



Full Year 2016 Results Roadshow Presentation

24 February 2017

Forward looking statements

This document contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of Standard Chartered PLC (the “Company”), the board of the Company (the “Directors”) and other members of its senior management about the strategy, businesses and performance of the Company and its subsidiaries (the “Group”) and the other matters described in this document. Generally, words such as “may”, “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. Recipients should not place reliance on, and are cautioned about relying on, any 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; the implications of the results of the 23 June 2016 referendum in the United Kingdom and the disruption that may result in the United Kingdom and globally from the withdrawal of the United Kingdom from the European Union; and failure to generate sufficient level of profits and cash flows to pay future dividends.

Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Company and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Company and/or the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable law or regulations, the Company expressly disclaims any obligation or undertaking to release publicly or make any updates or revisions to any forward-looking statement contained herein whether as a result of new information, future events or otherwise.

Important notice

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.



Bill Winters

Group Chief Executive

Opening Remarks

- Encouraging progress in 2016
 - Strong foundations laid
 - Business stabilised
 - Organisation strengthened
- Significant further improvement in financial performance is required
- Long-term opportunities in our markets remain compelling
- Focused on what we can control and demonstrating ability to grow safely



Andy Halford

Group Chief Financial Officer

Financial Performance Summary

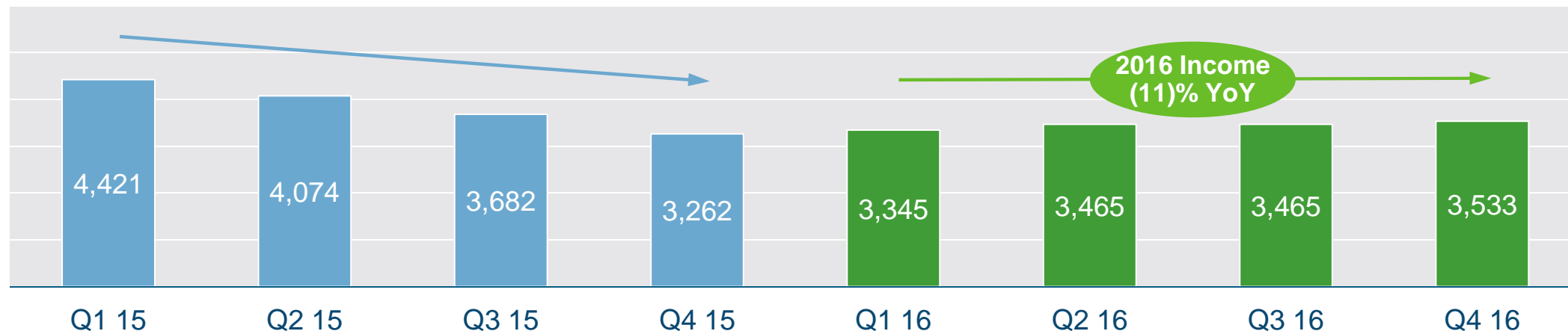
	2016	YoY Better/(Worse)
Operating income	\$13.8bn	(11)%
Operating expenses ¹	\$9.6bn	4%
Loan impairment	\$2.4bn	41%
Underlying profit	\$1.1bn	31%
Restructuring costs	\$0.9bn	54%
Statutory profit	\$0.4bn	\$1.9bn 2015: \$(1.5)bn
CET 1 ratio	13.6%	100bps
Normalised ROE	0.3%	70bps

- Stable quarterly income
- Second successive year of cost reduction
- 50% increase in investment
- Overall credit quality improved
- Strengthened capital position
- Low but improved returns
- No ordinary dividend declared

1) Excludes UK bank levy

Stable Income in the Year

Income by quarter (\$m)



Internal and external factors impacting income

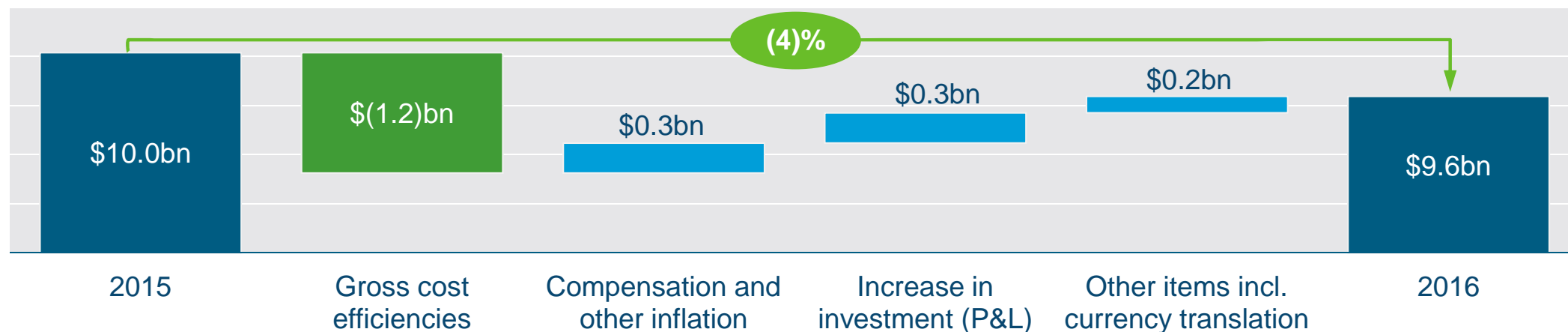
Principal Finance	Divestments
Currency translation	RWA optimisation
Client activity	Liquidation portfolio

Quarterly trends stable through the year

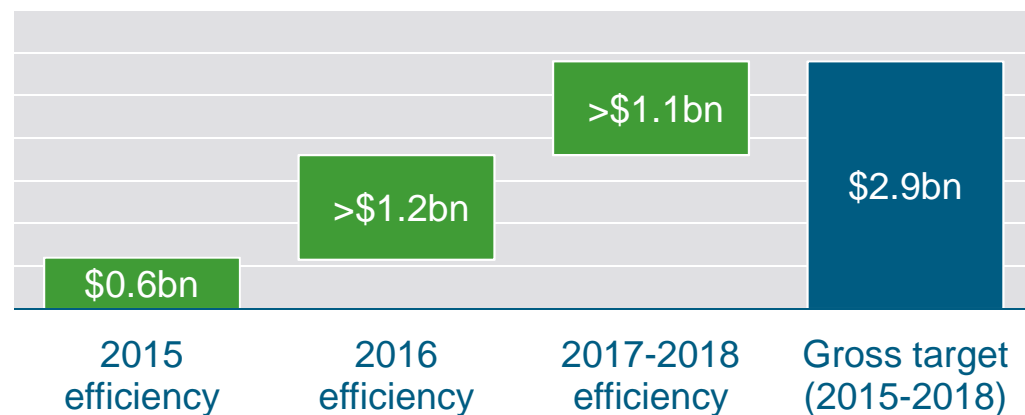
- Early progress against strategic priorities
 - Significant further improvement required
- Priority now to improve income trends
 - Safely and sustainably
 - With higher returns

Maintained Tight Control of Expenses¹

Operating expenses



On track to deliver 2018 expenses below 2015

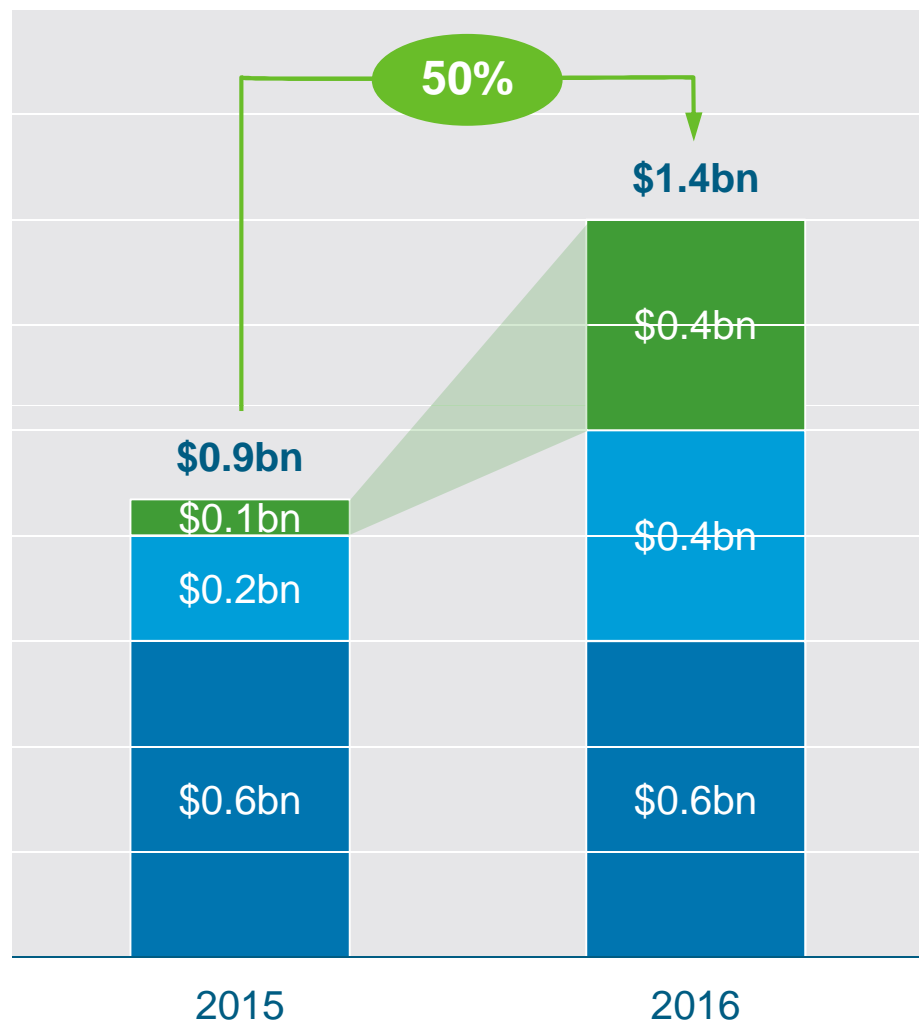


- Operating expenses down 4% YoY
 - Second successive year of costs reduction
- Delivered >\$1.2bn gross cost efficiencies
- Further cost efficiencies in 2017-18
- Reiterating total expenses 2018<2015

1) All references to expenses on this page exclude the UK bank levy

Investing to Deliver Cost, Control & Profitability Transformation

Cash investment



Strategic

- ~\$150m CIB – client platforms and ecosystem
- ~\$100m RB – digitisation and self-service capabilities
- ~\$100m WM and PB – technology investment
- ~\$50m Group functions – IT, C&CC and data analytics

