2,440

5,780

1

(283)

(241)

(524)

36

(65)

(55)

(120)

21

**2,992**

**2,144**

**5,136**

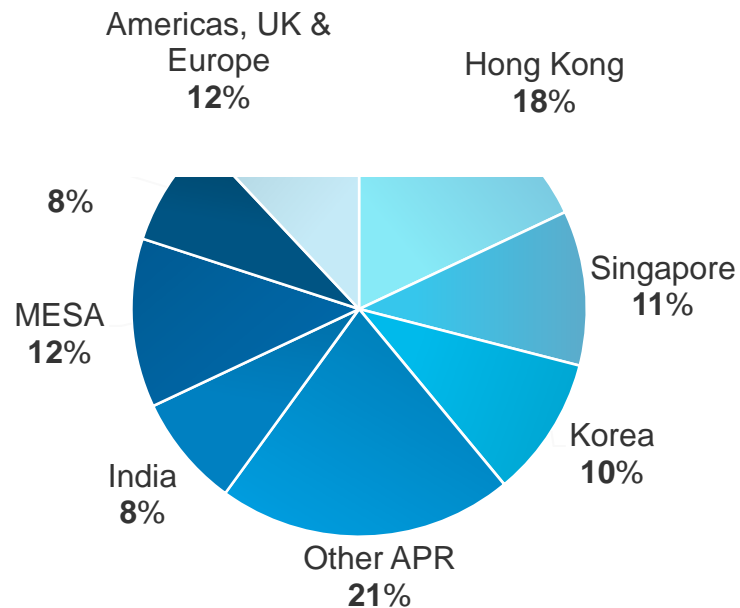
**(2)**

(384)

(99)

