



# Roadshow Presentation

23 February 2016



## Forward looking statement

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

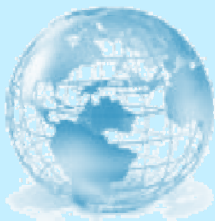

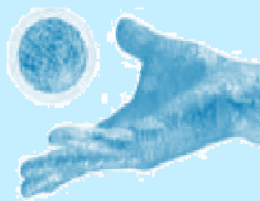

Forward-looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results could differ materially from those contained in the forward-looking statements. Forward-looking statements are based on current views, estimates and assumptions and involve 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 and engaging in acquisitions; reputational risk; pension risk; global macroeconomic 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; 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; cross-border 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 and failure to generate sufficient level of profits and cash flows to pay future dividends.

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# Our Strategy

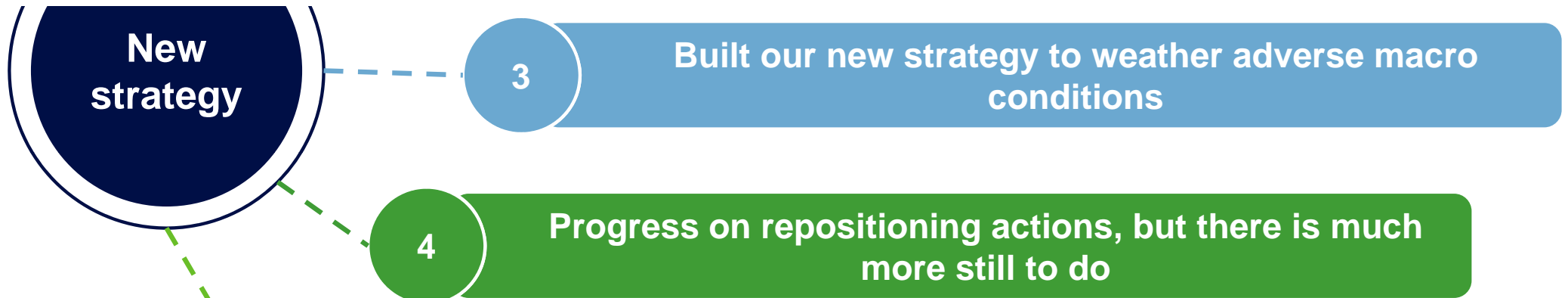
# Powerful underlying trends offer exciting long-term opportunities

Rise of Urban Middle Class		<ul style="list-style-type: none"><li>• Asia ex-Japan is expected to drive global private financial wealth growth</li><li>• 29 of the 41 global mega-cities are expected to be in Asia, Africa and the Middle East by 2030</li><li>• Markets such as China, India and Africa are becoming more consumption led</li><li>• <b><i>This is the natural and existing client base of Standard Chartered</i></b></li></ul>
Increasing Global Connectivity		<ul style="list-style-type: none"><li>• EM Corporates are 'internationalising' with 40% of revenues from overseas</li><li>• Commercial clients comprise 30-60% of GDP in our footprint markets and are internationalising</li><li>• China opening and renminbi likely to become a reserve currency</li><li>• <b><i>Standard Chartered is a trade and commerce bank; these trends play to core strengths</i></b></li></ul>
Digital Revolution		<ul style="list-style-type: none"><li>• Leverage strong brand with improved customer experience</li><li>• Digitisation provides efficiency and productivity gains and makes us more convenient for clients</li><li>• Dynamic landscape with new technologies and new competitors</li><li>• <b><i>Rolling out our enhanced digital technology will enable us to compete effectively</i></b></li></ul>
Financial Deepening		<ul style="list-style-type: none"><li>• Local capital markets deepening and internationalising</li><li>• Increasing need for local hedging instruments for client risk management</li><li>• Growing sophistication of financial services companies in local markets</li><li>• <b><i>We are at the leading edge of the developments in many of our markets</i></b></li></ul>

**Our strong brand, Wealth platform and presence in Asia, Africa and the Middle East will allow us to benefit from these underlying trends by giving outstanding service to clients**

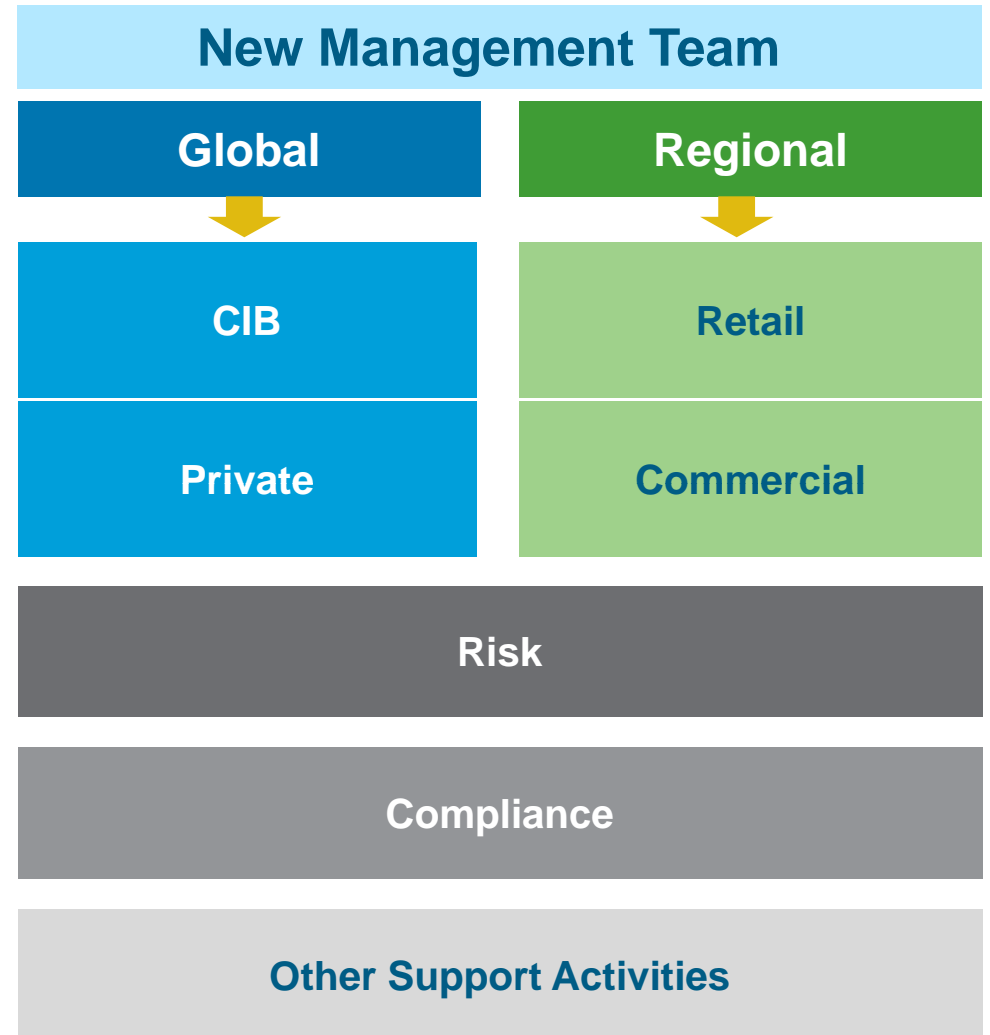
# We are executing our new strategy which was designed for this challenging environment

We have valuable differentiated franchise relationships



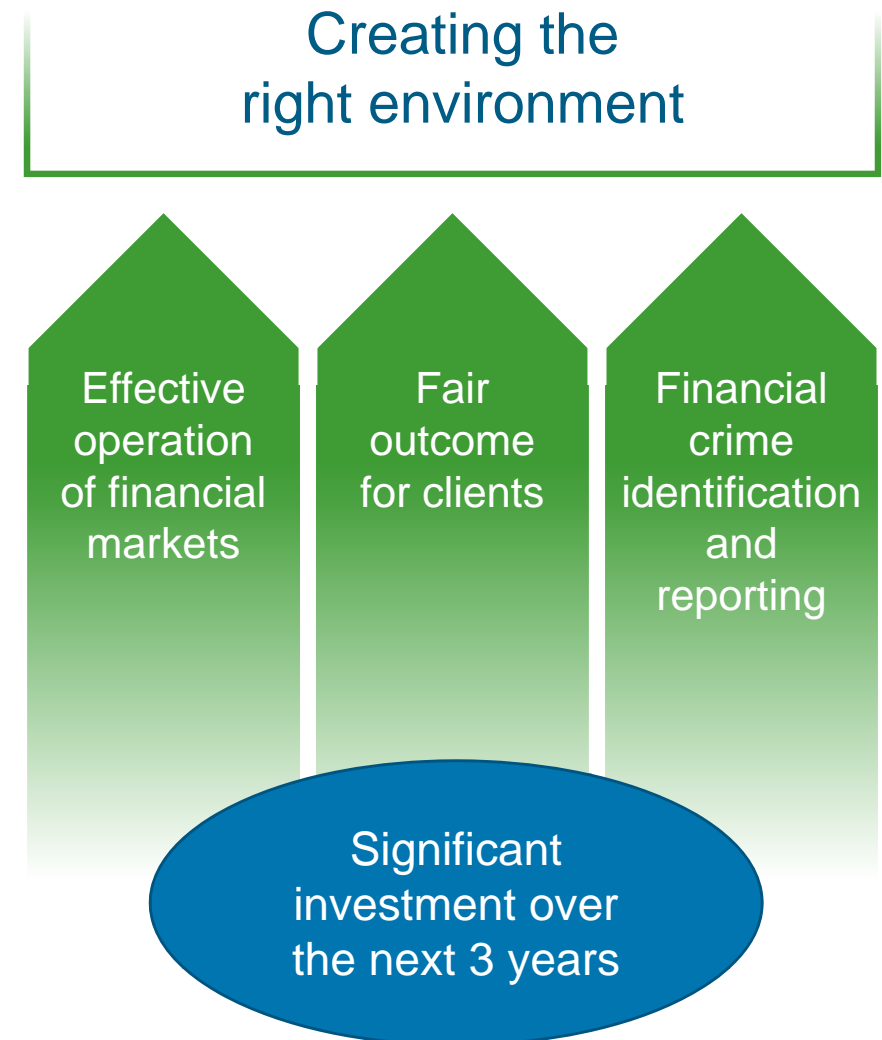
# Simplified organisation structure to focus more on geographic execution

- Rolled out simplified organisation structure in July 2015
- Retail and Commercial businesses managed locally and regionally
- New management team established to deliver and execute strategy
- Simplified regional structure from 8 to 4
- Reduce layers and increase span of managers
- Senior staff exits in progress
- Drive headcount efficiencies throughout the organisation
- Plans to reduce gross headcount by approximately 15,000



# Deliver our conduct and financial crime risk programmes

- Risk and conduct integral to strategic review and organisation structure
- Enhancing controls and strengthening compliance culture:
  - Hiring industry leaders
  - Establishing new governance frameworks
  - Substantial investment in systems
  - Conduct as a core part of the day job for every employee
- Determined to make leading contribution to the global fight against financial crime
- Engaging proactively with regulators and other stakeholders



# We are delivering on the commitments we have made and executing on the strategy to drive sustainably higher returns

1

## Secure the foundations

- **Financial framework:** CET1 of 12-13%, ROE of 10% in medium term
- Reduce / exit exposures to within the refreshed Group risk tolerance by 2017
- Businesses and assets comprising approximately one third of Group RWA to be restructured
- Deliver our conduct and financial crime risk programmes
- Re-focus relentlessly on client satisfaction
- Re-establish a culture of excellence in everything we do
- Simplify the organisation structure to focus more on geographic execution

2

## Get lean and focused

- **Cost discipline:** execute US\$2.9bn gross cost reduction programme over 4 years from 2015 to 2018; 2018 total costs below 2015
- Restructure Corporate and Institutional Banking for higher returns
- Accelerate Retail Transformation; target cost income ratio of c.55% by 2020
- Fundamentally overhaul Commercial Banking
- Clear and deliverable strategy for our regions managed locally

3

## Invest and innovate

- Step-up cash investments by over US\$1bn. Invest in excess of US\$3bn (cash basis) over three years
- Invest and innovate in Private Banking and Wealth Management to leverage advantages
- Build on a strong foundation and invest to grow safely in Africa
- Leverage opening of China; capture opportunities from renminbi internationalisation
- Roll out enhanced Retail digital capabilities across our footprint



# We are delivering on the commitments we have made and executing on the strategy to drive sustainably higher returns



Reorganised the Group around a new and simpler organisation structure

1



Completed new management team with Group Chief Risk Officer and CEO of CIB



Strengthened capital including strong shareholder support of our Rights Issue

Secure the foundations



Made progress in identifying and optimising US\$50bn of Group RWA



In discussions regarding presence in Indonesia; made progress in Korea



Achieved >US\$600m of cost efficiency in 2015 and targeting >US\$1bn in 2016



Created clearly defined client segment strategies with geographic execution

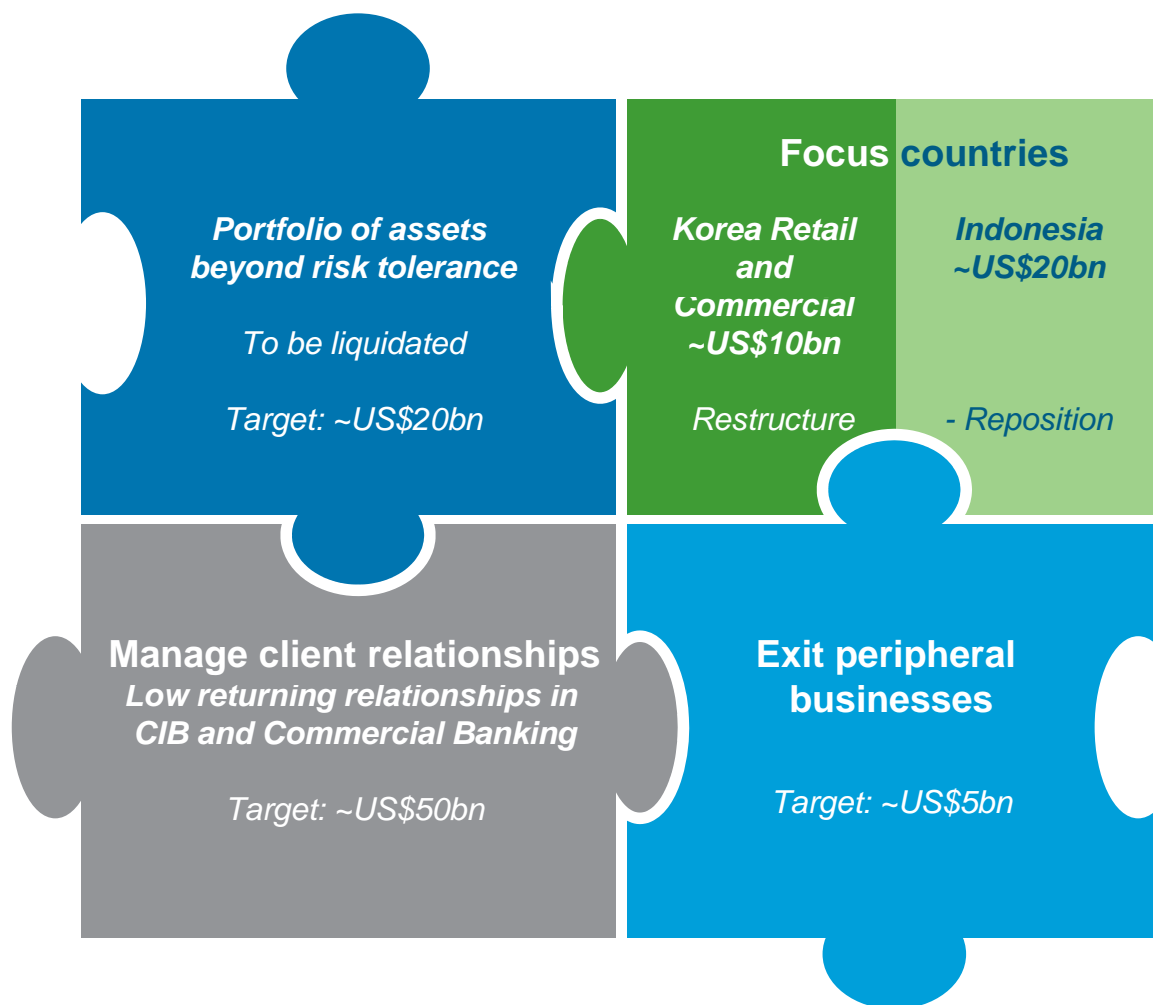
Get lean and focused

3




Significant investments to establish best in class control and conduct capabilities