Systems

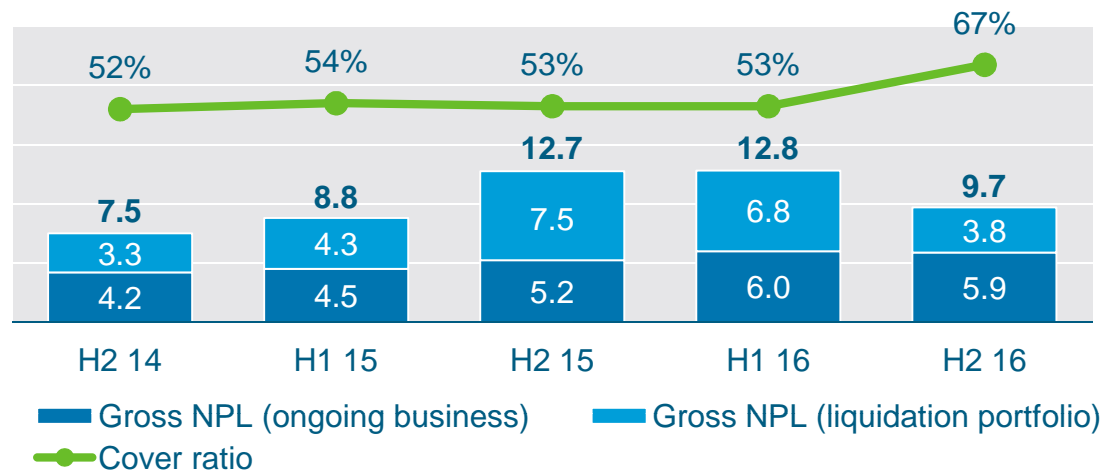
- ~\$300m Enhancement
- ~\$100m Replacement

Regulatory

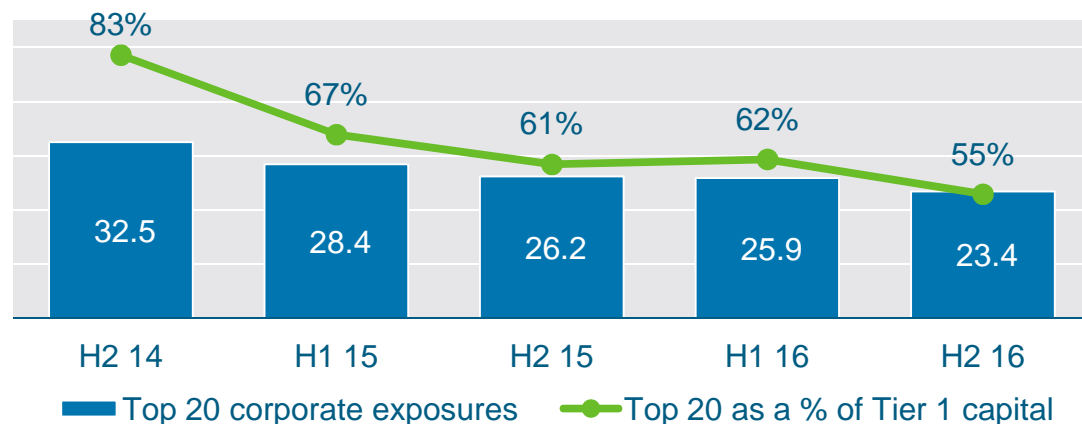
- ~\$400m BCBS 239, IFRS 9, MiFID II and stress testing
- ~\$200m Financial Crime Risk Mitigation Programme

Overall Credit Quality has Improved

Gross NPLs (\$bn) and cover ratio (%)



Top 20 corporate exposures (\$bn)



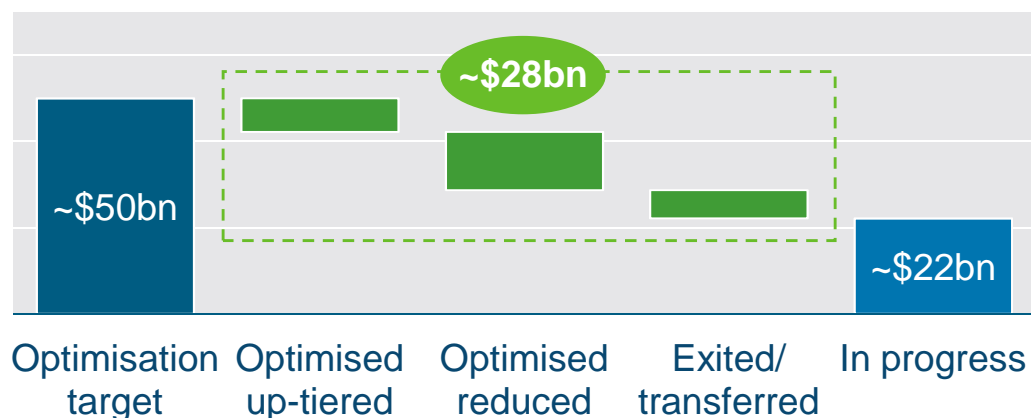
- Building resilience and actively managing portfolios in challenging markets
- Significant reduction in liquidation portfolio
- Repositioning ongoing corporate portfolio
 - Increasingly diverse
 - Less concentrated
 - Significantly improved cover ratio
- Commodity-related stresses remain
- Managing emerging risks

Sharpened Business Focus

1 Reduced liquidation portfolio RWA



2 Optimised low-returning client RWA



3 Addressing underperforming businesses

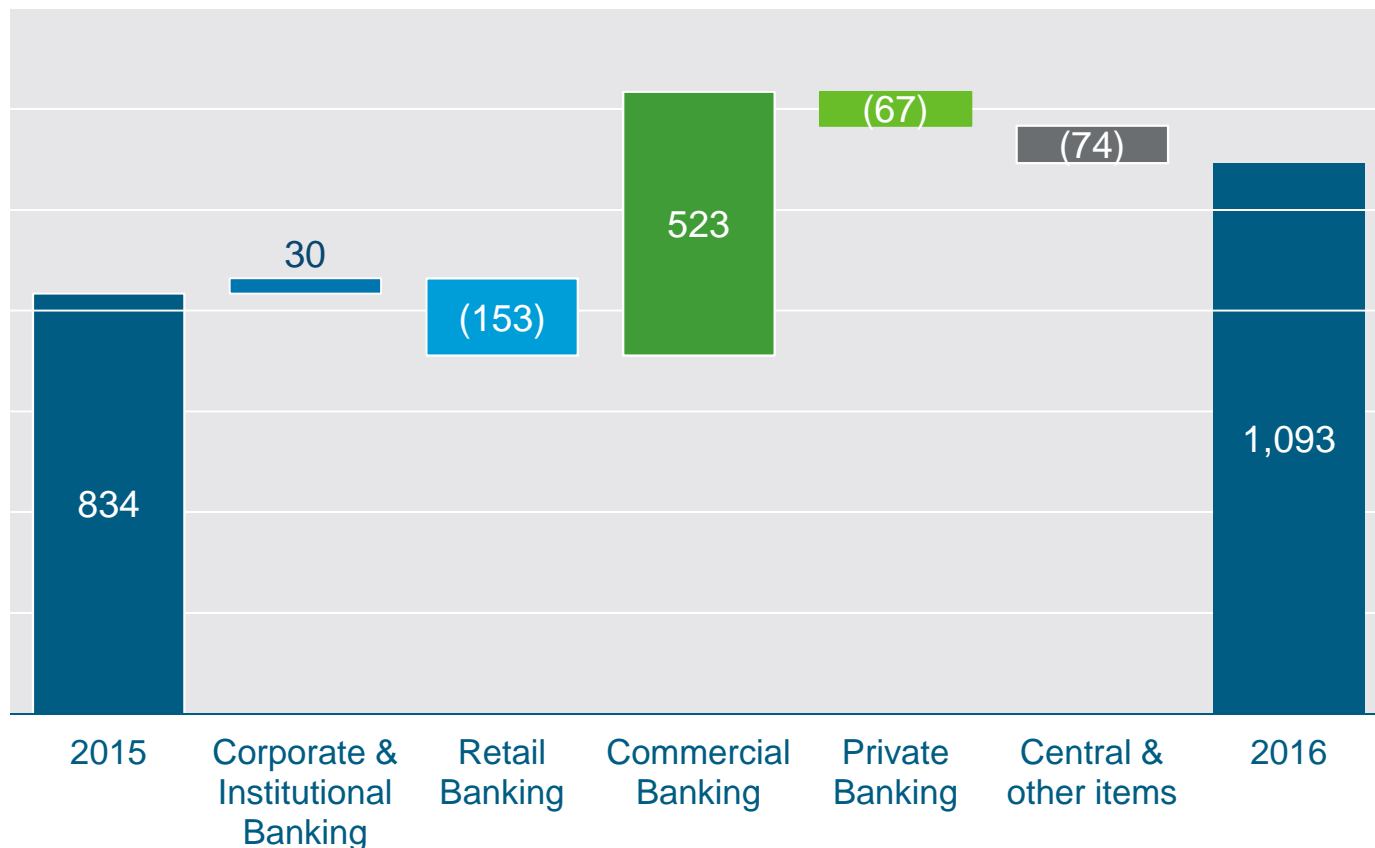
- Announced sale or closure of 12 non-strategic businesses since November 2015
- Taking action on Principal Finance
- Stabilising Permata to progress strategic options

4 Launched multiple strategic partnerships

- Mandatory Provident Fund distribution with Manulife in Hong Kong
- General insurance partnership with Allianz
- Asia Miles alliance in Hong Kong
- Enhanced client payment capabilities (Apple Pay, Samsung Pay, Android Pay)

Client Segment Profit Progression

YoY change in underlying profit before tax (\$m)



Underlying profit before tax (\$m)