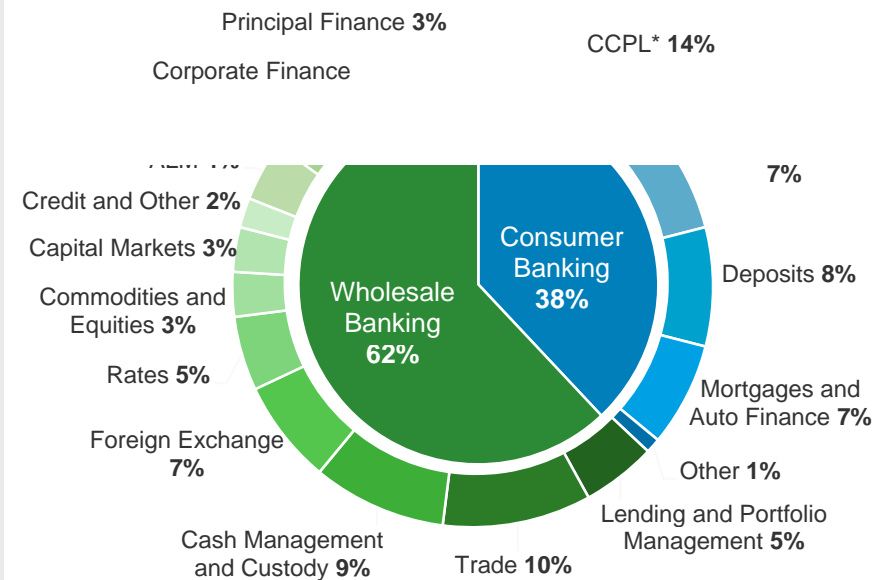
# Diversity a differentiator

## Operating income by geography



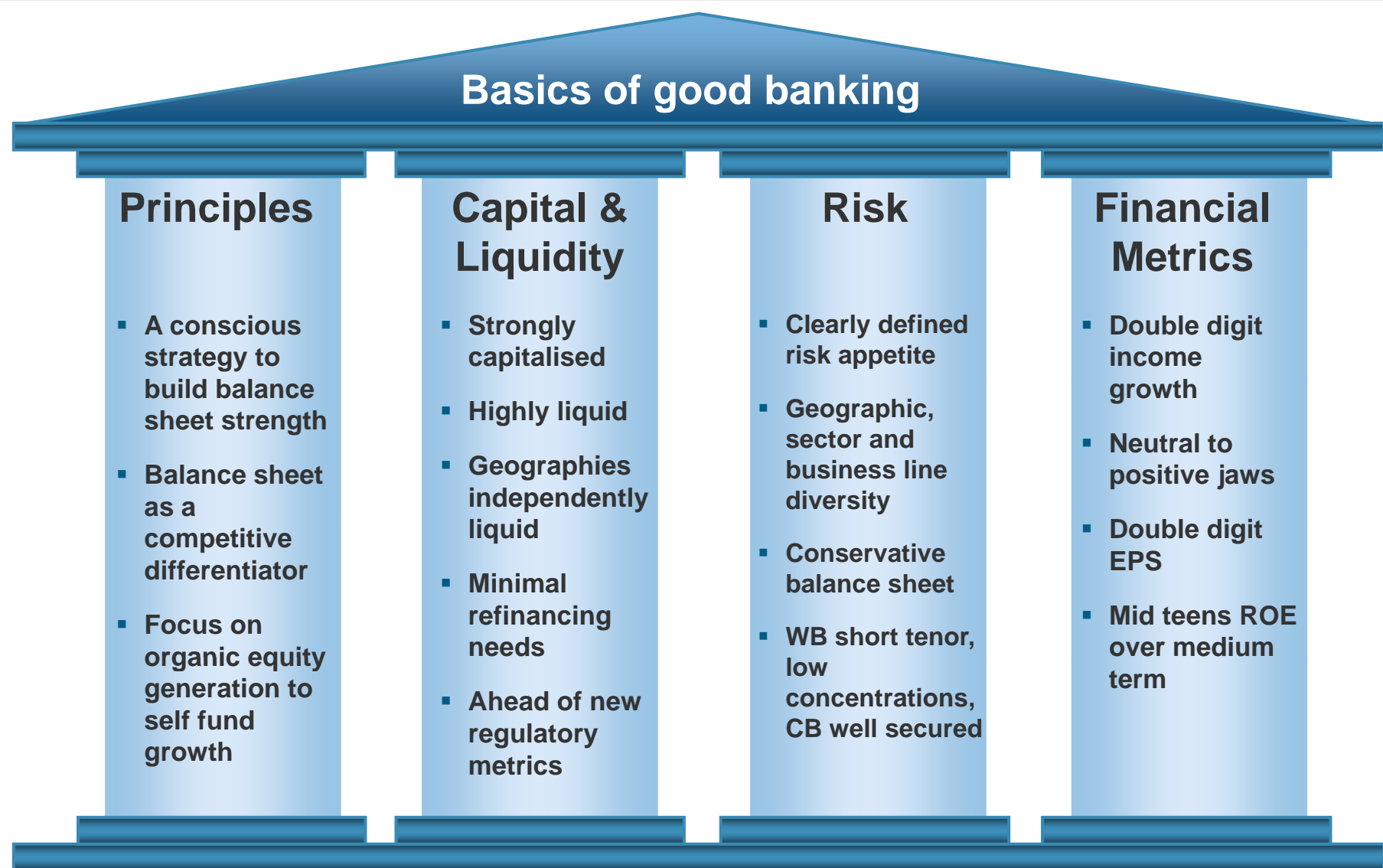
\* Cards, Personal Loans and Unsecured Lending