# We have taken early actions to restructure approximately one third of Group RWA



## Restructuring progress

- US\$1.8bn restructuring charges taken in Q4 2015 ...
- ... the bulk of the amount indicated last November
- Remain confident in around US\$3bn cost estimate



# We have taken assertive action on exposures outside of tightened risk tolerance

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- Tightened our risk tolerances
- Concentrated exposures largely in liquidation portfolio
- In 2015, represent 3% of gross loans and advances to customers but 59% of gross non-performing loans and 52% of loan impairment
- Assertively managing out these exposures
- **The remaining portfolio will be:**
  - More diverse
  - Less sensitive to adverse economic and credit cycles



## Continuing to actively manage low returning client relationships

**We are committed to optimising US\$50bn of RWA across CIB and Commercial**

**All clients are identified and discussions are ongoing to manage returns up or RWA out**

**Expect to have completed the process in the next 18-24 months**

**Early signs suggest we can retain a large proportion of clients at enhanced returns**



# Focus countries – Korea and Indonesia

## Korea



- Significant headcount reduction from SRP<sup>1</sup>
- Simplified corporate structure
- De-risked retail unsecured
- In 2016 we will continue to:
  - Improve cost efficiency
  - Leverage Shinsegae alliance
  - Launched Samsung co-brand card
  - Grow network business
  - Drive towards profitability



## Indonesia



- Aim to reduce to a single presence
- In active discussions with joint venture partner and local regulators
- Continued focus on driving sustainable improvement in returns



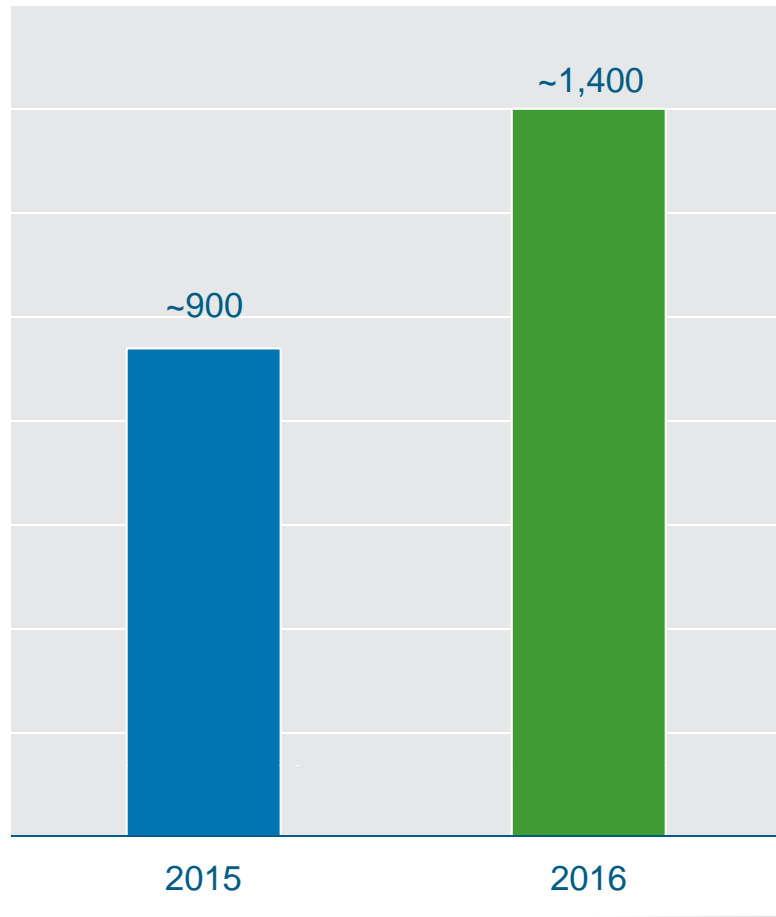


# Exiting peripheral businesses

- **Progressing sale of peripheral non-strategic investments**
  - Timing dependent on market conditions
- **Exiting selected sub-scale Retail Banking markets**
  - Sales processes underway or planned
  - Will update on signing
- **Completing exit of equity derivatives business**
  - Running-off RWA from remaining positions

# We are stepping up investment despite challenging external conditions in order to deliver our strategic agenda

## Cash investment spend (US\$m)



- Upgrade systems
- Improve flexibility
- Deliver process and control efficiencies

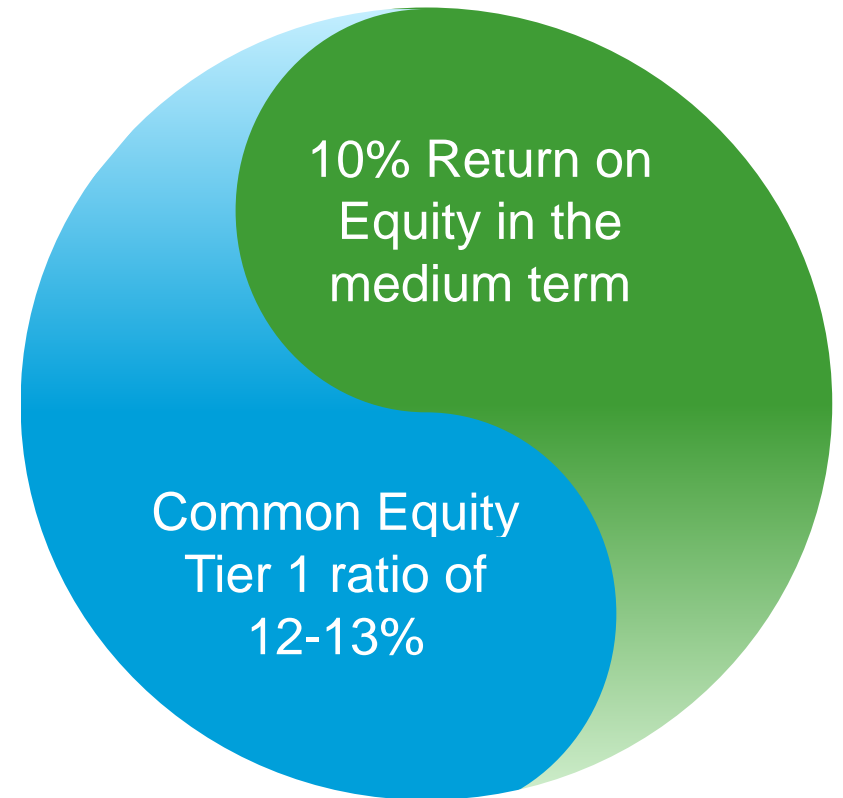
- Enhance Retail Digital capabilities
- Upgrade Private and WM<sup>1</sup> platforms
- Invest in our Africa franchise
- Investment to sustain RMB position



- Deliver on requirements e.g. BCBS, IFRS 9
- Improve compliance and conduct controls

# Committed to rebuilding strength and profitability

## 1 Maintain strong capital position



everything we do



# Financial Performance

# Summary of our 2015 financial performance

✓ We have taken action to strengthen the Group's balance sheet

✓ We have tightened our risk tolerance and have reduced concentrations

✓ We have delivered on 2015 committed cost efficiencies and...

✓ ... We will deliver cost saves of US\$2.3bn more by end of 2018

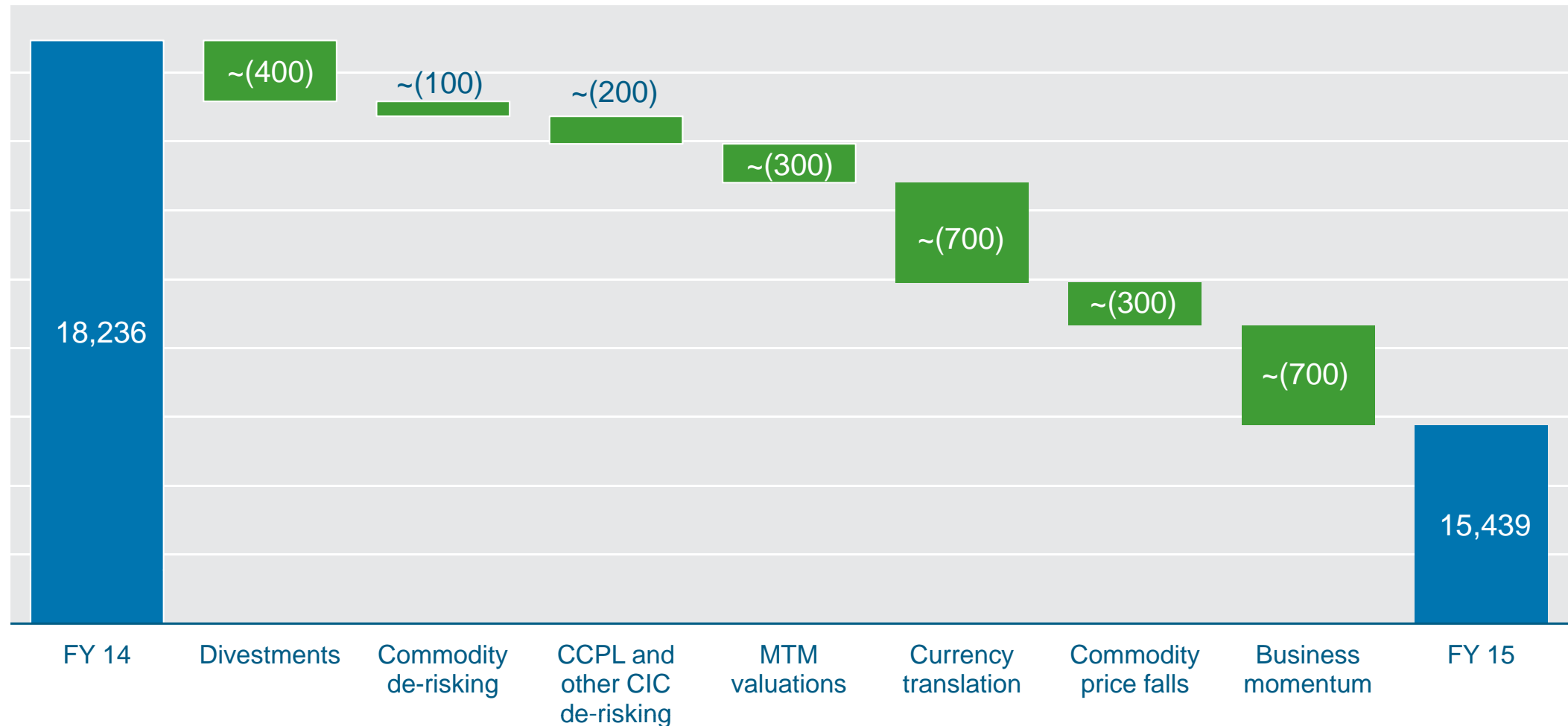
✓ We have taken action but have much more to do to drive stronger returns

# Group performance summary

US\$m	FY 14	FY 15	Better/ (Worse)%		
<b>Income</b>	<b>18,236</b>	<b>15,439</b>	<b>(15)</b>	<b>YoY change in income (US\$m)</b>	<b>(2,797)</b>
Operating expenses	(9,662)	(9,032)	7	- Currency translation	~(700)
Regulatory expenses <sup>1</sup>	(717)	(1,006)	(40)	- Divestments and exits	~(400)
Bank levy	(366)	(440)	(20)	- CCPL <sup>5</sup> reductions	~(200)
<b>Pre-provision operating profit</b>	<b>7,491</b>	<b>4,961</b>	<b>(34)</b>	- Commodity linked income	~(400)
Loan impairment	(2,141)	(4,008)	(87)	- MTM <sup>6</sup> valuations	~(300)
Other impairment	(403)	(311)	23	- Business momentum	~(700)
Profit from associates	248	192	(23)		
<b>Profit before tax (underlying)</b>	<b>5,195</b>	<b>834</b>	<b>(84)</b>		
Restructuring	-	(1,845)	nm	<b>Restructuring</b>	<b>(1,845)</b>
Valuation adjustment	-	(863)	nm	- Loan impairment	(968)
Own credit adjustment	100	495	nm	- Redundancy costs	(695)
Other exceptional items <sup>2</sup>	(1,060)	(144)	nm	- Other impairment	(56)
<b>Profit / (loss) before tax (reported)</b>	<b>4,235</b>	<b>(1,523)</b>	<b>(136)</b>	- Goodwill impairment	(126)
Normalised ROE <sup>3</sup> (%)	7.8%	(0.4%)	-		
Normalised EPS <sup>4</sup> (Cents)	138.9	(6.6)	-		
Dividend per share (Cents)	81.9	13.7	<b>(83)</b>		
<b>Common Equity Tier 1</b>	<b>10.7%</b>	<b>12.6%</b>	-	<b>CET1 pre restructuring</b>	<b>13.2%</b>

# Income impacted by adverse market conditions and management actions

## Operating income (US\$m)



# Group performance summary

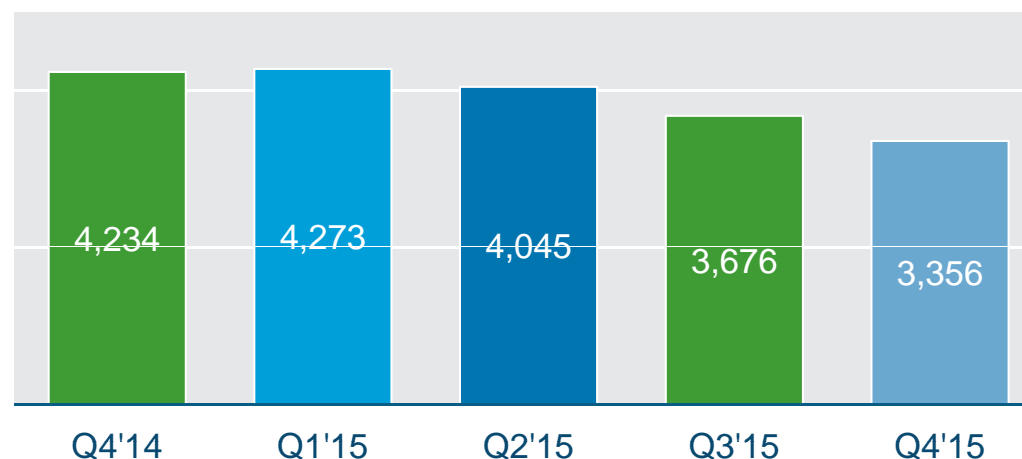
US\$m	FY 14	FY 15	Better/ (Worse)%	Q4 14	Q3 15	Q4 15	YoY Better/ (Worse)%	QoQ Better/ (Worse)%
Client income	16,623	14,613	(12)	4,075	3,513	3,194	(22)	(9)
Other income	1,613	826	(49)	372	169	68	(82)	(60)
<b>Income</b>	<b>18,236</b>	<b>15,439</b>	<b>(15)</b>	<b>4,448</b>	<b>3,682</b>	<b>3,262</b>	<b>(27)</b>	<b>(11)</b>
Operating expenses	(9,662)	(9,032)	7	(2,536)	(2,238)	(2,205)	13	1
Regulatory expenses	(717)	(1,006)	(40)	(237)	(237)	(316)	(33)	(33)
Bank levy	(366)	(440)	(20)	(366)	-	(440)	(20)	nm
<b>Pre-provision operating profit</b>	<b>7,491</b>	<b>4,961</b>	<b>(34)</b>	<b>1,309</b>	<b>1,207</b>	<b>300</b>	<b>(77)</b>	<b>(75)</b>
Loan impairment	(2,141)	(4,008)	(87)	(759)	(1,230)	(1,126)	(48)	8
Other impairment	(403)	(311)	23	(215)	(161)	(64)	70	61
Profit from associates	248	192	(23)	57	70	12	(78)	(82)
<b>Profit before tax (underlying)</b>	<b>5,195</b>	<b>834</b>	<b>(84)</b>	<b>392</b>	<b>(114)</b>	<b>(877)</b>	<b>(324)</b>	<b>nm</b>
Restructuring		(1,845)	nm		(25)	(1,820)	nm	nm
Valuation adjustment		(863)	nm			(863)	nm	nm
Own credit adjustment	100	495	nm	95	570	(130)	nm	nm
Other exceptional items <sup>1</sup>	(1,060)	(144)	nm	(755)	(1)	(362)	nm	nm
<b>Profit before tax (reported)</b>	<b>4,235</b>	<b>(1,523)</b>	<b>(136)</b>	<b>(269)</b>	<b>430</b>	<b>(4,051)</b>	<b>nm</b>	<b>nm</b>