Key operational themes

Corporate & Institutional Banking

- Lower income but improved costs and LI
- Principal Finance losses ~\$650m

Retail Banking

- Better costs and LI
- Income down YoY; up slightly HoH

Commercial Banking

- Better costs and significantly improved LI offset decline in income

Private Banking

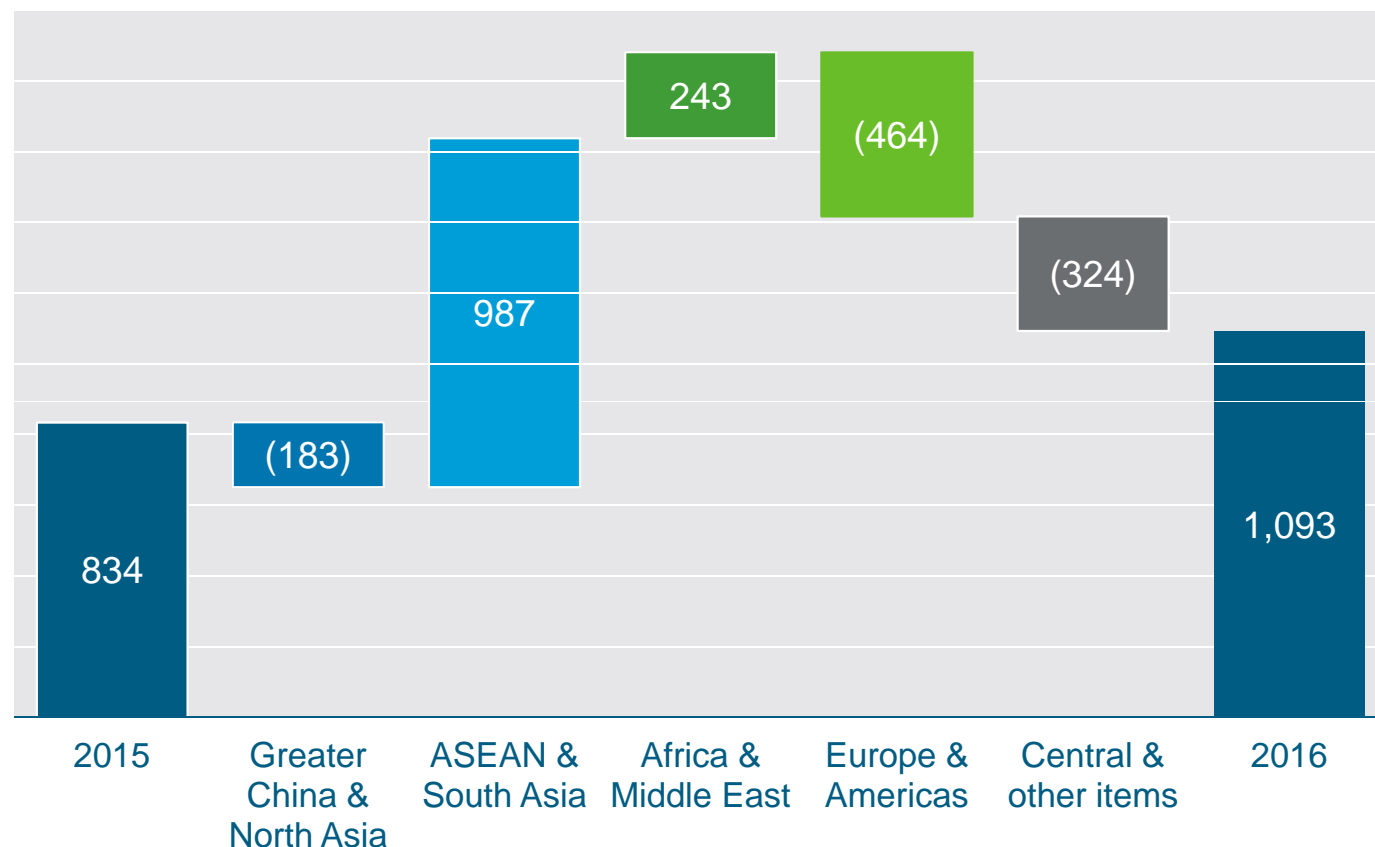
- Income down; market volatility and actions to improve risk profile
- Invested to underpin momentum

Central & other items

- Impacted by Permata

Geographic Region Profit Progression

YoY change in underlying profit before tax (\$m)



Underlying profit before tax (\$m)



Key operational themes

Greater China & North Asia

- Better costs and LI
- Income down YoY but up HoH

ASEAN & South Asia

- Lower costs and significantly better LI offset lower income
- Impacted by losses in Permata

Africa & Middle East

- Slightly lower costs and better LI
- YoY decline in income

Europe & Americas

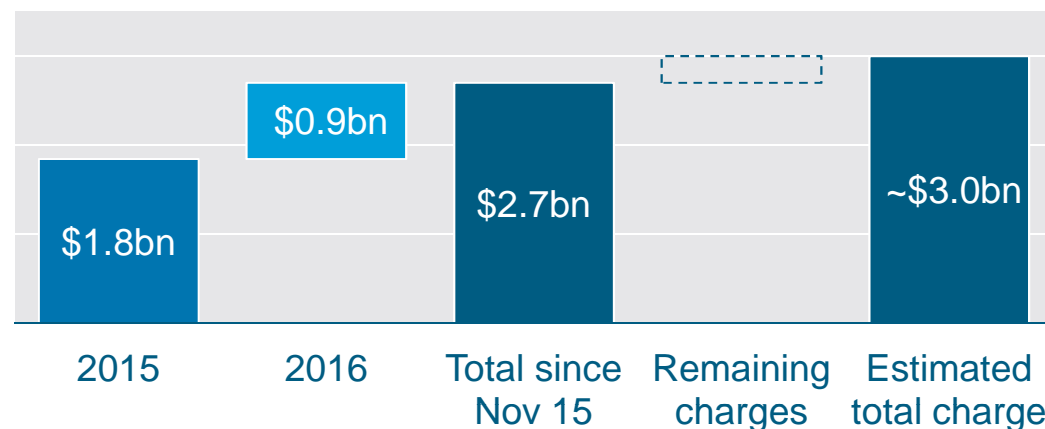
- Impacted by higher LI and transfer of assets to liquidation portfolio

Central & other items

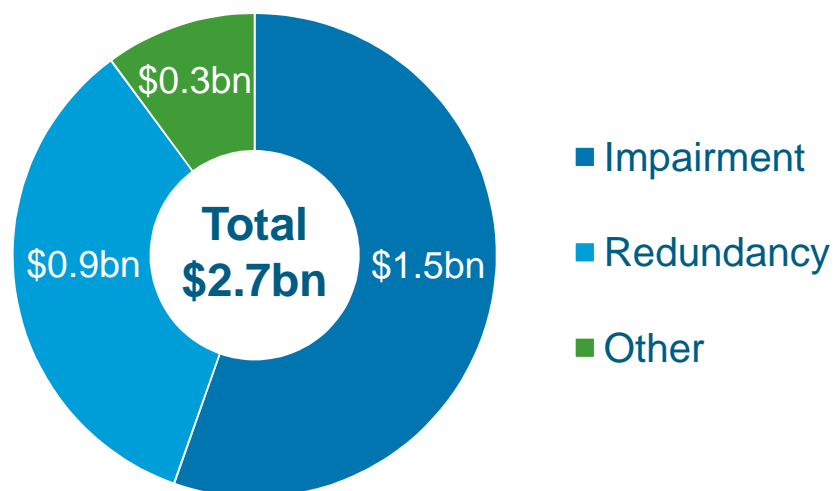
- Principal Finance losses

Restructuring Charges

Restructuring charges



Restructuring charges breakdown to end of 2016

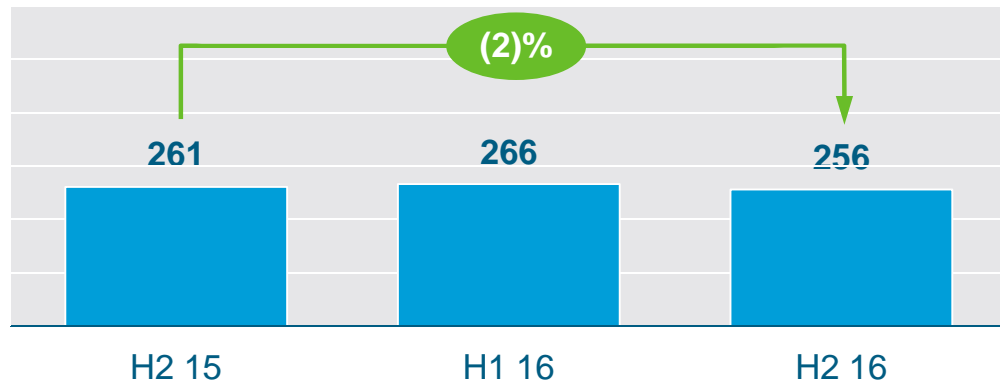


Restructuring progress

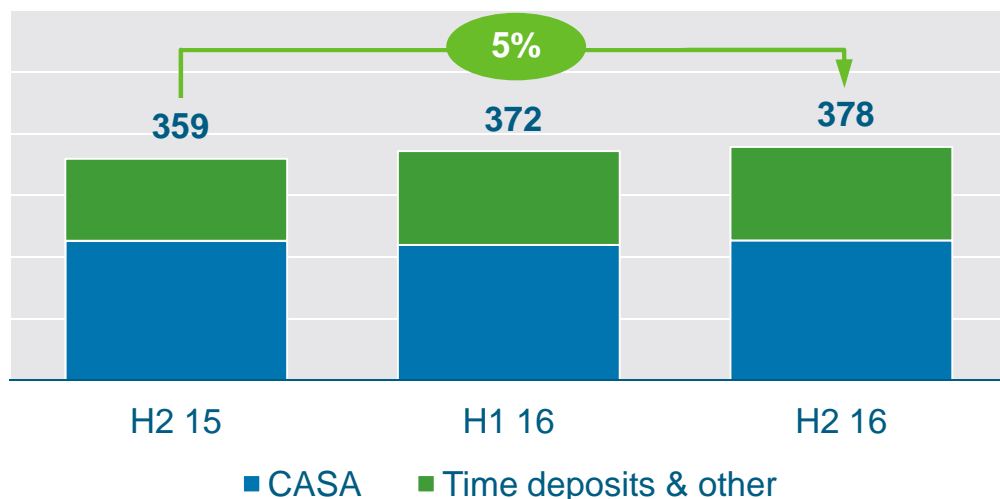
- \$855m of restructuring charges in 2016
 - Exited >80% of RWAs in liquidation portfolio
 - Rationalised headcount and retail branches
 - Wrote down legacy assets
 - Divested peripheral businesses
- Cumulative restructuring charges \$2.7bn
- Exiting Principal Finance
- Around \$3bn once complete

Higher Quality and More Liquid Balance Sheet

Customer loans & advances (\$bn)



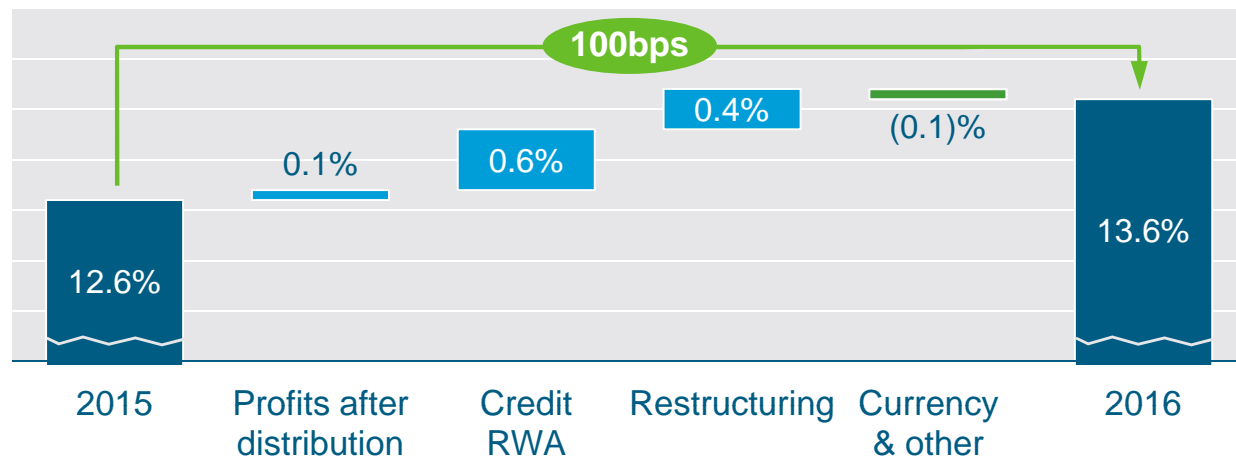
Customer deposits



- Increasingly liquid balance sheet
 - Customer loans & advances down 2% YoY
 - Customer deposits up 5% YoY
- 68% advances-to-deposits ratio
- More selective origination, lower client activity
- Management actions to improve risk profile
- Change in product mix