## Operating income by product





# Strong foundations

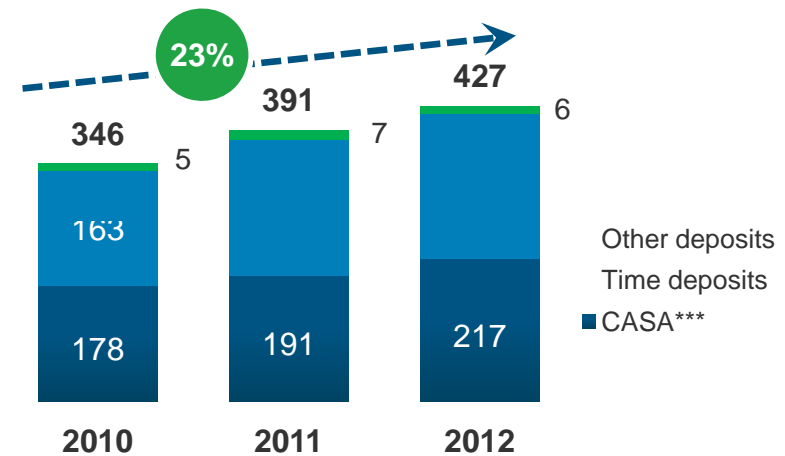


# Group balance sheet

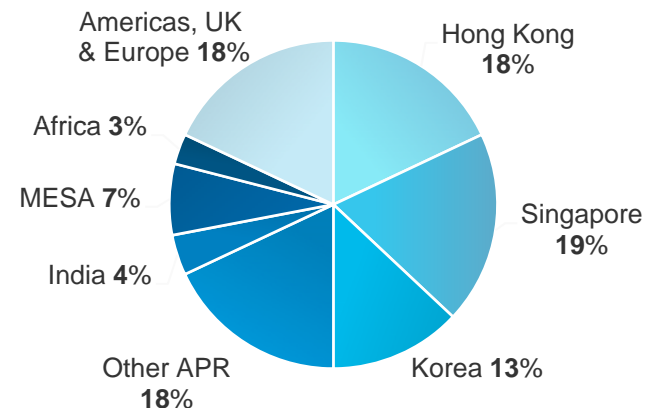
- Customer deposit funded franchise (A/D ratio of 74.1% and Liquid asset ratio of 30.4%)
- Net interbank lender and US\$194bn of liquid assets
- Basel III NSFR\* and LCR\*\* requirements already met
- No direct sovereign exposure to Greece, Ireland, Italy, Portugal or Spain
- Limited exposure to problem asset classes