# Taking action to address declining income trajectory

- **Lower balance sheet momentum... but taking action**
  - Reflects adverse macro conditions in 2015
  - Selective asset origination
- **We are reaching the end of the de-risking phase**
  - Open to grow within risk and return framework
  - Reinvesting freed up capital in targeted businesses
- **Seeing progress in areas where we have invested**
  - Retail Priority income up 14% YoY
  - Wealth Management AUM<sup>4</sup> up 7% YoY
  - **Added clients:** ~1,000 Private Banking Clients, ~3,000 Commercial Clients
  - Maintained leadership position in RMB
  - Refocused on serving CIC and CC supply chain
  - New structure increases regional CEOs' control

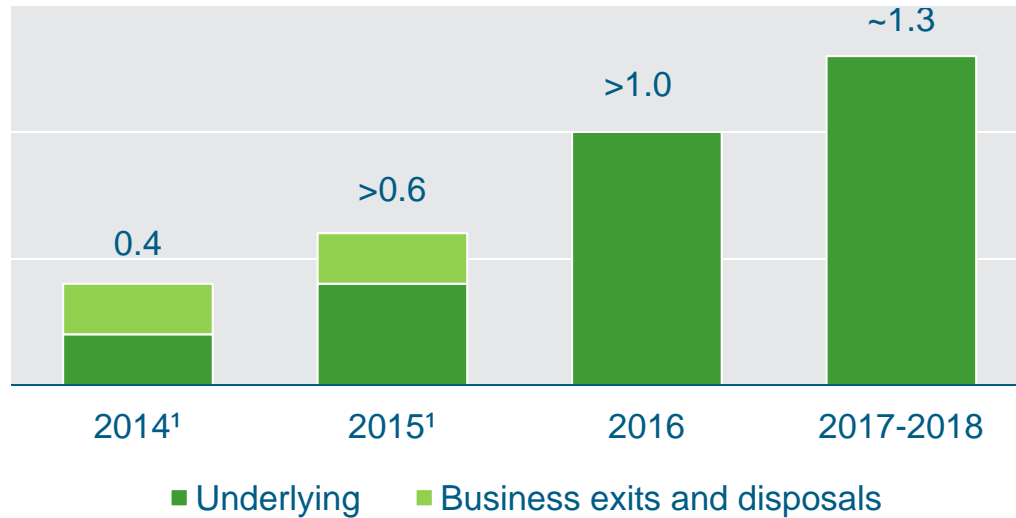
US\$m	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Operating income	4,448	4,421	4,074	3,682	3,262
Mark to market <sup>1</sup>	148	112	178	58	81
Divestments	(130)	(84)	(53)	-	-
FX <sup>2</sup> and FX one-off <sup>3</sup>	(232)	(176)	(154)	(64)	13
Operating income (adjusted as above)	4,234	4,273	4,045	3,676	3,356

## Operating income (adjusted) US\$m



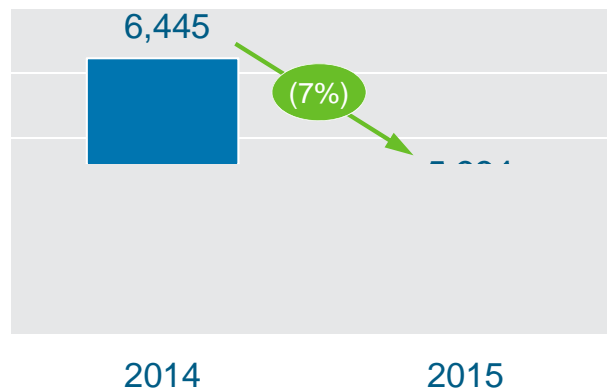
# We have stepped up our cost focus to improve profitability and create investment capacity

## Annual cost efficiencies (US\$bn)

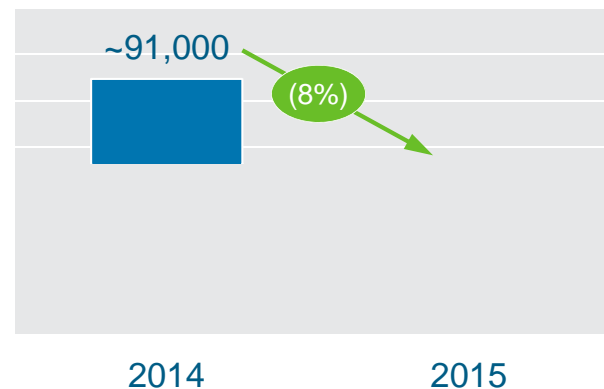


- Underlying operating expenses<sup>1</sup> down 7% year on year
- US\$1bn efficiencies in 2016 already identified
- Staff numbers down ~7,000 YoY

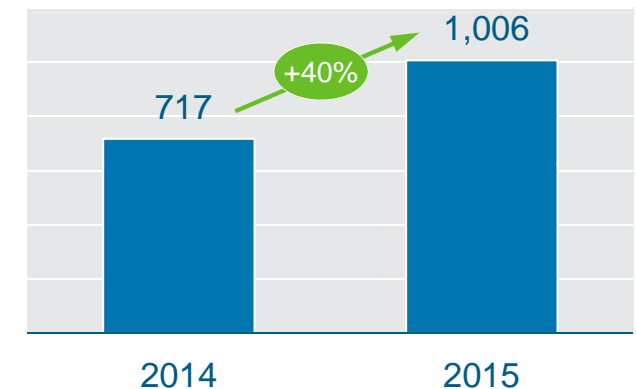
## Staff costs (US\$m)<sup>2</sup>



## Staff numbers



## Regulatory costs (US\$m)



# While 2015 performance was poor, we are building underlying momentum across focus areas

## Corporate and Institutional Banking

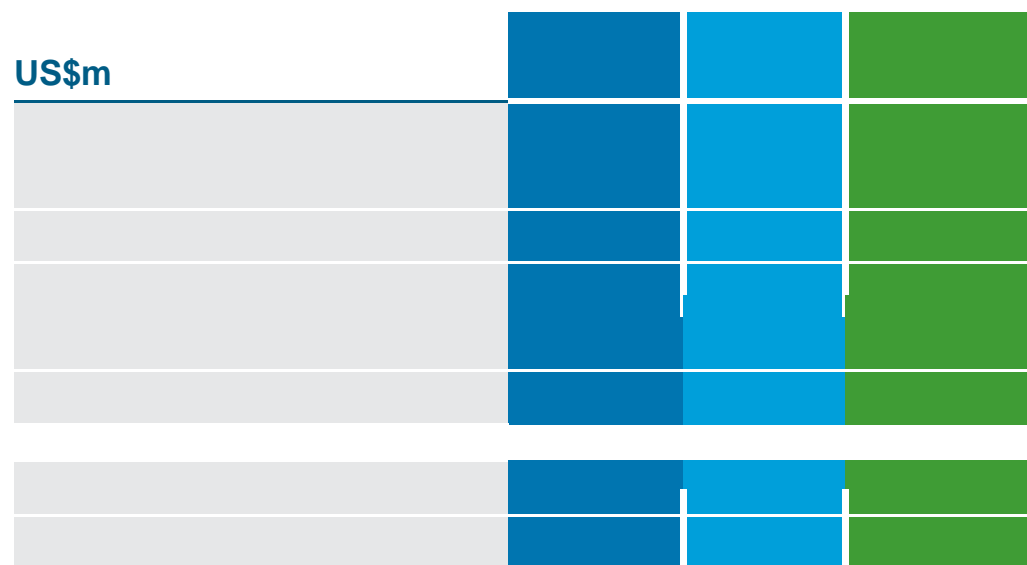
- Maintained leadership position in Asia Transaction Banking
- Increased FX, Cash FX and Rates notional
- Grew share of non-financing revenue

## Commercial

- Added ~3,000 new clients
- International Corporate supply chain focus

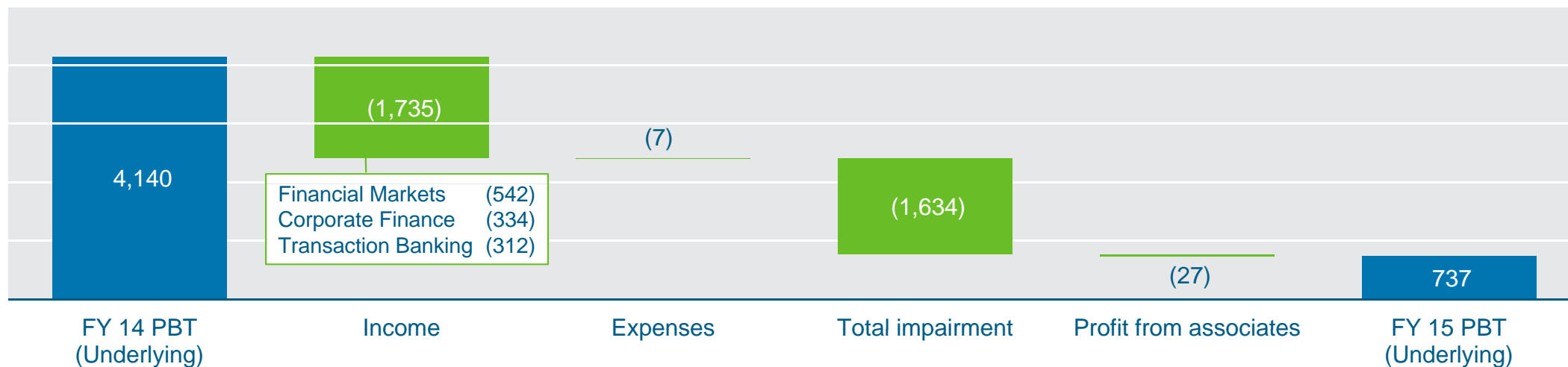


# Corporate and Institutional Clients – Reshaping for higher returns



## Progress on strategic priorities

- Embarking on significant costs and RWA restructuring
- Multi-year investment program on track
- Non-financing revenue share up from 41% to 47%



# Positioning for improved returns in Corporate and Institutional Banking

## Upgrade or exit lower returning client RWAs

- Delivered ~US\$4bn low returning relationship efficiencies
- Stepping up efficiencies in 2016 from ~US\$40bn portfolio

## Favour network businesses

- ~60% of client income now derived from the network
- 23% income return premium for network over domestic

## Take costs out ahead of RWAs

- Achieved committed 2015 cost saves
- Stepping up cost saves in 2016

## Service clients' supply and ecosystem

- Re-engineering client on-boarding and credit approval process

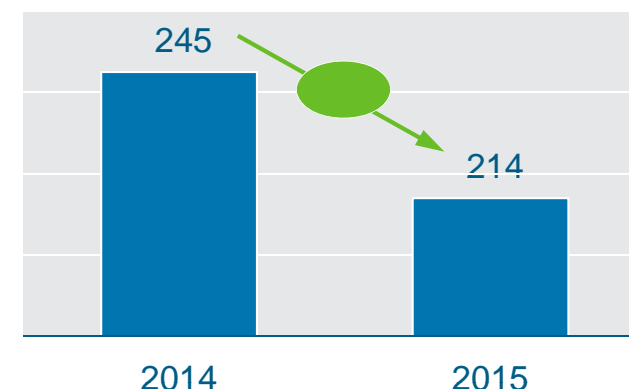
## Create leading asset distribution capability

- Driving Investor segment growth (2015 income up 13% YoY)
- Centralised single CIB financing group

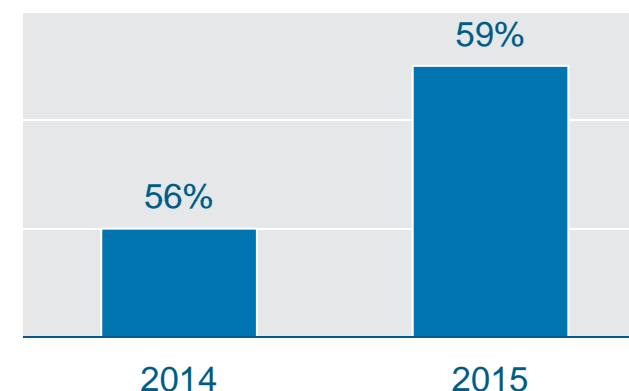
## Sustain RMB leadership

- Maintained leadership position in 2015
- Pacing targeted investments for future growth

## Risk weighted assets (US\$bn)

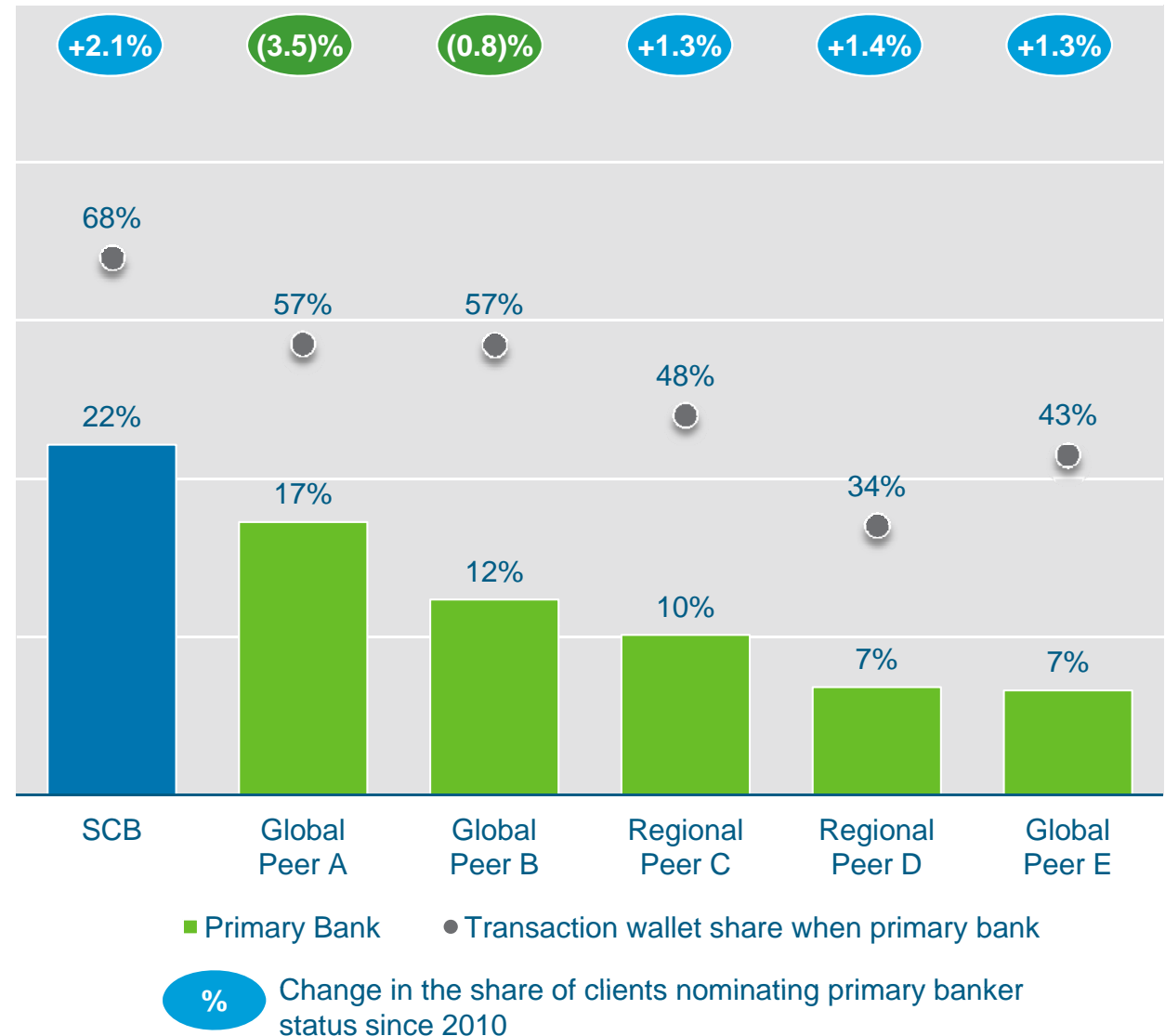


## Network income / Client income (%)

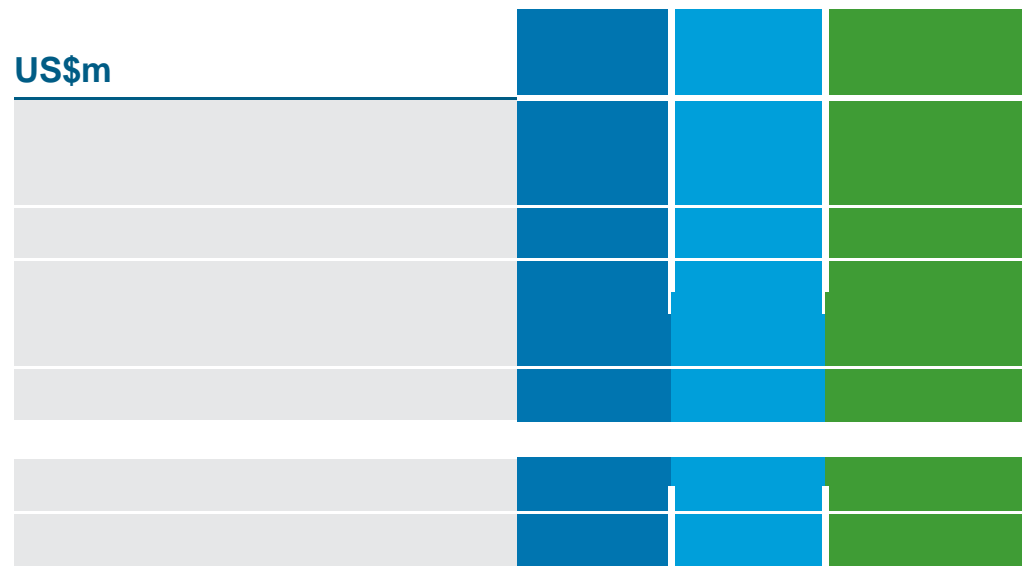


# The Group has a strong and leading underlying transaction banking franchise

- #1 Transaction Banking provider across Asia<sup>1</sup>
- Primary banker to 22% of top Asian institutions
- Extending leadership each year since 2010 with growing share
- Strongest client satisfaction across the survey