Strengthened Capital Position

CET 1 capital ratio



Risk-weighted assets



- Group remains well capitalised
 - CET1 +50bps Q4 16; largely restructuring
 - Above 12-13% CET1 target range
- Issued further \$1bn of AT1 securities in Jan 17 in addition to \$2bn in Aug 16
- RWA down 11% YoY
 - 50% from exit of liquidation portfolio
 - Eventual outcome of regulatory reforms to finalise banks' capital requirements remains unclear

Summary

- Encouraging early progress against the strategy
- Ended the year with
 - Income stability and lower costs
 - Higher quality balance sheet
 - Improved capital and liquidity
- Investing to deliver cost, control and profitability transformation
- Significant further improvement in financial performance is required





Bill Winters

Group Chief Executive

Strategic Performance Summary

- Early progress against strategic priorities in businesses, regions and functions
 - Taking actions to address challenges
 - Priority now to improve income trends
- Significant progress on risk priorities
- Advancing our conduct and control agendas
- Some headwinds easing, but uncertainty remains

Corporate & Institutional Banking

Focusing on our client needs

Challenges

- Difficult market conditions
- Principal Finance losses
- Impact of management actions on business momentum

2016 progress

- Restructured coverage model to improve efficiency
- Significant action to improve risk profile and to reduce cost base
- Optimised low returning client relationships identified in 2015

2017 priorities

- Deliver a service that is more aligned to client needs
- Diversify and expand our client base, particularly in OECD countries
- Improve balance sheet and business efficiency

Retail Banking

Focused on affluent segments in core cities, enabled by digital

Challenges

- Planned investments increased near term cost-income ratio
- Lower income, partly due to currency, divestments and product mix
- Interest rates remained low through 2016

2016 progress

- Improved share of income from Priority clients to 39% (2014: 27%)
- Significant investment in digital to improve client experience
- Commenced multi-year Wealth Management technology overhaul
- Launched focused campaigns with new alliance partners

2017 priorities

- Drive return on investments through both income and cost lines
- Improve quality of income – client and product mix, and risk profile
- Reinvigorate our brand and simplify our product and service offering

Commercial Banking

Repositioning business for sustainable and differentiated growth

Challenges

- Credit losses still elevated
- Economic slowdown in some markets
- Strong local competition, particularly at smaller end of client base

2016 progress

- Enhanced credit risk management and improved operational risk profile
- Integrated Local Corporates, reduced costs and aligned systems
- Focused strategy on capital-light income and international product set

2017 priorities

- Further improve risk profile of the segment
- Drive further capital-light growth through international product set
- Continue to streamline through digital adoption and process efficiencies

Private Banking

Year of transformation and investment

Challenges

- Income impacted by market volatility and actions to improve risk profile
- Investment in people takes time to translate into top-line growth

2016 progress

- Commenced multi-year Wealth Management technology overhaul
- Installed new executive management team and intensified front-line hiring
- Enhanced business selection and operational controls

2017 priorities

- Monetise people investment with improved top-line growth
- Attract new clients with new products and cross-segment referrals
- Continue senior Relationship Manager hiring
- Roll out significant improvements to client interface and core platform

Regions

Executing targeted segment plans, leveraging local expertise

Europe & Americas

- Serve our clients better in our emerging markets
- Attract new International Corporate clients
- Enhance capital efficiency, strong risk oversight
- Grow our PB franchise
- Continue to deliver financial crime remediation work

Greater China & North Asia

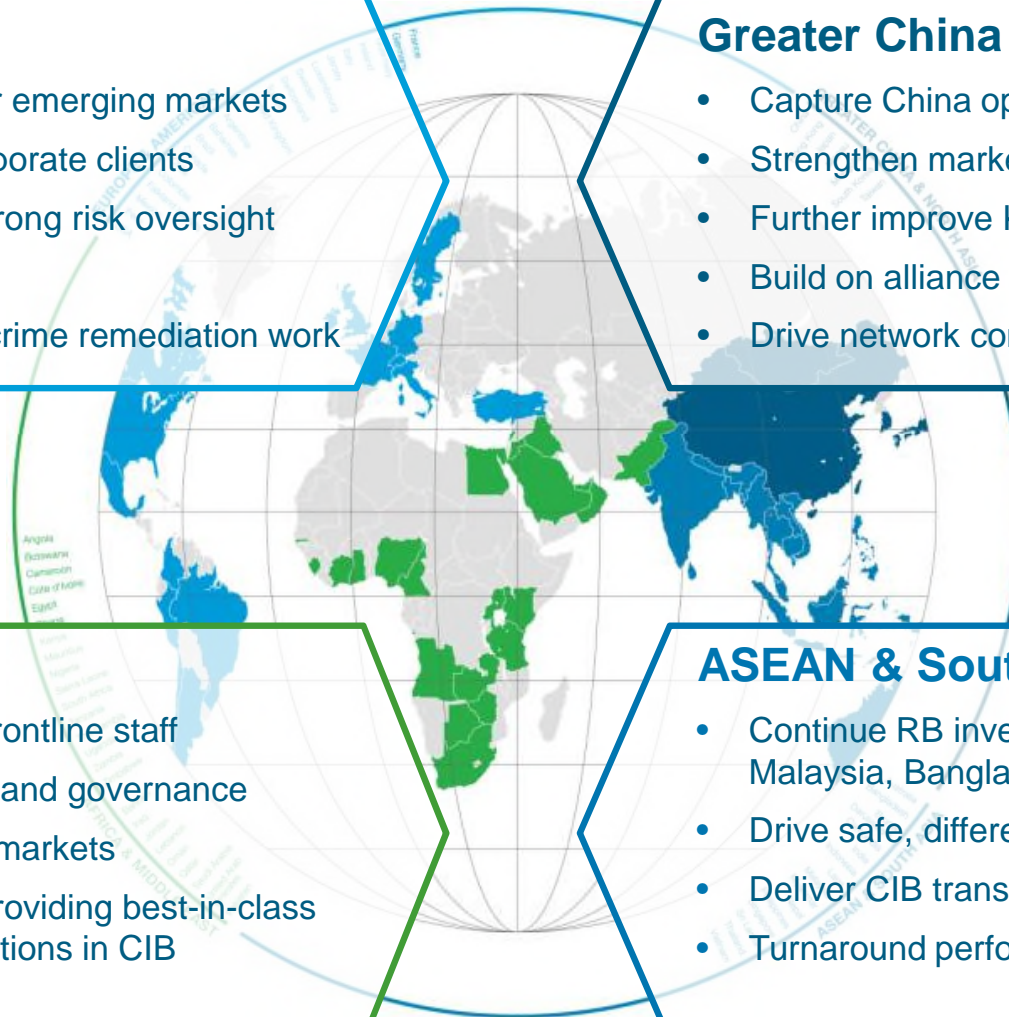
- Capture China opening opportunities
- Strengthen market position in Hong Kong
- Further improve Korea profitability
- Build on alliance partnership successes
- Drive network connectivity

Africa & Middle East

- Invest in Africa – digital and frontline staff
- Strengthen conduct, controls and governance
- Protect and grow RB in core markets
- Become a market leader in providing best-in-class structuring and financing solutions in CIB
- Rebuild CB

ASEAN & South Asia

- Continue RB investments in Singapore, India, Malaysia, Bangladesh and Vietnam
- Drive safe, differentiated growth in CB
- Deliver CIB transformation for better returns
- Turnaround performance of PB in Singapore