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

Total deposits – US\$m

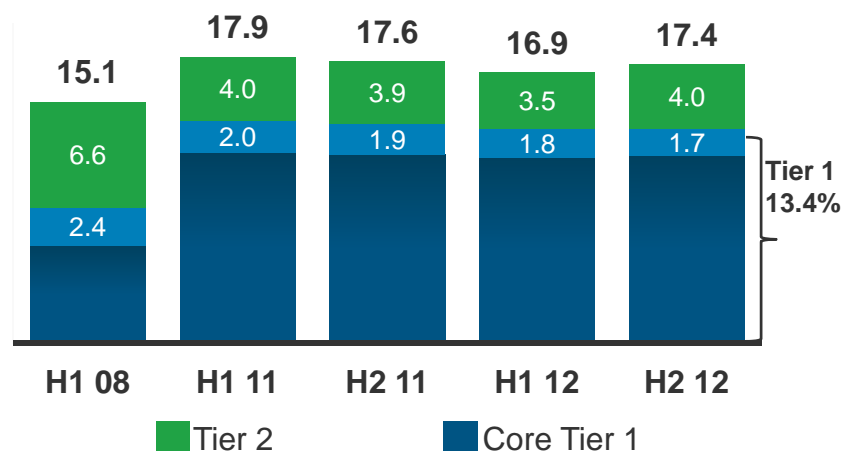


Customer loans and advances by geography

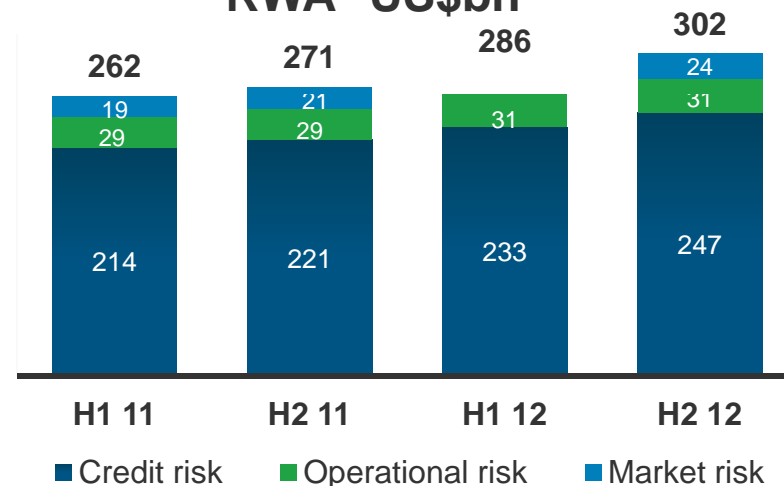


# Capital generation

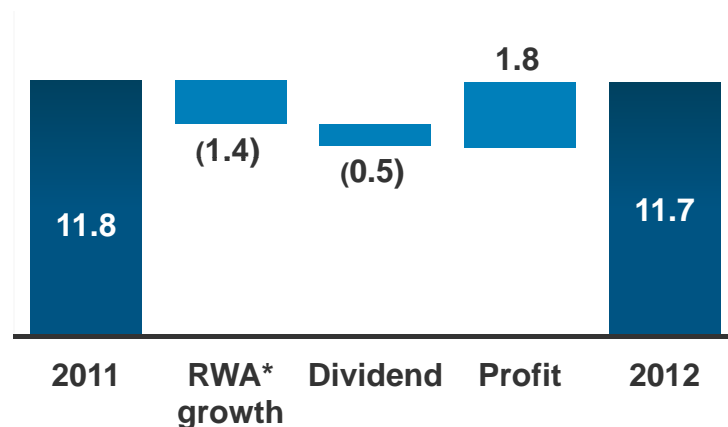
## Capital ratios %



## RWA\* US\$bn

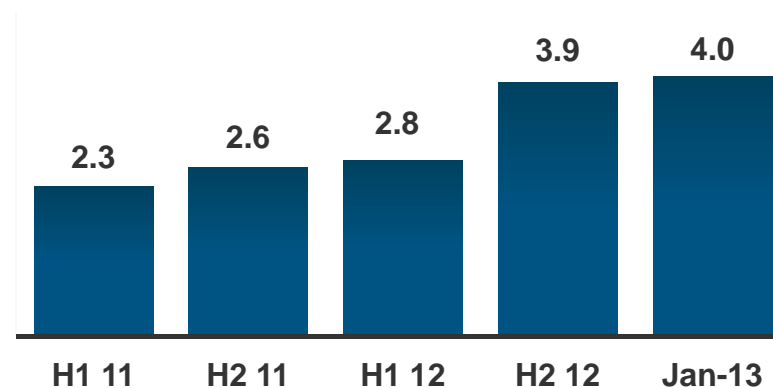


## Core tier 1 capital reconciliation %



\* Risk Weighted Assets

## Debt and capital issuance US\$bn

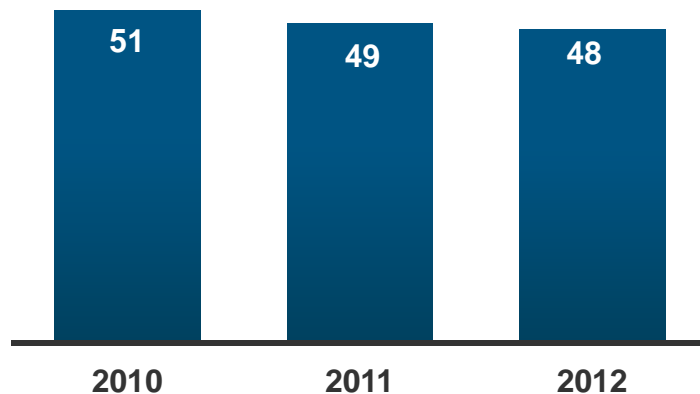


# Risk

## Consumer Banking

- 82% of Consumer Banking portfolio is fully or partially secured
- Only 11% of the SME portfolio is unsecured
- Average LTV on mortgage portfolio of 48%