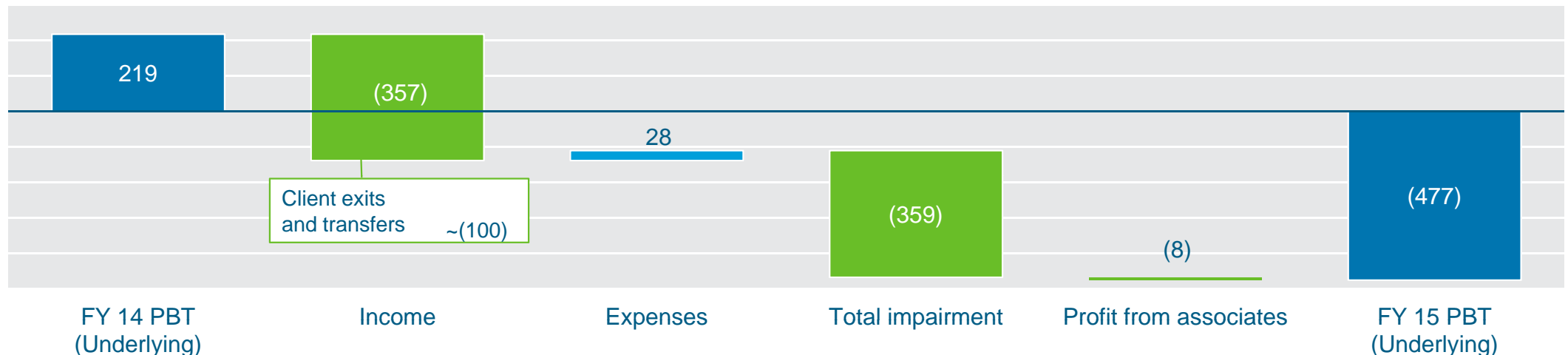


# Commercial Clients – Overhauling to build on differentiated strengths



## Progress on strategic priorities

- Significant multi-year change programme underway
- De-risking and remediation now largely complete
- Added ~3,000 new to bank clients in 2015
- Building globally consistent, enhanced platform
- Targeting further cost and RWA efficiencies in 2016



# Overhauling Commercial Banking

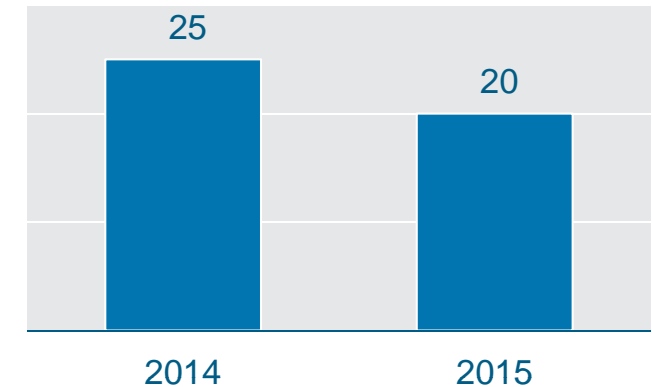
## Re-structure and re-cost

- CDD<sup>1</sup> remediation progressing, credit standards tightened
- Drive efficiency and digital channels to achieve structurally lower cost base
- Targeting to up-tier or exit ~US\$10bn of low-returning RWA
- Created scale with transfer in of Local Corporates from CIB

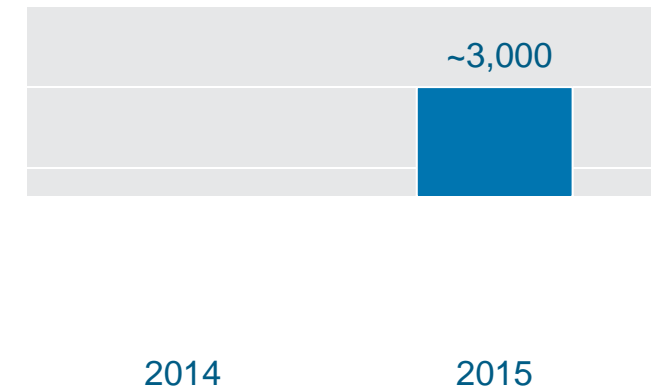
## Build on differentiated strengths

- On-boarded ~3,000 new clients in 2015 with international needs
- Focus on International Corporate supply chains
- Provide high quality Transaction Banking, Financial Markets and Corporate Finance products

## Risk weighted assets (US\$bn)



## New to bank clients (#)

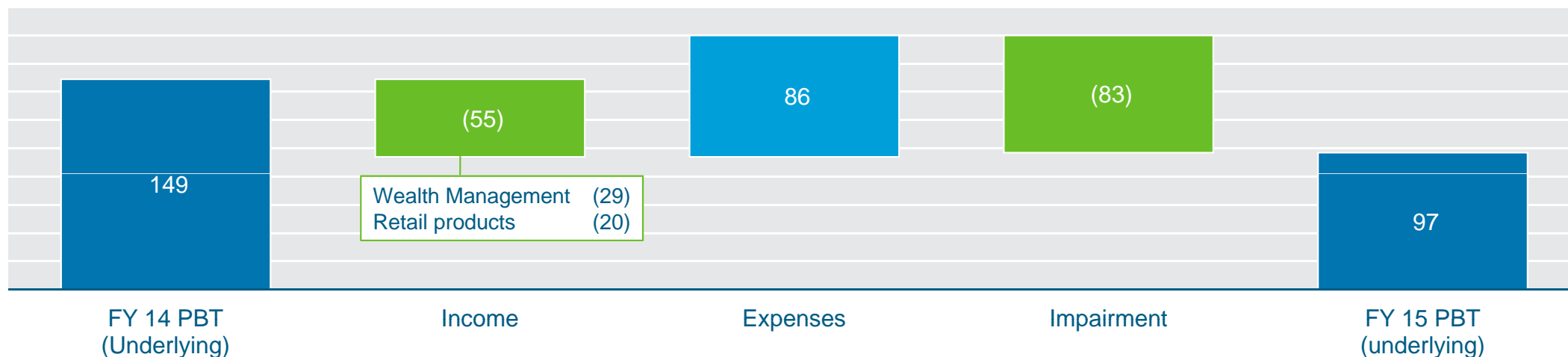


# Private Banking Clients – Investing to leverage distinctive platform

US\$m	FY 14	FY 15 <sup>1</sup>	Better/ (Worse) %
<b>Income</b>	<b>612</b>	<b>557</b>	<b>(9)</b>
Expenses	(447)	(361)	19
<b>Working profit</b>	<b>165</b>	<b>196</b>	<b>19</b>
Total impairment	(16)	(99)	nm
<b>Profit before tax (Underlying)</b>	<b>149</b>	<b>97</b>	<b>(35)</b>
<b>RWA (US\$bn)</b>	<b>7</b>	<b>8</b>	<b>10</b>
<b>OP RoRWA (%)</b>	<b>2.3</b>	<b>1.2</b>	

## Progress on strategic priorities

- Added ~1,000 new clients
- Investment penetration to ~57% of AUM (2014: 51%)
- Material improvements to control environment made
- Progress on technology and operations delivery plans

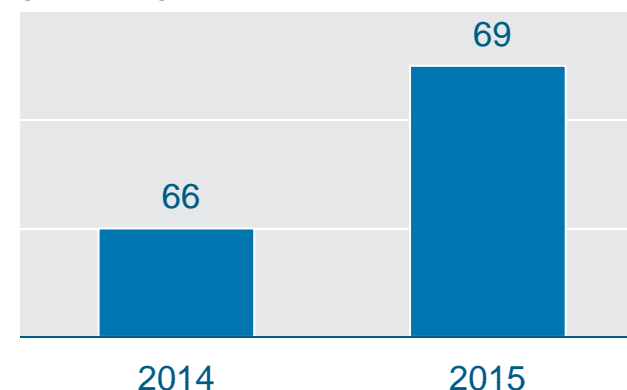


# Investing into Private Banking and Wealth Management

## Distinctive and digital distribution

- Investment product penetration up from 51% to 57% in 2015
- Hiring high quality Relationship Managers in 2015
- Plan to enhance digital distribution across Private and Retail

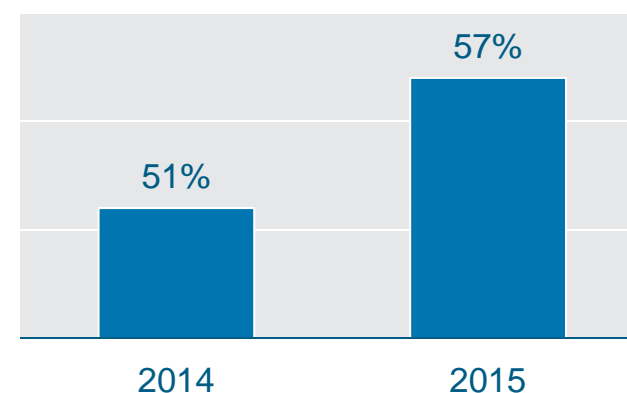
## Wealth Management AUM (US\$bn)<sup>1</sup>



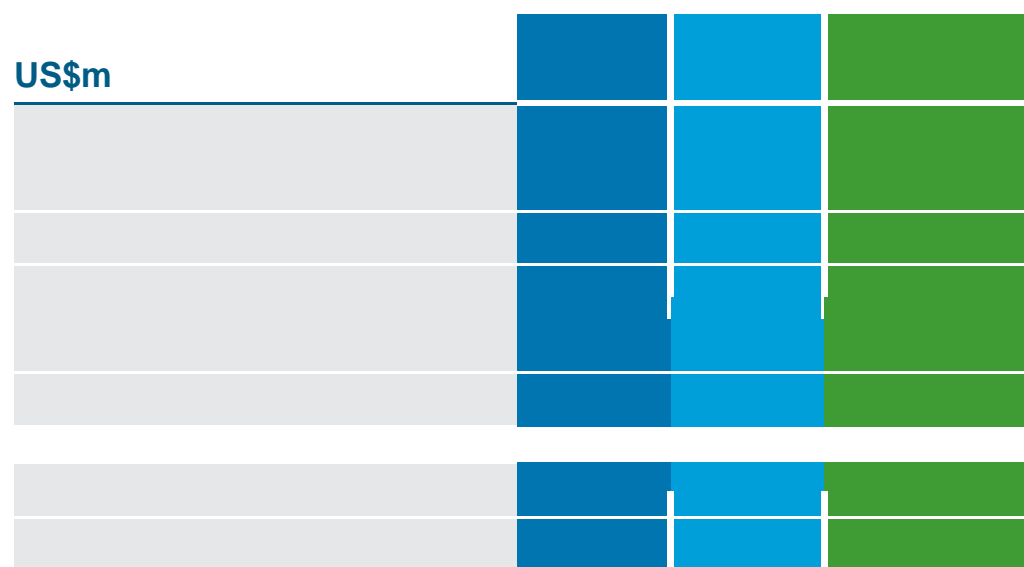
## Focussed client acquisition

- ~1,000 Private Banking clients acquired in 2015
- Aiming for to accelerate client acquisition in 2016

## Investment penetration (%)

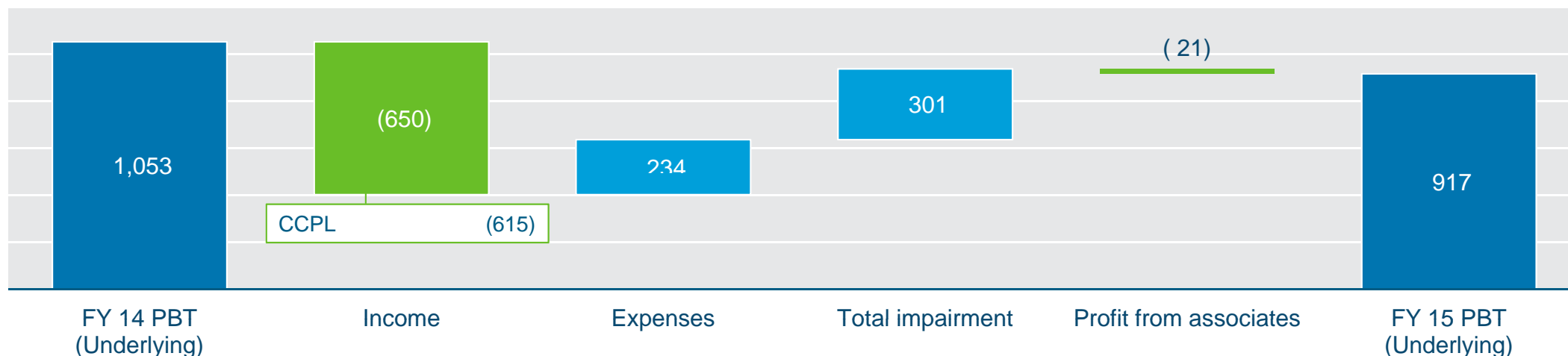


# Retail Clients – Accelerating the transformation



## Progress on strategic priorities

- Income broadly flat ex. divestments, derisking and FX
- Grew share of Priority income to 35% (2014: 27%)
- Delivered targeted cost efficiencies, notably in Korea
- Reduced branches by ~100, optimised another ~50
- Headcount reduced by over 6,500 (down 17% YoY)
- Implemented enhanced Operational Risk Framework
- Enhanced client experience resulting in fewer complaints





# Transforming Retail Banking

Focus on  
Priority and  
urban affluent  
in major cities

Deliver  
significant cost  
efficiency  
through  
technology

Step up  
investments in  
brand /  
marketing

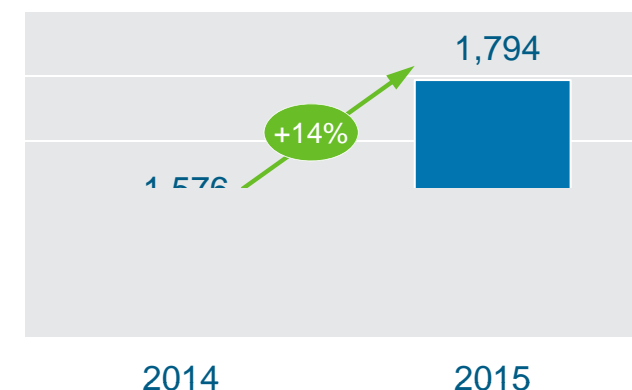
Turn around  
Korea

Tighten city-  
focused  
strategy in

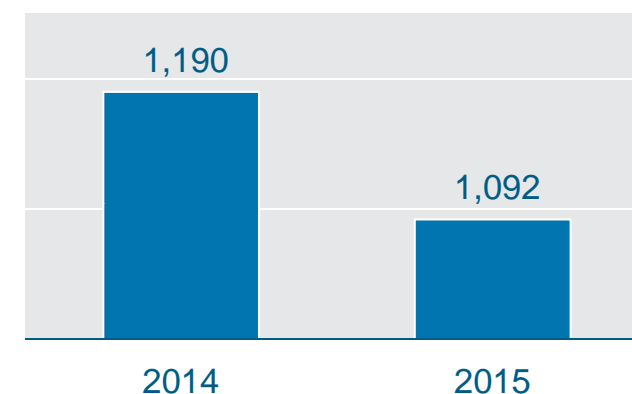
- Completed significant retirement program
- Reduced loan impairment and RWA following prior risk actions
- Good progress on partnerships (e.g. Shinsegae , Samsung)