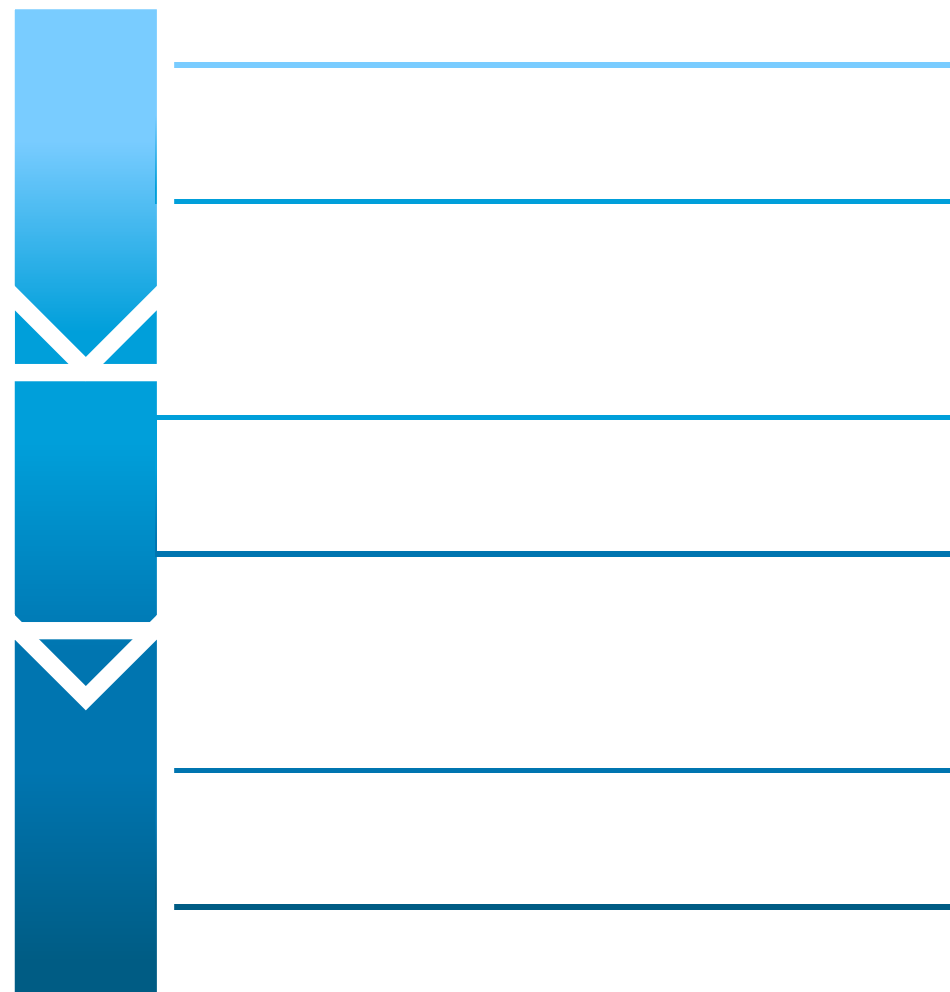


Building Resilience and Actively Managing our Portfolios

Significant progress on risk priorities



Continuing to build on our risk culture



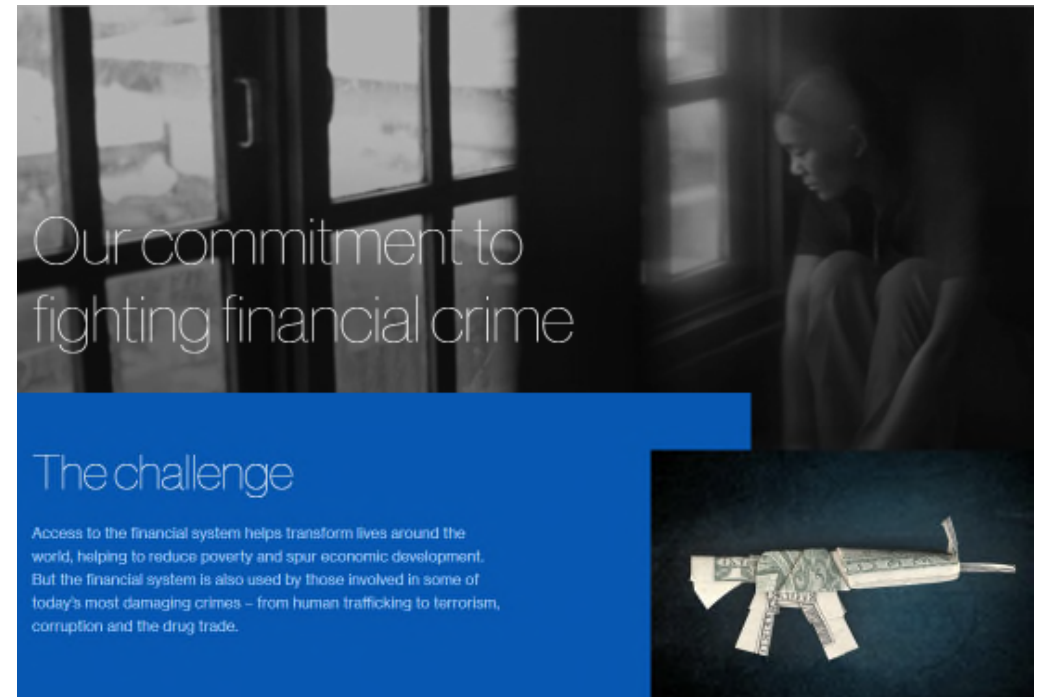
Conduct and Fighting Financial Crime

Good conduct is integral to our business

- ✓ Essential for sustainable and safe growth
- ✓ Increasingly a competitive differentiator

Why fighting financial crime matters

- ✓ Investing in people, systems and controls
- ✓ De-risking through education
 - ✓ Correspondent Banking Academies



Raising awareness of our work in this space ➔ sc.com/fightingfinancialcrime

Some Headwinds Easing, but Uncertainty Remains

Real GDP growth (%)		Region income as % of Group ¹	2016	2017
GCNA	Hong Kong	38%	1.9	2.2 ↑
	South Korea		2.7	2.3 ↓
	China		6.7	6.6 ↔
ASA	Singapore	29%	2.0	1.3 ↓
	India ²		6.8	7.2 ↑
	Indonesia		5.0	5.3 ↑
AME	UAE	20%	2.4	2.1 ↓
	Nigeria		(1.7)	2.8 ↑
EA	UK	12%	2.0	1.7 ↓
	US		1.6	2.1 ↑



- US and global protectionism
- Divergence in monetary policies
- Political/regulatory uncertainties
- Brexit
- EM specific (e.g. India demonetisation)



- US reflation
- Some DM economies
- Interest rates
- Commodity prices
- China stability



Source: Standard Chartered Global Research

1) As of FY2016, excluding Central & other items 2) India's financial year starts in April

Summary

- Encouraging progress in 2016
 - Strong foundations laid
 - Business stabilised
 - Organisation strengthened
- Significant further improvement in financial performance is required
- Long-term opportunities in our markets remain compelling
- Focused on what we can control and demonstrating ability to grow safely





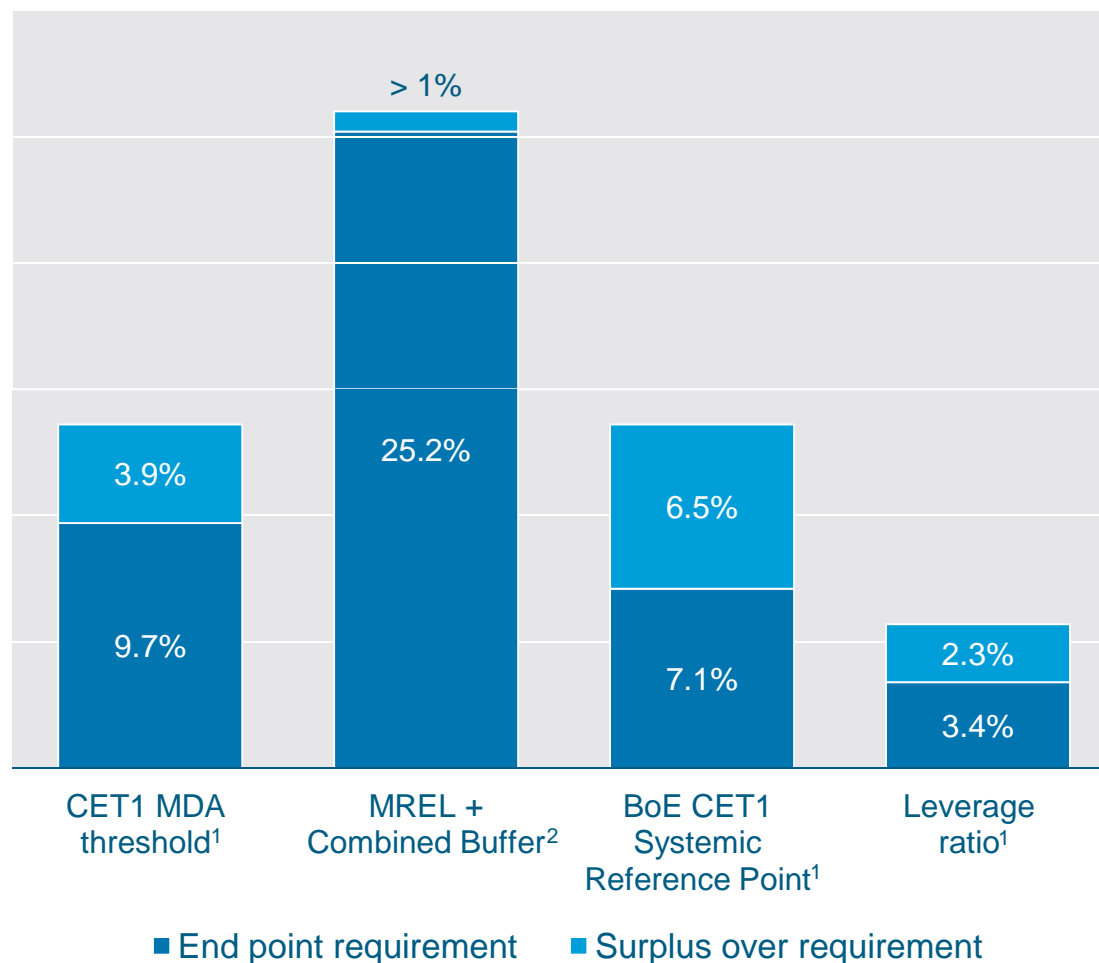
Fixed Income

Surplus over Future Requirements

The Group is well positioned

- CET1 of 13.6% and Total Capital of 21.3%
- Above the Group's CET1 target range of 12-13%
- Current surplus to known 2019 requirements
 - CET1 Maximum Distributable Amount (MDA) threshold
 - Minimum Requirement for Own Funds and Eligible Liabilities (MREL)
 - Bank of England stress test Systemic Reference Point
 - Leverage ratio
- No UK ring fencing requirement
- Substantial Hold Co debt outstanding

Capital surplus vs. known end-point requirements

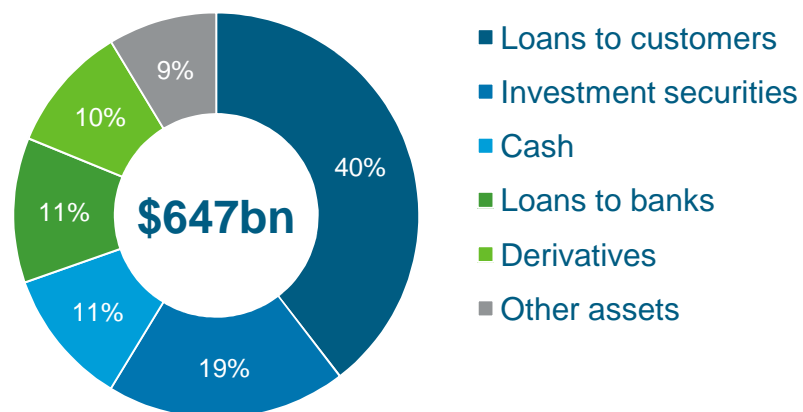


Note: Estimates of future regulatory capital, leverage, loss absorption requirements are based on current rules which are subject to change