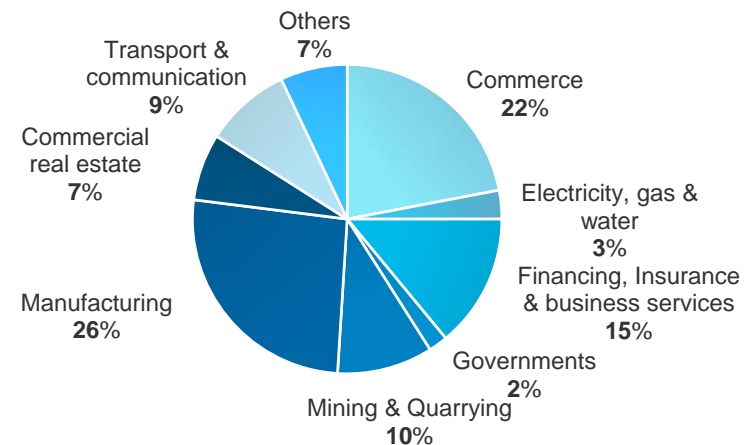
Average LTV on mortgage portfolio (%)



## Wholesale Banking

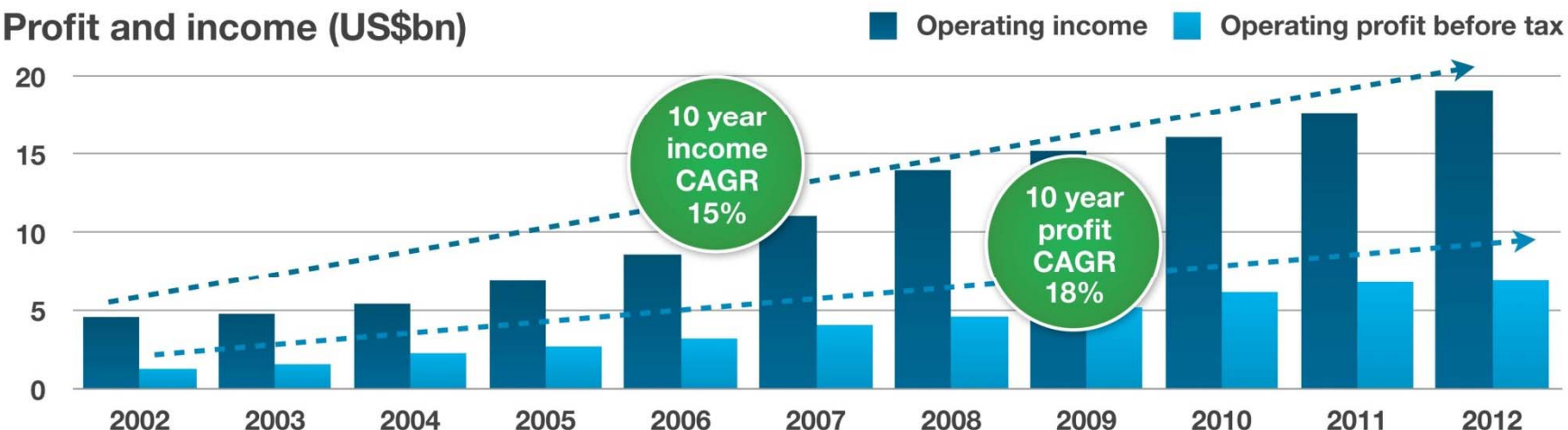
- 62% of Wholesale Banking loans less than 1 year maturity
- Well diversified book by geography and industry
- Continue to distribute assets