- Significant resource optimisation, primarily in non-core cities
- Income growth in China driving improved cost income ratio

Priority clients income (US\$m)



# of branches



# Balance Sheet

# Our balance sheet is stronger and well positioned to weather the current volatile external conditions

**CET1**  
12.6%,  
in 12-13% target  
range

**Increased cover  
ratio 53%**

**Leverage ratio  
strong  
5.5%**

**Minimum  
Requirement for  
own funds and  
eligible liabilities  
24%**

**Advances to  
deposits ratio  
72.8%**

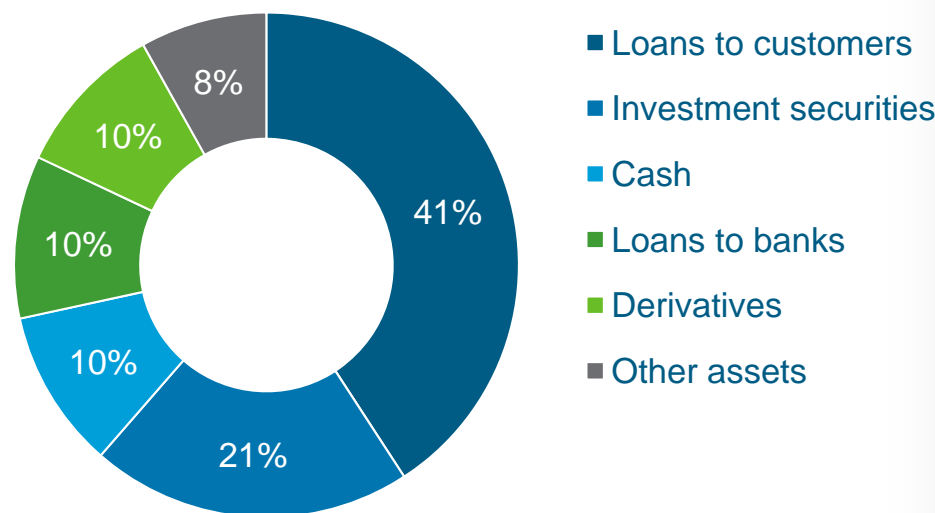
**LCR, NSFR<sup>1</sup>  
> 100%**

**Liquid Asset  
Ratio  
>30%**

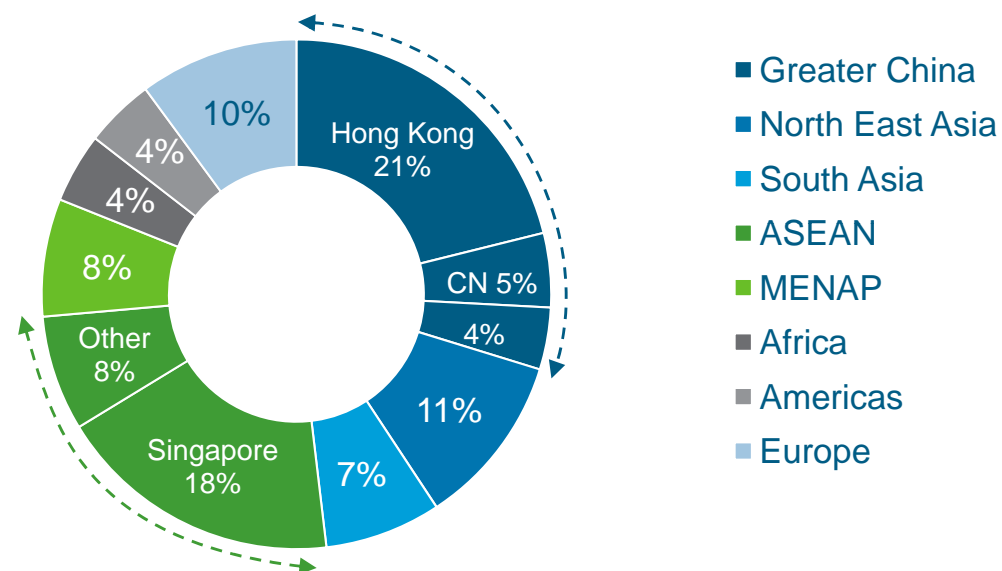
**CIC and CC<sup>2</sup>  
L&A to customers  
short tenor  
67% < 1 Year**

# Assets: Disciplined management

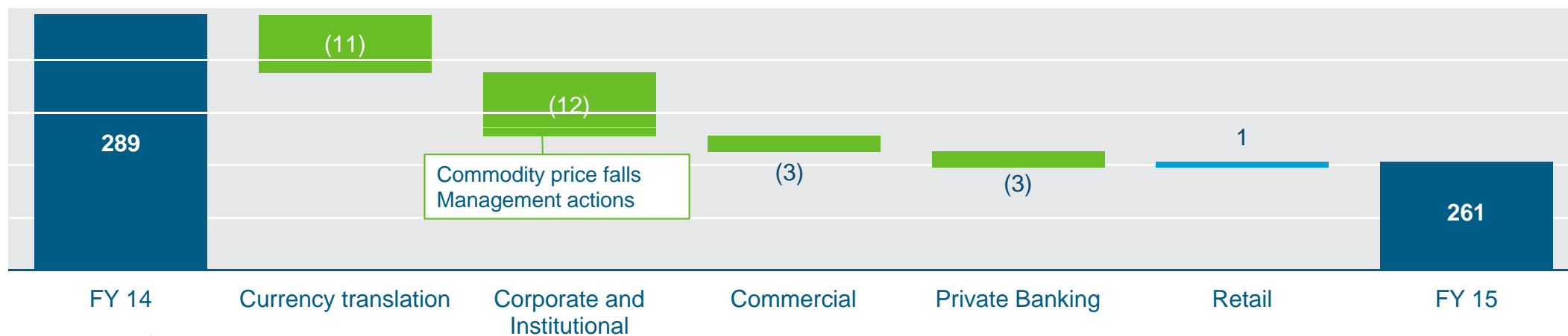
Balance Sheet Assets US\$640bn<sup>1</sup>



Customer Loans US\$261bn (by region)<sup>1</sup>

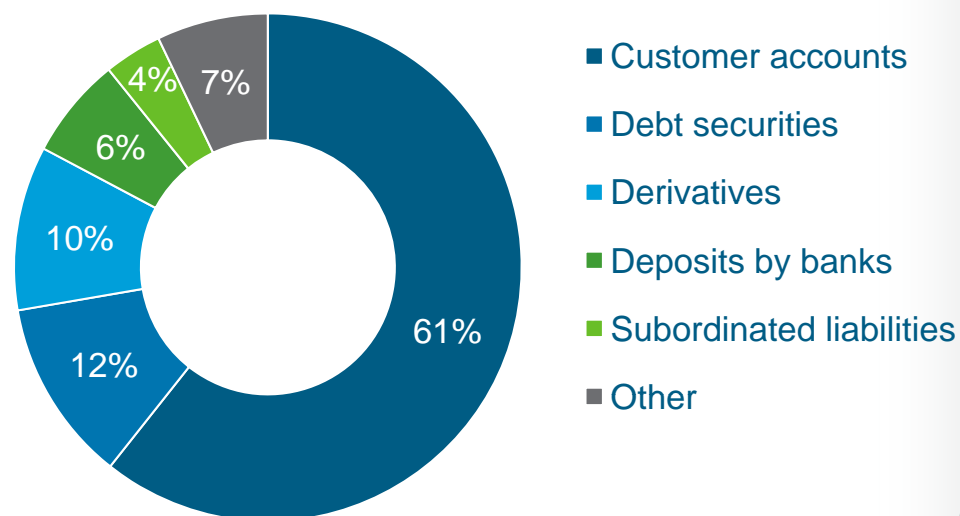


Customer loans and advances (US\$bn)

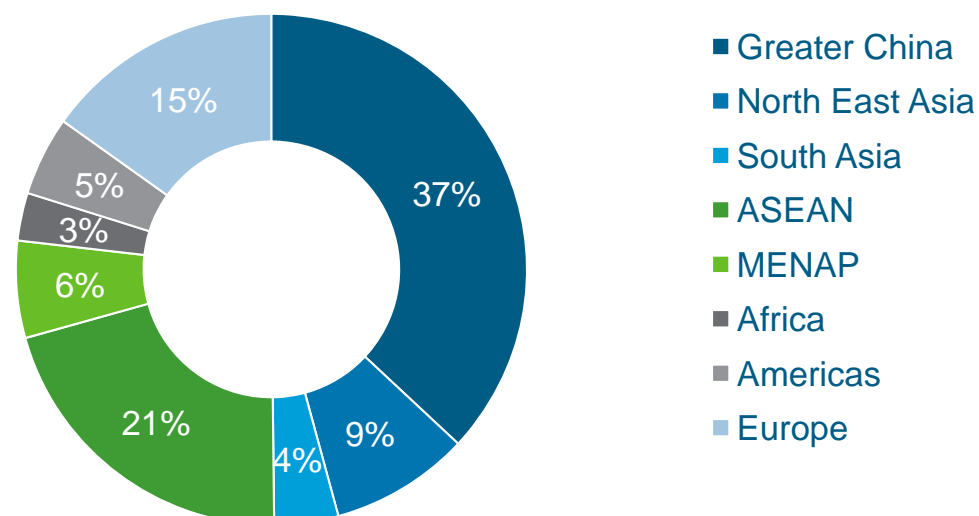


# Liabilities: Highly liquid and customer funded

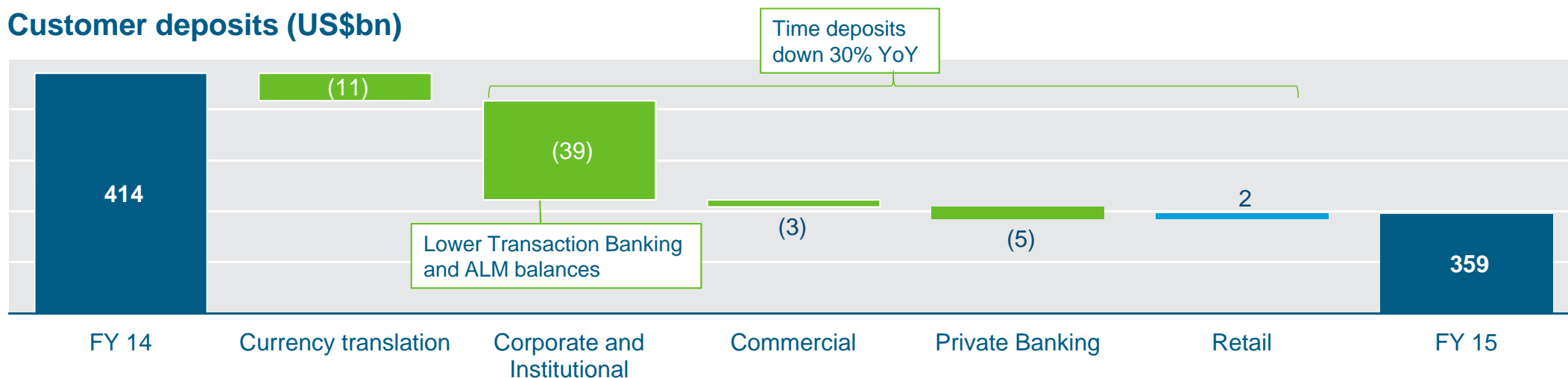
Balance Sheet Liabilities US\$592bn<sup>1</sup>



Customer Accounts US\$359bn by region<sup>1</sup>



Customer deposits (US\$bn)



# Risk

# We have taken decisive action on exposures beyond tightened risk tolerance

US\$m	Liquidation portfolio	Ongoing business	Total Group
Loan impairment	1,627	2,381	4,008
Loan impairment included in restructuring charge	968	-	968
<b>Total loan impairment</b>	<b>2,595</b>	<b>2,381</b>	<b>4,976</b>

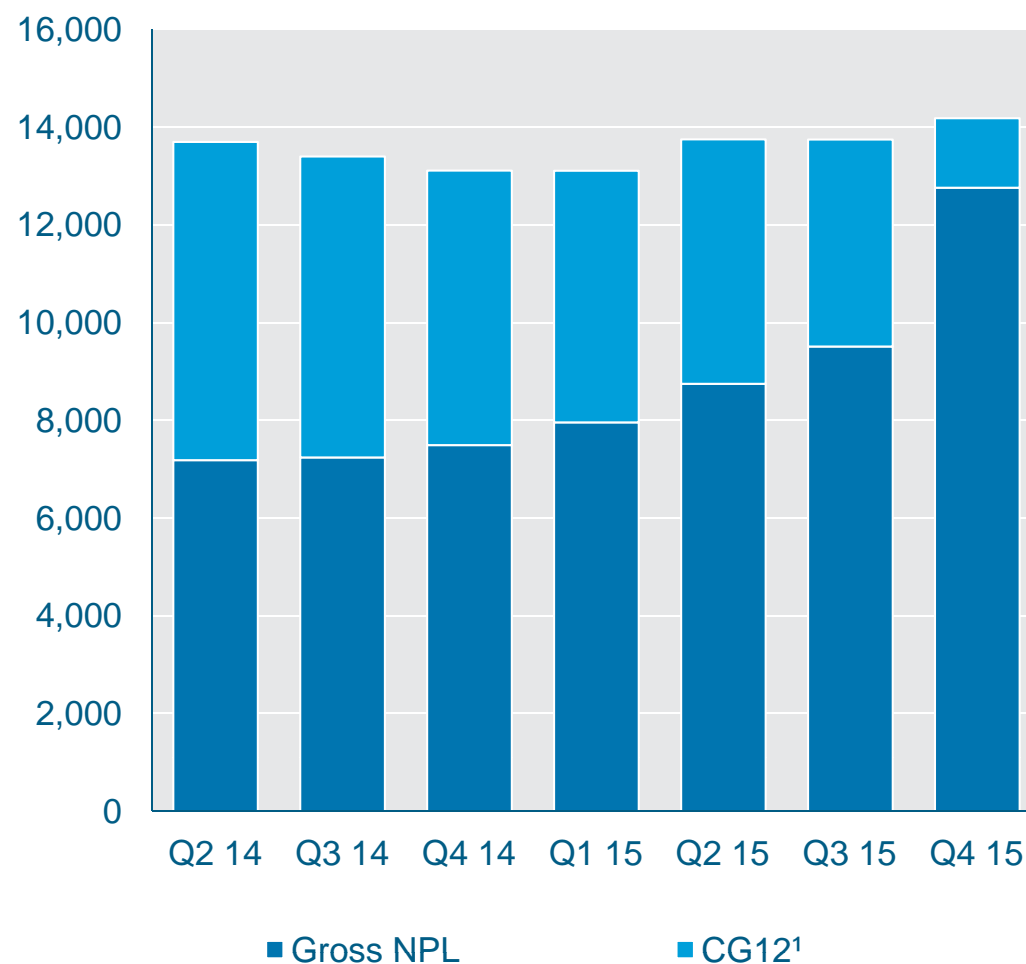
  

US\$m			
Gross loans and advances to customers	7,940	260,143	268,083
Gross non-performing loans	7,512	5,247	12,759
Net non-performing loans	3,968	2,663	6,631
Cover ratio <sup>1</sup>	47%	62%	53%
Cover ratio (after collateral) <sup>2</sup>	64%	71%	67%
<b>Risk-weighted assets</b>	<b>19,627</b>	<b>283,298</b>	<b>302,925</b>

# Assertively managing past risk issues

- Broadly stable combined CG12s and NPLs
- Inflow to NPL largely from existing CG12
- Majority of NPL inflow in Q4 2015 from a large connected group from CG12
- NPL inflow for ongoing CIC portfolio slowed in the fourth quarter versus previous two quarters