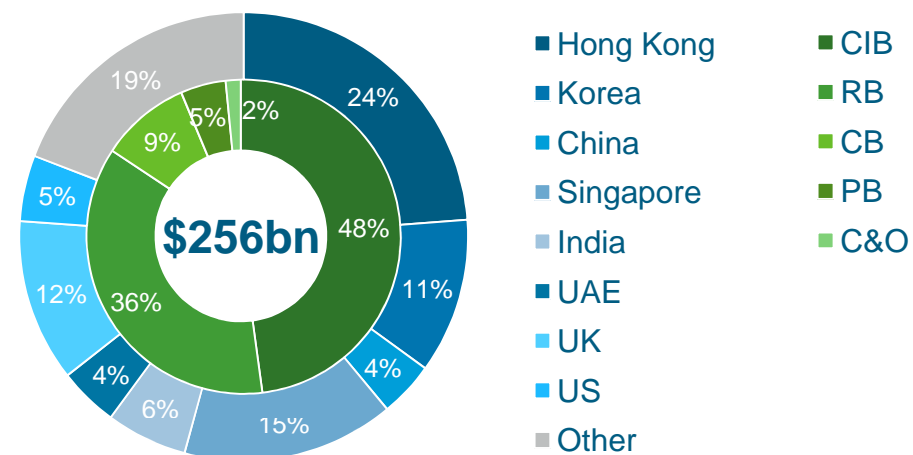
1) From 2019 2) From 2022

Balance Sheet Diversity

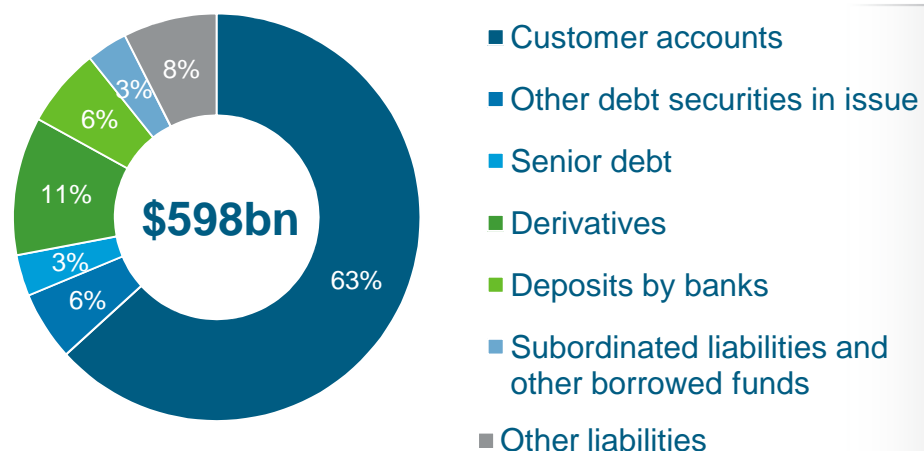
Balance sheet assets



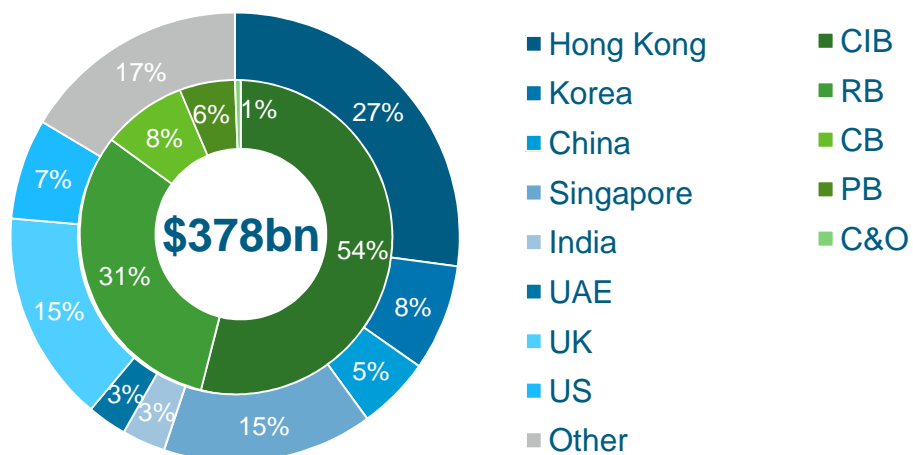
Customer loans by country and segment



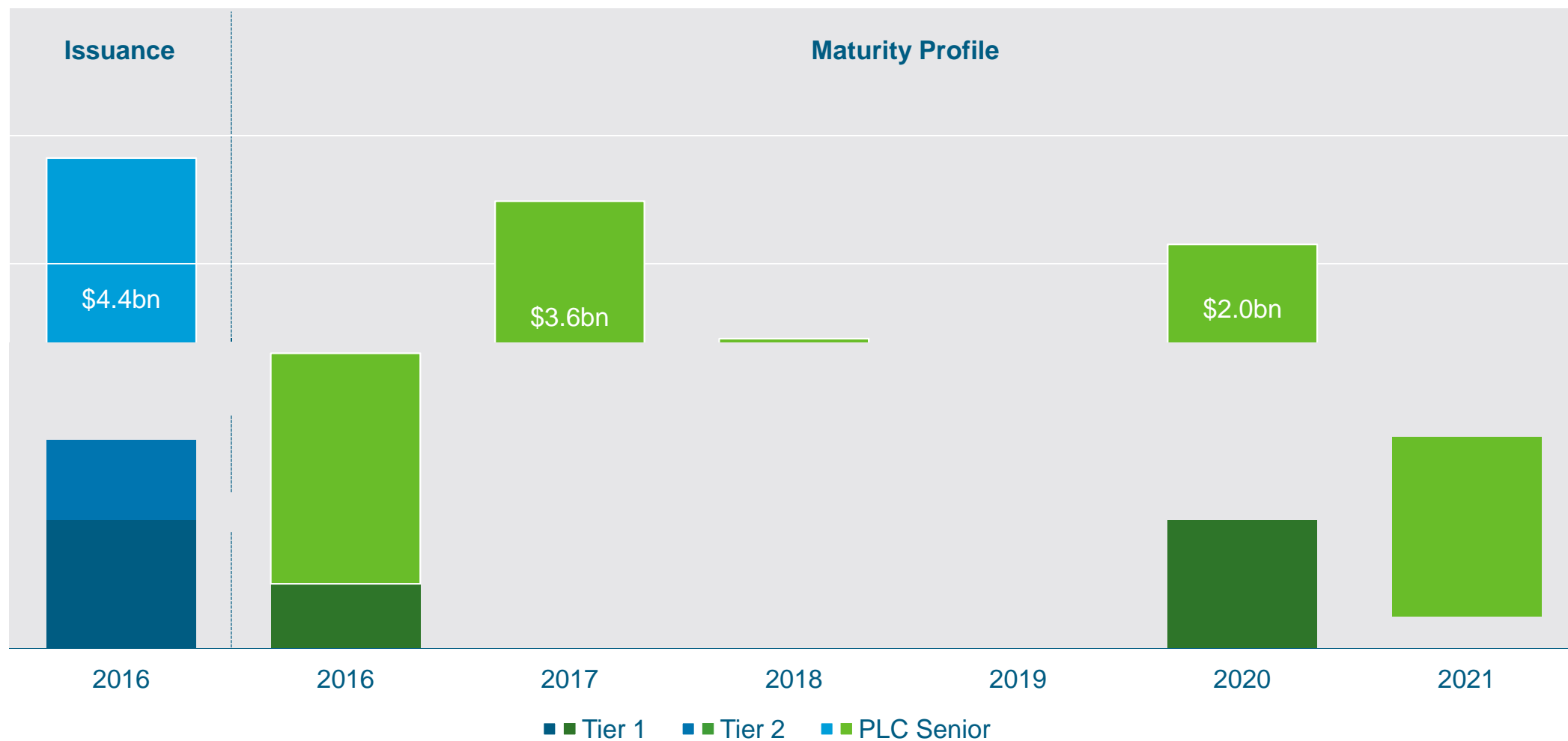
Balance sheet liabilities



Customer deposits by country and segment

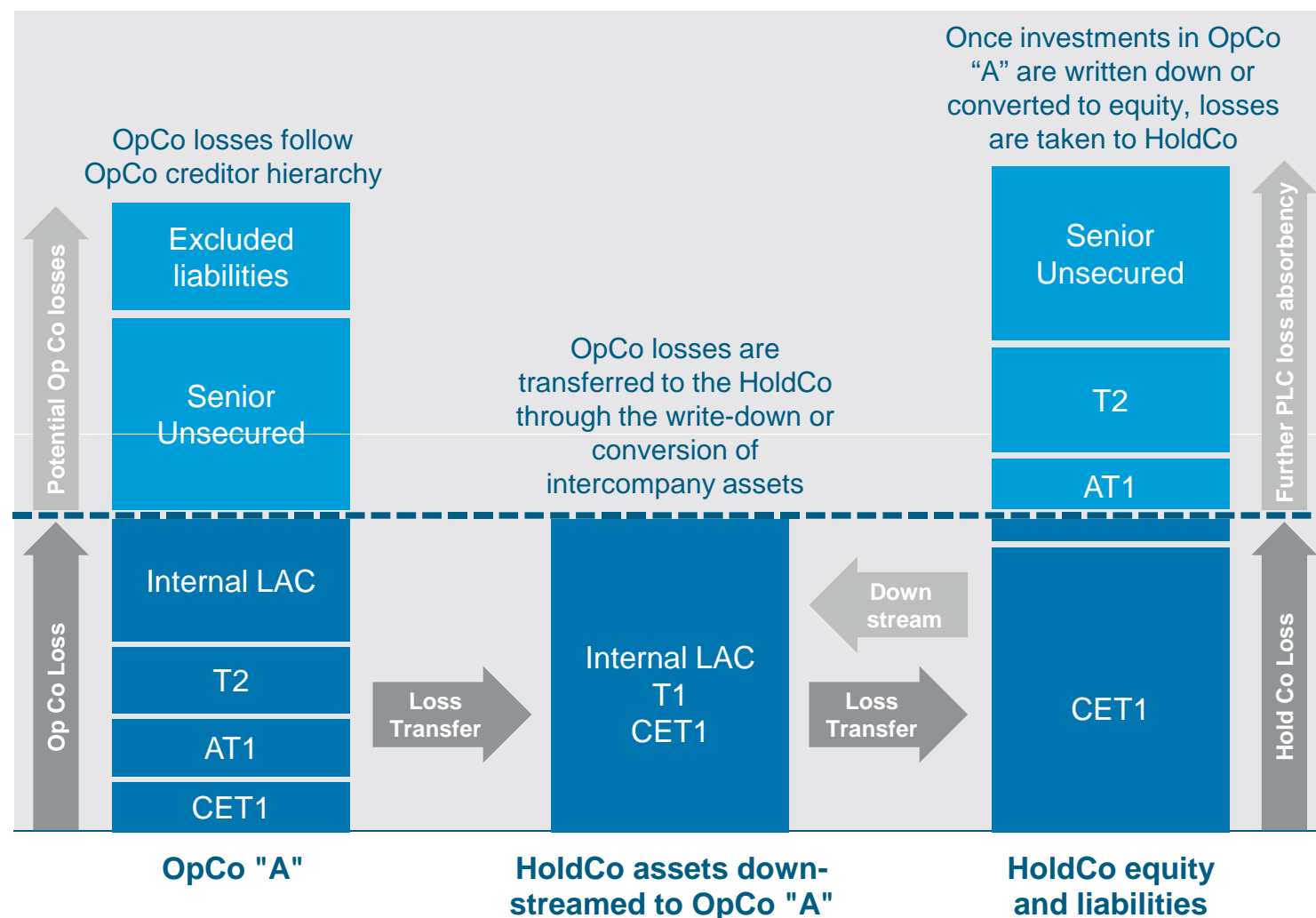


Funding Profile



- 1) As at 31 December 2016. The Group issued \$1bn of AT1 in January 2017
- 2) Capital refinancing has been modelled based on first call date at the Group level only
- 3) \$ values based on FX translation at issuance