Loans and advances to customers by industry

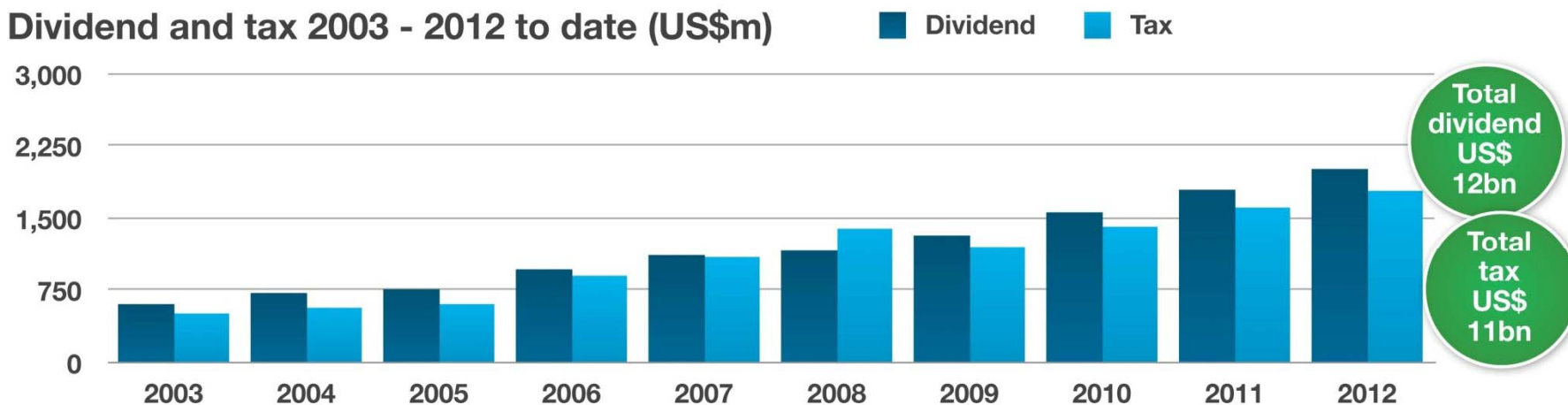


# Consistent delivery

Profit and income (US\$bn)