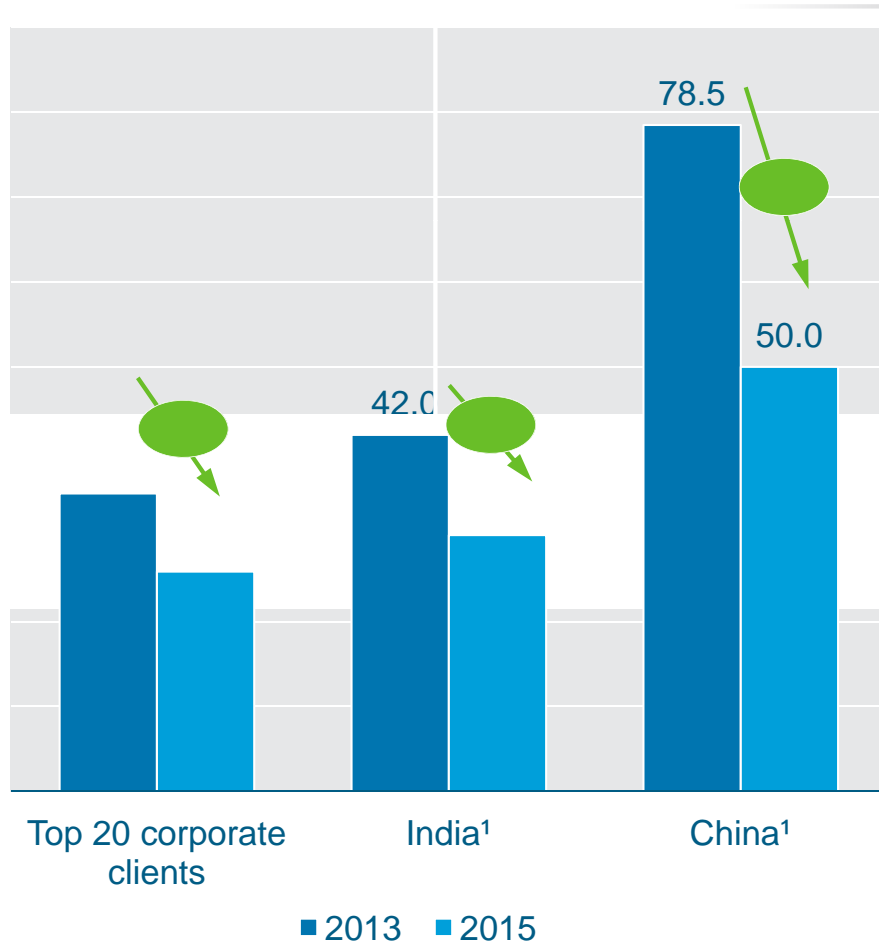
**Total NPLs and CG12 accounts  
(inclusive of the liquidation portfolio)**





# We have reduced targeted exposures... and are improving the credit quality of our ongoing business portfolio

## Reduced targeted exposures (US\$bn)



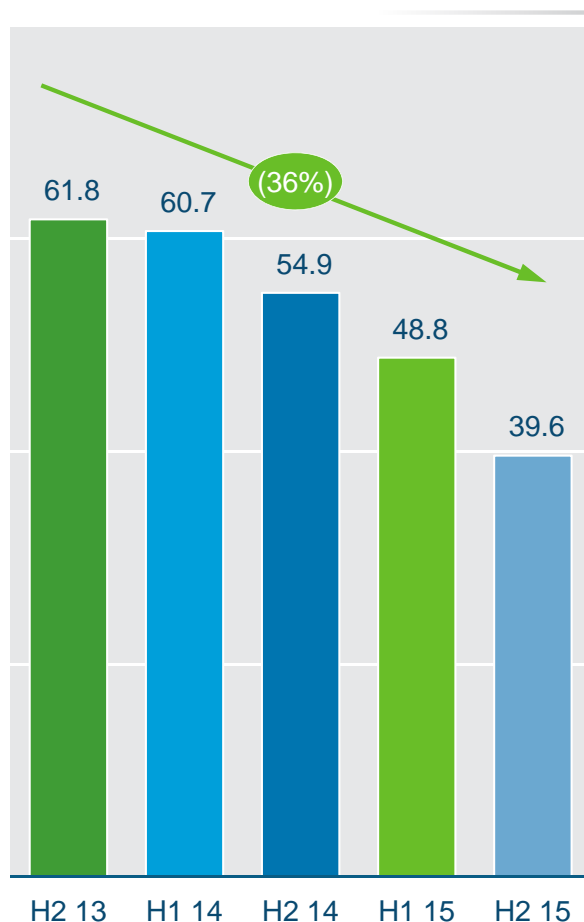
- Actions are improving ongoing business portfolio
- Portfolio is more diverse by industry and client
- India and commodities represent a large proportion of the liquidation portfolio

# Continue to reduce our Commodities exposures actively

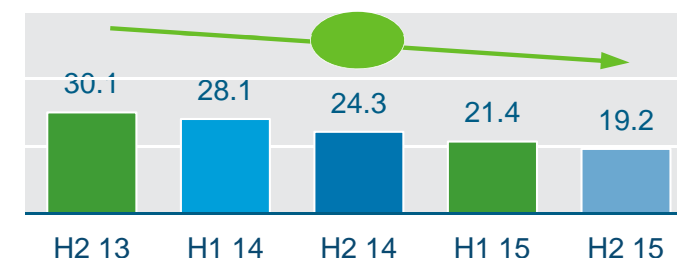
## Commodity portfolio overview (FY15)

- Actively managing, net exposure down 28% YoY
- Represents 8% of CIB and CB net exposures (9% at HY15)
- Short tenor – 68% of portfolio with maturity <1 year
- Oil and gas producers - US\$9.6bn down 26% YoY:
  - 88% are low cost producers able to withstand an oil price of US\$30pb for 1 year or
  - Oil majors or large State Owned Enterprises

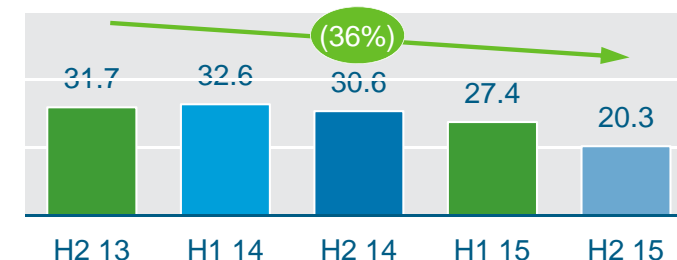
## Commodities<sup>1</sup> (US\$bn)



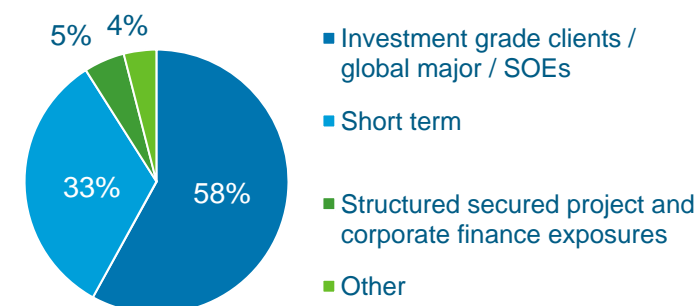
## Producers (49% of exposure)<sup>1</sup>



## Traders (51% of exposure)<sup>1</sup>



## Commodities exposure



# Actively managing our China exposures

## Portfolio Overview<sup>1</sup> (FY15)

- Total exposure US\$50bn, down 30% YoY
- 84% <1 year in tenor mainly trade or interbank (ALM)
- Continuing actions reduce concentrations

## Bank exposure US\$24bn

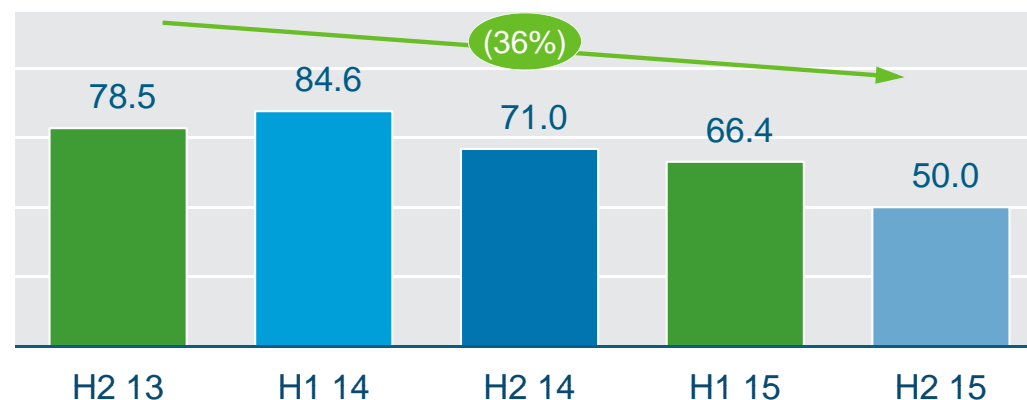
- Exposure down 31% YoY with 81% < 6 months in tenor
- 100% investment grade
- 84% to Top 5 Chinese banks

## Corporate exposure US\$16bn

- Exposure down 38% YoY with 73% < 1 year in tenor

## Sovereign exposure US\$10bn

## China CIB / CB exposure<sup>1</sup> (US\$bn)



## Continued to actively manage commodity portfolio

- Total exposures down 55% YoY to US\$4.2bn
- Producer exposure down 58% YoY to US\$1.7bn
- Trader exposure down 52% YoY to US\$2.5bn

# Continuing to reduce selected more vulnerable exposures in India

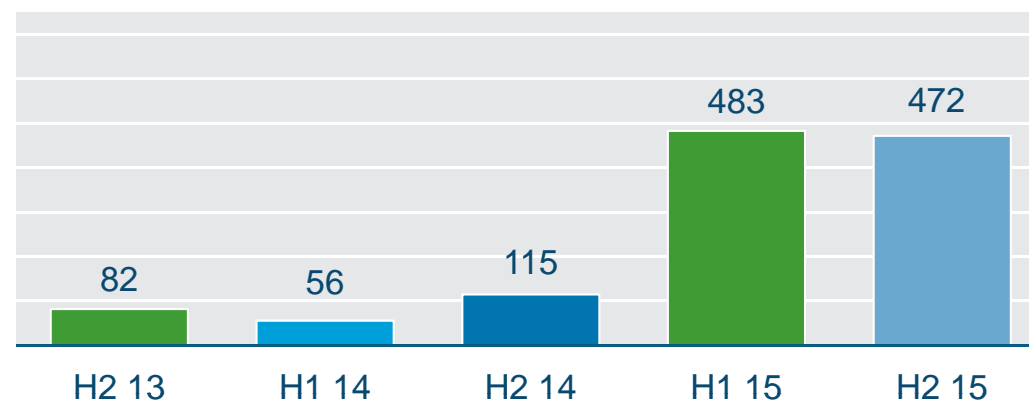
## Credit problems remain despite GDP growth

- High level of weak credits throughout banking system
- Corporate stress remains elevated
- Credit growth lowest in last two decades
- Low refinancing appetite from local banks

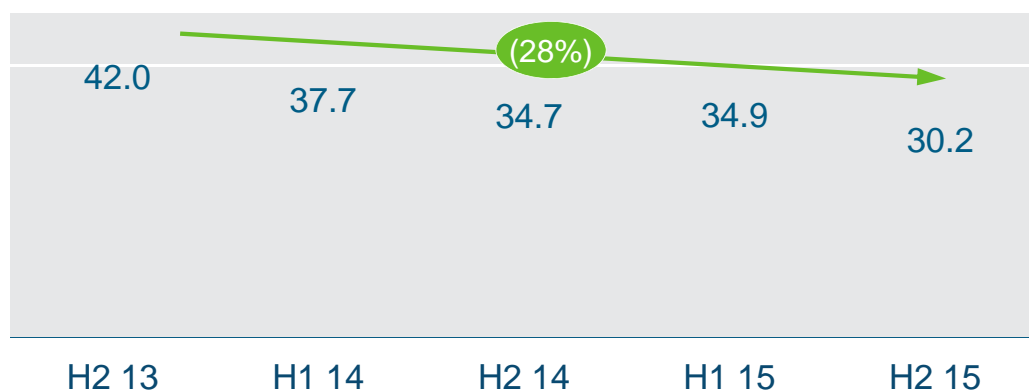
## Portfolio overview<sup>1</sup> (FY15)

- Total exposure US\$30bn, down 13% YoY
- 33% of exposure to investment grade clients
- A further 39% is short term in nature
- Ongoing reviews to actively manage portfolio

## India loan impairment<sup>2</sup> (US\$m)



## India CIB/CB exposure<sup>1</sup> (US\$bn)

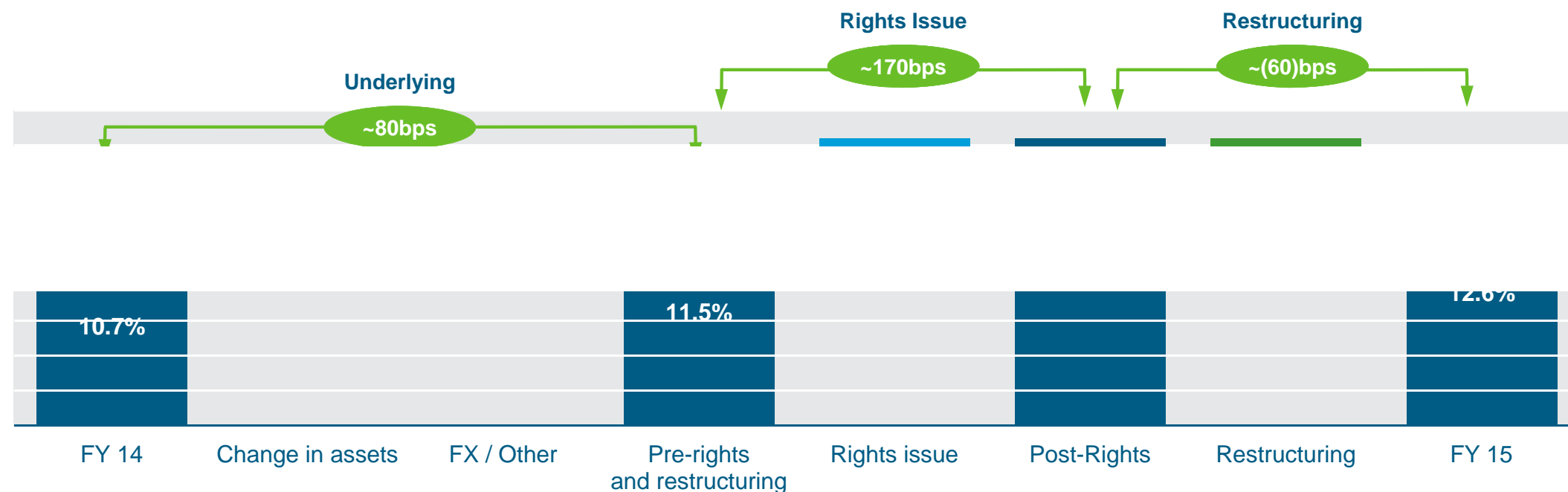




# Capital & Liquidity

# The Group is strongly capitalised and is generating further capital from underlying business activity

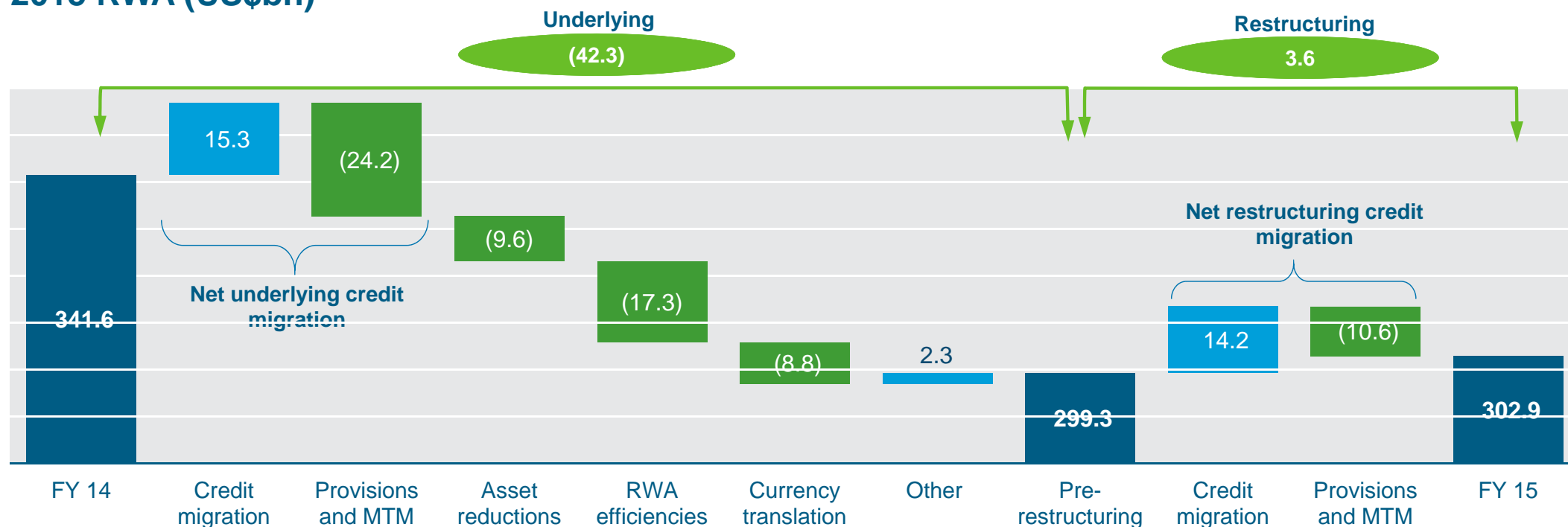
## 2015 – CET1 %



- The Group is strongly capitalised and significantly ahead of known minimum requirements
- The 2015 rights issue takes Group CET1 to within the target 12-13% range
- The CET1 ratio is expected to be towards the top end of the 12-13% target range upon liquidation of the US\$20 billion RWA beyond our tightened risk tolerance
- The strong capital base facilitates execution of refreshed strategy