Example Application of UK Resolution Waterfall



- Internal Loss Absorbing Capacity (LAC) is designed to recapitalise the OpCo, avoid OpCo failure, and maintain critical economic functions
- Quantum of internal LAC will be set in conjunction with the Group's resolution authority and the relevant local regulators
- If losses transmitted from OpCo cannot be absorbed by the HoldCo, then the HoldCo would be placed into resolution
- If the HoldCo is placed into resolution, externally-issued liabilities will be written-down or converted to equity
- At FY 2016 the Group estimated it had >\$70bn of MREL eligible instruments of which ~\$57bn was subordinated to PLC senior

1) Example based on the Group's current understanding of the Bank of England's approach to resolution. Subject to change as rules evolve

2) There are currently instruments issued externally from the Group's main operating company (Standard Chartered Bank) and certain other banking subsidiaries, these instruments would rank pari-passu with internally issued instruments

MREL Transition – Well Positioned



- BoE implementing TLAC through MREL
- G-SII status requires transitional MREL from 2019
- MREL requirement to increase through to 1 January 2022
- From 2022, expected minimum requirement = 2 x (Pillar 1 + 2A)
- Combined Buffer to sit on top of MREL
- HoldCo (PLC) issuance strategy results in substantial existing HoldCo stock
- Current estimate excludes
 - Non-European Economic Area law capital instruments
 - Regulatory capital and PLC senior < 1 year remaining tenor
- In November 2016, the European Commission published legislative proposals covering, among other things, the eligibility criteria for MREL instruments. Until the proposals are in final form it is uncertain how they will affect the Group

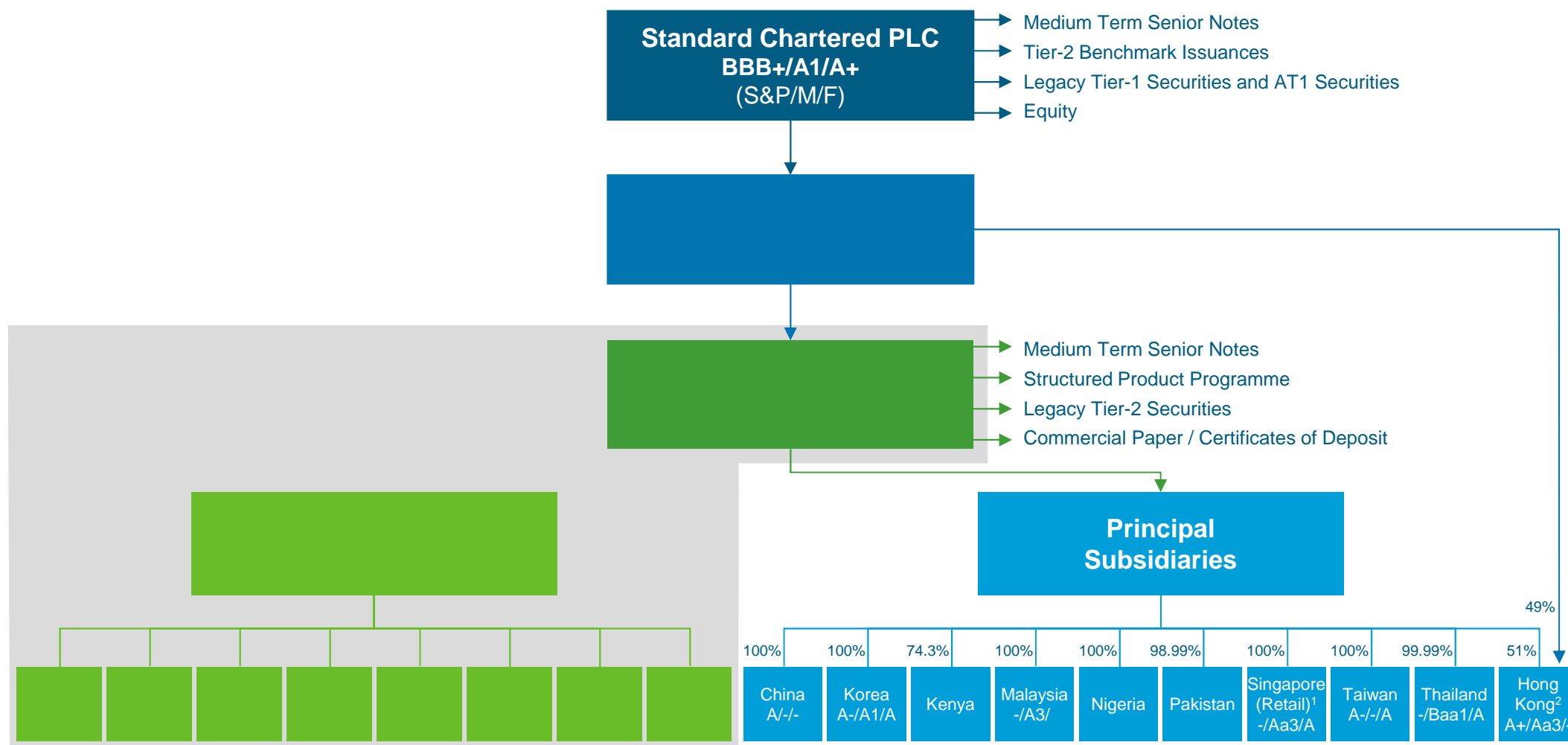
1) Chart for illustrative purposes only. MREL requirements and definitions are subject to significant change as rules evolve

2) Estimate and description based on Statement of Policy on the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities from November 2016

3) Combined Buffer comprises Capital Conservation Buffer, G-SII Buffer and any Countercyclical Buffer

4) Non-equity capital includes AT1, Tier 2 with a remaining maturity of greater than 1 year and Standard Chartered PLC issued subordinated debt with a remaining maturity of greater than 1 year that is outside the scope of regulatory capital recognition

Standard Chartered Group – Simplified Legal Structure



1) Singapore Retail subsidiary excluding Private Bank

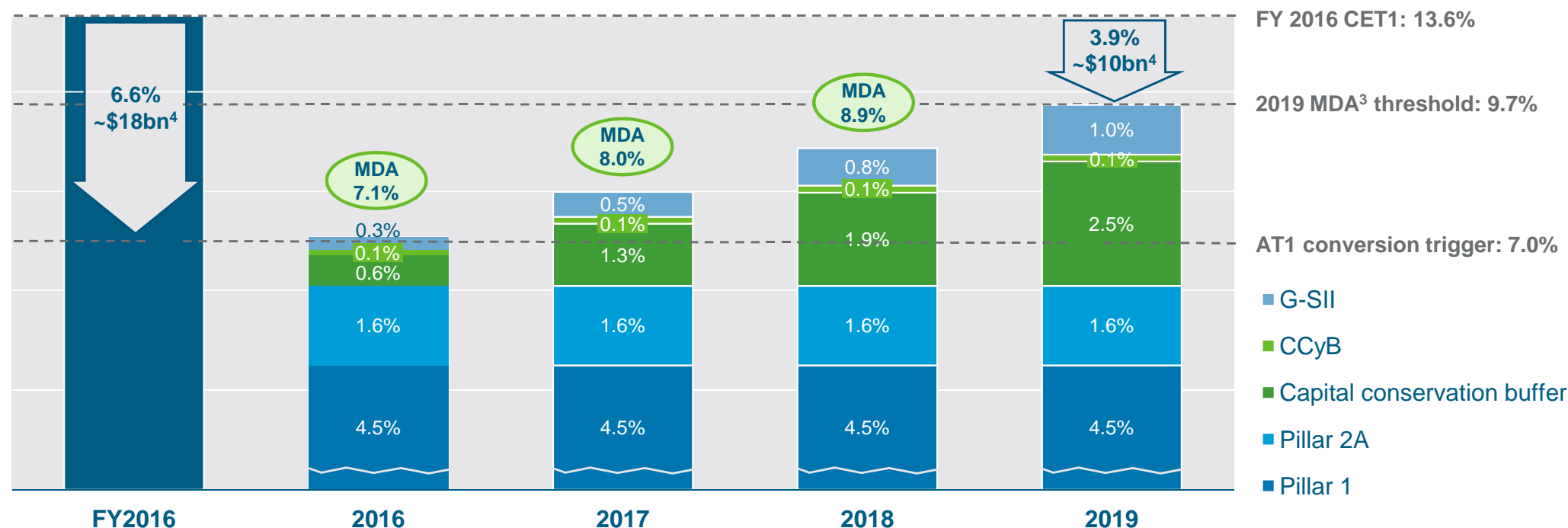
2) Hong Kong Subsidiary (Standard Chartered Bank (Hong Kong) Ltd) is 51% owned by Standard Chartered Bank and 49% owned by Standard Chartered Holdings Ltd, an intermediate holding company

3) Ratings where available S&P/Moody's/Fitch

■ Standard Chartered Bank (single legal entity)

Distribution Considerations

- A breach of the Combined Buffer¹ restricts discretionary distributions
- Combined Buffer began to phase-in from 2016 and will include any future Countercyclical Capital Buffer (CCyB)
- Discretionary distributions include dividends, variable compensation and AT1 coupons²
- FY 2016 Standard Chartered PLC distributable reserves of \$15.2bn
- \$1bn AT1 issuance in January 2017 takes the Group's stock of AT1 to ~\$6.7bn



1) As of 31 December 2016, it was the Group's understanding that the fully phased Combined Buffer ("CB") will be made up of a G-SII Buffer of 1%, a Capital Conservation Buffer of 2.5% and a CCyB of 0.1%. The CB sits on top of the CRD IV minimum Pillar 1 and Pillar 2A requirements. The CB is subject to change over time; 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) The MDA thresholds assumes that the maximum 2.0% of the Pillar 1 and Pillar 2A requirement has been met with AT1. As of 31 December 2016, the Group had ~2.1% of AT1 outstanding. MDA based on CRD IV as transposed in the UK and does not reflect current proposals of the European Commission, which envisage including the TLAC/MREL requirement in the calculation of the MDA threshold; 4) Absolute buffers based on 31 December 2016 RWA of \$269bn