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



# Our competitive differentiation



## Our Strategic Intent

The world's best international bank

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

## Our Brand Promise

# Here for good

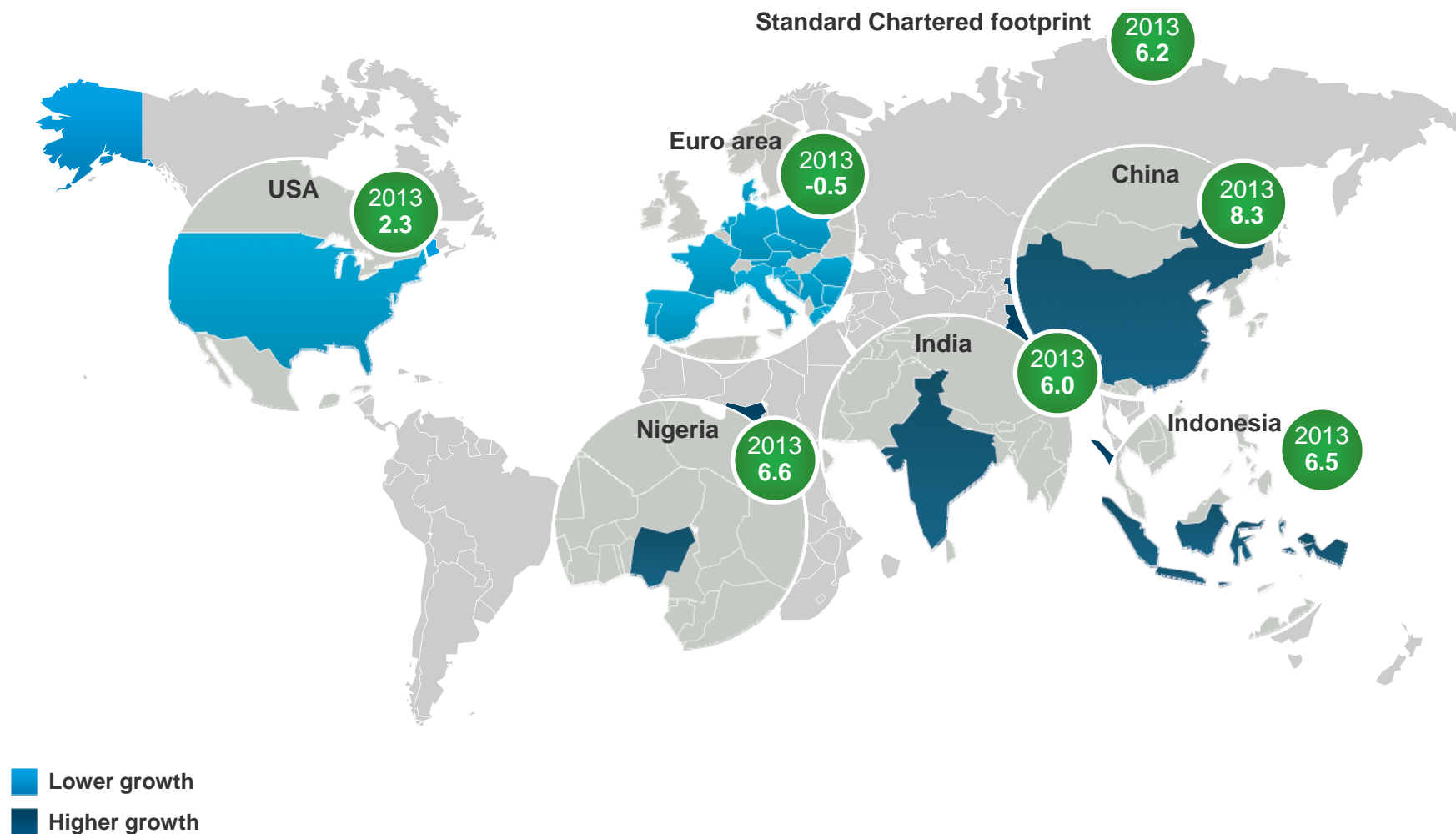


# 2013

| Our Values                | <b>Courageous</b><br>We take measured risks and stand up for what is right                | <b>Responsive</b><br>We deliver relevant, timely solutions for clients and customers | <b>International</b><br>We value diversity and work as One Bank                           | <b>Creative</b><br>We innovate and adapt, continuously improving the way we work | <b>Trustworthy</b><br>We are reliable, open and honest  | payment mechanisms  | and digitise   |
|---------------------------|---|--|---|--|---|---|--|
| Our Distinctive Strengths | <b>Collaborative Network</b><br>Combining global capability and local knowledge           |  | <b>Clients and Customers</b><br>Building deep and long term relationships                 |  | <b>Disciplined Growth</b><br>Delivering results without compromising balance sheet strength or control of risks and costs | <b>Avalanche of regulatory change</b><br>Cost, complexity, fragmentation, impact on capital/liquidity                                   | <b>Intensify collaboration across the network</b>      |
|                           | <b>Colleagues</b><br>A great place to work, enabling individuals to grow and teams to win |  | <b>Society</b><br>A force for good, promoting sustainable economic and social development |  | <b>Investors</b><br>A distinctive investment, delivering consistently superior performance                                | <b>Sustained political and public hostility towards banks</b><br>Pressure to demonstrate social purpose, intolerance of further failure | <b>Get fitter and more flexible in the way we work</b> |
|                           |   |  |   |  |   | <b>Intense competition</b><br>Strong local banks, return of major global players, the rise of non-banks                                 | <b>Accelerate the next generation of leaders</b>       |
| Our Commitments           |   |  |   |  | <b>Regulators</b><br>A responsible partner with exemplary governance and ethics   |   | <b>Deliver superior financial performance</b>          |