# Significant reduction in risk-weighted assets

## 2015 RWA (US\$bn)



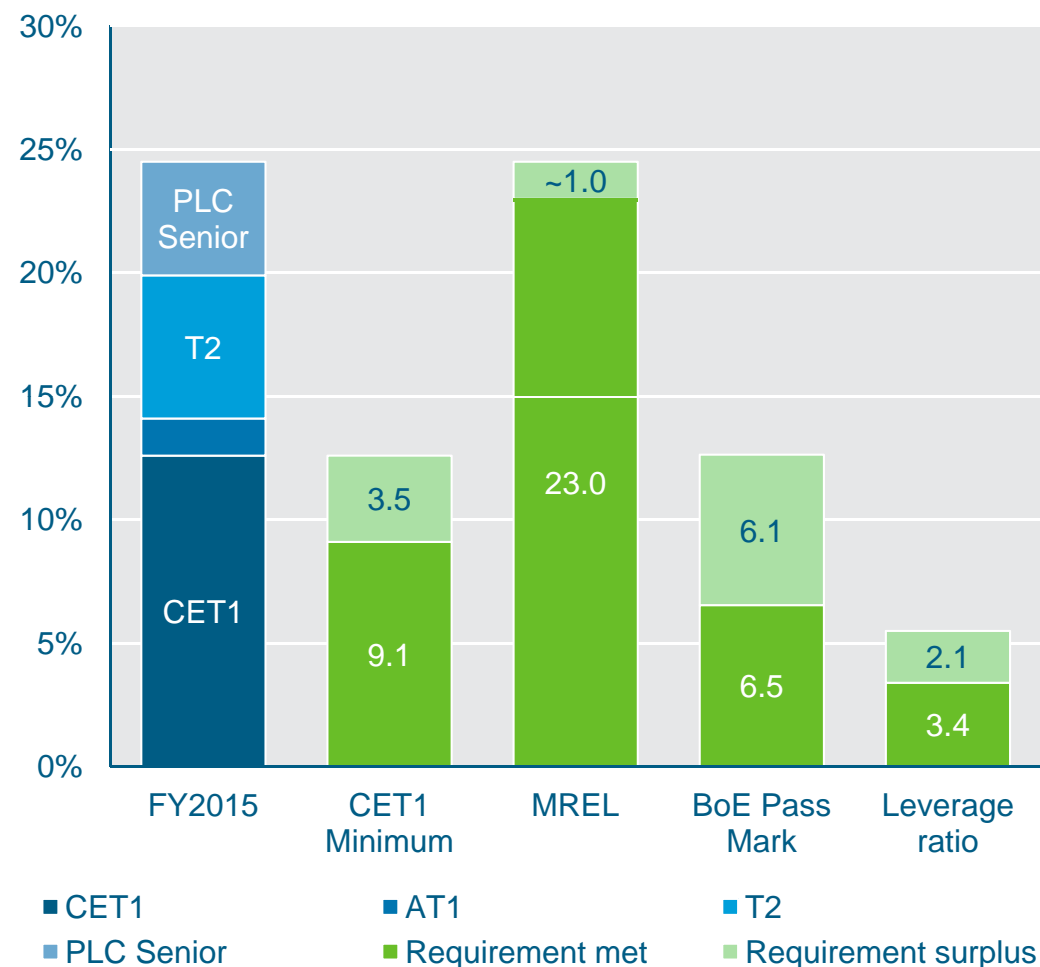
- Underlying reduction in Group RWA of US\$42.3 billion
- RWA efficiencies of US\$17.3 billion including loan sales and reductions in low returning client relationships
- Minimal net RWA impact from restructuring
- Expect to release the RWAs in this portfolio as these exposures are liquidated over the next 12 months

# Capital Position vs. future requirements

*Recent actions have further strengthened the Group's capital position....*

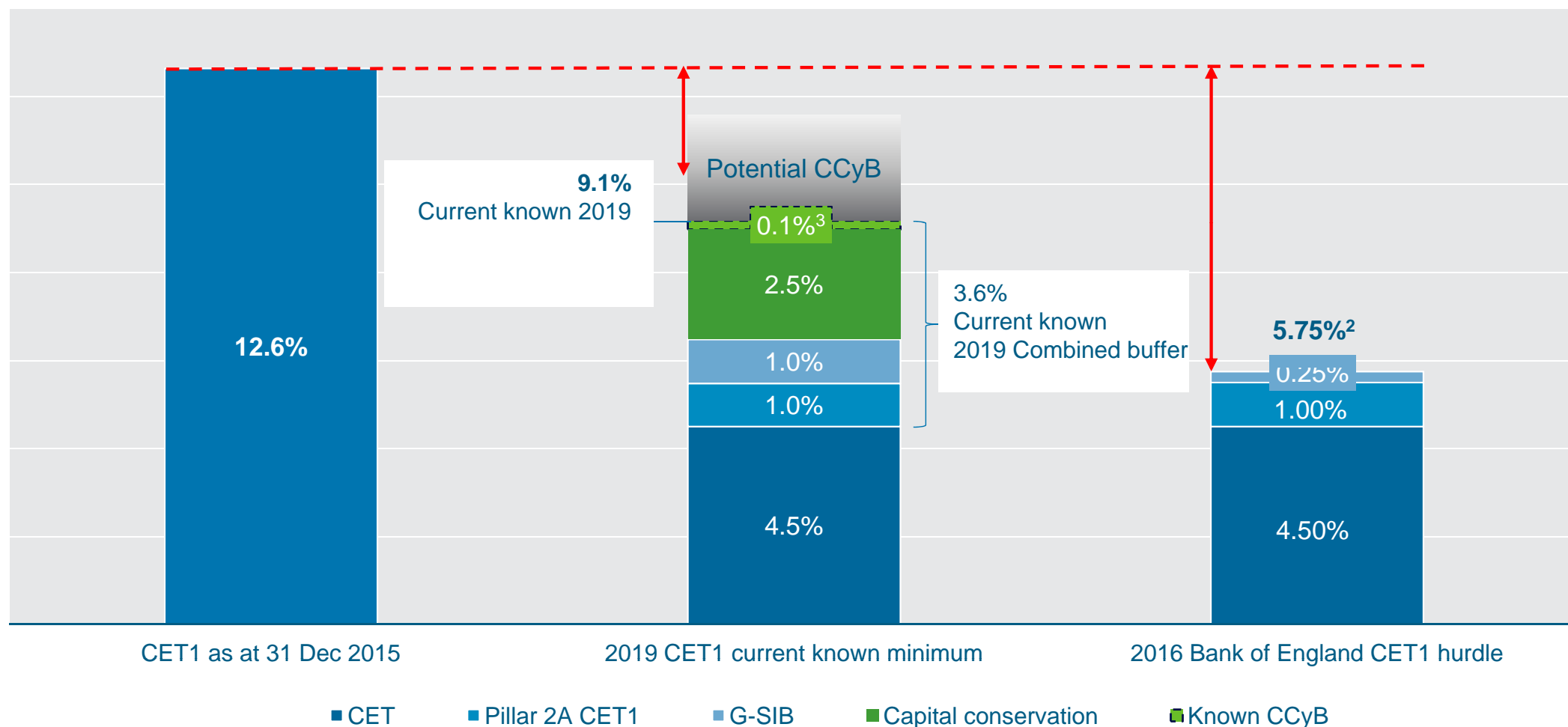
- CET1 of 12.6%, Total Capital 19.5%
- CET1 within new target range of 12-13%
- Current surplus to known 2019 requirements:
  - CET1 minimum
  - Minimum Requirement for Own Funds and Eligible Liabilities (MREL)
  - Bank of England stress test pass mark
  - Leverage ratio

## Capital surplus vs. known 2019 requirement





# CET1: Surplus over known requirements



1) The MDA threshold assumes that AT1 is fully utilised in meeting the minimum Pillar 1 Tier 1 requirement and Pillar 2A

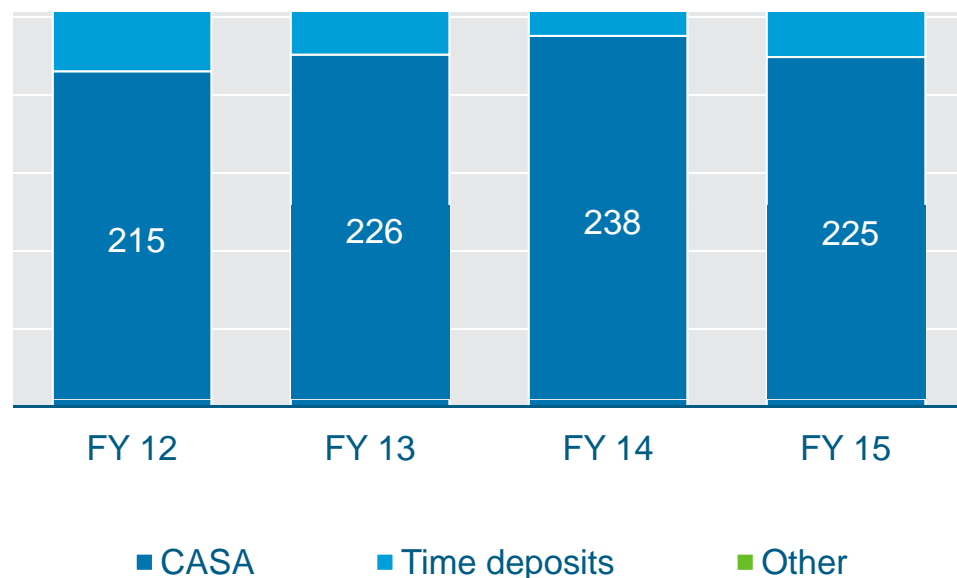
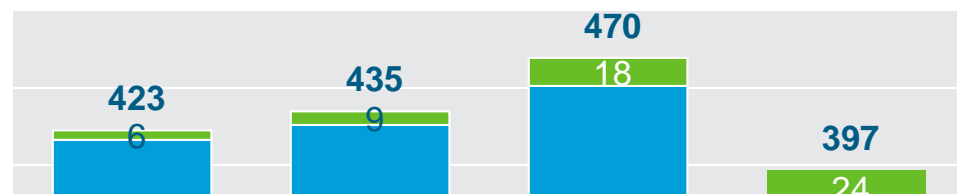
2) CET1 hurdle rate based on The Bank of England's approach to stress testing the UK banking system published in October 2015. 2016 hurdle rate will be 5.8%. Phasing to 6.5% in 2019.

3) Assuming no change in the countercyclical capital buffer rates currently set across jurisdiction and a constant proportion of exposures to those jurisdiction

# Fixed Income

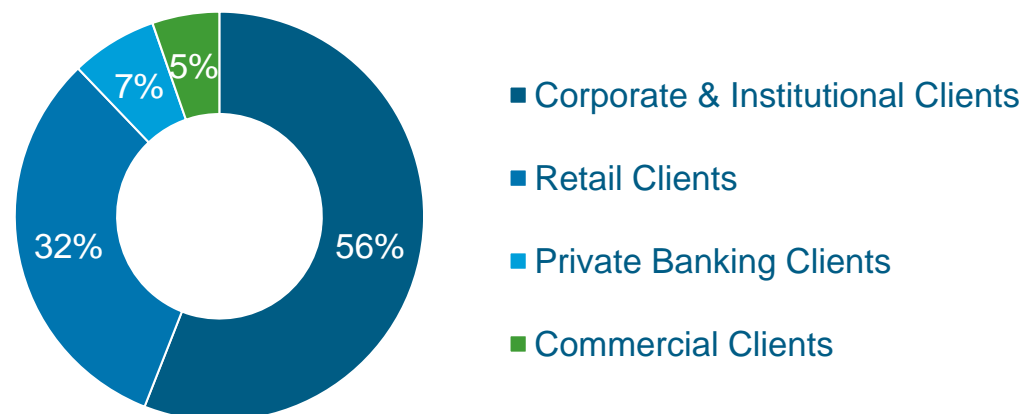
# Resilient funding structure

## Composition of Deposits (US\$bn)<sup>1</sup>



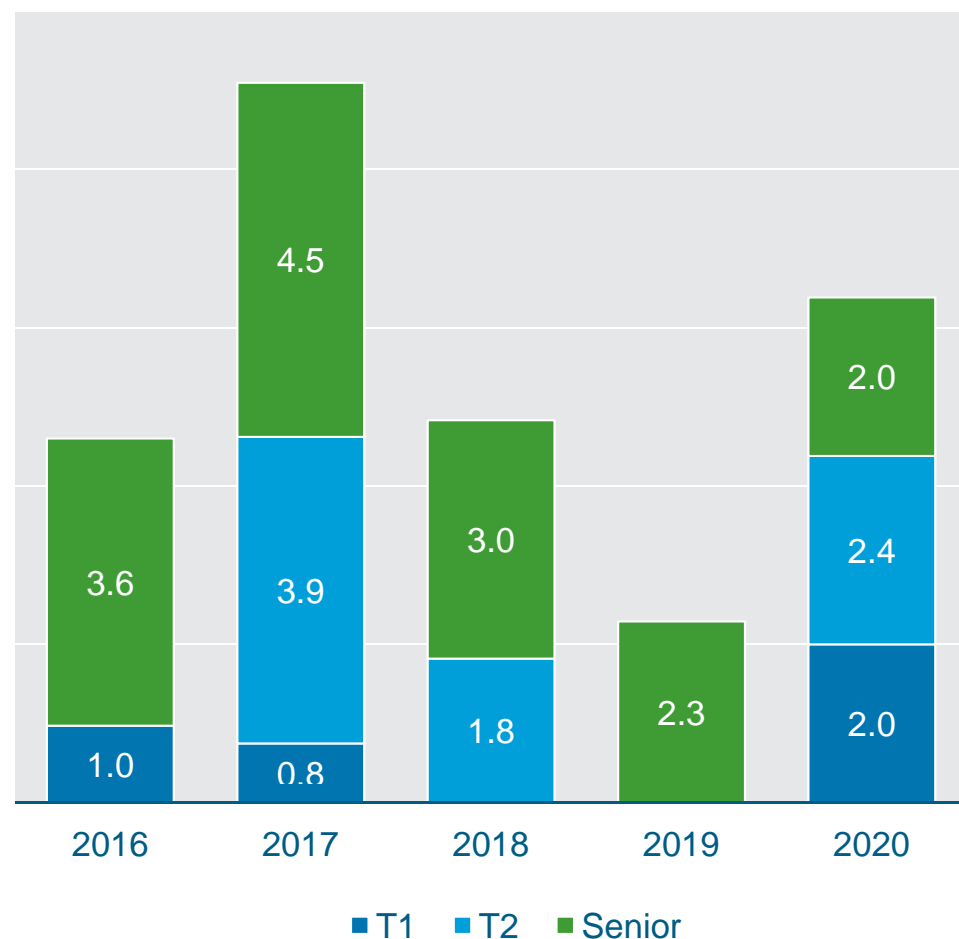
- Managed down deposits with low regulatory value
- Maintained broadly stable CASA balances
- Reduction in non-TLAC compliant short tenor issuance
- Low levels of encumbrance
- Comprehensive liquidity stress testing regime & large portfolio of liquid assets