Appendix

Group Financial Summary

(\$m)	2016	2015	2016 vs 2015 % ¹
Income	13,808	15,439	(11%)
Operating expenses	(8,466)	(9,032)	6%
Regulatory expenses	(1,127)	(1,006)	(12%)
UK bank levy	(382)	(440)	13%
Pre-provision operating profit	3,833	4,961	(23%)
Loan impairment	(2,382)	(4,008)	41%
Other impairment	(383)	(311)	(23%)
Profit from associates	25	192	(87%)
Underlying profit/(loss) before tax	1,093	834	31%
Restructuring	(855)	(1,845)	
Debt buyback	84	-	
Own credit adjustment	-	495	
Other exceptional items ²	87	(1,007)	
Statutory profit/(loss) before tax	409	(1,523)	127%
Taxation	(600)	(673)	11%
Loss for the year	(191)	(2,196)	91%

Q4 2016	Q3 2016	Q4 2015	Q4 16 vs Q3 16 % ¹	Q4 16 vs Q4 15 % ¹
3,533	3,465	3,262	2%	8%
(2,369)	(2,109)	(2,180)	(12%)	(9%)
(303)	(278)	(316)	(9%)	4%
(382)	-	(440)	nm	13%
479	1,078	326	(56%)	47%
(690)	(596)	(1,126)		
(106)	(64)	(64)	(66%)	(66%)
(42)	40	13	nm	nm
(359)	458	(851)	nm	58%
(599)	(141)			
-	-	-		
234	(164)	(130)		
87	-	(1,225)		
(637)	153	(4,051)	nm	84%

1) Better/(Worse)

2) Other exceptional items include net gains/(losses) on businesses disposed/held for sale (2016: \$253m, 2015: \$218m), valuation methodology changes (2016: nil, 2015: \$863m), goodwill impairment (2016: \$166m, 2015: \$362m)

Restructuring and Other Items

(\$m)	2016	2015	2016 vs 2015 % ¹
Underlying profit/(loss) before tax	1,093	834	31%
Restructuring	(855)	(1,845)	
Operating income	(85)	-	
Operating expenses	(236)	(695)	
Loan impairment	(409)	(968)	
Other impairment	(63)	(56)	
Goodwill impairment	-	(126)	
Profit/(loss) from associates	(62)	-	
Own credit adjustment	-	495	
Gain on sale²	253	218	
Valuation methodology changes	-	(863)	
Debt buy back	84	-	
Goodwill impairment	(166)	(362)	
Statutory profit/(loss) before tax	409	(1,523)	127%

	Q4 2016	Q3 2016	Q4 2015	Q4 16 vs Q3 16 % ¹	Q4 16 vs Q4 15 % ¹
	(359)	458	(851)	nm	58%
	(599)	(141)	(1,845)		
	(207)	11	-		
	(211)	(15)	(695)		
	(102)	(107)	(968)		
	(17)	(30)	(56)		
	-	-	(126)		
	(62)	-	-		
	234	(164)	(130)		
	253	-	-		
	-	-	(863)		
	-	-	-		
	(166)	-	(362)		
	(637)	153	(4,051)	nm	84%

1) Better/(Worse)

2) Net gains on businesses disposed/held for sale

By Client Segment

2016 (\$m)	CIB	Retail Banking	Commercial Banking	Private Banking	Central & other items	Total
Operating income	6,472	4,669	1,295	496	876	13,808
Operating expenses	(4,268)	(3,413)	(929)	(463)	(902)	(9,975)
Pre-provision operating profit	2,204	1,256	366	33	(26)	3,833
Loan impairment	(1,401)	(489)	(491)	(1)	-	(2,382)
Other impairment	(368)	(1)	5	-	(19)	(383)
Profit from associates	-	-	-	-	25	25
Underlying profit/(loss) before tax	435	766	(120)	32	(20)	1,093
Statutory profit/(loss) before tax	(24)	719	(146)	(41)	(99)	409

2015 (\$m)	CIB	Retail Banking	Commercial Banking	Private Banking	Central & other items	Total
Operating income	7,181	5,107	1,605	534	1,012	15,439
Operating expenses	(4,456)	(3,510)	(1,071)	(341)	(1,100)	(10,478)
Pre-provision operating profit	2,725	1,597	534	193	(88)	4,961
Loan impairment	(2,076)	(678)	(1,160)	(94)	-	(4,008)
Other impairment	(244)	-	(17)	-	-	(311)
Profit from associates	-	-	-	-	192	192
Underlying profit/(loss) before tax	405	919	(643)	99	54	834
Statutory profit/(loss) before tax	(1,651)	524	(704)	92	216	(1,523)

YoY% ¹	CIB	Retail Banking	Commercial Banking	Private Banking	Central & other items	Total
Operating income	(10%)	(9%)	(19%)	(7%)	(13%)	(11%)
Underlying profit/(loss) before tax	7%	(17%)	81%	(68%)	(137%)	31%

1) Better/(Worse)

By Geographic Region

2016 (\$m)	Greater China & North Asia	ASEAN & South Asia	Africa & Middle East	Europe & Americas	Central & other items	Total
Operating income	5,190	4,052	2,742	1,664	160	13,808
Operating expenses	(3,546)	(2,518)	(1,730)	(1,302)	(879)	(9,975)
Pre-provision operating profit	1,644	1,534	1,012	362	(719)	3,833
Loan impairment	(424)	(762)	(563)	(511)	(122)	(2,382)
Other impairment	(47)	3	(18)	1	(322)	(383)
Profit from associates	167	(146)	-	-	4	25
Profit before tax (underlying)	1,340	629	431	(148)	(1,159)	1,093
Profit before tax (reported)	1,456	186	349	(261)	(1,321)	409

2015 (\$m)						
Operating income	6,077	4,253	2,858	1,877	374	15,439
Operating expenses	(3,763)	(2,621)	(1,790)	(1,387)	(917)	(10,478)
Pre-provision operating profit	2,314	1,632	1,068	490	(543)	4,961
Loan impairment	(935)	(1,942)	(844)	(192)	(95)	(4,008)
Other impairment	(28)	(63)	(36)	18	(202)	(311)
Profit from associates	172	15	-	-	5	192
Profit before tax (underlying)	1,523	(358)	188	316	(835)	834
Profit before tax (reported)	1,220	(905)	77	(200)	(1,715)	(1,523)

YoY%¹						
Operating income	(15%)	(5%)	(4%)	(11%)	(57%)	(11%)
Profit before tax (underlying)	(12%)	276%	129%	(147%)	(39%)	31%

1) Better/(Worse)

By Product

(\$m)	2016	2015	2016 vs 2015 % ¹	Q4 2016	Q3 2016	Q4 2015	Q4 16 vs Q3 16 % ¹	Q4 16 vs Q4 15 % ¹
Transaction Banking	2,884	3,250	(11%)	744	722	733	3%	2%
Trade	1,199	1,481	(19%)	295	300	314	(2%)	(6%)
Cash Management and Custody	1,685	1,769	(5%)	449	422	419	6%	7%
Financial Markets	2,729	2,921	(7%)	676	714	582	(5%)	16%
Foreign Exchange	1,150	1,401	(18%)	272	249	281	9%	(3%)
Rates	677	758	(11%)	147	187	106	(21%)	39%
Commodities and Equities	190	344	(45%)	53	59	50	(10%)	6%
Credit and Capital Markets	364	366	(0%)	97	112	81	(13%)	20%
Other Financial Markets	348	52	nm	107	107	64	-	67%
Corporate Finance	1,897	1,837	3%	532	421	459	26%	16%
Wealth Management	1,483	1,633	(9%)	377	387	364	(3%)	4%
Retail Products	3,658	3,970	(8%)	900	925	915	(3%)	(2%)
CCPL and other unsecured lending	1,557	1,909	(18%)	370	394	417	(6%)	(11%)
Deposits	1,287	1,185	9%	326	333	283	(2%)	15%
Mortgage and Auto	739	798	(7%)	185	178	197	4%	(6%)
Other Retail Products	75	78	(4%)	19	20	18	(5%)	6%
Other	1,374	1,774	(23%)	324	326	297	(1%)	9%
Asset and Liability Management	308	371	(17%)	28	63	45	(56%)	(38%)
Treasury	592	681	(13%)	170	170	118	-	44%
Other Product	(2)	2	nm	23	-	-	nm	nm
Lending and Portfolio Management	476	720	(34%)	103	93	134	11%	(23%)
Principal Finance	(217)	54	nm	(20)	(30)	(88)	33%	77%
Total operating income	13,808	15,439	(11%)	3,533	3,465	3,262	2%	8%

1) Better/(Worse)

Exited Over 80% of RWA in Liquidation Portfolio

(\$m)	31 Dec 16			31 Dec 15		
	Ongoing business	Liquidation portfolio	Total	Ongoing business	Liquidation portfolio	Total
Underlying loan impairment	2,382	-	2,382	2,381	1,627	4,008
Restructuring loan impairment	-	409	409	-	968	968
Statutory loan impairment	2,382	409	2,791	2,381	2,595	4,976
Gross loans and advances	258,396	3,854	262,250	260,143	7,940	268,083
Net loans and advances	254,463	1,433	255,896	257,007	4,396	261,403
Credit quality						
Gross Non Performing Loans	5,880	3,807	9,687	5,247	7,512	12,759
Individual Impairment Provisions	(3,355)	(2,421)	(5,776)	(2,584)	(3,544)	(6,128)
Net Non Performing Loans	2,525	1,386	3,911	2,663	3,968	6,631
Credit Grade 12 accounts ¹	1,499	22	1,521	893	318	1,210
Cover ratio (%) ²	69	64	67	62	47	53
Cover ratio (after collateral) (%) ³	73	80	76	71	64	67
Risk-weighted assets	265,637	3,808	269,445	283,298	19,627	302,925

1) Includes CIB, CB and Central & other items

2) Including portfolio impairment provision

3) Excluding portfolio impairment provision

Glossary

Acronym/term	Explanation
A/D ratio	Advances-to-deposits ratio
AME	Africa & Middle East
ASA	ASEAN & South Asia
AT1	Additional Tier 1 Capital
BCBS	Basel Committee of Banking Supervision
C&CC	Command and Control Centre
C&OI	Central and other items
CASA	Current and savings account
CB	Commercial Banking
CET 1	Common Equity Tier 1 capital
CG12	Credit grade 12
CIB	Corporate & Institutional Banking
Cover ratio	Represents extent to which NPLs are covered by impairment allowances
DM	Developed markets
EA	Europe & Americas
Ecosystem	Group initiative to bank clients' networks of suppliers and buyers

Acronym/term	Explanation
EM	Emerging markets
Exposures	Represent the amount lent to a customer, together with any undrawn commitments
GCNA	Greater China & North Asia
IFRS	International Financial Reporting Standards
LI	Loan impairment
Liquidation portfolio	Portfolio of assets beyond current risk appetite metrics and is held for liquidation
NIM	Net interest margin
NPL	Non-performing loans
OCA	Own credit adjustment
PB	Private Banking
RB	Retail Banking
RWA	Risk-weighted assets
WM	Wealth Management
YoY	Year-on-year