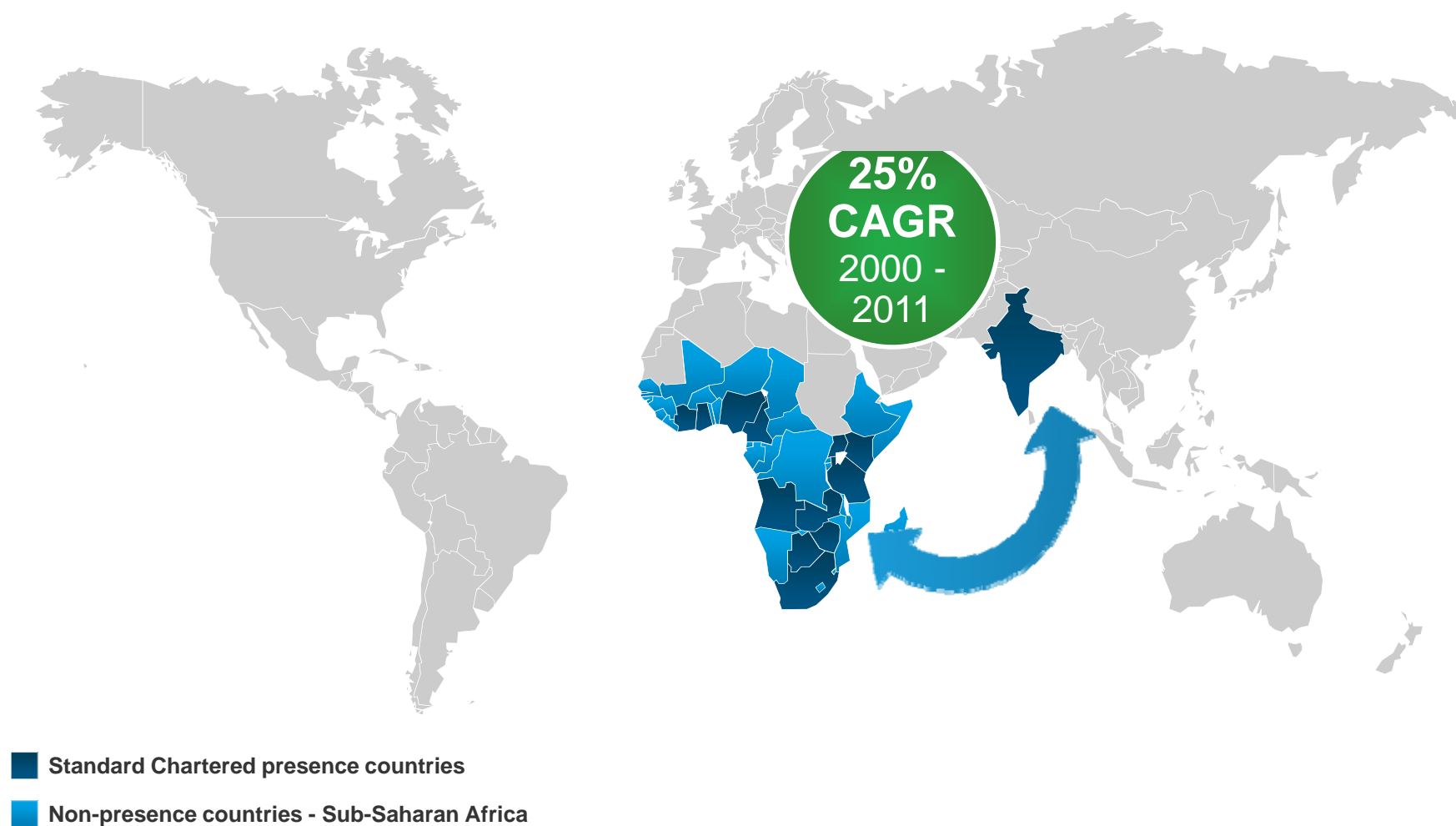
# Our markets

GDP growth %



# Our markets

## Trade flows





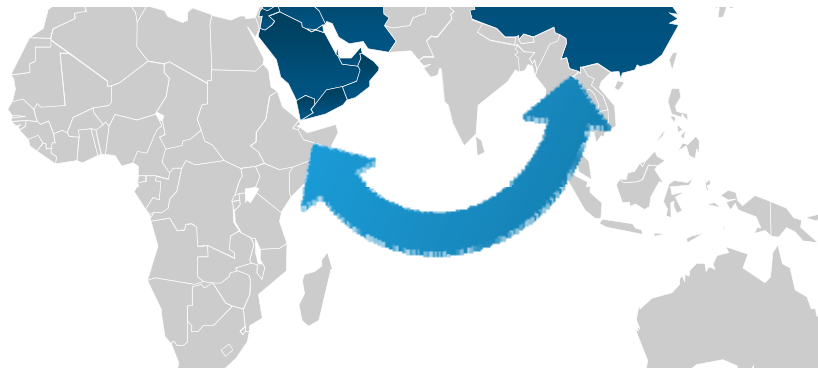
# Our markets

## Trade flows



2001  
US\$ 18bn

2011  
US\$ 241bn



# Our markets

## RMB internationalisation



# Outlook

- 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

# Q&A