## Segment split of Customer Accounts (US\$359bn)



# Funding profile

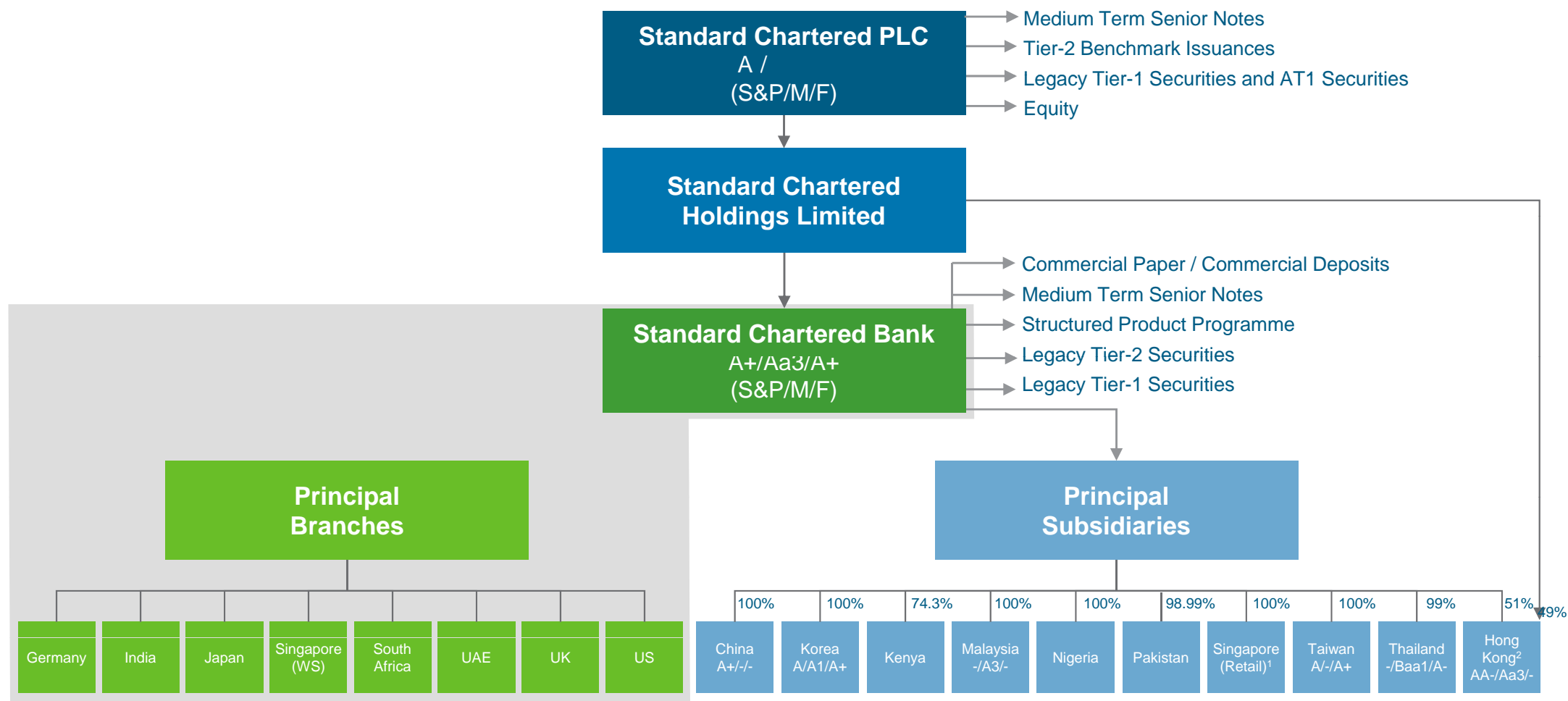
## Maturity profile (US\$bn)<sup>1</sup>



## PLC Issuance activity

	2014	2015	2016
US Dollar	T2 2bn Senior 2.5bn	AT1 2bn Senior 3bn	Senior 1bn <i>Tier 2</i> <i>AT1</i>
Euro	Senior 2bn T2 500m		<i>Senior</i>
Sterling	T2 900m		
Other	T2 SGD700m	Senior JPY150bn	<i>Senior</i> <i>AT1</i>
<b>Total</b>	<b>US\$9.4bn</b>	<b>US\$6.2bn</b>	<b>US\$1bn to date</b>

# Standard Chartered Group: simplified legal structure



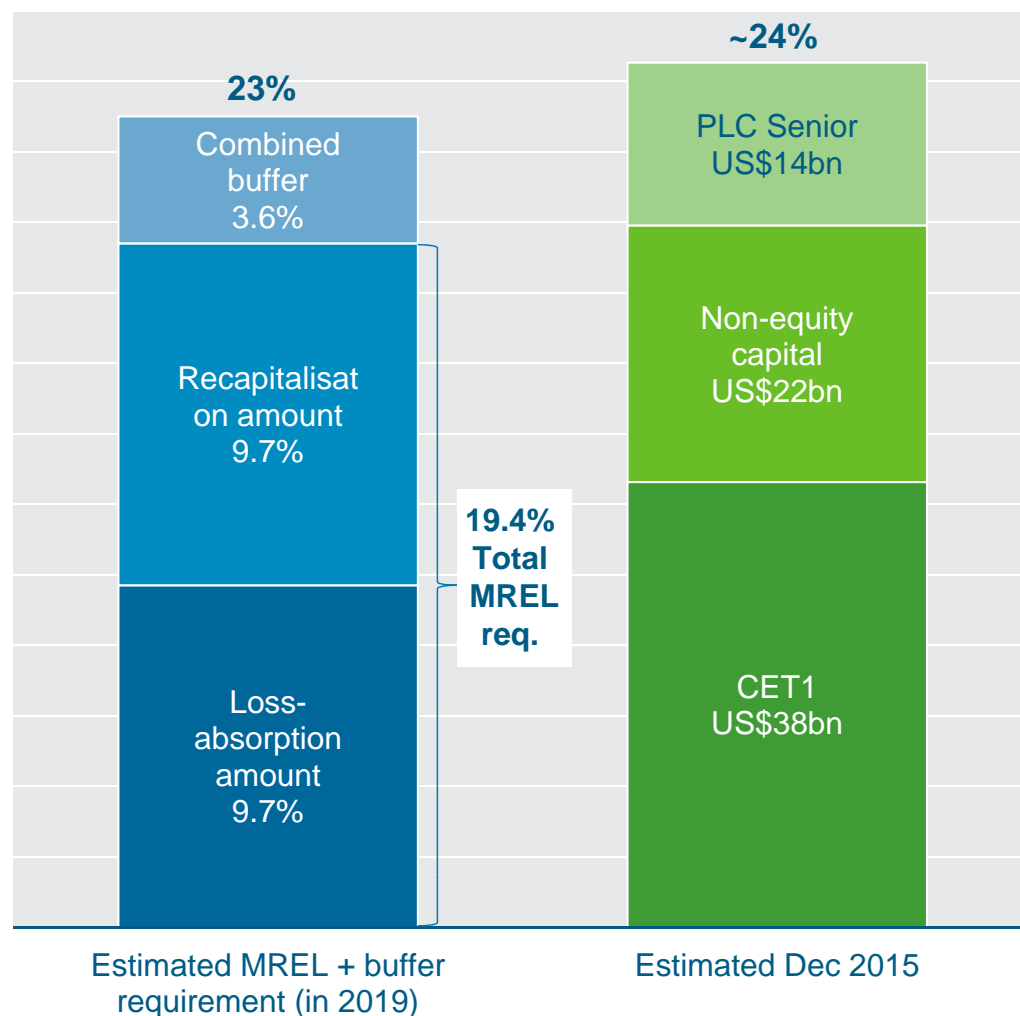
1) Singapore Retail subsidiary excluding Private Bank

2) HK Subsidiary (Standard Chartered Bank (Hong Kong) Ltd) is 51% owned by Standard Chartered Bank and 49% owned by Standard Chartered Holdings Ltd an intermediate holding company

Note: Ratings where available S&P/Moody's/Fitch

Standard Chartered Bank (single legal entity)

# MREL: Well positioned

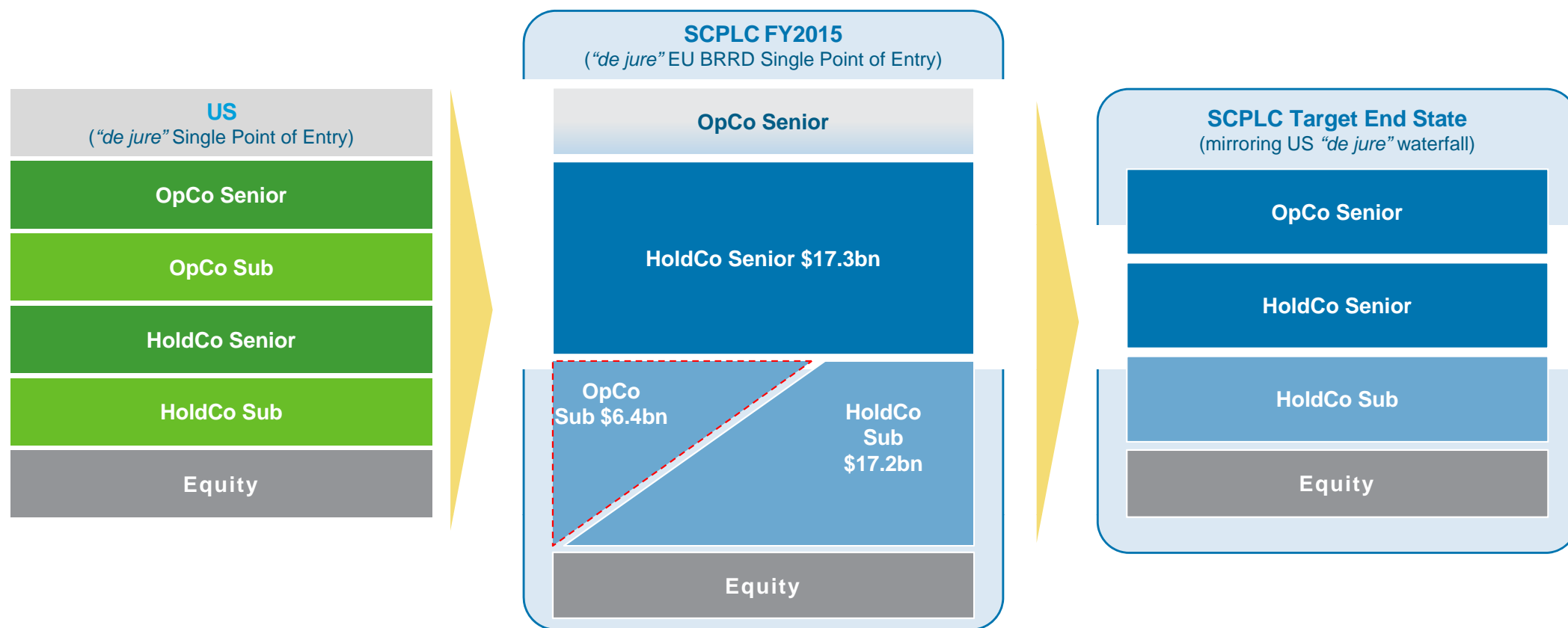


- BoE implementing TLAC through MREL
- MREL likely calibrated using RWA but set as a % of balance sheet
- G-SII status requires MREL to be met by 2019
- Hold Co (PLC) issuance strategy results in substantial existing Hold Co stock
- Loss absorption amount comprises Pillar 1 minimum + Pillar 2A
- Current MREL estimate
  - ~24% of RWA
  - ~10% of leverage exposure
- Current estimate excludes:
  - non-UK subsidiary issuance e.g. SCB HK, Korea
  - PLC senior < 1 year remaining tenor

*Notes:*

- Chart for illustrative purposes only. MREL requirements and definitions are subject to significant change as rules evolve.
- Estimate based on The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities consultation published in December 2015.
- Recapitalisation amount based on loss absorption amount.
- Combined Buffer comprises Capital Conservation Buffer, GSII Buffer and any Countercyclical Buffer. Non equity capital includes T2 and amortising T2.

# Example approach to resolution



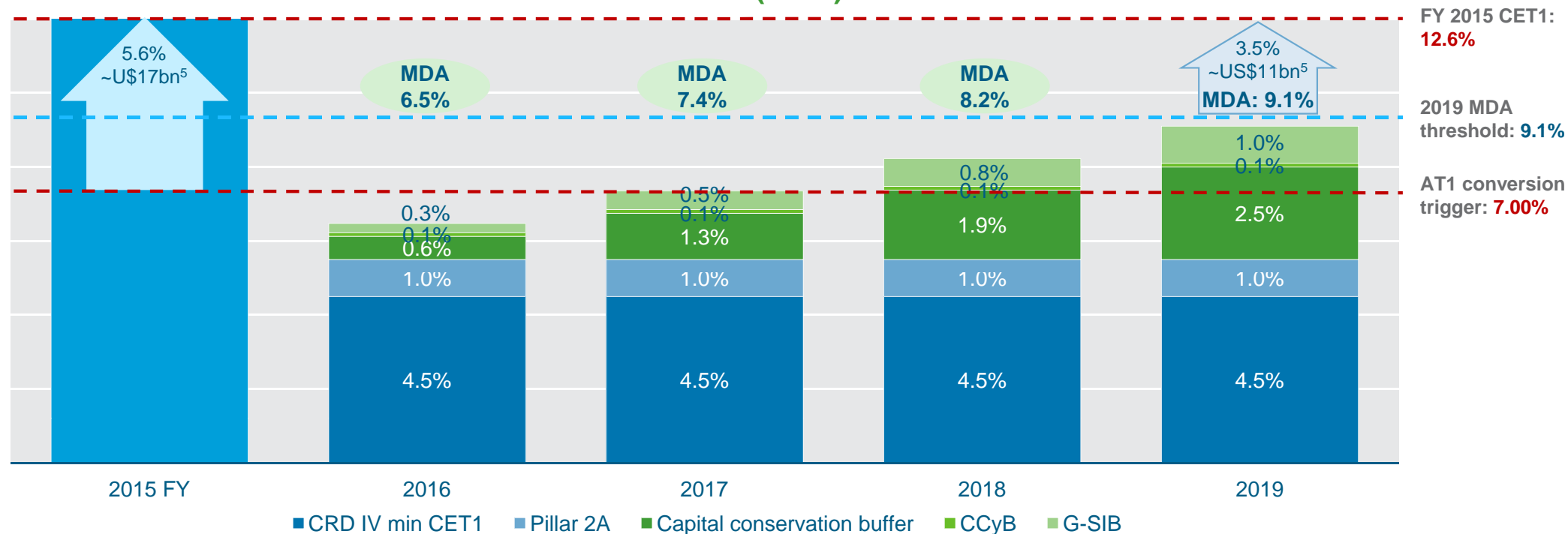
## Standard Chartered is well positioned for loss absorbing capital requirements:

- BoE Single Point of Entry (SPE) approach suits existing Group HoldCo structure
- We have today got a large volume of HoldCo senior and subordinated debt

# AT1 considerations

- A breach of the Combined Buffer<sup>1</sup> restricts discretionary distributions
- Combined Buffer is phased-in from 2016 and will include any future Countercyclical Buffer (“CCyB”)
- Discretionary distributions include dividends, variable compensation and AT1 coupons<sup>2</sup>
- FY15 PLC distributable reserves of US\$15.2bn<sup>3</sup>

## Phase-in of SCPLC Maximum Distributable Amount (MDA) threshold<sup>4</sup>



1) CB is made up of a G SIB Buffer of 1% and a Capital Conservation Buffer of 2.5%, CCyB 0.1%. The CB sits on top of the CRD IV min CET1 and Pillar 2A requirements.

2) The maximum permitted amount of discretionary payments is calculated by multiplying the profits made since the most recent distribution by a scaling factor. In the bottom quartile of the buffer the scaling factor is 0, in the second quartile the scaling factor is 0.2, in the third it is 0.4 and in the top quartile it is 0.6

3) Distributable reserves subject to maintaining minimum capital requirements.

4) The MDA threshold for 2015 assumes that 1.8% of AT1 requirement has been filled. As of 31-Dec-2015, the Group has filled the 1.5% of the Tier 1 requirement that can be met with AT1 with the remaining 0.3% currently met with CET1

5) Absolute buffers based on December 2015 RWA of US\$303bn.